

Toward a New Model of Economic Growth: Synthesizing Stability, Innovation, and Equity

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ABSTRACT

Economic growth has long been regarded as a central objective of development policy, yet conventional growth models that emphasize capital accumulation and labor expansion increasingly face criticism for their inability to address environmental degradation, economic inequality, and structural transformation in modern economies. These limitations highlight the need for a new economic growth framework that integrates innovation, institutional stability, inclusiveness, and sustainability. This study aims to analyze the conceptual foundations of a new growth model that synthesizes these dimensions to support balanced and resilient economic development. The research employs a qualitative approach based on a systematic literature review of accredited academic journals and relevant scholarly publications. Data were collected from recent empirical and theoretical studies related to economic growth, financial inclusion, innovation, and sustainable development, and analyzed using qualitative content analysis and conceptual synthesis techniques. The findings indicate that innovation, particularly through digital technology and financial innovation, significantly enhances productivity and supports sectoral transformation. Institutional stability and effective governance strengthen the long-term impact of innovation on economic development, while inclusive financial systems expand access to economic opportunities and reduce inequality. Furthermore, sustainability-oriented policies are essential to ensure that economic growth remains environmentally responsible. In conclusion, a multidimensional growth model that integrates innovation, stability, inclusiveness, and sustainability provides a more comprehensive framework for achieving equitable and sustainable economic development.

Keywords: Economic Growth, Innovation, Institutional Stability, Inclusive Development, Sustainable Development

INTRODUCTION

Economic growth has long been considered the central objective of national development policies. For decades, economic theories and policy frameworks have emphasized the expansion of gross domestic product as the primary indicator of development success. Classical and neoclassical economic theories, particularly the growth model developed by Robert Solow, explain economic expansion through the accumulation of capital, labor, and technological progress. This model has significantly influenced development policies in many countries because it provides a relatively clear analytical framework for understanding the drivers of economic output. However, the changing global economic landscape, environmental challenges, and persistent socioeconomic inequalities have prompted scholars and policymakers to question whether traditional growth models remain sufficient to address contemporary development challenges. In many developing countries, including Indonesia, economic growth has not always been accompanied by improvements in social equity, environmental sustainability, and institutional resilience. As a result, there is an



increasing demand for a new paradigm of economic growth that integrates innovation, stability, inclusiveness, and sustainability as core components of development.

One of the most significant limitations of conventional economic growth models lies in their narrow focus on economic output and factor accumulation while largely overlooking environmental sustainability. The traditional growth paradigm often assumes that economic expansion can continue indefinitely through increased production and consumption. In practice, however, economic growth has frequently been associated with intensive exploitation of natural resources and heavy dependence on fossil fuels. Such patterns of development have contributed to rising greenhouse gas emissions, environmental degradation, and climate change. Empirical studies demonstrate that economic growth driven by fossil fuel consumption tends to be positively correlated with carbon dioxide emissions, which in turn exacerbate environmental damage and global climate crises (Thahirah & Adam, 2022; De Tsamara Khansa & Widiastuti, 2022; Unnida & Amaliah, 2025). These findings highlight the structural weakness of traditional growth frameworks that fail to adequately integrate environmental considerations into economic planning. Consequently, the pursuit of growth without ecological balance risks undermining long-term development and threatening global sustainability.

Another critical weakness of conventional growth models is their limited capacity to address economic inequality and uneven development outcomes. The assumption that economic growth will automatically trickle down to all segments of society has been widely contested in empirical research. In many regions, economic expansion has occurred alongside persistent disparities in income distribution, access to resources, and regional development. Evidence from Indonesia illustrates that high economic growth does not necessarily lead to a reduction in inequality. In several provinces such as Bali and Central Kalimantan, economic growth has been found to have no significant effect on reducing development disparities or income inequality (Handayani & Endang, 2025; Pengaruh et al., 2023). These findings challenge the conventional belief that growth alone can serve as a universal solution to socioeconomic problems. Instead, they suggest that without deliberate policy interventions aimed at redistribution and inclusive development, economic growth may even exacerbate existing inequalities. Therefore, it is increasingly recognized that economic development must be accompanied by mechanisms that ensure fair distribution of opportunities and resources.

In addition to environmental and social limitations, conventional growth models often reduce economic development to the accumulation of physical capital and labor inputs while neglecting broader structural factors. Many classical growth frameworks emphasize the role of investment, labor supply, and technological progress as primary determinants of economic expansion. While these factors remain important, contemporary research indicates that sustainable economic growth also depends heavily on the quality of human capital, institutional effectiveness, social infrastructure, and technological capability. Studies have shown that improvements in education, governance quality, and institutional capacity significantly influence long-term economic performance (Nugraha et al., 2023; Kustanto, 2020; Yuliyanti et al., 2025). These findings suggest that economic growth should be understood as a multidimensional process shaped by complex interactions between economic, social, and institutional factors. As such, the reductionist approach of traditional growth models may no longer be adequate for explaining the dynamics of modern economies characterized by digital transformation, globalization, and rapid technological change.

In response to these limitations, innovation has emerged as a key driver of economic transformation in the modern era. Technological progress, digitalization, and

knowledge-based economic activities have fundamentally altered the structure of global production and distribution systems. In many sectors, including agriculture, tourism, and manufacturing, digital technologies have improved productivity, efficiency, and market access. The integration of digital platforms, data analytics, and automation technologies has enabled businesses and governments to optimize resource allocation and enhance economic competitiveness. Empirical studies indicate that technological innovation and digital transformation play a crucial role in supporting inclusive and sustainable economic growth by improving productivity and facilitating structural transformation across economic sectors (Afandy et al., 2025; Karunia et al., 2025; Herman et al., 2024). These developments demonstrate that innovation is not merely a complementary factor in economic development but rather a central component of modern growth strategies.

Beyond technological innovation, financial innovation has also become increasingly important in shaping contemporary economic systems. Advances in financial technology have expanded access to financial services, improved transparency, and increased the efficiency of financial intermediation. In particular, the development of Islamic financial technologies such as sharia fintech, blockchain-based financial platforms, and crowdfunding mechanisms has opened new opportunities for inclusive economic participation. These innovations allow individuals and small enterprises to access financial resources that were previously unavailable through conventional financial institutions. Research indicates that financial innovation can accelerate economic growth by promoting financial inclusion, enhancing capital mobilization, and facilitating entrepreneurial activities (Aprilia et al., 2024; Kurniawan & Nisa, 2024; Rianto et al., 2025). As financial systems become more accessible and transparent, they create new pathways for economic participation and support broader economic development.

However, innovation alone is insufficient to guarantee sustainable economic growth. The effectiveness of technological and financial innovations largely depends on the stability of economic institutions and policy frameworks. Institutional stability provides the necessary environment for innovation to flourish and generate long-term economic benefits. Stable macroeconomic policies, reliable governance structures, and effective fiscal decentralization systems are essential for ensuring that innovation contributes to sustained economic development. Studies have demonstrated that strong institutional frameworks, including infrastructure development and effective fiscal governance, significantly enhance the impact of innovation on long-term economic growth (Herman et al., 2024; Kustanto, 2020; Yuliyanti et al., 2025). Without such stability, innovations may produce short-term gains but fail to deliver lasting economic transformation.

While innovation and institutional stability are critical components of modern growth strategies, the issue of inclusiveness remains a central challenge for many economies. Economic development that benefits only certain segments of society risks creating structural inequalities and social tensions. Research in Indonesia indicates that economic growth alone cannot effectively reduce poverty and inequality unless it is accompanied by policies that promote financial inclusion, equitable infrastructure distribution, and pro-poor economic programs (Saputri & Udjiyanto, 2023; Yuliani, 2021; Pengaruh et al., 2023; Kustanto, 2020). Inclusive economic policies ensure that the benefits of growth are distributed more broadly across society, enabling marginalized communities to participate actively in economic activities.

Financial inclusion and technological accessibility have proven to be effective mechanisms for promoting inclusive economic development. The expansion of digital financial services, mobile banking, and microfinance institutions has enabled wider participation in economic activities, particularly among underserved populations.

Studies show that increased access to financial services not only stimulates economic growth but also reduces disparities in economic opportunities (Yuliani, 2021; Yuliyanti et al., 2025; Hidayat et al., 2022). By enabling individuals and small enterprises to access credit, savings, and investment opportunities, financial inclusion helps bridge the gap between economic growth and social equity.

In addition to technological and financial approaches, ethical economic frameworks have also gained attention as potential foundations for inclusive development. Islamic economic principles, for instance, emphasize justice, wealth redistribution, and social welfare as key elements of economic activity. Instruments such as zakat, infaq, sadaqah, and waqf provide mechanisms for redistributing wealth and supporting social welfare programs. These instruments align economic growth with ethical values, environmental sustainability, and financial stability. Research suggests that integrating Islamic economic principles into modern financial systems can contribute to more equitable and sustainable economic development (Aprilia et al., 2024; De Tsamara Khansa & Widiastuti, 2022; Kurniawan & Nisa, 2024).

Furthermore, global development agendas such as the Sustainable Development Goals emphasize the need for economic growth that is inclusive, environmentally sustainable, and technologically driven. The SDGs framework highlights the importance of integrating economic, social, and environmental objectives into development strategies. Achieving these goals requires strengthening local financial systems, improving fiscal decentralization mechanisms, and promoting investment in technology and innovation (Herman et al., 2024; Yuliyanti et al., 2025; Hidayat et al., 2022). These priorities reflect the growing recognition that sustainable development cannot be achieved through economic growth alone but requires a comprehensive approach that integrates multiple dimensions of development.

Despite the growing body of research on innovation, sustainability, and inclusive development, significant gaps remain in the literature. Many existing studies examine these elements separately rather than as interconnected components of a unified growth model. Some studies focus primarily on environmental sustainability, while others emphasize technological innovation or financial inclusion. However, relatively few studies attempt to synthesize these dimensions into a comprehensive framework that integrates stability, innovation, inclusiveness, and sustainability as mutually reinforcing elements of economic growth. This fragmentation in the literature highlights the need for a more holistic analytical framework that captures the complex interactions between economic, technological, institutional, and social factors.

Based on these considerations, the novelty of this study lies in its attempt to synthesize multiple dimensions of development into a unified conceptual framework for a new model of economic growth. Unlike traditional approaches that focus primarily on output expansion or capital accumulation, this study proposes an integrated perspective that combines innovation-driven development, institutional stability, inclusive economic participation, and environmental sustainability. By bringing together these dimensions within a single analytical framework, the study aims to contribute to the evolving discourse on sustainable and inclusive economic development.

Therefore, the objective of this research is to analyze the conceptual foundations and policy implications of a new economic growth model that integrates innovation, stability, inclusiveness, and sustainability as key pillars of contemporary economic development. Through this analysis, the study seeks to provide a theoretical basis for understanding how these interconnected dimensions can support more balanced and resilient economic growth in the context of modern global challenges.

METHODS

The present study employs a qualitative research approach with a conceptual and literature-based analysis to examine the foundations of a new economic growth model that integrates innovation, stability, inclusiveness, and sustainability. This approach is considered appropriate because the study aims to synthesize theoretical perspectives and empirical findings from previous research in order to develop a comprehensive conceptual framework for contemporary economic growth. The research relies on secondary data obtained from scholarly sources, particularly peer-reviewed journal articles, policy reports, and academic publications related to economic growth theory, innovation economics, financial inclusion, institutional stability, and sustainable development. The data collection process was conducted through systematic literature review techniques by identifying relevant publications from academic databases such as Google Scholar, Scopus-indexed journals, and national accredited journals. The selected literature primarily consists of studies published within the last decade, with particular emphasis on empirical and theoretical research related to innovation-driven growth, inclusive economic development, and sustainability-oriented policies. The literature was selected based on relevance to the research topic, methodological rigor, and contribution to the discussion of contemporary economic transformation.

The data analysis in this study was carried out using qualitative content analysis and conceptual synthesis methods. First, the collected literature was systematically categorized according to key analytical themes, including the limitations of conventional economic growth models, the role of innovation and technological transformation, the importance of institutional and macroeconomic stability, and the significance of inclusive economic policies. Each source was then critically examined to identify major arguments, empirical findings, and theoretical contributions relevant to the development of a new growth paradigm. Subsequently, a comparative and integrative analysis was conducted to synthesize insights from various studies in order to construct a coherent analytical framework that links innovation, stability, inclusiveness, and sustainability as mutually reinforcing elements of economic growth. This analytical process also involved identifying patterns, convergences, and divergences among existing studies to highlight research gaps and theoretical implications. Through this approach, the study develops a conceptual interpretation of how these interconnected dimensions can inform policy strategies and guide the formulation of a more balanced and resilient economic growth model.

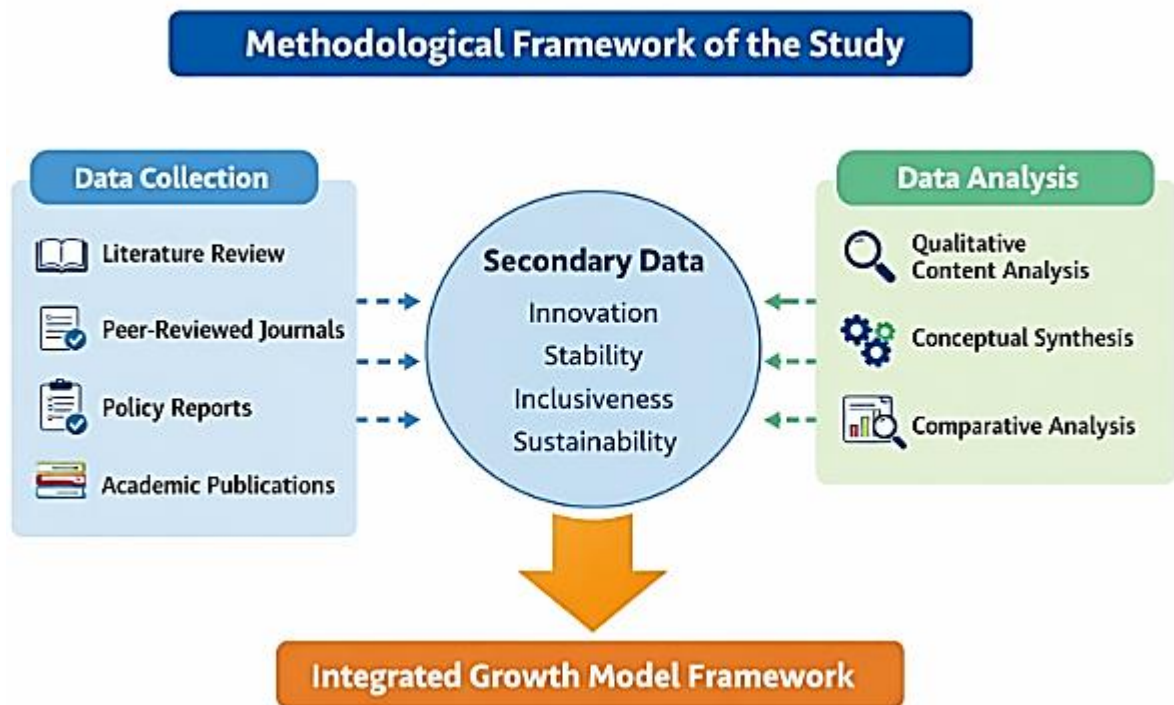


Figure 1. Diagram Conceptual Research

RESULTS AND DISCUSSION

To examine the conceptual foundations of a new economic growth model that integrates innovation, stability, inclusiveness, and sustainability, this study synthesizes findings from various empirical and theoretical studies identified during the literature review process. The analysis focuses on identifying key variables and policy dimensions that repeatedly appear in the literature as determinants of modern economic growth. The results of the synthesis are summarized in Table 1, which presents the main dimensions of the proposed growth model, the mechanisms through which they influence economic development, and the empirical insights derived from previous studies.

Table 1. Key Dimensions of the New Economic Growth Model: Innovation, Stability, Inclusiveness, and Sustainability

Dimension	Key Components	Economic Mechanism	Empirical Evidence
Innovation	Digital technology, research and development, sectoral technological transformation	Enhances productivity, improves efficiency of production processes, and supports structural transformation in agriculture, tourism, and industrial sectors	Studies show that digitalization and technological innovation significantly increase sectoral productivity and economic competitiveness (Afandy et al., 2025; Karunia et al., 2025; Herman et al., 2024)
Financial Innovation and Inclusion	Fintech development, Islamic financial technology, crowdfunding,	Broadens access to capital, supports entrepreneurship, and accelerates economic	Financial inclusion through digital financial services contributes to economic growth and reduces inequality of access to

	expanded access to financial services	participation among underserved groups	economic opportunities (Yuliani, 2021; Kurniawan & Nisa, 2024; Yuliyanti et al., 2025)
Institutional and Fiscal Stability	Effective governance, infrastructure development, fiscal decentralization, regulatory stability	Creates a supportive environment for innovation and long-term investment, strengthens economic resilience	Institutional stability and effective fiscal management reinforce the long-term impact of innovation on economic growth (Herman et al., 2024; Kustanto, 2020; Yuliyanti et al., 2025)
Inclusive Economic Policies	Equitable infrastructure distribution, pro-poor policies, regional development programs	Reduces income disparities and promotes equal economic participation	Economic growth alone does not reduce inequality without inclusive development policies (Saputri & Udjianto, 2023; Pengaruh et al., 2023; Kustanto, 2020)
Sustainability Orientation	Environmental protection, green growth strategies, integration with SDGs agenda	Ensures long-term economic development by balancing economic expansion with ecological preservation	Fossil-fuel-based growth is associated with increased CO ₂ emissions and environmental degradation, emphasizing the need for sustainable development policies (Thahirah & Adam, 2022; De Tsamara Khansa & Widiastuti, 2022; Unnida & Amaliah, 2025)

The findings summarized in Table 1 indicate that contemporary economic growth can no longer rely solely on traditional production factors such as capital accumulation and labor expansion. Instead, modern economic development requires a multidimensional framework that integrates innovation capacity, institutional stability, inclusive economic participation, and environmental sustainability. Innovation, particularly through digital transformation and technological advancement, serves as a major driver of productivity growth and structural economic transformation. However, its effectiveness depends significantly on the presence of stable institutions and supportive policy environments that can facilitate long-term investment and economic resilience.

Furthermore, the analysis demonstrates that inclusive financial systems and equitable development policies play a critical role in ensuring that the benefits of economic growth are distributed more evenly across society. Financial inclusion, supported by technological innovation such as fintech and digital banking systems, enables broader participation in economic activities and reduces structural barriers faced by marginalized groups. At the same time, sustainability considerations have become increasingly important as traditional growth patterns based on fossil fuel consumption have contributed to environmental degradation and climate change. Therefore, the synthesis of the literature suggests that the future model of economic growth should be based on the integration of innovation-driven development, stable institutional frameworks, inclusive economic policies, and sustainability-oriented strategies. This integrated approach provides a more comprehensive foundation for

achieving balanced, resilient, and equitable economic development in the context of global economic transformation.

Discussion

The findings derived from the synthesis of literature and summarized in Table 1 indicate that the contemporary discourse on economic development increasingly emphasizes the need to move beyond conventional growth paradigms toward a more integrated model that combines innovation, stability, inclusiveness, and sustainability. This transformation reflects the growing recognition that traditional economic growth frameworks, particularly those rooted in neoclassical theory, are no longer sufficient to address the complex economic, social, and environmental challenges faced by modern societies. The objective of this study is to analyze the conceptual foundations and policy implications of a new economic growth model that integrates these four dimensions as mutually reinforcing pillars of development. The discussion therefore focuses on three interrelated aspects: the limitations of conventional economic growth models, the role of innovation and institutional stability in economic transformation, and the importance of inclusive and equitable development strategies.

The first critical issue revealed by the analysis concerns the structural limitations of conventional economic growth models. The neoclassical growth model developed by Solow has long served as a foundational framework in economic development theory because it explains economic growth through capital accumulation, labor expansion, and technological progress. While the model successfully explains variations in gross domestic product growth across countries, it has been widely criticized for its limited capacity to incorporate broader development dimensions such as environmental sustainability, social equity, and institutional quality. One of the most significant shortcomings of the conventional growth paradigm lies in its failure to adequately account for environmental externalities associated with economic expansion. In many countries, economic growth has historically been driven by intensive fossil fuel consumption and industrial production processes that generate significant carbon emissions. Empirical studies show that economic growth based on fossil fuel energy consumption tends to correlate positively with carbon dioxide emissions, which contributes to environmental degradation and accelerates climate change (Thahirah & Adam, 2022; De Tsamara Khansa & Widiastuti, 2022; Unnida & Amaliah, 2025). These findings demonstrate that economic growth strategies focused solely on output expansion may produce short-term economic gains while simultaneously undermining ecological sustainability. Consequently, there is an increasing consensus among scholars that future growth models must incorporate environmental considerations as a fundamental component of economic development.

Another important limitation of conventional economic growth models relates to their inability to adequately address socioeconomic inequality. Classical growth theories often assume that economic expansion will eventually benefit all segments of society through the so-called trickle-down effect. However, empirical evidence from many developing economies suggests that economic growth does not automatically translate into more equitable income distribution. Research conducted in several regions of Indonesia indicates that economic growth does not necessarily reduce inequality and may even coexist with persistent regional disparities. For instance, studies in Bali and Central Kalimantan reveal that economic growth has no statistically significant impact on reducing income inequality or development disparities (Handayani & Endang, 2025; Pengaruh et al., 2023). These findings challenge the assumption that growth alone can resolve structural socioeconomic problems. Instead, they suggest that without targeted

policy interventions aimed at redistribution and social inclusion, economic growth may reinforce existing inequalities. This issue highlights the need to reconceptualize economic growth not merely as an increase in aggregate output but as a process that also promotes social justice and equitable development.

A further limitation of traditional growth frameworks is their reductionist focus on physical factors of production. Many conventional models emphasize the roles of capital accumulation and labor supply as primary drivers of economic growth while giving limited attention to broader institutional and human development factors. Contemporary empirical research demonstrates that long-term economic growth is strongly influenced by the quality of human capital, governance structures, institutional effectiveness, and technological capability. Improvements in education systems, infrastructure, and institutional capacity have been shown to significantly enhance economic productivity and competitiveness (Nugraha et al., 2023; Kustanto, 2020; Yuliyanti et al., 2025). These findings suggest that economic development should be understood as a multidimensional process involving complex interactions between economic, social, technological, and institutional factors. As a result, the narrow focus of traditional growth models on physical capital and labor inputs appears increasingly inadequate for explaining the dynamics of modern economies.

In response to these limitations, innovation has emerged as a central driver of economic transformation in the twenty-first century. Technological progress and digital transformation have reshaped the structure of economic production, distribution, and consumption across multiple sectors. The integration of digital technologies, automation, and data-driven systems has enabled businesses and governments to improve productivity, enhance efficiency, and create new economic opportunities. In sectors such as agriculture, tourism, and manufacturing, digital innovation has facilitated structural transformation by improving market access, reducing transaction costs, and increasing operational efficiency. Empirical evidence indicates that technological innovation plays a crucial role in promoting sustainable and inclusive economic growth by enhancing productivity and supporting sectoral transformation (Afandy et al., 2025; Karunia et al., 2025; Herman et al., 2024). These developments highlight the importance of innovation as a key pillar of contemporary economic growth models.

Beyond technological advancement, financial innovation has also become a critical component of modern economic systems. The emergence of financial technologies has transformed the way financial services are delivered and accessed by individuals and businesses. Digital financial platforms, mobile banking systems, and fintech applications have expanded access to financial services, particularly among populations that were previously excluded from formal financial systems. In addition, the development of Islamic financial technologies such as sharia fintech, blockchain-based financial services, and crowdfunding platforms has created new opportunities for inclusive financial participation. These innovations improve transparency, efficiency, and accessibility within financial systems while enabling small enterprises and entrepreneurs to obtain financial resources more easily. Research shows that financial innovation can accelerate economic growth by promoting financial inclusion and expanding economic participation (Aprilia et al., 2024; Kurniawan & Nisa, 2024; Rianto et al., 2025). Consequently, financial innovation represents an important mechanism for bridging the gap between economic growth and social inclusion.

However, the effectiveness of innovation in driving economic development depends heavily on the presence of stable institutional and policy environments. Innovation requires supportive governance structures, reliable infrastructure, and consistent policy frameworks that can encourage investment and facilitate long-term

economic planning. Institutional stability provides the foundation for economic actors to adopt new technologies and engage in innovative activities without facing excessive uncertainty. Empirical studies demonstrate that stable institutions and effective fiscal policies significantly strengthen the impact of technological innovation on long-term economic growth (Herman et al., 2024; Kustanto, 2020; Yuliyanti et al., 2025). In particular, effective fiscal decentralization and infrastructure development enable regional governments to implement development policies that support innovation and economic diversification. Without such institutional stability, technological advancements may produce only temporary economic gains without generating sustained development outcomes.

The integration of innovation and institutional stability also has important implications for environmental sustainability. As global economies transition toward low-carbon development pathways, innovation and stable policy frameworks play essential roles in facilitating green economic transformation. Sustainable economic development requires investments in renewable energy technologies, environmentally friendly production processes, and green infrastructure. Studies show that policies aimed at promoting green growth and environmental protection are more effective when supported by strong institutional governance and long-term fiscal planning (Thahirah & Adam, 2022; De Tsamara Khansa & Widiastuti, 2022; Herman et al., 2024). This evidence suggests that the integration of innovation and institutional stability can help reconcile economic growth with environmental sustainability.

Despite the importance of innovation and stability, the issue of inclusiveness remains a critical challenge in many developing economies. Economic growth that benefits only a limited segment of society may lead to widening income disparities and social inequality. Research in Indonesia indicates that economic growth alone is insufficient to reduce poverty and inequality if it is not accompanied by policies that promote financial inclusion, equitable infrastructure distribution, and pro-poor economic programs (Saputri & Udjiyanto, 2023; Yuliani, 2021; Pengaruh et al., 2023; Kustanto, 2020). Inclusive economic policies ensure that all segments of society have equal opportunities to participate in economic activities and benefit from development outcomes. Such policies may include expanding access to financial services, improving education and infrastructure in disadvantaged regions, and implementing targeted social protection programs.

Financial inclusion has been widely recognized as one of the most effective mechanisms for promoting inclusive economic development. The expansion of digital financial services and fintech platforms has significantly improved access to financial resources for individuals and small businesses. By enabling broader participation in economic activities, financial inclusion contributes to economic growth while simultaneously reducing structural inequalities in access to economic opportunities (Yuliani, 2021; Yuliyanti et al., 2025; Hidayat et al., 2022). These findings demonstrate that financial inclusion is not only a social policy instrument but also an important driver of economic development.

In addition to technological and financial approaches, ethical economic frameworks such as Islamic economic principles provide valuable perspectives on inclusive and sustainable development. Islamic economic systems emphasize justice, wealth redistribution, and social welfare as fundamental principles of economic activity. Instruments such as zakat, infaq, sadaqah, and waqf serve as mechanisms for redistributing wealth and supporting social welfare initiatives. These instruments align economic development with ethical values and environmental sustainability while promoting financial stability. Research suggests that integrating Islamic economic

principles into modern financial systems can support more equitable economic development by addressing both social and environmental dimensions of growth (Aprilia et al., 2024; De Tsamara Khansa & Widiastuti, 2022; Kurniawan & Nisa, 2024).

The discussion also highlights the relevance of global development agendas such as the Sustainable Development Goals in shaping contemporary economic policies. The SDGs emphasize the need for economic growth that is inclusive, environmentally sustainable, and supported by technological innovation. Achieving these goals requires strengthening local financial systems, improving fiscal decentralization mechanisms, and encouraging investments in technological development (Herman et al., 2024; Yuliyanti et al., 2025; Hidayat et al., 2022). These priorities reflect the broader shift in global development thinking from purely economic growth toward sustainable and inclusive development.

Overall, the analysis indicates that a new economic growth model must integrate innovation, institutional stability, inclusiveness, and sustainability as interconnected dimensions of development. Innovation serves as the engine of productivity and structural transformation, while institutional stability provides the governance framework necessary for sustainable economic activities. Inclusiveness ensures that the benefits of economic growth are distributed equitably across society, and sustainability guarantees that economic development does not compromise environmental integrity. By synthesizing these elements, the proposed growth model offers a more comprehensive framework for understanding and promoting balanced economic development in the modern global economy.

CONCLUSIONS

The findings of this study indicate that the development of a new economic growth model requires an integrated framework that combines innovation, institutional stability, inclusiveness, and sustainability as interconnected pillars of development. Conventional growth models that primarily emphasize capital accumulation and labor expansion are increasingly inadequate in addressing contemporary economic challenges, particularly those related to environmental degradation, socioeconomic inequality, and structural transformation. The analysis demonstrates that innovation, especially through digital technology and financial innovation, plays a crucial role in enhancing productivity and supporting sectoral transformation, while institutional stability and effective governance create the necessary environment for innovation to generate long-term economic benefits. At the same time, inclusive economic policies and financial inclusion are essential to ensure that the benefits of economic growth are distributed equitably across society, thereby reducing inequality and expanding economic participation. Furthermore, the integration of sustainability principles, including environmental protection and green economic strategies, ensures that economic development remains compatible with long-term ecological balance. Therefore, this study concludes that the future model of economic growth should move beyond traditional paradigms by adopting a multidimensional approach that synthesizes innovation-driven development, stable institutional frameworks, inclusive economic participation, and environmental sustainability in order to achieve balanced, resilient, and equitable economic progress.

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