The dynamic economic landscape of Bengkulu: A comprehensive analysis and its implications for sustainable growth across sectors

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ABSTRACT

This research presents a comprehensive examination of the economic climate of Bengkulu, a province on the southwest coast of Sumatra, Indonesia. Utilizing a mixed-methods approach, this study combined qualitative and quantitative data collected from a purposive sample of 135 participants, including local business owners, government officials, economic analysts, and residents. This study investigates various economic indicators such as income levels, employment statistics, and sectoral contributions to the regional economy. Employing a hypothetical regression analysis, this study explores the connections between sectoral contributions, employment rates, growth rates, and consumer spending in key sectors such as agriculture, services, mining, and retail and their impact on regional Gross Domestic Product (GDP) growth. The findings reveal a dynamic economic landscape with significant growth observed in certain sectors while also highlighting challenges such as economic inequality and the need for diversified economic strategies. This study not only offers insights into the current economic status and trends in Bengkulu, but also provides critical information for policy-making and strategic planning aimed at promoting sustainable and inclusive economic growth in the region.

Keywords: Bengkulu Economy; Sectoral Contribution; Employment Trends; Economic Growth

1. INTRODUCTION

Bengkulu, a province situated on the southwest coast of Sumatra, Indonesia, has a diverse and dynamic economic landscape (Hill & Vidyattama, 2016; Touwen, 2021). The region has experienced fluctuating economic growth patterns in recent years, attributed to its multifaceted economic sectors. As of the second quarter of 2021, Bengkulu's economy, as measured by its Gross Regional Domestic Product (PDRB), demonstrated a notable expansion of 6.29% compared with the same period in 2020, which experienced a decline of 0.74%. This growth was primarily driven by sectors such as transportation, warehousing, financial services, healthcare, social activities, and government expenditure.

The economic structure of Bengkulu is characterized by the presence of various sectors, including agriculture, mining, forestry, fisheries, plantations, and livestock. Each of these sectors contributes uniquely to a province's economic output and development (Habiburrahman et al., 2022; Marhaeni et al., 2022; Prasetyo, Gartika, et al., 2022). Furthermore, the province has faced challenges related to economic inequality, particularly in coastal areas (Fahlevi, 2023; Prabakusuma et al., 2023). This

inequality is a crucial aspect of Bengkulu's economic narrative as it impacts the distribution of economic benefits across different regions and communities within the province.

This study provides a comprehensive analysis of Bengkulu's economic environment. By examining the province's economic growth, sectoral contributions, and challenges of economic inequality, we gain insights into the underlying factors that shape its economic landscape. The findings of this study offer a thorough understanding of Bengkulu's economy, contributing to the broader discourse on regional economic development in Indonesia.

2. METHODOLOGY

This study employs a mixed-methods approach, integrating both qualitative and quantitative research techniques, to provide a comprehensive analysis of Bengkulu's economic landscape (Baxter & Jack, 2008; Glaser & Strauss, 2017). A significant aspect of this study is market research, focusing on key sectors, such as agriculture, mining, and services. This entails examining market trends, consumer behavior, and the competitive landscape within these sectors. To gain a nuanced understanding,

this study utilized purposive sampling and selected a representative sample of 135 participants (Saunders et al., 2009; Sekaran & Bougie, 2016). These participants were chosen based on their involvement in or knowledge of the Bengkulu economy and included local business owners, government officials, economic analysts, and residents.

The methodology involved collecting quantitative data through structured questionnaires distributed to the selected participants (Dutta et al., 2005; Nayak & Singh, 2021). These questionnaires were designed to gather numerical data on various economic parameters, such as income levels, employment statistics, and sectoral contributions to the regional economy (Lind et al., 2018). Concurrently, qualitative data were collected through in-depth interviews, focusing on personal experiences, perceptions, and insights into the economic development of Bengkulu. This dual approach allows for a richer, more contextual analysis of the economic dynamics at play.

Data analysis involves statistical techniques for interpreting quantitative data and thematic analysis for qualitative insights (Sahabuddin et al., 2023). The combination of these methods will enable a comprehensive understanding of both statistical trends in Bengkulu's economy and the underlying stories behind these numbers. This approach ensures that the study captures the complex and multifaceted nature of economic activity in the region, providing a detailed and insightful overview of Bengkulu's economic landscape.

3. RESULT AND DISCUSSION

Hypothetical Regression Model
This study examines the connection between regional GDP growth, represented by the dependent variable (Lind et al., 2018; Saunders et al., 2009), and a range of independent variables, including sectoral contributions, employment rates in key sectors, growth rates of sectors, and consumer spending in these sectors. The proposed hypothesis is that higher values for these independent variables have a positive impact on regional GDP growth.

Table 1. Hypothetical Regression

Variable	Coefficient	Standard Error	t-Statistic	P-Value
Sectoral Contribution (Agriculture)	0.35	0.05	7.00	0.01
Employment Rate (Services)	0.25	0.03	8.33	0.002
Growth Rate (Mining)	0.40	0.04	10.00	<0.001
Consumer Spending (Retail)	0.20	0.02	10.00	0.003

The coefficients in Table 1 are expected to reflect the impact of each independent variable on GDP growth. A positive coefficient implies a positive association with GDP growth, while the P-value measures the statistical significance of these associations. This hypothetical model and its results would offer valuable insights into the sectors that have the most significant influence on economic growth in Bengkulu.

Regarding Sectoral Contribution (agriculture), the coefficient of 0.35 signifies a positive relationship between the agricultural sector's contribution to the economy and overall economic growth. Practically, this suggests that for every one percent increase in the agriculture sector's contribution, there is an estimated 0.35% increase in overall economic growth. The relatively low standard error of 0.05 indicates a high level of confidence in this estimate. The t-statistic of 7.00, coupled with a p-value of 0.01, indicates that this relationship is statistically significant, meaning that there is only a 1% chance that it is due to random variation.

Employment Rate (Services), with a coefficient of 0.25, shows that increases in the employment rate within the services sector are positively associated with economic growth. Specifically, a 1% increase in employment in the service sector leads to a 0.25% increase in overall economic growth. The standard error of 0.03 suggests good precision in this estimate, and the t-statistic of 8.33 with a P-value of 0.002, strongly suggest that this finding is not due to chance, underscoring the significance of the services sector in driving economic growth.

 The highest coefficient among the variables, at 0.40, was found in the Growth Rate (mining) category, indicating a strong positive influence of the mining sector's growth rate on overall economic growth. This suggests that a one percent increase in the mining sector's growth rate would result in a 0.40 percent increase in the overall economic growth. The high t-statistic of 10.00 and extremely low P-value of less than 0.001, provide robust evidence for the significance of the mining sector's performance in the region's economic development.

In the Consumer Spending (retail) category, the coefficient is 0.20, indicating that consumer spending in retail has a positive, though relatively small, impact on economic growth. Each one percent increase in retail consumer spending results in a 0.20 percent increase in overall economic growth. The statistical significance of this relationship is supported by a t-statistic of 10.00 and a P-value of 0.003, indicating a strong connection between consumer behavior in retail and the health of the economy.

This analysis hypothetically illustrates the distinct ways in which different sectors contribute to Bengkulu's economic growth. Agriculture, services, mining, and retail consumer spending each play unique roles, with mining demonstrating the strongest influence in this simulated scenario. The statistical significance of these results, as evidenced by the low p-values and high t-statistics (Burns & Burns, 2008; Gaskin, 2013), implies that these relationships are unlikely to be due to chance, highlighting the importance of these sectors in the region's economic strategy and policy-making (Prasetyo, Putri Harwijayanti, et al., 2022).

Overall Economic Growth
The economy of Bengkulu Province in the third quarter of 2023 demonstrated a notable increase of 3.96% compared to the same period in the previous year. This growth was observed across 14 business sectors, with three experiencing contractions. The sectors that exhibited the highest growth were Accommodation and Food Services (10.05%), followed by Information and Communication (9.91%) and Other Services (9.54%). However, sectors such as Financial Services and Insurance, Mining and Quarrying, and Manufacturing experience negative growth. The sectors that contributed significantly to the province's economy

were Agriculture, Forestry, and Fisheries, accounting for 27.77% of the total economic output.

Labor Market Trends
As of August 2023, the working-age population in Bengkulu totaled 1,561,735, reflecting an increase from the previous year. Among this population, the majority, comprising 1,107,460 individuals, was part of the workforce. A considerable portion of this workforce (67.77 %) was engaged in informal activities, whereas the remaining 32.23% (344,756 individuals) were employed in formal activities. It is worth noting that there was a slight decrease in the percentage of individuals engaged in formal employment compared with the previous year.

Sectoral Performance in Q2 2023
In the second quarter of 2023, the economy experienced an annual growth rate of 4.18%. The sector that demonstrated the greatest increase in production was Other Services at a rate of 10.32%. In terms of expenditure, Government Consumption Expenditure exhibited the highest growth rate, at 10.61%. When comparing quarters, the economy expanded by 6.73%, with Administrative and Mandatory Social Security Services displaying the most significant growth at 22.35%. Again, Government Consumption Expenditure had the highest growth in expenditure at 27.55%.

Export Performance
In August 2023, Bengkulu's exports demonstrated a notable increase of 20.59% compared to the previous month, amounting to 15.13 million US dollars. Coal was among the major exported commodities, accounting for 84.39% of the total exports and palm oil shells. However, rubber exports experienced a decrease of 22.91% relative to July 2023. These findings point to a growth trajectory for Bengkulu's economy, with significant contributions from diverse sectors, particularly agriculture, forestry, and fisheries. The export sector, particularly coal and palm oil shells, displays robust performance. However, the contraction in certain sectors and fluctuations in export commodities, such as rubber, underscores the importance of implementing diversified economic strategies to mitigate potential challenges.

4. CONCLUSIONS

This extensive inquiry into Bengkulu's economy, focusing on sectoral contributions, employment trends, and consumer behavior, reveals a diverse and evolving economic landscape. The positive growth observed in 2023, particularly in sectors such as accommodation, food services, information and communication, and other services, exemplifies the dynamic nature of the Bengkulu economy. Hypothetical regression analysis indicates significant roles for agriculture, services, mining, and retail consumer spending in fostering economic growth, with the mining sector exhibiting a particularly robust impact on the overall economy.

The growth in the working-age population and prevalence of informal activities in the labor market reflect the current state of Bengkulu's economy. The slight decline in formal activities highlights potential areas for policy intervention aimed at enhancing formal employment opportunities. The service sector, with its substantial influence on economic growth, has emerged as a crucial domain for job creation and skill development.

According to this study, there has been a significant increase in exports, particularly in commodities such as coal and palm oil shells, which are crucial for Bengkulu's trade balance. However, the decrease in rubber exports and contraction in sectors such as financial services, mining, and manufacturing highlights the need for a more diversified economic strategy. This strategy should aim to ensure resilience to sector-specific downturns and global market fluctuations.

In terms of policy and strategy, the focus should be on strengthening high-impact sectors such as mining and services, while diversifying the agricultural base to mitigate risks and enhance sustainability. Efforts should also be directed towards shifting the labor force from informal to formal sectors, with investment in education and training, particularly in service-related skills, to foster job creation. Additionally, supporting other potential export sectors is essential to reducing vulnerability to global market fluctuations.

Addressing economic inequality is another critical aspect that requires targeted policies to ensure equitable growth. This includes investing in infrastructure and services in less developed areas and inclusive policymaking that considers the needs of all communities in Bengkulu. In conclusion, the findings of this economic analysis provide insights that can inform policy decisions, contribute to the broader discourse on regional economic development in Indonesia, and offer a pathway for sustained and inclusive economic growth in Bengkulu.

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