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## THE DYNAMICS OF LAW AND CULTURE INTERACTION IN SUPPORTING LOCAL ECONOMIC GROWTH: AN ETHNOGRAPHIC ANALYSIS OF INDIGENOUS COMMUNITIES IN PAPUA

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### ABSTRACT

The government has made efforts to realize prosperity for all Indonesian people, including indigenous Papuans. Local culture plays a key role in shaping consumer preferences, patterns of business behavior, and the use of economic resources, which are important in designing economic development strategies that match the values and needs of local communities. The purpose of this study is to determine and analyze the dynamics of legal and cultural interactions in supporting local economic growth in Papuan society. The research method uses a literature study method with a qualitative approach. The data collection technique involves searching, collecting, and reading various literature sources. Data were analyzed in three stages, namely data reduction, data presentation and conclusion drawing. The results show that the interaction between law and culture is crucial in supporting local economic growth in indigenous Papuan communities, with cultural values, traditions and social norms playing an important role in shaping local economic practices. The complexity in the interaction between Papuan customary law and formal state law highlights the challenges and opportunities in achieving harmony between the two to advance local economic growth. This research has implications for the importance of integration between state law and Papuan customary law in efforts to promote sustainable local economic growth. Thus, the resulting policies can be more effective in accommodating local economic interests without overriding existing local wisdom, so as to achieve a balance between economic development and cultural preservation.

**Keywords:** Local Economy, Economic Law, Papua.

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### INTRODUCTION

The government needs to continuously carry out efforts in the context of Indonesia's development to achieve the nation's ideals, namely, realizing the welfare of all Indonesian people (Huda, 2020). The economic view is more of a step in thinking about the meaning of development and welfare. A developing area is an area with a high economic level, as evidenced by various tall buildings, shopping places, and luxury vehicles (Abdillah et al., 2024).

Indonesia, which is recognized as a country with many islands, has a variety of customs and cultures that give birth to various things with high economic potential. Indonesia is expected to have a concept of legal protection for all Indonesian people. The importance of this is to increase economic value and work together to achieve the country's goals for the welfare of the people (Disemadi, 2019). To realize this welfare, various regional economic developments are needed. Local economic development is an activity of the local government and its people to manage existing resources (Basyuni et al., 2024). The local government and its people build relationships by working

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together to open up employment opportunities and grow the region's economic potential (Almuhim & Habibullah, 2023).

In Indonesia, regions can improve their development because they are supported by Law No. 6/2014 on Villages. The policy explains that there are two keys to conducting village development, namely, building villages and developing villages. Beyond this, the welfare program of the village people is the main focus in presenting the policy. It is used as a manifestation of the village to build independence. This independence is shown by the increase in the local economy, which improves the quality of life of the local people (Haridison et al., 2022). The importance of local economic development is as an effort to strengthen the competitiveness of the local economy in improving the regional economy; in the plan, the local government and local people need to work together in supporting the availability of jobs to help improve the nation's economy, especially in developing the potential of the region (Rozikin & Haris, 2021).

Indonesia has a vast territory and diverse customs and cultures. One of the many regions in Indonesia is Papua. Papua has four provinces, and it was expanded to four new provinces. Previously, there were only two provinces: Jayapura City and West Papua, with the capital in Manokwari City. Papua is a large area in Indonesia, and it is diverse and still adheres to various customary laws and traditions without any outside interference (Merina & Muhaimin, 2023).

Thus, the importance of local economic development, including in Papua, not only includes aspects of economic growth but is also key to reducing socio-economic disparities, increasing regional economic independence, and strengthening the economic sovereignty of a region. In Papua, which is rich in natural resources, local economic development enables the sustainable utilization of natural potential while empowering local communities to be actively involved in the economic process. It can create jobs, stimulate the growth of small and medium enterprises, and strengthen basic infrastructure and public services, ultimately improving the overall quality of life and welfare of the Papuan people. By prioritizing local economic development, Papua can build a firmer foundation for sustainable, equitable and inclusive economic growth while maintaining the region's unique cultural and environmental diversity.

Previous research conducted by (S. Sidiq, 2023) explained that legal and economic links can get a complicated relationship and affect each other. The right economic policy helps economic activity and supports an efficient business environment. Policy development is present in the existing economic changes. Policies must be able to adjust to various economic developments. Good policies can influence various economic developments. Existing policies need to be implemented and measured accurately to protect the rights of economic actors and create maximum economic development.

Research into the dynamics of the interaction between law and culture in supporting local economic growth, with a particular focus on ethnographic analysis of indigenous communities in Papua, offers an innovative approach to understanding the factors that influence local economies in the region. The novelty of this research lies in the ethnographic approach that allows for an in-depth investigation of the cultural values, traditions, and customary legal systems that provide the foundation for the economic practices of local communities. The main objective of this research is to understand how the interaction between law and culture shapes local economic patterns and identify ways in which these factors can be encouraged to support inclusive and sustainable economic growth in Papua. As such, this research has great potential to provide valuable insights for

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policymakers, academics, and practitioners interested in local economic development based on Papua's unique cultural and legal context.

#### **METHOD**

This research uses a literature review method with a qualitative approach. A literature review is a framework that deals with various new research results in analyzing various potential advances in research results related to a topic where there are research questions and the process of analyzing related literature (Sumartiningsih & Prasetyo, 2019). Meanwhile, qualitative is defined as looking for meanings, concepts, and even meanings in a factual event by prioritizing the quality of the data presented (U. Sidiq et al., 2019). The data collection technique used in this study is literature. This literature study process includes searching, collecting, and reading various sources related to the topic discussed. The data sources are collected and then analyzed in three stages: data reduction, data presentation and conclusion drawing.

#### **RESULTS AND DISCUSSION**

Indonesia is a culturally diverse country that has experienced vastly different social and cultural developments in recent years. These changes include social norms, cultural values, and traditional practices in local communities. Changes that affect various aspects of life also encourage changes in the legal aspect (Lauren, 2023). Law plays an important role in shaping relationships that encourage sustainable economic development in Indonesia. The existence of various legal regulations that create various bases in every activity can help in the investment process and various innovations in aspects that have the potential to work together in increasing economic development. The function of law is crucial to assist in providing legal protection for all business owners, including investors, business owners, and employees, in creating an efficient business environment (Sihombing, 2024).

There is a need for law to regulate economic activities because if it is not limited to one party and has no restrictions in providing the needs of the other party, various problems will often occur. The importance of law in the nation's economic development needs to be focused on. It can be seen from the existing legal situation that if it is good, then economic development is also good (Thamrin, 2023). Law and economics are two things that have a relationship and mutual influence on all social and business activities. Law is a collection of several policies that are binding on society. At the same time, the economy is related to the production, distribution, and consumption of goods and services in the economic system. Law and economics are important to research because economic development needs to be a goal that needs to be achieved. The link between law and economics can be seen in all areas of community life. Economic policies and clear rules help create business stability and protect buyers' rights, allowing the ultimate goal of promoting sustainable economic growth to be achieved (S. Sidiq, 2023).

In order to create a conducive economic atmosphere, there needs to be a clear policy that does not override the various rules and social justice. After determining the position of economic law in a country, it is also necessary to link it with policies related to the state's goals in the welfare of the people (Atmaja, 2021). Law and economics have a good relationship, especially with regard to the economic aspects of companies in which there are business actors (Fachrodin, 2019).

In addition to written regulations, local laws that apply in the community are related to natural resource management, which are empirical matters that exist. Indonesia, with the motto "Bhineka

Tunggal Ika", has diverse natural and cultural resources (Ambarini & Hatikasari, 2022). This cultural diversity comes from a plural society of various ethnic groups in the archipelago. Culture has an important role in today's economy and is recognized by economists as a useful tool in development. To understand how culture affects the economy, it is important to understand the cultural values and norms that influence individuals and their economic activities. Development, as a cultural process, is believed to involve a set of cultural values shared by individuals, communities, nations and countries.

One way to increase state revenue is to improve the welfare of the people in each region. Local economic development is one strategy to equalize welfare by utilizing local potential (Prabowo & Pamurti, 2021). Improving social welfare is carried out through the Local Economic Development (PEL) approach, a collaborative process involving the community, government, and private sector to develop and implement development programs. Through PEL, the local potential of an area is utilized to encourage economic activity and job creation (Mandhaputri et al., 2023).

Local Economic Development (LED) is considered an alternative to increase economic growth and reduce poverty, focusing on community participation and local context (Srirahayu & Adi, 2022). The PEL concept promotes economic growth while increasing economic independence and resilience. Through PEL, the government, private sector, and communities work together to create better economic conditions and expand employment. The PEL concept emphasizes four main aspects, namely physical resources, human resources, economic aspects, and partnerships. Regional development approaches, including PEL, always consider the spatial dimension because each region has unique characteristics that affect local development needs (Irwantoro, 2023).

Local economic development (LED) in Papua has a very important significance in the context of regional and national development. First of all, PEL can be a means to reduce the economic gap between Papua and other regions in Indonesia. Papua has enormous natural resource potential but still faces challenges in optimally utilizing it for the welfare of local communities. By developing the local economy, these resources can be utilized more efficiently, providing greater economic benefits for Papuans.

Secondly, PEL also plays a role in empowering local communities. By empowering Papuans to engage in local economic activities through the opening of micro and small enterprises, the development of local agriculture, or ecotourism, they can have an active role in making economic decisions and improving their well-being. This creates employment and income and increases a sense of belonging and local identity.

In addition, PEL in Papua is also important for maintaining environmental and cultural sustainability. By focusing on sustainable economic development, Papua can ensure that utilizing natural resources does not harm the environment and maintain the region's rich biodiversity and cultural heritage. Local economic development in Papua is not just about economic growth but also about community empowerment, environmental conservation, and strengthening local cultural identity. It is important to achieve inclusive, sustainable and competitive development in Papua and Indonesia.

The link between law and culture in supporting local economic growth is particularly important given the region's cultural diversity and natural wealth. Local culture, reflected in indigenous peoples' traditions, values, and belief systems, plays a central role in shaping how Papuans interact in economic activities, including natural resource utilization and land management.

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However, formal laws enacted by the state are often only sometimes in line with customary laws and local cultural values. This mismatch can lead to tensions and conflicts, especially about land and natural resource ownership rights. It is, therefore, important to strike an appropriate balance between recognizing and protecting the rights of indigenous peoples based on their cultural laws while ensuring economic sustainability and ongoing environmental protection by national legal frameworks. Thus, an in-depth understanding of the dynamics of the interaction between law and culture in Papua is crucial for designing policies that support inclusive and sustainable local economic growth while considering the unique culture and identity of the Papuan people.

## CONCLUSION

The conclusions of this study not only reveal the complexity of the interaction between law and culture in supporting local economic growth in indigenous Papuan communities, but also provide important implications for economic development policy. The research highlights that to achieve sustainable and inclusive economic growth in Papua, better integration between customary law and formal state law is required. Formulated policies should be more sensitive to the local cultural context, taking into account the influence of values, traditions and social norms in economic practices. As such, these findings provide a foundation for policymakers to develop economic development strategies that are better aligned with the needs and characteristics of indigenous Papuans, thereby promoting economic progress without overriding the preservation of local culture.

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