

An Assessment of the Local Economic Development of Songkok Industry in Gresik, Indonesia

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Abstract

The small and medium songkok industries in Gresik Regency have developed and spread to form centers, becoming superior products and objects of cultural advancement. This study aims to assess the condition of the Local Economic Development (LED) aspect, the overall condition of LED, and the LED strategy based on centers. Previous research on LED based on centers is still limited, as it only links variables without exploring the supporting aspects in more depth. This study applies a descriptive quantitative approach with RALeD (Rapid Assessment Technique for Local Economic Development) data analysis using hexagonal PEL. Data were collected through LED questionnaires according to Bappenas guidelines. The results of the study showed that there were 2 aspects with very good conditions, namely Location Factors and Sustainable Development, 3 aspects of good conditions, namely Target Groups, Governance, and Management Processes, 1 aspect of poor conditions, namely Synergy and Policy Focus. Overall, the condition of LED has a good status. The strategy that needs to be applied to LED to run more effectively can be done by using the results of the analysis of the leverage factors in each aspect of LED.

Keywords: Hexagonal LED, Local Economic Development, Songkok Center

1. Introduction

Regional development has an important role because it is an inseparable part of and is in line with national development. As a place of residence for residents, it can be ensured that every government development program will always focus on regional development (Lambuaso et al., 2020). Regional development is designed to create the ability to manage and utilize resources effectively to provide a positive impact and contribute to the regional economy. However, there are still many regions that have difficulty increasing local economic independence and face inequality in economic and social development (Asnuryati, 2023).

Granting authority to regional governments to handle elective matters is an opportunity to develop local regional advantages and potential, so that it can increase development and achieve independence (Febryanti, 2014). One of the actions that local governments can take to maximize and develop regional resources and potential is to implement the concept of Local Economic Development (LED) (Budiharsono, 2015). LED is used to increase the economic capacity of a region to improve the conditions of economic development and the quality of life of the community. The LED process involves collaboration between business, non-governmental,

and public sectors to create a better situation for regional economic growth. (World Bank, 2006).

The presence of SMI (Small and Medium Industry) plays an important role in improving community welfare and encouraging development (Suranto et al., 2022). According to Kementerian Perindustrian (2024) SMIs demonstrate their strategic role in the national economy as seen from the total number of SMIs reaching 4.19 million business units and absorbing 66.52% of the total national industrial workforce. SMIs play an important role thanks to their contribution to job creation, welfare equality, and poverty reduction.

TABLE 1

NUMBER OF SMIs IN GRESIK REGENCY

Year	Number of SMIs
2018	7.207
2019	7.275
2020	7.331
2021	7.389
2022	7.449

Source: Gresik Regency RKPD (2024)

In Gresik Regency, the number of SMIs has continued to increase over the past five years. Although growth slowed down due to the COVID-19 pandemic, SMIs have shown recovery along with improving economic conditions after the pandemic. The development of

SMEs is utilized by the government as a foundation for creating regional economic development strategies.

Every region has the potential for superior products that have unique characteristics that distinguish them from other regions, and have competitiveness that can open up job opportunities and become a source of income for the surrounding community (Umam et al., 2018). The superiority of these local products reflects the capabilities and potential of the region, which not only contributes to the welfare of the local community but also the development of the national economy.

Gresik Regency has a mission to realize balanced economic independence between sectors and regions and improve social welfare by creating jobs and ensuring the fulfillment of the basic needs of the Gresik community. This can be closely related to Local Economic Development efforts in developing regional potential. Gresik Regency, known as the City of Santri, is the center of songkok production and is one of the leading products in Gresik Regency (Novianti et al., 2022).

SME songkok in Gresik has developed and spread to several regions forming groups of craftsmen which then became a center. The SME Songkok Center is one of the centers that has received attention from the Gresik Regency Government through the Nawa Karsa Gema Karya program (Akasah, 2024). This program is implemented sustainably through the RPJMD of Gresik Regency to empower and support industrial development. Based on the RKPD of Gresik Regency, songkok/kopiah also plays a role as a product of cultural advancement that is developed.

TABLE 2

NUMBER OF SONGKOK SMIs IN GRESIK REGENCY

Village	Sub-District	Number of SMIs
Bungah	Bungah	15
Raci Wetan	Bungah	20
Kemuteran	Gresik	115
Kroman	Gresik	15
Pekelingan	Gresik	20
Sukodono	Gresik	10
TOTAL		195

Source: Department of Cooperatives, Micro Enterprises, Industry, and Trade of Gresik Regency (2024)

The Department of Cooperatives, Micro Enterprises, Industry, and Trade (Diskoperindag) of Gresik Regency noted that the Songkok Center is spread across six villages in two sub-districts, namely Bungah and Gresik Sub-districts with a total of 195 SMIs. Gresik Sub-district is the area with the highest concentration of songkok industries.

Based on a survey in the Final Report of the Study on the Identification and Development of Community-Based Creative Economy in Gresik Regency in the Gresik City Area in 2022, compiled by the Gresik Regency Government, it is written that entrepreneurs

in the creative economy sector face obstacles in marketing the services and products offered. This is reinforced by the author's interview with an employee of the Gresik Regency Trade and Industry Office who stated that management that still relies on a family and traditional system results in songkok business actors still having difficulty in building relationships and marketing their products. Family economy is also often a problem in running a business. In addition, the home industry work system that is applied, starting from raw materials to the sewing process is carried out in bulk between houses, this can cause problems if the quality of the craftsmen is uneven and has the potential to reduce the quality of the products produced. Dependence on imports of raw materials from abroad also causes business actors to often experience difficulties in terms of the availability of these materials.

Due to these problems, the role of stakeholders in local economic development is needed. Mulyana et al. (2019) research with a qualitative description approach using hexagonal LED on cassava opak production in Sindangpanon Village, Banjaran District, found that various resources to support the LED aspect are available, but there are still various limitations and the community has not been fully able to access these resources. Then research by Narto (2019) In Songkok SMEs in Gresik Regency, external factors have a direct influence on internal factors and competitiveness, but internal factors do not have a direct influence on competitiveness.

Based on the background and several previous studies, further research is still needed on Local Economic Development, especially center-based. Research on center-based LED is still difficult to find. In addition, there are limitations in several previous studies that only link variables without exploring the supporting aspects in more depth. The urgency of this research arises because of the importance of understanding the key aspects that support LED in the Songkok Center of Gresik Regency which has great potential to improve the local economy. This research is expected to fill this gap by identifying the status of aspects, overall status, and strategies in center-based Local Economic Development or regional potential in the Songkok Center of Gresik Regency.

2. Literature Review

Economic development is a multidimensional process that includes the restructuring of the entire economic and social system that focuses not only on production and income growth, but also requires changes in social structures, institutions, administration, and attitudes, habits, and beliefs of society (Todaro & Smith, 2011). One of the main goals of economic development is to create a just society and achieve prosperous economic growth so that the benefits can be felt evenly by all levels of society (Arifqi, 2019).

Regional economic development is implemented through decentralization following Law Number 32 of 2004. Regional economic development planning is an effort to optimize the use of public resources in a region to increase its effectiveness, this process involves cooperation between local governments and the community. The main challenge in regional development lies in determining the direction of development policies that must be adjusted to the characteristics of the region (endogenous development) by optimizing the potential of local labor, institutions, and physical resources (Siwu, 2017).

Every region has the potential for superior products that have unique characteristics that differentiate them from other regions and have competitiveness that can open up job opportunities and become a source of income for the surrounding community (Umam dkk., 2018). Usually, superior regional products are produced by several people in a particular area and form a center.

An industrial center is defined as an area consisting of a group of similar industries (Richardson, 1971). This means that these industries use the same raw materials, carry out similar production processes, and produce similar products. Industrial centers do not only rely on companies as the main actors but at every stage of the process also involve the community. The existence of these centers can contribute to growing and building the regional economy, both in urban and rural areas (Djadjuli, 2018).

One important part of regional development is implementing the concept of Local Economic Development (LED) (Yusri, 2023). LED is a stage where local governments and community organizations work together to support, drive, and maintain business activities to create employment opportunities (Blakely, 1994). The goal of LED is to increase the economic capacity of a region to improve future economic conditions and the quality of life of the community through cooperation between business, public, and non-government sector partners in creating conditions that support economic growth and job creation (World Bank, 2006).

LED is very important for regions, among other things because LED can provide better wages, additional benefits, and career advancement opportunities for workers. LED makes businesses feel valued by the community, thus making residents more motivated to live in the area and contribute to the local economy (Budiharsono, 2015).

Hexagonal LED is an instrument used to evaluate and describe LED conditions (Meyer-Stamer, 2005). This hexagonal consists of six triangles that play a role in organizing the main concepts and instruments of LED. Six aspects are part of the LED hexagonal components, namely target groups, location factors, synergy and policy focus, sustainable development, governance, and management process.

and management processes. This tool can make it easier for practitioners and stakeholders to understand the complexity of LED, as well as to examine the various options and potential conflicts that may occur in the LED process (Meyer-Stamer, 2005).

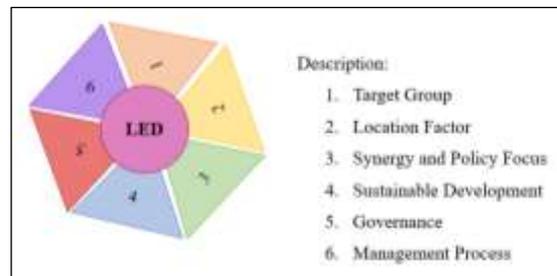


Figure 1: Hexagonal LED

Source: (Meyer-Stamer, 2005)

The components of the Local Economic Development (LED) aspect in the hexagonal can be described as follows (Budiharsono, 2022):

1. Target Group Aspect

To attract foreign investors, policies are needed that support ease of investment, and access to information related to business prospects, legal aspects, business capacity, and security. In addition, business opportunity campaigns and the provision of consulting centers and investment services are also needed.

For local business actors, access to capital is needed, followed by the promotion of MSME products to expand the market. Improvement of technology, management, and strengthening of local business institutions also play a role in supporting businesses.

For new business actors, support in the form of entrepreneurship training facilities, monitoring and mentoring programs, and the provision of incentives are also needed. Acceleration in the licensing process is also a factor in facilitating the development of new businesses

2. Location Factor Aspects

Tangible location factors include measurable physical aspects, such as road quality, access to airports and seaports, and the availability of transportation facilities. In addition, salary levels, energy and communication infrastructure, the availability of educated and skilled workers, and the number of regional financial institutions and credit facilities are also part of this factor.

Intangible location factors for the business world are more related to business policies and opportunities. The role of local government, regional image, the existence of industrial chains, and opportunities for cooperation. In addition, support from research institutions, licensing services, and

job opportunities for immigrants and local workers also influence

Meanwhile, intangible location factors for individuals include the quality of housing, the residential environment, and the availability of educational facilities, social facilities, health services, and public facilities.

3. Aspects of Synergy and Policy Focus

In economic expansion, policies that can be implemented include investment, increasing business competition, and regional promotion. In addition, business network development, empowerment of MSMEs, and optimization of the role of regional companies are also factors. Provision of job exchange information and skills development also support this aspect.

Community empowerment and community development can be realized through collaboration with the business world, one of which is through the Corporate Social Responsibility (CSR) program. In addition, participatory poverty reduction efforts are also a strategy in this aspect.

Meanwhile, in regional development, policies that can be implemented include the development of industrial areas, as well as growth centers in urban and rural areas. LED spatial planning, improvement of residential environments, business cooperation between centers, and sustainable industrial development that includes promotion, raw materials, and processing links also play a role in this aspect.

4. Sustainable Development Aspects

From the economic side, developing supporting industries, increasing the number of entrepreneurs who have business plans, and encouraging entrepreneurs to innovate in products and markets are needed to strengthen business competitiveness.

The social side focuses on the contribution of LED to the welfare of local communities and its impact on local customs and institutions. Meanwhile, on the environmental side, attention is given to the implementation of Environmental Impact Analysis (AMDAL), waste processing, natural resource conservation policies, and recycling efforts.

5. Governance Aspects

Partnerships between the government and the business world can be realized through cooperation in trade promotion, business financing, and infrastructure development.

Aspects of public sector reform include improving the incentive system for local government officials, simplifying public services, and restructuring government organizations.

Meanwhile, organizational development includes strengthening industry associations by affirming the status, role, and benefits of their members.

6. Management Process Aspects

Participatory analysis is carried out by mapping economic potential, assessing regional competitiveness, analyzing political situations, and identifying stakeholders.

In the participatory planning and implementation stage, the results of the analysis are used to prepare a plan involving various stakeholders. Synchronization of LED planning sectorally and spatially is also needed to ensure that implementation is following the plan.

Participatory monitoring and evaluation are carried out by involving stakeholders in the preparation of indicators and the evaluation process. Independent evaluation, discussions to resolve problems, and utilization of evaluation results are steps to increase the effectiveness of LED planning.

3. Method

This research uses a descriptive quantitative method, which aims to describe a phenomenon or event through the analysis of numerical data resulting from measuring research indicators, then compiled in writing (Sugiyono, 2013). Descriptive research does not focus on explaining the relationship between variables and does not use hypotheses because it only measures the phenomena being studied (Ramdhan, 2021). Therefore, this study aims to provide a comprehensive overview of the phenomena studied, without the need to explain the relationships between variables.

The location determination was done purposively in 6 villages/sub-districts that have Songkok Centers in Gresik Regency. The sample in this study consisted of two groups, namely expert respondents and songkok business actors. The expert respondents comprised eight informants selected through purposive sampling based on their expertise, experience, and direct involvement in policy-making related to Local Economic Development (LED) at Songkok Centers in Gresik Regency. They were drawn from the Department of Cooperatives, Industry and Trade (Diskoperindag), the Regional Development Planning Agency (Bappeda), and representatives of village/urban administrative offices that have Songkok Centers. Meanwhile, 19 respondents were songkok business actors drawn from six villages/sub-districts with Songkok Centers. The selection of all respondents was adjusted to the research criteria.

Primary data collection uses a standard questionnaire set by BAPPENAS to collect information on the LED aspects studied. Furthermore, the data is analyzed using the RALeD (Rapid Assessment Technique for

Local Economic Development) analysis tool, developed by Dr. Ir. Sugeng Budiharsono. RALED is based on Multidimensional Scaling (MDS) analysis to determine the value and status of LED aspects of a region based on 6 hexagonal LED aspects. The steps of the MDS method in LED analysis are as follows (Budiharsono, 2018):

1. Identification and data collection
2. Analyze the data using RALED. If there is variation in the questionnaire answers, then the value used is the mode value. RALED analysis will produce index values for each aspect, leverage attribute values, to identify components that have high sensitivity to achieving development goals, and Monte Carlo values to evaluate the impact of scoring errors on each aspect.
3. Determine the status of each LED dimension using the results of the RALED analysis. LED categories according to Bappenas are:
 - a. Index value <50, indicates poor LED aspects
 - b. Index value 50-75, indicates good LED aspects
 - c. Index value >75, indicates very good LED aspects
4. Determine leverage attributes.

The results of the RALED analysis can only identify the conditions of each LED aspect and cannot determine the overall LED condition. This is because all LED aspects are considered to have the same weight, whereas in practice, the weight of each LED aspect is different (Budiharsono, 2014). To determine the overall LED status or composite index, a weight determination program (PENBOT) developed by Dr. Ir. Sugeng Budiharsono is used as a modification of the Analytical Hierarchy Process (AHP). This program is operated using Microsoft Excel which has been modified and adjusted to analyze LED. This program produces an analysis in the form of weights for each aspect, so that the overall status of LED can be known.

4. Results and Discussion

This study uses six aspects of LED which are analyzed using the RALED program and the Weight Determination program.

1. Target Group Aspects



Figure 2: Target Group Index Value

(Source: Researcher Data Processing, 2025)

The results of the analysis using the RALED program in Figure 2 show that the index of the target group aspect is 55.51 or in the good category, but can still be improved to a higher index.

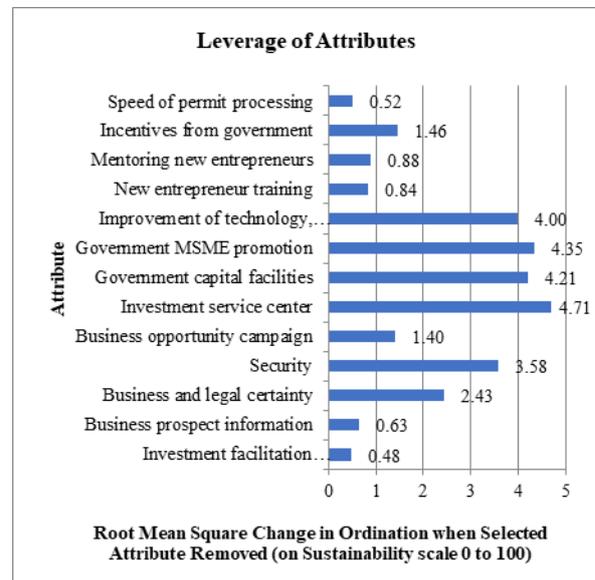


Figure 3: Leveraging Factors of Target Group Aspects (Source: Researcher Data Processing, 2025)

In Figure 3, it can be seen that the main levers in the target group aspect based on their priority order are: (1) Investment service center with investment consulting services, (2) Promotion of SME products to expand the market by the local government, and (3) Efforts to provide capital facilities for the business world by the local government. Through treatment or intervention on these three factors, it is hoped that the condition of the target group aspect can improve to a better level.

Investment service centers for Songkok businesses in Gresik Regency are still not available. The majority of business actors develop their businesses according to the capital they have. Financial literacy education is expected to provide new understanding for business actors in seeing investment opportunities in the financial sector (Setiawan & Saputra, 2020).

Based on a report compiled by Pemerintah Kabupaten Gresik (2022) creative economy entrepreneurs expect support from the government in the form of promotions to improve their businesses. Most Songkok entrepreneurs have difficulty in promoting because they have not followed technological advances. Effective business promotion is an important aspect that the government can do to support business success (Hamdan et al., 2017). This is in line with the results of research conducted by Marsha & Aslamiyah (2024) in Gresik Regency that promotion has a significant impact on decisions to purchase products.

The indicator of capital facility efforts for the business

world by the local government also needs improvement. Based on the researcher's observation, most business actors run their business activities using their capital. According to one of the village employees, there are still business actors who take out loans from unofficial institutions, so the interest on the loan that must be paid is quite large. This can affect the profits generated. Research by Sailendra et al. (2020) shows that business actors still face limitations in obtaining government attention, especially in accessing capital from financial and banking institutions due to the low understanding of business actors.

LED strategies to improve this aspect can be formulated based on the leveraging factors presented in Table 3.

TABLE 3
LED STRATEGY IN TARGET GROUPS

No	Leverage Attributes	Strategy
1	Investment service center with investment consulting services	a. Cooperate with financial institutions and the government to integrate investment service centers. b. Hold seminars and training for songkok business actors about investment opportunities.
2	Promotion of SME products to expand the market by the local government	a. Create a special page for product promotion managed by the local government. b. Hold a songkok festival to attract public attention and provide facilities for songkok SMEs to participate in exhibitions. c. Help songkok business actors build product branding to attract consumers.
3	Efforts to provide capital facilities for the business world by the local government	a. Improving the financial literacy of songkok entrepreneurs so that they are better prepared to access capital. b. Providing financial assistance and modern production tools so that production is more optimal. c. The local government cooperates with banks to provide unsecured credit for Songkok SMIs.

Source: Researcher Data Processing (2025)

2. Location Factor Aspect

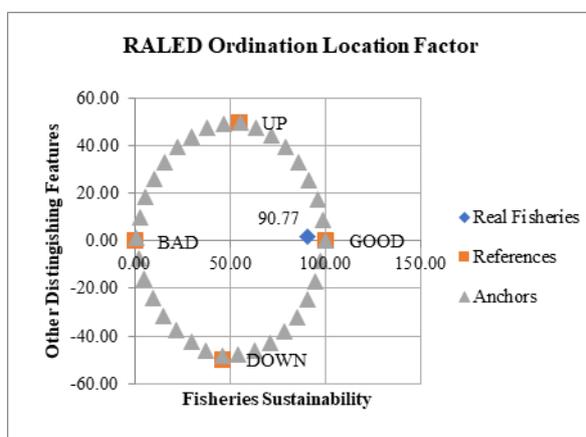


Figure 4: Location Factor Index Value

(Source: Researcher Data Processing, 2025)

The results of the analysis in Figure 4 show that the index of the location factor aspect is 90.77 or in the very good category. This status needs to be maintained so that it does not decline.

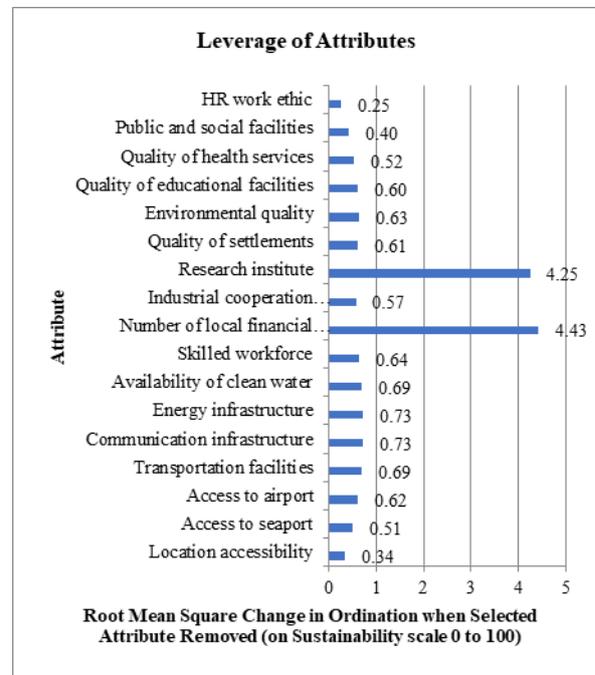


Figure 5: Leveraging Factors of Location Factor Aspects

(Source: Researcher Data Processing, 2025)

In Figure 5, it can be seen that the main lever in the location factor aspect is the number of local financial institutions and research institutions. The results of interviews with songkok business actors show that they still do not understand financial institutions in their area. Financial institutions play an important role in supporting industrial and economic growth through financing, grants, loan services, and financial risk management (Utami & Sujarweni, 2020).

The role of research institutions, both from the government and educational institutions in Gresik Regency, is still not felt by business actors. Although there has been research conducted by students or stakeholders regarding songkok production, business actors have not felt the benefits due to the limited access they have. From these leverage attributes, the LED strategy can be determined for the location factor aspect.

LED strategies to improve this aspect can be formulated based on the leveraging factors presented in Table 4.

TABLE 4

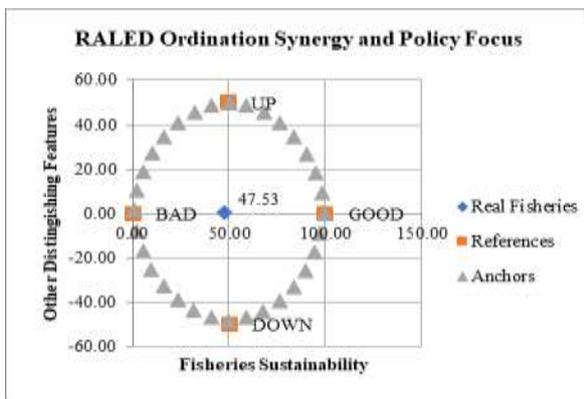
LED STRATEGY ON LOCATION FACTOR

No	Leverage Attributes	Strategy
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1	Number of Local Financial Institutions	<p>a. Encourage financial institutions to open service units in areas that are still difficult to reach.</p> <p>b. Increase education about financial services available to the public through socialization through social media, community leaders, and local radio.</p>
2	Research Institute	<p>a. Optimizing digital media and seminars to disseminate the results of research that has been carried out at the Songkok Center of Gresik Regency.</p> <p>b. Encouraging universities to have a sustainable program with the Songkok Center.</p>

Source: Researcher Data Processing (2025)

3. Aspects of Synergy and Policy Focus



Gambar 6: Synergy and Policy Focus Index Value

(Source: Research Data Processing, 2025)

The results of the analysis using the RALEED program in Figure 6 show that the index of synergy and policy focus aspects is 47.53, or in the poor category. This condition shows that this aspect has not been maximized and is in a depressed condition.

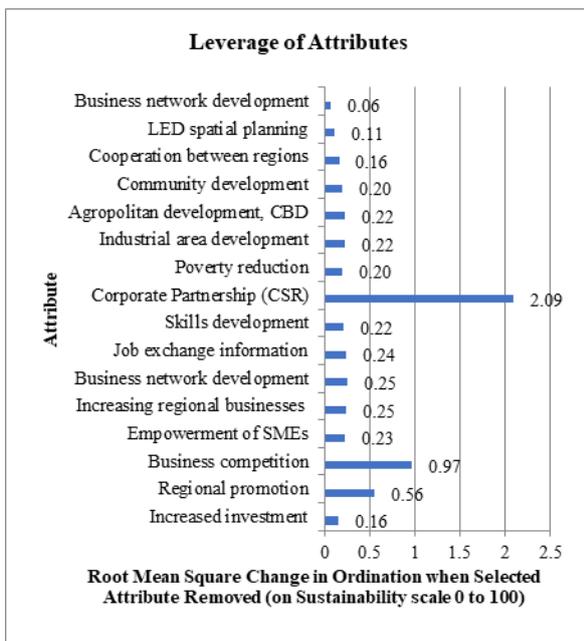


Figure 7: Leverage Attributes for Synergy and Policy Focus
(Source: Research Data Processing, 2025)

In Figure 7, it can be seen that the main leverage attributes in the aspect of synergy and policy focus are partnership-based community empowerment policies with the business world and business competition policies.

At the Songkok Center in Gresik Regency, business actors currently only have limited partnerships with grocery stores, equipment stores, and e-commerce platforms. Although Gresik Regency has many potential industries, until now there has been no cooperation or implementation of Corporate Social Responsibility (CSR) programs from various industries to support the development of the Songkok Center. Research by Kurniasari (2015) states that companies have an important role in helping to solve various MSME problems through the implementation of CSR programs.

Competition policy is an important factor because centers are a collection of industrial activities with similar raw materials, production processes, and products (Badan Pusat Statistik, 2020). In the Songkok Center in Gresik Regency, more than 150 business actors are producing the same product. Business competition in the Songkok Center arises due to the high number of business actors offering similar products in the same area, thus competing for a limited market share. Research by Fattarani et al. (2017) shows that the main threat faced by the Kampung Kupa Gayo business is competition with similar businesses. Therefore, it is necessary to implement a business competition policy to create a healthy business climate.

LED strategies to improve this aspect can be formulated based on the leveraging factors presented in Table 5

TABLE 5

LED STRATEGY ON SYNERGY AND POLICY FOCUS

No	Leverage Attributes	Strategy
1	Community empowerment policies based on partnerships with the business world	<p>c. Analyze to understand the needs and potential of the Songkok Center to attract the attention of the business world in designing CSR programs.</p> <p>d. The government bridges the partnership between the Songkok Center and the company through policies to encourage the participation of the business world in community empowerment.</p>
2	Business competition policy	<p>a. Encourage business actors to not only on price aspects but also on product quality.</p> <p>b. Encouraging business actors to be more innovative and attractive in creating songkok products to increase competitiveness in the market.</p>

Source: Researcher Data Processing (2025)

4. Aspects of Sustainable Development

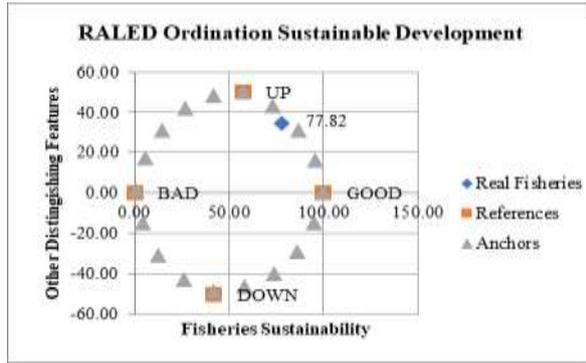


Figure 8: Sustainable Development Index Value
(Source: Research Data Processing, 2025)

The results of the analysis using the RALED program in Figure 8 show that the index of the sustainable development aspect is 77.82, or in the very good category. This condition needs to be maintained and can continue to be strengthened to achieve more optimal results.

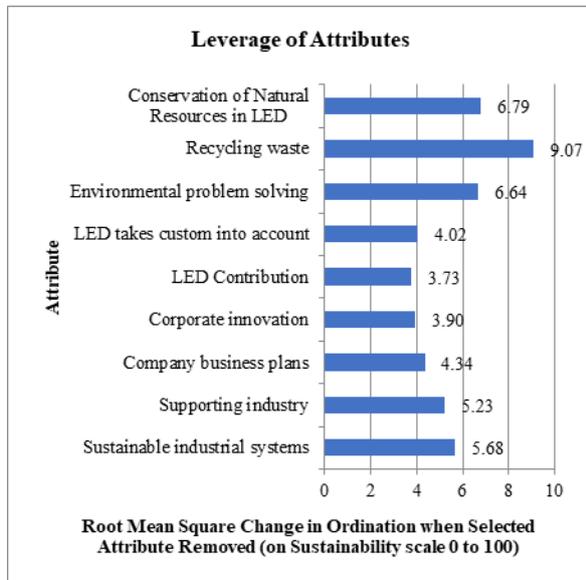


Figure 9: Leverage Attributes for Sustainable Development
(Source: Research Data Processing, 2025)

In Figure 9, it can be seen that the main levers in the sustainable development aspect are as follows: (1) Waste management and recycling, (2) Natural resource conservation policies in local economic development, and (3) Environmental problem-solving policies.

Based on the author's interview with 19 songkok business actors who were respondents in the study, there were only 3 business actors who recycled songkok cloth waste. One business actor recycled leftover songkok cloth by turning it into souvenirs or miniatures, but the product has not been marketed widely, it is only made when there is a request or used as a souvenir when a certain party visits his production house. In addition, the makers of charisma and ceplok

motif songkok usually use leftover materials from other production houses to make songkok. However, makers of these motif songkok are still rarely found. In fact, the use of leftover materials as creative products opens up opportunities for individuals to develop skills while creating economic potential, because the products produced can be sold as a new source of income (Hepat et al., 2024).

Indicators of natural resource conservation policies and environmental problem-solving policies are interrelated because both play a role in creating a balance between environmental sustainability and the use of natural resources. This policy, it will also encourage innovation in recycling waste cloth as the main raw material for the songkok industry. The LED should focus on optimizing available human and natural resources and not only aim to improve the standard of living, but also be carried out by prioritizing the principles of justice and sustainability (Leigh & Blakely, 2017).

LED strategies to improve this aspect can be formulated based on the leveraging factors presented in Table 6

TABLE 6

LED'S STRATEGY FOR SUSTAINABLE DEVELOPMENT

No	Leverage Attributes	Strategy
1	Waste management and recycling	a. Songkok waste recycling training for households/business actors. b. Developing a recycling-based business model to create economic value from songkok waste.
2	Natural resource conservation policies in local economic development	a. Application of production techniques with minimal waste / zero waste pattern making in songkok production. b. Implement strict regulations regarding the conservation of natural resources.
3	Environmental problem-solving policy	a. Strict rules on the sorting and management of industrial waste in songkok. b. Applying a circular economy to the songkok industry to reduce waste.

Source: Researcher Data Processing (2025)

5. Governance Aspects

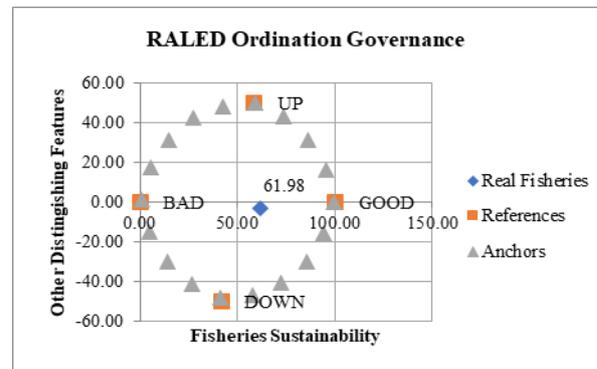


Figure 10: Governance Index Value
(Source: Research Data Processing, 2025)

The results of the analysis using the RALED program in Figure 10 show that the index of the governance aspect is 61.98, or in the good category. However, it can still be improved towards higher indices and categories.

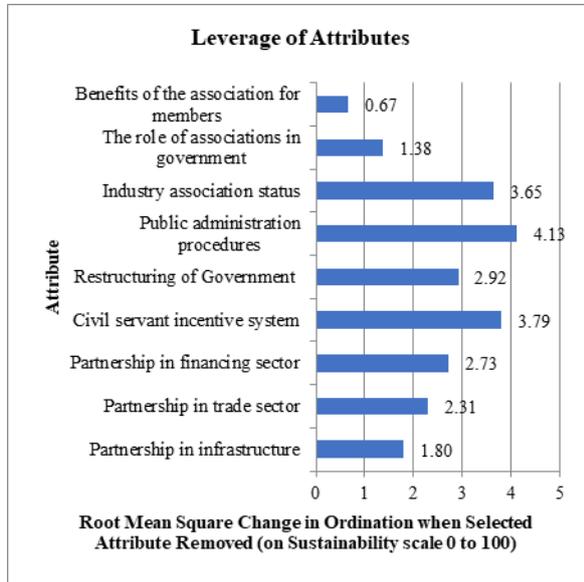


Figure 11: Leverage Attributes for Governance
(Source: Research Data Processing, 2025)

Figure 11 shows that the main leverage attributes in the governance aspect based on the order of priority are as follows: (1) Public administration service procedures, (2) Reform of the incentive system for the development of human resources of the apparatus, and (3) Status of industry/commodity/business forum associations.

Public services in Gresik Regency cannot be said to be completely good, although they have met the aspects of simple, clear, fast, and affordable. However, based on the author's observations, several respondents still do not feel this. Research by Rasidin (2021) stated that the public still lacks information, thus hampering the implementation of public services in the Gresik District, Gresik Regency.

Indicators of the reform of the incentive system for developing the human resources of civil servants can be related to public services. Research by Baginda (2018) shows that increasing incentives contributes to improving the performance of civil servants. Several factors can affect the performance of ASN employees in public services, such as work procedures, organizational structure, organizational goals, incentive systems, and others (Komara, 2019).

The status indicator of the business forum association is a leveraging factor because the organization that oversees songkok business actors in several sub-districts/villages currently does not exist or is in a state of suspended animation. A common phenomenon in

Indonesia is that many business actor organizations provide fewer benefits to their members and tend to be more oriented toward their profits (Budiharsono, 2014).

LED strategies to improve this aspect can be formulated based on the leveraging factors presented in Table 7

TABLE 7
LED STRATEGY ON GOVERNANCE

It	Leverage Attributes	Strategy
1	Public administration service procedures	a. Implementation of administration by government regulations with clear, fast, simple, and affordable principles. b. Evaluate regulations and administrative procedures related to songkok business activities
2	Reform of the incentive system for human resource development of apparatus	a. Optimizing the incentive system for ASN employees in the form of rewards and punishments. b. Managing the provision of honorarium from various activities more fairly and equitably for each apparatus.
3	Status of industry/commodity/business forum associations	a. Revitalize the role of songkok business organizations or associations. b. Increasing the activeness of Songkok center business actors by routinely communicating and monitoring.

Source: Researcher Data Processing (2025)

6. Management Process Aspects

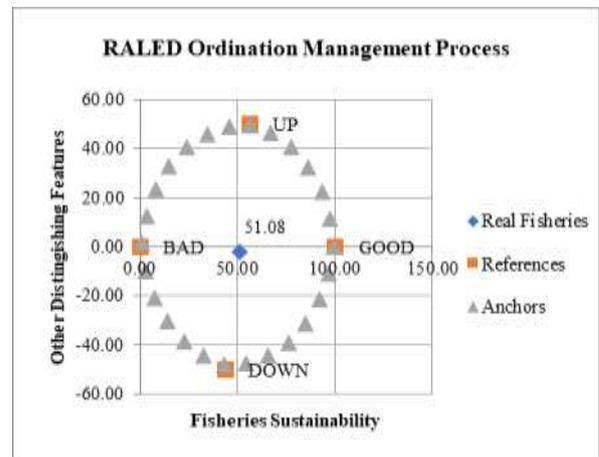


Figure 12: Management Process Index Value
(Source: Research Data Processing, 2025)

The results of the analysis using the RALED program in Figure 12 show that the index of the management process aspect is 51.08 or in the good category. However, because the distance is quite close to the bad category, improvements are needed so that the condition does not worsen and instead improves.

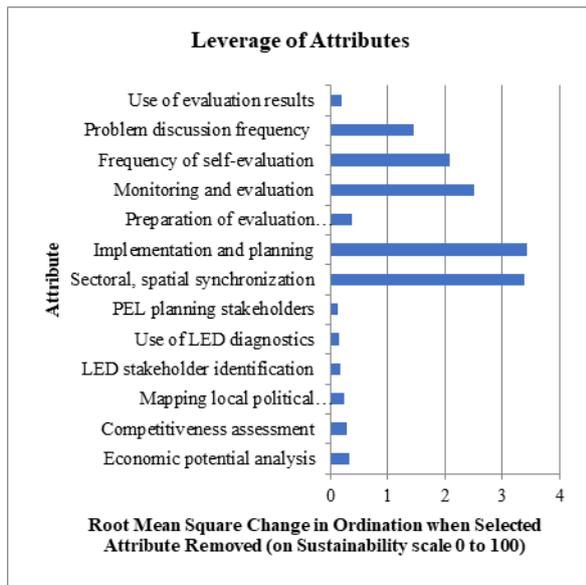


Figure 13: Management Process Leverage Attributes (Source: Research Data Processing, 2025)

In Figure 13, it can be seen that the main leverage attributes in the aspect of the management process is the suitability of implementation with planning and cross-sectoral and spatial synchronization in local economic development planning.

The planning results have not been fully implemented in the Gresik Regency. The Songkok Center development plan has been prepared by Diskoperindag, but its implementation has not been fully realized due to internal constraints and the focus of related agencies on development in other fields. This is following what was expressed by Hidayat (2024) that, in reality, policies cannot always run according to plan, and sometimes failures occur in the implementation process.

Cross-sectoral and spatial synchronization in local economic development planning is carried out to encourage economic sustainable and competitive growth. Ideal economic development does not only focus on improving economic indicators but also emphasizes the importance of an institutional framework to support sustainable development (Arsyad, 2022). Songkok products from industrial centers need to be supported by various sectors so that market access is wider. It must be ensured that the development of the Songkok Center is not only centered in one location but also supports the surrounding areas.

LED strategies to improve this aspect can be formulated based on the leveraging factors presented in Table 8.

TABLE 8

LED STRATEGY IN THE MANAGEMENT PROCESS

It	Leverage Attributes	Strategy
1	Implementation alignment with planning	a. Involve various interested parties from the beginning, so that the plans made are more relevant and can be

		implemented at the Songkok Center. b. Supervising the implementation following the plan that has been prepared.
2	Cross-sectoral and spatial synchronization in local economic development planning	a. Increasing the role of existing institutions in the region to support cross-sectoral and spatial synchronization in local economic development planning. b. Building a cross-sector coordination forum involving the government, business actors, and the community.

Source: Researcher Data Processing (2025)

Kite Diagram

After the analysis using RALEd, it can be known that the index value of each of the six aspects of LED in the Songkok Center in Gresik Regency is shown in Table 9.

TABLE 9

LED STRATEGY IN THE MANAGEMENT PROCESS

No.	Aspects	Index Value	Condition/Status
1.	Target Group	55,51	Good
2.	Location Factor	90,77	Excellent
3.	Synergy and Policy Focus	47,53	Bad
4.	Sustainable Development	77,82	Excellent
5.	Governance	61,98	Good
6.	Management Process	51,08	Good

Source: Researcher Data Processing (2025)

After the status index of the six LED aspects is known, it can be described in the form of a kite diagram. From the results of the RALEd analysis, it can be concluded that of the six LED aspects, two aspects have very good conditions/status, three aspects have good conditions/status, and one aspect has poor conditions/status. The kite diagram is presented in Figure 14.

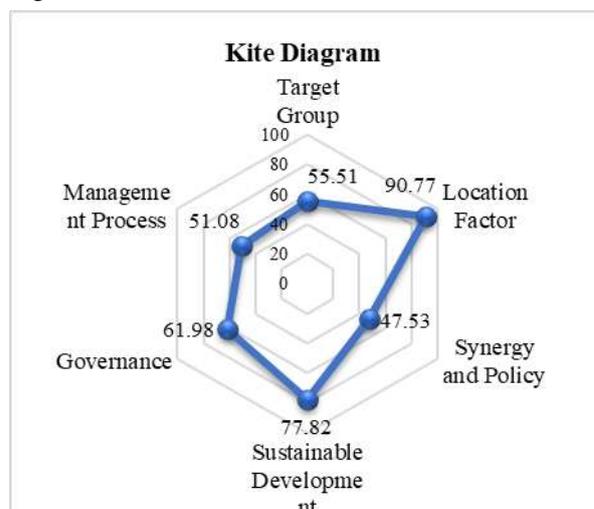


Figure 14: Kite Diagram of the Status of the LED Aspect at the Songkok Center in Gresik Regency (Source: Research Data Processing, 2025)

Overall LED Status

The results of the RALeD analysis can only identify the condition of each aspect of the LED and cannot determine the overall LED status. This is because all aspects of the LED are considered to have the same weight, whereas, in practice, the weight of each aspect of the LED is different (Budiharsono, 2014). To determine the overall LED status or composite index, a weighting determination program (PENBOT) was developed by Dr. Ir. Sugeng Budiharsono. A weighting questionnaire is used for the LED aspect.

The data obtained from the questionnaire is then entered into the weighting program in the form of a pairwise comparison matrix. Then the program will automatically process the data in the form of comparisons, matrix normalization, determination of Consistency Ratio (CR) values, combined weights, weighted weights, and composite indexes. From the results of the pairwise comparison matrix, the weight of the LED aspects is obtained according to each respondent, where this study uses 8 expert respondents.

TABLE 10

LED STRATEGY IN THE MANAGEMENT PROCESS

LED Aspects	Weighted	Value of LED Aspects	Total Value
Target Group	0.2418	55.51	13.42
Location Factor	0.1255	90.77	11.39
Synergy and Policy Focus	0.1741	47.53	8.27
Sustainable Development	0.0649	77.82	5.05
Governance	0.2530	61.98	15.68
Management Process	0.1407	51.08	7.19
Sum	1.0000		61,01
Composite Index			

Source: Researcher Data Processing (2025)

In Table 10, the results of the LED index value at the Songkok Center in Gresik Regency were 61.06, which based on the classification shows that the overall LED status is in the good category.

This condition is supported by the strong performance of location factors and sustainable development aspects. Easy accessibility, adequate infrastructure, and quality facilities play an important role in supporting the development of the Songkok Center. In addition, open opportunities for cooperation, a strong work ethic among human resources, and the presence of companies with long-term planning further strengthen the sustainability of this sector. The contribution of the Songkok Center to improving the quality of life of the community, while preserving local cultural values, also reinforces the overall LED status as being in the good category.

However, despite these generally positive conditions, several challenges remain, particularly related to policies in Gresik Regency that have not yet been fully effective in supporting songkok business actors. Therefore, continuous improvement efforts are

necessary so that well-performing aspects can be further strengthened while existing constraints can be effectively addressed.

These findings also carry practical implications for both local government and songkok business actors. The relatively weak performance of synergy and policy focus indicates the need for stronger coordination among stakeholders and more integrated policy implementation in the development of the Songkok Center. For local government, this highlights the importance of strengthening institutional coordination and policy alignment across sectors. For business actors, the findings emphasize the need to enhance collaboration, strengthen collective organization, and actively participate in joint development initiatives to improve competitiveness and long-term sustainability. Strengthening stakeholder synergy therefore becomes a key practical priority for optimizing Local Economic Development at the Songkok Center in Gresik Regency.

5. Conclusion and Suggestions

Conclusion

The condition of the six aspects of Local Economic Development (PEL) at the Songkok Center in Gresik Regency, there are two aspects that have very good conditions based on the order of their index values, namely Location Factors and Sustainable Development, three aspects with good conditions based on the order of their index values, namely Governance, Target Groups, and Management Processes, and one aspect with poor conditions is Synergy and Policy Focus. Overall, the condition of the PEL status is in a good category. Good conditions are characterized by good location factors, people who are accustomed to producing songkok, adequate quality of infrastructure, and good relations between business actors. The selection of the Songkok Center to be developed in Gresik Regency is the right step because this product is a characteristic of the region's superiority. A strategy is needed to maintain and improve the condition of PEL to an excellent category at the Songkok Center in Gresik Regency. The strategy that needs to be applied to PEL to run more effectively can be done by using the results of the analysis of the leverage attribute (leverage factor) in each aspect of PEL.

Suggestions

Supporting Local Economic Development (LED) at Songkok Centers in Gresik Regency requires synergy among various parties, including the government, financial institutions, universities, and business actors. DPMPTSP, as a government agency, needs to collaborate with financial institutions to provide investment and capital services that focus on the development of Songkok Centers. Branding of songkok businesses is needed through festivals and exhibitions, such as the Bandeng Market Festival

which is an icon of Gresik. Universities can contribute with research, and activity reports recorded in the SEPEKAN service of Gresik Regency need to be disseminated as a consideration. Meanwhile, BUMN and private companies can utilize CSR funds to support business actors. In addition, business actors themselves need to revitalize the role of associations and create healthy competition based on quality.

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