

## Analysis of the Effect of Infrastructure Development on Inclusive Economic Growth in Mataram City in 2017-2022

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### ABSTRACT

Infrastructure development is an important aspect in economic growth because the existence of good infrastructure also has a positive impact on economic growth, thus creating new jobs, reducing poverty levels and increasing per capita income. Inclusive growth is a large part of sustainable economic growth as stated in the global agreement on the Sustainable Development Goals (SDGs). The purpose of this study is to analyze the effect of road, water, and education infrastructure partially and simultaneously on inclusive economic growth in the city of Mataram in 2017 - 2022. This study uses a quantitative approach and multiple linear regression analysis through the SPSS Program. The results of the study indicate that partially educational infrastructure as an independent variable has a positive and significant effect on the economic growth of the city of Mataram. The study indicates that inclusive economic growth in the city of Mataram in the last 6 years 2017 - 2022 does not show a large influence from the variables of road infrastructure, clean water and education infrastructure.

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## **INTRODUCTION**

Economic growth is the gradual improvement in the economic condition of a country over a period of time, leading to a more sustainable and profitable situation. Today, the main focus is on economic development to drive progress in various countries, both developed and developing countries. Economic growth is often accompanied by a gap between the rich and the poor. Greater inequality encourages crime from people who feel their right to a decent life has been taken away. It is important to focus on more than just economic growth for development. It is important to ensure that everyone can enjoy the benefits of economic growth (Asian Development Bank, 2011). In this regard, the concept of inclusive economic growth emerged.

The concept of inclusive economic growth is one of the new theories in the field of economic development. Economic growth becomes inclusive when accompanied by a decrease in poverty, unemployment, and income inequality (Klasen, 2010). The idea of inclusive economic development is outlined in the Sustainable Development Goals (SDGs). This concept focuses on encouraging economic growth to reduce unemployment, poverty, and income inequality, and encourage further economic progress. In encouraging inclusive economic growth, the existence of infrastructure access plays an important role by enabling economic activities to develop and encouraging the acceleration of economic development. Pro-poor growth is a key element in achieving inclusive growth (Kakwani and Pernia 2000).

To achieve inclusive growth, it is essential to focus on infrastructure development. This is because quality infrastructure plays a vital role in driving economic growth, which generates new employment opportunities to reduce poverty and increase individual income levels. One of the challenges that countries face in their efforts to improve their economies is the task of ensuring useful infrastructure. This is crucial to increasing the productivity of a country or region. (Kodatie 2005).

Improving Indonesia's infrastructure development is a top priority. This commitment is stated in the 2005-2025 RPJPN. An important strategic effort to create a competitive country is to increase the capacity of physical infrastructure and supporting infrastructure. This aims to address the gap in GDP contributions between the western and eastern regions of Indonesia, which ultimately drives national economic development that focuses on equality. However, the gap in economic development is clearly visible in the differences between regions, such as the Western Indonesia Region (KBI) which includes Sumatra, Java, and Bali, and the Eastern Indonesia Region (KTI) which consists of Kalimantan, Sulawesi, Maluku, and Papua (Kuncoro, 2002).

Economic growth in Indonesia is not only influenced by infrastructure, but also by various other factors such as poverty rates, Human Development Index (HDI), population, and other elements (Mirza, 2011). However, infrastructure is a fundamental element that shapes the improvement of human resource quality and labor productivity. Inclusive economic growth in NTB Province, especially Mataram City, which is indicated by the Inclusive Economic Development Index (IPEI), continues to fluctuate every year, with an

average growth of 5.95. This is the highest IPEI in the Regency/City of West Nusa Tenggara Province (NTB). Meanwhile, the district with the lowest average IPEI is North Lombok Regency at 4.17 (BAPPENAS, 2023).

Based on the data above, it can be concluded that inclusive economic growth in the province of NTB experiences quite large disparities between districts/cities. One of the steps taken by the government to increase inclusive economic growth is by developing infrastructure evenly in various regions in Indonesia. This study aims to analyze the impact of road, electricity, water, education, and market infrastructure in encouraging inclusive economic growth in districts/cities in Mataram City in 2017-2023. This study attempts to explore whether road, electricity, water, education, and market infrastructure have a significant effect or not on inclusive economic growth in districts/cities in Mataram City in 2017-2023.

## **THEORETICAL REVIEW**

### ***Infrastructure***

Infrastructure is all elements that are useful for the running of the economy by facilitating the circulation of goods and ideas, which aims to increase production, expand trade, distribute the population, reduce poverty and improve environmental conditions that require infrastructure facilities and infrastructure.

One of the strategic efforts in realizing a competitive nation is through increasing the capacity of adequate physical and supporting infrastructure. Adequate infrastructure is one of the most vital capital factors in development. Therefore, to accelerate sustainable economic growth, infrastructure provision is needed which in principle can be done with two approaches. The first approach is provision based on needs (Demand Approach), including maintaining existing infrastructure as a necessity. The second is a provider intended to encourage the growth of economic activities (Supply Approach).

World Bank (1994) classifies infrastructure into 3 groups, namely: 1. Economic infrastructure, is physical development that supports economic activities, including public utilities (telecommunications, clean water, sanitation, gas), public works (roads, dams, irrigation, drainage), and the transportation sector (highways, railways, ports, airports). 2. Social infrastructure, is infrastructure that leads to human development and its environment such as education, health, change, and recreation. 3. Administrative infrastructure, is infrastructure in the form of general pressure, administrative control and coordination,

Capello (2007) stated the relationship between infrastructure and economic growth where infrastructure is a factor in determining competitiveness and productivity. Economic infrastructure will have a direct impact on economic growth and regional development, while social infrastructure has a direct impact on quality of life and human capital, so it will affect production only in the long term and its effects will not only affect the area where the social infrastructure is built.

### ***Inclusive Economic Growth***

The concept of inclusive growth initially started from the idea of pro-poor growth. Kakwani and Pernia (2000) define pro-poor growth as economic growth that allows poor groups to actively participate and significantly benefit from economic activities. The goal of pro-poor growth is focused on increasing the income of poor groups, so that poverty levels will decrease.

Indonesia, through BAPPENAS, then defines inclusive economic development as economic growth that creates broad access and opportunities for all levels of society in a fair manner, increases welfare, and reduces disparities between groups and regions.

Indonesia has considered a broader paradigm of future economic growth than just economic progress. This paradigm emphasizes inclusive development. The growth-focused development approach has led to social exclusion and three important crises: social inequality, poverty, and environmental degradation, therefore a new inclusive development paradigm is needed.

In many cases, the sustainability of economic growth is often hampered by low social capital. In the framework of growth diagnosis, the phenomenon of low social capital can be caused by low levels of technology and inadequate quality of infrastructure. Technology and infrastructure are production factors needed to support sustainable economic growth. Geographical conditions are clearly a major challenge for Indonesia. Sustainable economic growth can also be hampered by various market failures and governance failures.

There are three pillars of inclusive economic development policy which include: 1) Economic growth and development; 2) Income equality and poverty reduction; 3) Expansion of access and employment opportunities.

In Indonesia, inclusive economic growth is one of the focus of studies by the National Development Planning Agency (BAPPENAS). Inclusive economic growth can be measured by the Inclusive Economic Development Index (IPEI), which is an index issued by BAPPENAS, where the index is a combination of the results of economic and non-economic variables that affect inclusive economic growth.

In order to facilitate decision making, BAPPENAS uses a classification to identify whether the IPEI value is included in the unsatisfactory category or vice versa, with the following clarification:

1. The less satisfactory category is the IPEI value with a range of 1-3.
2. The satisfactory category of IPEI value ranges from 4 to 7
3. The very satisfactory category is an IPEI value with a range of 8-10 (BAPPENAS, 2022).

### ***Economic growth***

Economic growth is a condition where there is an increase in the growth and development of Gross National Product which reflects an increase in the value of per capita income accompanied by an increase in the standard of living of the community (Murni, 2006).

Economic growth is defined as an increase in GDP/GNP regardless of whether the increase is greater or less than the population growth rate or whether changes in economic structure occur or not. A new economy can be

declared to be developing if per capita income shows a long-term upward trend.

In the context of the region, each region also makes economic growth as a macroeconomic target. Regional economic growth is the most important factor in the success of a region's economy in the long term. The economic growth of a region is highly dependent on its natural resources, human resources, capital, business, technology and so on. All of these are economic factors, but economic growth is impossible as long as social and cultural institutions, political and security conditions and moral values in a nation do not support it.

There are three factors that influence the economic growth of a society (Todaro 2003): a) Accumulation of capital including new investments in the form of land, equipment and human resources. b) Economic growth related to the increase in the number of employment increases traditionally considered a positive factor in stimulating economic growth, meaning that the more the workforce, the more labor production factors, while the more population will increase its domestic market. c) Technological progress caused by new and old ways that are improved in doing traditional work such as: how to plant rice, make clothes and so on. With the classification of technological progress, namely labor-saving and capital-saving.

## **METHODOLOGY**

The method in this study uses a quantitative research method with a descriptive method and an associative method. According to Sugiyono (2022), the quantitative method is a method based on positivism that aims to research a certain population or sample, data analysis in quantitative is statistical in nature with the aim of describing and testing predetermined hypotheses.

According to (Kusumawaty, 2023) associative research is research that aims to determine the relationship between two or more variables, with this research a theory can be built that can function to explain, predict and control a symptom. This study analyzes infrastructure development on the economic growth of the city of Mataram over the past 5 years.

Data collection was conducted using census, literature review, observation and documentation methods. Data sources were obtained from the website of the Central Statistics Agency (BPS) of Mataram City and the Public Works and Spatial Planning Agency (PUPR) of Mataram City. In accordance with the objectives of this study, the analysis tool used is Multiple Linear Regression. In this study, there are three independent variables (Independent variables), namely road infrastructure, clean water, education and one independent variable (Dependent Variable).

### ***Multiple Linear Regression Analysis***

Multiple Linear Regression Analysis regression model consisting of one dependent variable (Y) or bound variable and more than two or only two independent variables (X) or free variables. Regression analysis Multiple linear regression analysis is used to determine the magnitude of the direction of the

relationship between the dependent variable and the free variable. Here is the formula for the multiple linear regression equation:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where

Y	= Economic growth of Mataram City,
$\beta_0$	= Intercept or constant,
$\beta_{1,2,3}$	= Variable regression coefficients,
X1	= Road infrastructure variable,
X2	= Clean water infrastructure variable,
X3	= Educational infrastructure variable,
e	= Error term

### ***Classical Assumption Test***

Regression model testing is carried out with classical assumptions, this classical assumption test aims to determine the feasibility of the regression model used. Classical assumption testing needs to be done to produce a regression model that meets the BLUE (Best Linear Unbiased Estimator) criteria. The following are the stages of the classical assumption test:

1. Multicollinearity Test, used to determine whether there is a correlation found between independent variables. Good regression results indicate no correlation between independent variables. The Multicollinearity Test in this study uses the Variance Inflating Factor (VIF) test. The basis for decision making in this way is seen from the large VIF value  $> 10.00$ .
2. Normality Test, used to test whether the residual value (confounding variable) of the regression is normally distributed or not (Ghozali, 2021). The normality test in this study uses the Jarque-Bera value. The residual data is normally distributed if the Jarque-Bera value (JB)  $\leq \lambda^2 0.05$  and Probability  $\geq 0.05$ .
3. Heteroscedasticity Test, used to determine whether there is a difference in the variance of the interfering variable (error) from one observation to another. Good regression, if there is no heteroscedasticity but homoscedasticity. The basis for decision making by looking at choosing the Glesjer test method, if the probability value ( $> 0.05$ ) then there is no heteroscedasticity.

### ***Hypothesis Testing***

Hypothesis testing consists of two types, namely the t-test (partial test) and the F-test (simultaneous test). The t-test (partial test) is used to determine the extent to which the individual relationship or each independent variable explains the variation of the dependent variable (Ghozali, 2021:148). Meanwhile, the F-test (simultaneous test) is carried out to determine whether the independent variables together affect the dependent variable or the dependent variable. The basis for making decisions for both partial and simultaneous tests is by looking at the calculated t or calculated F value or by comparing the probability value with a significance level of 5% (0.05).

***Analysis of Determination Coefficient (R2)***

The coefficient of determination analysis is carried out to see how far the ability of the independent variables to explain the dependent variable. The R2 value is  $(0 \leq R2 \leq 1)$ . If the R2 value is small, it indicates the ability of the independent variables to explain the dependent variable is very limited. The R2 value approaches 1 indicating the ability of the independent variables to explain the dependent variable almost provides all the information needed for research in predicting (Ghozali, 2021).

**RESULTS**

***Inclusive Economic Development Index (IPEI) in Mataram City***

Based on the IPEI of Mataram City in 2017 - 2022, it can be concluded that the IPEI value of Mataram City is included in the satisfactory category, with a range of 5 - 6. Mataram City has the highest value throughout the observation year based on the IPEI Inclusive Economic Development Index in West Nusa Tenggara Province (NTB) followed by Bima City.

***Infrastructure in Mataram City***

Conditions and descriptions of economic growth can be seen from the development of the rate of Gross Regional Domestic Product at constant prices according to expenditure in percent units. The condition of good roads in Mataram City continues to change for the better, this is indicated by the condition of good, moderate, damaged and severely damaged roads. The following is the development of road infrastructure, water infrastructure, and education infrastructure in Mataram City in (Table 1):

Table 1. Development of Economic Growth, Roads, Water, and Education in Mataram City 2017 - 2022

Year	Economic growth (%)	Road Length (Km)	Clean Water RT (%)	Number of Schools (Unit)
2017	8.07	370	56,842	362
2018	4.95	370	58,804	371
2019	5.58	370	70,833	486
2020	5.52	370	71,886	516
2021	3.27	369,849	71,314	501
2022	3.53	369,849	71.104	513

Source: BPS Mataram City

**Data Analysis and Research Results***Data Interpretation*

Table 2. Multiple Linear Regression Analysis Results

Variables	Coefficient	Std Error	t-Statistic	Prob.
Constants	-5952.552	3494.292	-1,704	0.231
Road	16,148	9,452	1,708	0.230
Water	-0.590	0.718	-0.822	0.498
Education	0.051	0.072	0.708	0.553

Based on the results of the data processing carried out, the regression coefficient value for each variable in Table 2 can be obtained, the equation is as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

$$Y = -5952.522 + 16.148 X_1 - 0.590 X_2 + 0.051 X_3 + e$$

- The constant value of  $\alpha$  is -5952.552, which means that during the observation period or for 6 years, as measured by the value of gross regional domestic product at constant prices, there was a decrease of 5952%, this is an implication that the independent variables are one of the fundamental indicators of economic growth in the city of Mataram.
- The road infrastructure coefficient ( $\beta_1$ ) has a coefficient value of 16.148, meaning that every one percent increase in road length will have implications for an increase in economic growth of 16.148%, assuming that the water and education infrastructure variables remain constant.
- Clean Water Infrastructure Coefficient ( $\beta_2$ ), has a coefficient value of -0.590, meaning that every one percent increase in clean water distribution will have implications for a decrease in economic growth of 0.590% assuming that the road infrastructure and education infrastructure variables are in a constant state.
- The Education Infrastructure Coefficient ( $\beta_3$ ) has a value of 0.051, meaning that every one percent increase in school buildings will have an implication on the economic growth value increasing by 0.051%, assuming that the road infrastructure and clean water infrastructure variables are in a constant state.

**Classical Assumption Test***Multicollinearity Test*

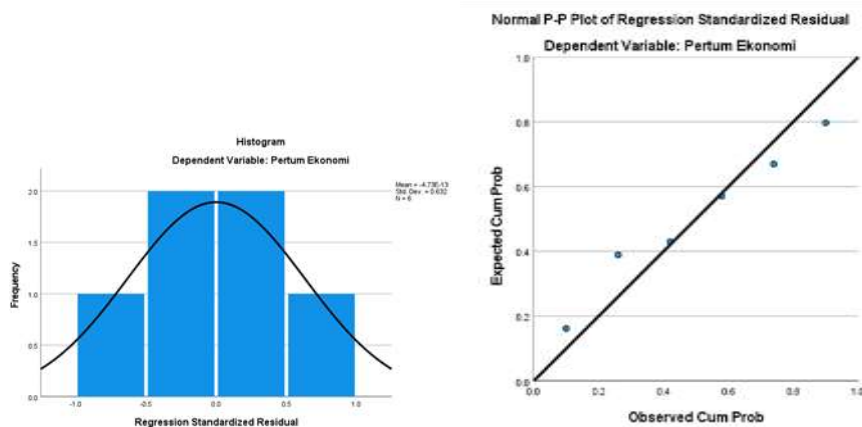
Based on the Multicollinearity Test, the results obtained were tolerance values  $> 0.100$  and  $VIF < 10.00$ . The results showed that road infrastructure did not experience multicollinearity because the tolerance value was  $0.652 < 0.100$  and  $VIF 1.535 < 10.00$ . However, clean water and education infrastructure experienced multicollinearity because the VIF value was  $> 10.00$

Table 3. Multicollinearity Test Results

Variables	Tolerance	VIF	Conclusion
Road	0.652	1,535	Non Multicollinearity
Clean water	0.014	71,038	Multicollinearity
Education	0.013	74,775	Multicollinearity

**Multicollinearity Test**

Based on the research results shown that based on the probability plot, the regression is normally distributed because the plotting depicts the actual data following the diagonal line.



Source: SPSS Data Processing

**Heteroscedasticity Test**

In this study, the researcher tested heteroscedasticity using the Glejser test. In the heteroscedasticity test with the Glejser test, if the sig (significance) value of all explanatory variables is not statistically significant ( $p > 0.05$ ), then it can be said that the regression equation model does not experience heteroscedasticity.

Table 4. Heteroscedasticity Test Results

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	-462.105	326,554		-1.415	.293
	Road	1.255	.883	.212	1,421	.291
	clean water	.040	.067	.601	.594	.613
	education	-.009	.007	-1,447	-1.392	.298

a. Dependent Variable: RES\_3

The results of the heteroscedasticity test using the Glesjser test, the output shows no significant relationship between all independent variables and

the absolute value of the residual, which is indicated by Sig. > 0.05. This means that this model is free from heteroscedasticity.

### ***Hypothesis Testing***

Interpretation of the results of partial t-hypothesis testing, by looking at the probability value of the t-statistic and the value of the t-statistic, with the t table obtained as 2,920 and degrees of freedom (df) =  $n - k - 1$ . (df) =  $6 - 3 - 1 = 2$ , where  $\alpha = 0.05$

1. The probability value of the road infrastructure variable is 0.230, where the road probability is greater than 0.05 ( $0.230 > 0.05$ ) or  $t - \text{statistics} < t - \text{table value}$  ( $1.780 < 2.920$ ), meaning  $H_0$  is accepted and  $H_a$  is rejected. This means that statistically it does not have a significant effect.
2. The probability value of clean water infrastructure is 0.498. Where the probability of water is greater than 0.05 ( $0.498 > 0.05$ ) or the t-statistic value ( $-0.8224 < 2.44691$ ) means that  $H_0$  is accepted,  $H_a$  is rejected. This means that the distributed clean water infrastructure does not have a significant effect.
3. The probability value of educational infrastructure is 0.553. Where the probability of education is greater than 0.05 ( $0.553 < 0.05$ ) or the t table value ( $0.708 < 2.44691$ ), meaning that  $H_0$  is rejected and  $H_a$ . This means that educational infrastructure has a significant effect

Furthermore, the interpretation of the results of the simultaneous F hypothesis test to see the joint influence of independent variables on the economic growth variable with an f table value of 6.59 ( $df_1 = 3$  and  $df_2 = n - 2$  ( $6 - 2$ ) = 4, with an  $\alpha$  value of 0.05, namely the Prob. value (F-statistic) of  $0.331 > 0.05$  and the F-statistic value of  $2.167 <$  from the f-table, namely ( $2.167 < 6.59$ ). This means that the variables of road infrastructure, clean water, and education simultaneously or together do not have a significant effect.

## **DISCUSSION**

Based on the results of research on the influence of infrastructure development on inclusive economic growth in Mataram City during the 2017-2022 period, it can be concluded that infrastructure development has a very important role in supporting inclusive economic growth. This is reflected in the Inclusive Economic Development Index (IPEI) of Mataram City which is in the satisfactory category. Mataram City consistently records the highest IPEI value among other regencies/cities in West Nusa Tenggara Province, which shows the ability of this region to maintain the stability and quality of its economic development amidst various challenges. This stability reflects the success of the local government in formulating and implementing development policies that are relevant to the needs of the community.

In detail, the development of road infrastructure makes a significant contribution to inclusive economic growth, as indicated by a coefficient of 16.148. Thus, a one percent increase in road length can drive economic growth of up to 16.148 percent, assuming other variables remain constant. This finding confirms the importance of road infrastructure as one of the crucial factors in supporting economic activity. Adequate road infrastructure not only increases community

mobility, but also improves the efficiency of the distribution of goods and services, thereby strengthening connectivity between regions and accelerating the wheels of the local economy. In this context, road construction is not only a physical aspect, but also creates sustainable socio-economic impacts, such as increasing access to education, health, and employment opportunities.

Based on previous research, infrastructure has been identified as one of the key factors in driving inclusive economic growth in various regions. Sari and Salmah (2024) stated that the development of road infrastructure has a significant impact on increasing economic activity, because it can increase the distribution of goods and services and the mobility of the workforce. This study also found that infrastructure investment has a multiplier effect that can drive other economic sectors, creating sustainable growth.

However, unlike road infrastructure, clean water infrastructure shows a negative relationship to inclusive economic growth, with a coefficient of -0.590. This means that a one percent increase in clean water distribution has the potential to reduce economic growth by 0.590 percent. This phenomenon can be caused by a number of factors, such as inefficiency in the clean water distribution system or inappropriate allocation of resources in this sector. In addition, the negative impact may reflect that the economic benefits of clean water infrastructure have not been felt evenly by all levels of society. Therefore, an in-depth evaluation of the clean water management and distribution mechanisms is needed to ensure that investment in this sector can provide a significant positive impact on society.

Hassan et al. (2024) highlight the importance of improved regional connectivity through road infrastructure. Their research shows that good infrastructure can reduce income inequality by opening access to markets and economic opportunities for remote areas. A case study in West Java, for example, shows that massive road construction contributed to increased business productivity and overall community welfare.

In addition, Tronina et al.'s (2024) research emphasizes that infrastructure projects not only act as economic drivers but also support sustainable growth. They note that effective planning must consider long-term impacts, including human resource development and environmental sustainability. In this context, infrastructure can serve as a catalyst for integrated development that not only drives economic growth but also improves people's quality of life.

Xu (2024) added that the success of infrastructure development depends heavily on a holistic approach, which includes a balance between economic, social, and environmental needs. This is important to ensure that the positive impacts of infrastructure are not only felt by a few parties but are evenly distributed across all levels of society. Strategic and data-driven policy decisions are needed to optimize the benefits of infrastructure investment and create inclusive growth.

In addition, the development of educational infrastructure also has a positive impact on inclusive economic growth, although its contribution is relatively small with a coefficient of 0.051. Each additional school building only increases economic growth by 0.051 percent. This shows that the benefits of

developing educational infrastructure are more long-term, where the impact can only be seen in the form of improving the quality of human resources. The effect is not immediate, but has the potential to have a greater impact in the future, especially if accompanied by improving the quality of education and accessibility for the community.

The previous studies above provide a relevant context for the findings in Mataram City. With a significant coefficient on road infrastructure, as found in previous studies, it can be concluded that investment in this sector has a significant impact on inclusive economic growth. However, the challenges faced in clean water and education infrastructure indicate the need for a more in-depth policy evaluation, as suggested by the existing literature.

Overall, this study emphasizes the importance of a holistic approach to infrastructure development. Although road infrastructure makes a significant contribution to inclusive economic growth, the government also needs to pay attention to the efficiency and equity of benefits from clean water and education infrastructure. A comprehensive approach to planning and implementing infrastructure development is needed to ensure that its impact is not only significant but also inclusive, so that can be felt by all levels of society in Mataram City. This research is a basis for local governments to optimize development strategies to achieve more equitable and sustainable economic growth.

## **CONCLUSIONS AND RECOMMENDATIONS**

The conclusions found from the results of this study are as follows:

1. The development of road infrastructure and clean water access in the city of Mataram did not have a significant impact on economic growth. However, on the other hand, education actually showed a very significant influence on the economic growth of this city from 2017 - 2022.
2. Simultaneously, the development of road infrastructure, clean water, and education carried out simultaneously shows that the three variables do not have a significant influence on economic growth in Mataram City in 2017 - 2022.

## **FURTHER STUDY**

Future research should explore other factors influencing economic growth in Mataram, such as investment, entrepreneurship, and government policies, to provide a more comprehensive analysis. A sectoral approach could help identify which industries benefit most from infrastructure and education improvements. Additionally, longitudinal studies with expanded datasets and advanced econometric models may offer deeper insights into long-term trends. Comparative studies with other cities could also highlight best practices in infrastructure and education development. Lastly, qualitative research involving stakeholders like policymakers and business owners could provide a more nuanced understanding of the local economic landscape.

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