

# Local Economic Development Strategies to Accelerate Sustainable Economic Growth

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## ABSTRACT

Economic development efforts, especially in the region, aim to increase regional communities' number and type of employment opportunities. Both of which are not passive and merely support the overall economic development process even must be placed in the actual position as a critical, dynamic, and decisive element in the overall development strategy. This regional development strategy that relies on local resources is known as the concept of local economic development. This agribusiness/agroindustry-based local economic development strategy was developed in a sample of nuances of agricultural areas. That has potential in the planning of agrotourism areas in Jember Regency, East Java. This research is an advanced study that aims to analyze internal and external factors affecting local economic development and find suitable strategic alternatives to implement. This research was also conducted to develop theoretical models of regional economic development. The findings of this study show alternative strategies for local economic development to create resilient and sustainable economic growth.

**Keywords:** local economic development, sustainable economic growth, potential territory, agrotourism

## 1 INTRODUCTION

Globalization and poverty alleviation are the Millennium Development Goals (M.D.G.s) core agendas, which call for increased responsibility for development implementation to improve the economy swiftly and effectively. Regional autonomy has implications for regions (districts/cities) in issuing and developing their ability to mobilize and manage various resources' production, allocation, and distribution into superior products with competitive advantages for local, regional, and even international markets.

Economic development is stressed and begins with a departure from economic development in the region. Economic development is a process in which a community manages existing resources and establishes partnerships to create new jobs and encourage regional economic growth [1]. Every effort at economic development has as its primary purpose the expansion of the quantity and types of employment possibilities available to society. Early development in rural areas in general, and the agricultural sector in particular, should be placed in its actual position as a very important, dynamic, and even decisive element in the overall

development strategy. Especially in low-income developing countries, both are passive and only supportive in the overall economic development process. To increase economic growth in predominantly agricultural areas by employing local economic development to explore and develop existing potential (L.E.D.).

The L.E.D. The concept is a regional development plan that depends on local resources—this L.E.D. The idea approach gives money to the community to participate and take the lead in selecting and processing local resources, both human and natural, to establish economic ties. Economic development based on local resources is supposed to absorb labor from local communities and create new jobs, expanding the local economy and reducing regional inequities.

This concept was formed because humans are part of nature, and the natural atmosphere is seen as a suitable entertainment place to relax from the daily routine. One of the tours with the concept of back to nature that can be developed in Indonesia is agrotourism, a series of tourism businesses by utilizing the potential of agriculture as an object with recreational purposes,

additional knowledge, and knowing business relationships in agriculture [2].

West Java is one of the provinces with many attractive natural tourist destinations, making it a top destination for domestic and international tourists. One area in West Java that offers a variety of agrotourism potential is the tourist area of South Bandung. Visitors can enjoy nature's beauty and participate in the community's daily activities to learn about agriculture, art, and culture and enjoy traditional culinary delights. The tourist attractions offered include agricultural education, outdoor activities, cultural interactions, culinary tourism (education specialties), and homestays [2].

Banyuroto Village, Magelang is a strawberry development center in Central Java, Indonesia. It is located in the Merabu valley, with an elevation of about 1,300 m above sea level. The mild climate makes the location particularly suitable for developing sub-tropical horticulture such as strawberries. There are several cultivars developed for agrotourism programs. Development is carried out in order to improve the quality of strawberry production that continues to decline. It also helps to improve the standard of living of the natives there [3].

East Java's Jember Regency retains the atmosphere of rural agriculture while storing a wealth of natural resources. Furthermore, in terms of social and economic development, the bulk of the people is beginning to farm on existing land. Therefore, the state of agricultural regions in Jember Regency can assist village development as an agrotourism area, increasing the value and income for villagers and districts. Based on the above description of the phenomenon, study into local economic development techniques is required to improve the region's economy in the future so that resilient and sustainable economic growth can be achieved as sustainable agrotourism destinations emerge in Jember Regency [4].

Appropriate alternative tactics for the development of agribusiness/agroindustry-based local economies. Based on the research background mentioned above. Some issues can be articulated, such as what internal and external influences can influence the growth of a local economy based on agriculture and agroindustry.

## 2 CONCEPTUAL BACKGROUND

### 2.1 Strategy Management

The following is the study's strategy. A strategy is a tool for attaining a set of objectives. The concept of strategy, on the other hand, continues to expand as it develops. This concept is illustrated by a sense of

strategy defined differently by experts, yet the goal remains the same. Establishing a unique and valued position, encompassing a collection of activities, lies at the heart of strategy [5]. The following is the study's definition of strategic planning: A business can devise tactics to counter external risks and exploit opportunities. The success of a structured strategy is determined by a thorough understanding of the notion of strategy and other related concepts. (1) Distinctive Competence is an action made by a firm to conduct activities better than its competitors, and (2) Competitive Advantage is a specialized activity produced by a company to outperform its competitors [6]. A business strategy focuses on strengthening the competitive position of a firm's products/services or specific market segments it serves and addressing how the corporation and its units can compete in business and industry using an internal-external matrix [7].

### 2.2 Local Economic Development

The essential purpose of any regional economic development project is to enhance the region's residents' quantity and job possibilities. The local government tries to promote the welfare of the community through researching and developing the region's potentials to improve regional development, particularly in developing areas. The ability of a part to enhance its economy to improve the economy and quality of life in the future is known as local economic development (L.E.D.). Society, the private sector, and the government collaborate to improve economic growth and employment creation. L.E.D.s provide an opportunity for local governments, communities, and the commercial industry to collaborate to strengthen the local economy by fostering innovation in their local potential. This activity aims to boost competitiveness and promote long-term economic growth. Suppose society continues to improve the investment and business climate, enabling earnings, the L.E.D. The strategy will work [8] because each region has diverse and unique crowd characteristics, the approach to regional growth, including the L.E.D. The concept constantly addresses the element of the room. Because of these distinctions, regional development requirements differ.

When viewed from the community's perspective, L.E.D. is considered an effort to liberate the community from all constraints that impede its efforts to improve its well-being. However, these promises cannot be gained outside of the societal system because they are unsustainable. Thus they must be sought from within the system, which is commonly referred to as self-reliance.

L.E.D. is a method by which local governments and communities manage existing resources by developing partnerships with private parties to create new jobs and increase regional economic activity to improve the

quantity and variety of jobs accessible to local communities. The government and the community are both expected to provide suggestions for the development carried out. Approaches to local economic development include: [9] The development of competitiveness is fundamental to raising living conditions and eliminating poverty by offering job opportunities for the unemployed. However, competitiveness is a means to an end goal, not an end goal in itself. Cluster development is the engine of the local economy. It is anticipated to foster the development of regional industrial systems by focusing on supporting related industries that can serve as a base for exports out of the region. When market methods fail to solve economic challenges, institutional development becomes a viable option; Human Resource Development, or the mastery of sound technology, is supposed to create high-value products using existing technology. The quality of human resources has a significant impact on the long-term viability of local economic development; Mastery of Technology, which employs increasingly advanced technological capabilities, is expected to make a product innovation to supply more input.

### **2.3 SWOT Analysis**

Identifying internal and external factors that affect local economic development activities is the first step in developing a strategy. The merging step is then carried out, with the SWOT analysis results being compared to the desired circumstances in local economic development activities.

SWOT analysis is a method of analyzing an organization's or society's internal and external conditions, which is then utilized to develop work strategies and programs [10]. Internal analysis entails determining one's strengths and weaknesses. The external analysis encompasses aspects that create opportunities as well as obstacles (threats). There are two types of swot analysis: qualitative and quantitative. The SWOT matrix's qualitative approach shows eight squares, with the top two being external factor boxes (opportunity difficulties) and the bottom two being internal factor boxes (strengths and weaknesses). The remaining four boxes contain strategic concerns that occur as a result of internal and external variables colliding. SWOT quantitative analysis in the form of I.F.E. and E.F.E. analyses and SWOTAnalysis using the Internal-External Matrix (I.E.).

## **3 RESEARCH METHODS**

This study falls under the category of survey research and combines exploratory, descriptive, and explanatory analysis. Before proceeding with

descriptive research, experimental research is undertaken to acquire in-depth information relating to weighting, rating, and creation of various techniques synthesized through theoretical and empirical studies.

In this study, the overall agribusiness/agroindustry L.E.D. in Kemuning Lor Village is the population. The non-probability method takes samples purposely (purposive sampling) or based on particular considerations, such as knowledge, aptitude, and experience in the topic investigated, which is used to take samples. Research respondents are potential communities, practitioners, and relevant government agencies. In this case, the prospective respondents in question are people or government agencies living near agrotourism. The sample research is policymakers, agribusiness farmers' resources, commercial institutions, suppliers, and local community leaders.

Directly interviews with information sources, mainly agribusiness/agroindustry in Kemuning Lor Village. Acquire primary data using accurate and trustworthy questionnaires. Secondary data comes from information held by associated agencies (both published and unpublished) and books, journals, and other publications included in the bibliography.

The swot analysis method was employed for the analysis. SWOT analysis was used to discover the best alternative ways to use. SWOT analysis analyses an organization's or community's internal and external conditions, then utilized to develop work strategies and programs. The life, E.F.E., I.E., and SWOT matrix are analytical tools used in designing and prioritizing plans [10].

## **4 RESULTS AND DISCUSSION**

### **4.1 Results**

The I.F.E. matrix is based on interviews with various relevant agencies, academic practitioners, and possible inhabitants in the area. The criteria that take precedence are determined by comparing each internal agrotourism aspect.

The E.F.E. matrix is based on interviews with various relevant agencies, academic practitioners, and possible inhabitants in the area. The elements that take precedence are determined by comparing each external component of agrotourism. Furthermore, the ranking is based on the actual response of potential agrotourism development to current or future possibilities and risks.

**Table 1.** Matrix I.F.E. (Internal Factor Evaluation)

	Internal Factors	Weight	Rate	Score
	<b>Strength</b>			
1	Very strategic geographical location	0.133	4	0.533
2	Adequate labor	0.087	4	0.346
3	Potential age	0.095	3	0.286
4	Level of education	0.080	3	0.240
5	Perseverance/Motivation	0.115	4	0.462
6	Broad marketing aspects	0.124	4	0.497
	<b>Weakness</b>			
7	There is no adequate information system in the public service	0.061	2	0.122
8	Government support that is not on target	0.064	2	0.129
9	Lack of local labour	0.051	2	0.102
10	Lack of planning and business development actions that have potential economic value	0.132	1	0.132
11	Waste management management is not good	0.056	2	0.113
		1.000		2.962

**Table 2.** Matrix E.F.E. (External Factor Evaluation)

	External Factors	Weight	Rate	Score
1	<b>Opportunity</b> Prospects for agrotourism development	0.209	4	0.836
2	Natural resources that support	0.101	4	0.404
3	Rich in superior products	0.094	3	0.282
4	There are still vast market opportunities.	0.129	4	0.516
5	Have a farming group	0.086	3	0.259
6	<b>Threat</b> Low public interest in business development	0.206	1	0.206
7	Community stigma about the importance of education	0.054	2	0.109
8	There is much unemployment at the age of the labor force.	0.059	2	0.118
9	Waste and waste have not been properly managed	0.061	2	0.123
		1.000		2.853

### Total Average - Weighted Average I.F.E.

Strong  
3,0 – 4,0

Average  
2,0 – 2,99

Weak  
1,0 – 1,99

Total Average -  
Weighted  
Average E.F.E.

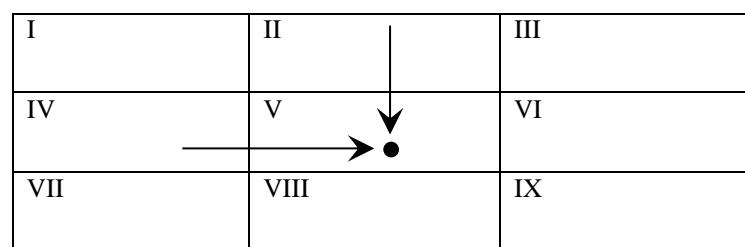


Fig. 1. Matrix, I.E. (Internal-External)

## 4.2 Discussion

A very strategic geographical location, with a total score of 0.533, is the crucial strength of agrotourism development. On the other hand, with a total score of 0.132, the critical shortcoming of agrotourism development is the lack of planning and business development initiatives that have the potential for economic benefit. As a result, the overall merger score for the internal agrotourism development element was 2,962. Thus, demonstrate that the development of agrotourism includes strengths and weaknesses higher than the average rate of 2.50. With a total score of 0.836, the most significant potential element for agrotourism development prospects.

On the other hand, with a total score of 0.206, the primary challenge to agrotourism development has been the community's lack of enthusiasm in business development. As a result, the overall merger score for external variables of agrotourism development was 2,853. Thus, agrotourism products in the face of danger have a good chance, having been above the average level of 2.50.

In the Jember district, the values of I.F.E. and E.F.E. are used to determine local economic development strategies in agrotourism development. As a result, the grand strategy matrix may be calculated using the SWOT analysis quadrant in the I.F.E. calculation, which shows 1.48 (x-axis), and the E.F.E. calculation, which offers 1.43. (y-axis). According to I.F.E. and E.F.E. estimates, the development of agrotourism is in quadrant 1. Demonstrate that the product of agrotourism has significant strengths and opportunities.

The I.F.E. matrix has a total weighting of 2,962, and the E.F.E. matrix has 2,853. The result is then transferred into the I.E., matrix, with the x-axis derived from the I.F.E. matrix's total value and the y-axis derived from the E.F.E. matrix's total value. As a result of the, I.E., matrix established above, it can be stated that the position of agrotourism development is in V cells, and the divisions that enter V cells may be correctly controlled through the strategy of maintaining and maintaining (hold and sustain). Two of the most common methods are market penetration and product creation. Market penetration, market development, and product development are all viable options.

## 5 CONCLUSION

Providing attractive tour packages is one of the preferred alternative marketing techniques for the development of agrotourism. Collaborate with local residents to provide housing facilities so that more tourists may visit and stay longer; Developing

development innovations based on research, skills, and experience to boost the appeal of agrotourism's existence; Improving information system technology and employing social media for promotion in order to promote the growth of agrotourism in general; Working together to offer local regions as a supplement to tourism and a source of income for farmers' cooperatives; Enhancing the function of tour guides who are local inhabitants by giving educational services about natural tourism and current outstanding items; Providing positive motivation about the relevance of education and educational attainment in order to combat unemployment in working age and promote company growth interest with new insights gained; Improving human resource performance with skills such that waste may be used to create economic value; To optimize public support, government backing, and assist in the absorption of local labor, integrate the government with the local community / people in company planning and development; The community contributes to the reduction of pollution by converting trash into marketable items.

## AUTHORS' CONTRIBUTIONS

L.C.W., R.S.M., and B.P.Y.K. contributed to the design and implementation of the research, the analysis of the results, and the manuscript's writing.

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