



Regional Economic Development Based on Local Potential

(Study on Gadingkulon Village, Dau District, Malang Regency)

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Abstract. Development is an effort to provide and ensure community welfare. Almost the entire process of local economic development in Indonesia focuses on the rural agricultural sector. The aim of this study is to analyze the economic development program in improving the community welfare of Gadingkulon Village Community. This research uses descriptive qualitative method. The results of the study indicate that various programs, such as seed assistance and infrastructure programs, have contributed to improve the economy of farmers. Recently, the program has turned into a community training program. Even though considered new, the program implementation has improved the community's economy. Additional programs such as the provision of Cash Direct Assistance (*Bantuan Langsung Tunai or BLT*) and Village Funds assist the poor who do not receive assistance from the family welfare program (*Program Keluarga Harapan or PKH*) and reduce poverty. These programs are proven to be able to improve the community's economy as well as improve the welfare of the community.

Keywords: Local Economic Development · Agriculture · Local Potential

1 Introduction

Development in the country is a step it must take to provide welfare for its population. Generally, a government carries out development through a series of national development activities. The program promoted to become national development is undoubtedly based on the 1945 Constitution in paragraph four which reads "...and to promote the general welfare...", so the Indonesian government must implement it. Then WW Rostow explains that development is a process that moves straight from underdeveloped communities to developed countries [1]. This means that development in a country must provide overall benefits for citizens, who are the government's responsibility.

Indonesia's development program in 2022, which is based on the Presidential Regulation of the Republic of Indonesia Number 115 of 2021 concerning the Update of

the Government's 2022 Work Plan on Economic Recovery and Structural Reform, has seven focuses which include economic resilience, reducing inequality, improving the quality of human resources, mental revolution, strengthening infrastructure, developing the environment, and strengthening the stability of Polhukhankam. Implementing a decentralized government system supports efforts to carry out comprehensive development in Indonesia. It was confirmed through Law Number 32 of 2004 article 1 number 7 concerning regional government, namely the transfer of government authority by the government to autonomous regions to regulate and administer the government in the system of the Unitary State of the Republic of Indonesia. The meaning of development in the areas in developing countries is similar to modernization, westernization, empowerment, industrialization, economic growth, and Europeanization. When viewed in terminology, the meaning of development has experienced a series of ideal concepts in the form of the people's welfare order made by western countries because economic growth is related to the prosperity of the people in the country.

The level of prosperity of the Indonesian people can be seen based on the evaluation of the 2019 Government Work Plan as one of the criteria for the success of national development. The level of achievement of the National Priorities for 2019 Indonesia has obtained three promising sectors and two pretty good sectors. However, there are still many challenges in achieving development targets, such as regulatory issues, facilities and infrastructure, and human resources in implementing the 2019 PN RKP. In addition, if you look at the conditions in 2020, namely the Covid-19 pandemic, adding to the problems that made the Indonesian economy weaken. Based on data 2021 Government Work Plan, economic growth in 2020 is estimated to reach the target of 5.3%, while is a revision to $-0.4-2.3\%$ due to the slowdown in all components of GDP.

This condition requires a mature and sustainable concept of national development so that planning is right on target. From the evaluation results in 2019 and 2020, Indonesia has a development direction in 2022 with the theme "Economic Recovery and Structural Reform". The priority in the economic sector carried out by Indonesia in 2022 uses the Gross Domestic Product (GDP) value in 2021. In 2021, Indonesia's GDP 5 will increase by 3.69%. Regarding GDP growth focused on the livelihood aspect, it is known that the agricultural sector experienced the lowest growth compared to others, with a value of 1.84% in one year.

In addition, the Indonesian government is committed to reducing poverty in rural areas by including rural development or suburban areas as one of the development priorities. That is in line with the third point of Nawacita's policy, namely developing Indonesia from the periphery by strengthening regions and villages in the 2015–2019 National Medium-Term Development Plan (RPJMN) of the Government of Indonesia [2]. Carrying out development, one of which is to realize village economic development, there is one alternative, namely the development of the local economy. Local economic development is a process that involves involvement between the local government and the community to encourage, stimulate, and maintain business activities to create jobs both in the realm of community business development as well as businesses initiated by the Village through Village-Owned Enterprises (BUMDes).

The facts show that the agricultural sector is still the mainstay in supporting the economy in the village. The pre-research data conducted by the researcher indicates that

in Gadingkulon Village, Dau District, Malang Regency, at this time, the majority of the population works as farmers and ranchers. According to IDM data from the Ministry of Villages, Gading Kulon Village is included in the Independent Village category with a score of 0.8787 (IDM.kemendesa.go.id) with details of IKS (Social Composite Index) 34.3%, IKE (Economic Composite Index) 27.8%, and IKL (Composite Index). Environment) 37.9%. The excellent assessment results based on the index set by the Ministry of Villages still have conditions that are not following the field. Local governments can take advantage of IDM to improve the local economy because, through the IDM website, local governments can find out the needs of a village and what problems need to be addressed. The IDM website has four items: a profile, the value of village development status, an index, activity recommendations, programs and budgets.

In reality, the conditions in Gading Kulon Village were conveyed by the village head, namely Mr Wahyu Edi Prihatno, that the economic problems experienced by the residents were the lack of an entrepreneurial spirit in the community, so they only relied on the results of selling oranges. The lack of synchrony between the assessment index and the presentation of the effects of pre-research interviews is a fundamental problem in this study. Moreover, a national program focusing on community economic recovery is a priority for national development and community welfare. These problems made researchers conduct research through case studies with the title "Evaluation Analysis of Local Economic Development Programs in Improving the Welfare of the Community of Gadingkulon Village, Dau District."

2 Research Methods

This study uses a descriptive type of research with a qualitative approach. The focus of research in this study is to determine the implementation of local economic development programs in Gadingkulon Village. The researcher's location is in Dau District, Malang Regency, East Java, one the areas in Malang Regency, which has natural potential in the form of agricultural land, people who have farmer livelihoods, and a high value of Building Village Index (IDM). The site of this research is Gadingkulon Village, Dau District. The researcher's interest in the village is because Gadingkulon village is quite strategic. After all, it is in line with the Bedengan Campground Tourism in Malang City, the potential for citrus farming in Gadingkulon village can be used as a competitive tourism advantage and problems in the form of data discrepancies contained in the IDM with pre-research results. Sources of data used are primary data in the form of interviews and non-participatory observations and secondary data in scientific journals, national news, and published government data.

Techniques of collecting data use semi-structured interviews, observation, and documentation. Interviews were conducted with the village head as the primary informant, the head of the farmer group as the key informant, and farmers in Gadingkulon village as the supporting informant. They are testing the validity of the data using the source triangulation model. At the same time, the data analysis technique of this research uses content analysis to observe and parse the open communication acts of the selected informants. Data analysis in this study is supported by using Miles and Huberman's interactive model.

3 Overview of the Research Site

A research location is where research is carried out to obtain data or information related to research problems. This location can be in a particular area or a specific institution in the community. This research site is in Gadingkulon Village, one of the villages in Dau District, Malang Regency, East Java.

Gadingkulon Village is divided into Sempu Hamlet, Krajan Hamlet, Princi Hamlet and is divided into 23 RT. The borders of Gadingkulon Village are as follows (Fig. 1):

- North Boundary: Sumbersekar Village, Malang Regency
- East Boundary: Mulyoagung Village, Malang Regency
- South Boundary: Selorejo Village, Malang Regency
- West Boundary: Junrejo District, Batu City

The total area of Gadingkulon Village is 453 km², which is grouped for public facilities, settlements, agriculture, economic activities and others. The population of Gadingkulon Village is 3,676 people, with the average livelihood of the community being farmers and breeders, so this village has one of the horticultural tours, namely citrus land management and orange picking tourism (Fig. 2).

Informants in this study, namely the researchers, used several representatives from Gadingkulon Village, namely two people as representatives of orange farmers and a Gadingkulon Village Head. The number of informants in this study was three people from Gadingkulon Village.

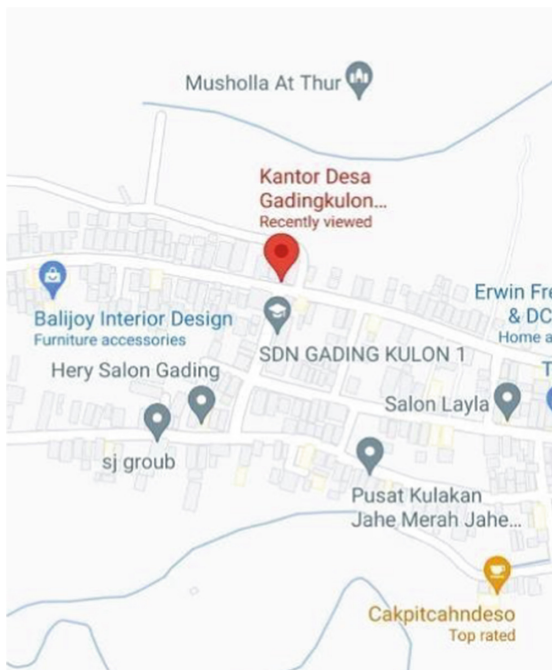


Fig. 1. Map of Gadingkulon Village, Dau District.



Fig. 2. Gadingkulon Village Head Office, Dau District.

4 Implementation of Local Economic Development Programs in Gadingkulon Village, Dau Sub-district

According to the theory of local economic development according to Suman, et al. that several goals need to be achieved, including [3]:

4.1 Emphasizing the Collaborative Process and Active Participation Between Local Communities, Government, Community Organizations, and Business/Industry (Private) in the Economic Development Rate

Implementing the collaboration carried out by the farmers of Gadingkulon Village still does not meet the multi-sector partnership. The current form of association is focused on farmers and the government only. This condition is caused by farmers wanting independence in local economic development in Gadingkulon Village, Dau District, Malang Regency, so the development of regional economic development in Gadingkulon Village has not improved the welfare of the community in a sustainable manner. In line with the theory of local economic development, multisectoral collaboration is needed to enhance the quality of life. Therefore, Gadingkulon Village needs to collaborate in developing the local economy.

In the collaboration process, farmers take more active initiatives in independently carrying out local economic development. Based on the desire of the farmers in Gadingkulon Village to reduce or cut off subsidies from the government. This desire emerged as a form of community awareness that has been a farmer for more than 20 years; with various assistance obtained, farmers, choose to focus on implementing knowledge from training activities in the agricultural sector. The independence that Gadingkulon Village farmers want to build is both an advantage and a weakness for Gadingkulon Village farmers. The implementation of the program may not run optimally if there is a lack of human resource capabilities in running the program, such as the innovation program in

Bangunharja Village, Ciamis Regency, which was researched by Nurwanda and Badriah which was published in 2020, that the innovation program has not gone well in the village because one of the factors is the lack of the human resource capabilities of Bangunhari Village [4].

4.2 Building Strategic and Profitable Cooperation Relationships to Support the Achievement of Local Economic Development Goals

Gadingkulon currently focuses on person-to-person communication because there is no official cooperation agreement between farmers and external parties. Though there is no official cooperation, the farmers at this time have communicated and collaborated with the Universitas Brawijaya in testing the types of pests and how to handle them. It is also reinforced by agricultural extension workers from universities in Malang City who helped strengthen farmers' knowledge of citrus varieties and pest attacks. Through this condition, farmers have benefited by obtaining and utilizing the available facilities to the fullest to support the smooth running of the economy.

Suppose this cooperative relationship is carried out massively by strengthening harmonious relations through official cooperation activities. In that case, efforts to support the achievement of local economic development goals will be more visible and directed, as is the case with tourism progress in Serang Village, Karangreja District, Purbalingga Regency, which was researched by Huda and published in 2020 that the spearhead of development progress comes from community participation and cooperation, natural beauty, and socio-culture [5].

4.3 Strive for the Unification and Development of Supporting Facilities, Infrastructure, and Infrastructure for Local Economic Development

The facility development program, infrastructure, and infrastructure that occurs in Gadingkulon Village are divided according to the use of access. The grouping is a step from the community and village government to provide easy access and mobilize residents' economic activities. The development of village facilities, infrastructure, and infrastructure that are shared access is the responsibility of the village government to build facilities. Then on the development of access to plantations which is focused on its use for farmers, it is the responsibility of farmers to carry out product. The source of funds used by farmers in building access comes from non-governmental organizations. This program is a step to accelerate the development of village infrastructure used to support economic activities in the form of buying and selling citrus harvests.

This proves that the people of Gading Kulon Village and the government have developed the local economy in Gading Kulon Village. Namely through the improvement of infrastructure as well as facilities and infrastructure as a factor in supporting local economic activities. If the infrastructure and infrastructure are adequate, it will provide good feedback, such as an increase in the planting index (IP). For example, the distribution of garden produce is easy due to good road access; it also makes it easier for people to garden so that productivity and crop yields increase.

4.4 Seeking Applicative and Collaborative Strategies that Support the Development of SMEs that Deliver Sustainable Economic Impact

The applicable strategies carried out by farmers in Gadingkulon Village in the development of SMEs have not been seen and have not been implemented. This is evidenced by farmers who are still focused on selling oranges and do not yet have processed citrus derivative products. The impact that can be seen is that the Village Owned Enterprises (BUMDes) have not been running in the management of business units in the Village environment. This condition can be the spearhead of the village economy in various conditions.

When viewed from the application of applicative and collaborative strategies in supporting the development of SMEs in Gading Kulon Village, it is still lacking in local economic development in terms of its SMEs. Because in the development of the local economy, the active participation of the community in gathering potential that is processed into a tool to achieve goals is very important; the goal, in this case, is to increase the economy through SMEs. Apart from the community aspect, the village government also needs to act by mobilizing BUMDes in Gading Kulon Village. Because the existence of BUMDes can help integrate SMEs in Gading Kulon Village, such as providing business capital so that people do not need to make loans to banks or BMTs. BUMDes can also collaborate with existing SMEs by monitoring the development of SMEs.

4.5 Strive for Economic Equity, Reducing Unemployment, Poverty, and Increasing Local Economic Independence

The process of economic equity, reducing unemployment and poverty, and increasing economic independence at the local level is the first step in improving people's welfare. In this process, Gadingkulon Village, Dau District, made several efforts which included the distribution of Direct Cash Assistance (BLT), developing the potential of villagers to improve economic quality, and providing village funds for people who still have an economic level below the poverty line. The various aids were adjusted to the needs of the local community. Taking action in economic equity through developing community capabilities in Gadingkulon Village is in accordance with research conducted by Nurwanda and Badriah [4], which states that to improve the organization of the innovation implementation team by being given work motivation between members, the village innovation implementation team evaluates and plans activities assistance of experts in improving village government governance in economic development and entrepreneurship training.

Several things that have been done by the Government of Gadingkulon Village, Dau District, show that there is accuracy in the selection of actions to equalize the community's economy by taking into account the level of community independence. Both of these goals need to be implemented in a balanced way with the long-term goal of the community being able to survive in managing local potential to develop the economy. Then the action has also been based on the Law of the Republic of Indonesia Number 11 of 2009 concerning Social Welfare with the aim of providing a decent life and being able to develop themselves so that they can carry out their social functions and

the implementation of social welfare efforts is directed, integrated, and sustainable. This means that the implementation process in the field to seek to achieve economic equality, reduce unemployment and poverty, and increase local economic independence has been carried out well, and periodic guidance is needed to achieve an economy independence.

5 Conclusion

Based on the results of research that have been carried out and the process of data analysis, the following conclusions can be drawn:

1. Farmers in Gadingkulon Village are already active in local economic development in terms of their desire to be independent, cooperate with external parties and have the ability of self-supporting farming communities. However, the applicable strategy in SME development has not gone well, as shown by the BUMDes Gadingkulon not yet running. So that to reduce existing poverty, the government still needs to distribute Direct Cash Assistance to the poor.
2. Various training programs have been implemented, but the people of Gadingkulon Village have not been able to implement them. Public education is still low, the desire to develop crops that are still passive and low awareness of the importance of investment are factors that hinder the achievement of program objectives.

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