

REGIONAL INCLUSIVE GROWTH IN THE REBANA METROPOLITAN AREA: A SECTORAL AND REGIONAL ECONOMIC ANALYSIS PERSPECTIVE

Andis Destrian Irianto^{1*}, Mega Tri Wulandari², Fauzan Isya Duri³

¹²³Master of Development Studies, School of Architecture, Planning and Policy Development, Bandung Institute of
Technology, Bandung, Indonesia

Email: ¹andisdestrian166@gmail.com, ²mtriwulandari4@gmail.com, ³fauzanisyaduri@gmail.com

*Corresponding author: andisdestrian166@gmail.com

Received : 25 December 2025

Accepted : 27 January 2026

Revised : 02 January 2025

Published : 23 February 2026

Abstract

This study provides an original contribution by integrating multiple regional economic analysis tools to examine sectoral linkages and inclusive growth dynamics in the Rebana Metropolitan Area, a newly designated growth center in West Java. The research aims to identify base, prospective, and competitive sectors and to assess their implications for inclusive and balanced regional economic development. Using quantitative analysis of GRDP data from 2020–2023, the study applies Location Quotient, Dynamic Location Quotient, Klassen Typology, and shift-share analysis. The empirical results indicate that the manufacturing sector is simultaneously a base, prospective, and highly competitive sector, making it the main driver of economic growth in the Rebana Region. In contrast, other base sectors do not consistently show strong future prospects, while several supporting and service sectors demonstrate positive competitive dynamics, suggesting emerging economic diversification. These findings imply the need for an integrated development strategy that strengthens intersectoral and interregional linkages, upgrades socially important but less prospective sectors, and promotes a more equitable distribution of development benefits to support inclusive and sustainable economic transformation in West Java.

Keywords: *Inclusive Growth, Regional Economy, Rebana, Competitive.*

INTRODUCTION

Inclusive economic growth has emerged as one of the central paradigms in contemporary development literature, particularly as a response to the limitations of conventional growth approaches in addressing poverty and inequality. Numerous studies emphasize that high economic growth does not automatically translate into broad improvements in social welfare, especially when the processes and outcomes of growth are concentrated among specific social groups or regions (Ali & Son, 2024; Ravallion, 2018). Ianchovichina et al. argue that inclusive growth should not be understood solely in terms of redistributing final outcomes, but also as expanding access to economic opportunities throughout the growth process (Ianchovichina & Lundstrom, 2009). From this perspective, inclusive growth requires the active participation of poor and vulnerable groups in productive economic activities, whether through labor markets, entrepreneurship, or improved access to assets and public services. Cross-country empirical literature further demonstrates that high levels of income and regional inequality can undermine the sustainability of economic growth itself. Ostry et al. find that countries with lower inequality tend to experience longer and more stable growth spells (Ostry et al., 2014). This finding reinforces the point that while growth remains crucial for poverty reduction, the distribution of growth benefits critically determines the extent to which low-income groups can benefit from development outcomes (Dollar et al., 2016). Consequently, the quality of growth, rather than just its speed, has become a central concern in the inclusive development agenda. From a spatial perspective, regional inequality is one of the main challenges in achieving inclusive growth, especially in developing countries characterized by unequal economic structures. In the study of Kanbur et al., it was highlighted that the concentration of economic activity in core regions often results in spatial poverty traps in peripheral regions (Kanbur & Venables, 2005). Ranieri et al. also added that, without corrective policies, economic growth can actually widen inter-regional disparities (Ranieri & Ramos, 2013). Several empirical studies also show that persistent regional inequality not only has economic consequences but also gives rise to social dissatisfaction and weakens the legitimacy of development policies (Dijkstra et al., 2020; Ezcurra & Rodríguez-Pose, 2013).

REGIONAL INCLUSIVE GROWTH IN THE REBANA METROPOLITAN AREA: A SECTORAL AND REGIONAL ECONOMIC ANALYSIS PERSPECTIVE

Andis Destrian Irianto *et al*

Within the framework of regional development policy, recent literature places strong emphasis on the importance of place-based development approaches. Barca *et al.* argue that policies sensitive to local contexts are more effective than uniform, place-neutral approaches in reducing regional disparities (Barca *et al.*, 2012). Empirical evidence from the European Union suggests that place-based interventions, through investments in infrastructure, local innovation, and institutional capacity, can foster economic convergence across regions (Crescenzi & Giua, 2014; Fratesi & Wishlade, 2017). Nevertheless, the effectiveness of such policies is highly dependent on governance quality and the capacity of local institutions to manage development investments effectively (Rodríguez-Pose and Gill, 2020). Indonesia represents a classic case of a country facing complex challenges of regional inequality. Several studies indicate that Indonesia's post-reform economic growth remains highly spatially concentrated, particularly on Java Island and in major urban areas (Akita, 2002; Hill *et al.*, 2008). Resosudarmo *et al.* find that interprovincial income disparities are closely associated with differences in economic structure, infrastructure quality, and market access (Resosudarmo & Vidyattama, 2006). At the same time, McCulloch *et al.* argue that Indonesia's structural transformation has not been fully inclusive, as high-productivity sectors such as manufacturing and modern services have been unable to absorb labor on a large scale (McCulloch & Peter Timmer, 2008).

More recent studies highlight that regional inequality in Indonesia is also linked to weak intersectoral and interregional linkages. Suryahadi *et al.* show that urban-oriented growth tends to generate limited spillover benefits for surrounding rural areas (Suryahadi, 2012). Meanwhile, Tirtosuharto and Yusuf *et al.* emphasize the importance of regional connectivity and economic integration in reducing development gaps (Tirtosuharto, 2013; Yusuf *et al.*, 2014). In this context, the development of strategic areas and new metropolitan regions is increasingly viewed as a policy instrument to promote more balanced growth, provided that such initiatives are designed in an inclusive and integrated manner. The development of the Rebana Metropolitan Area can be understood as an implementation of place-based development policy aimed at creating new growth centers in West Java. Theoretically, this approach is consistent with growth pole theory (Perroux, 1950) and agglomeration economics, which suggest that the concentration of economic activities can enhance regional efficiency and competitiveness (Fujita *et al.*, 1999). However, the literature also cautions that the benefits of agglomeration do not automatically diffuse to surrounding areas. Krugman and Baldwin *et al.* demonstrate that, without appropriate supporting policies, agglomeration may instead reinforce core-periphery inequalities (Baldwin *et al.*, 2011; Krugman, 2002).

In the context of developing countries, several studies emphasize that the success of growth areas depends heavily on the extent to which linkages between leading sectors and the local economy can be established. Farole and Kline *et al.* show that industrial zones and special economic areas generate more inclusive impacts when they are able to create strong backward and forward linkages with local firms and labor markets (Farole, 2011; Kline & Moretti, 2014). Therefore, the development of the Rebana Metropolitan Area should be evaluated not only in terms of accelerated economic growth and investment, but also with respect to its contribution to job creation, interregional equity, and the reduction of sectoral disparities. Based on this review of the literature, it is essential to examine how economic growth dynamics in the Rebana Metropolitan Area have evolved following the implementation of accelerated development policies, which sectors have acted as the main drivers of growth, and to what extent the resulting economic benefits have been evenly distributed across the region. Such an analysis is crucial for assessing whether the development of Rebana genuinely reflects the principles of inclusive economic growth as emphasized in the literature on regional development and political economy of development.

METHODS

This study uses a quantitative research design combined with comparative regional economic analysis to evaluate the patterns and quality of economic growth in the Rebana Metropolitan Area compared to the national level. This approach is relevant for identifying sectoral disparities and analyzing sectoral competitiveness over time, in line with similar applications in regional development studies (Flegg & Webber, 2000; Isserman, 1977). The research area covers the Rebana Metropolitan Area, which encompasses seven regencies cities, as stipulated in Presidential Regulation No. 87 of 2021. The study period runs from 2020 to 2023, representing the pre- and post-policy phases, allowing for analysis of structural changes and short-term performance in the regional economy. The primary data used in this study consist of Gross Regional Domestic Product (GRDP) at constant prices, obtained from the Statistics Indonesia (Central Bureau of Statistics) at the regency and municipality levels, as well as from the national accounts. The use of GRDP at constant prices is intended to provide a more accurate depiction of real economic growth, as the measured output values have been adjusted for changes in price levels over time, thereby eliminating the effects of inflation (Irianto, 2025). GRDP is widely recognized as a reliable indicator of economic performance and sectoral contributions, as it reflects the actual value added generated by each economic sector within a given region (Nazara, 1997; Richardson, 1976). In addition, supplementary data, including policy documents and strategic development

REGIONAL INCLUSIVE GROWTH IN THE REBANA METROPOLITAN AREA: A SECTORAL AND REGIONAL ECONOMIC ANALYSIS PERSPECTIVE

Andis Destrian Irianto *et al*

plans, were obtained from the Regional Development Planning Agency of West Java Province and were used to examine the development focus of the Rebana Region. The analytical framework of this study integrates several tools in regional economic analysis to provide a comprehensive assessment of sectoral competitiveness and spatial economic inequality in the Rebana Metropolitan Area. First, the Location Quotient is used to measure the degree of specialization of a sector in the regional economy compared to the national economy. An LQ value greater than one indicates that the sector functions as a base sector, producing more than is needed for local consumption and thus contributing to exports to other regions (Isserman, 1977). To capture changes in specialization over time, this study applies the Dynamic Location Quotient, which allows for the identification of sectors with increasingly strong or weak competitive positions (Flegg & Webber, 2000). Additionally, Klassen's Typology is used to categorize regions into four development quadrants: advanced and rapidly growing, advanced but stagnant, potential, and lagging. This classification helps understand the relative economic position of metropolitan regions compared to the national level (Kuncoro, 2004). Finally, Competitive Advantage analysis is applied to evaluate the extent to which each sector in the Rebana Metropolitan Area contributes to national sectoral output, providing insights into the sectors with the greatest influence on Indonesia's overall economic structure (Fujita *et al.*, 1999; Porter, 1990). The integration of these analytical tools enables a multidimensional understanding of the regional economy to capture the patterns of static specialization and dynamic structural transformation processes that are essential for designing policies aimed at promoting inclusive economic growth (Dijkstra *et al.*, 2020).

RESULT AND DISCUSSION

The development of the Rebana Area represents a strategic shift in Indonesia's spatial and economic development paradigm, particularly in the context of reducing regional inequality and fostering new growth poles outside Java's long-established industrial cores. Initiated through Presidential Regulation No. 87 of 2021, the Rebana Area is explicitly designed to function as a new metropolitan growth center that complements, rather than competes with, traditional industrial concentrations such as Bekasi, Karawang, and Bogor. This approach aligns with the growth pole theory, which argues that strategically planned economic centers can stimulate spillover effects to surrounding regions through investment attraction, labor mobility, and infrastructure expansion (Parr, 1999; Perroux, 1950). In the West Java context, Rebana is positioned not only as an engine of economic expansion but also as an instrument for spatial justice, addressing long-standing development gaps between the western, northern, and eastern parts of the province (Firman, 2017; Hudalah & Firman, 2012).

The integration of large-scale strategic infrastructure constitutes the backbone of the Rebana development model. The Patimban Port, West Java International Airport (BIJB) Kertajati, and the Cisumdawu Toll Road connected to the Trans-Java Toll Road network form a multimodal logistics system that significantly enhances regional accessibility and reduces transportation costs. From a regional economics perspective, improved connectivity is a critical determinant of regional competitiveness, as it facilitates trade flows, attracts industrial investment, and strengthens agglomeration economies (Krugman, 2002). Several studies highlight that logistics efficiency and port-hinterland integration play a decisive role in shaping industrial location decisions, particularly for export-oriented manufacturing sectors (Banister & Berechman, 2001; Rodrigue, 2020). In this regard, Patimban Port's projected role as a major automotive export hub underscores Rebana's ambition to integrate West Java more deeply into global value chains.

Economically, the Rebana Region is structured around three interrelated development pillars: manufacturing, logistics and transportation, and tourism and the creative economy. The manufacturing pillar prioritizes the establishment of modern industrial estates such as Subang Smartpolitan and the petrochemical complex in Indramayu, which are envisioned as high-tech, environmentally responsible, and export-oriented production centers. This direction reflects the broader trend of industrial upgrading in developing regions, where competitiveness increasingly depends on technological capability, environmental compliance, and integration with global production networks (Gereffi, 2018). By promoting green and smart industrial zones, Rebana seeks to avoid the environmental degradation often associated with conventional industrialization while simultaneously enhancing its attractiveness to foreign direct investment (FDI), a key driver of regional economic growth. The second pillar, logistics and transportation, reinforces Rebana's role as a national and international distribution hub. The spatial integration of ports, airports, and toll roads enables more efficient movement of goods and reduces logistical bottlenecks that have historically constrained industrial competitiveness in Indonesia (Sjafrizal, 2008). Empirical evidence suggests that regions with well-developed logistics infrastructure tend to experience higher productivity growth and stronger industrial clustering effects (Lakshmanan, 2011). In the case of Rebana, the strategic alignment of Patimban Port with BIJB Kertajati enhances export capacity while supporting time-sensitive industries, such as automotive and electronics manufacturing, which are highly dependent on reliable logistics networks.

The third pillar tourism and the creative economy plays a complementary role by diversifying the regional economic base and strengthening local socio-cultural assets. The development of tourism in Cirebon, Kuningan, and Majalengka leverages the region's natural landscapes, cultural heritage, and historical significance, while community-based creative economy initiatives aim to ensure that economic benefits are distributed more inclusively at the local level. This approach resonates with the concept of endogenous development, which emphasizes local resource utilization, community participation, and cultural identity as key components of sustainable regional growth (Ray, 2006). Moreover, the creative economy has been widely recognized as a resilient sector capable of generating employment, particularly for youth and small-scale entrepreneurs, while reinforcing place identity and social cohesion (Florida, 2014; Howkins, 2001).

Taken together, these integrated development strategies position the Rebana Region as a catalyst for accelerated and more balanced economic growth in West Java. Projections indicating a potential contribution of 3–4 percent to provincial economic growth and the creation of approximately 4–5 million new jobs by 2030 reflect the scale of ambition embedded in this initiative. More importantly, Rebana's development framework emphasizes inclusivity and sustainability, aligning with contemporary development discourses that stress the importance of equitable growth, environmental responsibility, and long-term regional resilience (Sachs & Ban, 2015). By redistributing economic activities beyond the historically dominant western corridor of West Java, the Rebana Area represents a deliberate attempt to reshape the province's spatial development trajectory toward a more balanced, inclusive, and future-oriented regional economy.

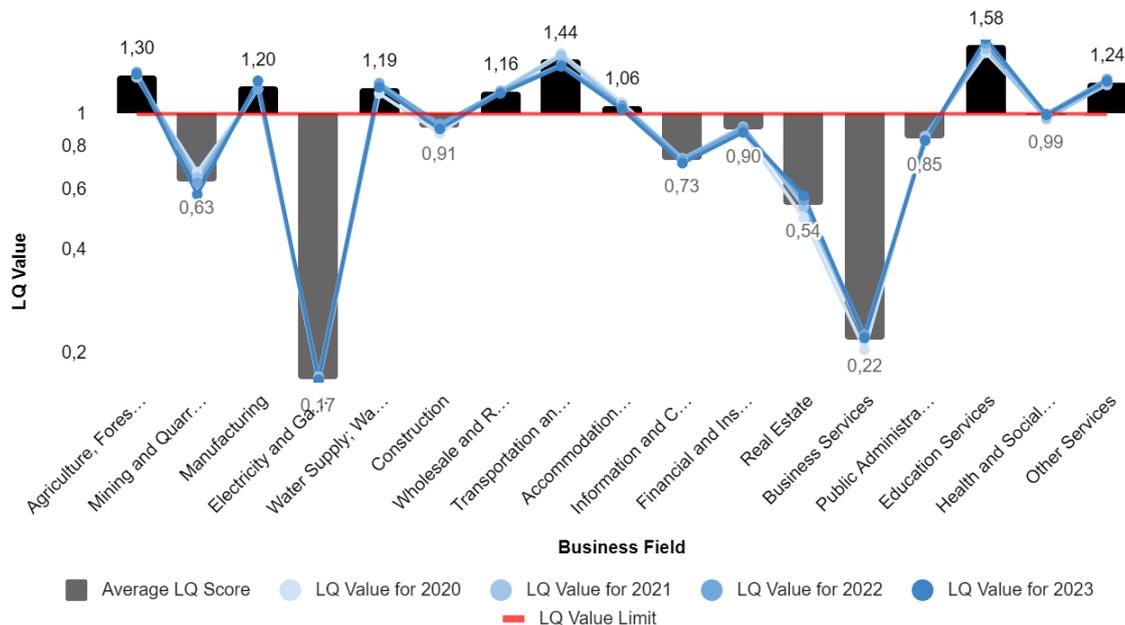
Identification of Base Sectors in the Rebana Area

Based on the identification results using the Location Quotient (LQ) approach, the sectors that are the focus of development in the Rebana Area are Manufacturing, Transportation and Warehousing, Wholesale and Retail Trade; Car and Motorcycle Repair, Accommodation and Food and Beverage Provision, and Agriculture, Forestry, and Fisheries, which are classified as core sectors. Conceptually, a base sector is a sector that has a higher level of specialization than the reference area, so that it is able to produce surplus output for export outside the region and become the main driver of regional economic growth (Isard, 1976; Richardson, 1976). LQ values greater than one in these sectors indicate a comparative advantage and relatively strong regional competitiveness, as well as demonstrating the strategic role of these sectors in supporting the Rebana economy at the provincial and national levels (Miller & Blair, 2009).

The presence of the manufacturing industry as a base sector in Rebana aligns with the region's character, which is geared towards becoming a large-scale industrial and logistics hub. The automotive, petrochemical, textile, and electronics industries developing in areas such as Subang and Indramayu not only contribute significantly to regional added value but also have a significant multiplier effect on employment and the growth of supporting sectors (Sjafrizal, 2008). Regional studies indicate that the manufacturing sector is often the primary engine of structural transformation in regional economies due to its ability to create backward linkages with MSMEs and small industries, as well as forward linkages with the trade and services sectors (Hirschman, 1975; Kaldor, 1967).

In addition to manufacturing, the Transportation and Warehousing and Wholesale and Retail Trade sectors have also emerged as crucial base sectors. This is inseparable from Rebana's strategic position, supported by key infrastructure such as Patimban Port, West Java International Airport (BIJB) Kertajati, and the Cisumdawu and Trans-Java toll road networks. From a regional economic perspective, a strong logistics sector plays a crucial role in reducing distribution costs, increasing supply chain efficiency, and strengthening market integration between regions (Lakshmanan, 2011; Rodrigues et al., 2016). Strengthening this sector has direct implications for reducing inter-regional price disparities and increasing the accessibility of goods and services, ultimately positively impacting public welfare.

Figure 1. LQ value of the Rebana Metropolitan Area in relation to Indonesia



Source: Analysis Results, 2026

Meanwhile, the Accommodation and Food and Beverage Provision sectors, as well as the Agriculture, Forestry, and Fisheries sectors, play a strategic role in fostering a more inclusive local economy. Both sectors tend to be labor-intensive and have direct ties to local communities, particularly in rural areas and the Rebana hinterland. The development of culture- and nature-based tourism in Cirebon, Kuningan, and Majalengka, for example, has opened up business opportunities for local economic actors through the culinary, homestay, and community-based creative economy sectors (Ray, 2006). Meanwhile, the agriculture and fisheries sectors remain relevant as the basis of the local economy, playing a role in maintaining food security and providing income for rural households (Todaro & Smith, 2020). Optimizing these core sectors opens up opportunities for inclusive economic growth, where development benefits are not concentrated solely in core industrial areas but also reach outlying areas and lower-middle-income communities. Development literature emphasizes that strengthening core sectors, which have broad links to the local economy, is key to reducing socioeconomic disparities, lowering unemployment rates, and strengthening social cohesion (Ianchovichina & Lundstrom, 2009). Therefore, the core sector development strategy in the Rebana Region is not solely oriented toward increasing economic growth but also serves as an instrument for equitable development in line with the sustainable development agenda.

Identification of Prospective Sectors in the Rebana Region

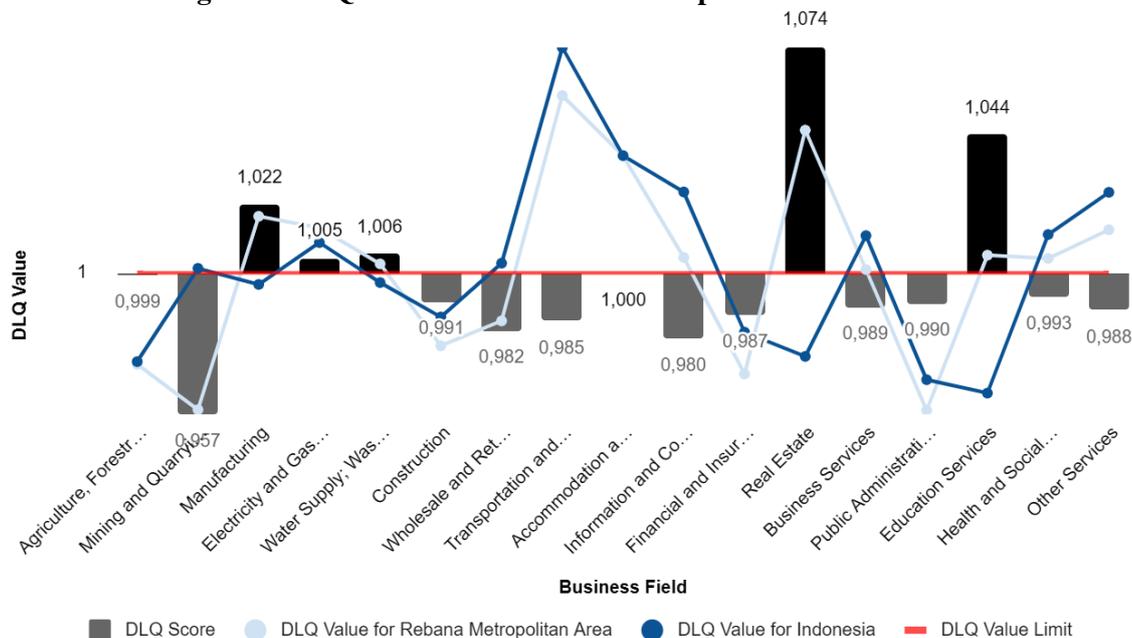
The results of the analysis using the Dynamic Location Quotient (DLQ) indicate that not all sectors focused on in the Rebana Area development can be categorized as prospective. Of the main sectors analyzed, only the Manufacturing Industry sector had a DLQ value greater than one, thus meeting the criteria for prospective development. Methodologically, the DLQ not only captures the comparative advantage of a sector at a single point in time but also measures the dynamics of that sector's growth relative to a reference region, thereby identifying sectors with the potential to become drivers of future economic growth (Nazara, 1997; Richardson, 1976). Thus, these findings indicate that the industrial sector in Rebana is not only structurally strong currently but also possesses sustainable growth momentum. The prospective industrial sector in the Rebana Area is inseparable from the support of strategic infrastructure and integrated regional development policies. The presence of Patimban Port, West Java International Airport (BIJB) Kertajati, and modern industrial areas such as Subang Smartpolitan and the Indramayu petrochemical area strengthen industrial competitiveness by increasing logistics efficiency, reducing production costs, and facilitating access to global markets. Regional economic literature confirms that the manufacturing sector tends to grow faster in areas with high connectivity and supportive industrial ecosystems, particularly in the context of integration into global value chains (Gereffi, 2018; Krugman, 2002). Therefore, the Rebana industrial sector has the potential to contribute significantly to West Java's Gross Regional Domestic Product (GRDP) and to the national economy as a whole.

REGIONAL INCLUSIVE GROWTH IN THE REBANA METROPOLITAN AREA: A SECTORAL AND REGIONAL ECONOMIC ANALYSIS PERSPECTIVE

Andis Destrian Irianto et al

On the other hand, other sectors such as Transportation and Warehousing, Wholesale and Retail Trade, Accommodation and Food and Beverage Provision, and Agriculture, Forestry, and Fisheries, although classified as basic sectors based on the LQ analysis, have not all shown strong growth prospects based on the DLQ. This situation indicates that these sectors tend to grow slower or in line with the national average, thus preventing them from acting as the primary drivers of long-term economic growth (Sjafrizal, 2012; Miller & Blair, 2009). From a regional development perspective, this situation is common in regions undergoing structural transformation, where the industrial sector grows faster than certain traditional and service sectors (Chenery & Syrquin, 1975; Kaldor, 1967). However, the dominance of the industrial sector as the sole prospective sector also carries risks, particularly related to the potential for inter-sectoral and inter-regional inequality. The literature on inclusive development emphasizes that growth that is too concentrated in one sector risks creating economic dualism and widening income disparities (Ianchovichina & Lundstrom, 2009). Therefore, developing the industrial sector as the primary driver of growth needs to be accompanied by strategies to strengthen other basic sectors to increase their productivity and competitiveness. These strengthening efforts can be achieved through technology-based agricultural modernization, digitalization of logistics and trade systems, and development of the creative economy and community-based tourism. This approach aligns with the concept of complementary growth, where leading sectors drive demand and innovation in other sectors, thus creating stronger and more sustainable intersectoral linkages (Hirschman, 1975; Todaro & Smith, 2020). In other words, the industrial sector can play a leading role, but the sustainability of Rebana's development depends heavily on the ability of other sectors to grow and adapt.

Figure 2. DLQ value of the Rebana Metropolitan Area in relation to Indonesia



Source: Analysis Results, 2026

Overall, the DLQ analysis confirms that the manufacturing sector is the most promising sector for the future development of the Rebana Area. However, to ensure widespread and equitable benefits, the regional development strategy needs to be designed holistically, positioning the industrial sector as the primary driver, supported by strengthening other key sectors. This approach is not only relevant for driving high economic growth but also crucial for ensuring that Rebana's development is inclusive, equitable, and sustainable in the long term.

Sector Classification in the Rebana Region

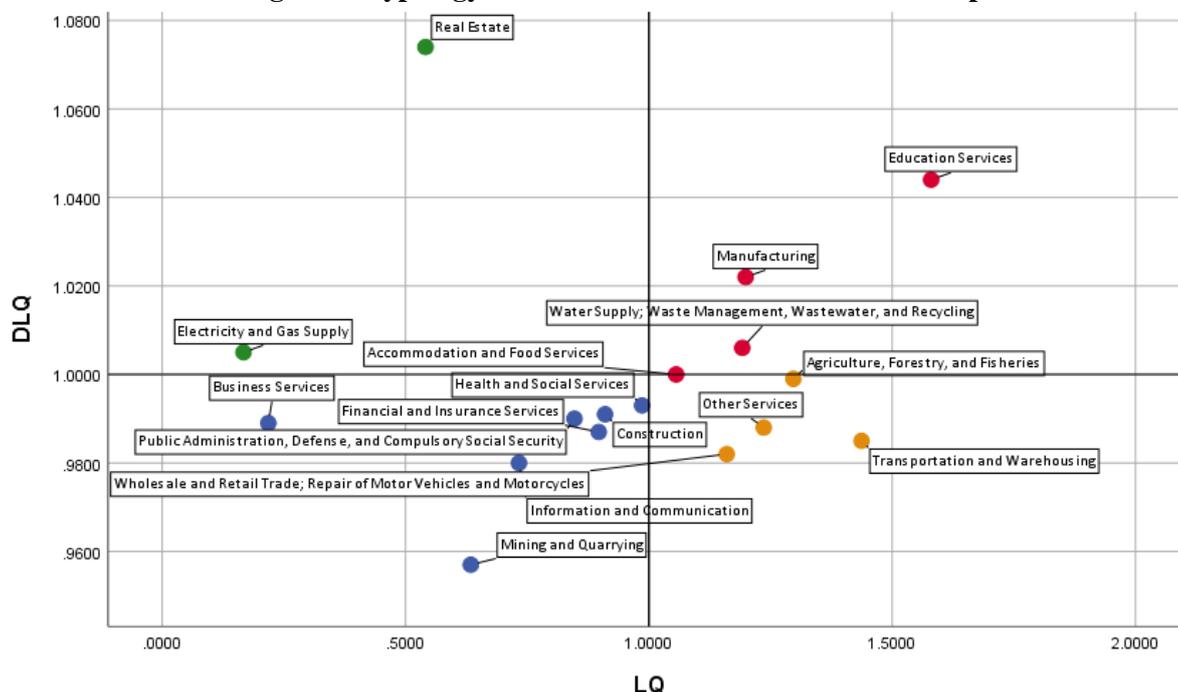
Based on the results of the sector classification analysis shown in Figure 3, it appears that the majority of economic sectors in the Rebana Metropolitan Area are concentrated in Quadrant 4. This quadrant represents relatively underdeveloped sectors, characterized by Location Quotient (LQ) values <1 and Dynamic Location Quotient (DLQ) <1. Theoretically, this condition indicates that these sectors lack a structural comparative advantage and do not exhibit sufficient growth dynamics to act as the primary drivers of the regional economy (Richardson, 1976; Sjafrizal, 2008). In other words, sectors in Quadrant 4 tend to be oriented toward meeting local needs and have not yet been able to

REGIONAL INCLUSIVE GROWTH IN THE REBANA METROPOLITAN AREA: A SECTORAL AND REGIONAL ECONOMIC ANALYSIS PERSPECTIVE

Andis Destrian Irianto et al

create a significant economic surplus or broad multiplier effects for the Rebana region. The dominance of sectors in Quadrant 4 also indicates that the process of structural economic transformation in the Rebana Area is still ongoing and not yet fully mature. Regional development literature explains that developing regions generally face conditions where most economic sectors grow slowly or follow the national average, before consolidation occurs in certain leading sectors (Chenery & Syrquin, 1975; Todaro & Smith, 2020). In this context, Rebana is still in a transitional phase, where significant economic potential is available, but not all sectors are able to convert this potential into sustainable economic competitiveness.

Figure 3. Typology of Sector Classes in the Rebana Metropolitan Area



Source: Analysis Results, 2026

Nevertheless, the analysis also shows that several strategic sectors prioritized for the development of the Rebana region have achieved more progressive positions, namely in Quadrants 1, 2, and 3. The Manufacturing sector is in Quadrant 1, with an LQ value > 1 and a DLQ > 1 . This position confirms that the industrial sector not only plays a dominant role as a base sector in Rebana's current economic structure but also has strong future growth prospects. In regional growth theory, sectors in Quadrant 1 are often referred to as leading sectors due to their ability to create backward and forward linkages, encourage innovation, and generate significant multiplier effects on other sectors (Hirschman, 1975; Kaldor, 1967). This finding strengthens the argument that industrialization is the main backbone of Rebana's economic development. Meanwhile, the Agriculture, Forestry, and Fisheries sector is in Quadrant 3, characterized by an LQ value > 1 but a DLQ < 1 . This position indicates that the sector still plays a significant structural role and serves as the economic base for some communities, particularly in rural areas and the Rebana hinterland. However, the low growth dynamics indicate that without appropriate policy intervention, this sector has the potential to stagnate relative to other, faster-growing sectors. This situation is often found in developing regions, where the primary sector remains socially and spatially important but lags behind in terms of productivity and added value (Meijerink & Roza, 2007; Timmer, 2009). Therefore, agricultural modernization, increased access to technology, and strengthening local agro-industry are crucial to improving this sector's position within the regional economic structure. Sectors in Quadrant 2, those with an LQ < 1 but a DLQ > 1 , reflect sectors that are not yet structurally dominant but have promising growth potential. From a development planning perspective, sectors in Quadrant 2 are often viewed as emerging sectors that can grow into new leading sectors if supported by investment, technological innovation, and appropriate policies (Miller & Blair, 2009). The existence of these sectors is crucial because it opens up opportunities for economic diversification and reduces regional dependence on a single dominant sector. Related to the inclusive economic growth agenda, the results of this LQ-DLQ-based sector classification reveal gaps between sectors that need to be strategically managed. Overly concentrated growth in sectors in Quadrant 1 risks widening sectoral and social inequalities, especially if sectors in Quadrants 3 and 4 do not receive adequate

REGIONAL INCLUSIVE GROWTH IN THE REBANA METROPOLITAN AREA: A SECTORAL AND REGIONAL ECONOMIC ANALYSIS PERSPECTIVE

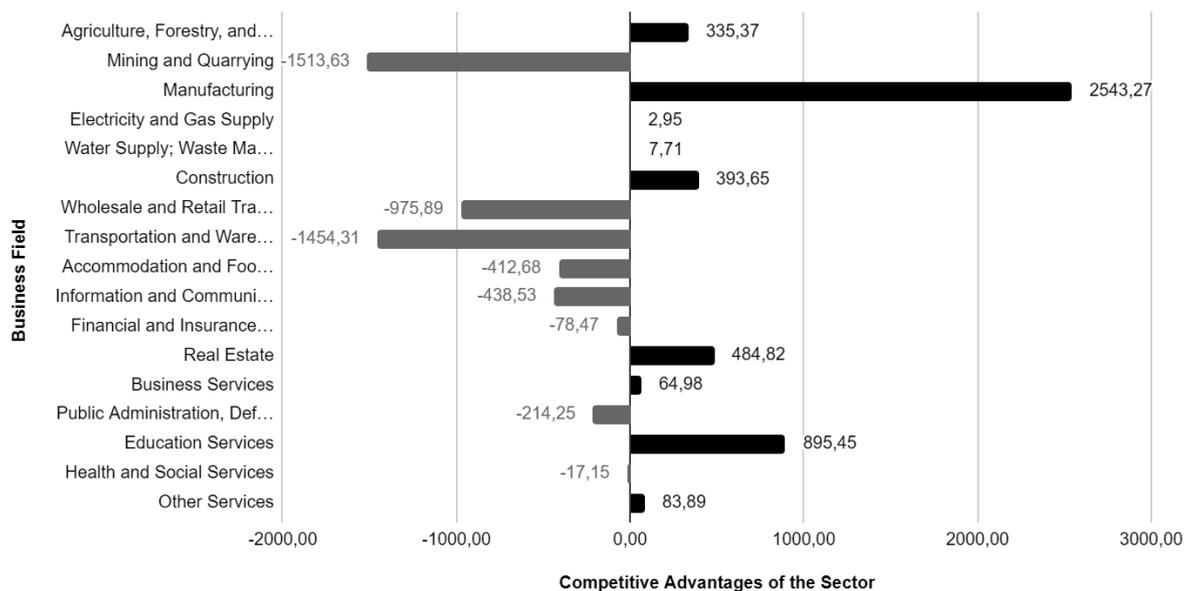
Andis Destrian Irianto *et al*

development support (Ianchovichina & Lundstrom, 2009). Therefore, this sector position map serves not only as a tool for analyzing economic competitiveness but also as a policy guide for designing more equitable and equitable development interventions. Thus, the sector classification in the Rebana Metropolitan Area provides a comprehensive overview of the region's economic structure and dynamics. Strengthening the leading sectors in Quadrant 1 needs to be balanced with a strategy to increase the productivity of sectors in Quadrant 3 and accelerate potential sectors in Quadrant 2, as well as affirmative policies for lagging sectors in Quadrant 4. This approach is key to ensuring that Rebana's economic growth is not only high in aggregate, but also inclusive, capable of creating broad employment opportunities, reducing sectoral disparities, and improving the welfare of society evenly across the region.

Competitive Advantages of Sectors in the Rebana Region

Beyond the analysis results of the Location Quotient (LQ), Dynamic Location Quotient (DLQ), and Klassen Typology, the use of shift-share analysis provides an important additional perspective, particularly in identifying competitive advantages between economic sectors in the Rebana Region. Unlike LQ and DLQ which emphasize specialization and relative growth dynamics, shift-share analysis focuses on the ability of a sector to grow faster than the same sector in the reference region, thus reflecting a more dynamic sectoral competitiveness (Dunn, 1960; Richardson, 1976). The analysis results show that Rebana has a number of sectors with prominent competitive advantages, namely Agriculture, Forestry, and Fisheries; Manufacturing Industry; Electricity and Gas Supply; Water Supply, Waste Management, Waste, and Recycling; Construction; Real Estate; Corporate Services; Educational Services; and Other Services. The competitive advantage of the Agriculture, Forestry, and Fisheries sector demonstrates that while industrialization is the primary driver of Rebana's growth, the primary sector retains a strategic role and strong competitiveness. This aligns with development literature that emphasizes the importance of the agricultural sector in supporting food security, social stability, and as a supply base for the development of agro-industries and locally resource-based processing industries (Meijerink & Roza, 2007; Timmer, 2009). In the context of Rebana, the sector's competitiveness also reflects its linkages to the food and petrochemical industry value chains, strengthening the relationship between the primary and secondary sectors in the regional economic structure.

Figure 4. Competitive Advantages of Sectors in the Rebana Metropolitan Area



Source: Analysis Results, 2026

The Manufacturing Industry sector reaffirms its position as the backbone of Rebana's economy. In addition to its status as a basic and prospective sector, shift-share results indicate that this sector also possesses a competitive advantage, meaning its growth is faster than the manufacturing sector at the national level. This situation indicates that Rebana is not only a quantitative industrial location, but is also beginning to build its industrial competitiveness through production efficiency, economies of scale, and integration into global value chains (Fujita *et al.*, 1999; Gereffi, 2018). Supported by strategic infrastructure such as Patimban Port and the Kertajati International Airport (BIJB), Rebana's industrial sector has the capacity to compete in regional and global markets.

REGIONAL INCLUSIVE GROWTH IN THE REBANA METROPOLITAN AREA: A SECTORAL AND REGIONAL ECONOMIC ANALYSIS PERSPECTIVE

Andis Destrian Irianto *et al*

The competitive advantages of the Electricity and Gas Supply and Water Supply, Waste Management, Waste, and Recycling sectors highlight the crucial role of energy and environmental infrastructure as enabling sectors for the development of modern industrial areas and cities. The literature on urban economics and sustainable development emphasizes that reliable energy availability and efficient environmental management systems are key prerequisites for regional competitiveness and sustainable long-term economic growth. In the context of Rebana, the strengths of these sectors demonstrate the region's readiness to support industrialization while responding to increasingly complex environmental challenges. Furthermore, the construction sector exhibits positive competitive dynamics, along with the massive development of strategic infrastructure, such as the Cisumdawu Toll Road, Kertajati Airport, and Patimban Port. The growth of the construction sector is often an early indicator of regional economic transformation, as this sector has a significant multiplier effect on labor absorption and input demand from other sectors (Bon, 2024; Sjafrizal, 2008). Similarly, the real estate sector also demonstrates a competitive advantage, driven by development plans for new cities and modern urban areas that are not only residential but also commercial and industrial. This phenomenon reflects a planned economic urbanization process oriented toward production and service functions (Firman, 2017; Harvey, 2014).

On the services side, the strength of the Corporate Services and Education Services sectors indicates the beginning of the formation of a supporting ecosystem for Rebana's economic activities. Professional services, financial services, business consulting, and vocational education and training institutions play a crucial role in providing the skilled workforce and supporting services needed by the modern industrial and service sectors (Florida, 2014). Meanwhile, the Other Services sector reflects a broader and more adaptive economic diversification process that addresses the needs of urban communities, while simultaneously strengthening the region's economic resilience to sectoral shocks. This cross-sectoral competitive advantage represents a strategic opportunity to ensure that Rebana's economic development is not exclusive and concentrated solely in the large-scale industrial sector. The inclusive growth literature emphasizes that a diverse and competitive sector enables broader economic participation, from farmers in the agro-industrial supply chain, local construction service providers, MSMEs in the real estate and corporate services sectors, to the workforce in the education and public services sectors (Ianchovichina & Lundstrom, 2009; Todaro & Smith, 2020). Thus, strengthening the competitive advantages of these sectors has the potential to encourage equitable distribution of development benefits, create broader employment opportunities, and accelerate West Java's economic transformation toward a more inclusive and sustainable growth pattern.

CONCLUSION

This study confirms that the development of the Rebana Metropolitan Area holds a strategic position in accelerating economic growth in West Java while simultaneously functioning as an important instrument for promoting more inclusive regional development. The sectoral analysis demonstrates that the manufacturing sector consistently emerges as a basic, prospective, and competitive sector, reinforcing its role as the primary engine of economic growth in the region. This finding aligns with the broader literature on regional and structural transformation, which emphasizes manufacturing as a key driver of productivity gains, employment creation, and regional competitiveness, particularly in developing economies undergoing industrial upgrading. In the context of Rebana, the strong performance of the manufacturing sector is further supported by strategic infrastructure investments and industrial estate development, which enhance connectivity, reduce logistics costs, and facilitate integration into national and global value chains.

However, the study also reveals that several sectors such as Transportation and Warehousing, Trade, Accommodation and Food Services, and Agriculture, Forestry, and Fisheries although classified as basic sectors, do not uniformly exhibit strong future growth prospects. This condition highlights a key challenge in Rebana's development trajectory, namely the risk of uneven sectoral growth and overreliance on a single dominant sector. From a regional development perspective, such imbalance may lead to structural dualism and limit the broader distribution of economic benefits if not addressed through targeted policy interventions. Therefore, adaptive and cross-sectoral policy strategies are required to enhance productivity, innovation, and competitiveness in these sectors, particularly those that play a critical role in employment absorption and local livelihoods. Moreover, the competitive advantage analysis using the shift-share approach indicates that Rebana's development potential is not confined to large-scale industrial activities alone. Several supporting and service-oriented sectors including Construction, Real Estate, Business Services, Education Services, and Other Services also demonstrate positive competitive dynamics. This finding suggests that Rebana is gradually developing a more diversified economic structure, supported by an emerging ecosystem of services and human capital that complements industrial growth. Such diversification is widely recognized as a crucial factor for regional economic resilience, as it reduces vulnerability to sector-specific shocks and broadens opportunities for participation across different social and economic groups.

Importantly, the presence of competitive advantages across multiple sectors provides a strong foundation for fostering inclusive economic growth. Development opportunities in agriculture-based supply chains, construction services, real estate, business services, and education enable wider community participation, including small and medium-sized enterprises (SMEs), informal workers, and residents of hinterland areas that have historically lagged behind core industrial zones. This aligns with the inclusive growth framework, which emphasizes not only high growth rates but also equitable access to economic opportunities and fair distribution of development outcomes across regions and social groups.

Overall, the findings indicate that inclusive economic growth in the Rebana Metropolitan Area still faces challenges related to sectoral and spatial fragmentation. While the industrial sector provides a strong growth engine, its long-term sustainability and social legitimacy depend on the ability of other sectors and regions to benefit from the development process. Consequently, future development policies in Rebana should prioritize: (1) strengthening interregional and intersectoral connectivity to enhance spillover effects, (2) upgrading potential but currently non-prospective sectors through innovation, skills development, and targeted investment, and (3) ensuring a more equitable distribution of development benefits across sectors and territories, including peripheral and hinterland areas. Only through such an integrated and inclusive approach can Rebana truly function as a catalyst for West Java's economic transformation toward growth that is not only competitive, but also inclusive and sustainable in the long run.

Acknowledgement

We would like to express our sincere gratitude to all individuals who have contributed, directly or indirectly, to the completion of this study. We are especially grateful to the West Java Provincial Government for its financial assistance, which made this research possible.

REFERENCES

- Akita, T. (2002). REGIONAL INCOME INEQUALITY IN INDONESIA AND THE INITIAL IMPACT OF THE ECONOMIC CRISIS. *Bulletin of Indonesian Economic Studies*, 38(2), 201–222. <https://doi.org/10.1080/000749102320145057>
- Ali, I., & Son, H. H. (2024). Defining and Measuring Inclusive Growth: Application to the Philippines. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.4921572>
- Baldwin, R. E., Forslid, R., Martin, P. J., Ottaviano, G. I. P., & Robert-Nicoud, F. (2011). *Economic Geography and Public Policy*. Princeton University Press.
- Banister, D., & Berechman, Y. (2001). Transport investment and the promotion of economic growth. *Journal of Transport Geography*, 9(3), 209–218. [https://doi.org/10.1016/S0966-6923\(01\)00013-8](https://doi.org/10.1016/S0966-6923(01)00013-8)
- Barca, F., McCann, P., & Rodríguez-Pose, A. (2012). The Case For Regional Development Intervention: Place-Based Versus Place-Neutral Approaches. *Journal of Regional Science*, 52(1), 134–152. <https://doi.org/10.1111/j.1467-9787.2011.00756.x>
- Bon, R. (2024). *Economic Structure and Maturity: Collected Papers in Input-output Modelling and Applications: Collected Papers in Input-output Modelling and Applications* (1st ed.). Routledge. <https://doi.org/10.4324/9781003580898>
- Chenery, H. B., & Syrquin, M. (1975). *Patterns of development, 1950-1970*. Oxford University Press for the World Bank.
- Crescenzi, R., & Giua, M. (2014). The EU Cohesion Policy in Context: Regional Growth and the Influence of Agricultural and Rural Development Policies. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.2542244>
- Dijkstra, L., Poelman, H., & Rodríguez-Pose, A. (2020). The geography of EU discontent. *Regional Studies*, 54(6), 737–753. <https://doi.org/10.1080/00343404.2019.1654603>
- Dollar, D., Kleineberg, T., & Kraay, A. (2016). Growth still is good for the poor. *European Economic Review*, 81, 68–85. <https://doi.org/10.1016/j.eurocorev.2015.05.008>
- Dunn, E. S. (1960). A STATISTICAL AND ANALYTICAL TECHNIQUE FOR REGIONAL ANALYSIS. *Papers in Regional Science*, 6(1), 97–112. <https://doi.org/10.1111/j.1435-5597.1960.tb01705.x>
- Ezcurra, R., & Rodríguez-Pose, A. (2013). Political Decentralization, Economic Growth and Regional Disparities in the OECD. *Regional Studies*, 47(3), 388–401. <https://doi.org/10.1080/00343404.2012.731046>

REGIONAL INCLUSIVE GROWTH IN THE REBANA METROPOLITAN AREA: A SECTORAL AND REGIONAL ECONOMIC ANALYSIS PERSPECTIVE

Andis Destrian Irianto et al

- Farole, T. (2011). *Special Economic Zones in Africa: Comparing Performance and Learning from Global Experience*.
- Firman, T. (2017). The urbanisation of Java, 2000–2010: Towards ‘the island of mega-urban regions.’ *Asian Population Studies*, 13(1), 50–66. <https://doi.org/10.1080/17441730.2016.1247587>
- Flegg, A. T., & Webber, C. D. (2000). Regional Size, Regional Specialization and the FLQ Formula. *Regional Studies*, 34(6), 563–569. <https://doi.org/10.1080/00343400050085675>
- Florida, R. L. (2014). *The rise of the creative class: Revisited* (Paperback of the rev. ed). Basic Books.
- Fratesi, U., & Wishlade, F. G. (2017). The impact of European Cohesion Policy in different contexts. *Regional Studies*, 51(6), 817–821. <https://doi.org/10.1080/00343404.2017.1326673>
- Fujita, M., Krugman, P., & Venables, A. J. (1999). *The Spatial Economy: Cities, Regions, and International Trade*. The MIT Press. <https://doi.org/10.7551/mitpress/6389.001.0001>
- Gereffi, G. (2018). *Global Value Chains and Development: Redefining the Contours of 21st Century Capitalism* (1st ed.). Cambridge University Press. <https://doi.org/10.1017/9781108559423>
- Harvey, D. (2014). *Seventeen contradictions and the end of capitalism*. Oxford university press.
- Hill, H., Resosudarmo, B. P., & Vidyattama*, Y. (2008). INDONESIA’S CHANGING ECONOMIC GEOGRAPHY. *Bulletin of Indonesian Economic Studies*, 44(3), 407–435. <https://doi.org/10.1080/00074910802395344>
- Hirschman, A. O. (1975). *The strategy of economic development* (17. print). Yale Univ. Pr.
- Howkins, J. (2001). *The creative economy, or, how some people profit from ideas, some don’t, and the effect on all of us*. Allen Lane.
- Hudalah, D., & Firman, T. (2012). Beyond property: Industrial estates and post-suburban transformation in Jakarta Metropolitan Region. *Cities*, 29(1), 40–48. <https://doi.org/10.1016/j.cities.2011.07.003>
- Ianchovichina, E., & Lundstrom, S. (2009). *Inclusive Growth Analytics: Framework And Application*. World Bank. <https://doi.org/10.1596/1813-9450-4851>
- Irianto, A. D. (2025). Analisis Proyeksi Produk Domestik Regional Bruto Atas Dasar Harga Konstan Serta Kontribusi Per Lapangan Usaha Kota Cirebon Tahun 2024—2045. *Jurnal Inovasi Ekonomi Kreatif*, 6.
- Isard, W. (1976). *Methods of regional analysis: An introduction to regional science* (10. printing). M.I.T. Press.
- Isserman, A. M. (1977). The Location Quotient Approach to Estimating Regional Economic Impacts. *Journal of the American Institute of Planners*, 43(1), 33–41. <https://doi.org/10.1080/01944367708977758>
- Kaldor, N. (1967). *Strategic factors in economic development*. New york state school of industrial and labor relations, Cornell university.
- Kanbur, R., & Venables, T. (2005). Introduction: Spatial inequality and development. *Journal of Economic Geography*, 5(1), 1–2. <https://doi.org/10.1093/jnlecg/lbh059>
- Kline, P., & Moretti, E. (2014). Local Economic Development, Agglomeration Economies, and the Big Push: 100 Years of Evidence from the Tennessee Valley Authority *. *The Quarterly Journal of Economics*, 129(1), 275–331. <https://doi.org/10.1093/qje/qjt034>
- Krugman, P. R. (2002). *Geography and trade* (Nachdr.). Leuven Univ. Press [u.a.].
- Kuncoro, M. (2004). *Otonomi dan pembangunan daerah: Reformasi, perencanaan, strategi, dan peluang*. Erlangga.
- Lakshmanan, T. R. (2011). The broader economic consequences of transport infrastructure investments. *Journal of Transport Geography*, 19(1), 1–12. <https://doi.org/10.1016/j.jtrangeo.2010.01.001>
- McCulloch, N., & Peter Timmer, C. (2008). RICE POLICY IN INDONESIA: A SPECIAL ISSUE. *Bulletin of Indonesian Economic Studies*, 44(1), 33–44. <https://doi.org/10.1080/00074910802001561>
- Meijerink, G., & Roza, P. (2007). *The role of agriculture in economic development*. Wageningen UR.
- Miller, R. E., & Blair, P. D. (2009). *Input-output analysis: Foundations and extensions* (2nd ed). Cambridge University Press.
- Nazara, S. (1997). *Analisis input-output*. Lembaga Penerbit, Fakultas Ekonomi, Universitas Indonesia.
- Ostry, J., JOstry@imf.org, Berg, A., ABerg@imf.org, Tsangarides, C., & CTsangarides@imf.org. (2014). Redistribution, Inequality, and Growth. *Staff Discussion Notes*, 14(02), 1. <https://doi.org/10.5089/9781484352076.006>
- Parr, J. B. (1999). Growth-pole Strategies in Regional Economic Planning: A Retrospective View: Part 1. Origins and Advocacy. *Urban Studies*, 36(7), 1195–1215. <https://doi.org/10.1080/0042098993187>
- Perroux, F. (1950). Economic Space: Theory and Applications. *The Quarterly Journal of Economics*, 64(1), 89. <https://doi.org/10.2307/1881960>
- Porter, M. E. (1990). *The competitive advantage of nations* (10. print). Free Press.
- Ranieri, R., & Ramos, R. (2013). *Inclusive Growth: Building up a Concept* (Working Papers No. 104). International Policy Centre. <https://EconPapers.repec.org/RePEc:ipc:wpaper:104>

REGIONAL INCLUSIVE GROWTH IN THE REBANA METROPOLITAN AREA: A SECTORAL AND REGIONAL ECONOMIC ANALYSIS PERSPECTIVE

Andis Destrian Irianto **et al**

- Ravallion, M. (2018). Inequality and Globalization: A Review Essay. *Journal of Economic Literature*, 56(2), 620–642. <https://doi.org/10.1257/jel.20171419>
- Ray, C. (2006). Neo-Endogenous Rural Development in the EU. In P. Cloke, T. Marsden, & P. Mooney, *The Handbook of Rural Studies* (pp. 278–291). SAGE Publications Ltd. <https://doi.org/10.4135/9781848608016.n19>
- Resosudarmo, B. P., & Vidyattama, Y. (2006). Regional Income Disparity in Indonesia: A Panel Data Analysis. *Asean Economic Bulletin*, 23(1), 31–44. <https://doi.org/10.1355/AE23-1C>
- Richardson, H. W. (1976). *Regional economics: Location theory, urban structure and regional change* (Repr). Weidenfeld and Nicolson.
- Rodrigue, J.-P. (2020). *The Geography of Transport Systems* (5th ed.). Routledge. <https://doi.org/10.4324/9780429346323>
- Rodrigues, J. F. D., Marques, A., Wood, R., & Tukker, A. (2016). A network approach for assembling and linking input–output models. *Economic Systems Research*, 28(4), 518–538. Scopus. <https://doi.org/10.1080/09535314.2016.1238817>
- Sachs, J., & Ban, G. mun. (2015). *The age of sustainable development*. Columbia University Press.
- Sjafrizal. (2008). *Ekonomi regional: Teori dan aplikasi*. Baduose Media.
- Suryahadi, A. (2012). *Economic growth and poverty reduction in Indonesia before and after the Asian financial crisis: Working paper*. SMERU Research Institute.
- Timmer, C. P. (2009). *A world without agriculture: The structural transformation in historical perspective*. AEI Press.
- Tirtosuharto, D. (2013). Regional Inequality in Indonesia: Did Convergence Occur Following the 1997 Financial Crisis? *University Library of Munich*.
- Todaro, M. P., & Smith, S. C. (2020). *Economic development* (Thirteenth edition). Pearson.
- Yusuf, A. A., Sumner, A., & Rum, I. A. (2014). Twenty Years of Expenditure Inequality in Indonesia, 1993–2013. *Bulletin of Indonesian Economic Studies*, 50(2), 243–254. <https://doi.org/10.1080/00074918.2014.939937>