

DEVELOPING A CREATIVE ENTERPRISE IN A CREATIVE CITY (CASE STUDY: BANDUNG, INDONESIA)

Salfitrie R. Maryunani
Institut Teknologi Bandung, Indonesia.
Corresponding Email: salfitrie_rm@sbm-itb.ac.id

Abstract

The city of Bandung, Indonesia, was selected to be a pilot project of a creative city by the British Council due to the fact of the advanced development of its creative industries. The combination between the topography, demography, cultural and social patterns of the place and the people have made it an ideal condition for the industries to grow. The paper is trying to depict an example of an entrepreneurial entity within the creative industries which not only strived to empower the people in what used to be one of the impoverished kampongs in Bandung, but also ensured their business sustainability by creating a cooperative. A qualitative research method of interview was applied. The respondent was a team of entrepreneurs who formed a company about twenty years ago. I had the opportunity to have an interview with the CEO, Nancy Margried, and at the time she explained about her company, Batik Fractal.

Keywords: Entrepreneurship, Creative Industries, Creative City, Bandung & Indonesia.

1. Introduction

Bandung is the third largest city in the country, with a population of 2,5 million in 2016 (*BPS Kota Bandung/Bandung Statistics 2016*). Its close proximity to the national capital, Jakarta and its cool climate, make it an ideal get-away destination for people from all over the country. Historically, when Indonesia was under Dutch colonial rule, Bandung was regarded as the city of retreat, as opposed to Jakarta which was perceived as a military base. There are two main assets that Bandung possesses: first, science and technology and second, human resources. The significance of science and technology is related to the large number of higher educational institutions in the city – fifty in total. As for human resources, perhaps due to its being surrounded by mountains and lacking abundant natural resources, the people of Bandung have always relied on their own human capital resources in order to survive. It was these circumstances that led to the city being chosen as the venue for the creative city of the Indonesia-based pilot project.

Over the years, the combination between the lack of natural resources and the abundance of human capital has resulted in the growth of entrepreneurship in Bandung.

The initiative for Bandung as a creative city came up from an event when the UK-East Asia Creative Cities Forum was held in Yokohama, Japan in July 2007, in partnership with the British Council. This event was a conference conceived to explore the theme of the “Creative City”, namely how best to generate new regional value in a global era based on art, culture, industry and other resources distinctive to specific regions. According to the British Council Annual Report 2007-08 (2008), the forum was scheduled to promote debates on art and cultural policies and other subjects from creative perspectives, as well as exchanges and interaction between local artists and creators. From this event, Bandung was chosen to host the pilot project for the creative city in the East Asia Creative Cities program by the British Council. This is a 3-year program developed by the British Council, with a budget of £2

million, aimed at supporting the development of creative and open cities with successful knowledge economies in East Asia and the UK. The program focused on four broad themes: working with artists and designers to reimagine our cities, promoting accessibility and participation; transforming public spaces, and supporting creative entrepreneurs (British Council Annual Report 2007-2008).

Following the 2007 Yokohama Forum, the Bandung Creative City Forum (BCCF), an organization and forum of creative communities in Bandung, was founded in December of 2008. Since then, it has become an independent association with the objective of benefiting the local society in general, and its creative communities in particular. In all its activities, BCCF deploys three simultaneous approaches, i.e. creativity-based education, planning and improvement of the city infrastructure as a means of developing a creative economy and establishing creative entrepreneurs, as well as a creative community. In the long run, this forum is intended to participate in a branding strategy designed to extensively develop the city and its networking through collective efforts in order to collaborate and compete globally (BCCF, 2012).

One of the reasons why Bandung was selected to be a pilot project of a creative city by the British Council was due to the fact that the advanced development of its creative industries. The combination between the topography, demography, cultural and social patterns of the place and the people have made it an ideal condition for the industries to grow. The paper is trying to depict an example of an entrepreneurial entity within the creative industries which not only strived to empower the people in what used to be one of the impoverished kampongs in Bandung, but also ensured their business sustainability by creating a cooperative.

A qualitative research method of interview was applied. The respondent was a team of entrepreneurs who formed a company about twenty years ago. I had the opportunity to have an interview with the CEO, Nancy Margried, and at the time she explained about her company, Batik Fractal.

2. The Economy of Bandung

Not only did a major financial collapse with calamitous consequences for Indonesia occur in 1997, but a number of simultaneous natural disasters, in particular a drought and forest fires, affected the country. In October 1997, the government announced a call for help to international monetary organizations and, under pressure from the International Monetary Fund (IMF), President Suharto finally agreed to use his government's US\$33 billion reserve fund to freeze the prices of rice and fuel, in the hope that this would avoid a descent into popular anarchy (Cribb and Kahin 2012, p. 127).

After President Suharto's resignation and succession by President Habibie in 1998, the new president affirmed his commitment to implementing IMF's policies and subjected all banks and corporations to structural reform. In 2001, during the presidency of Megawati Sukarnoputri, the daughter of Indonesia's first president Sukarno, the government only achieved 3% GDP growth (compared with 4% in the previous year), and not the minimum of 6% necessary to pay off part of Indonesia's foreign debts. The IMF had started to fund Indonesia's economic recovery during the four years after 1999 with loans worth US\$5.2 billion. This program was implemented by Sukarnoputri's economic reform team within the cabinet which took a number of 'unpopular' decisions such as increasing the prices of fuel, electricity and communication services, as well as selling national assets to foreign enterprises. Indonesia's economy grew 3-4% in 2002, while the poverty rate declined to 16% in January 2003 (Cribb and Kahin 2012, p. 128).

The economic situation developed encouragingly in 2003, although there was a decline in foreign investment due to terrorist attacks in Jakarta and on Bali. In July 2003, the government announced that the IMF contract would not be extended after its expiry in the same year. Up to October 2002, the government had spent US\$ 4,7 billion of the foreign loan and IMF had agreed to provide an additional US\$ 493 million. At the time, the government

had succeeded in holding the annual inflation rate as low as 5.3% and stabilizing the Rupiah exchange rate. However, the IMF recommended that the government increase its efforts to attract foreign investment and eradicate corruption. Responding positively to IMF suggestions regarding economic policy, the Indonesian capital market reached a peak after three and a half years. Moreover, Indonesia’s economic growth in 2004 was estimated at between 4% and 5%, which was a good sign (Cribb and Kahin 2012, pp. 128-129).

From a regional point of view, according to Tarigan et al. (2016, pp. 100-110) Bandung’s economic growth has been the highest in West Java Province, and even exceeds national growth (see Figure 1). The most obvious growth areas within the commercial sector comprise clothing factory outlets and boutique businesses that attract not only local people, but also those from other parts of Indonesia and even neighboring countries such as Malaysia and Singapore (Suwarni, 2009 in Tarigan et al., 2016). The outlets provide their own fashion-related products that follow the latest fashion styles, using textiles from local factories in South Bandung (Tarigan et al. 2016).

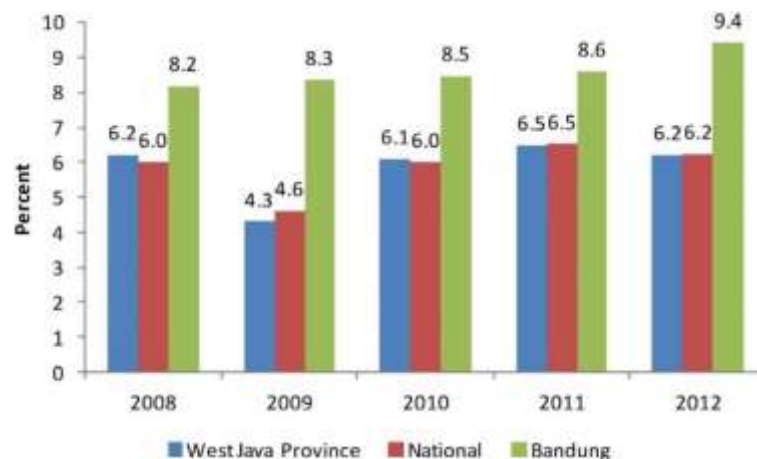


Figure 1: Economic growth in Bandung, West Java, and Indonesia

(Source: Tarigan, Ari K. M. et al. (2016) ‘Bandung City, Indonesia.’ *Cities*, Vol. 50, February 2016, pp. 100-110)

However, even though economic growth in Bandung has increased significantly, the study also confirmed a rise in the poverty level and social gap within society. Yossi Irianto, the Regional Secretary of Bandung’s Mayoral Office, addressed a coordination meeting on poverty eradication and data synchronization among poverty-stricken residents in Bandung in March 2017 (Maulana 2017). He stressed that the government’s commitment to reducing the gap by improving the people’s economic situation through sectors of the creative industries. “It is expected that by investing in creative industries, the government will attract more income from tourism in particular and, ultimately, increase the people’s economic level,” he said.

One of the programs initiated in the year 2017 was a micro-financing public loan scheme worth up to IDR300 billion (USD23 million) with distribution through a rural bank (Bank Perkreditan Rakyat). This year’s total represented an increase on the previous year (2016) which had only been IDR100 million (USD8 million). According to Business News Daily: Small Business Solutions and Inspiration (Brooks, 2013), microfinance constitutes, “... a system that refers to an array of financial services, including loans, savings and insurance available to poor entrepreneurs and small business owners who have no collateral and would not otherwise qualify for a standard bank loan.” Irianto stated that, at present, the increase in urbanization and lack of simultaneous growth in the capacity of the city has resulted in negative impacts, for example: social conditions, traffic congestion and a decline in environmental quality. So the development plan needed not only to tackle today’s problems, but also more importantly to anticipate tomorrow’s challenges (Maulana, 2017).

According to the Bandung Statistics Bureau (Badan Pusat Statistik Kota Bandung), in order to measure the level of poverty, a basic needs approach concept has been adopted. Within this form of approach, poverty is regarded as people's inability to satisfy their basic of food and non-food product requirements. Therefore, poor people are defined as individuals who have a monthly capital expenditure below the poverty line (official website of Bandung Statistics Bureau 2017).

3. Literature Study

In Indonesia, the growth in entrepreneurship can be traced back to the occurrence of the economic crisis in 1998. Many people lost their jobs and tried to survive by establishing small business ventures. Nowadays, there is a tendency in an increasing number of schools at various levels of education, whether academic or vocational, to offer entrepreneurship courses. In addition, research has revealed increasingly favourable perceptions of entrepreneurship as a potential career. Indeed, 72.9% of the Indonesian population agreed that being an entrepreneur represented a positive and desirable career choice. Significantly, this perceived value is found mostly among young adults aged between 25 and 34 years old (Nawangpalupiet *al.* 2015 in Mirzanti 2016), indicating a tendency for the young generation's orientation to be towards self-employment, rather than working as an employee.

Dr.NoerSoetrisno, former Deputy Minister of the Ministry of Cooperative and Small & Medium Enterprises of Indonesia, stated in 2004 that,

'... the position of Small and Medium Enterprises (SME) in Indonesia can be seen from: (a) Their position as a main player in the economic activities of several sectors; (b) Their major contribution to the provision of job opportunities; (c) Being the main player in the development of the local economy and people's emancipation; (d) Being the new generator of new markets and innovations, and (e) Their input into the balance of payments through their contribution towards exports' (Urata 2000 in Soetrisno 2004). 'Since this crisis, not all of the above positions could be maintained which makes the economic recovery less than optimal' (Soetrisno 2004).

Soetrisno stated further that, during 1998, when the crisis was in its worst phase, economic growth had suffered a decline of 13.4%, and a massive decrease, perhaps amounting to as many as 2.95 million companies, in the number of business had occurred (Statistics Indonesia and the Ministry of Cooperatives and SME 2001 as quoted in Soetrisno 2004). This illustrated that when the human resources factor, centering on technology and people's managerial capability was weak, short- term improvements were difficult to achieve. Economic progress in Indonesia during the first five years after the outset of the crisis represents an interesting case for analysis within the framework of identifying the strength of SMEs. This was because the flexible yet vulnerable characters of the SMEs appeared incapable of making a substantial change unless there were other factors at play. This characteristic of flexibility emerged due their strong will to survive so that, when faced by new challenges, their limited capabilities were clearer than ever, and they came to the realization that they would not prosper simply by repeating the same behavior (Soetrisno 2004).

*The ideal focus to identify one of the important dimensions in the development of SMEs are the factors of the entrepreneurs themselves, the manpower (people working for small enterprises) and the businessmen acting as entrepreneurs. The dimension of **entrepreneurial development** has a strategic position in the development of SMEs in Indonesia possessing competitive power within the framework of globalization and the competitive market. For Indonesia, dominated by agricultural activities and especially food crops that tend to require support through large subsidies, the challenge is greater. This is due to the need to change attitudes and to apply such changes on a sufficiently large scale (Soetrisno 2004).*

Prior to the crisis, Indonesia's economic growth, recorded in 1996, was running at 7.8%. During the same period, between 1996 and 1998, a protracted drought afflicted Indonesia. When the crisis began in September 1997, economic growth declined to 4.7%. The nadir of the crisis was experienced when growth in the economy fell by 13.4% and household consumption decreased by 6.2% in 1998. This situation had a negative impact and led to the creation of a new term, 'transitory poor,' i.e. a new group of people referred to as 'the lost generation' that would place a burden on the nation's economy in the future" (Soetrisno 2004). The situation was exacerbated when numerous companies of varying size went bankrupt, with negative implications for the future. From a total as high as 39.77 million in 1997, the number of business units dropped to 36.82 million in the following year - irrefutable evidence that the financial and natural crises had had severe impacts on all sectors within Indonesia's economy. The statistics showed that the country required four years to restore the number of businesses to the 1997 level. This situation was unfavorable for Indonesia because, of all existing businesses, 97% were micro businesses with annual turnovers below IDR50 million (USD50.000), and predominantly in low productivity agricultural and retail distribution sectors. This was not accompanied by sufficient economic growth with the result that, at the end of the fourth term in 2002, national GDP based on 1993 prices had still not returned to the level prior to the crisis (Soetrisno 2004). He adds, '... this picture is relevant within the framework of economic recovery, especially as a starting point for efforts to rebuild the Indonesian economy.'

Table 1 The Development of Business Units in Indonesia, 1997 – 2003

Year	Variable		
	Small Business	Medium Business	Big Business
1997	39,704,661	60,449	2,097
1998	36,761,689	51,889	1,830
1999	37,859,509	52,214	1,885
2000	38,669,355	54,632	1,973
2001	39,869,505	57,861	2,084
2002	40,301,263	61,052	2,198
2003	42,236,519	61,986	2,243
Source: Ministry of Cooperative and SME in Cooperation with CBS (2000 and 2003)			

Source: Soetrisno, Noer (2004) *Entrepreneurship for the Development of SME in Indonesia*. Paper presented in a seminar at Gorontalo State University, 17 May 2004. From <http://smecda.com/wp-content/uploads/2015/12/Makalah-19.pdf> Accessed 19 September 2017

4. Discussion on the People Empowerment and Business Sustainability

It began with a company named Pikel Indonesia, founded by three friends (Nancy Margried, Yun Hariadi and Muhammad Lukman), who have known each other since their college years some twenty years ago. The company itself was founded in 2007 to promote the integration of art, science and technology. Hariadi, a Mathematics graduate from ITB, is very familiar with a computer program entitled "Mathematical Fractal". He realized that this particular program was able to produce a 2D image in the form of patterns. Supported by Lukman, with a background in ITB's architecture engineering department, he started to create models of patterns from the program. Inspired by Margried, who majored in public relations and represented the only female team member, they came up with batik patterns created by the fractal program.

Not long thereafter, the three friends decided to start a company, realizing that the potential of the idea could, if managed professionally, become a source of something significant. Of the three, Margried holds overall authority as CEO, Yun occupies the position of Head of Research and Development, while Lukman acts in the capacity of Head of Design. Pikel Indonesia Company manufactures two particular products: batik fractal in the form of fashion apparels and jBatik, computer software for designing batik patterns which is available for sale and training.

For the software in particular, the team realized that, since the program is new, the company required an internal training division in order to disseminate the software's application. Margried provided an example of programs, including: Adobe, Corel, and even Microsoft Office, all of which employed professionally-trained officers certified to conduct training in the respective programs. This is what Pikel Indonesia are striving to achieve. Having said that, she also added that the company has a particular concern for batik artisans, rendering them the priority market for their software, ahead of students and professionals.

Margried argued that such a concern was not unreasonable since there are still a large number of batik artisans struggling at the bottom of the business chain. By this, she meant that artisans, being the primary source of skills in batik production, are often left unskilled and uneducated when it comes to trading, let alone realizing the market potential of their products. She went on to state that this reality led Pikel Indonesia to promote the empowering of batik artisans as a means of supporting the industry, as well as sustaining the company, despite its low profits.

For this scheme, Margried said that the company is working in collaboration with batik artisans in producing fashion apparel. Training is particularly targeted at those residents in remote areas, thus making them part of the company's supply chain in an attempt to address the issue of artisans being paid very little by middlemen, only for their products to be subsequently sold on at considerably higher prices. Margried added that, nowadays, batik has made a comeback as a fashion statement which everyone is wearing. Consequently, it made her sorry that the artisans are not the ones who reap the benefits.

In the long run, Margried intended to make the company act as a marketing and distribution channel for artisans, with Pikel Indonesia providing the designs and the artisans turning them into products to be sold under the Batik Fractal brand. She stressed that fair price arrangements are applied to every transaction, even though this results in the final products costing more than the average market price – a fact that does not unduly concern them. Quality control is implemented throughout the production process as an integral component of the business model which targets middle-to-upper class customer segments. The company believes that a good design correlates with a viable price, the achieving of which requires the company to enhance the level of creativity of every design supported by fractal software.

In terms of the software application, Margried stated that the company realizes the near-impossibility of artisans paying for the training, so she devised a variety of training schemes. The first is free of charge. Therefore, in order to meet the financial operating costs she applied for grants from government agencies, all of which had an allocated annual program budget for small and medium enterprises in remote areas. Initially, she knocked on every ministerial department door, for example the Ministries of Small and Medium Enterprise, Research and Technology, Trade and many more. Despite failing to meet with instant success, eventually, provincial and municipal level governments contacted her, due to her enthusiasm and perseverance at the national government level. From that point on, a variety of government agencies from different regions have enquired about training in order to increase the competitiveness of their respected regions. In her experience, the multi-layered character of bureaucracy often proves difficult to penetrate, but perseverance is frequently rewarded.

Margried was aware that various forms of batik artisan business existed. These included: the super-low-level types that cannot meet the financial demands of training and the middle

level, whom she charged an affordable price depending on the size of their business. The affordable price also has its own degrees of training, encompassing: basic, intermediate and advanced, with the artisans allowed to choose the one most suitable for them. Basic training usually costs IDR600.000 (US \$60) for a three-day program, while advanced and professional artisans were able to afford the relatively high fee of as much as IDR 3 million (US \$300) for a four-day comprehensive training course. All schemes were constructed in such a manner that the artisans were able to adjust what they had to what they needed, particularly in relation to technology.

Margried expressed a certain bitterness when it came to the government which conducted, for example, Adobe software-based training, arguing that this amounted to little more than a demonstration. She believed that, due to budgetary considerations, it was never the intention of the government to provide each of the artisans with an official copy of the Adobe program, whereas her company's software is more affordable for the artisans, about IDR 500 thousand (US \$50) per copy. Therefore, it is possible for her company to provide all of the targeted artisans with the original copy of the batik designing software.

With that concept in mind, Margried began to work with government agencies in order to make contact with the batik artisans. From that point on, those individuals who wish to undergo batik fractal training can contact the regional Department of Trade and Industry which will provide the link to her company. Margried stated, "You cannot fight the system unless you are within the system." In response to the artisans' demand for training other than that relating to batik design, she and her team also provide courses in marketing and promotion.

One of the reasons why Margried chose the low price strategy was that it represented a means of educating interested parties, both government and practitioners, in the benefits of abandoning the use of pirated software. Another reason was that of disseminating technological capacity within society, targeting a wider audience for her company's exposure. She said that, when speaking to other software developers, particularly those overseas, her company's prices were regarded as extremely reasonable. However, considering Margried's target market, there are still those who view the price as expensive. Maintaining the strategy was, in her opinion, the most effective way of achieving, for the time being at least, a win-win solution among the actors involved.

Moving on to another subject, Margried stated that, from mid-2013, she and her team had been working on a project in one of the kampongs in Bandung. This was in line with the mayoral office's program that, within the next five years, every *kecamatan* (borough) within the city of Bandung would have its own *kampung kreatif* (creative kampong), promoting its own inhabitants' capabilities in arts, culture and education. These kampongs are being developed as a means of encouraging the cultural activities of the people and, in the long run, stimulating the region's economic growth (source: <http://bandungjuara.com/program> accessed in 2013).

One kampong in particular, located in the northern part of Bandung, which became the target of the Pikel Indonesia Company, was Kampong Dago Pojok. The area is described as follows:

'Kampung Dago Pojok is located between Jalan Dago (Juanda Road) and Maribaya Park (Juanda Forest), also situated between Punchut Hills and Sangiang Hills near Ciumbuleuit region. Kampung Dago Pojok covers an area of 30 hectares, populated by 557 men and 634 women. From the total population, 164 are head(s) of poor families making (a) total around 641 people. Residents of Dago Pojok subsist on low incomes, derived from informal and insecure labouring jobs and have poor access to education, employment opportunities and public service (Prasetyo and Martin-Iverson, 2013 in Margried 2015).

Kampong Dago Pojok was considered one of the most populated slum areas in Bandung (Magried 2015, p. 113). Topographically, such districts usually consist of small, adjacent

houses, connected by narrow alleys, accessible only by pedestrians or motorcycles. Demographically, based on Bandung Central Bureau of Statistics (2008), each household in these areas is, in general, occupied by between two and four families, with a maximum monthly income of IDR600,000 (US \$50), which barely covers their daily needs, let alone allowing provision for savings. Moreover, local population density has reached 14,228 people per square kilometer.

As background information to the Kampong Dago Pojok situation, in 2003, an initiative was launched by two artists and social activists, RahmatJabaril and IkaIsmurdyahwati, in creating a 'Free School' community for local residents. This community provided free education from early childhood up to secondary school age for teenage dropouts. Recalling her encounter with Jabaril and Ismurdyahwati, Margried (2015, p. 115) stated that,

'Over time, Jabaril saw the potential for creativity among the residents, although it is not yet developed formally in entrepreneurial terms. In 2011, Jabaril started to mobilize residents to optimize creative activities in this region, beginning with decorating the Dago Pojok area with mural art and held (an) arts festival featuring a variety of traditional arts from West Java. The creative activities of Kampung Dago Pojok have provided opportunities for residents to express themselves and participate in creative and cultural events that attracted visitors. Kampung Dago Pojok became widely known as the Creative Village (Kampung Kreatif). The next challenge is how these creative activities can be transformed into a structured and entrepreneurial system that is promoting collaboration between Kampung residents with more established creative workers in Bandung to provide sustained benefit particularly in economy and education.'

This challenge became one of the reasons why the collaboration between the kampong and Batik Fractal company emerged. Margried was approached by Mr. Jabaril and Ms. Ismurdyahwati at the beginning of 2013 when they asked her to create an activity program directed at the village residents. To start with, Margried and her team began creating, developing and providing training on batik design and production, particularly intended for housewives. Targeting these participants was intentional, since these women were considered the most unproductive segment of that particular society. However, later on, bearing in mind that Kampong Dago Pojok is also home to disadvantaged teenagers, Batik Fractal also created a program for them to learn how to design batik patterns using software.

On the plus side, the level of appreciation demonstrated by the communities was high. On the minus side, the programs consumed the company's resources at a high rate. Therefore, in order to achieve a balanced cash flow, Margried devised a scheme for founding a business entity for the community in the form of a cooperative. The development of this form of business entity was undertaken deliberately, since she had noticed several drawbacks faced by the kampong's residents, including; the lack of education and the high level of unemployment, both of which precipitated a condition of poverty.

Margried said that when establishing the cooperative, she, Jabaril and Ismurdyahwati had joined forces in supporting the women with capital investment, since many of them lacked financial resources. National government law no. 25/1992 stated that there should be a minimum of twenty members in order to found a cooperative. Consequently, Margried had to include a number of employees from her own company, along with a number of the women, in addition to Jabaril and Ismurdyahwati. All of the members of the cooperative had agreed that the management would be run as a division of Batik Fractal, within clear and transparent financial guidelines.

Margried argued that the most logical activity to be undertaken was creating some form of livelihood that would enable the residents to support themselves. She had hoped that, through such activity, the residents would be able to occupy their abundant free time more productively. Nevertheless, as a form of business entity, a cooperative also needs to make a

profit. This situation led to the next obstacle, namely; the need to identify investors to fund the project. From the outset, she realized that the kampong had nothing to offer.

With that situation in mind, Margried created a batik making workshop in the middle of the kampong, a facility necessitating waste disposal. She also had to develop a responsible production process, if the business were to prove sustainable. This is why she decided to use natural dyes to color the batik, since waste disposal was still by means of a local river. As a result, the dyes needed to be environmental friendly, causing no harm to nature.

Margried added that, if she and her team were going to turn the kampong's creations into production commodities under their company brand, they needed to initiate a new kind of start-up in order to achieve success. In Batik Fractal's line of business, the company did not rely on owning workshops to manufacture the products, since they had a number of reliable artisans as key partners located outside the city, e.g. in Pekalongan, Central Java. Margried indicated that, in contrast to the company's regular line of work, she decided that this project needed to create a workshop as a production facility. The manufacture of the products should be undertaken in situ, where the residents live, in order to develop local empowerment of the kampong. Her plan was to make the batik products the kampong's signature trademarks.

The first task was to find a suitable investor for the project. Margried realized that it was not possible to seek financing from local residents, and this factor also lay beyond the reach of Mr. Jabaril and Ms. Ismurdyahwati. She was also aware that had the residents enjoyed access to any resources or funding, they would have initiated the project themselves. In contrast, her team of entrepreneurs possessed everything that was necessary. The plan to create a cooperative was implemented, even though the license processing procedure would last for three years. Nevertheless, Margried thought that the most important task was to establish what she called a 'pre-cooperative,' an organization capable of providing a means of livelihood for local residents. Should representatives from the Department of Cooperatives and Small and Medium Enterprises turn up at a later date, complete with bureaucratic red tape, the 'pre-cooperative' would be ready to be formalized.

To keep a long story short, Margried eventually found investors sufficiently supportive to give the project financial aid without worrying unduly about the payback scheme. She realized that this kind of business would need more than five years to build, not to mention prove profitable. The initial capital, amounting to hundreds of millions of Indonesian Rupiahs, was utilized as working capital for materials, marketing and operations. After some time, the production process was up and running. "After all, this was the main reason behind the foundation of the business," she said.

The second task was to find appropriate channels for marketing and distributing the products. Margried acknowledged that the answer had been right in front of her eyes, by using her company's channels as the means of distribution for the cooperative's products. She told me that managing a cooperative was just like running any other business entity, meaning that for this cooperative, she specifically hired a professional manager to take charge of day-to-day operations and set up personal accounts, working targets and attendance rosters for the employees. As a gesture of mutual goodwill, her company provided monthly salaries for the workers, in return for employee-manufactured products as compensation taken from a percentage of the sales.

Another issue that Margried thought important for consideration was the fact that female employees had not been used to being in a 'professional working environment' prior to being recruited by her company. Several of the women even had zero work experience. "A change in their behavior was needed," she said. They had never previously created a batik product and needed, through the company's training program, to be able to make a valuable and saleable product. According to Margried, this process of trial and error lasted six months at the beginning of the program. However, the products eventually matched her company's

quality assurance criteria, and they were finally showcased in Cascade, one of the factory outlets in Bandung, and also online.

It appeared that this kind of initiative was of interest for the people at the Bandung Creative City Forum and other associations who made requests to Margried and the company to replicate this program in other kampongs and cooperatives in Bandung and elsewhere. However, Margried commented that this was not a model that could be replicated in a straightforward manner, due to the amount of prior research to be completed, not to mention the commitment to continuous care and monitoring.

Margried indicated that, as a development of the program, her company had recently employed interns. Initially, it had not been her intention to employ such individuals within the cooperative. However, after a visit by students majoring in fashion at a vocational school, she had the idea of approaching the directors of those schools to express her intention to hire interns to work at her company. This turned out to be a hugely beneficial collaboration. Thanks to these interns, the women were able to become skilled tailors. “Knowledge sharing is invaluable,” she added. The essential part was how to manage a cooperative professionally and in a business-like manner. Margried said that there were many cases of cooperatives being under-developed due to mismanagement. Not long thereafter, company owners from Malang, another city in Indonesia, asked her to replicate this commercial model for their own businesses.

Margried went on to explain the underlying rationale for her company acting in this manner. She said that, as a densely-populated city, Bandung still experienced a significant social gap among the people. She believed that if the lower income sections of society were able to sustain themselves, rather than representing part of the city’s problems, this would help in closing the social gap. As the people are employed by the cooperative program, she expected that they would become productive enough to be sustainable financially. “I think we need to change behavior,” she added.

Margried expressed her admiration for other initiatives undertaken by Jabaril and Ismurdiahwati on behalf of the kampung, such as providing free education for dropout children. For example, she noted that when giving a TEDxBandung talk in November 2012, Jabaril said that being a painter himself, he also encouraged the kampung’s creativity through art. Initiatives included: painting murals to decorate the walls, empowering local residents to create new businesses in producing homemade fare, such as salted eggs and traditional snacks, as well as organizing festivals to showcase to visitors what the kampung had to offer.

Jabaril then established contact with the Bandung Creative City Forum (BCCF) and their visions coincided. The concept began with the realization that there were a number of disadvantaged areas in Bandung, although with different characteristics, but also with potential in several areas. While some kampongs are into music, others favor traditional dance. One idea that Jabaril came up with was that of making the kampongs tourist attractions as a means of sustainability. He developed programs for the kampongs based on their unique features. This was a timely initiative, as Jabaril already had a workshop, as well as a free school in Dago Pojok. Therefore, it was quite straightforward to develop further projects since he was heavily involved in this particular kampung.

Margried, commenting on Jabaril’s initiatives, thought that, even though having an annual festival constituted a positive development, it only happened once in a certain period of time. She was thinking of a more significant method of maintaining and increasing the people’s living standards, and it was at that point that the idea of creating a cooperative emerged. The next agenda in her mind was how to showcase the products it made. She had intended to have an offline store for the cooperative as a showcase for the products, but the idea had still not been brought to fruition. However, although people were not yet able to purchase the products directly from the workshop, the cooperative’s programs in batik making and dying were more popular.

The women at the workshop were now able to train other people how to make and dye batik. The recent participants were approximately 20 students from China and South Korea learning how to create batik. For a one-day training course, they were charged IDR70.000 (USD7) per person. Other participants came from Petra University in Surabaya which demanded advanced training. They were charged IDR150.000 (USD15) per person for a two-day training course with all of the fees being added to the cooperative's financial resources.

Margried said that there were other kampongs in Bandung under the BCCF's "Creative Kampong" program, for example, one in the area of LinggaWastu which specialised in waste management. She emphasized the possibility of replicating this kind of program elsewhere existed, provided there was a strong commitment. One of the reasons why Batik Fractal was successful in its activities at Dago Pojok, was because the company was implementing its own line in batik design and manufacture. Actually, Margried indicated that other activities were being conducted by people in the kampong, such as weekend music performances, traditional dance lessons and home-made cakes and pastries for sale. However, in her opinion, those kinds of activities were considered passive businesses that merely waited for customers to materialize rather than actively seeking them.

5. Conclusion

There are two types of entrepreneurs: those referred to as necessity-based who establish businesses primarily because of involuntary redundancy allied with a lack of alternative employment opportunities, and others, termed opportunity-based, who set up their own enterprises regardless of the state of the economy (Thompson 2011). In terms of the Kampung Dago Pojok case, Margried asserted that the important point is how to manage a business sustainably, irrespective of the type of entrepreneurs they represent. It is the entrepreneurs themselves who decide whether they consider their businesses to be necessity-based or opportunity-based, while decisions as to how those enterprises are managed will determine their sustainability. The title "Creative City" needed to be connected with the strong growth of its creative industries. Although workshop women are still considered to be necessity entrepreneurs, Margried tried to regularize their activities across four days a week, with the result that, as long as the targets were met, income would flow.

One way of explaining theoretically the approach developed by Margried and her colleagues is to refer again to the development model of Indonesia's creative economy, as mentioned in the literature review. The Triple Helix concept is useful here. In this case, Margried and Batik Fractal acted as the industrial part of the model. Both RahmatJabaril and IkaIsurdyahwati were artists and educators, while the Bandung Creative City Forum occupied the role of the government's representative.

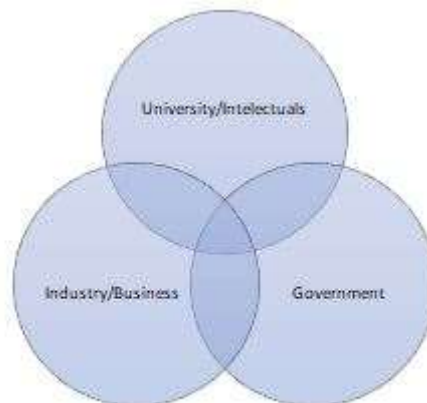


Figure 1: Triple Helix Configuration

(Source: Leydesdorff, Loet (2012) 'The Triple Helix, Quadruple Helix, ..., and an N-Tuple of Helices: Explanatory Models for Analyzing the Knowledge-Based Economy?' *Journal of Knowledge Economy* [3:25-35]).

This case study of a successful collaboration in the field of creative industries using the three strands of the triple helix indicates what can be potentially achieved in Bandung. Moreover, how the example given should be pursued elsewhere within the city was also discussed, while bearing in mind, as emphasized by Margried, that each situation and location has its own peculiarities which need to be taken into careful consideration.

Acknowledgement

This paper is a partial research of my own doctoral dissertation and was also partly funded by Research Grant Program from SBM – ITB.

References

- i. *Badan Pusat Statistik Kota Bandung (BPS) – Statistics of Bandung Municipality. 2017. Kota Bandung Dalam Angka (Bandung Municipality in Figures). Bandung: BPS Kota Bandung (BPS) – Statistics of Bandung Municipality*
- ii. Bandung Creative City Forum (BCCF), 2012. *About Us*. [Online] Available at: <http://www.bccf-bdg.com/webs/contact/about-us.html> Translated from Bahasa Indonesia.
- iii. British Council Annual Report 2007-08, 2008. *East Asia*. [Online] Available at: <http://www.britishcouncil.org/annual-report/ea1.htm>
- iv. British Council Indonesia Website, 2008. *Bandung: The Creative City*. [Online] Available at: <http://www.britishcouncil.org/indonesia-creativity-creative-cities-bandung.htm>
- v. Cribb, Robert, and Kahin, Audrey, 2012. *Kamus Sejarah Indonesia*. Depok: Komunitas Bambu.
- vi. Maulana, A.G., 2017. *Angka Kemiskinan di Kota Bandung Meningkat*. [Online] Available at: <http://ayobandung.com/read/20170311/64/17537/angka-kemiskinan-di-kota-bandung-meningkat> [Accessed on 19 September 2017].
- vii. Margried, N., 2015. *Batik Fractal Community: Creative Engagement through Technology. Proceedings of The 5th Arte Polis International Conference and Workshop – “Reflections on Creativity: Public Engagement and the Making of Place,” Arte-Polis 5, 8-9 August 2014, Bandung, Indonesia.*
- viii. Mirzanti, Isti R. 2016. *A Realistic Evaluation Approach to Entrepreneurship Policy*. Unpublished doctoral dissertation. Bandung: Institut Teknologi Bandung.
- ix. Soetrisno, Noer. 2004. *Entrepreneurship for the Development of SME in Indonesia*. Paper presented in a seminar at Gorontalo State University, 17 May 2004. [Online] Available at: <http://smecda.com/wp-content/uploads/2015/12/Makalah-19.pdf> [Accessed 19 September 2017].
- x. Tarigan, Ari K. M. *et al.* 2016. ‘Bandung City, Indonesia.’ *Cities*, Vol. 50, February 2016, pp. 100-110.