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The Influence of the Prodamas Program on Enhancing the Local Economy of Kediri City

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Abstract

Abstrak This study aims to analyze the influence of community perception, participation, and mindset on the Community Empowerment Program (Prodamas) in enhancing the local economy of Kediri City. Prodamas is a form of budget decentralization that enables residents to be directly involved in planning, implementing, and evaluating development at the neighborhood level. Using a quantitative approach and multiple linear regression analysis with 100 respondents, the study reveals that community participation and mindset have a significant and positive effect on local economic growth, whereas perception does not have a direct impact. This research underscores the importance of active citizen involvement and a positive mentality as key determinants of the success of development programs. The recommendations emphasize strengthening community institutions and adopting more effective visual communication strategies.

Kata Kunci: Community participation, Prodamas, public perception, mindset, local economy

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INTRODUCTION

Regional economic development is an integral part of the national strategy to ensure equitable societal welfare. In this context, community involvement (Putnam, 2000) in development planning and implementation has become increasingly essential. The conventional top-down, bureaucratic approach is often considered ineffective in addressing the real needs of grassroots communities. Therefore, participatory and community-based approaches have been promoted to bridge the gap between policy and local needs.

Local economic development depends not only on macroeconomic factors but also on the active role of citizens in every phase of the development process. Community participation in

planning, implementation, and evaluation is a form of participatory democracy that strengthens the effectiveness of government programs. The Community Empowerment Program (Prodamas) is a participatory policy implemented by the Kediri City Government to support community-based development. Likewise, local economic development (Blakely & Leigh, 2013) is not determined solely by investment and macro policies but also by public participation (Arnstein, 1969) and effective communication strategies.

Kediri City is a region with high economic and social potential. With the highest GRDP per capita in Indonesia, a high happiness index, and rapid MSME growth, Kediri serves as an example of how local development can be supported through strong participatory approaches. However, previous research has been limited in simultaneously analyzing the interconnection between perception, participation, and mindset (Dweck, 2006) within the context of Prodamas and its implications for local economic development (Blakely & Leigh, 2013).

In the era of information democratization, transparency and citizen engagement in development processes have become critical success factors for government programs, even at the municipal level. A concrete example of budget decentralization and community-based participation is the Community Empowerment Program (Prodamas) in Kediri City.

As a region applying a participatory development approach through Prodamas, Kediri allocates development funds directly to the neighborhood (RT) level, allowing communities to engage in need identification, activity planning, implementation, and evaluation. This innovation positions residents as primary agents of development, not merely passive beneficiaries.

However, the effectiveness of such a program depends on several factors, including public perception (Wandersman et al., 1987), the level of participation, and the community's mindset (Dweck, 2006) in facing change and development. Positive perception is expected to encourage active involvement, while an adaptive and positive mindset (Dweck, 2006) serves as social capital for fostering innovation and program sustainability.

Launched in 2015, Prodamas allocates direct funding to the neighborhood level to finance infrastructure, social, and economic development activities. This program is not only a participatory policy but also a medium of visual communication (Robbins & Judge, 2017) between the government and the public. Citizen engagement in deliberation, physical implementation, and program evaluation reflects a community-based development approach grounded in local needs.

The program's success hinges on how public perception is shaped, participation is mobilized, and the community mindset (Dweck, 2006) is directed toward collective development goals. Various studies show that the success of community empowerment programs (Cornwall, 2008) is closely tied to how citizens perceive (perception), actively engage (participation), and maintain a growth mindset (Dweck, 2006) regarding the program. These three elements are interrelated in creating awareness, a sense of ownership, and commitment to development success.

In the context of public communication (Robbins & Judge, 2017), information design, program visualization, and participatory media play crucial roles in shaping community understanding and engagement (Putnam, 2000).

The main issue is the lack of integrated empirical studies examining how these three variables affect the economic outcomes of the Prodamas program. Yet, understanding the influence of perception, participation, and mindset (Dweck, 2006) on economic outcomes is essential for refining public engagement strategies in development programs.

Based on these considerations, this study aims to analyze the influence of community perception, participation, and mindset (Dweck, 2006) on the economic improvement of residents in Kediri City through the Prodamas program. The results are expected to provide theoretical contributions to participatory development studies and offer practical insights for local governments in designing more inclusive and sustainable policies.

THEORETICAL FRAMEWORK

The concept of community participation (Arnstein, 1969) in development has long been a major focus in public policy and social development studies. Arnstein (1969) developed the "ladder of citizen participation," which illustrates various levels of citizen involvement (Putnam, 2000), ranging from manipulation to full citizen control. Substantial participation involves not

only physical presence but also meaningful involvement in decision-making and oversight processes. In the context of local development, participation is often used as an indicator of program success. Communities that actively engage tend to develop a sense of ownership, which in turn enhances the effectiveness and sustainability of development outcomes. Therefore, participation is not merely a democratic mechanism but also a strategy for economic empowerment.

Public perception of government policies plays a crucial role in shaping community responses and engagement levels. Perceptions are formed through personal experience, information received, and social interactions related to a program. If a program is perceived as beneficial and relevant, communities are more likely to support and participate in it. However, positive perception alone—without the support of enabling factors such as access, capacity, and trust—may not be sufficient to trigger active participation.

Mindset refers to an individual's way of viewing situations, challenges, and opportunities. Dweck (2006) distinguishes between a fixed mindset and a growth mindset. In the context of development, communities with a growth mindset (Dweck, 2006) are more open to change and more likely to seize opportunities for collective progress. This mindset is essential for supporting development programs that demand local initiative and adaptability.

The concept of community-based economic development (Putnam, 2000) emphasizes the importance of strengthening community capacity to manage local resources in order to enhance economic well-being. Within this framework, local initiatives, social solidarity, and community-driven innovation (Putnam, 2000) are key drivers of success. Programs such as Prodamas can be seen as strategic approaches to fostering local economic growth through social empowerment.

RESEARCH METHODOLOGY

This study employs a quantitative approach with an explanatory research design. The population includes residents of Kediri City who have participated in the Prodamas program. The sampling technique used is purposive sampling, with a total of 100 respondents selected. Data were collected using a closed-ended questionnaire utilizing a five-point Likert scale. The independent variables in this study are perception (X_1), participation (X_2), and community mindset (X_3), while the dependent variable is the improvement of local economic conditions (Y). Data analysis was conducted using multiple linear regression, with the aid of SPSS software. Classical assumption tests—such as normality, multicollinearity, and heteroscedasticity—were carried out to ensure the model's validity. The results were then interpreted to determine the relationship and influence of each variable on local economic improvement.

This study uses a quantitative approach and applies an explanatory research design, which aims to explain the relationships between the investigated variables. The primary focus is to assess the influence of perception, participation, and mindset (Dweck, 2006) on economic improvement as mediated by the implementation of the Prodamas Program.

The population in this research includes all residents of Kediri City who live in neighborhoods (RT) that have received intervention through the Prodamas Program. Sampling was conducted using a purposive technique, with the criteria being residents who have participated in the program for at least one year. A total of 100 respondents were selected, deemed representative for providing a general picture of the influence of the variables studied.

Primary data were collected through a questionnaire constructed with a five-point Likert scale ranging from “strongly disagree” to “strongly agree.” The questionnaire included indicators for the variables of perception, participation, mindset (Dweck, 2006), and economic improvement. In addition to survey data, documentation studies were conducted using implementation reports of the Prodamas program in selected subdistricts.

The data were analyzed using multiple linear regression to determine the effect of each independent variable on the dependent variable. Prior to this, validity and reliability tests were conducted on the instruments, along with classical assumption tests—including normality, multicollinearity, and heteroscedasticity—to ensure that the regression model met statistical requirements. The regression model used in this study is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where:

Y	= Local economic improvement
X1	= Community perception
X2	= Community participation
X3	= Community mindset
α	= Constant
$\beta_1, \beta_2, \beta_3$	= Regression coefficients
ε	= Error term

RESULTS AND DISCUSSION

The results of this study show that the multiple linear regression model used to analyze the influence of perception, participation, and community mindset (Dweck, 2006) on economic improvement yielded statistically significant outcomes. The F-value of 15.627 with a significance level of 0.000 indicates that the three independent variables collectively contribute to economic improvement through the Prodamas program. However, partial analysis reveals that only participation and mindset (Dweck, 2006) have a significant influence. The perception variable, although showing a positive trend, does not have a statistically significant direct effect. This underscores the importance of tangible actions in participation and mental readiness rather than mere awareness or knowledge about the program.

1. Regression Analysis Results

The results of the multiple linear regression test show an F-value of 15.627 with a significance level of 0.000, indicating that the three independent variables simultaneously have a significant effect on economic improvement. In partial testing, participation and mindset (Dweck, 2006) were found to have a positive and statistically significant influence, while perception was not. The regression coefficient for participation is 0.364, and for mindset is 0.328, with significance values below 0.05. This indicates that higher levels of participation and a growth mindset within the community contribute positively to local economic growth. The R-squared value of 0.641 implies that 64.1% of the variance in economic growth in Kediri City can be explained by the three independent variables collectively.

The coefficient for X_1 (community perception of Prodamas) is 0.102 and not significant ($p = 0.316$), suggesting that improved perception does not have a direct effect on economic growth. X_2 , which represents community participation (Arnstein, 1969) in the Prodamas program, has a coefficient of 0.550 with a p -value < 0.001 , indicating a statistically significant and positive effect on economic growth in Kediri City.

The X_3 variable, community mindset (Dweck, 2006), has a coefficient of 0.282 with a p -value < 0.001 , also indicating a statistically significant and positive effect on economic growth. These findings demonstrate that active community participation in Prodamas significantly contributes to productive infrastructure development, household economic empowerment, local job creation, and the strengthening of social institutions.

2. Discussion of Findings

These findings reinforce the notion that development is shaped not only by material resources and policy frameworks, but also by social factors such as citizen engagement and mindset. A high level of participation reflects a sense of ownership, enhances program accountability, and strengthens social cohesion throughout the implementation process. Citizens who actively participate tend to better understand the benefits of the program and are more likely to view it as an opportunity to improve their well-being.

Meanwhile, community mindset (Dweck, 2006) emerges as a crucial determinant in responding to change. Individuals with a growth mindset (Dweck, 2006) are more receptive to innovation and more likely to initiate local actions. In the context of Prodamas, this is evident in the utilization of neighborhood facilities for productive activities such as entrepreneurship training, health outreach, and community-based MSME development (Putnam, 2000).

Conversely, the lack of significant influence from community perception (Wandersman et al., 1987) suggests that positive information and outlook alone are insufficient to drive economic behavior change. This highlights the importance of communication strategies that not only inform but also foster trust and mobilize participatory action.

This study supports earlier findings, such as those by Arnstein (1969), emphasizing that genuine participation must involve actual influence over decision-making. It also aligns with Dweck's (2006) theory that mindset strongly influences an individual's or group's ability to respond to development challenges and opportunities. Additionally, the most pronounced effects of participation and mindset (Dweck, 2006) are found among groups with higher levels of education and better access to information. This points to an urgent need to strengthen citizen capacity as part of designing effective public engagement in community-based development initiatives (Putnam, 2000).

Community participation spans all phases: from needs identification, proposal formulation in neighborhood planning forums (musrenbang RT), physical implementation, to collective evaluation. High participation enhances the community's sense of ownership over development outcomes. In many neighborhoods, citizen engagement (Arnstein, 1969) has led to better access to local infrastructure, environmentally based economic activities, and collaborative self-management of resources. This demonstrates that program success relies not only on technical aspects, but also on social processes.

At the same time, the community mindset (Dweck, 2006) has proven to be a key determinant in leveraging Prodamas for economic improvement. Residents with a growth mindset (Dweck, 2006) are more capable of identifying opportunities, thinking proactively, and innovating. For example, road or drainage infrastructure built through Prodamas has been utilized by residents to create access for home-based businesses, convenience stores, or small service enterprises. This shows a link between physical development and microeconomic transformation—when supported by an open and forward-thinking mentality.

In contrast, a positive perception of Prodamas alone does not necessarily lead to development outcomes if it is not followed by active participation and a mindset shift (Dweck, 2006). Many residents understand the goals of Prodamas but remain passive due to a lack of motivation or perceived relevance to personal needs. Therefore, communication approaches must go beyond formal outreach. Visual communication strategies (Robbins & Judge, 2017) such as infographics, participatory videos, or interactive neighborhood media can serve as effective tools to reinforce public perception and convert it into collective action.

These findings reinforce Arnstein's (1969) theory that meaningful participation has greater impact than merely informative or consultative involvement. They also align with Dweck's (2006) concept of mindset, which suggests that a growth-oriented mentality significantly influences how individuals respond to change. In the context of Prodamas, success is not solely determined by fund allocation or the quality of physical development, but also by the community's readiness to engage and grow alongside the program.

In conclusion, participation and mindset (Dweck, 2006) are two foundational pillars that must be strengthened in implementing community-based development programs like Prodamas. The local government, particularly in Kediri City, should design deeper and more creative strategies for communication and social empowerment to ensure these programs become true drivers of local economic transformation.

a. Perception, Participation, and Community Mindset

Community perceptions of Prodamas reflect how residents assess the benefits, relevance, and effectiveness of the program. Positive perceptions can foster trust and public support, which may subsequently encourage more active community participation. Such perceptions are shaped not only by direct experience with the program but also by information obtained through public outreach, social interaction, and communication within the community.

Nevertheless, perception alone is insufficient to generate economic growth directly. A favorable perception must be accompanied by effective program implementation before it can produce tangible economic outcomes. When community expectations are not supported by appropriate implementation, the expected economic benefits may not materialize. For example, residents may believe that Prodamas will improve their welfare, but if the program does not adequately respond to local needs or is poorly implemented, these expectations may decline without producing meaningful changes in household economic conditions.

This finding helps explain why community perception in the present study did not have a statistically significant direct effect on local economic improvement. Perception may therefore function more appropriately as an enabling condition rather than as a direct economic driver. It can establish trust, legitimacy, and acceptance of the program, but these attitudes need to be translated into concrete participation and productive activities before measurable economic outcomes can emerge.

Community participation, in contrast, has a considerably stronger role in promoting local economic development. Active participation includes residents' involvement in program planning, implementation, utilization, monitoring, and evaluation. From Freire's emancipatory perspective, meaningful participation enables citizens to become active agents of development rather than passive recipients of government programs. When people are involved in decision-making processes, they are more likely to develop a sense of ownership and become motivated to contribute to the success and sustainability of the program.

Participation can improve program effectiveness through at least two interconnected mechanisms. First, direct involvement strengthens the community's sense of ownership and responsibility. Residents who participate in planning and implementation are more likely to perceive the program as belonging to the community rather than merely as a government intervention. Second, participation strengthens social capital through networks, reciprocal relationships, collective trust, and cooperation. These relationships can facilitate collective problem-solving and enable communities to develop locally appropriate and innovative responses to economic challenges.

Community mindset represents another important dimension of Prodamas. It reflects residents' attitudes, beliefs, and ways of responding to opportunities and changes created by the program. Drawing on Dweck's concept of the growth mindset, individuals who believe that their capabilities can develop through learning and experience are more likely to respond positively to challenges and innovation. In the context of Prodamas, such a mindset may encourage residents to adopt new practices, including the use of technology in micro and small enterprises, explore new business opportunities, develop new products, and expand their markets.

A growth-oriented mindset is therefore important because physical infrastructure or financial assistance alone cannot automatically generate sustainable economic transformation. Communities must also possess the willingness and confidence to convert available resources into productive activities. Residents who are more open to learning, experimentation, and adaptation are more likely to maximize the economic opportunities generated by Prodamas.

When perception, participation, and mindset are considered simultaneously, they form an interconnected social mechanism supporting local economic development. The coefficient of determination of 0.641 indicates that these three variables collectively explain a substantial proportion of the variation in economic improvement observed in this study. However, their roles are not necessarily identical. Perception establishes initial acceptance and trust, participation transforms that acceptance into collective action, and mindset affects the capacity of residents to convert opportunities into innovation and productive economic activity.

From the perspective of social systems theory, these variables may also be interpreted as interconnected elements within a broader social environment. Luhmann's systems perspective emphasizes that social processes cannot be understood solely through isolated individual factors, because different forms of communication and interaction continuously influence one another. Within Prodamas, positive perceptions can support participation, while participation can expose residents to new experiences that may gradually strengthen their willingness to innovate and adapt.

This interpretation is also consistent with Putnam's concept of social capital. Networks, reciprocity, social trust, and collective action can reduce barriers to cooperation and facilitate the achievement of common objectives. In the context of Prodamas, strong community participation can therefore generate benefits beyond the completion of individual projects. Repeated interaction through neighborhood meetings, collaborative implementation, and collective evaluation may strengthen relationships among residents and increase the community's capacity to address future problems collectively.

b. Community Participation and Local Economic Development

The contribution of participation to economic improvement can also be understood through endogenous growth theory. Romer (1990) argues that knowledge, innovation, and human capabilities play important roles in sustaining economic growth. Applied to local development, this perspective suggests that community participation should not merely be understood as a political or administrative process. It can also function as a productive resource because participation creates opportunities for knowledge exchange, learning, innovation, and the development of locally relevant economic activities.

Similarly, local economic development theory emphasizes the importance of decentralized development strategies that build upon local resources, knowledge, institutions, and community capacities. Blakely and Leigh argue that local economic development involves improving the ability of local communities to create employment, enhance economic opportunities, and improve quality of life through the effective use of local resources. Prodamas reflects this approach by providing residents at the neighborhood level with opportunities to identify their own priorities and determine development activities according to local needs.

In this context, residents are not merely the beneficiaries of economic development but also active actors in the development process. Economic improvement is therefore generated not only through macroeconomic investment or municipal policies but also through micro-level practices originating within neighborhoods. This helps explain why participation emerged as one of the strongest variables in the present analysis.

Cohen and Uphoff (1977) conceptualize participation through four major dimensions: participation in decision-making, participation in implementation, participation in the utilization of benefits, and participation in evaluation. This framework is particularly relevant for understanding Prodamas because community involvement occurs throughout different stages of the program.

At the neighborhood level, residents participate in community deliberations, formulate proposals, contribute to implementation, utilize the resulting facilities, and participate in monitoring and evaluation. This indicates that participation within Prodamas is potentially more substantive than symbolic. Annual neighborhood deliberations provide a forum through which residents can express priorities and influence decisions regarding the use of development resources.

Using Cohen and Uphoff's framework, participation in Prodamas can therefore be understood as a multidimensional process. Residents express development priorities through neighborhood deliberations as a form of participation in decision-making; they contribute to implementation through local implementation teams and collective activities; they directly utilize the resulting infrastructure and community services; and they participate in evaluation and oversight through accountability and reporting processes.

c. Community Empowerment and Local Agency

Participation is closely linked to the broader concept of community empowerment. Narayan (2002) explains empowerment in terms of expanding people's capacity to make meaningful choices and transform those choices into desired actions and outcomes. Two elements are particularly relevant: agency, or people's capacity to act effectively, and the opportunity structure, or the institutional environment that allows this agency to be exercised.

Within Prodamas, community empowerment begins with the ability of residents to determine development priorities according to their own needs. Communities may propose improvements in roads or drainage systems, support for economic activities, skills development, or other locally relevant initiatives. Their involvement in implementation and accountability further strengthens local agency by giving residents practical experience in managing resources and solving collective problems.

Community institutions also play an important role in creating an enabling opportunity structure. The Lembaga Pemberdayaan Masyarakat Kelurahan (LPMK), neighborhood organizations, and other community-level institutions facilitate communication between citizens and local government. These institutions provide channels through which information, proposals, and resources can circulate, thereby increasing community access to development opportunities.

Prodamas also contributes to the formation of social capital because its implementation requires repeated interaction among residents through deliberative forums, collective projects, and community activities. Such interaction can strengthen interpersonal trust, shared responsibility, and social cohesion. In this sense, the value of Prodamas extends beyond the physical assets it produces. Its participatory processes may also strengthen the collective capacity required for longer-term local development.

d. Infrastructure as a Platform for Local Economic Activity

Physical infrastructure generated through community-based development can become an important form of public capital. Roads, drainage systems, community facilities, and other neighborhood infrastructure can improve accessibility and reduce barriers to local economic activities. Mankiw's discussion of capital and productivity provides a useful economic basis for understanding how infrastructure can support private-sector productivity by improving access and reducing transaction costs.

Within the context of Kediri, improvements in neighborhood roads may facilitate the distribution of products produced by micro and small enterprises, improve customer access to home-based businesses, and support the circulation of goods and services. Thus, infrastructure produced through a participatory program should not be understood merely as a physical output. When effectively utilized by the community, it may become an economic asset that stimulates household-level productive activities.

This relationship also demonstrates an important interaction between physical development and community mindset. Infrastructure creates opportunities, but residents must recognize and utilize these opportunities before economic benefits can emerge. A new road may improve accessibility, for example, but its contribution to household income will depend on whether residents use that access to develop enterprises, expand markets, improve distribution, or initiate other productive activities.

e. Prodamas Plus, Digital Governance, and Economic Empowerment

The transformation of Prodamas into Prodamas Plus expanded both the program's budget and the range of activities implemented at the neighborhood level. Prodamas Plus provides support across infrastructure, health, social and cultural development, economic development, education, and youth activities. Official Kediri City sources confirm that Prodamas Plus has been implemented with an allocation of up to IDR 100 million per neighborhood unit per year.

Digital governance has also been incorporated into program management. For publication purposes, I recommend using the term *Progressio* rather than *e-Prodamas*, because Kediri City Government documents identify *Progressio* as the application used to document and report the progress of Prodamas Plus activities.

The economic dimension of Prodamas Plus has also provided opportunities for community-based business development through training, cooperative development, skills enhancement, and other productive activities. Evidence from Bangsal, for example, shows that Prodamas Plus has supported economic-sector initiatives involving neighborhood cooperatives and vocational training.

These activities illustrate that economic empowerment requires more than financial assistance. Training can improve skills and entrepreneurial confidence, while local institutions can facilitate access to resources and business networks. When combined with infrastructure and community participation, these interventions can create a more supportive environment for household enterprises and community-based economic initiatives.

Institutional Architecture and Distributed Responsibility

One of the strengths of Prodamas is its relatively inclusive institutional architecture. Implementation involves actors at several administrative and community levels, including neighborhood organizations, community implementation groups, urban village governments, municipal agencies, and supporting institutions. This structure distributes responsibility for planning, implementation, monitoring, and accountability rather than concentrating authority entirely within municipal government.

Such an arrangement resembles the concept of distributed or collaborative governance, in which multiple actors share responsibility for the production of public outcomes. The potential

advantage is that development decisions can incorporate local knowledge while still benefiting from governmental resources, technical supervision, and administrative support.

Recent research on Prodamas similarly describes community participation and collaborative governance as central features of the program. Residents participate in planning, implementation, and evaluation, while the government increasingly performs an enabling and facilitative role rather than functioning solely as a top-down provider.

This institutional arrangement is particularly relevant to the economic effects identified in this study. Participation becomes more effective when citizens are provided with genuine opportunities to influence resource allocation and when community institutions are capable of converting proposals into implementable activities.

f. Contextual Experiences at the Neighborhood Level

The Indonesian text also provides several neighborhood-level illustrations of how infrastructure and community activities may interact with local economic development. It describes experiences in Mojojoto, Bandar, Ngadirejo, Burengan, Bandar Lor, Singonegaran, and Ngronggo, where infrastructure, community facilities, training activities, and neighborhood initiatives were associated with changes in household economic activity and community participation.

For example, improvements in neighborhood roads can make customer access easier and facilitate the establishment of home-based food businesses. Small public facilities such as neighborhood parks and gazebos may also acquire multiple functions, serving not only as social facilities but as locations for meetings, community events, and MSME bazaars. Similarly, drainage improvements can enhance the usability of surrounding land and indirectly create opportunities for productive activities.

These examples suggest that physical infrastructure should not be viewed as the final outcome of community development. Instead, infrastructure can function as an enabling platform that triggers subsequent economic and social activities. When residents directly experience the benefits of development, they may also become more willing to participate in subsequent program cycles, thereby creating a reinforcing cycle of trust, participation, collaboration, and local innovation.

g. Social Development and Economic Sustainability

Prodamas also includes activities that extend beyond infrastructure and direct economic assistance. Social programs involving health, education, community institutions, youth, and other forms of social development can indirectly strengthen the foundations of local economic growth.

This relationship is consistent with Midgley's social development perspective, which emphasizes the integration of social and economic development. Improvements in health, knowledge, skills, organizational capacity, and community institutions can increase the ability of individuals and communities to participate productively in economic activities. Economic development and social development should therefore not be viewed as separate processes, because improvements in one dimension may reinforce progress in the other.

Local economic development in this sense extends beyond conventional macroeconomic indicators. It also encompasses household welfare, job creation, community-based enterprise development, local institutional capacity, and people's ability to mobilize resources collectively. Prodamas demonstrates how neighborhood-scale interventions may contribute to these outcomes by connecting public investment with community participation.

Despite these positive mechanisms, the findings also reveal an important limitation. Relatively weak responses in some dimensions of participation and mindset suggest that the economic leverage of Prodamas may not yet be fully optimized. From the perspective of endogenous growth theory, infrastructure and financial resources can generate only limited transformation when they are not accompanied by human capital, learning, innovation, and active engagement.

The key challenge therefore concerns not only technical program implementation but also the social and behavioral dimensions of participation. Some residents may remain dependent on government direction, may not yet perceive collective responsibility for development outcomes, or may doubt whether their individual participation can significantly influence the program.

Addressing this challenge requires a model of participation that moves beyond formal attendance at meetings. Community education, capacity building, participatory planning, accessible information, and continuous opportunities for residents to influence decisions are needed to strengthen both agency and ownership.

This finding is particularly important because previous studies of Prodamas have also identified community participation as a major factor in program effectiveness. Research in Bujel found citizen involvement across planning, implementation, and utilization stages, while research in Ngronggo similarly identified community participation as highly influential in the success of Prodamas. A broader evaluation involving 1,000 observations also reported substantial community participation and positive effects across infrastructure, social empowerment, employment, and other program outcomes.

Taken together, the findings of the present study suggest that Prodamas contributes to local economic improvement not simply because it allocates public funds at the neighborhood level, but because it creates a framework in which citizens can participate, learn, collaborate, and transform public resources into locally relevant development outcomes. Participation provides the mechanism through which community needs are translated into action, while a growth-oriented mindset strengthens residents' capacity to convert development opportunities into productive economic activities.

Consequently, strengthening community participation and mindset should become an important component of future Prodamas development. Government communication should not be limited to disseminating information about the program but should be designed to encourage participation, strengthen local capacity, facilitate innovation, and build a sustained sense of community ownership. Through these mechanisms, Prodamas has the potential to evolve from a neighborhood-level funding program into a broader platform for inclusive and sustainable local economic development.

CONCLUSION AND RECOMMENDATIONS

This study concludes that community participation and mindset (Dweck, 2006) significantly influence economic improvement through the implementation of the Prodamas Program in Kediri City. Active citizen involvement and a positive mentality are the key success factors for participatory development. While a favorable public perception of the program is important, it is not sufficient if not followed by concrete actions.

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