Research Article

Economic Development for Empowering Local Communities

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Abstract.
Srigonco Village is located in the southern region of Malang Regency. The village is directly adjacent to the south coast and the Southern Cross Route (JLS), which can be a strategic location to drive the economic force toward raising tourism in Balekambang Beach. Using the Local Economic Development (LED) method, this research aims to map the potential of community-based villages in improving the economy. LED is an instrument for developing local resource-based economic activities for the welfare of the local communities. The result is From the four alternative scenarios, a scenario is estimated to be closest to predicting the situation in Srigonco Village, i.e., scenario IV. Unfortunately, this scenario drives the worst possible results compared to other scenarios. Some reasons for this selection are the minimal role of the government through Bumdes and the absence of MSMEs, which are supposed to use natural resource potential for their benefit.

Keywords: Local Economic Development, villages, local communities

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1. Introduction

The development in the region requires initiative to exploit local and natural resources for economic benefits. The government can use Local Economic Development (LED) to achieve this. In this process, the government, private sector, and society work together to create better conditions for economic growth that creates jobs. Following this definition, the LED is merely a technical and financial perspective. Still, it is based on a partnership and cooperation approach between the parties, i.e., the government, the private sector, and the community. Therefore, we can use LED to develop existing regional potential, increase independence, behaviour, and abilities, and manage existing resources through policies and programs that suit the needs of village communities.

One area that should get development focus is the coastal regions because they have abundant natural resources, but their development lagged behind land or non-coastal regions. In 2021, the coastal regions have a poverty rate of 4.19%, exceeding the national poverty rate of 4%. Looking at the absolute number of poor populations that reach 10.86 million nationally in 2021, approximately 1.3 million of the poor, or 12.5%, live in coastal areas (BPS).

Malang Regency is the largest district in East Java Province, with various natural resources such as mountains, sea, plantation forests, agriculture, etc. It is also supported by its strategic location near Surabaya, the second biggest city in Indonesia and the hub for eastern Indonesia. One coastal area in Malang Regency with abundant natural resource potential is Srigonco Village, located in Bantur District. Some natural potentials in this village are coconuts, bananas, coconut oil, massage oil, etc. The Srigonco village established a village-owned enterprise (Bumdes) in 2020 to exploit the potential.

Until recently, however, there are still significant impacts of economic activities that can improve the village's economic condition. This is not aligned with the village autonomy programme initiated in 2014 to promote village potential, which can improve village economic growth.

This paper provides evidence for Srigonco Village in increasing its economic activities by exploring and mapping the village's potential that can be exploited and benefit the population.

2. Literature Review

2.1. Village Community Empowerment

To accelerate development in the rural areas, government formed the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration (Kementerian Desa, Pembangunan Daerah Tertinggal, dan Transmigrasi) was formed to implement the mandate of Law No. 6 of 2014 concerning Villages. The law provides the basis for a new perspective and approaches to villages, prioritising the principles of diversity, recognition, and subsidies and strengthening the types of village authority. More specifically, Article 4 of the Village Law describes the objectives of village integration as follows:

1. Provide recognition and respect for villages that existed with diversity before and after the formation of the Unitary State of the Republic of Indonesia.

2. Provide clarity on the status and legal certainty of villages within the Republic of Indonesia's constitutional system to realise justice for all Indonesian people.

3. Preserve and advance the customs, traditions, and culture of village communities.

4. Encourage initiatives, movements, and participation of village communities to develop village potential and assets for shared prosperity.

5. Form a village government that is professional, efficient, effective, open, and responsible.

6. Improve public services for village residents to accelerate the realization of general welfare.

7. Increase social resilience. Village community culture can create a community that can maintain social unity as part of national resilience.

8. Advance the economy of rural communities and overcome gaps in national development.

9. Strengthen village communities as subjects of development.

The government and village should support and participate in implementing the mandate of Law No. 6 of 2014. One of these mandates is implementing village community empowerment, which is an effort to increase community independence and welfare by increasing knowledge, attitudes, skills, behaviour, and abilities and managing existing resources through policies and programs that suit the needs of village communities.

2.2. Local Economic Development (LED)

Local Economic Development (LED) is a social development concept, the implementation of which involves all elements, such as the government, business entities, and the community, to improve the welfare of all citizens (Sri Najiyati et al., 2015). This programme emphasises collaboration between parties where each element forms a system that influences each other to achieve common goals and provide better results.

Regarding collaboration, four dimensions must be met to achieve synergism in the LED components: the collaboration process, system dimensions, shared goals, and effect dimensions.

The collaboration dimension is seen from each element's commitment and participation. The system dimension can be seen from a model describing a system,
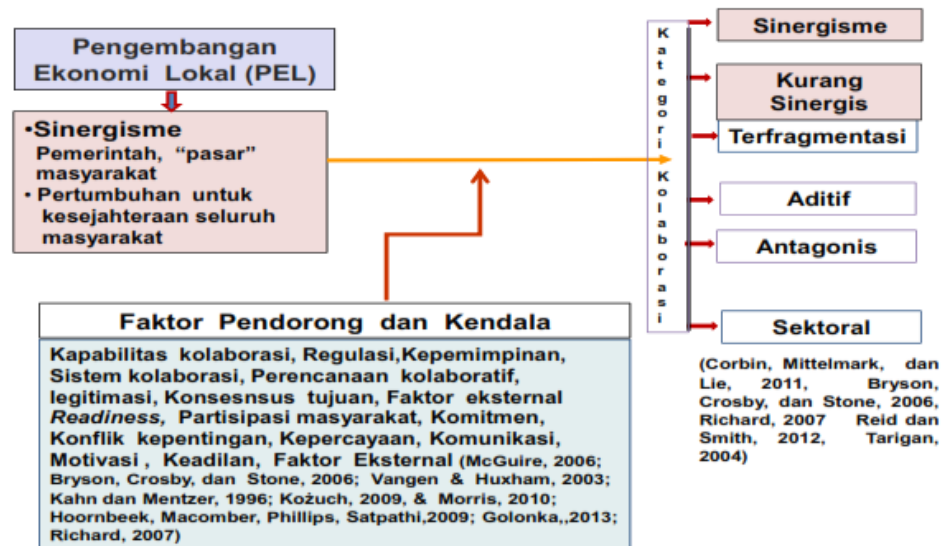
Figure 1: Preposition of Driving Factors and Constraints of Synergism. Source: Naiyati et al (2015).

namely a series of LED components structured in commodity clusters regularly inter-connected from upstream to downstream to achieve common goals (Middleton, 2011). The dimension of shared goals is reflected in the goals agreed upon, understood, and informed by each component. The effect dimension can be seen from changes in output such as increased assets, economic capital, natural resource capital, human capital, increased income, and community ability to obtain LED benefits. Collaboration that is not systemised is called fragmented; which produces the same results is called additive; which makes poor results is called antagonistic, and if there is no collaboration in development, it is called sectoral (Reid & Smith, 2012).

From the explanation of Local Economic Development (LED) above, the TAIDA method or Tracking, Analysis, Imaging, Deciding, and Acting is used, following Lindgren and Hans (2003) and Hella et al. (2011) The steps to develop an LED scenario is as below:

1. Tracking: We trace changes and signs of threats and opportunities.

2. Analysing: We analyse consequences and generate scenarios.

3. Imaging: We identify possibilities and generate visions of what is desired.

4. Deciding: We weigh up the information, and identify choices and strategies.

5. Acting: We set up short-term goals, take the first steps, and follow up our actions.

Tracking is a condition for seeing the direction of trends, actors, and uncertainties that impact the development of that place. We can use many ways of tracking, for example,

media selection from the internet, government documents, or newspapers. The next example is conducting a meeting with the residents. The last example is conducting discussions with the participants of prominent people in the area as they are familiar with the situation and conditions of the village.

The next stage is carrying out a change analysis and creating scenarios, and analysing the consequences that can arise due to challenges and opportunities. Next, identify possibilities and create a vision of what you want to achieve, then identify Local Economic Development (LED) areas and develop strategies to find visible and future threats to achieving the vision. Finally, act and follow up on existing strategies and threats.

In carrying out local economic development, a scenario planning is needed to formulate plans to develop underdeveloped areas. This plan is helpful for analysing uncertainty, subsequent developments, and things that will arise. According to van der Steen (2022), the scenario planning approach is a very effective tool for making policy. By creating four development scenarios, in each scenario, there are problems, and which scenario is best for the future it is proven to be able to develop an area (Abou Jaoude et al, 2022). However, this is still a role model in a region's development goals, so the four scenarios can be a means of anticipating future uncertain conditions in that region.

As the Local Economic Development (LED) must pay attention to target groups, location factors, synergies, and the focus of policy, development, and management processes, this planning scenario is very helpful for LED and can show a picture of the future (Tiffani, 2014).

To give more detailed information on the condition in the regions, we also should conduct the SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats). SWOT is an approach, framework, matrix, model, and tool used to analyse an area's capabilities, weaknesses, opportunities, and threats to determine what strategies will be used and implemented in the future (Richard W. Puyt et al., 2023).

It is used to see how many strengths and potentials have not been explored, weaknesses that have occurred, existing opportunities, and threats that may arise in the future. Applying SWOT analysis in development planning can maximise regional competition and development. According to Daniel Start and Ingie Hovland (1991), SWOT analysis is a strategic planning instrument using a framework of strengths, weaknesses, opportunities, and threats. This instrument provides a simple way to estimate the best way to plan.

SWOT analysis can show important factors influencing Local Economic Development (LED) in its application. The region's capabilities, weaknesses, and threats that may

not be visible can be anticipated with this method so that it can provide alternative strategies and reduce the risk of threats that could hinder development from occurring (Dwi Prabowo, 2021).

3. Method and Data

This research uses a descriptive qualitative method using Local Economic Development (LED) analysis. This research follows Lindgren and Bandhold (2003) in creating the TAIDA (Tracking, Analysis, Imaging, Deciding, and Acting) scenario planning analysis method.

According to Daniel Start and Ingie Hovland (1991), the next step is applying a SWOT analysis, which evaluates strengths, weaknesses, opportunities, and threats in an area or business speculation. This analysis can be applied by analysing and sorting various factors that influence the four factors, then applying them in a SWOT matrix image, where the application is how strengths can take advantage of existing opportunities and overcome weaknesses that can prevent advantages from existing opportunities, then how strengths can deal with threats that arise, and finally, how to overcome weaknesses that have the potential to become threats.

Using the two methods above enables us to observe the driving factors and obstacles in the LED analysis. We then develop the planning scenario as a guide for collecting data and analysing LED's achievements and synergism factors.

This research was conducted in Srigonco Village, Bantur District, Malang Regency. We collected primary data through direct field observations with village officials and prominent/senior citizens who know their village potential well.

4. Results and Discussion

4.1. The TAIDA Results

The TAIDA method includes tracking, analysis, imaging, deciding, and acting. The first step is tracking. In building a suitable scenario, it is necessary to identify existing trends and issues. To achieve this purpose, we identify two main problems. First, is the position of government, which is described by the role of Bumdes. The Bumdes in Srigonco, that is established in 2020, is still in the pioneering stage, as shown by its lack of existence in exploiting the potential in the village.

Second, the role of the community in Srigonco Village is described by the existence of MSMEs. There are no significant actions of MSMEs in the use of natural resources to increase their economic level.

The second step is analysis, which is used to examine changes that occur and create scenarios, including analyzing the consequences that will arise due to the challenges and opportunities on the site. At this stage, we also begin to develop the Local Economic Development (LED) logic, as explained in Figure 2.
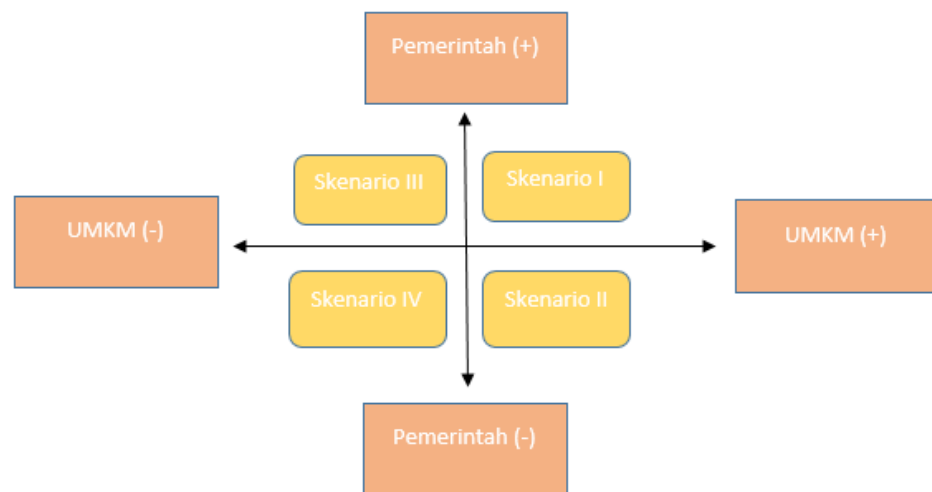

Figure 2: Local Economic Development.

We identify four scenarios, as mentioned below.

a. Scenario I, where the government provides facilities (Bumdes), and the village economy is mapping increases (UMKM).

Scenario I is the best scenario, where the government and MSME factors support each other. This scenario is expected to have a good impact on the population of Srigonco Village because support and facilities provided by the government, such as the formation of village entrepreneurship, can improve the village's economic levels and reduce poverty. Further, efforts to realise this development are expected to benefit Srigonco and its neighbouring villages.

b. Scenario II, village economic mapping (UMKM), increases, but the government does not provide facilities (Bumdes).

Scenario II is still considered as a good scenario because it can still be controlled. In this case, the government, through Bumdes, is still not optimal in providing the expected

attention and facilities. Although there is a negative impact on MSMEs, the impact is not too big, so they can still handle it. Hence, the MSMEs are expected to utilise the potential natural resources available in the village without waiting for government assistance.

c. Scenario III: The government provides facilities (Bumdes), but MSMEs do not increase.

In scenario III, there is no support from MSMEs, as seen from the lack of growth of MSMEs in the village, even though the government has provided adequate facilities. The lack of awareness of the people in the village in exploring potential natural resources can make the development lag behind neighbouring areas. This scenario is considered harmful because it can increase poverty and unemployment due to a lack of employment opportunities and neglected natural resource potential.

d. Scenario IV, the government does not provide facilities (Bumdes), and MSMEs do not increase,

Scenario IV is the worst as the village becomes underdeveloped, many natural resource potentials are unexplored, and the government does not provide the required development facilities. As the MSMEs cannot increase, it can lead to increased poverty and leave the village behind than others.

We then conduct the third step, which is imaging. In this step, we build a comprehensive vision to overcome the uncertainty of developing MSMEs in Srigonco Village.

The vision of Srigonco Village: "the realization of comprehensive MSMEs in all superior sectors of Srigonco Village that are internationally competitive".

This vision aligns with conditions that Srigonco wants to achieve now and in the future. The lack of village economic mapping means that Local Economic Development (LED) cannot be achieved. Therefore, this slogan encourages the government to develop Srigonco Village's potential periodically. The potential natural resources of coconut, oil, bananas, agriculture, fisheries, plantations, and tourist attractions are becoming more developed, as indicated by the many MSMEs exploring the potential in Srigonco Village.

The fourth step is deciding. We expect increased public awareness of the potential of Srigonco Village and the number of MSMEs. By achieving those conditions, development can be generated, reduce poverty, and positively contribute to local revenues.

4.2. SWOT Analysis

We then conduct the SWOT analysis as this is a suitable tool to find problems from four different sides. By doing this approach, we can measure how our *strengths* can take advantage of existing *opportunities* and how to overcome *weaknesses. Next,* how *strengths* can face *threats* that arise and how to overcome *weaknesses* that can become new *threats*. Based on the observation, we provide the SWOT analysis in Table 1.

Table 1: SWOT Analysis.

Strength	Weakness	Recommendation
Abundance of natural resources such as coconuts, bananas, sugar cane. Many natural attractions, such as caves and river crossings, have not been explored. The strategic location of the village (entrance route to Balekambang Beach and Kondang Merak. The construction of JLS.	Very few people still make maximum use of natural resource commodities. Few MSMEs are still developing by processing banana and coconut resources as local superior commodities. There is no direct CSR or real government assistance to villages and community members. Lack of experts to help develop village potential. The types of work carried out by residents are still monotonous. There is still a minimal budget for developing the village's potential. Bumdes, who are still pioneering.	Develop the potential of village natural resources through Bumdes and MSMEs. Village branding, collaboration with experts, sponsors, and CSR companies/BUMN. Carry out further steps in developing typical Srigonco Village products. Comparative studies by PKK women and village officials in villages that have succeeded in developing their regional potential. There is a place/container as a display for MSMEs in Srigonco Village. There is assistance for MSMEs typical of Srigonco Village from professional parties. Branding and marketing of typical Srigonco Village products. Development of cave and river tourism. Development of tourist villages. Local product marketing training.
Opportunity	**Treats**	
Many processed products can be developed (coconut oil, banana chips, woven). Developing a tourist village. Increase community knowledge about potential-based village economic development and Bumdes. Providing village events and selling MSME products. Collaborate with sponsors and CSR. Selling MSME products/products as souvenirs typical of South Malang.	Many tourism development investors are starting to enter. A large amount of land purchased by people outside the village. There is no support for developing village potential from Malang Regency. Though they can make their own, many MSME business products from neighboring villages are mainly consumed by the village community. Youth leave the village to work elsewhere.	

Srigonco Village has strengths in its abundant natural resources, unexplored potential tourist attractions, strategic location, and the construction of the southern part of Trans Java road (JLS).

On the other hand, some weaknesses are a low number of residents utilising natural resources, the small number of developing MSMEs, the absence of Corporate Social Responsibility (CSR) or government assistance, the lack of experts to help village's development, the homogenous residents' work type, a small amount of development budget, and Bumdes who are still pioneering.

Some opportunities are found in Srigonco, including various products that can be developed, tourism development village areas, increasing community knowledge about potential and village-based village economic development, providing village events and selling superior MSME products, collaborating with sponsors and CSR, and various MSME products as a typical souvenir from South Malang area.

We found some Threats include the influx of tourism investors, the purchase of land by people outside the village, the lack of support for potential development from the government, the large number of MSMEs products from neighbouring regions that dominate the market, and the high prevalence of youth leaving to another place for work.

It can be concluded that the main problem in Srigonco village's natural resources availability, but largely unexplored, should be explored by local MSMEs. Next, we found a low rate of the government's role in the development. Lastly, the early stage of Bumdes in Srigonco contributes to the slow growth rate of MSMEs in Srigonco Village.

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5. Conclusions

The development of Srigonco Village requires economic analysis that can integrate the current situation analysis and the vision for the future. The TAIDA method consists of tracking, analysis, imaging, deciding, and acting, and SWOT analysis that examines strengths, weaknesses, opportunities, and threats.

From the four alternative scenarios, a scenario is estimated to be closest to predicting the situation in Srigonco Village, i.e., scenario IV. Unfortunately, this scenario drives the worst possible results compared to other scenarios. Some reasons for this selection are the minimal role of the government through Bumdes and the absence of MSMEs, which are supposed to use natural resource potential for their benefit.

Another problem is related to the lack of initiatives from village communities and the private sector in assessing the potential of Srigonco Village. We also found the uncertainty due to the lack of understanding of the community and experts in Srigonco Village.

However, the facilities the government provides are relatively sufficient, as shown by the existence of Bumdes programmes and the implementation of Local Economic Development (LED).

From the SWOT method, Srigonco Village has relatively high opportunities but is accompanied by minimal actions to take advantage of those opportunities. We suggest more advanced assistance to make Bumdes and MSMEs in Srigonco Village more developed.

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