

ABSTRACT

Indonesia is a country that has extraordinary potential with abundant natural resources in the form of renewable natural resources and nonrenewable resources. As a tropical country, Indonesia is rich in biological resources such as forest products. In addition to producing wood, the forest also produces Non-Timber Forest Products which is a superior product, one of them is the rattan. Regional economic development is a very important part of the process of economic development in developing countries. Regional economic development is a very important part of the process of economic development in developing countries. The goal of regional economic development is to build the economic capacity of local or regional regions. One of the approaches taken to accelerate equitable economic development is to develop local economies. On a theoretical basis, two factors influence the process of Local Economic Development, namely traditional/direct factors relating to production factors such as natural, physical, location, financial capital, technology and indirect factors (intangible factors) such as institutional capacity, social capital, and leadership. This research was conducted to explore the influence and interrelationship between these factors on the development of the local economy in the Trangsan rattan industry cluster, Gatak Subdistrict, Sukoharjo Regency, Central Java, Indonesia.

The approach used in this study is exploratory research or an extension of previous studies using a quantitative approach. The methodology used in this study is survey research and case study research with a population of 245 micro, small, medium and large industries of craftsmen and rattan furniture entrepreneurs in Trangsan Village. Based on the determination of the number of samples of the SEM-PLS model recommended by Cohen's Table, it was determined that the number of samples in this study was 101 respondents. Sampling was carried out in proportional random sampling.

Based on the results of the data analysis that has been done, it is obtained the calculation value of R² which shows how well the research model is proposed. From the calculation of R², it is known that the ARS value (average R²) is 0.429 and is significant with P < 0.0001. Furthermore, the AVIF (Average Variance Inflation Factor) value is 1.185 which means it is ideal because it is less than 3.3. The APC value (Average Path Coefficient) is 0.285 and is significant with P < 0.0001. Based on the results of data processing and analysis, research has succeeded in testing empirically proposed models.

Keywords : Local Economics Development, Local Bussiness Performance, Characteristics of Resource, Entrepreneurial Culture, Institutional Capacity