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**THE STRATEGY OF CREATING EMPLOYMENT THROUGH LOCAL  
ECONOMIC DEVELOPMENT WITH HEXAGONAL APPROACH IN  
TALISAYAN DISTRICT OF BERAU REGENCY**

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**Abstract**

This study was conducted in 10 villages in the district of Talisayan with the object of Community business potential. The goal of this study is to identify the potential resource of the local economy that highly attractive, competitive and potentially to create jobs. Data were collected through focus group discussion with the community. The analysis method used is descriptive qualitative analysis. The results showed that the economically productive featured most likely to create jobs is trade, home industry and services and agriculture, and will be more optimal if it is Synergized with the Heksagonal Approach

**Keywords:** *Local economy, competitiveness, attractiveness, employment and Heksagonal Approach*

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**INTRODUCTION**

The implementation of sustainable regional development is directed at promoting equitable development and reducing poverty in order to increase the optimal utilization of local potentials. In carrying out various activities related to the main tasks and functions of the region, it requires large funding. Therefore, it is necessary to find other adequate sources of financing, considering that not all sources of financing can be provided by the government through the State Budget (APBN) and Regional Budget (APBD).

The limited funding for development through APBN and APBD funds has given rise to the idea that a local economic development program that is appropriate for an area can overcome poverty problems. The resulting local economic achievements are in fact able to provide equitable and sustainable welfare for the entire population, especially the poor in rural

areas. Various policy initiatives from the central and regional governments are synergized. One of them is Talisayan District, Berau Regency with a Job Creation Strategy through Local Economic Development with a Hexagonal Approach which is still being refined with the community and all stakeholders in Talisayan District.

In 2020, the poverty rate in East Kalimantan is 6.10 percent and in Berau Regency is 5.19 percent where Berau Regency is ranked the fourth lowest out of 10 cities/districts in East Kalimantan Province. So far, the reduction in the poverty rate in East Kalimantan has not reached above 1% or has not been significant. The decrease in the poor was 7,200 people or only 0.3% (Zaini, 2013). One area that is able to achieve below the provincial average is Berau Regency. The efforts of the Berau Regency Government to help the poor rise up, namely by educating children from poor families, Investment Support Policy and MSME Sector Assistance, Job Creation and Synergy with all Stake Holders who have the capacity to boost the Regional Economy.

The cause of the high poverty rate is caused by the large number of migrants who are not equipped with skills and the large number of school and college graduates who are not accommodated in the work field (Indra, 2009). In addition, the high poverty rate is also caused by the number of companies in the timber sector and other industries that have gone bankrupt, thus laying off their employees and resulting in an increase in the number of unemployed, especially since the Covid 19 Pandemic around the World.

Various poverty alleviation efforts that have been carried out by the government so far have not produced optimal results. This is because the programs that are being run have not directly hit the root of the problem of poverty itself. The government failed to capture the poverty profile from socio-cultural characteristics and demographic characteristics, such as education level, how to obtain health facilities, number of family members, how to obtain clean water and so on.

The government also failed to examine the poverty profile of economic characteristics, such as sources of income, consumption/expenditure patterns, level of dependents and others, this can be seen from the Poverty Line and Percentage of Poor Population data in Berau Regency as shown in the following table:

**Table 1**  
**Poverty Line and Number of Poor Population in Berau District**  
**Garis Kemiskinan dan Persentase Penduduk Miskin di Kabupaten**  
**Berau, 2016-2020**

<b>Uraian</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
(1)	(2)	(3)	(4)	(5)	(6)
Garis Kemiskinan (Rp/Kapita/Bulan)	465.161	496.385	502.564	526.615	568.500
Jumlah Penduduk Miskin (000 jiwa)	11,47	11,86	11,33	11,62	12,30
Persentase Penduduk Miskin	5,37	5,41	5,04	5,04	5,19
Indeks Kedalaman Kemiskinan	0,97	0,49	0,57	0,66	0,70
Indeks Keparahan Kemiskinan	0,23	0,07	0,11	0,12	0,17

Sumber: Badan Pusat Statistik Kabupaten Berau.

Talisayan sub-district is one of 13 sub-districts in Berau Regency, with a geographical location located between 1,450 to 1,660 north latitude and 118,060 to 118,290 east longitude. Talisayan area consists of land and water with a percentage of 57.1% land area and 42.9% water with a total area of 1,798.05 km<sup>2</sup>. The distance from the Talisayan sub-district to the Regency Capital is about 152-182 km. Talisayan sub-district consists of 10 villages, namely Campur Sari, Bumi Jaya, Tunggal Bumi, Dumaaring, Suka Murya Purna Sari Jaya, Sumber Mulia, Eka Sapta, Talisayan, and Capuak.

In Talisayan Sub District, the problem of poverty is also a major problem that needs to be resolved jointly by the Regional Government with the Village Government and in synergy with the business world, with a population of almost 12 thousand people and an average annual population growth rate of 1.79%. From the conditions in Talisayan District, Berau Regency, which applies a local economic development approach. It can be described some related research that has been done previously in the form of journals, articles, theses, and doctoral dissertations that were reviewed and grouped into several types of discussion in the Local Economic Development, Community Based Tourism, Economic Development, and Endogenous Development clusters.

Research that has been carried out in the form of local economic development has differences according to the involvement of stakeholders. As the findings of Mulyana et al. (2017), the economic development of local communities through educational tourism only involves universities that have facilities and information that can be disseminated to the public. On the other hand, the community will also boost their economy by being involved in educational tourism through the "Jatinangor education tour ITB", Padjadjaran University,

IKOPIN, and IPDN, then tourists will be helped by the information they receive. In this research, higher education institutions are the key to implementing activities.

This is different from the research by Hutagalung (2010) which emphasizes that sustainable LED needs to take into account the environment and this must be done by economic actors as the main LED actors. Economic actors include local governments, communities, and the business sector. Other research related to LED was presented by Naiyati et al. (2015). His dissertation provides a refinement of the developmental approach in the perspective of social welfare which is implemented in the concept of social development through area-based LED which conceptually requires synergies between the government and the community to improve the welfare of the community. Meanwhile, Yoehansyah et al. (2013) and Susanti et al. (2013) LED research was conducted with a focus on the role of the government in the development of tourism objects as a coordinator and facilitator by involving the community directly, the village community was given the freedom to innovate in managing and highlighting their potential to be known by the wider community, so as to have a positive impact on the community. where with the development of the local economy, new jobs are created so that it improves the economy of the local residents.

Furthermore, the LED research conducted by Fakhri and Laksmono (2003) focused on trading which means turnover. Handel as PEL is intended to meet the capital needs of farmers in doing business, is a local wisdom in Solok to deal with moneylenders. Meanwhile, related to the thematic community based tourism in the four studies conducted by A'inun N et al. (2015), Syafi'i and Suwandono (2015), Susanto et al. (2016), and Rahayu et al. (2016) focuses on developing the potential of villages to be able to manage their own tourism and make their village an independent village. CBT in this study tries to describe the integration of the local environment, culture and traditions into new experiences for visitors who come to the village. Another thing was conveyed in Gunadi's research (2016) which further identified the values of local wisdom of the community and studied them with the principles of community-based tourism (CBT). Furthermore, research by Kausar et al. (2014) looked at the process of community empowerment through community-based tourism and how the benefits in economic, social, cultural, environmental and political dimensions as well as obstacles in the development of CBT.

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Finally, research by Hien (2007), Kochi (2017), and Ohe (2008) discusses endogenous development which places human development as the first goal by building strong social capital, rural residents can create culture from the 'inside' and local industry and Rural tourism will provide new opportunities for farmers and residents in rural areas to improve their welfare

Based on a review of previous research, there are several research gaps, including:

- ❖ Previous research has generally discussed one concept, namely between local economic development or community based tourism as a basis for conducting analysis, but not many studies have discussed the concept of Local Economic Development (LED) and the concept of Community Based Tourism (CBT) in an integrated manner as a collaboration. adapted to the profile of the research area.
- ❖ No research has been found that discusses the impact of Local Economic Development (LED) and Community Based Tourism (CBT) on the welfare of the community and aspects of local economic institutions that support it.

One of the efforts to effectively address the problem of poverty in accordance with the ILO recommendation No. 189 of 1998 concerning General conditions for the promotion of job creation through small and medium-sized enterprises is to create jobs. Access to employment is the most guaranteed way out of poverty. Thus, job creation policies and programs continue to play an important role in fighting poverty. These recommendations serve as the basis for changing and leaving the government's top-down poverty alleviation model for the poor to a bottom-up one. All policies taken by the government must be pro-poor (ILO, 2004).

Based on ILO recommendation No. 189 and the problems and research gaps above, the question formulated for this research is how the impact of local economic development through job creation on the economic welfare of the community in Talisayan District, Berau Regency, East Kalimantan Province, then the researchers try to apply a model creation strategy employment opportunities through local economic development in Talisayan District because the Talisayan area is still ranked second for poor families with 6,050 households (Sade, 2010). The main problem in this research is which sectors and superior products are potential local economic resources that are attractive and highly competitive that can create jobs for the people in Talisayan?

This research was carried out with the aim of identifying the potential of local economic resources that are attractive and highly competitive that can create jobs, identify the leading business sectors in each village and identify productive economic businesses and superior products, of course, using the Hexagonal Approach. The results of this study are expected to contribute as a model of job creation through the development of a productive economy based on local economic potential with a Hexagonal approach for the realization of increasing people's income, reducing unemployment, reducing poverty levels.

### **THEORETHICAL BASIS**

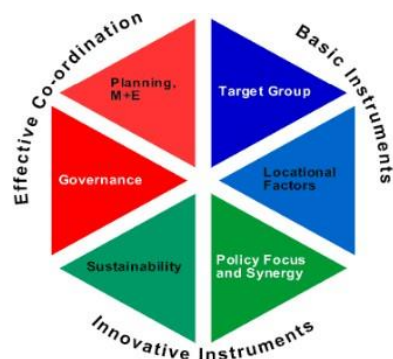
Local Economic Development (LED) is a process when actors in the community, both cities, regional areas and big cities, namely the government, the private sector and the community work together collectively to create conditions for economic development and better generation growth. (World Bank, 2001). Local economic development is one approach in regional development and has 2 keywords, namely 1) cooperation between all components and 2) optimal utilization of local resources (Ministry of Public Works Cipta Karya, 2012) According to Blakely in Supriyadi (2007, p.103-123) the success of local economic development can be seen from several indicators, namely: 1) expansion of opportunities for small communities in employment and business opportunities; 2) expansion for the community to increase income; 3) the empowerment of micro and small business institutions in the production and marketing process; and 4) institutional empowerment of partnership networks between the government, private sector, and local communities.

Hexagonal LED (Local Economic Development) or Local Economic Development according to (Mayer & Stamer, 2014) is a kind of didactic tool. The purpose of this model is to compile and remind important issues in the process of local economic development. The hexagon model consists of six triangles where each triangle relates to a particular issue. However, these six triangles are not interpreted as a sequence of activities, but only as a classification of essential issues in LED.

The first and second triangles (target group and locational factors) are referred to as the core LED instruments. The third and fourth triangles (policy focus and synergy and sustainability) are innovations and expansion of the scope and perspective of LED which are



called innovation instruments. The fifth and sixth triangles (governance and planning M+E) deal with issues related to LED implementation and are classified as the coordination triangle.



**Picture 1 Hexagonal PEL**

Source : <http://www.meso-nrw.de/toolkit/hexagon/hexagon.html>,  
2021

Hexagonal LED is an analytical tool that can be used to describe and measure LED conditions in an area. Based on the results of the mapping, then an analysis of the hexagonal components of the LED which acts as the leverage factor of the LED is carried out. Based on the value of these levers, a LED development strategy is then drawn up (Bappenas, 2006).

Opportunities to develop the potential of local community resources are still large although the challenges faced are also quite large. These challenges relate to the capacity of human resources, capital, networks and government networks. However, several people's economists (Korten, 1988; Mubyarto, 1984; Ismawan, 1992; Sarman & Sajogyo, 2000) explicitly stated that community-centred planning in program planning places the community as a subject to recognize problems, potentials and independently will achieve independence in overcoming their problems. Afifi (2007) relates local economic development as a poverty alleviation strategy, the poor as an asset that has the potential to become a major force in spurring regional economic development if human potential can be mobilized and developed.

The results of Suyono's research (2006) found that the partnership program for local economic development (KPEL) had a statistically positive effect on the income of silkworm farmers in Wonosobo Regency. The implication of this research is that poverty eradication in the regions can be done with a partnership program for local economic development. While Blakely & Bradshaw (2002) see LED as a process in which local government and community organizations are involved to encourage, stimulate, maintain, business activities to create jobs. Furthermore, Indratno & Agustina (2005) stated that LED is one of the steps in poverty alleviation. Poverty alleviation with a local economic development approach can encourage, stimulate, create an entrepreneurial spirit in the community and grow the economic potential of

regional assets. To overcome the problem of poverty, an appropriate, effective and efficient model is needed which is realized in various integrated and sustainable empowerment programs. The local economic development model is inseparable from efforts to accommodate the aspirations and real needs of the poor.

The purpose of local economic development is to create higher and sustainable economic growth and full employment opportunities through increased investment activities in the region. Local economic development does not only emphasize the economic aspect, but rather on the approach of partnership and cooperation between the parties, including the government, entrepreneurs and local community organizations. Therefore, all development actors must be involved in the process of diagnosing, planning, implementing and controlling activities within the framework of local economic development.

Dendi & Mahman (2007) say that the local economic development (LED) approach used is highly dependent on the potential, opportunities and problems faced by the region. However, there are several LED approaches to choose from or combine which are considered the basic menu. There are five basic LED menus, namely the cluster approach, the public-private partnership approach, the small business approach, the regional approach and the value chain approach.

So the development of the local economy can be said as an effort to strengthen competitiveness that can be directed to the development and strengthening of the regional economy. The development is carried out for economic recovery based on productive and independent economic potential through the involvement of various elements of society (stakeholders) in encouraging and maintaining business units and creating new jobs. These stakeholders consist of individuals, companies and or community organizations, the private sector and the non-profit sector who have the interest and ability to support community development.

## **RESEARCH METHODS**

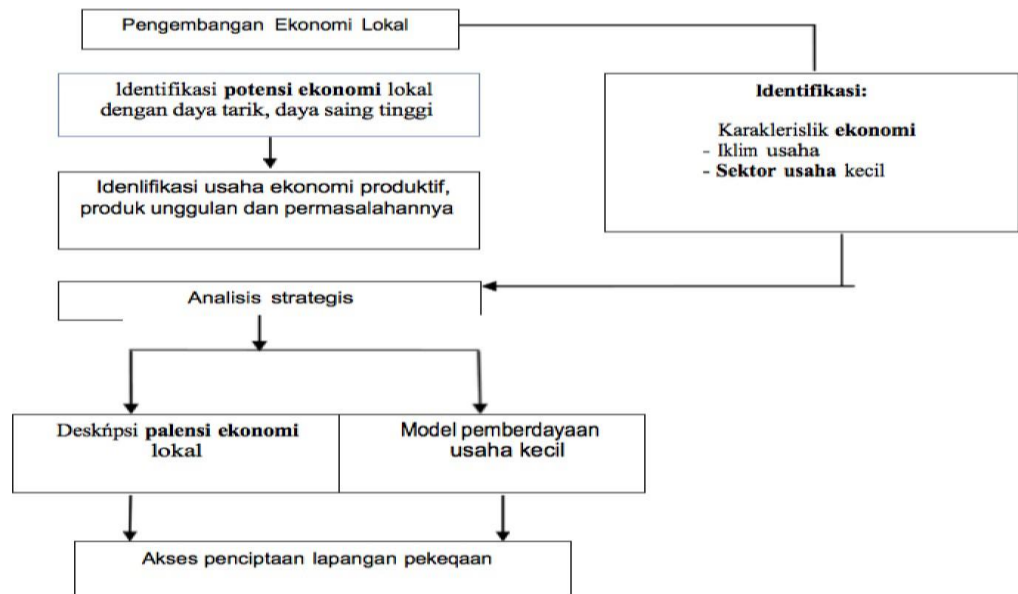
The research design model for local economic development begins with the identification of potential local economic resources that have high attractiveness and competitiveness and have the potential to create jobs. Followed by efforts to identify superior productive economic businesses in each village and various problems that hinder efforts to develop superior



products. From the results of the identification as the basis for determining the model of job creation for the poor, especially through local economic development in Talisayan District. The research framework is contained in Figure 2. The research population is the population of Talisayan District as many as 120,535 people (BPS, 2010). The research focus is on the business potential of the Talisayan community supported by environmental, regional, social, economic and cultural data as well as demographics. The selected sample is a group of small community businesses in the trade, service, home industry, agriculture, animal husbandry sectors in thirteen (13) villages/kelurahan in the Talisayan sub-district.

The data required in the form of primary data and secondary data. Primary data is data obtained directly from the community about the local economic potential and livelihood patterns of local communities in 13 villages/kelurahan in the Talisayan sub-district. The method used to explore primary data is through Focus group discussion (FGD). Secondary data is a source of research data obtained by researchers indirectly through intermediary media (obtained and recorded by other parties). Secondary data in the form of population data, social development, regional environment obtained from information both published and unpublished by the Government of Berau Regency (Berau and Talisayan in figures) by BPS. Secondary data is collected by means of documentation and checklists of the basic potential interaction matrix and the potential benefits that are distributed to the community.

The analytical method used is descriptive qualitative analysis, which is a study method that examines a situation with the aim of making a systematic, factual and accurate description and description of the facts in the field and assessing the relationship between the phenomena investigated from the results of focus group discussions. The analysis is carried out to identify the potential of local economic resources that can provide job opportunities for the poor. The strength of productive economic business in each village is a leading business sector that becomes a model for job creation.



Picture 2. Research Framework

## RESEARCH RESULTS AND DISCUSSION

The inhibiting factors for the development of businesses that are the livelihoods of the Talisayan community from the results of the FGD are grouped into five (5) sectors. The root cause of each sector is shown in Table 1. The results of the FGDs can be recorded on the basic potential, potential returns on local economic resources owned by the people of Talisayan Sub-district which are seen from the aspect of strategic groups of business actors as shown in Table 2. The various needs needed to develop a livelihood business for the people of Talisayan District can be grouped into eight (8) needs, namely:

01. **Empowerment:** Potential human resources need to be empowered in the management and development of local economic potential in every village/kelurahan. Community empowerment is expected to be able to reduce unemployment and increase people's income.
02. **Business capital assistance :** Business capital assistance is eagerly awaited by every strategic business group that is the livelihood of the Talisayan community, the majority of which are in the small business category.
03. **Price stability and availability of production inputs** For farmers, they really hope that the Berau Regency Government will take strategic steps as an effort to maintain the stability of production input prices. With stable production input prices

can help farmers increase the productivity of their agricultural products. This business group also needs financial assistance from planting to harvesting and a policy of incentives for farmers to obtain affordable prices for medicines and fertilizers and have sufficient stock.

04. **Training and coaching** : The community needs coaching and assistance for skills training in certain technical fields from local governments and companies on an ongoing basis in order to improve the quality of business management they are involved in. The form of development can be done through providing counseling and guidance according to the needs they need on an ongoing basis. The needs of craftsman business groups, small businesses, home industries in the form of skill development in the field of bookkeeping, product quality standardization, product marketing assistance, business management and entrepreneurship.
05. **Marketing promotion assistance** : Goods/services that are the main commodities of small community businesses need promotional assistance from local governments and partner companies to increase sales volume and public acceptance. Product marketing is difficult for small businesses, let alone beginners. Therefore, it is necessary to intervene from relevant agencies to introduce their products through activities, such as exhibitions.
06. **Regional policies for the smooth running of small businesses** : A regional policy that is in favor of small businesses is needed based on the development of local economic potential, thus opening up job opportunities for the local community.
07. **Easy access to banking** : The small and micro businesses that are involved in the community really need the support of the local government to obtain easy access to banking or credit guarantees, so that they obtain sources of funding for business development.
08. **Partnerships with large companies.** : The community hopes that their business will become a foster partner of large companies operating in Berau Regency. Thus, the community can benefit from fostering business management for the existence of partner companies.

Based on the results of the analysis using the interaction matrix between basic potentials and derived potentials, the order of the leading business sectors that have the highest scores is in the business sector:

- 1) Trade. This business sector is mostly entered by the Talisayan community because the barriers to entry are very low. The commodity objects that are most traded by the community include food, beverages, basic necessities, and agricultural products. Judging from the way people trade, they are traveling around, hawkers, street vendors, settling in the form of kiosks/warungs/shops. This business can be developed in almost all villages/kelurahan in Talisayan.
- 2) Home industry and services. Home industries that are commonly found are handicraft industries in the form of beads, tofu and tempeh, various shrimp and fish chips/crackers, soy milk, herbal medicine, pastries and blacksmiths, and shipbuilding. Services that become the livelihood of the community are carpentry, salons, sewing, workshops, washing clothes.
- 3) Agriculture and animal husbandry. Agricultural production in the form of corn and vegetables is one of the potential economic resources that can be developed and has the opportunity to open up business opportunities in the upstream-downstream sector which in turn can create job opportunities for the local community. The villages/kelurahan that have potential in the agricultural and livestock business sectors are Bumi Jaya, Eka Sapta, Pursarijaya and Dumaring.

Leading Products identified in Talisayan District are as follows :

- (1) Fish Crackers It is a local processed product from a fishing village in Talisayan. Buyers of these food products are not only the Talisayan community but also people from other sub-districts and even from outside the district. The development of the local economy through the development of superior products in the form of fish crackers can be optimized for benefits for the community if it is supported by the policy of the Berau District Government through the establishment of the 'Healthy Lifestyle and Love of Local Products' Movement. The increasing demand for food products increases community business opportunities and creates jobs for the community.
- (2) Various traditional foods Amplang, pastries, tofu-tempe and other traditional cakes

are local products that have the potential to be developed into a business that creates jobs for the community. This product has better business prospects because it has been designated as a typical Berau food which has become popular with the public as souvenirs. The Berau Regency Government has established Talisayan District as one of the centers for culinary tourism. This business prospect can encourage the creation of derivative businesses in the livestock and agriculture sectors to support the availability of raw materials.

- (3) Craft Crafts made from beads and velvet cloth that are embroidered in the form of certain items are classified as traditional crafts. The output is in the form of traditional Dayak clothes, handbags, key chains and so on. The number of requests is quite good and supported by the skills of human resources and raw material resources, making beaded crafts found in almost all villages and as a center for making souvenirs from Berau Regency. This beading skill is also taught in elementary schools as local content knowledge.
- (4) Agricultural & livestock products Corn is the main product of Eka Sapta Village and Purnasari Jaya is the largest supplier of food and feed for the people of Berau Regency in general. Hybrid corn has high quality and clean and the amount of production can reach between 3.5d tons per hectare. Cows are one of the livestock that are developed in groups. The management system is rolled out to each Family Head. The number of cattle can reach 50 heads and each year breeding on average one cow has 1 to 2 calves. The existence of a large number of cattle in the Talisayan area makes this area a supplier of meat for the people of Berau Regency.
- (5) Small industry and services The shipbuilding industry began to grow and develop in Talisayan District and was most commonly found in the Talisayan Village area. The growth and development of the shipbuilding industry opens up job opportunities for the surrounding community. Many carpentry services are offered by immigrant communities living in Talisayan.

All of the superior products mentioned above are productive economic potentials that can be developed in order to create jobs for the community which in the end can overcome the problem of poverty in the Talisayan area. These superior products serve as models of job

creation for the Talisayan community. The superior products selected must be superior products that are attractive and highly competitive. The attractiveness of the traditional food and beverage business sector is that it has been proven to be able to make ingredients in crisis conditions, the number of requests continues to increase, it is not eroded by changing times because it has its own market segment. Traditional drinks and foods are processed naturally and without preservatives. Traditional food has an appeal in terms of being made from organic ingredients, has a varied taste, crunchy and affordable prices.

The strategy for developing regional local economic potential is carried out by: 1) optimizing the potential for superior products and is stated in the Berau Regency Government's strategic policy. 2) Strengthening productive businesses comprehensively across sectors of regional work units (SKPD) aimed at small businesses, trade, home industries based on primary sector activities, namely sustainable agriculture. 3) There is a joint commitment between the Berau District Government-community-business actors for alleviating the poor from income and non-income aspects. The following is an overview of the Talisayan Local Economic Potential analysis table as a result of the Focus Group Discussion which provides a lot of contributions and information about the local economic potential description of Talisayan District as one of the Supporting Districts in Berau District.

**Table 3. Analysis Table of Talisayan's Local Economic Potential**

<b>Strategic Group</b>	<b>Local Economic Potential</b>
1 Small Farmer	Community Livelihoods in the Village Become a political commodity High Participation Rate
2 Craftsman	Business opportunities for the community in several villages, additional source of income and Tourism development support
3 Trader	Business opportunities for people in urban, suburban and rural areas Supplying community needs Agricultural product marketing
4 Farmer	Become an additional livelihood for farmers Business opportunities for most farmers who own land



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5	Small and medium entrepreneurs	The numbers are relatively large and are found in suburban and urban areas. Creating jobs Contribute to regional income and business opportunities for housewives
6	Construction workers	Business opportunities for immigrant communities who live in urban areas and become a source of family income
7	Domestic Industry / Household Industry	The relatively large number of product variations produced by the home industry. Business opportunities for housewives. Additional source of income. Contribute to tourism development.
8	Laundry service	Business opportunities for housewives. Source of family income. The skills and tools used are relatively conventional. Traditional manufacturing process.
9	Village apparatus	Has the authority for planning and implementing village development, Mediator between the business world and the community and village government. Village regulations and village government policies

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Furthermore, to further strengthen the research analysis, a Hexagonal Approach is needed to optimize research analysis, especially identifying Local Economic Development with the description of the first and second Triangles (target group and locational factors) referred to as the core LED instrument. The third and fourth triangles (policy focus and synergy and sustainability) are innovations and expansion of the scope and perspective of LED which are called innovation instruments. The fifth and sixth triangles (governance and planning M+E) address issues related to LED implementation and are classified as coordination triangles.



Picture 2 Talisayan Growth Area Development

Source : RPJMD Kab Berau 2021-2026

Next, using a combination of the Hexagonal Approach, the Talisayan District LED assessment was carried out using the Rapid Assessment Technique for Local Economic Development (RALED) analysis. RALED is carried out based on six hexagonal LED dimensions, namely the target group; location factor; sustainable development; synergies of focus and policy; governance; and management processes. Calculations on RALED are carried out by giving an assessment of the dimensions or aspects in the hexagonal LED which are divided into four, namely: Good (good) 75;50 Up (quite good) < 75;50 Down (bad) < 50; and Bad (Very bad) < 25. The results of the RALED analysis are used to determine the leverage factors in a region's LED. Leverage factors can be used as the basis for preparing the Talisayan District LED action plan to determine policies and indications of strategic programs.

### 1.1 Target group dimensions

The LED index of Talisayan District in the dimension of the target group has a value of 82,308. This index is included in the good category. Local government incentives in the form

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of providing stimulant funds, and relief from licensing fees have a high value because the Berau Regency Government has carried out tax relief in managing the local economy in Talisayan District.

#### 1.2 Location factor dimension

The LED index of Talisayan District in the dimension of the location factor has a value of 73,529. This index is included in the fairly good category. Talisayan sub-district already has LED supporting infrastructure, but some facilities/infrastructure need to be improved.

#### 1.3 Dimensions of Sustainable development

The LED index of Talisayan District in the dimension of sustainable development has a value of 72,222. This index is included in the fairly good category. The environmental dimension in the PEL in Talisayan District has a fairly low value because in existing conditions there are still environmental problems, such as poor waste management.

#### 1.4 Dimensions of Synergy and Policy Focus

Talisayan District LED Index in the dimensions of synergy and policy focus has a value of 73,750. This index is included in the fairly good category. Talisayan District LED has several policies that support local economic management

#### 1.5 Dimensions of Governance

Talisayan District LED Index in the governance dimension has a value of 81,667. This index is included in the good category. The LED governance dimensions of the Talisayan District LED are included in the good category because in the existing condition there has been interaction between the government and the private sector and the community.

#### 1.6 Dimensions of Management Process

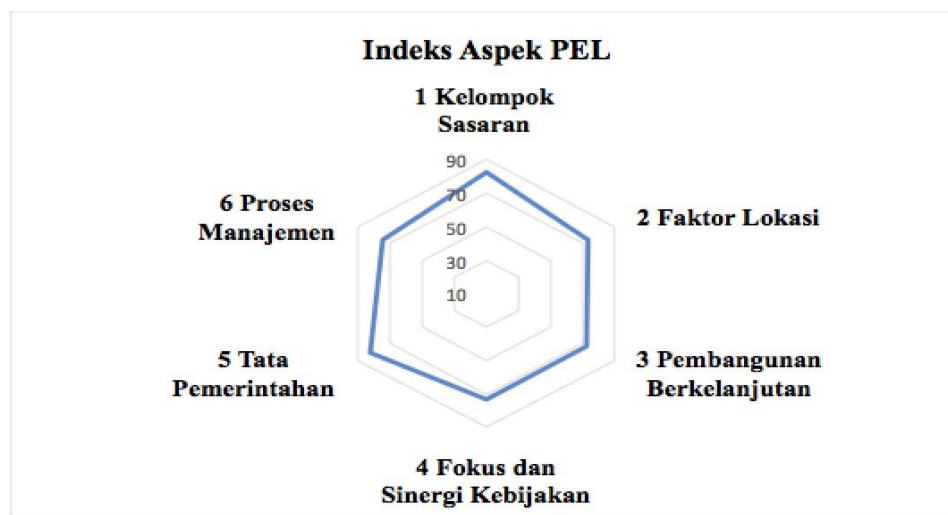
The Talisayan District LED index in the management process dimension has a value of 74,231. This index is included in the fairly good category. In the development of LED, Talisayan District has several stakeholders who have roles in the planning and monitoring and evaluation processes.

#### 1.7 Status of local Economic Development in Talisayan Subdistrict

The results of the LED analysis in Talisayan District using RALED show that two dimensions of LED are in the good category and four dimensions are in the fairly good category. Two dimensions that are included in the good category are the dimensions of the

target group and the dimensions of governance. These two dimensions can be maintained in the Talisayan District LED. The four dimensions contained in the fairly good category are the dimensions of location factors, dimensions of sustainable development, dimensions of synergy and policy focus, and dimensions of management. The largest index is obtained by the dimension of the target group with a value of 82,308 and the lowest index is obtained by the dimension of sustainable development. The dimension of sustainable development with the lowest index requires special attention in Talisayan District LED.

Overall, the LED status of Talisayan District has a value of 76,259. Therefore, the LED status of Talisayan District is in good condition because it has a value above 75.



**Picture 1.7 Indeks PEL Talisayan Sub District**

## **DEVELOPMENT CONCEPT**

The dimensions of the target group and the dimensions of governance are already in a good category, so it is necessary to maintain and develop these dimensions. The dimensions of the target group can be developed through socializing the business prospects of LED in the Talisayan District through social media and exhibitions on the economic potential of the Talisayan District. Several aspects in the target group dimension also need to be maintained, such as maintaining an incentive policy in licensing fees and ease of investment, increasing entrepreneurship training activities for people who are new to doing business, and also being able to optimize capital facilities to assist the community in the LED process. The governance dimension relates to the governance of the LED in Talisayan District. Activities that can be

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carried out in LED are optimizing aspects contained in the governance dimension, optimizing the role and function of Industry/Commodity Associations/Business Forums in terms of partnerships in the fields of promotion and trade, business financing, infrastructure. The dimensions of the management process, synergy and policy focus, location factors, and sustainable development are dimensions with a fairly good category.

The dimensions of the management process can be improved or improved through optimizing the role of stakeholders in the planning process up to the monitoring and evaluation of PEL in Talisayan District. The dimensions of synergy and policy focus are developed through policy synergies related to LED in Karang Ploso District. The dimensions of the location factor can be strengthened through the construction of supporting infrastructure for LED in Talisayan District. Finally, the dimension of sustainable development through increased efforts for waste and waste management.

Based on the explanation of the LED, the action plans that can be implemented in Talisayan District are:

01. Socialization of LED business prospects to attract investors to conduct business activities in Talisayan District. The socialization of business prospects is accompanied by intelligence on how to invest in the local economy in Talisayan District. The district government and related offices of Berau Regency LED can take a role in terms of investment permits. Investors can apply for investment permits through the Berau Regency DPMPTSP.
02. Community training so that they can take part in the LED process in Talisayan District. Training can be in the form of increasing skills in agriculture as well as in good business management so that they have competitiveness. Community training can be done in Eka Sapta Village. Pangestuti et al. (2018) conducted research on mapping the economic potential in Dumaring and Purnasari Jaya villages. which has economic potential in the agricultural sector.
03. Establishment of a capital loan agency with low interest rates. Capital lending facilities can be in the form of cooperatives or regional financial institutions. Community economic empowerment through zakat, infaq, and shadaqah.
04. Local governments can take advantage of Industry/Commodity

Associations/Business Forums in partnership so that MSME activities can be assisted. MSMEs can find business partners through these activities. The local government has a role as a facilitator between MSMEs and other business actors. Local governments can also promote MSMEs in Talisayan District through the MSME Sustainable Development Program, one of which is through the MSME Corner.

05. Involvement of stakeholder roles in decision-making related to LED planning in Talisayan District. This is done so that the implementation of LED can accommodate the interests of stakeholders and minimize miscommunication. Stakeholders also need to be involved in the monitoring and evaluation process so that the LED implementation is in accordance with the plan.
06. Procurement and maintenance of supporting facilities and infrastructure, for example transportation facilities and infrastructure (vehicles, roads), energy infrastructure (electricity, water), and communications. Infrastructure development can be carried out in all local economic sectors in Talisayan District.
07. Increased efforts to maintain the environment. The dimension of sustainable development is the dimension with the lowest index in the hexagonal LED analysis. Environmental management is an important priority in Talisayan District LED.

## **CONCLUSIONS AND SUGGESTIONS**

Based on the results of the analysis and discussion in general, it can be concluded that the potential of local economic resources that are attractive and highly competitive that can create jobs for the community are:

01. In terms of the business sector, in order of priority: trade, household and service industries, agriculture and animal husbandry.
02. Judging from the types of superior products in a row based on the priority scale: Hybrid corn, traditional food & beverage, beadwork, rice, vegetables & beef, carpentry services.
03. Judging from the superior local potential of each village/kelurahan: trade and home industry and services have the potential to be developed in the villages in Talisayan District.



The research results obtained underlie the following suggestions:

01. An integrated and sustainable local economic development planning action is needed from the local government in strengthening the capacity of the informal business sector.
02. Improved cross-sectoral coordination between SKPDs of Berau Regency related to poverty alleviation efforts through job creation in the productive business sector which is a superior product that has high attractiveness and competitiveness.
03. It is necessary to evaluate and sharpen various poverty alleviation programs that have been carried out by the Berau Regency government so far, namely programs that are able to encourage economic independence.
04. A place for developing superior product centers based on local potential such as the agricultural and agri-business sectors in Talisayan District.

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