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Strategic Model in the Development of Economic Transformation in Gorontalo City

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Abstract

This research aims to formulate a model for the development of economic transformation in Gorontalo City. The research approach used is mixed method explanatory design, which combines quantitative and qualitative analysis. Data was collected through questionnaires, observations, documentation, and Focus Group Discussions (FGD) with 10 experts consisting of OPDs, communities, and related stakeholders. Quantitative data analysis used the Analytical Hierarchy Process (AHP) method and the qualitative Miles and Huberman model. The results of the study show that local governments are the main actors in the development of a smart economy, supported by universities, investors, and research institutions. The dominant factors that affect economic transformation in Gorontalo City are human resource capacity and digital literacy, entrepreneurial ecosystem, and circular economy innovation. The key strategies identified include community empowerment, entrepreneurship digitalization, strengthening innovation centers, and developing digital infrastructure. Gorontalo City still faces challenges such as low digital literacy, uneven infrastructure, and limited access to technology, but multi-sector collaboration and exploration of creative economy potential have opened up opportunities for innovation-based economic growth. The priority strategies in the development of economic transformation in Gorontalo City are community empowerment and business model development to create jobs, digitalization of circular economy-based entrepreneurship and financial inclusion and optimization of smart economic innovation centers based on education, research, and technology. In conclusion, the progressive economic model implemented is able to encourage sustainable achievement through innovation, cross-sector collaboration, and policies that support digital transformation. Therefore, it is necessary to accelerate the equitable

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distribution of digital infrastructure, increase human resource capacity, and strengthen policies and collaboration to realize an inclusive and sustainable economic ecosystem in Gorontalo City, especially in optimizing the efforts of Gorontalo City as a City of Services.

Keywords: Economic Transformation; Building; Digital; Development; AHP

INTRODUCTION

Economic development is a process that not only focuses on the growth of gross domestic product, but also on the quality of growth, income equity, job creation, and improvement of people's living standards. In Indonesia, economic development continues to experience dynamics, both at the national and regional levels, in line with policy changes, technological innovations, and global economic openness. Strengthening the regional economy is an important part in order to strengthen the foundation of the national economy. This requires integration between national and regional policies as well as the ability of local governments to respond to global opportunities and challenges in an adaptive manner. Through the strategic role of local governments, cross-sector synergy, and local community empowerment, economic development is expected to take place in an inclusive and sustainable manner to support national development goals.

Economic transformation is a process of structural change that requires a shift from the traditional economic sector to the modern sector, especially with increased productivity and efficiency. This transformation is triggered by various factors, ranging from technological advancements, changes in people's consumption patterns, to global market demands (McMillan et al., 2014). In many developing countries, economic transformation is an important pillar in achieving more inclusive and sustainable economic growth (Agenor & Canuto, 2015). The economic transformation process is also greatly influenced by technological innovation and digitalization, which encourages the integration of new productive sectors and accelerates the growth of the service and manufacturing industries. This indicates that economic transformation is a necessity in facing today's global challenges, where adaptation and innovation are the key to maintaining economic competitiveness.

The urgency of economic transformation is increasingly felt in the midst of an era of globalization and increasingly fierce competition between countries. This process not only aims to increase economic growth, but also to create an economy that is resilient to external turmoil, reduce poverty, and expand employment opportunities (Szirmai, 2015; Harjanto & Lestari, 2020). The importance of economic transformation in building a

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modern economy that is globally competitive. Then the adoption of digital technology is able to accelerate the transformation process through increased efficiency and market access. Therefore, economic transformation efforts must be directed to produce significant structural changes, both through diversification of economic sectors and improving the quality of human resources.

The success of economic transformation is greatly influenced by a combination of various factors, both in terms of actors, supporting factors, and implementation strategies. The right combination of the involvement of the government, the business world, and civil society will strengthen the foundation of sustainable economic transformation (Rodrik, 2016; Nurhayati et al., 2022). In addition, the existence of supporting factors such as adequate infrastructure, adaptive regulatory systems, and access to education and training are also the main catalysts. A well-integrated economic transformation strategy, supported by the synergy of various actors, and responsive to environmental changes, can encourage the creation of inclusive and sustainable economic growth. Thus, the success of economic transformation depends on how effectively these various factors can be combined in harmony.

Economic transformation in urban areas has its own characteristics, where structural changes occur faster due to population concentration, ease of access to information, and high market dynamics. Rahayu et al., (2018) highlight that the development of the service sector in urban areas has a significant impact on job creation and local economic growth. Syaifudin & Syamsuddin (2017) revealed that strengthening MSMEs and the creative economy in urban areas can be the main motor of economic transformation. Especially in Gorontalo City, economic transformation is directed to strengthen its position as a modern and competitive service city. With its potential resources and strategic position, it has a great opportunity to solidify its economic transformation through the development of a service sector that is integrated with local potential and technological innovation.

Despite having great potential, economic development in Gorontalo City still faces various problems. Some of them are the limitation of skilled human resources, poverty in Gorontalo City which will increase in 2024 but for other areas it has decreased, infrastructure that is not optimal, and low productivity of the service sector. In addition, there are still inequality between regions and the utilization of local economic potential has not been optimal. Another challenge is the lack of synergy between local government policies and the needs of the business world, so that the economic transformation process has not run effectively. This problem, if not overcome with the right strategy, will have an

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impact on the slow regional economic growth and the low competitiveness of Gorontalo City at the regional and national levels.

Based on the above problems, this study aims to formulate a strategic model that can encourage the development of sustainable economic transformation in Gorontalo City, especially as a service city. This research is expected to contribute to formulating policies based on local potential, increasing competitiveness, and strengthening the role of Gorontalo City as one of the cities that contribute highly to economic growth in the Sulawesi region. In addition, the results of this research are expected to provide benefits for the formulation of sustainable economic development policies, accelerate the transformation of the service sector, and create an economic ecosystem that is inclusive, innovative, and able to face global challenges in the future.

LITERATURE REVIEW

Economic Transformation

Economic transformation is a process of fundamental change in the structure of the economy that usually involves a shift from the agricultural sector to the industrial and service sectors and the adoption of technological innovations. This transformation supports sustainable growth and improved welfare by prioritizing productivity and economic diversification (Herrendorf et al., 2014; Owoo & Naudé, 2016).

Economic Development

Economic development includes structured efforts to increase people's incomes, welfare, and employment opportunities through improved production and distribution capacity. The economic development aspect also emphasizes the importance of inclusive growth, poverty reduction, and the creation of social justice for all levels of society (Gill & Kharas, 2015; Kurniawan, 2018).

City of Services

A service city is an urban area whose economy is dominated by service sectors such as trade, tourism, finance, education, and health. Service cities play an important role as growth centers, provide jobs, and encourage innovation and development in the surrounding area (Firman, 2016; Tranos & Gertner, 2019).

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METHODOLOGY

The location of this research is in Gorontalo City with the research target, namely OPD in Gorontalo City, the community and other related stakeholders totaling 10 experts. The research implementation is January 2025 – April 2025. This research uses *a Mixed method* research approach. *Mixed method* is a research approach that combines qualitative and quantitative approaches with a specific design to answer the research objectives. *The Mix Method* in this study is identical to *the explanatory design* method , which is the main quantitative result which is then supported by qualitative results.

Data collection in this study used questionnaires, observations, documentation and Focus Group Discussion (FGD). The data analysis used is the Analytical Hierarchy Process (AHP) analysis which is a decision-making method developed by Thomas L. Saaty in the 1970s to solve complex problems involving various criteria and alternatives. AHP works by breaking down complex problems into hierarchical structures consisting of main objectives, criteria, sub-criteria, and alternative decisions. The results of this comparison were then processed into priority weights using a paired comparison matrix and evaluated for consistency through consistency ratio (CR). If the CR value ≤ 0.1, then the results are considered consistent and valid. The AHP hierarchy consists of a hierarchy of focuses, actors, factors and strategies.

Then the analysis was also continued with a qualitative analysis of the Miles and Huberman model which consisted of data reduction, data display, and conclusion drawing/verification activities. Where the process of data collection, data reduction, and verification/conclusion is a cyclical process that takes place simultaneously and interacts with each other.

RESULTS AND DISCUSSION

The AHP model of the economic transformation development model in Gorontalo City in this study can be divided into 4 levels of hierarchy. The level of roles between the elements at each level with the level above them is as follows:

Role Levels of Actor Elements

The role of actors in the focus element in the economic transformation development model in Gorontalo City can be presented in Figure 1.

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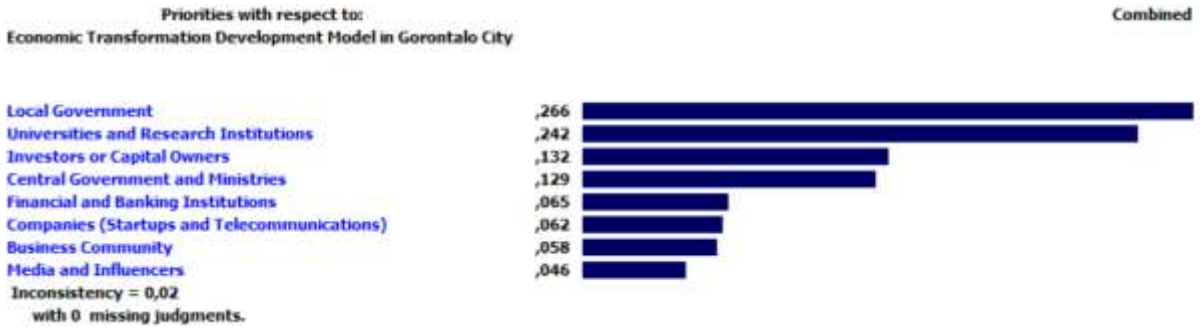


Figure 1. Priority Actor Hierarchy

The level of role of actors to the focus element regarding the economic transformation development model in Gorontalo City was found that the most dominant actor was the local government, namely the Gorontalo City government with a weight of 0.2266 units. The Gorontalo City Government plays the most dominant role in the development of economic transformation based on smart economy. As the main actor, local governments have the authority to formulate policies, regulations, and development strategies that support economic digitalization. Based on various OPD Strategic Plan documents in Gorontalo City, the local government plays the role of facilitator and regulator to encourage the technology-based economic sector. For example, the Communication, Informatics, and Encryption Office (Kominfo) has the responsibility to develop digital infrastructure, improve people's digital literacy, and expand access to technology throughout the region. In addition, the Gorontalo City Bappeda plays a strategic role in planning and coordinating sustainable and innovative economic development policies. Local governments also have an obligation to facilitate cross-sectoral collaboration, including with academics, investors, and the community to create a smart economic ecosystem. With a weight of 0.2266, the dominance of local governments reflects a great responsibility in shaping regulations that encourage innovation and facilitate the growth of the digital economy (Dewi & Sari, 2020).

Then the second priority actors are universities and research institutions with a weight of 0.242 units. Universities and research institutions have an important role as the second priority actor in the development of the smart economy in Gorontalo City with a weight of 0.242 units. This role can be seen from their contribution in providing data-driven research, innovation development, and fostering competent human resources in the field of technology and digital economy. Collaboration between local governments and academic institutions is reflected in various strategic policies that encourage

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knowledge-based development. For example, in the Strategic Plan of the Gorontalo City Education Office, there is a focus on increasing the capacity of educators and students in mastering technology as a step to support economic transformation. Then increase the capacity of human resources through partnerships with universities to strengthen digital literacy among the younger generation. In addition, the Gorontalo City Bappeda also emphasized the importance of partnerships with universities to formulate research-based policies, especially in the development of a digital-based economy and the need for data-based from research institutions as the basis for economic policy formulation. With this role, universities and research institutions become strategic partners of the government in providing innovative solutions, building a digital ecosystem, and strengthening regional competitiveness in the digital economy era (Hidayat et al., 2018).

The third priority is investors or capital owners in Gorontalo City with a weight of 0.32 units. Investors or capital owners have a weight of 0.32 units, making it the third priority actor in supporting the smart economic model in Gorontalo City. The role of investors is vital in providing financial support for innovation projects and digital infrastructure development. Based on the Strategic Plan of the Gorontalo City PUPR Office, the local government encourages investor involvement in strategic infrastructure projects such as the development of new economic zones that are friendly to technology and digital. In addition, the Gorontalo City Tourism Office also emphasized the importance of partnerships with capital owners to develop technology-based tourist destinations, such as digitization of tourism services and online platform-based promotion. Investor involvement not only accelerates physical development, but also facilitates innovation in key sectors such as digital-based MSMEs, telecommunications, and the creative economy. With high weight, investors are the main catalyst in accelerating technology-based economic growth (Kurniawan & Kuncoro, 2022).

The fourth priority is the central government and ministries with a weight of 0.29 units. The central government and ministries have a weight of 0.29 units, showing a significant role in the development of a smart economy in Gorontalo City. Their role includes the provision of national regulations, budget support, and the initiation of strategic programs at the regional level. Based on the Gorontalo City Bappeda Strategic Plan, regional policies are directed to be in sync with national policies, including Smart City initiatives and digital transformation. The central government through various ministries also provides support through the Special Allocation Fund (DAK) managed by the Gorontalo City Finance Agency, used to finance digital innovation programs and strengthen technology infrastructure. The Ministry of Communication and Informatics, for

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example, has a program to accelerate digitalization in the regions that is in line with the initiative of the Gorontalo City Communication and Informatics Office in improving access to technology and digital literacy. With great weight, the central government is a key actor in creating regulations and providing resources to support the digital economy ecosystem (Yuliana, 2020).

The fifth priority is financial and banking institutions with a weight of 0.065 units. Financial and banking institutions have an important role in supporting economic transformation (smart economy) in Gorontalo City with a weight of 0.065 units, placing it as the fifth priority. The main role of this institution is to provide access to financing, support digital financial innovation, and facilitate a technology-based economic ecosystem. Through various credit programs and funding schemes, financial and banking institutions provide capital to business actors, especially MSMEs who want to switch to digital business models. In the Strategic Plan of the Gorontalo City Trade and Industry Office, there is a policy that encourages strategic partnerships with banks to expand access to digital-based financing for local industry players. In addition, the Office of Manpower, Cooperatives, and SMEs also focuses on financial inclusion through collaboration with financial institutions in providing digitalization and technology-based financial management training. The existence of financial institutions is a key pillar in supporting a smart economy by providing access to capital for the productive sector, expanding the use of technology-based financial services (such as digital payments and online loans), and helping to strengthen regional economic competitiveness. By facilitating access to financing and digital financial services, this institution encourages innovation and economic growth in Gorontalo City in a sustainable manner (Zainuddin & Setiawan, 2021).

The sixth priority is private companies (startups and telecommunications) with a weight of 0.062 units. Private companies, including startups and telecommunications companies, have a weight of 0.062 units in the development of economic transformation in Gorontalo City, making it the sixth priority. Their role is vital in providing technology infrastructure, creating innovative solutions, and facilitating digital adoption in various sectors of the economy. Startups act as drivers of innovation, offering technology-based services such as e-commerce, digital payments, and application-based platforms that support the growth of the digital economy. Meanwhile, telecommunications companies provide critical infrastructure such as internet networks and communication services that are the main foundation in the implementation of the smart economy. In the Strategic Plan of the Gorontalo City Communication, Informatics and Encryption Office, private

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companies become strategic partners in building digital infrastructure, including the development of information technology-based communication networks and internet-based services. In addition, the Trade and Industry Office encourages collaboration with startups to accelerate digitalization in the trade sector and expand market access for technology-based MSMEs. With this role, private companies help create innovative digital ecosystems, expand the reach of technology, and drive efficiency across various sectors. Close collaboration between local governments, telecommunication companies, and startups is a key factor in accelerating digital-based economic transformation (Marianingsih, 2021).

The seventh priority is the community of business actors with a weight of 0.058 units. The business community is the seventh priority in the economic transformation development model in Gorontalo City with a weight of 0.058 units. Their main role is as the spearhead of the implementation of the digital economy, where they adopt technology in their daily business operations. By utilizing technology, business actors can increase efficiency, expand market reach, and create innovative digital-based products. The Gorontalo City Manpower, Cooperatives, and SMEs Office has training and mentoring programs for business actors to improve digital literacy and technology-based business management capacity. In addition, the Gorontalo City Trade and Industry Office facilitates market digitalization and helps MSMEs integrate technology in their business processes to increase competitiveness in the digital economy era. The business community in Gorontalo City is expected to be able to adapt to technological developments through partnerships with financial institutions, private companies, and local governments. With policy support and access to technology, business actors have a great opportunity to become agents of change in realizing a smart economy. Their active participation is key in driving inclusive and sustainable digital-based economic growth (Rahman & Aziz, 2023).

The eighth priority is media and influencers with a weight of 0.046 units. Media and influencers have a weight of 0.046 units in the development of economic transformation in Gorontalo City, making it the eighth priority. Their primary role is to disseminate information, shape public opinion, and promote digital innovations that are part of the smart economy ecosystem. Mass media and influencers influence people's mindsets regarding the adoption of new technologies, introduce digital platforms, and encourage active participation in the digital economy ecosystem. In the Strategic Plan of the Gorontalo City Communication, Informatics and Encryption Office, the media and influencers are recognized as important partners in disseminating government digital

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policy information and increasing public awareness about the benefits of technology in daily life. Digital campaigns carried out by the media and influencers have also accelerated the adoption of technology-based services, such as e-commerce and digital payments, which have driven the growth of the digital economy in Gorontalo City. In addition, the media plays a key role in educating the public about digital-based economic opportunities and promoting the success of economic transformation at the local level. Collaboration between local governments, media, and influencers is an important strategy to create an environment that supports innovation and economic transformation in Gorontalo City. With the power of their influence, the media and influencers can accelerate the spread of smart economy ideas and encourage public participation in the rapidly growing digital ecosystem (Wijaya, 2019).

Role Levels of Factor Elements

The level of role of factor elements against actor elements in the economic transformation development model in Gorontalo City is presented in Table 1.

Table 1: Priority Factor Hierarchy

No.	Actor	Factor					
		Digital Infrastructure and Connectivity	Policy and Regulatory Support	Capacity Factor of Human Resources (HR) and Digital Literacy	The Digital Entrepreneurship and Innovation Ecosystem	Access to Financing and Digital Investment	Innovation Factor in the Circular Economy and Sustainability
1	Central Government and Ministries	0.086	0.136	0.297	0.203	0.108	0.171
2	Local Government	0.133	0.061	0.410	0.224	0.074	0.099
3	Companies (Startups and Telecommunications)	0.092	0.076	0.282	0.201	0.151	0.199
4	Financial and Banking Institutions	0.097	0.082	0.249	0.266	0.125	0.182
5	Universities and Research Institutions	0.189	0.115	0.175	0.155	0.192	0.173
6	Business Community	0.180	0.104	0.188	0.148	0.150	0.230
7	Investors or Capital Owners	0.238	0.091	0.154	0.173	0.134	0.209
8	Media and Influencers	0.202	0.104	0.160	0.161	0.146	0.227
Average		**0.152**	**0.096**	**0.239**	**0.191**	**0.135**	**0.186**

Source: Processed Data, 2025

There are 6 factors that are interrelated with actors in the economic transformation development model in Gorontalo City. The capacity factor of Human Resources (HR) and digital literacy is the dominant factor in the development of economic transformation (smart economy) in Gorontalo City with a weight of 0.239 units. This factor includes the

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ability of individuals and organizations to understand, use, and adapt digital technology in economic activities. Increasing human resource capacity is essential to accelerate technology adoption, facilitate innovation, and strengthen regional economic competitiveness. Based on the Strategic Plan of the Gorontalo City Education Office, there is a focus on improving the quality of education and technology-based training to create competent human resources in the digital era. In addition, the Manpower, Cooperatives, and SMEs Office also has a digital entrepreneurship training program for micro business actors to improve their digital capabilities. The Gorontalo City Government is working with universities and training institutions to develop a curriculum that focuses on information technology, big data, and other digital skills. This effort is expected to be able to form a knowledge-based economic ecosystem where people have the ability to utilize technology effectively. By strengthening the capacity of human resources and digital literacy, Gorontalo City has a great opportunity to accelerate the transformation towards an inclusive and sustainable smart economy. Sulastri (2019) said that efforts to strengthen the capacity of human resources and digital literacy play a very important role in accelerating regional economic transformation.

The digital entrepreneurship and innovation ecosystem is the second priority factor with a weight of 0.191 units in the economic transformation development model in Gorontalo City. These factors include support for startup development, technology-based businesses, and product innovations that drive digital-based economic growth. The Gorontalo City Trade and Industry Office has an important role in building this ecosystem through digital business incubation programs and promotional support for technology-based MSMEs. In addition, the Gorontalo City Communication and Informatics Office also has a policy to facilitate digital infrastructure that encourages innovation in the public and private sectors. Collaboration between governments, private companies, universities, and financial institutions is essential to create an environment conducive to innovation. By fostering an innovative entrepreneurial ecosystem, Gorontalo City can attract investment in the technology sector, create digital-based jobs, and accelerate future-oriented economic growth. The success of the development of this ecosystem depends on regulatory support, access to capital, and cross-sectoral partnerships to drive innovation and strengthen regional competitiveness in the digital economy era. Sitorus et al. (2021) said that cross-actor synergy in the digital innovation ecosystem is important for accelerating regional economic growth.

The innovation factor in the circular economy and sustainability has a weight of 0.186 units and is the third priority in the smart economy development model in Gorontalo

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City. This factor focuses on economic development based on sustainability principles, including resource recycling, energy efficiency, and waste reduction. The Gorontalo City Public Works and Spatial Planning Office (PUPR) has an environmentally friendly infrastructure development program that supports circular economy principles. In addition, the Gorontalo City Tourism Office encourages sustainable tourism initiatives to preserve the local environment and culture while utilizing digital technology to increase efficiency. The local government also encourages collaboration with research institutions and business actors to develop environmentally friendly innovations, such as digital waste management and renewable energy-based products. Innovation in the field of circular economy plays an important role in creating a sustainable and inclusive economic ecosystem, reducing environmental impacts, and providing added value for the community and the business world in Gorontalo City. Susanti & Mahmudiono (2020) said that the integration of circular innovation and sustainability has a positive impact on regional economic development.

Digital infrastructure and connectivity factors are the fourth priority in the development of a smart economy in Gorontalo City with a weight of 0.152 units. This infrastructure includes high-speed internet networks, data centers, and digital platforms that allow access to technology-based services throughout the Gorontalo City area. The Communication, Informatics, and Encryption Service (Kominfo) has the main responsibility for building and expanding communication networks, improving the quality of connectivity, and providing digital-based services. In the Strategic Plan of the PUPR Office, there is a program to develop supporting infrastructure, such as fiber-optic network facilities and technological infrastructure that allows the digitization of public services. Adequate digital infrastructure enables technology adoption in various sectors, expands access to the digital economy, and supports innovation. The Gorontalo City Government is working with telecommunications companies and technology providers to expand digital access in remote areas and encourage digital inclusion. By improving digital infrastructure and connectivity, Gorontalo City can accelerate technology-based economic transformation, expand business opportunities, and improve people's welfare. Pratama & Wardhono (2018) said that the availability of good digital infrastructure encourages technology-based economic growth.

Access to financing and digital investment occupies the fifth priority in the smart economy model in Gorontalo City with a weight of 0.135 units. These factors include ease of obtaining capital, incentives for digital startups, and partnerships with financial institutions to support technology-based innovation. The Gorontalo City Finance Agency

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has a strategic role in managing the regional budget to support digitalization programs, including providing incentives for technology-based business actors. In addition, the Cooperatives and SMEs Office collaborates with banking institutions to provide special financing schemes for MSMEs that adopt digital technology. The availability of access to financing drives digital business growth, facilitates innovation, and strengthens the technology-based economic ecosystem. The government's collaboration with financial institutions and private investors is a key factor in increasing access to capital and supporting economic transformation in Gorontalo City. Lubis et al. (2022) said that access to digital financing accelerates regional economic transformation and strengthens the innovation ecosystem.

Policy and regulatory support has a weight of 0.096 units and is the sixth priority factor in the smart economic development model in Gorontalo City. These factors include regulations that encourage digital innovation, data protection, and incentives for technology-based business actors. The Gorontalo City Bappeda has a major role in formulating strategic policies that are in line with national regulations and support digital transformation. The Communication and Informatics Office also regulates policies related to cybersecurity, data governance, and the use of technology in the public and private sectors. Clear and adaptive regulatory support is essential to create an environment conducive to digital innovation and investment. With progressive and integrated policies, Gorontalo City can facilitate technology-based economic growth in an inclusive and sustainable manner. Maryani et al. (2021) said that adaptive and progressive regulations support the growth of the digital economy significantly.

Role Levels Strategy Elements

The results of the overall strategy in the economic transformation development model in Gorontalo City as shown in figure 2.



Figure 2. Strategy Hierarchy Priorities

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There are 6 strategies in the economic transformation development model (in Gorontalo City. The first priority strategy in the development of economic transformation in Gorontalo City is community empowerment and business model development to create jobs, with a weight of 0.223 units. The strategy focuses on building community capacity through digital skills training, supporting community-based economic initiatives, and encouraging the formation of technology-based micro-enterprises. In the Strategic Plan of the Gorontalo City Manpower, Cooperatives, and SMEs Office, there is a business community empowerment program that aims to increase human resource capacity through digital entrepreneurship training and facilitation of access to capital. In addition, the Trade and Industry Office also encourages the development of technology-based business models to support local business actors to adapt to the digital economy. Community empowerment is done by building an ecosystem that supports community-based innovation, provides incentives for micro-enterprises, and facilitates partnerships with private companies and financial institutions. By involving various parties, including local governments, local communities, and the private sector, this strategy aims to reduce the unemployment rate, create new jobs, and strengthen the technology-based economy in Gorontalo City. Priyono et al. (2020) said that digital-based community empowerment is very effective in building a resilient local economy.

The second priority strategy in economic transformation in Gorontalo City is the digitalization of entrepreneurship based on the circular economy and financial inclusion, with a weight of 0.211 units. This strategy aims to encourage the adoption of digital technology in business processes, build a sustainable economic system, and expand access to digital financial services for businesses in various sectors. The Gorontalo City Trade and Industry Office emphasized the importance of digitizing the trade sector and encouraging the adoption of circular economy principles, such as technology-based waste management and supply chain efficiency. Meanwhile, the Gorontalo City Finance Office has a program that supports digital financial inclusion through partnerships with banking institutions to provide access to credit for technology-based MSMEs. By encouraging digitalization in the entrepreneurial sector, business actors in Gorontalo City can improve operational efficiency, expand the market, and utilize technology to create more environmentally friendly products. In addition, this strategy supports small businesses in leveraging technology-based financial services such as e-payments and digital lending platforms, which accelerate local economic growth and ensure inclusive participation in digital-based economic transformation in Gorontalo City. Nugroho &

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Syarifudin (2018) said that digitalization and the circular economy encourage a significant increase in the competitiveness of MSMEs.

The third priority strategy in the development of a smart economy in Gorontalo City is the optimization of the smart economic innovation center based on education, research, and technology, with a weight of 0.154 units. This strategy aims to build an innovation ecosystem through collaboration between the government, universities, and the private sector to accelerate the development of technology and its application in the economic sector. In the Strategic Plan of the Gorontalo City Education Office, there is a program to increase digital literacy among students and develop a technology-based curriculum that aims to prepare human resources who are ready to compete in the digital era. The Gorontalo City Bappeda also plays a role in designing strategic policies that support research and technology development as the main foundation for economic transformation. In addition, the innovation center is encouraged to become a forum for cross-sector collaboration in developing digital solutions that are relevant to local needs. By utilizing the results of research and education as the basis for innovation, Gorontalo City can create a sustainable and competitive knowledge-based economic model. The optimization of this innovation center is expected to be able to produce new technology, support the growth of research-based startups, and accelerate the adoption of digital solutions in various economic sectors in Gorontalo City. Wicaksono & Suryaningsih (2021) said that the center of innovation and research collaboration accelerates regional economic transformation.

The fourth priority strategy in the development of economic transformation (smart economy) in Gorontalo City is smart waste management as a new economic source based on a circular economy, with a weight of 0.150 units. This strategy aims to intelligently manage waste using technology to create new economic opportunities, reduce environmental impact, and encourage resource reuse. This concept is in line with the principle of the circular economy, where waste is transformed into products of economic value through recycling processes, renewable energy processing, or technology-based innovations. The Gorontalo City Public Works and Spatial Planning Office (PUPR) has an important role in building an integrated waste management infrastructure and encouraging the use of technology in processing waste into energy or recycled raw materials. In addition, the Gorontalo City Bappeda emphasized the importance of integrating smart waste policies in medium-term development plans as an effort to maintain environmental sustainability and create new jobs. The implementation of this strategy includes building technology-based recycling facilities, fostering

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communities to sort waste digitally, and facilitating partnerships between governments, startups, and financial institutions to support waste management innovations. By implementing smart waste management, Gorontalo City can reduce environmental pollution, create a green economic ecosystem, and open up new sustainability-based business opportunities. Rahmawati et al. (2019) said that digital-based smart waste management is very effective in improving the circular economy in the regions.

The fifth priority strategy in the economic transformation development model in Gorontalo City is to strengthen sustainable investment policies and ecosystems, with a weight of 0.135 units. This strategy aims to create a conducive environment for investment in the digital and sustainable economy sector through clear regulations, incentives for investors, and the development of an ecosystem that supports cross-sector collaboration. The Gorontalo City Finance Agency has a central role in designing tax incentives for investors that support innovative and sustainable projects. Meanwhile, the Gorontalo City Bappeda focuses on aligning regional policies with national programs related to sustainable economic development and digital transformation. This strategy includes the establishment of regulations that support investment in the green economy sector, the simplification of the digital licensing process, and the provision of incentives for startups based on environmentally friendly technology. The Gorontalo City Government also encourages the active participation of financial institutions in providing access to financing for sustainable projects and digital MSMEs. By strengthening sustainable investment policies and ecosystems, Gorontalo City can attract more investors, accelerate technology-based economic transformation, and ensure inclusive and environmentally friendly economic growth. Handayani & Maulina (2022) said that sustainable investment policies and innovation incentives drive digital economic growth significantly.

The sixth priority strategy in the development of a smart economy in Gorontalo City is the development of digital infrastructure for equitable access and economic inclusion, with a weight of 0.128 units. This strategy aims to build and expand information and communication technology (ICT) infrastructure so that all levels of society have access to digital services. By strengthening digital infrastructure, the government seeks to reduce the digital divide in urban and rural areas and encourage active participation of people in the technology-based economy. The Gorontalo City Communication, Informatics, and Encryption Office (Kominfo) has a major role in developing communication networks, expanding internet connectivity, and building a digital service ecosystem. In addition, the Gorontalo City Education Office supports the development of digital literacy among

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students and the general public as a step to create human resources who are ready to adapt to technology. This strategy includes the construction of technological infrastructure such as fiber-optic networks, data centers, and public Wi-Fi access in strategic areas. The government is also working with telecommunications companies and technology startups to expand the reach of digital services in remote areas. With the development of inclusive digital infrastructure, Gorontalo City can increase public access to digital economy opportunities, strengthen regional competitiveness, and realize technology-based economic transformation in Gorontalo City. Arifin & Prabowo (2018) said that the development of digital infrastructure is the main foundation for technology-based economic equity.

Overall, the development of economic transformation in Gorontalo City is carried out with the Progressive Economy model. This model emphasizes that the Progressive Economic Model in the development of the smart economy in Gorontalo City emphasizes the process of struggle (pain) as the first step towards sustainable success. This struggle includes efforts to face various structural challenges, such as limited digital infrastructure, technology access gaps, and low digital literacy in society. To achieve technology-based economic transformation, a strong commitment is needed to build a solid foundation through policies that support innovation, investment in the technology sector, and community empowerment. This process is not instantaneous, but rather requires consistent hard work in exploring the various local economic potentials to create new opportunities. By applying this principle, Gorontalo City can face the challenges of digitalization and build an inclusive and sustainable economic ecosystem. This struggle is an important foundation to ensure that all levels of society can benefit from the ongoing economic transformation, thus creating a balance between technological innovation and social welfare. Hasan et al. (2023) say that the progressive economic model emphasizes the importance of a process of continuous struggle and innovation in the transformation of the digital economy.

The Progressive Economic Model emphasizes the importance of exploration or exploration of various new economic potentials as a strategic step in achieving sustainable progress. Gorontalo City takes advantage of technological developments to open opportunities in the digital economy, circular economy, and innovation-based entrepreneurship sectors. This exploration includes developing locally-based technologies, implementing digitalization in the trade sector, and creating a business ecosystem that encourages sustainable innovation. By continuing to explore local potential and utilizing technology, the city is able to increase competitiveness at the

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regional and national levels. This exploration process not only focuses on the development of leading sectors, but also pays attention to economic inclusion, where people from diverse backgrounds can participate and benefit from digital transformation. By making exploration part of the main strategy, Gorontalo City can create a dynamic, adaptive, and able economic environment to withstand global changes. Suharto & Mulyani (2017) said that the exploration of technology-based local economic potential is the main strategy to build regional economic resilience.

In the Progressive Economy model, sustainable achievement is the result of a combination of sustainable innovation and cross-sector collaboration. Gorontalo City views economic transformation as a long-term process that requires cooperation from various parties, including the community, the private sector, and the government. By building an innovation ecosystem that supports sustainable growth, the city seeks to create economic solutions that are not only effective today, but also relevant in the future. This achievement is realized through the development of digital infrastructure, expanded access to technology, and policies that support an environmentally friendly economy. Sustainability in this model includes not only economic aspects, but also pays attention to social and environmental balance. By encouraging collaboration and innovation as a key force, Gorontalo City ensures that the ongoing economic transformation not only provides short-term benefits, but also builds a strong foundation for inclusive and sustainable growth in the future. Suryani et al. (2021) say that sustainable achievement in economic transformation requires collaboration and innovation across sectors.

The Progressive Economic Model recognizes that every economic transformation process must face challenges or pains that must be overcome to achieve sustainable results. These challenges include changes in people's mindset towards technology, resistance to digitalization, and access and infrastructure gaps. Gorontalo City is committed to facing these challenges as part of the growth process by integrating a solution-based approach and innovation. On the way to a digital economy, it is important to address barriers such as lack of digital literacy and limited access to modern technology. Through these efforts, cities can create an environment that allows all parties to participate in a digital-based economic ecosystem. By viewing challenges as opportunities to innovate and adapt, Gorontalo City shows that sustainable success can be achieved through consistent struggles and policies that support inclusive and equitable economic transformation. Wijaya & Simatupang (2019) said that overcoming pain points in digital transformation requires adaptive policies and strategies.

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Sustainable achievements in the Progressive Economy model in Gorontalo City focus on building an inclusive and resilient economic future. Within this framework, the exploration of new economic opportunities is integrated with efforts to build economic resilience in various sectors. Gorontalo City prioritizes human resource capacity development, encourages technology-based innovation, and strengthens policies that support the digital ecosystem. By investing in technology and human resources, the city creates a strong foundation to face future global disruption. In addition, this model emphasizes the importance of social and environmental sustainability in every economic policy taken. By combining struggle, exploration, and innovation in a sustainable manner, Gorontalo City can build an economic ecosystem that not only provides short-term benefits, but also creates opportunities and prosperity for future generations. Damayanti et al. (2020) said that the sustainable achievement and resilience of the regional economy are greatly influenced by sustainable investment and technological innovation.

CONCLUSION AND RECOMMENDATIONS

The economic transformation development model in Gorontalo City adopts the Progressive Economy approach, which emphasizes the principles of Pain & Exploration for Gain and Sustainable Achievement. This model emphasizes that the success of a sustainable economy is achieved through the struggle to overcome challenges and the exploration of new opportunities and sustainable achievements. In its implementation, Gorontalo City faces various challenges, such as low digital literacy, uneven infrastructure, and limited access to technology. However, exploration of the potential of the creative economy, multi-sector collaboration, and digitalization of public services has opened up opportunities for technology-based economic growth. The model also emphasizes sustainable achievement through innovation, cross-sector collaboration, and policies that support digital transformation. By strengthening human resource capacity, expanding access to technology, and encouraging investment in the creative economy, Gorontalo City has the potential to become an inclusive and sustainable innovation-based economic ecosystem in the future.

Therefore, it is recommended that the Gorontalo City government needs to accelerate the equitable distribution of digital infrastructure, increase literacy and human resource capacity, and expand cross-sector collaboration to optimize technology-based economic transformation. In addition, local governments must strengthen innovative policies, support investment in the creative economy, and ensure digital inclusion in order

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to realize an innovative and sustainable economic ecosystem that is able to face future challenges.

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