

Connecting the Unconnected

*Unlocking the Potential for the Development of Creative Industries
in the city of Bandung, West Java Province, Indonesia*

by

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DECLARATION

I, Sonny Rustiadi, declare that the work presented in this thesis is my own.

Signed: _____

Date: _____

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ABSTRACT

Bandung is the capital of the West Java province in Indonesia; the country's third largest city and second largest metropolitan area. I live and work in Bandung and see a great potential for the creative industries. The creative industries is already developing, but organically and can only manage to grow to a certain level. Further progress enabled by developing a better strategy needs to be put forward. The strategy also aimed to influence regional and national approach in developing the creative industries.

This thesis is organized around three primary objectives which are (1) The history and current condition of the creative industries; (2) Issues in optimizing the development of the creative industries; and (3) Possible framework for development strategies. The research is informed by an analysis of empirical and conceptual studies from a whole set of subjects including the concept of creativity, creative industries, creative economies, the concept of creative cities and the relations of cultural industries to cultural policy.

The research is based on a study of key players using surveys, case studies and in-depth interviews to obtain information and capture the knowledge, understanding, and experiences from the respondents regarding the creative industries in the city. The method is mainly influenced by subjective theories approach from Norbert Groeben (1990) to study and investigate everyday knowledge.

The thesis concludes by revisiting the empirical findings from an analytical standpoint grounded on the reasoning and on the evidence presented. Concluding observation indicates that there are four key areas of strategies which are (1) Trust building; (2) Governance and engagement; (3) Physical evidence; and (4) The soft infrastructure. It is believed that not a single policy measure will be able to fully optimise the development of creative industries. Rather, a creative industries development strategy contains a collection of different elements.

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CHAPTER 1.

INTRODUCTION

This chapter provides the reader with the subject and impetus of the research that explains the main reasons for and the importance of conducting the research leading towards the formulation of the research questions. The chapter then discusses the research methodology and theoretical discourse. These methods will be applied in the research according to the context with the aim to develop a better understanding of issues important to the research and ultimately to answer the research questions.

I. INTRODUCTION

1.1 The Subject and Impetus of Research

A personal interest in entrepreneurship was cultivated when I set up a company with several friends back in 2006. But entrepreneurship entails more than starting a new business. It implies a progression in which a person becomes aware of opportunities, builds ideas, and embarks on personal responsibility and initiative. Opportunities are abundant and entrepreneurs utilize them to generate value. Amongst all of the entrepreneurship research fields, innovation is particularly interesting for me because it deals with a new way of doing something. Innovation contains elements of change and elements of creativity. It involves learning, often expressed as a new way of seeing or developing a different understanding that makes new ideas sensible and practical as a way to improve some aspect of human endeavor. Innovation, to a certain degree, is a chaotic and failure-prone process that can start anywhere – from the grassroots as well as professionals both outside and inside organizations. Creativity is critical from the shop floor to the boardroom and at the level of the individual to the organization as a whole. Even persons not working explicitly in creative fields have to create new ideas to progress. In today's uncertain economic turmoil and unprecedented changes, a number of skills and traits are crucial for success and survival. One of the fundamentals to this essential skillset is creativity.

Leadbeater (2000) points out in his book that a lot of people today create products “... *that cannot be weighed touched, or easily measured: communication, software, advertising, financial service. They trade, write, design, talk and create*”. The assets of the modern economy are increasingly intangible: ideas, knowledge, skills, talent, and

creativity. It is more likely that people make their living by utilizing these assets rather than a form of labor in any recognizable sense as was the case in the past. Leadbeater called this phenomenon: “*the thin-air businesses*”. He argues that in the new economy more of the value of products comes from the intrinsic intelligence they embody. It is very difficult to calculate the value of a product – or even a company – in today’s intangible economy because they contain ideas and ideas are difficult to value and depend on perception, branding, and fashion. This is one of the major driving forces of the creative industries.

The creative industries are currently one of the most vigorous segments of the global trade. According to a report by the United Nations (UNCTAD, 2010), between the year 2000 to 2005 the volume of creative goods and services transactions grew with an average annual rate amounting to 8.7% with the exports value reaching USD 424.4 billion in 2005¹. Howkins (2007) valued the global creative economy at approximately USD 2.7 trillion in 2005 growing at the rate of 6% a year. In view of the fact that the world’s GDP in 2005 was USD 44 trillion, the creative economy stands for 6.1% of the global economy².

Creative industries contribute significantly to the Indonesian economy while at the same time creating a positive business climate, strengthening the image and identity of the nation, increasing the spirit of innovation and creativity, and reinforcing a positive social

¹ The report reminds its reader that all figures used to calculate growth rates refer to the limited number of countries that consistently reported on them (i.e. only countries reporting regularly between the year 2000 to 2005).

² It should be noted, however, that after 2005 the world economy experienced a recession. Although in 2002-2005 the world experienced a booming economy, economic depression and general global slowdown hit the world economy afterwards. The crisis economy began in December 2007 which was triggered by the collapse of mortgage-backed security and the burst of the housing market in the US. The following global recession affected the whole global economy, with greater damage to some countries than others. The effect of the European debt crisis and the slowing of US and Chinese economic growth extend challenges to today’s global economic growth.

impact. I live and work in Bandung and see a great potential for the creative industries – both creative potential and business potential. The main hypothesis of this research is defined as follow: The creative industries is already developing, but further progress by developing a better strategy and smart ways of thinking needs to be put forward. Thus, the research is guided by the main research questions: “What is the best strategy to develop creative industries in the city of Bandung?”

To understand this context, a whole set of subjects will be explored including the concept of creativity, creative industries, creative economies, the concept of creative cities and the relations with cultural industries to cultural policy. This thesis is organized around three primary objectives for the study in Bandung, as follows:

1. The history and current condition of creative industries
2. Issues in optimizing the development of creative industries
3. Possible framework for development strategies

The research will identify the triggers needed for the development of creative industries. From the perspective of my background, this is something personal and something that I would like to understand. To achieve the research objectives, the research will address a number of subjects regarding the development of creative industries including:

- What are the issues, challenges, and opportunities for the development of creative industries in Bandung?
- What are the potential roles of each stakeholder?
- What needs to be done to help advance the development of the creative economy in the area (some sectors are arguably going to develop better than others)?
- How public investment strategy can be used to develop creative industries?

- What can be drawn from relevant international experience; to what degree the situation in Bandung compares to other settings in terms of, for example, geographic situation, infrastructure, education, history, and cultural legacy?

Some of the more serious problems in Indonesia arise from the fact that there are old beliefs, restraining rules, and red tape bureaucracy that is damaging to growth, prosperity, innovation, and business prospects³. But learning will surely, albeit slowly, construct a more creative, innovative and entrepreneurial environment for the country. An explosion of free speech, expression and entrepreneurial spirit in Indonesia followed in the wake of the growth of the creative industries as a way of developing the country's brand. However, there is limited study done on how creative industries can be developed to their optimal potential specifically in the context of a developing country like Indonesia. This is the aim of the study.

Creative businesses in Indonesia are dominated by SMEs, in fact the majority are micro businesses⁴. Some has argued that having too many SMEs in the economic structure is not ideal, and that these businesses should be helped to grow their business to the next level (Gibb, 1993; Berry, et al., 2001; Beck, et al., 2005; Tambunan, 2008; Li Puma, et al., 2013). Initiatives are carried out by the National Government of Indonesia aimed at reducing the stigma that creative products from the country are cheap, although some would argue that customers are interested in buying a product for their design over quality. Further, there is evidence that small and medium-sized enterprises (SMEs) in other countries do very well by creating unique products and focusing on high value-added activities (for example see Saarenketo et al., 2004; Ha-Brookshire and Lee, 2011;

³ For example, it takes 45 days to create new companies, whereas in the neighbouring country of Malaysia it only takes six days. For more information see description in the Relation Model chapter.

⁴ Interview with Indonesia Kreatif. Please see appendix for more information on Indonesia Kreatif.

Musteen and Ahsan, 2011; Jain and Malik, 2013; Johnson Jr. et al., 2013). They offer values more than just economic value. On the other hand, there are many opportunities to develop creative economic activities that draw attention to the role of community participation, good public policy making, and appropriate support. Support facilities may not always include financing or infrastructure, but may also be mentoring or access to networks. There is also the aim to optimally utilize existing resources to ensure the sustainability of economic growth and community life in general.

In other contexts where creative industries have been effective, there has been collaboration among various stakeholders incorporating individuals and different disciplines – scholars, business practitioners, and government – which form the Triple Helix context. Etzkowitz and Leydesdorff (1995) introduced the Triple Helix concept as a model for investigating the complex dynamics of a knowledge-based economy in terms of its constituent elements which are defined as university, industry, and government. The model allows the study of interaction between different fields and synergies of various institutions. In many countries, the Triple Helix concept has been applied as a strategy for regional development because it offers a comprehensive and systematic framework to help develop the knowledge-based economy and as an analytical model to examine the dynamics of institutional arrangements and policy. Although the model is usually applied at national level, this study will use the concept to analyse the creative industries at regional and city level.

It is understood that the strategy ideally directed towards the context of West Java province. Although the research will address materials across West Java province, the focus is on the city of Bandung because it is the provincial capital and the creative centre in the region. Bandung is one of important enclave of Sundanese culture and Sundanese is the second largest ethnic groups in Indonesia (Ananta, 2013). As an

ethnic cultural group, Sundanese have their own language belonging to a sub branch of Austronesia language although they largely all speak the national language which is Bahasa Indonesia. Sundanese also have its own unique philosophy with its own specific name. Exploration of Sundanese culture will be conducted in detail in chapter 4. Generally Sundanese are Muslim, however all individuals subscribe to the national philosophy of Pancasila which emphasizes respect for all of Indonesia's recognised religions. Pancasila will be discussed in more detail in chapter 6. Looking at other international experiences is taken cautiously in that what can be borrowed are the process and the thinking. What may not be transferred is absolute practice because of the differing contexts.

1.2 Research Methodology

After objectives of the study are properly identified, consideration is given to the means by which they are to be accomplished. The research will have a mix of research tools, which mainly consist of desk study and interviews complemented by questionnaires. In the desk study, a review of the literature is conducted to understand the theoretical foundation. This also prepares the way for the next step which is the in depth interviews. Desk study involves significant reading and analysis of international examples in the sense of how the same issue is addressed in different countries. Creative industries is a complicated field of study that relates to numerous other factors including public policy, culture, economy, and education. Other countries will be examined to learn from their experiences and apply those whenever appropriate within the Bandung context. This includes the potential tools created or used, or the approaches taken that have been effective. The analysis will also help to reveal problems others have come across.

Quantitative data is of value and the knowledge it delivers is important information to acquire for the research. In addition to the quantitative approach, qualitative research is also central to the research design as a way to go deeper into the issue. The qualitative method will interpret the quantitative data further looking at themes, strands, or other findings that the figures do not reveal. Qualitative research includes face-to-face, open-ended interviews and a dialogue approach to data collection, providing the respondent with the opportunity of giving candid information and assessments of the situation. The objective is to capture the knowledge, understanding, and experiences from the respondents regarding the creative industries in the city of Bandung. Metaphor as a way to describe information, rich case study descriptions, and interviews that explore a respondent's point of view are techniques that will be valuable to assist in better understanding the issue. With a qualitative research approach, information that was not previously expected can be gathered. Thus, the resulting data is likely to be richer, more descriptive, and more accurate according to the perspectives of the respondents. This ultimately will give an authentic account of the field of study.

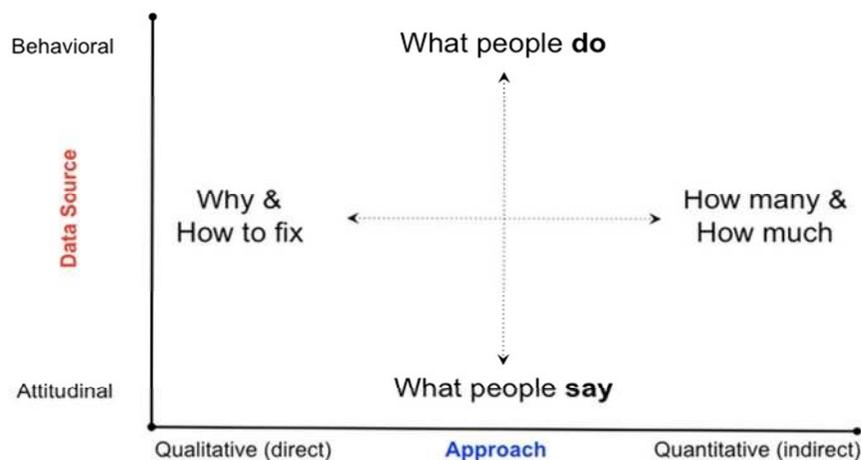


Figure 1.1. Research method map.
 Source: <http://www.nngroup.com/articles/which-ux-research-methods/>

Qualitative research intersects various fields of study, topics, and subject interests. It involves an interpretive attitude to the world. In a way it acknowledges the liberty of researchers to conduct “how” and “why” explorations and to document complex processes and relationships (Denzin and Lincoln, 2008). Discovering meaning and the manner in which people understand themselves and their world is the reason for choosing the qualitative research method. Denzin and Lincoln argues that qualitative research methods are valuable to update the condition of social behavior, program design, policy formulation, and to observe and assess changes over time.

In the selection of respondents for the interviews, the relevant groups from whom to collate the information were first identified. It was vital to map out the target population and to see the environment as a whole. All the stakeholders in the creative economy in Bandung were the target population for the research. Research also identified the ecosystem of Bandung’s creative industries as the potential group for respondents. There were many stakeholders who have been instrumental in the development of a creative economy in Bandung. These individuals and entities were inter-connected, either directly or indirectly.

The next step was individual respondent selections. Other than the researcher’s own understanding of the field, a number of key individuals were also consulted in order to prepare a list of the possible interviewees. During interviews, some respondents also recommended others who in their opinion would add value to the research. They are Gustaff H. Iskandar (director of Common Room⁵), T.B. Fiki Chikara (President of BCCF⁶), Elitua Simarmata (Executive Director of Indonesia Kreatif), Ben Wirawan (Co-

⁵ Explain more in Chapter 3.

⁶ Ibid.

Founder of *Mahanagari*), and Dina Dellyana (musicians and fashion designer). They are consulted because the first three individuals are the community leader in creative scene in Bandung, whereas the two last individuals have been working in creative industries in Bandung for more than 10 years and are well-known and respected by other creative workers. For more detailed information regarding these individuals please see the appendix section.

The most fundamental aspect to consider was that respondents have an understanding of the environment and the issues and problems of the creative industries in the city of Bandung. The interviewees were able to give a true picture of the field as such knowledge was based on their professional capabilities, experiences, or formal positions. Diversity of representation with respondents from different backgrounds and from different creative sectors was also an important factor in consideration, because it offers various different perspectives that enrich the findings. As a result, a wide range of individuals have been listed as key respondents including agency representatives, industry practitioners, and community⁷ leaders. A number of substitutes were also listed, in the event that some respondents were not available. As stated earlier, the intention of this stage was to gain an overview of the industry rather than to go into great depth. The approach was to be broad rather than focus on details. The following analysis is based on the interview with each respondent. The list of respondents is provided in the appendix.

Norbert Groeben (1990) developed the model to study subjective theories as an approach to investigate everyday knowledge. Subjective theory signifies the complex

⁷ Unless indicated otherwise, the term 'community' in this writing implies a loosely-assembled group or a network of people who have commonality(ies), be it in purpose, direction, or interest. These people can be living in different parts of the city but they interact with each other whenever they need or want to. In using the term, the meaning is not limited only to geographic similarity, i.e. a group of people who live in the same neighbourhood or area.

collection of knowledge regarding the topic under study possessed by the study subject. The knowledge incorporates assumptions, whether it is explicit and/or implicit, which interviewees can convey by responding to open-ended questions. The method enables the separation of the content of the subjective theory from the study subject and also enables the formulation of grounded theories to be constructed. In addition, case-oriented sampling strategies may be utilized. Accordingly, research questions that are engaged in this method concentrate on the substance of subjective theories and how they are applied, which is exactly what this research strives to study.

Qualitative research is generally designed to be very open and flexible to the findings in the field. Methods are not as strict as in quantitative research. This kind of openness, especially in semi-structured interviews, is directed towards a comprehensive approach to data collection. Rather than closed questions, open questions are preferred in this study to acquire a more detailed, clear and focused understanding of how the different elements in the environment fit together. But this kind of approach also has its flaws, for example: the over-complication of cases, an overwhelming collection of data, and even the danger of overlooking important information. All of these can lead to a false interpretation and conclusion of the research itself, as appropriately warned by Freud as quoted in Flick (2006). Further, the research is designed to also address economic and time constraints to answer the questions already posed without compromising the quality of the result.

Glaser and Strauss (1967), emphasize a greater concern with data and the field under study than with theoretical assumptions. The principle of openness necessitates that the theoretical structuring of the issue under study happens only after the structure itself emerges from the respondent and from the data collected in the field. In this approach, theories are not directly applied to the subject being studied. Instead, theories are

learned and originated by working with the empirical data found in the field. Another important point is the selection of studied subjects, which are selected for their significance to the research. They are not merely selected to satisfy statistically-representative samples of a general population. The objective is not so much to simplify complexity and to break the issue into its construct variables, but on the contrary: the aim is to amplify complexity by embracing the context. Technical methods are selected to correspond to the issue under study.

The processes incorporated in grounded theory research mainly consist of theoretical sampling, theoretical coding, and building on the theory. This method highlights the interpretation of data, regardless of the data collection technique. Thus, the issue of which technique and method to use for data gathering becomes less important. Assessing which data is to be integrated and which methods are to be strategically used for the research depends on the state of developing the theory following the analysis of data readily available at any given time.

The main tool in the research is semi-structured in-depth interviews with stakeholders in the industry. The approach enables the researcher to gain more understanding of the subject. It also enables the researcher to acquire information not thought of prior to the interview that come out of the conversation; the coincidental, the links, and the diverse thinking. By allowing it to be informal, people are more likely to come up with interesting things. In taking this kind of interview approach, trust is a crucial element. Therefore, the confidentiality of the interviews is an important factor to be protected. At the beginning of each interview, the respondents are briefed on the matter of the research and the confidentiality principle. All respondents are aware that the information given is valuable and that it will not be used in any way that will harm the respondents.

To find out the current development within the creative industries in Bandung, conducting interviews is one important process. In the course of the interviews, the substance of the subjective theory is reconstructed from each of the interviewees. The interview will be directed toward several areas including creative production, work habits, cultural environment, value activities, stakeholder support, and issues of infrastructures. This will be started in a holistic way crossing over the different genre of creative industries. Each of these topics will begin with open-ended questions and end with corroborative questions. In between, theory-driven or hypotheses-directed questions are asked.

Questions that are derived from the literature on the issue or that are drawn from the researcher's initial theoretical assumptions (which will evolve during the course of the research) are inevitable. Theory-driven or hypotheses-directed question types are intended to explore whether the interviewees agree or disagree according to their own subjective theories. The final type of questions is designed to corroborate or to confirm the theories that the interviewee has communicated and also to critically challenge him or her with alternative (sometime opposite) views. These questions are designed to bring the interviewee's implicit knowledge to the surface. This is the significance of this method, in that various forms of questions make it possible to be aware of the assumptions that the researcher, consciously or more dangerously subconsciously, carries to the interview. In this dialogue, the interviewee's position is made more explicit and may also be further explored. The main objective of the interview process is to disclose and discover existing knowledge in a way that can be articulated in the form of answers and thus be open to interpretation and analysis. Using different forms of questioning is intended to get a broader range of answers and to be able to dig deeper and understand the nature of the creative industries in Bandung.

An interview study is highly attached to the decision on sampling, as explained by Flick (2006). Firstly, the researcher decides on which study subjects to interview (case sampling) and from which groups (groups of case sampling). The researcher also addresses the decision about which of the interviews should be further treated for transcribing and analyzing (material sampling). In data interpretation, the researcher then decides which parts of the data should be chosen for interpretation, whether it be general or specific element interpretation (intra-material sampling). Lastly, the researcher addresses the question of presenting the findings and which evidences are best to validate findings (presentational sampling). Analyses conducted in this research include a qualitative analysis of an on-the-ground survey. An important principle of this research is that each of its aspects will impact upon other sections in a cycle of iterative process.

This study aims to assess the need for supporting the creative sector based on findings from the desk study and the field work analysis. It is also designed to develop the discoveries into a comprehensive framework of urban public service development. This is to ensure that the allocation of public resources and public investment is more effective and efficient. The result of this study is expected to generate various uses. The foremost is to create a contribution to original knowledge. Studies that have been conducted all over the world has the purpose of testing prevailing theories, not only to help justify existing concepts but also to contribute to the development of new knowledge. It is intended that the findings in this study can provide new theories, models, and frameworks that enrich the knowledge of the sector, in particular the study of cultural and creative industries. To some degree, the works of other scholars are critically reviewed and new knowledge in the context of developing countries will also be developed.

On a practical level the research is also expected to contribute ideas and recommendations to various stakeholders, in particular the local government (West Java Provincial Government/WJPG and Bandung city municipal), to develop strategies in improving and developing the ecosystem for creative industries. The conclusion, a strategy or a formal plan, will have evidence from the research and may involve different types of investment (financial, human capital, educational and local infrastructure development). The strategy will focus on several specific sectors. It is the writer's belief that the point of view that will be formulated will prove to be of value, particularly to those policy makers and practitioners responsible for the development of the region. Too often those in power, especially in Indonesia, have adopted misguided beliefs⁸, and in the process have developed policies that barely achieve positive results or are even counterproductive to the initial objectives. If the thinking put forward here is embraced, it may at least persuade officials to avoid efforts likely to be unsuccessful and recommend those that have the opportunity to succeed.

1.3 Theoretical Discourse

A literature review is the documentation of previous works in the field which shapes the basis on which future work in the field is constructed (Borg and Gall, 1979). It involves the identification, reading, summarization, and evaluation of published materials on a particular topic. The literature review provides an opportunity to reference previous

⁸ For example, there is a belief among certain government officials that creativity is a trait that can be taught directly. Therefore these officials favoured and strongly advocated workshops and training to teach creativity. Although these efforts were started with good intentions, the workshops failed to attract participants from the general public. The opposing view for example from National Advisory Committee on Creative and Cultural Education (NACCCE), UK, sees that creativity cannot be taught. In its reports entitled *All Our Futures: Creativity, Culture and Education*, it is argued that it is the creative process that can be taught and the environment in which creativity can flourish that can be provided (see NACCCE, 1999).

publications to contemplate the strengths and also weaknesses of the research. It is a critical component of the research study because it broadens the knowledge in the area of interest and provides a foundation from which to expand. The literature review yields new and different ideas from valuable resources, helping to analyse findings and relate this research to previous research.

In what follows, theories of creative industries and various other related discourses are examined. The objective is to balance depth with breadth and detail with simplicity. The literature is divided into thematic issues. The first theme is regarding theories of creativity. This part reviews a brief history of creativity and describes a variety of areas in the study of creativity. The second theme is theories on cultural industries. The activities involved in producing and consuming cultural goods and services generally entail economic transactions. Therefore what is encompassed within that system can be considered an industry and analysed as such.

The third theme is various concepts of creative industries. In this part theories regarding creative industries from various schools of thought are described. The fourth theme is with regard to the creative economy. The notion of a creative economy is that the creative sector is perceived as a source of economic dynamism within the larger macro-economy. The last theme is the concept of the creative class and of creative cities. The creative process thrives in environments that offer an ecosystem which fosters creativity and directs it to become innovative, which leads to new company formations and ultimately economic progress. The rationale for the research flows from critically embracing these theoretical discourses which are presented in these six themes. These themes relate directly to the Indonesian context. Although the writing is done as comprehensively as possible, there is still much to be learned. Further, if a different country had been studied, themes identified may be different.

1. Theories on Creativity

Understanding creativity and the nature of different forms of creativity is important because it is central to develop the ecosystem in which creative industries thrive. Creativity is at the heart of innovation, entrepreneurship, the creative industries and creative economy discourse. Reviewing this area is essential to the research particularly in the formulation of the right questions to people involved in creative industries. Understanding the creative act and the nature of creativity improves precision in formulation of questions in understanding the creative process. The right question can be generated by understanding the overarching concept, which in this research case is creativity.

To some extent, creativity embodies the notion of thinking originally. It usually signifies something that is completely new that has never existed before. But it can also represent change – in the sense of giving new features to something that already exists. Howkins (2007: 6) stated three essential conditions for creativity which are personality, originality, and meaning. Within the theory, Howkins emphasized that it is people, and not objects, who are creative. Creativity entails a person to be inspired and consequently to express it. The personality criterion does not necessitate that the person always has to work in isolation. Indeed there are creative achievements that are accomplished under solitary circumstances. Nonetheless, there are other creative works which involve, and even thrive in, a group environment. Both settings can be equally creative. Creativity on its own has no economic value. It has to materialize and be expressed in a saleable product or service to produce commercial value. Creativity also may embody numerous other values such as social value and personal value. It is important to be sustainable to generate these values.

Further, Howkins (2007) identified two kinds of creativity. The first is related to a person's self as an individual which is quite private and personal. It is considered a common quality of a person. He argued that this emotion of creativity is not subject to approval or understanding from other people, which rules out any statement that someone's creativity depends on another person. This is contrary to what Csikzentmihaly (2007) argued in his book, which affirmed that creativity is revealed by the interaction of three aspects which are intelligence (human intellectual proclivities), domain (an arena in which an individual is able to gain proficiency and be measured in a level of competence), and field (a person or an institution of high competencies that give opinions on the qualities of an individual). The second kind of creativity, according to Howkins, is the type that allows the creation of creative products, which will be further elaborated in the next section.

Another psychologist, Margaret Boden (2000) differentiated two kinds of creativity. The first is the kind of thinking which produces ideas that are new only to the mind of the individual concerned. This is called the P-creativity, which stands for psychological creativity. Someone is said to be P-creative when the person constructs an idea that is new to him or her. The second is the kind of thinking which produces ideas which are new to the whole of human knowledge. This is called the H-creativity, which stands for historical creativity. Boden called attention to the argument that the 'H' stands for 'historical' and not 'historic'. The condition is not the historic importance of the idea produced, but rather its absolute originality in time and space.

The word '*creativity*' is applied in different ways and in different contexts. According to a report from the UK National Advisory Committee on Creative and Cultural Education (1999), there are at least three contexts where creativity is applied: sectorial definition (where creativity is associated primarily with the arts, for example in music, drama,

dance, art, and literature), elite definition (where only very extraordinary people are creative and have exceptional gifts and who have created great compositions, paintings, inventions or theories), and democratic definition (where everyone is capable of creative actions, as long as the conditions are accommodating and they possess the appropriate knowledge and ability). Within those sectors, there are four distinct characteristics which separate the creative process from other activities (NACCCE, 1999: 30). The activities mentioned in NACCCE report include:

- Thinking and behaving imaginatively. The creative process is serious mental play engaged to creative goal(s).
- Holding the idea of purposefulness. The activity is targeted to reach an objective, which implies that the person is actively engaged in producing something intentionally.
- Producing something that is original. The degree of originality can be differentiated as individual category (in relation to their own previous work and achievement), relative category (in relation to peer group – for example to other youths of the same age), or historic category (in terms of anyone's previous work or achievement in a particular field).
- Having the outcome to be of value (in order) to correspond to the objective. The measure of value may differ depending on the field of activity.

Torrance (1979) differentiates the research on creativity into two different approaches. In one approach, the research is focused on cognitive-affective skills (for example, the Torrance Test of Creative Thinking). In another, efforts are made to study creativity from the personality perspective (for example, the Alpha Biological Inventory). However, further works by scholars, notably Amabile, Csikzentmihalyi, and Walberg, have advanced the research on creativity to the point of systemic creative development theories beyond the conventional opinion argued by Torrance.

For example, Amabile's works (1983, 1996) on the social psychology of creativity make way for other future works using the system approach to creativity (e.g. Sternberg and Lubart – investment theory, 1991; Rubenson and Runco, 1992; Kasof – attributional perspective, 1995)⁹. With the current development, almost all creativity studies can be grouped into five categories which are psychometric, experimental, biographical, historic and biometric.

A number of scholars have claimed that certain personality traits characterize creative people. Maslow (1968) stated that boldness, courage, freedom, spontaneity, and self-acceptance can bring out the full potential of a person. Other research on motivation for creativity has also created theories which include intrinsic motivation (Amabile, 1983; Crutchfield, 1962; Golland, 1962), a need for order (Barron, 1968), a need for achievement (McClelland et al. 1953), and other motives. Sternberg (1985) mentioned three important intellectual abilities related to creativity which are a synthetic ability to see problems in a novel approach, an analytical ability to separate ideas worth pursuing, and a practical-contextual ability to influence others on the virtue of an idea. Frensch and Sternberg (1989) stated that the freedom to experiment is important for creativity. They also stated that creative achievements require expertise in skills and knowledge of the fields and an understanding of the media employed.

Creative abilities are developed by engaging in the practice of creative thinking. Wallas (1926) introduced the classical classification of stages in creative thinking which is preparation (create an idea in a preliminary form or outline), incubation (withdrawal on thinking about the idea and utilizing unconscious mental processes), illumination

⁹ Other notable works of scholars include Besener & O'Quin (1986) and Reis & Renzulli (1991) that employed psychometric approaches to assess the creativity of products; Runco & Mraz (1992) which improved methods for idea generation and evaluation; and Colangelo, Kert, Hallowell, Huesman, & Gaeth (1992) which developed measures of personality characteristics in creative and inventive behavior.

(shaping and clarifying the idea in an effort to explore and work out the details), and verification (a critical analysis to assess the logic and to build the argument for the ideas with facts, workability, usefulness and/or response from other people). There are two types of thinking according to Ken Robinson (NACCCE, 1999: p.33-35) which are generative and evaluative. Imaginative activity is a generative approach to thinking, whereas creativity engages both generative and evaluative thinking. At the right time with appropriate method, a thorough critical assessment using evaluative thinking is necessary. But in the wrong situation, it can kill new ideas. Thus there needs to be a balance between these two ways of thinking.

The NACCCE report (1999) stated that creativity can be put in to practice in all of human activity and that individual, regardless of age, possess creative potential. The creative process can be taught and an environment in which creativity flourishes can be provided, but creativity itself cannot be taught. A world-class education system must value and integrate creativity in its teaching, in its curriculum, as well as in its management and leadership, and connect them to everyday activities. Nurturing these potentials implies a balance of teaching competence and a supportive attitude in encouraging the freedom to innovate and take risks. This is the reason there is a belief that creativity can be taught. Teachers should know how to be creative in their teaching and that, at the same time, be capable of nurturing the creative abilities of their students. The thinking to nurture creativity indicates two directions. Firstly, it is to make the most of a student's inherent capabilities and potential. Secondly, it is to help students to comprehend the world around them. The report argued that creativity and cultural education is not merely a subject in the curriculum; instead these are universal values in education and essential to improve the effectiveness and quality of the standard of

education. Thus, creativity can and should be encouraged in all areas of the curriculum.

In general, the NACCE report (1999: 102) defined creative teaching in two ways:

- Firstly, teaching creatively. In this sense, teachers are expected to use creative attitudes to make the learning process more appealing, stimulating, and valuable. This will inspire a student's interest and thereby motivate learning. This is a crucial ingredient of good teaching
- Secondly, teaching for creativity. This type of teaching is designed to build a student's creative thinking and behaviour by creating space for creativity to happen and the process to release creativity. This includes encouraging (to assist students to trust their creative potential, to distinguish their sense of possibility, and to encourage the willingness to try), identifying (to facilitate students to discover their own creative power), and fostering (to encourage students to recognize and be familiar with the creative process).

Intelligence, in a definition from Gardner (1993), is "*the ability to solve problems or to create products that are valued within one or more cultural settings*". Gardner introduced the Multiple Intelligences theory which presented six sets of human intelligences that individuals possess to some extent, but which vary in the degree and nature of their combination¹⁰. An education system should acknowledge this potential in its students and address the curriculum accordingly.

Creativity is as important as the ability to test the idea and to communicate it to be accepted by other people. A person has the cognitive ability to generate ideas when

¹⁰ The Multiple Intelligences theory comprises six intelligences which include linguistic intelligence (the ability and skill to command the linguistic tetrad which consists of Semantic, Phonology, Syntax, and Pragmatic), musical intelligence (refers to powerful reaction to sound and rapid progress on a musical instrument), logical – mathematic intelligence (intellectual powers of deduction and observation that are often labelled scientific thinking), spatial intelligence (ability to recognize objects and scenes and its alteration as mental models or images in an imagistic code), bodily-kinaesthetic intelligence (ability to control bodily motion and capacity to handle an object skilfully), and personal intelligence (ability to access to one's own feeling – intrapersonal – and the ability to notice and make distinctions among other individuals – interpersonal).

faced with a problem or in order to fulfil certain goals. Thinking 'what might happen?' is the basis for creative thinking, and learning is more than memorizing and analytical intelligence. Problem solving is central in the learning process and needs to be put to practice. This is an important idea that will be looked at further in the research in the interview.

Creativity on its own has no economic value. It has to materialize and be expressed in a saleable product or service to produce commercial value. Accordingly this requires its own marketplace with sellers and buyers, and rules and laws in establishing a transaction and conducting a fair trade. It does not mean that creativity outside the market is any less creative; it's just that it has not created economic value. Moreover, the role of intangible assets in the form of creativity has increased. As Andriessen (2004) argued that the unit price of today's products is becoming less derived from the physical material that created these products.

2. Cultural Industries and Economy

Culture is a term widely used in everyday life in a variety of perceptions, but lacking generally agreed definitions. Even in the academic domain the word is associated in one way or another to theories or models which appear across the humanities and social sciences but is commonly used with no specific meaning and in various manners. In his book, Throsby (2001:4) tried to extract two major definitions for culture from various schools of thought:

- *A set of attitudes, beliefs, norms, customs, values, and practices which are common to or shared by any group. Categories may be defined substantially in the form of signs, symbols, texts, languages, artefacts, oral and written tradition, and by other means (for example, Mexican culture, Asian culture, feminist culture, corporate culture, etc.)*

- *Activities that are undertaken by people, and the products of those activities which have to do with the intellectual, moral, and artistic aspects of human life. Characteristics derived in this definition of culture are:*
 - *Activities concerned involve some form of creativity in production*
 - *Concerned with the generation and communication of symbolic meaning*
 - *Output embodies, at least potentially, some form of intellectual property*

For Indonesian, the word culture is defined as matters related to the mind and human reason. The meaning of culture is understood to affect the level of knowledge and a system of ideas contained by the human mind. Culture is a habit that has important and fundamental values passed from generation to generation. This heritage is must be maintained, studied and preserved for generations to come. Culture generally differentiated into two types (Alam, 2014). The first is what is identified as local culture, which is a common practice in certain areas or regions that are passed from generation to generation by the older generation to the next generation on that particular area. The kind of culture appears within the population with the same mind set and social life and becomes a habit that distinguishes them from other population within the country. This ethnic identity is in abundance in Indonesia that has around 375 ethnic groups (Ananta, et.al., 2013). Some examples are Batakese (mainly in North Sumatra province) and Sundanese (mainly in West Java province). Sundanese culture will be discussed in more detail in chapter 4.

The second is what is identified as national culture which is the whole breath of local cultures and common cultural wealth that existed in Indonesia and make up the Indonesian national identity. This national culture and identity can be traced back to the imperialism era and events leading to Indonesian independence as pointed by Hitchcock and King in the introduction to their edited book, *Images of Malay-Indonesian Identity* (1998). Realizing the huge difference in the ethnic identity and local cultures of the then

Dutch colonial archipelago, the founding fathers of Indonesia realized that the struggle for independence necessitated a unity of thought and action for the whole population; it required an unifying identity of national culture that expresses '*Indonesianness*' (ibid.: 9). All the experienced cultural assimilation and acculturation that continues to grow and develop in Indonesia continuously created the identity of national culture as a unified culture of the whole country. Examples are the national motto "Bhineka Tunggal Ika" (translated into "Unity in Diversity") and Pancasila¹¹ as the national philosophical foundation. Indonesians generally identify themselves firstly by their local culture group (Sundanese, Batakese, Balinese, Papuans, etc.) and then secondly as their national culture of Indonesians.

Max Horkheimer and Thodore Adorno (1947) proposed the term 'cultural industry' to express the commoditization of culture. The transformation of traditional values and local wisdoms into goods and services indicate substantial meaning of the cultural values of a community and its members. These goods and services have great economic potential and are pursued by both local buyers and those from outside the community. Recognizing its profound consequence, Horkheimer and Adorno argued that art was a critical value and that it was being eroded (ibid.). Popular culture is akin to a factory creating standardized cultural goods distributed through various media (e.g. via film, radio and magazines) directing the public into passivity; criticized as the easy pleasures from the consumption of popular culture that make people docile and content.

Throsby (2010) asserted that a central principle in the heart of the thinking that needs to be drawn on is the essential distinction between the economic value and the cultural value of the activities, the goods, and the services concerned. Cultural value might not

¹¹ Please see chapter 6 for more detailed information regarding Pancasila.

be fully expressed in financial figures because the goods and service are valued both by the maker and the consumer for social and/or cultural motives that possibly match, or even surpass, calculation in economic measures. This adds to the argument that cultural goods are often referred to as experience goods. Cultural goods are also subject to 'rational addiction', which means that increasing present consumption will increase future consumption. It has come to some understanding that cultural products and services signify three distinctive characteristics (ibid, 2010: 16):

- *(They) require some input of human creativity in the production;*
- *(They) contain symbolic messages to those who consume them;*
- *(They) hold, at least potentially, intellectual property that is attributable to the individual or group producing the goods or services.*

Economic and cultural matters are an important subject to people at one time or another in their lives. However, economy and culture has always been perceived as existing in a separate dimension of human concern, both in the context of daily life and as an academic interest. For this reason, an attempt to pursue these lines of thought collectively is an exciting subject as a way not only to satisfy curiosity but also to further understanding of these basic human needs.

The function of creating and consuming cultural goods and services in an economic structure would accordingly have to do with economic transactions. In this way the component that is employed and engaged can be identified as an industry and analysed and examined as such. If cultural activities are constructed in an industrial framework that influences the economy and employment in the society, the government will obviously begin to take interest. Moreover, the quality of the jobs provided by cultural industries is perceived to have more value because the employment in arts-related or

cultural organizations can offer a more exciting and rewarding environment for employees.

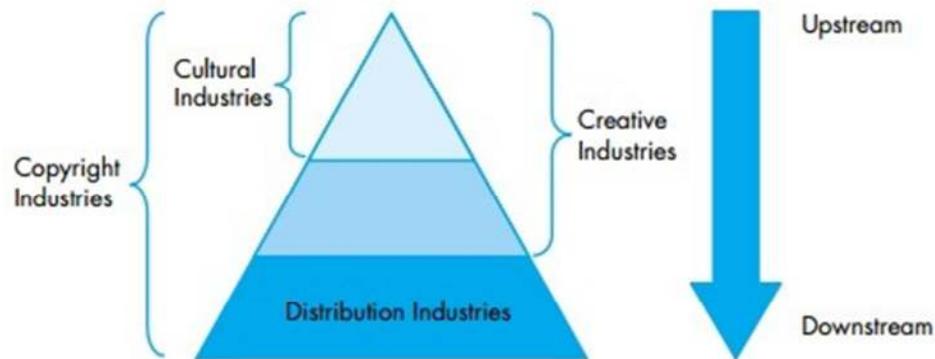


Figure 1.2. Relations between various terms.
Source: UNESCO (2003)

Questions are often raised about the nature of the relation of cultural industries, the copyright industries, and the creative industries. There are specific questions regarding the differences and boundaries between creative industries and cultural industries. To answer this question, understanding the relationship between these terms is important. UNESCO (2003) offers a simple understanding of the relation between these different terms as illustrated in the figure 1.2 above. According to the UNESCO analysis, the ‘cultural industries’ is understood to be subcategory of ‘creative industries’¹², whereas ‘copyright industries’ is recognized in a more broader term to include both the ‘creative industries’ and the ‘distribution industries’. Cultural industries are perceived to consist of those industries that focus on cultural heritage and tourism, museums and libraries, and other cultural activities. In this way, cultural industries are identified to be more focused on providing values such as cultural wealth and social wealth rather than on solely providing economic value.

¹² This is of course a debatable statement. More frequently, the term “cultural industries” is used to distinguish with the term “creative industries”.

3. The Various Concepts of Creative Industries

The term creative industries carry a perceived economic potential for production, employment, and income to meet the demands of consumers. And therefore the creative economy is comprised of the transactions of creative products. A notable remark in this study is that the term 'industries' indicates a collection of specific activities which are statistically quantifiable and have a specific measure and structure. All activities utilize economic resources, produce outputs, and engage professionals with various functions. The definition of creative industries is always under discussion because there is no international consensus as yet. Various concepts have been proposed as a way of presenting a logical interpretation of the fundamental features of creative industries. Each model has a distinct logic determined by the principal understanding of the industries. The following sections review a number of the prominent models and describe the different classification arrangements of the creative economy, as well as the various usage of the term among a number of countries. The section is arranged according to the historical time frame of the development of creative industries discourse in each context.

3.1. United Kingdom (1998)

The study of the creative industries was first explored by the UK Government in November 1998 in the publication of the *Creative Industries Mapping Document*. Since then creative industries have come to be appreciated as one of the strengths of the British economy and as a national asset due to its increasingly significant economic role. The UK creative industries model did not link the industries contained in the categories, whereas the other models (most notably the concentric model, the copyright model, and

symbolic model) define a group of core industries. The inclusion of core industries is very much fundamental to the definition accepted in the other models.

The UK Department of Culture, Media, and Sport's (DCMS) definition is renowned to have one of the widest scopes among the other approaches. This is the reason why the UK model has been adopted by many other countries in the world. The UK DCMS defined creative industries as *"those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property"* (DCMS, 2001: 5). DCMS defined 13 groups within the creative industries which are (1) Advertising, (2) Architecture, (3) Art and Antiques Market, (4) Crafts, (5) Design, (6) Designer Fashion, (7) Film and Video, (8) Interactive Leisure Software, (9) Music, (10) Performing Arts, (11) Publishing, (12) Software and Computer Services, (13) Television and Radio. UK-DCMS also proposed a concept for the development of creative industries as shown in the following figure 1.3.



Figure 1.3. NESTA's Creative Industries and Cultural Policy approach
 Source: Lidstone (NP.)

3.2. Concentric circles model (2001)

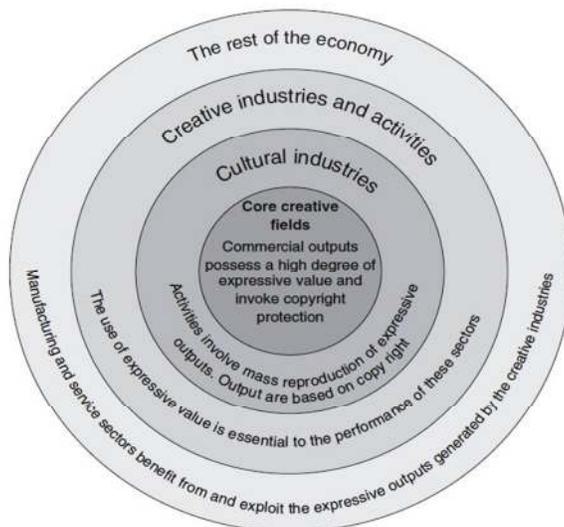


Figure 1.4. Concentric Model
Source: The Work Foundation (2007)

Another important model for the study of creative industries is the concentric circles model. The concentric model sees 'creative core' as enclosed by the 'cultural industries' and the 'creative industries' as illustrated in figure 1.4. The main thinking of the concentric model is that the cultural value provides the industries with their most distinctive feature. The

thinking is that creativity flowed from the core creative fields (be it sound, text and/or image) and emanated towards the outside layers of the concentric circles. The share of creative and cultural value to commercial share is diminished as the layer moves further outwards from the centre (Throsby, 2001).

The concentric model describes the economic connection between art, cultural industries, creative industries and the economy. The centre is the core creative field which includes the producers of art that create artistic work (poets, musicians, artists, dancers or choreographers). It is because of these professions that cultural industries can operate (e.g. publishers have books to publish, or theatres have plays to perform). With the presence of cultural industries, creative industries can then disseminate the value to the public (e.g. publishers use bookstores to sell books). This in total creates value for the rest of the economy. There are three influential versions of this school of thought in the classification of the creative industries as illustrated in the following table 1.1.

Table 1.1. Various classification of creative industries based on concentric model

David Throsby (2001)	KEA: European Union Cultural and Creative Sectors (2006)	The Work Foundation (2007)
<ul style="list-style-type: none"> • <u>Core Creative Arts</u> Music, Dance, Theatre, Literature, Visual Arts, Crafts, Video Art, Performance Art, Computer and Multimedia Art • <u>Wider Cultural Industries</u> Book and Magazine Publishing; Television and Radio, Newspapers and Film • <u>Related Cultural Industries</u> Advertising, Tourism, Architecture, Design, Fashion 	<ul style="list-style-type: none"> • <u>Core Arts Fields</u> Visual arts; Performing Arts; Heritage (Sub-sectors: crafts, painting, sculpture, photography) • <u>Cultural Industries</u> Film and Video; TV and Radio; Videogames: Music; Books and Press (Sub-sectors: Recorded and Live music, Collecting Societies, Books and Magazine publishing) • <u>Creative Industries</u> Design, Architecture, Advertising (sub-sectors: fashion, graphic, interior and product design) • <u>Related Industries</u> Manufacturers of MP3s, PCs, Mobile Phones etc. 	<ul style="list-style-type: none"> • <u>Creative Core</u> All acts of original creation of expressive values • <u>Cultural Industries</u> Commercialization of expressive product (TV, Radio, Film, Music, Computer Games etc.) • <u>Creative Industries</u> Combination of expressive and function values (architecture, advertising, fashion, design) • <u>Wider Economy</u> Expressive input into manufactured and service goods

Table 1.1 examines three classifications of creative industries based on the concentric model. The earliest model was put forward by David Throsby (2001) and later the thinking developed most notably by the European Commission (KEA European Affairs 2006) and the UK Work Foundation (The Work Foundation, 2007). The later models were built on Throsby’s central notion of ‘expressive value’, with those sectors that contain the most of this value grouped into what Throsby called the core creative arts. The commercial value increases as a proportion to expressive value as the layer moves outwards from the centre. Both use the concentric circles idea from Throsby as the foundation for the definition and classification of the creative industries which include those of cultural industries. All three models share similarities in how the ‘core creative fields’, the ‘cultural industries’ and the ‘creative industries’ relates with each other.

3.3. Singapore (2002)

The Economic Review Committee (ERC) was established by the Singaporean Government in December 2001 as the country was influenced by the slowing of the global economy. The ERC was commissioned to examine Singapore's development policies and to formulate new strategies to restructure the economy. Under ERC's sub-committee on service industries, there were eight working groups including the Creative Industries Working Group (CIWG). Three task forces were established under CIWG which are 'Renaissance City 2.0', 'Design Singapore' and 'Media 21'. As recommended by CIWG, the Singaporean Government then adopted the UK-DCMS definition of creative industries and categorizes its creative industries into three broad groups (Ministry of Trade Singapore, 2002):

- Arts and Culture includes performing arts, visual arts, literary arts, photography, crafts, libraries, museums, galleries, archives, auctions, impresarios, heritage sites, performing arts sites, festivals, and art-supporting enterprises
- Design includes advertising, architecture, web and software, graphics, industrial product, fashion, communications, interior and environmental
- Media Broadcast includes radio, television, and cable, digital media (including software and computer services), film and video, recorded music and publishing

The creative industries was identified to comprise individuals and institutions (both profit and non-profit) involved in traditional arts (such as literature, performance, visual arts etc.) and applied arts (such as publishing, advertising, media, etc.). Arts and culture is regarded as the heart of the creative industries. These creative sectors, directly or indirectly, create cultural products and comprise not only commercial companies but also artists, public, and non-profit organizations.

3.4. Copyright model (2003)

The copyright model is based on those industries which are involved in the creation, production, dissemination and consumption of copyrighted works (World Intellectual Property Organization/WIPO, 2003). The emphasis is on intellectual property as a manifestation of creativity in the creation of the goods and services. There is a distinction between sectors that generate intellectual property and those that deliver the goods and services to the consumer. In between there is another group of partial copyright industries in which part of their activities involve intellectual property. Table 1.2. below examines the classification based on copyright model taken from WIPO report in 2003 entitled “Guide on Surveying the Economic Contribution of the Copyright-Based Industries”.

Table 1.2. Classification based on copyright model

Core copyright industries	Interdependent copyright industries	Partial copyright industries	Non-dedicated support industries
<ul style="list-style-type: none"> • press and literature • music, theatrical productions, operas • motion picture and video • radio and television • photography • software and databases • visual and graphic arts • advertising services • copyright collective management societies. 	<p>Core interdependent industries</p> <ul style="list-style-type: none"> • Consumer electronics • Musical instruments <p>Partial interdependent industries</p> <ul style="list-style-type: none"> • photographic and cinematographic instruments • photocopiers • blank recording material • Paper 	<ul style="list-style-type: none"> • apparel, textiles and footwear; • jewellery and coins; • other crafts; • furniture; • household goods, china and glass; • wall coverings and carpets; • toys and games; • architecture, engineering, surveying; • interior design; and • museums 	<ul style="list-style-type: none"> • general wholesale and retailing • general transportation • telephone and Internet

Source: WIPO (2003)

In the WIPO model, copyright and related rights industries (often also known as copyright-based industries) are seen as key elements of the creative industries. The creative industries are defined as the economic activities established by the creation, production, management, usage and trade of original creations manifested in tangible form. The basis is the intangible assets which comprise a collection of exclusive rights to do particular acts to the original works or other copyright subject-matter. This will be explored more in another sub chapter regarding the Intellectual Property Right (IPR).

Conventional perceptions on copyright have been transformed substantially since the enactment of the global IPR system with the Berne Convention in 1886. There is a growing recognition of copyright and its function which goes beyond merely providing legal protection and environment conducive for creativity. Today changes are happening within the copyright field particularly due to the advancement of digital technology which unlocks new possibilities to exploit the Internet to create, distribute and consume works within a digital environment.

3.5. Australia (2003)

Australia is credited to be the first to emphasise the importance of creative industries back in 1994 in the report entitled 'Creative Nation' (Office for the Arts, 1994). The report analysed the cultural policy history of Australia and highlighted the significance of 'creative work' and its impact to the Australian economy. However it was the UK-DCMS report that made more and more countries begin the study of their own 'creative industries' and further expand their national strategy. Many countries adopted the definition from the DCMS model, including Australia.

The Australian Government defines creative industries as those industries that are *“focused on linking creativity with commercial markets: these industries use creativity as*

their source of value, generating ideas into new intellectual property (IP) and then using and commercializing that IP in innovative ways - often through industry inter-action on a project-by-project basis” (Higgs, et al. 2007: 4). Creative industries contain a collection of interconnecting sectors of the economy to exploit and disseminate symbolic cultural products and services to the public. The creative industries’ categories defined the sectors as comprising the following segments (1) Music and Performing Arts, (2) Film, TV, and Radio, (3) Advertising and Marketing, (4) Software, Web and Multimedia development, (5) Writing, Publishing and Print Media, (6) Architecture, Design and Visual Arts.

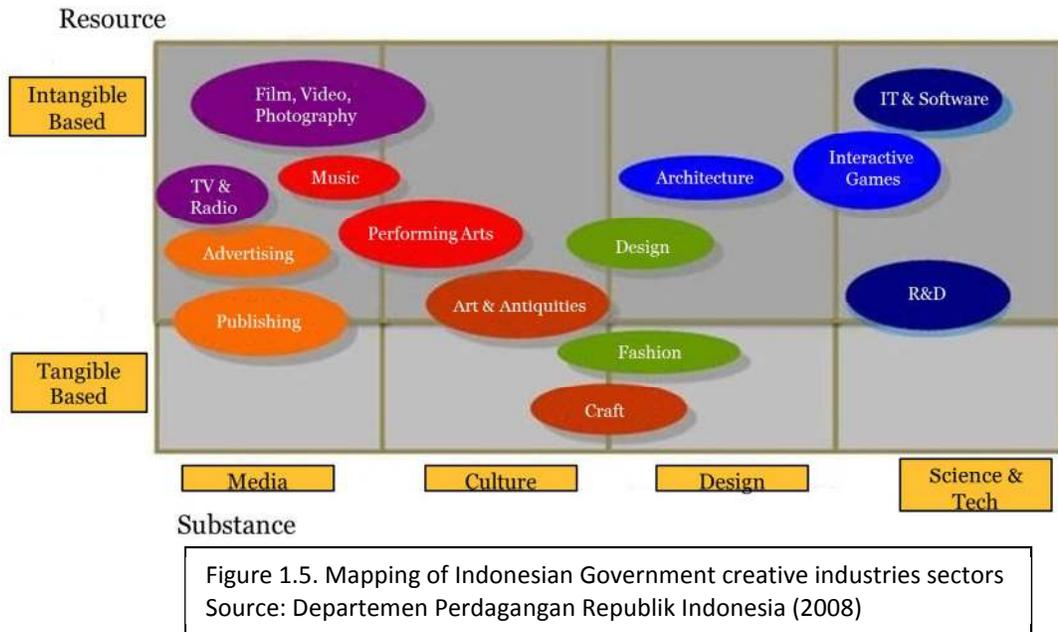
The UK-DCMS study serves as the precursor of a number of academic and government-commissioned studies ranging from the national, regional and even city level in Australia. Among the first to define and develop policy for the creative industries was the State of Queensland’s Creative Industries Strategy (Department of State Development and Innovation, 2003) and the City of Brisbane’s Creative Industries report (Cox, et al., 2003). With this strategy, the State of Queensland made a substantial move from a natural resource-based economy to a knowledge-based economy where the utilization and distribution of knowledge was seen as the source for innovation, competitiveness and growth. The strategy was developed to drive growth and economic development particularly in the state’s capital of Brisbane.

3.6. Indonesia (2007)

The Government of Indonesia defines creative industries as those industries that come from the utilization of creativity, skills and individual talents to create wealth and jobs to produce and exploit the creativity and inventiveness of individuals. In mapping and defining creative industries, the government uses the creative industries’ approach of the

UK-DCMS, and uses the same framework to understand creative industries where the focus is the economic contribution of these industries.

The Government of Indonesian through its Ministry of Trade (Departemen Perdagangan, 2007: 33) defined creative industries in the country to include 15 sectors which comprise (1) Advertising, (2) Architecture, (3) Art and Antiquities, (4) Craft, (5) Design, (6) Fashion, (7) Video, Film and Photography, (8) Interactive Games, (9) Music, (10) Performing Arts, (11) Printing and Publishing, (12) Computer and Software, (13) Television and Radio, (14) Research and Development. Later in 2012, the government included the last sector which is Culinary.



This research adopts the definition and framework of the Indonesian Government because the definition is seen as a comprehensive framework that unifies all general and distinctive factors in the country's environment containing all the components needed to satisfy the research objectives. The next chapter will explore the context of Indonesia, in particular the city of Bandung, to decide on a more appropriate scope of creative industries for the area by looking at a mapping of the creative industries.

3.7. UNCTAD (2008)

The United Nations Conference on Trade and Development/UNCTAD XI Ministerial Conference held in 2004 was one of the important studies of the creative industries. On this occasion, the issue of creative industries was initiated into the international economic development agenda and was influenced by reports published by the High-level Panel on Creative Industries and Development. The UNCTAD model learned from the experiences and analysis of five international organizations (UNCTAD, UNDP, UNESCO, WIPO and ITC) and put them together. As illustrated in figure 1.6., the UNCTAD model tries to expand the notion of creativity from the traditional understanding of artistic activities to: “... any economic activity producing symbolic products with a heavy reliance on intellectual property and for as wide a market as possible” (UNCTAD, 2010: 7). The UNCTAD model sees the cultural industries as a subset of the creative industries.

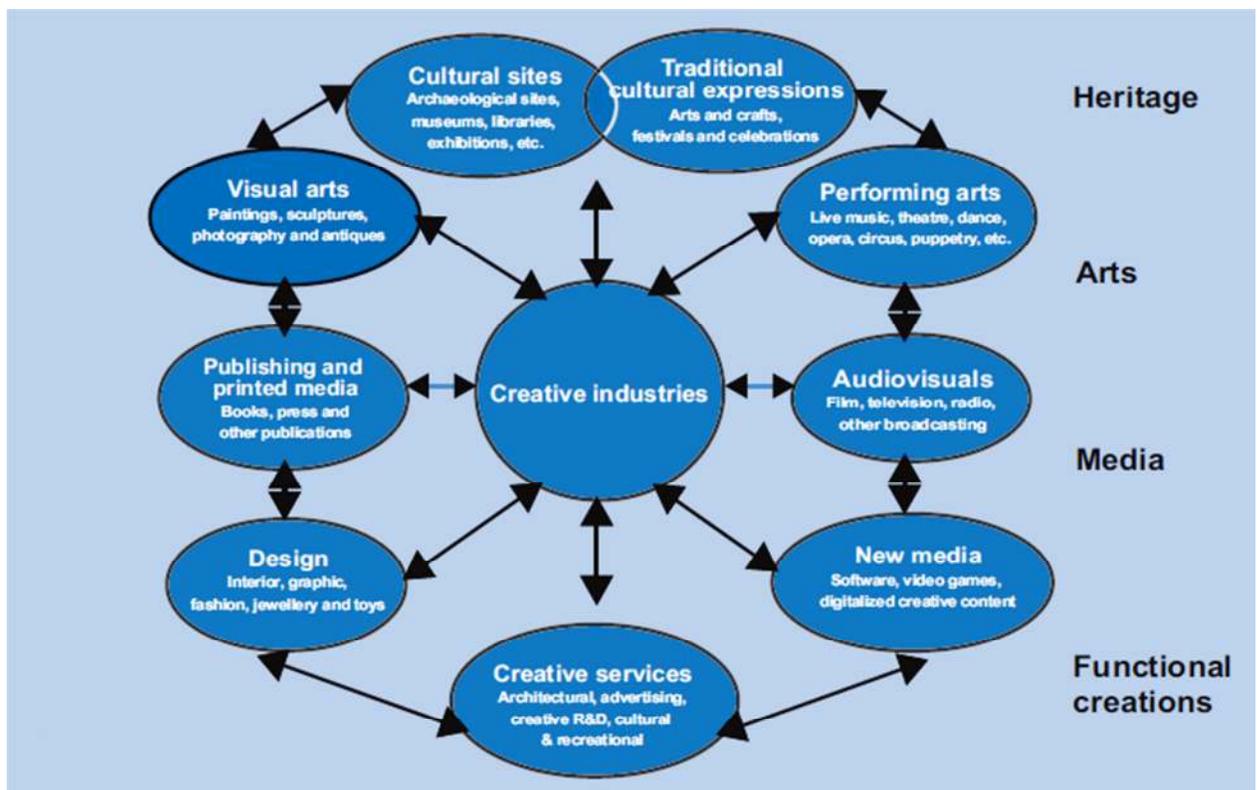


Figure 1.6. UNCTAD classifications of creative Industries
Source: UNCTAD (2008)

The creative economy, which deals with the relations between creativity, culture, economics and technology, was an emerging concept. It offered new opportunities for developing countries to advance in the world economy. In promoting its development, UNCTAD has taken the initiative to encourage international awareness and actions and to focus the field of creative industries in national development strategy and policy. The fields of arts, culture, business and technology are seen as strong in creative skills and have great potential to generate income from intellectual property rights and trade.

Table 1.3. Classification of creative industries based on UNCTAD model

Heritage	Arts	Media	Functional Creations
<u>Traditional cultural expressions</u> <ul style="list-style-type: none"> • Art crafts • Festivals • Celebrations <u>Cultural sites</u> <ul style="list-style-type: none"> • Historical monuments • Museums • Libraries • Archives 	<u>Visual arts</u> <ul style="list-style-type: none"> • Painting • Sculpture • Antique • Photography <u>Performing arts</u> <ul style="list-style-type: none"> • Live music • Theatre • Dance • Opera • Puppetry • Circus 	<u>Publishing and printed media</u> <ul style="list-style-type: none"> • Books • Press • and other publications <u>Audio-visuals</u> <ul style="list-style-type: none"> • Film • Television • Radio • Other broadcasting 	<u>Design</u> <ul style="list-style-type: none"> • Interior • Graphic • Fashion • Jewellery • Toys <u>New media</u> <ul style="list-style-type: none"> • Software • Video games • Digitalized creative content <u>Creative services</u> <ul style="list-style-type: none"> • Architectural • Advertising • Cultural and recreational • Research and development (R&D) • Digital and other related creative services

Source: UNCTAD (2008)

Table 1.3 examines the classification of creative industries based on the UNCTAD model whose definition recognizes four creative sectors, namely: art, heritage, media, and functional creations. They are then split into nine subgroups as illustrated in the above table. The creative industries were considered as the product of knowledge-based economy, which capitalizes on materials that have creative and intellectual characteristics as input. Importantly, the UNCTAD model differentiates upstream activities (conventional cultural activities such as performing arts) and downstream activities (activities that are closer to the market economy such as advertising). The product moves and creates the cycle of creation, production and distribution. This cycle facilitates the understanding of the interactions between various different creative sectors and enables more accurate analyses of their impact on the economy.

3.8. Symbolic text model (2009)

The symbolic text model derives from cultural studies in Europe and the UK which focus their discourse on popular culture. The practices that shaped the culture of a society are represented and disseminated in the symbolic text model by means of creation, production, distribution and consumption of symbolic goods (Hesmondhalgh, 2002).

Table 1.4 examines classification of creative industries based on the symbolic text model. The approach was based on the understanding of how cultural meaning is generated and disseminated and how meaning is generated within social and economic processes. The definition of core cultural industries in the symbolic text model includes those industries that create 'texts' or 'cultural artifacts' and which engage in some form of industrial reproduction. However, culture is not seen as separate from society and the economy considering that the model also acknowledges the peripheral cultural industries and the borderline cultural industries.

Table 1.4. Classification of creative industries based on symbolic text model

Core cultural industries	Peripheral cultural industries	Borderline cultural industries
<ul style="list-style-type: none"> • Advertising • Film • Internet • Music • Publishing • Television and radio • Video and computer games 	<ul style="list-style-type: none"> • Creative arts 	<ul style="list-style-type: none"> • Consumer electronics • Fashion • Software • Sport

Source: UNCTAD (2010)

An important measure of the symbolic text model is the Framework for Cultural Statistics (FCS) developed by UNESCO (2009), a revision from the 1986 version, consisting of classification categories to be considered as producing cultural statistics. The UNESCO model distinguishes the ‘high arts’ as the central point of social and political establishments as opposed to popular culture. Within the model, UNESCO identifies eight groups: (1) Cultural and Natural Heritage, (2) Performance and Celebration, (3) Visual Arts and Crafts (4) Books and Press, (5) Audio Visual and Interactive Media, (6) Design and Creative Services, (7) Tourism, (8) Sports and Recreation.

4. Creative Economy

One of the major consequences of rapid globalization is the global communications that lead to the enormous transmission of cultural symbols and meanings around the world. New generations of consumers not only broaden their role in culture, but also change their role from ‘passive recipients’ to ‘active co-creators’ (Throsby, 2010). Diversity, as one important factor for creativity, improves in conditions which are favourable to creative activities, and prove ultimately important to the production and distribution of a

broad range of creative products. In this era of creative economy, information and knowledge is a vital resource.

The creative economy consists of all transactions in creative products. As argued by Howkins (2007), each transaction generates two complementary values; the value of the intangible (intellectual property) and the value of the physical. In some sectors (such as music), the intangible value is higher. In other sectors (such as craft), the physical object is higher. Managing a creative economy requires the knowledge and know-how about the right time to exploit ideas and to claim intellectual property rights. These two factors are a major decision in the management of a creative economy.

Assessing the value of a creative economy is greatly determined by which definition is being adopted. Howkins (2007) argued that in an analysis of a creative economy, creative products (not creativity) should be differentiated from that of the transaction. Creative products are goods or services that come from creativity and possess economic value, whereas a transaction is the process of exchange which is measured in economic value. Another argument from Simatupang (2008) is that creative industries can be separated into two types as seen by their relationships with end consumers. The first is those industries that offer creative products that can be enjoyed directly by end consumers. This includes performing arts, games, visual arts, music, movies, and crafts. The second is creative businesses that support other industries in the creation process of value-added products and services – examples are advertising, design, architecture, publishing, research and development, software, television, and radio.

Industrial mapping can help policy makers to identify the distribution of economic activity, as well as the clustering of creative businesses. Throsby (2010) argued that creative companies usually create a clustering pattern in pursuit of economies of scale and to

take advantage of networking and agglomeration benefits. Network externalities and economies of agglomeration are important spill-over-effects that arise when organizations mutually benefitted from the production of similar products. The roles of creativity, knowledge production, information exchange, and knowledge transfer are important drivers for the clustering of businesses.

Creative economy has a potential advantage in terms of sustainability because it is the creative individuals that are considered as valuable assets. The strength of industry development is largely determined by the collaboration of the three main elements; scholars and intellectuals, businesses, and the government. These are referred to as the Triple Helix system (Etzkowitz and Leydesdorff, 1995). All of the participants drive the birth of creativity, ideas, science, and technology which are vital for the growth of creative industries.

In the creative economy, individuals and firms exploit resources (creativity) which are infinite, and which are generally protected by intellectual rights (Howkins, 2007). The product may only be popular for a short duration, and does not compete mainly on price. Howkins argues that consumption has evolved from a diminishing return dimension (built upon by the scarcity of physical objects) to that of increasing returns dimension (driven by an infinite creativity to create new products and transactions). On the other hand, there is another difficulty of a creative economy which derives from the highly subjective value of creative products. There will always be differing opinions in evaluating a creative product that make the success of each creative product very unpredictable. A great product for one person does not necessarily mean that another person will value it the same way.

In spite of all this, there is a growing need for people to have rights over their ideas and to make money with their ideas. Hence the increasing need for the protection of copyright, patent, trademarks and other legal proprietary systems. When someone records a song, writes a book, composes performing arts, or develops a logo, they should be protected. The further the world progresses to an economy based on ideas and knowledge, the more reason to make sure that the people who create the ideas are compensated. Having said that, this should be done in such a way that achieves a fine balance between an individual's right to earn money from one's idea(s) and access to the idea(s) by others. Creative economy is significant not because it signifies a bright new future, but that it embodies a future filled with uncertainty and risk.

5. The Creative Class

Together with the development in creative professions, there is also a growth in creative content across other professions. The creative content of various occupations keeps increasing, the related knowledge and skills required are becoming more complicated, and the ingenuity of people in their application is getting more appreciated. All of these have made it possible for people from what Richard Florida called the 'Working Class'¹³ or 'Service Class' to move into the 'Creative Class' and even the 'Super Creative Core'. These people, such as students with high mobility and potential, usually work briefly in the Service Class and then move into the Creative Class.

¹³ The term Working Class comes with complex historical connotations. In social sciences, the term is used to describe those employed in lower tier jobs (as measured by skill, education and lower incomes). There is also a notion from Marxism of high and low classes with a distinction between bourgeois and the working class. Another opinion tries to distance the lower class with terms such as 'blue collar' compared to the 'white collar' positions with the latter considered those that work in a clean, modern, and safe environment. Nevertheless, the term used by Florida was to define those persons working for wages, especially in manual labor.

Florida (2002) argued that currently, instead of people moving to places where jobs are available, companies are relocating to or even establishing in locations where skilled people are available. Consequently, strong economic growth is happening in places that are tolerant, diverse, and open to creativity because, according to Florida, these are the places where people of all types want to live. In short, it is geographic location rather than the corporation that make available the medium for matching people and jobs. Access to talented and creative people has become an essential factor that influences where companies choose to locate and grow. Richard Florida argued that creative people, in particular, do not merely come and gather where the jobs are. They prefer to go to places that are '*centres of creativity*', which is also where they enjoy living. In time, they will form what Richard Florida called the Creative Class whose core is defined as people "*whose economic function is to create new ideas, new technology, and/or new creative content*" (2002: 8). This includes those working in science, engineering, architecture, design, education, arts, music, and entertainment.

Around the core, the Creative Class also embraces a wider group of creative professionals defined as people who "*... engage in complex problem solving that involves a great deal of independent judgment and requires high levels of education or human capital*" (Florida, 2002: 8). This outer creative class includes people working finance, law, healthcare, and other related fields. The Creative Class share a collective value that respects creativity, individuality, difference, and merit. For the people in Creative Class, every facet and expression of creativity, whether technological, cultural, and/or economic, is interlinked and inseparable. As creativity becomes more and more appreciated and valued, the Creative Class will continue to grow.

Progressing together with the Creative Class is a different social cluster that Richard Florida calls the Service Class. This group encompasses all people with "*...low-end,*

typically low-wage and low-autonomy in the service sector of the economy". The progress of this cluster is largely in response to the creative economy itself. In his view, the Creative Class are well compensated but have to work long and usually with unpredictable hours. They require other people to take care of them and carry out chores, so they can concentrate on their work and their lives. Fundamentally, the Service Class emerged from the economic prerequisite in the manner in which the Creative Economy itself functions.

Motivating creative people requires more than money. People of course work to make money, but there is a cap on motivation with financial compensation. Creative people need more than financial compensation for their expertise. In spite of everything, the best people in any field are motivated by passion and intrinsic rewards that are linked to the very creative content of the work itself. Although they earn enough to cover their livelihood, creative people will still be upset if they think that they are not being compensated for what they are worth. They will measure themselves by how much work they believe they contribute or by how much their colleagues are paid. Those who receive, or are assumed to have, lesser compensation, tend to be displeased. Furthermore, when one is doing what one really wants, for whatever personal or other particular reasons, it is the respect of colleagues, the enthusiasm, and the challenge of the work itself that is important. The fulfilment is in the work itself.

Another important point is that creative people crave challenging work and with it the ability to do it flexibly. Flexibility implies more than freedom in dress code or working hours. Creative people want the flexibility, and freedom, to engage in side projects and/or outside interests. Some may be connected to work and others possibly not quite related. Regardless, creative people consider these activities as a necessary ingredient to nurture their creativity. People also seek direct involvement in their communities

because they see it as a part of their creative identity. As such, the new ethos and construction of a creative age is to act on personal intrinsic motivations, allowing each individual to cultivate and convey their creativity.

Florida has been criticized for his definition of creative professions being too broad. The concept of creativity according to Florida is deemed to be ambiguous and unclear and his definition of the creative class covers a very wide scope of occupations. The construction of a number of indicators to assess the existence of creative class has also been criticized. Further, not everyone agrees with the idea of a creative class (for examples see Peck, 2005; Hoyman and Faricy, 2008; Kratke, 2010; and Musterd and Murie, 2011). Creative people like to see themselves as unique individuals instead of members of a crowd. However, Florida is praised because he deals with the issue of elitism by showing a growing income gap between the creative professions and the service workers. Florida describes the economic fact that as a creative worker, talent causes a person to be highly desirable and unlocks opportunities for creative and financial successes. The key idea is not to see creative people only in terms of artists and entertainers.

6. Cultural Policy and Creative Cities

Many countries and cities now continuously strive to manage themselves effectively, to provide a place that can fully draw on the creative talents of their people. The aim is to bring more individuals into creative work while creating further markets and opportunities. On the other hand, people are inspired to carry out meaningful work, and to live in communities that allow them to express their own unique identities. Organizations of any size and type have a function in a creative economy. Small firms, big enterprises, governments, non-profit organizations, research institutes, and

universities have interconnected roles to cultivate and expand ideas and lead them to the market. Economic growth is a complex process. Throughout history, wealth was derived from the gift of natural resources. But more recently the ultimate resource is creative people, and they are very much mobile. As such, the vital strategy of today's economic competitive advantage is the power to attract, cultivate, and mobilize creative resources. In pursuit of this strategy, Richard Florida (2002: 292) proposed the 3T model:

- Technology, measured by innovation and high-tech industry concentration;
- Talent (creative capital), which is talent measured functionally by the number of people actually in creative occupations;
- Tolerance, places that are open and tolerant to attract different kinds of people and generate new ideas.

Throsby (2010: 140) urges that a creative city strategy has to take care *“of its cultural infrastructure, local cultural participation and involvement, the development of a flourishing and dynamic creative arts sector, community-oriented heritage conservation, and support for wider creative industries that are fully integrated into the local economy.”*

Creative cities should be able to provide enlightenment, reflection, insight, and knowledge to the creative community and the general public through, amongst others, arts, cultural heritages, and education. The city also needs to empower the community to be creative and productive. A creative city is indicated by the availability of creative venues for its citizens to display their creative works to the public. Creative industries flourish when appreciation of the creative products can provide the economic impact of goods and services produced. Some of the economic benefit then needs to be put back to ensure the ability and sustainability of the city to nurture its creative class.

Another prominent thinker in the discourse of development of cultural policy and creative cities is Charles Landry. In his book, *The Creative City* (2008), Landry argues that cities offer opportunities and interactions which, in turn, can solve their issues and better the quality of life of their inhabitants. The city has one vital asset – its people. Human ingenuity, desires, drive, vision and creativity are substituting location, market access, and natural wealth as urban capital. The creativity of the people increasingly shapes the success of cities and the manner in which a city deals with opportunities and problems. Therefore, the condition of the city must be designed in a way that facilitates people to utilize their imagination and exploit opportunities or solve urban issues including the setting of a favourable environment and the enabling mechanism to produce innovation through incentives and regulatory arrangements. Creative city is a concept with an overreaching assumption that common people can do the extraordinary, when provided with the opportunity. In this context creativity is understood as a functional use of imagination employing intelligence, inventiveness and continuous learning. It can arise from anywhere and anyone who deals with problems in a novel approach – whether a business person, an academician, or a public servant.

Landry (2008) also argues that culture should be one of the primary principles in urban planning and development strategy instead of being considered as an additional decorative factor to be included afterwards. Culture reveals what a place is, what its history is and where its potentials lie in the future. Culture directs awareness to the distinctive, the unique and the special nature of a place. A cultural planning approach connects the public-private-voluntary sectors and different institutional concerns, types of knowledge and professional disciplines as illustrated in the following figure.

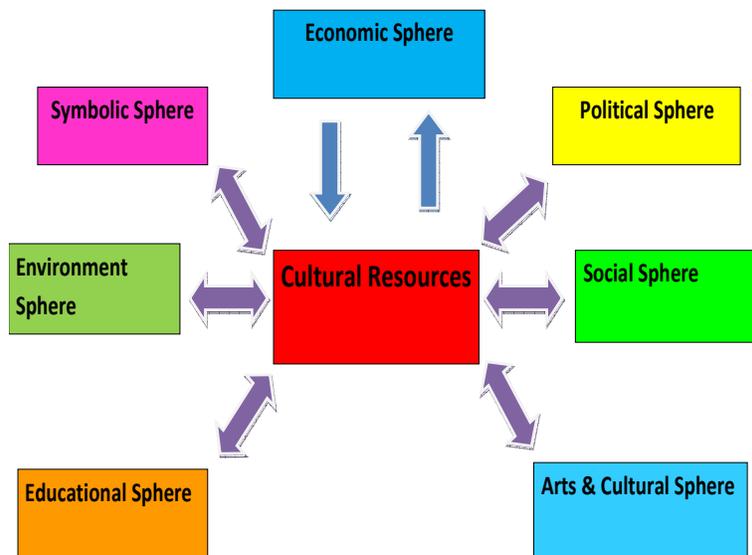


Figure 1.7. An integral approach to cultural planning
Source: Lidstone from the work of Bianchini (NP.)

Landry (2008) further introduces seven concepts of creative thinking and planning in cultural policy which are:

1. *Civic creativity*, which embodies a call for action. It stresses creativity in the civic realm as a future priority
2. *Cycle of urban creativity*, is an analytical or explanatory device. It breaks down complex issues and explains flows and processes to allow insight into strategy making and priority setting
3. The notion of '*innovation and creativity lifecycles*' calls for the development of judgment and getting a feel for when to be creative
4. *Urban R&D concept*, advocates an approach to implementation, monitoring and evaluation that legitimizes creative action
5. *Innovation matrix* is a benchmarking device allowing decision-makers to assess how innovative a project or class of projects is and whether the city is performing at its best
6. *Vitality and viability indicators* provide an example of a new type of indicators
7. *The Urban literacy concept*, ties all the above concepts together with other ways of interpreting and understanding urban life and dynamics and creating a new competence bringing together insights from cultural geography; urban economics and social affairs; psychology; history; cultural studies; urban planning; design and aesthetics.

One important element in the discourse of creative economy that is very much in the focus of governments is the idea of creative clusters. Alfred Marshall first coined the idea of 'economic cluster' in his book, *The Principles of Economics*, first published in 1890. The idea is when a number of companies working in the same field are grouped together and the *trick of the trade* become accessible to all. Creative people benefit from other creative people in the cluster to accelerate completion of their current project and to discuss ideas for the next one. There are exceptions, however, to some creative people (such as writers, artists, and composers) that have to work on their own. Thus, both managing isolation and managing networks are critical. Working alone gives space for a creative person to manage his consciousness. Networking gives opportunities for the exchange of ideas and information.

Clusters provide mutual supports in many aspects including psychologically, financially, and technically. Clusters also enhance the efficiency of the market and provide the space for sellers to meet buyers. Clusters act as centres of excellence, offer high multiplier effects, encourage and disseminate best practice, and stimulate competition. Any resources from outside the clusters are rapidly distributed and at the same time internal knowledge and skills are protected. Clusters have the potential to develop a high rate of synergy to enable positive exchanges and a sharing of resources that generates something that is more than the sum of its parts. These ideas will be taken into account in more detail in the next chapter, which relates to the city of Bandung.

CHAPTER 2.

THE CONTEXT OF THE REGION

This chapter seeks to provide information regarding the context of the research. It first explains and discusses the current situation of the country that is Indonesia. Although the overview is mainly of economic position, the chapter also explores other important issues including the unique demographic and geographic portrait of the country. The chapter then focuses on West Java Province and elaborates the importance of the West Java region. Bandung as the capital city and the object of the research is then elaborated further. The chapter ends with the analysis from results of the field work. It discusses mainly the condition of the respondents which illustrate the typical creative business in the city.

II. THE CONTEXT OF THE REGION

Indonesia's economic transformation from an agrarian-based economy to an industrial-based economy has been taking place in recent times. With this economic transformation, there are aspects of economic structural change. In globalized conditions, the transformation that occurs is not only influenced by changes in the structure of the domestic economy but also by external factors. Looking to the external conditions, the world has experienced a change in the economy where the acceleration of the development of the industrial sector in the post-industrial revolution in Europe has affected global economic transformation. Countries with strong economic conditions, such as the US, the UK, Germany, and Japan did accelerate the development of their domestic manufacturing industry by shifting the focus of development to the industrial sector. These countries experienced very rapid economic development and continue to lead the world's economy.

The industrial goods and services are traded globally, which facilitates international economic integration. Each country possesses different resource capabilities and structures; some have abundant natural resources, others have an excellent work force, and others have superiority in technology. The interdependence among countries triggers economic cooperation, and rapid economic transformation accelerates the industrialization of the economy.

The industrialization of the world economy continues to gather speed with the support of science and technology in the industrial sector. Industrialized countries begin to create industrial competitiveness by utilizing advances in science and technology. With the improvement of technology, the development of various industries is getting more differentiated, where countries are bound together in a model of industrial integration. In

seeking to make the world economy to be more competitive and facilitate market trade, clusters of world economic cooperation have emerged, such as ASEAN, WTO, APEC, the G-7, the European Union and other forms of cooperation. This has also encouraged better and faster economic transformation.

Another important development is that countries have begun to realize the economic potential that can be generated from the creativity possessed by humans. Community creativity has become part of the cultural uniqueness of each country. Creativity is manifested in a wide range of products known as creative industries.

2.1 Indonesia



Figure 2.1. Map of Indonesia
Source: http://paradise-in-indonesia.blogspot.com/2010/06/provinsi-west-java_06.html

Indonesia is situated at the Equator and sits between two continents, Asia and Australia, as well as between two oceans, the Pacific and the Indian Ocean. Comprising of 17,508 islands, Indonesia is the largest archipelago in the world. With a population of 237.6 million in 2010 (Badan Pusat Statistik, 2010), Indonesia is the fourth most populous country in the world. In 2012 it ranked 50th out of 144 countries on the Global Competitiveness Index, a survey conducted by the World Economic Forum – one of the

leading international economic research institutions based in Europe. A number of factors become elements of this competitiveness index including infrastructure, macro economy, health, education, market efficiency, technological readiness, business, and innovation. Further analysis is provided in the next section.

Indonesia is a large country, consisting of an area of 1,904,569 sq. km, of which 11.03% is arable land and 7.04% is permanent crops. As a member of the global economic society, Indonesia is also affected by external changes. To be able to compete internationally, it is necessary to respond to the transformation of the global economy. These external influences have greatly affected the economic transformation of Indonesia from an agrarian-based economy to an industrial-based economy. This is true when by looking at the GDP composition by sector which is 15.3% in agriculture, 47% in industry, and 37.6% in the service sector (Badan Pusat Statistik, 2010).

Indonesia's economic policy experienced changes at the beginning of the 3rd phase of the Five Year Development Plan back in the 1980s. An agrarian economic base began to be transformed into an industrial economy. Government policies were geared to encourage the development of the private sector and government investments were aimed at supporting a strong development of industrial sectors. In the first 10 years of the initial transformation of the economy from 1980 - 1990, industrial sectors developed rapidly and produced a great contribution to economic growth and employment. This has helped Indonesia to become a new industrial powerhouse in Asia, although it may not have actually benefited economically as much as it might have done.

Currently, Indonesia is not considered as an advanced industrial country because there are still many aspects and issues in developing its industry. One of these is the number of new entrepreneurs in Indonesia. Only as many as 440 thousand people or

approximately 0.2% of the total population of Indonesia are entrepreneurs (Badan Pusat Statistik, 2010), compared to advanced industrial countries in Global Entrepreneurship Monitor report 2011 (Kelley et al., 2011) like the United States (20%), Japan (18%), and the UK (18%). Even among ASEAN countries, the rate of entrepreneurs in Indonesia is still considered low; for example, Singapore (10%). This is a problem because entrepreneurs have a major contribution in the development of industry.

There are several factors to take into account in observing the dynamics of economic transformation in Indonesia. First, the strengthening of national industry that is driven by economic liberalization which provides added value to the economy. National development priorities are oriented to the achievement of high economic growth. Second, the rapid industrialization started in the 1980s necessitates the need for an industrial support environment. As a result, the development of the industrial sector has also led to the increased development in the trade sector, services sector, and finance sector. Third, industrialization in Indonesia has also increased technological developments. Fourth, Indonesia took part in global liberalization which experienced rapid development. The economic liberalization of Indonesia in the 1980s has had a great impact on the development of the industrial sector in Indonesia. Liberalization has led to increased flows of foreign capital absorbed by the industrial sector. The entry of foreign capital flows on a large scale has enabled the increase of production output, especially for export-oriented goods. Increased exports are pushing the pace of high economic growth in Indonesia, especially before the economic crisis of 1997. Before the 1997 economic crisis, the growth of industrial sectors in Indonesia reached 8-10% per year, an achievement which was very high at that time (Narjoko and Hill, 2007).

Examining data from the Indonesian Central Bureau of Statistics, the economic figures for Indonesia in the last three decades have indicated the rapid mobilization of the

economy. There was an increase in economic growth per year of around 6.2% to 9.2% in the years from 1986-1996 with the average growth of this period amounting to 7.8%. In 1991 Indonesia experienced the highest ever economic growth amounting to 9.1%. However the global economic crisis hit Indonesia in 1997-1999 and Indonesia experienced contraction of the economic at around -2.68%. In 1998 the Indonesian economy experienced further shrinkage amounting to -13.24% – the lowest ever experienced by the country.

In 1999, the Indonesian economy began to improve as seen from the economic growth that has risen 12.63% compared to figures in 1998. Indonesia experienced a recovery period after the economic crisis (2000-2007) when the annual economy returned to growth of around 3.83% to 6.35% – an average growth of about 5.04%. The 2008 global crisis apparently did not directly affect the Indonesian economy as the annual economic growth in 2008 stood at 6.01%, only down 0.33% compared to figures in 2007. The impact of the global crisis was actually felt in 2009 when the economy experienced a bigger decline and was recorded at 4.58%. Compared to 2008 figures, it was a decrease by 1.44%. In 2010, the Indonesian economy again showed a recovery as it grew to 6.1%. In 2011, the economy grew to 6.5%, an increase of 0.49% compared to the previous year. In 2012 economic growth in Indonesia was only about 6.23%, a decrease by 0.27% compared with 2011.

The value added to the national economy has also increased between 2.2% - 12.3% per year with employment reaching 49 million workers in 2007. The rapid growth of the industrial sector is seen as the engine for economic transformation policies in Indonesia from an agrarian-based economy to an industrial-based economy.

Observing the Global Competitiveness Reports throughout the years¹⁴, one interesting finding is the competitiveness of developed countries and the developing move towards a single point. The World Economic Forum releases a progress report each year of competitiveness based on a survey of business leaders and the latest economic indicators. In the 2012 Global Competitiveness Report (Schwab, 2012), Indonesia ranked 50th out of all 144 countries. This is mainly due to an increase in macroeconomic indicators, health, and basic education, according to the report. This compares with other leading global economies such as India in 59th, South Africa 52nd, Russia 67th, Mexico 53rd, and Argentina 94th. Among ASEAN countries, Indonesia was ranked fifth after Singapore (2nd place globally), Malaysia (25th place globally), Brunei (28th place globally), Thailand (38th place globally). Vietnam, Philippines, and Cambodia were ranked 75th, 65th, and 85th globally.



Figure 2.2. Indonesian competitiveness 2012
 Source: The Global Competitiveness Report 2012-2013, Schwab (2013)

¹⁴ The index is the degree of competitiveness to encourage international investment.

Further encouraging the economic situation in Indonesia, in 2011 the term MINT countries (which is an acronym for Mexico, Indonesia, Nigeria and Turkey) was coined as a group of emerging economic giants by an American financial corporation, Fidelity Investments. The term was also popularized by economist Jim O'Neill from Goldman Sachs, who previously coined the term BRIC countries (Brazil, Russia, India and China). The positive outlook on the Indonesian economy is also strengthened by report from International Monetary Fund (IMF) which positioned Indonesia among the world's 10th-largest economy in GDP (PPP)¹⁵ in 2014 as shown in the following table.

Table 2.1. Countries with the Largest Economies by Share of World GDP (PPP), IMF 2014

Rank	Country	Gross Domestic Product (billions of USD)
1	China	17.617,32
2	United States	17.418,93
3	India	7.375,90
4	Japan	4.750,77
5	Germany	3.721,55
6	Russia	3.564,55
7	Brazil	3.263,83
8	Indonesia	2.676,08
9	France	2.580,75
10	United Kingdom	2.548,89
	World total	107.917,78

Source: "Gross Domestic Product 2014, PPP", IMF
Data extrapolated from www.imf.org, accessed on June 2015.

Alongside the rise of large-scale industrial activities, economic industrialization in Indonesia also encouraged the growth and development of Small and Medium Enterprises (SMEs). In fact, SMEs became the basis of the Indonesian economy. The majority (if not all) of SMEs entrepreneurs are actually those in the middle and low income classes. It has a substantial role in encouraging industrialization and especially

¹⁵ It has to be pointed out that there are differences in the rankings with nominal GDP, in which Indonesia is ranked 16th. Some other differences including UK ranked 5th with nominal GDP amounting to USD 2.945,146 billion and France ranked 6th with nominal GDP amounting to USD 2.846,889 billion.

in building creative economic activities in Indonesia. Data from the Indonesia central bureau of statistics (Badan Pusat Statistik, 2006) showed that in 2006 nearly 91.4% of businesses are SMEs, 6.5% are medium businesses, and 2.1% are large businesses. This implies that actually SMEs serve as a foundation for the development of the industrial sector and national economy. However, when examining the productivity and value added to the national economy and employment, it is evident that large companies are able to contribute far more than SMEs.

Developments in science, technology, and information have led the global economy into a new era. Started in the UK in 1998, the creative economy concept was first acknowledged as a new global economic paradigm. The sectors that make up the creative industries have been around for some time, but the UK government was the first to acknowledge these sectors as a wealth creator. It quickly established that creative businesses create unique value. In Indonesia, the creative industries concept began to gain pace in the economy as the market increasingly demanded creative products and services. This has spurred on many emerging creative businesses in Indonesia in which the majority, if not all, are SMEs. Creative industries SMEs in Indonesia presented the concept of local businesses as the media with a link to science, technology, and information.

Up to 2007, the concept of creative industries had not received a specific policy focus in the development of the industrial sector in Indonesia's macroeconomic policy. Market demand was the initial driving factor for the development of creative industries. Realizing its potential, the Ministry of Trade then developed a road map in 2008, the report aptly named "the Development of the Indonesian Creative Economy for 2010-2025". This policy is the starting point for the government to push the creative industries in the development of the nation's industry. The Indonesian government began to design a

blueprint for the Indonesian Creative Economy and also adapt local conditions. There are 14 sectors considered as creative industries in Indonesia with an addition of Culinary in 2012 (Departemen Perdagangan, 2009) which are:

- | | | |
|------------------------------------|-------------------------------|-----------------------------------|
| (1) Architecture | (7) Art and antiques market | (12) Performing arts |
| (2) Design | (8) Publishing and printing | (13) Television and radio, |
| (3) Crafts | (9) Advertising | (14) Video, film, and photography |
| (4) Computer services and software | (10) Interactive games | (15) Culinary |
| (5) Fashion | (11) Research and development | |
| (6) Music | | |

Since 2002 the creative industries in Indonesia have continued to experience an increase in the value of GDP. According to a report from the Ministry of Trade (Departemen Perdagangan, 2009) in 2002 the contribution of the creative industries sector to the GDP amounted to IDR. 132 trillion (approximately GBP 7 billion) increasing to IDR 151 trillion in 2008 (approximately GBP 8 billion) with a constant growth averaging 2.32% per year. The creative industries in Indonesia in 2008 absorbed 7.6 million workers, amounting to 7.53% of the total labor force. The productivity rate of the creative industries is also higher than other sectors amounting to IDR 65 billion per worker per year (approximately GBP 3 million). This high labor productivity has a big impact on the industrial output, which is sold domestically and exported abroad. In 2008, the export value of the creative industries amounted to IDR 114.9 trillion (approximately GBP 5 billion) with an average export growth rate of 12.2% per year and a contribution to the total exports of Indonesia of 9.23%. The growth of the creative economy in 2006 was high, even exceeding the national economic growth. At that time, the growth of the national Gross Domestic Product (GDP) was 5.6% whereas the creative industries growth reached 7.3%. This growth is ranked second after the transport and communications sectors.

However, creating entrepreneurs is not an easy task because there are many factors that influence it. In the case of Indonesia and the development of its creative industries, there are at least three problems to be addressed. First is the cultural factor. The absence of entrepreneurial spirit among Indonesians has been indirectly affected by Indonesian colonialism for more than three centuries. The experience marked an everlasting impression on the characteristics of Indonesians as community-minded workers, rather than employers. This is an issue of mentality.

The second problem involves drawbacks within the Indonesian education system that fails to foster an entrepreneurial attitude for young Indonesians. Theoretically, many people believe that the characteristics of society can be changed by education. But what happened in Indonesia is just the opposite. Education systems that exist today teach very minimally about the entrepreneurial character and tools to students. The educational system emphasizes creating workers to be absorbed by the labour market. In Indonesia, teachers are considered successful if the majority of graduates can work in companies; large, medium, or small. College and high school graduates are not prepared to become entrepreneurs who will drive the future of national economic development.

Third, there is the lack of government policies which encourage creative entrepreneurs. Moreover, the general industrial policy has not adopted the unique characteristics of the creative industries. The policy is still directed towards the interests of established Multi-National Companies (MNCs), large private enterprises, and public-owned corporations. On the other hand, the creative industries in Indonesia have evolved at the scale of SMEs. This causes the difficulty of stimulating the growth of creative entrepreneurs because the capabilities to start and transform the business are limited. Some policies that are considered a hindrance to opportunities for the development of creative

entrepreneurs are import policy, interest rate policy, and general business climate. Global economic pressures, especially the free trade agreements, require a strong foundation of national industry. Competition is no longer within a domestic industry, but already on the regional and even international level.

Opportunities for the development of creative entrepreneurs are actually have good potential in Indonesia. First is the demographics. Indonesia, with a very large population, is a very big internal market for the products of creative industries. Moreover, the large population is human capital to drive the creative industries. Second, natural resources in Indonesia are still largely available for industrial input such as the timber and mineral wealth that can be used for the craft industry, cultural wealth that can be used for the music and arts industry, and other local resources that have not been utilized. The availability of natural resources is going to change because the physical natural resources are finite and they are being destroyed. They are largely available for industrial input now, but this not likely to continue without proper sustainability and environmentally-responsible usage.

Third, Indonesia is in a stage of economic development that may well propel it to become an advanced industrial economy in Asia. If the direction of government policy remains as it is and macroeconomic stability can be maintained, then Indonesia has the potential to be a regional economic powerhouse. This is an opportunity for the development of the creative industries in Indonesia. Fourth, advancement in science, technology, and information in Indonesia is getting better, although not fully utilized as crucial element of the industry. If this can be managed well, there will be new innovations in industry. These innovations are a form of creativity that then serves to power the movement of creative industries in Indonesia.

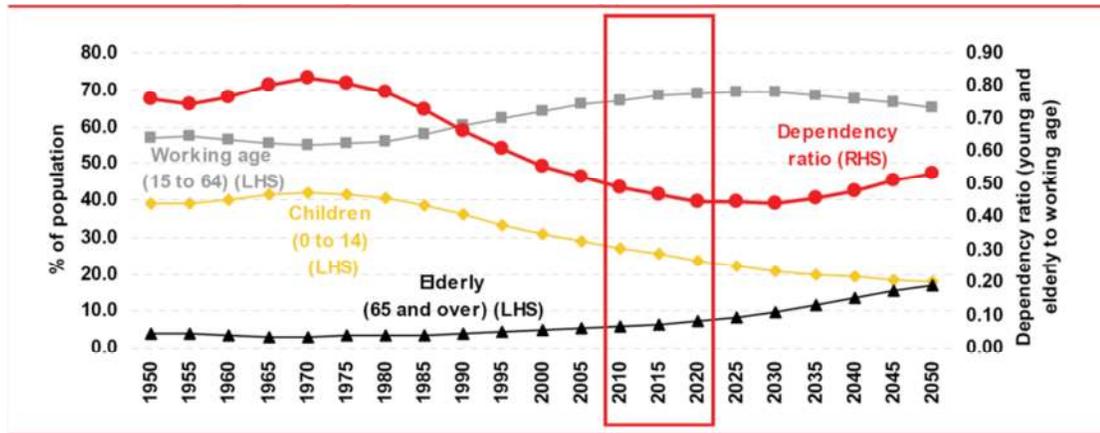


Figure 2.3. Indonesia demographic condition
 Source: Kementerian Koordinator Bidang Perekonomian Republik Indonesia (2011)

The National Government of Indonesia realizes the creative economic potential for job creation, poverty eradication, increase in national income and the ability to nurture nationalism. As a sign of the Government commitment, an action program by 27 Ministries/Institutions and Local Governments throughout Indonesia has been stated explicitly in Presidential Instruction Number 6 Year 2009. This Presidential Instruction detailed the policy for Creative Economic Development for the years 2009-2015. The development of economic activities is based on creativity, skills and individual talents to develop creative and inventive individuals who are economically valuable and influential in generating public welfare. The government also launched the Vision and Mission Creative Economy for 2025¹⁶ as follows:

- Vision: A global nation with a good quality of life and good creative quality.
- Mission: Empower Indonesian people to:
 1. Increase the contribution of creative industries to the Gross Domestic Product of Indonesia.
 2. Increase national exports of products/services based on the creativity of the Indonesian people that carries the spirit of contemporary local content.
 3. Increase employment as a result of the opening of new jobs in the creative industries.

¹⁶ An unofficial translation of the document.

4. Increase the number of highly competitive firms engaged in the creative industries.
5. Prioritise the utilization of sustainable resources for the environment and the coming generations.
6. Create the economic value of creative innovation, including those based on local wisdom and cultural heritage.
7. Develop areas and regions in Indonesia that have creative potential.
8. Introduce creative branding on products or services as a national branding of Indonesia internationally.

A further presidential instruction identified six development goals for Indonesian creative industries, namely¹⁷:

1. Creative human beings with a creative mind set and attitude.
2. Industry-leading in the domestic market and abroad, with the nurture of local entrepreneurs.
3. Technology that supports the affordable creation of products and services by the Indonesian people.
4. Utilization of domestic raw materials effectively by the creative industries.
5. People who respect Intellectual Property Rights and consume local creative products.
6. High trust by the financing institutions in the creative industries as an attractive and viable industry.

As a continuation of the government's commitment to develop the creative economy in 2025, the Ministry of Trade has conducted initial studies to map the economic contribution of those industries that are part of the creative economy. This was then followed up by the introduction of two other white paper policy documents which are the '*Creative Economy Development Plan 2009-2015*' and '*14 Sub-sector Creative Industries Development Plan 2009-2015*' reports. Finally the next initiative was planning the '*National Creative Economic Development Work Program 2009-2010 of Ministry of*

¹⁷ Ibid.

Trade. To direct and carry out activities that can achieve the targets by 2015, the focus of activities undertaken is divided into five main stages as follows¹⁸:

1. Good data and information. At this stage activities will be focused on improving the quality and dissemination of information about the creative industries including comprehensive studies of the industry, database development, and adequate information systems.
2. Service excellence. When the information system has been developed, then the service provided by the Department of Trade is expected to increase significantly. The database that has been obtained can be utilized as the basis for policy studies as a guidance of the support for the creative industries.
3. The nurture of demand, high productivity and efficiency. At this stage, efforts should be well planned to create and stabilize the level of demand, improve productivity and efficiency to achieve the highest level of demand and stabilize a system of partnerships.
4. Design excellence. When the level of demand is relatively stable, then the focus of the next activity is the creation of product innovation by creating new designs that include local identity with contemporary flavor.
5. Brand excellence. In order for creative products created and manufactured in Indonesia, it is necessary for intensive branding campaign to generate competitive advantage when compared with other similar products from other countries.

The Indonesian Cabinet reshuffled by the President in October 2011 changed the name of the Ministry of Tourism to be the Ministry of Tourism and Creative Economy (Kementerian Pariwisata dan Ekonomi Kreatif/Kemenparenkraf) led by the former Ministry of Trade, Mari Elka Pangestu. The development of the creative economy is expected to create new competitiveness for Indonesia. After the reshuffle, at least three ministries were given duties in direct contact with the handling of the creative economy under the coordination of Kemenparenkraf. Two other ministries are the Ministry of

¹⁸ Ibid.

Trade and the Ministry of Industry. All three ministries perform in synergies in order to generate better output. Coordination among ministries was also deemed important to avoid any overlapping of programs and increase cooperation in the handling of the creative economy. Mari Elka Pangestu has said that the handling of the creative economy by the three ministries will not overlap as each ministry has a blueprint that states their task¹⁹.

Rapid developments in information technology brought a new generation that helped shape the face of present day Indonesia. There are hundreds of creative activities carried out in Indonesia every year; some of the activities that attract the attention of local communities and also the world are:

- Bandung: Helarfest, Braga Festival.
- Jakarta: Festival Kota Tua, PRJ, Jak Jazz, Jiffest, Jakarta Fashion Week.
- Yogyakarta: Yogyakarta Art Festival, Sekaten, Biennale.
- Bali: Bali Fashion Week, Bali Art Festival, Bali Sanur Festival.
- Solo: Solo Batik Carnival, Pasar Windu Jenar.
- Jember: Jember Fashion Carnival.
- Lampung: Way-Kambas Festival.
- Palembang: Musi River Festival .
- Other creative events which has also been held regularly in many cities such as: Blogger Party, Java Jazz, KickFest.

¹⁹ News article from <http://bisnis.liputan6.com/read/2089584/wawancara-mari-elka-karya-kreatif-anak-muda-ri-sudah-mendunia> and <http://bisnis.news.viva.co.id/news/read/258589-dianggap-overlap--mari-elka-jelaskan-tugasnya>. Accessed in September 2013. Both websites are among the most respected and widely read news websites in Indonesia.

2.2 West Java Province

According to data from the 2010 Indonesian national census (BPS, 2010), West Java Province with a population of 43,054,000 is the most heavily populated province out of all 34 provinces with an average of 1,217 people per sq. km. The population growth rate for the ten year period ending in 2010 was 1.9%. West Java Province borders the capital Jakarta and Banten Province to the west and Central Java to the east. To the north is the Java Sea and to the south is the Indian Ocean.



Figure 2.4. Map of West Java province

Source: http://en.wikipedia.org/wiki/File:Map_of_West_Java_with_cities_and_regencies_names.png

Different from other provinces in Indonesia that have their capital cities in the coast, West Java's provincial capital, Bandung, is situated in the mountainous area right in the center of the province. West Java is known as a productive agriculture area and the economy of the region historically depends greatly on agricultural activities, particularly rice cultivation. Early kingdoms founded in West Java, such as the Pakuan and Tarumanagara Kingdom, are believed to have depended on agricultural revenues, mainly rice taxes. In early 20th century, the Dutch colonial government built

infrastructures driven by economic motives particularly to accommodate Dutch plantations in the area, which was known then as 'De Preanger'. Roads and railways were built to link plantation areas to urban cities including that of Bandung and the port of Batavia (later known as Jakarta). With this, West Java is identified as one of the earliest advanced regions in Indonesia.

Following Indonesian independence in 1945, West Java grew to be the supporting region for Jakarta. As the capital of Indonesia, Jakarta always serves as the centre of business and political power in the country. A number of regencies and cities in West Java Province, including Bogor, Depok, Tangerang, and Bekasi, grew to be the supporting areas for Jakarta and were included to create the Greater Jakarta area. The northern part of West Java has been developed into major industrial regions, such as Bekasi, Cikarang and Karawang that are packed with plants and factories. The area in the vicinity of the provincial capital of Bandung was also developed as an industrial area.

Gifted with natural beauty and rich culture, tourism also plays a significant part of the West Java economy. West Java has historically had a lot of economic activities that are currently included in the creative industries sectors. Rich diversity of human resources provided a unique opportunity to put its human capital as a central point of industrial development to enable the society as a whole to prosper. Therefore, creative industries are strategic in building human resources in West Java.

Sundanese is the dominant culture in the West Java province, and its cultural enclaves also exist in other provinces including West Java and in the transmigration area of the Lampung province in Sumatra just to the north of Java. Generally, it can be said that the so-called Sunda people are those that use the Sundanese language in their daily lives and become advocates of Sundanese culture. Having said this, West Java province is

undeniably the home of the Sundanese culture. More on Sundanese culture will be explore in Chapter 4.

Table 2.2. Percentage Contribution of Creative Industries Sub-Sector to GDP of West Java Province

Creative Industries Sub-Sector	2003	2004	2005	2006	2007
Craft	2.67%	2.97%	3.16%	3.68%	4.34%
Design and Fashion	3.64%	2.90%	2.97%	4.08%	3.91%
Publishing, Printing and Media Recordings	0.08%	0.21%	0.21%	0.19%	0.29%
Television, Radio and Communication Equipment	4.09%	2.76%	2.17%	2.96%	3.25%
Culinary			2.56%	3.14%	3.40%

Source: Data compiled from “*West Java in Figures, 2003; 2004; 2005; 2006; and 2007*”

Table 2.3. Percentage of Workers Absorption by Creative Industries in West Java Province

Creative Industries Sub-Sector	2004	2005	2006	2007
Craft	0.80%	0.75%	0.88%	0.86%
Design and Fashion	1.55%	1.54%	2.00%	1.70%
Publishing, Printing and Media Recordings	0.04%	0.04%	0.04%	0.04%
Television, Radio and Communication Equipment	0.34%	0.29%	0.31%	0.33%
Culinary		0.57%	0.91%	0.75%

Source: Data compiled from “*West Java in Figures 2003; 2004; 2005; 2006; and 2007*”

Table 2.2 and 2.3 are figures of the contribution of creative industries to GDP and workers absorption by creative industries in West Java Province respectively. Data was compiled from periodic statistic reports from the West Java Bureau of Statistic entitled ‘West Java in Figures’. Creative industries contribution to provincial GDP has shown an increased trend in all sectors. The biggest was craft amounting to 4.34% in 2007 and design & fashion in second place amounting to 3.91% in 2007. These two sectors took their turns to be the biggest contributor of creative industries to the GDP of the province in 2003-2007. The two sectors were also the biggest to absorb labor in 2007. Due to its dynamic characteristic, the fashion & design sector has experienced periods of increase and decrease both in contribution to GDP and absorption of labor in the years from 2003 to 2007. However, the overall trend for this sector is in the increasing.

2.3 The City of Bandung

Bandung is the capital of the West Java province. This city is the third biggest city and the second biggest metropolitan area in Indonesia with a population of approximately 2.4 million people. Bandung sits 768 meters above sea level and 140 km to the southeast of the capital city, Jakarta. According to Bandung city government's white paper on urban planning (Pemerintah Kota Bandung, 2011), in the current development plan the city has two primary development centres and six secondary centres. Previously the development of the city was concentrated in the Western region. Thus by developing two primary development cores, it is intended to further encourage the development of the city to the east so that urban development between the west and east can be achieved more evenly. The development of secondary centres of development in each region serves as a buffer for the two primary centres, and levelling of public services. The two primary development centres planned by the government are the City Central Primary Centre, located in the western area, and Gedebage Central Primary Centre, located in the eastern region. For the City Central Primary Centre, the policy development is urban renewal strategy which is aimed at realignment of the area to obtain a more adequate added value to the region, in accordance with the potential economic value of land in the region. As for the Gedebage Central Primary Centre, the policy development is urban development strategy which focuses on the quality of life in the area including health, religious, social community, sports and leisure, government services, commercial, and transportation.

Bandung as the capital of West Java has many nicknames including Paris van Java, the creative city, the city of culinary, etc. (see Soemardi, 2006). As argued by Hitchcock and Nuryanti (1997: xxvii), since the Dutch colonial era "*Bandung, which was just a small outpost at the start of the nineteenth century, gradually developed into an elegant and*

fashionable centre ... Batik drawn from throughout other cities were displayed in Bandung after 1900, attracting trades from elsewhere in Dutch East Indies, as well as from British Malaya, Thailand, and Burma." Today Bandung still strongly known as a chic and fashionable shopping destination, popular not only among local Indonesians, but also popular shopping destination for neighbouring Malaysian and Singaporeans and many other foreigners in the region.

Another historically important global event worth mentioning is the Asia Africa Conference held in Bandung in 1955. The first large-scale conference was a meeting of twenty five Asian and African countries, most of which were newly independent. It represented nearly one-quarter of the Earth's land surface and a total population of 1.5 billion people and was regarded a milestone of world historical event and a precursor to the Non-Aligned Movement. The conference was organised by 5 countries which are Indonesia, Burma, Pakistan, Ceylon (Sri Lanka), and India. The conference was aimed importantly to oppose colonialism by any nation and also to promote economic and cultural cooperation among attending countries.

The designation of Bandung as the location of the Asia Africa Conference had an important effect toward the infrastructure, economic, and cultural condition of the city, not least is its reputation. This has an enduring effect towards the development of the city to become something of an icon in the development of creative industries particularly in West Java and generally in Indonesia (see Aritenang, 2012). Various reasons are put forward in support of this, from the cultural community²⁰, strong education sector, and

²⁰ As explained in the previous chapter that, unless indicated otherwise, the term 'community' in this writing implies a loosely-assembled group or a network of people who have commonality(ies), be it in purposes, directions, or interests. These people can be living in different parts of the city but they interact with each other whenever they need or want to. In using the term, the meaning is not limited to only geographic similarity, i.e. a group of people who live in the same neighborhood or area.

abundant young people who are always open to novel things. All linked with the legacy of this city's remarkable history. As an important creative city in Indonesia, a number of programmes in support of its creative potential have been imitated in other cities in Indonesia. An example is the Car Free Day program that closes the centre to traffic every Sunday morning to provide a showcase for various creative products including culinary and crafts, but also a space for artists to express their arts including musicians and dancers. Beside enjoying all the performances and enjoying the food and drinks, as people do their activity by foot or by bicycles they are also unconsciously exercising their body. Also, no traffic means less pollution. So the program has many usage, creative showcase, health benefit and environmental purposes.

Bandung is arguably the most popular destination in Indonesia for people to get an excellent education. The city has lots of public and private schools. More than one hundred universities — four of which are state-owned universities — and more than 90 vocational schools located all over the city (see table 2.4). Numerous branches of education from social sciences, technology, to tourism can be found in those higher education institutions.

Table 2.4. Number of Schools in Bandung

Formal Education	Elementary Schools and equivalent*	Junior High Schools and equivalent*	High Schools and equivalent*	Vocational High Schools	Universities and Colleges
Quantity	1.023	250	209	96	130

Note: Quantity includes public and private run institutions

*: Includes formal based schools system and Muslim based schools system

Source: data compiled from various sources

Among all the universities found in Bandung, there are several considered the best in their particular fields of specialty in Indonesia. Institut Teknologi Bandung, established in 1920, is Indonesia's oldest and most respected technical university. Universitas Pendidikan Indonesia, established in 1954 as one of the first higher education

institutions founded following the Indonesian independence, is the leading education university. Universitas Padjadjaran, established in 1956, is one of the best universities in medical, law, communication, and economic studies.

The climate is cool and the size of the city is not so big that it eases mobility of the citizens. In addition, the attitude of the urban society being open and tolerant makes the character of the people more dynamic in adapting to change. Further, the younger generation in the city is able to adapt to global trends and developments. This has produced a unique market that absorbs various current trends. Rapid developments in information technology have resulted in a generation that has helped shape the face of the present-day city of Bandung. This generation is spearheaded by young musicians, artists and young designers in the city. Through their creativity, there are many brilliant works produced and they have managed to propel the city of Bandung to the global arena. In the area, young talent is abundant, there is easy access to technology, and the characteristics of an open society is an advantage; these factors enables stimulation and support for young people to be more creative.

In 2008, the Center for Innovation, Entrepreneurship, and Leadership (CIEL) in Bandung conducted a mapping of creative industries in Bandung. According to the report, the two biggest creative industry sectors²¹ in Bandung are the fashion and design industry (see figure 2.5). These sectors are supported by the existence of a number of design schools in the city that produce an abundant number of people with a design background. The 10

²¹ It should be noted that although the CIEL research accepted the definition of creative industries based on the definition from UK-DCMS, the categorization of creative sectors was done according to Indonesian national industrial codification (Klasifikasi Baku Lapangan Usaha Indonesia/KBLI) which still differentiate various creative sectors in a different industrial codification. For example there was a different codification for fashion companies and textile companies and also for photography and video. The research also includes creative sectors which at that time were not yet included in the classification of creative sectors by the government, i.e. culinary (included in the official creative sectors classification in 2012) and festival.

biggest creative sectors in the city are fashion, design, craft, printing & publishing, architecture, movies, music, multimedia, performing arts, and visual art. However, the CIEL report points out that the creative companies still need to be supported, especially with guidance related to business issues, considering that a lot of the companies are still very young and their sales are considerably small.

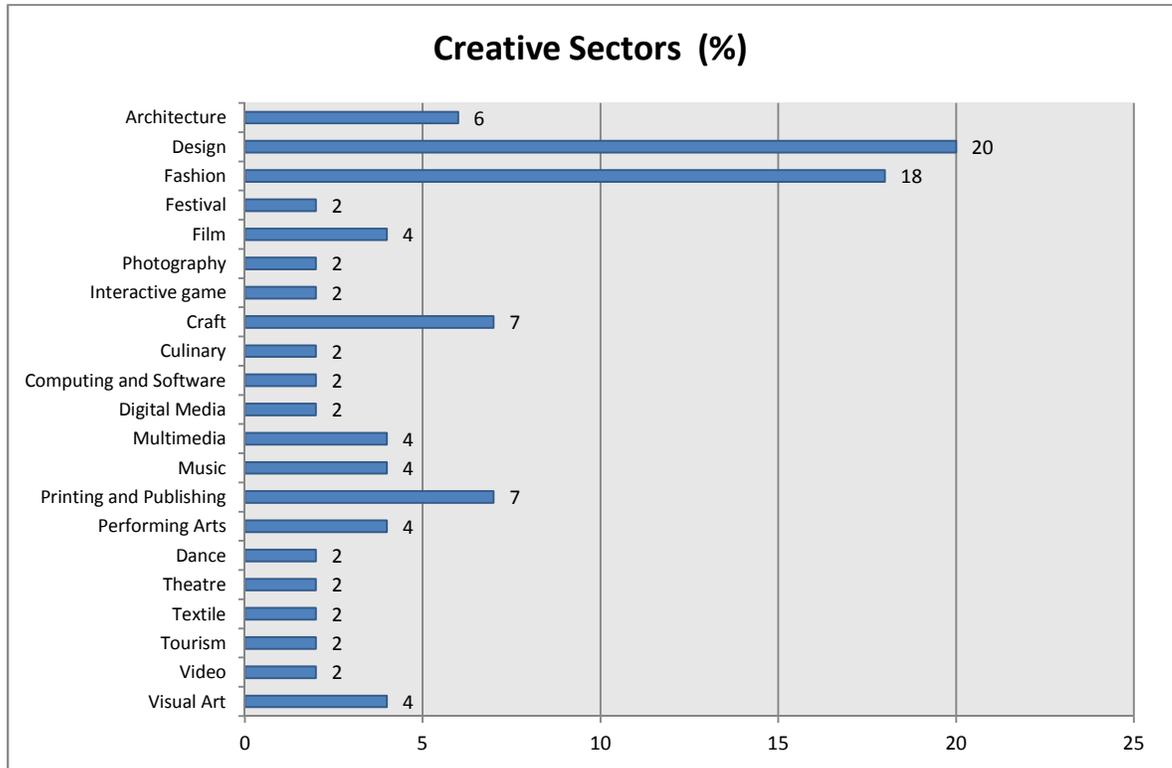


Figure 2.5. Bandung creative industries sectors
Source: CIEL (2008)

2.4 Profile of Creative Businesses in Bandung

This section provides a general understanding of creative businesses in Bandung. A questionnaire was given to 49 creative businesses throughout Bandung city to try to capture various aspects of the respondents' businesses. The sample of the questionnaire is given in the appendix. Respondents were selected randomly from the

database of Indonesia Kreatif, a partly government-funded national arts organization working in an effort to develop creative industries in Indonesia.

As illustrated in figure 2.6 and 2.7, more than 61% of respondents have registered their businesses formally and more than 67% have registered their trademark. Unfortunately the number of businesses who have not registered their company or their trademark was still at 38.78% and 32.65% respectively. This calls attention to the authorities to increase an understanding of legal matters, particularly company registration and intellectual property rights, for creative businesses.

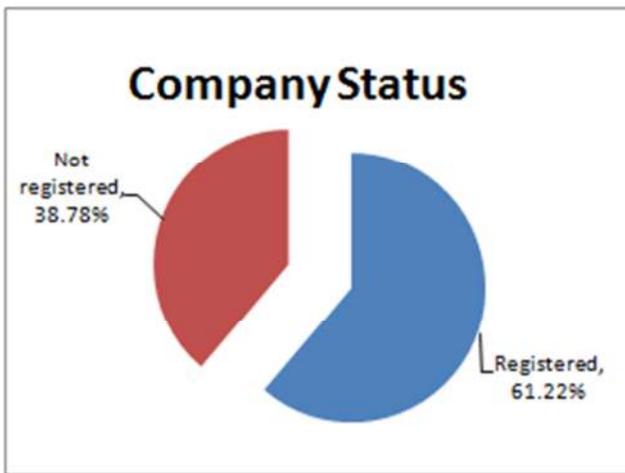


Figure 2.6. Company legal status
Source: Field work data



Figure 2.7. Intellectual Property registration
Source: Field work data

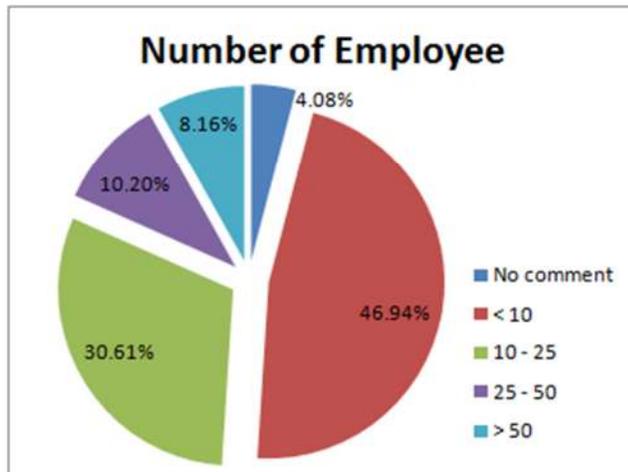


Figure 2.8. Number of employees
Source: Field work data

The majority of respondents (amounting to 46.94%) have fewer than 10 employees followed by 30.61% respondents that have between 10-25 employees. 10.20% have between 25-50 employees, while only 8.16% of respondents have more than 50 employees.

The monthly sales turnover of creative businesses in Bandung is illustrated in figure 2.9. Most of the businesses have revenue of IDR 50-100 million per month, approximately GBP 3,000-7,000 (44.9%) and IDR 10-50 million per month, approximately GBP 1,000-3,000 (32.65%). This shows the potential of creative business in Bandung which is very lucrative and has a potential for growth. The substantial sales turnover is also associated with a high number of tourists visiting the city of Bandung, especially on holiday. Another factor is the ability of the entrepreneurs to develop marketing to national and international scales.

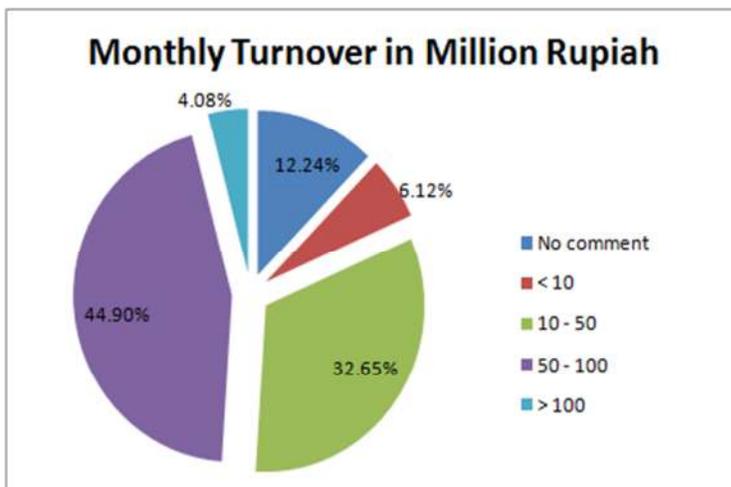


Figure 2.9. Turnover per month
Source: Field work data

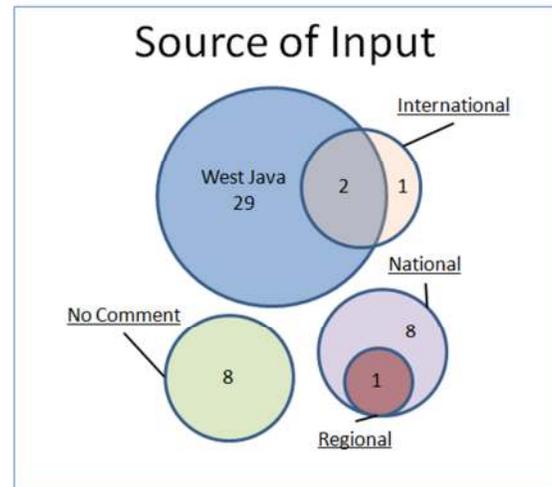


Figure 2.10. Origin of raw materials
Source: Field work data

On the other hand, approximately 6% earn less than IDR 10 million (less than GBP 1,000) and a little over 4% have monthly revenue of more than GBP 7,000. This suggests that many creative businesses still need coaching in business development.

Another interesting finding is that as much as 12.24% did not give information about the amount of sales turnover. This happened because the business could not say a definite figure for sales turnover, as the business was very unstable. For that reason, businesses that fall into this category are businesses that still require support.

In terms of the source of the raw materials (see figure 2.10), as many as 29 businesses stated that they use raw materials only from within the area of West Java province, including from Bandung. These include raw materials from the textile industry, agriculture, leather, silk screening, as well as a number of distributors and suppliers of raw materials located in the area.

This is one of the efforts by the entrepreneurs to control the cost of raw materials and ensure the affordability of the product. Eight businesses also obtained raw materials from other regions in Indonesia. This suggests that the creative industries in the city can contribute to the nation's overall economy because they distribute the welfare to the suppliers of raw materials throughout Indonesia.

A number of businesses imported raw materials as the main choice. The usage of imported raw materials cannot be taken for granted because high quality raw material is still needed and much of it is produced abroad. As such, there are two main problems facing companies that import raw materials. The first problem is high susceptibility to fluctuations in the currency so that the growth of business is very much affected by the macro-economic conditions of Indonesia. The second problem is that only a few companies are able to gain access to high-quality raw materials so that only a few companies are capable of producing high-quality products. This is due to the large capital needed to buy imported raw materials due to minimum purchase volume requirements; this is true for materials such as textiles, paints, accessories, and other

similar materials. Therefore, there is a real need by industry, in this case creative industries, for easy access to good-quality raw materials.

Sales turnover is closely associated with the target market; it is illustrated in figure 2.11 and figure 2.12. Eight businesses stated that their target market is only in West Java and another 13 stated that it was areas other than West Java Province but still in Indonesia. A further five businesses cater to customers both in West Java Province and other areas nationally. This indicates that the businesses are suppliers to domestic needs.

Looking at the global market, no business specifically caters to the regional market of ASEAN. However three businesses specifically supply demand from customers in global markets outside ASEAN. Businesses which cater to both the domestic and global market make up a combined amount of 18 businesses. This indicates a potential and an opportunity to improve the competitiveness of Indonesian products compared with products from other countries. In terms of types of clients being served, 33 sell directly to the end customer and nine businesses have business-to-business transactions only. Five other businesses serve both end customers and business-to-business.



Figure 2.11. Target market
Source: Field work data

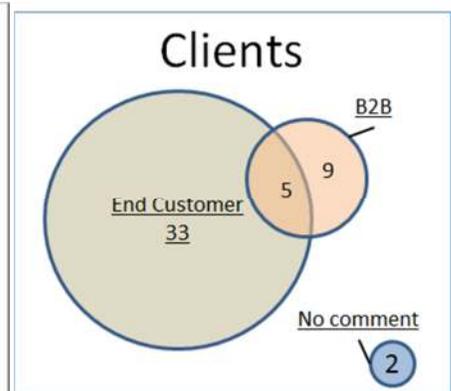


Figure 2.12. Types of client
Source: Field work data

Figures 2.13 and 2.14 illustrate the initial capital of the creative businesses. The majority (amounting to 38.78%) said that they have invested somewhere between IDR 10-50 million (around GBP 700-3,500) to start their business followed by 22.45% respondents that invested under IDR 10 million. Only 22.45% invested an initial capital amounting to greater than IDR 100 million (more than GBP 6,500) and a further 16.33% put in somewhere between IDR 50-100 million.

The majority of respondents (24 businesses) said that they gathered their initial capital both from their own investment (bootstrap) added by funds from angel investors (i.e. family and close friends). 10 of the businesses had to fund their initial capital while only two businesses succeeded with funding from their own money and investment from third parties (i.e. financial institutions, most commonly banks). The most impressive are the six businesses that have been funded solely from investment from third parties (unfortunately not from Banks).

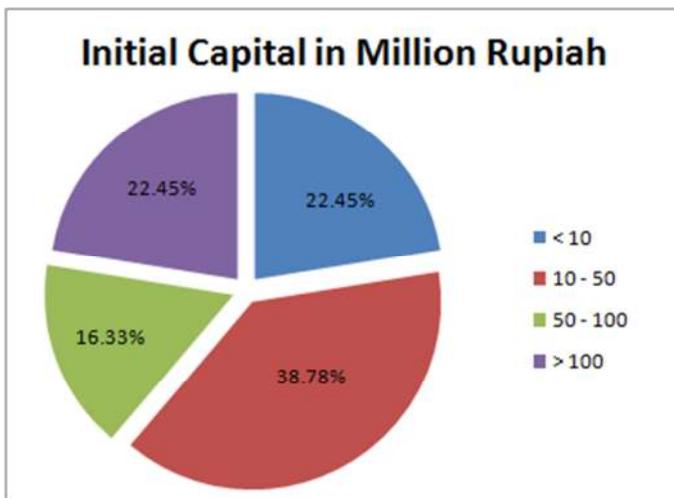


Figure 2.13. Initial capital
Source: Field work data

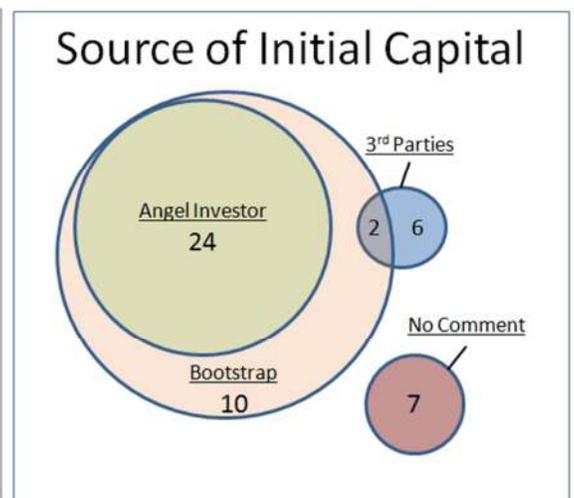


Figure 2.14. Source of initial capital
Source: Field work data

Bandung is arguably the most cosmopolitan city in Indonesia that has a potential to be developed into an international creative city. Alongside the existence of a number of universities, the city is open, tolerant, and flexible to adapt to current change and innovations. This can be further developed if the activities of the citizens are supported through policy development and the creation of urban environments that can address the needs of its citizens.

In addition to the potential of the city of Bandung, current efforts to develop a creative city have also received support from several communities and organizations united in the creative city network. These creative communities give new dimensions in the development of Bandung as a city. Bandung is known as a creative city that gives birth to new trends in lifestyle, never running out of creative ideas.

Along with other formal institutions engaged in art and culture, the availability of spaces and existence of communities have an important contribution in the development of urban culture. However, there are only a small number of creative communities and space initiatives which can last and be sustainable in Bandung. Public spaces where various communities come together and interact for networking and freedom of expression are limited. This limited space is a serious issue to be addressed by all stakeholders. The emergence of meeting venues and activities that accommodate a wide range of thought and creative ideas so far are more autonomously initiated by individuals or groups. The city requires good-quality public spaces as an urban infrastructure. Surprisingly, this issue seems completely untouched by the various policies developed by governments.

Furthermore, there is a problem in the labour sector. Current policy is considered to lean toward the employers, so that labour conditions have been untouched and almost

unnoticed. Inequality of income generated by the growth of the creative economy is more rewarding for owners of capital rather than workers. It is not surprising that there are also many artists, designers and musicians who are struggling financially.

The city also has issues to be addressed in education. The creative businesses need human resources that have potential and individual character. The formal education system, which was originally developed to explore and nurture the character and potential of individuals, is now failing in pursuit of standardization. At present, the educational system in Indonesia is not among the best in nurturing creativity as it relies heavily on students learning passively from teachers, so that most creative resources are developed by an informal model that relies heavily on networks of friends and community. Among young people, there are many who feel that their creativity is suppressed when they are in a formal school environment. Efforts are needed to educate the social behaviour of Indonesian society. Simply put, how valuable is it for a mother to appreciate the choice of her son to be an artist or an arts worker compared to if the child chooses to be a petroleum engineer?

There is also a valid threat to many creative workers in the form of piracy and counterfeiting activities. Even the existing ecosystem of creative businesses in the city is threatened by increasing piracy. For example, in the music sector, a report from TEMPO magazine said that nearly 90% of new music albums released in Indonesia were illegally pirated (Rina, 2012). The big issue is intellectual property including the assurance for the protection of intellectual property. The country is still in the early stage of exploring and reinforcing the law.

Another issue is the question of financing. It is difficult to obtain a bank loan or capital from investors to develop creative ideas. Society needs to be educated to recognize innovation and creativity as one of the keys to the success of the domestic industries.

The Internet, one of the means to access information and knowledge for the community is also now increasingly being watched. On March 25, 2008 the government issued the Law on Information and Electronics which created the opportunity for access restrictions and criminalization for Internet users. Nearly a month later, on April 2, 2008, the government blocked sites that displayed a film produced and distributed by a right-wing Dutch politician named Geert Wilders titled '*Fitna*' as it was regarded as heresy. Social networking sites such as YouTube, MySpace, Multiply, and the likes were blocked for more than one week. This triggered a debate that questioned the freedom to access information for the general public. In this case, the restrictions by the government were feared to have cut access to information and knowledge, which is an important factor for the development of a sustainable creative economy platform. With all the limitations, the various communities in the city of Bandung successfully develop their potential and creativity independently. The new creative economic wave driven by young people in the city managed to create at least 650,000 new jobs, most of them in the field of music, fashion, art, design, architecture, and information technology. The industry may have started with the easy path of meeting market demand with their creative ideas for products and services, but it is undeniable that the consistency of the creative industries so far has contributed much to the new paradigm of national industry, and this needs to be supported.

CHAPTER 3. ENVIRONMENT AND RELATIONAL ANALYSIS OF CREATIVE INDUSTRIES IN BANDUNG

The main subject for this chapter is to identify and develop an understanding of the relationship between various stakeholders of creative industries in the city. It is deemed important in the overall investigation to understand the relationship to be able to effectively tap the potential and develop the right concept to encourage creative industries' development in the city. This chapter is the result from field works conducted in Bandung conducted through questionnaires, in-depth interviews, and focus group discussions.

III. ENVIRONMENT AND RELATIONAL ANALYSIS OF CREATIVE INDUSTRIES IN BANDUNG

Creativity is a resource that must be continuously nurtured. The creative process prospers in an ecosystem which cultivates and feeds creativity into innovation, new venture creation, and eventually strong economic growth. Growing a creative ecosystem is a unique process, where each place has different sets of conditions and assets available. The solution rests in the hands of each region; in the knowledge, intelligence, and creative capabilities of the people within.

An investigation is required to effectively tap the potential and to assist the development of creative industries in the city of Bandung. The process requires an understanding of the potential by identifying the stakeholders within the ecosystem. It is then followed by careful planning for its development. One cannot make a recommendation without knowing the situation on the ground. Therefore, one needs to be clear about the environment and to map it out. The following chapter is an endeavour to answer this question. The research questions are addressed in the following approach. An environmental scoping is carried out through a SWOT-like qualitative analysis (Grant, 2005; Kotler, 2006). The analysis forms the basis for a critical discussion which will shape further empirical study. The combination of theory and empirical study is then directed towards answering the research questions. The environmental scoping serves as a basis for further research and defines the boundary of the empirical evaluation. It also produces an assessment of internal strengths and weaknesses; in this case, the actual condition of the creative industries in Bandung. The environmental scoping is related to data seeking and information seeking.

Environmental scoping is a fundamental element that supports the foundation for planning and development. Auster and Choo (1993) recognized environmental scoping to be the process of acquiring a set of information to assist in planning a course of action. One scopes an environment with the purpose of understanding the forces that work within, in order to build strategic responses to obtain better results. The environmental scoping makes it possible for the researcher to be aware of the operating forces on the ground, to be informed about the changing environment, and to detect issues that may need to be addressed. Sutton (1988) emphasized that environmental scoping is valuable to avoid surprises, to acquire a competitive advantage, and to enhance short and long-term planning. Lester and Waters (1989) also remarked that environmental scoping is crucial to providing essential information for decision making that holds a strategic advantage, especially in a dynamic environment. Environmental scoping consists of two actions, looking at information (i.e. observing and analysing published data) and looking for information (i.e. gathering questionnaires and conducting interviews). However, the findings may be out of date within a short period of time because industries are constantly changing. Therefore, an environmental scoping needs to be updated periodically. Creative industries operate in constantly shifting environments and, therefore, one needs to determine whether a comprehensive revision to a current scan is required or an update of the previous scan would suffice.

The scanning strategy of this research paper is based on an organizational scoping model from Choo (2001). This consists of two aspects which are data seeking and information learning. The objective of the activities was to gather, analyse and interpret information about the factors influencing the environment of creative industries in Bandung. The research was conducted with the belief that the level of involvement of stakeholders within an environment influences the condition of the whole creative

industries within the city. The environmental scoping was conducted over a number of occasions between July 2011 and September 2013.

A qualitative approach was used with field work using interviews and secondary data analysis. Each interview lasted approximately 90 minutes using Bahasa Indonesia, preceded by a few informal questions. The interviews were then transcribed, interpreted, and translated. The research also used a descriptive approach to describe and summarise existing conditions. A diverse pool of respondents was interviewed to try to understand different perspectives.

3.1 Study Sample

This chapter brings to light various groups that play important roles, the importance of the roles of each stakeholder, how relationships begin, and what kind of network connections are created among the stakeholders. The research also wanted to look at what works and what does not from the perception of the respondents in their experience interacting within the environment. The city was scrutinized internally for its strengths and weaknesses using in-depth interviews of stakeholders drawn from the creative industries in Bandung. An analysis was then conducted to identify the gaps and problems and the ways to address the issue. Note that the research was based on what the city provides and not the analysis of each individual respondent organization.

Stakeholders identified in the network consist of (1) industry practitioners (the creative workers), (2) arts organizations, (3) the provincial government²² and (4) the consumer.

Further explanation and definition of each stakeholder is given in the following sections,

²² Throughout the writing, unless otherwise explicitly explained, the term 'government' will refer to the West Java Provincial Government (WJPG) rather than the National Government of Indonesia (NGOI).

except for the consumer. The consumer is defined not only as end customers who consume creative products. Instead, it is an umbrella term which includes all third parties that purchase products from a creative company including business-to-business transactions, trading companies, collectors, auction houses, purchases from other creative workers, etc.

1. Industry Practitioners

Eighteen industry practitioners were selected from approximately 49 people/institutions that completed the previous questionnaire regarding their businesses. The analysis of the questionnaires is provided in the previous chapter. There were four key considerations applied in choosing the respondents. The first was that they represented different creative sectors. A range of different people was chosen that represents different parts of the creative industries. This was important because of the diverse views, interests and needs of the many sectors within the creative industries. It also shed light on the interconnected threads of the social, cultural, and economic environment. There were seven respondents working in fashion, two musicians, two film workers, two software/game developers, one cultural heritage worker, one urban designer, one IPR lawyers, and two industry associations (software and fashion industry association).

Respondents were also selected from different stages of business development. In trying to determine the needs and the issues being tackled by the creative industries, it is critical to differentiate among groups and categories of businesses with different characteristics; in this case, the stages of business development. Companies have different issues considered important at different stages of their development. In doing this, a more holistic view of the environment was expected to be obtained because in

drawing conclusions for this research it is likely that businesses in different stages would require different forms of support. However, it is important to recognize that the term ‘stage’ in relation to a business development process does not imply all business progresses in well-defined steps with clear boundaries among them. Based on number of employees (excluding the two industry associations), there were seven businesses with employee under 10 people, three businesses between 10-25 employees, two businesses between 25-50 employees, and the remaining four businesses have more than 50 employees.

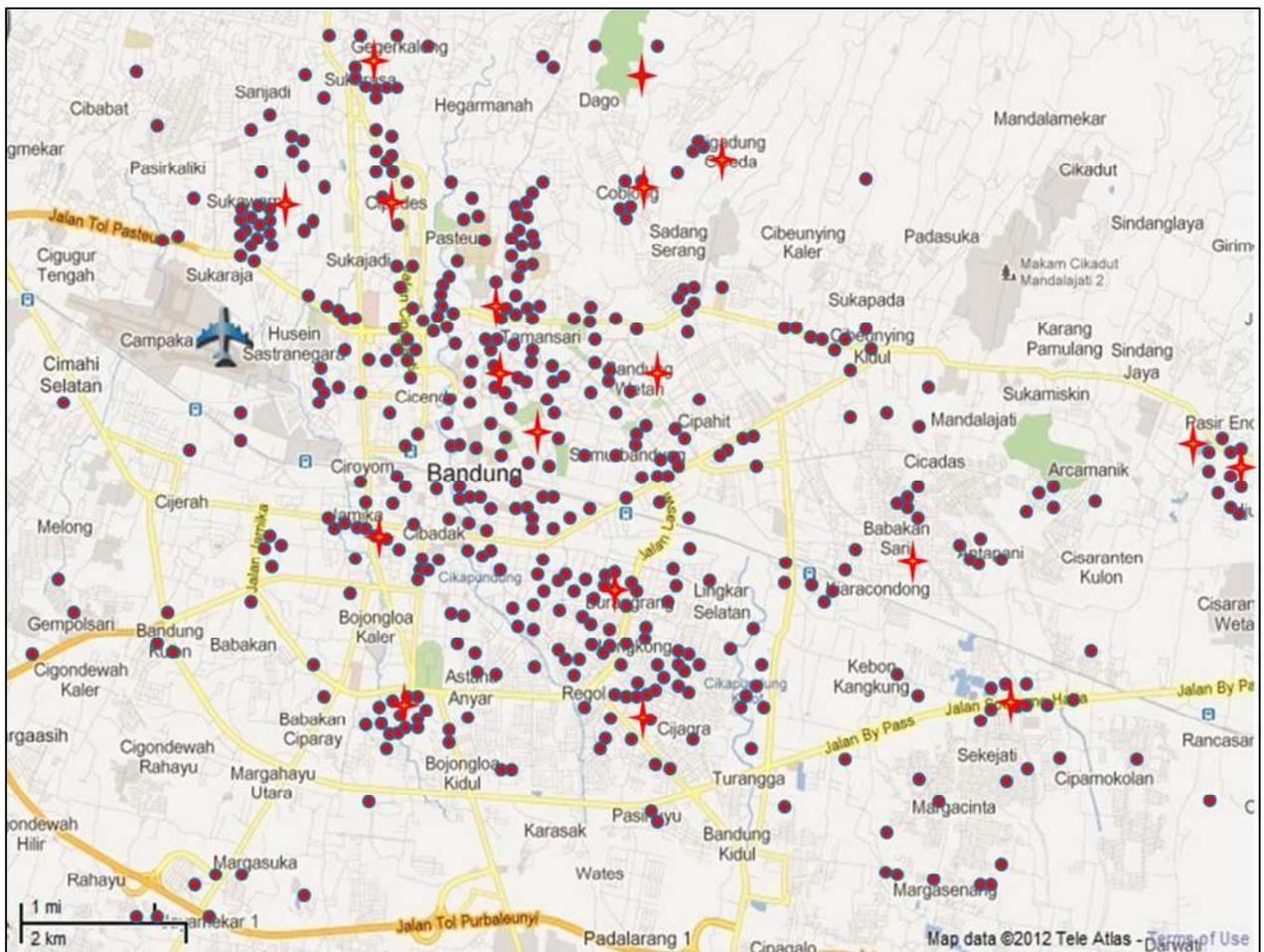


Figure 3.1. Rapid Mapping of creative businesses in Bandung Extrapolated from various sources

A consideration that is no less important in respondent selection is the willingness and availability of the interviewees themselves. Having said that, some boundaries with respect to time and cost limitations were also considered²³. That is also one of the reasons why the research only focused on three creative sectors (explained later in the next section). In the end there was a spread of interviewees across businesses at every stages of development in every sector.

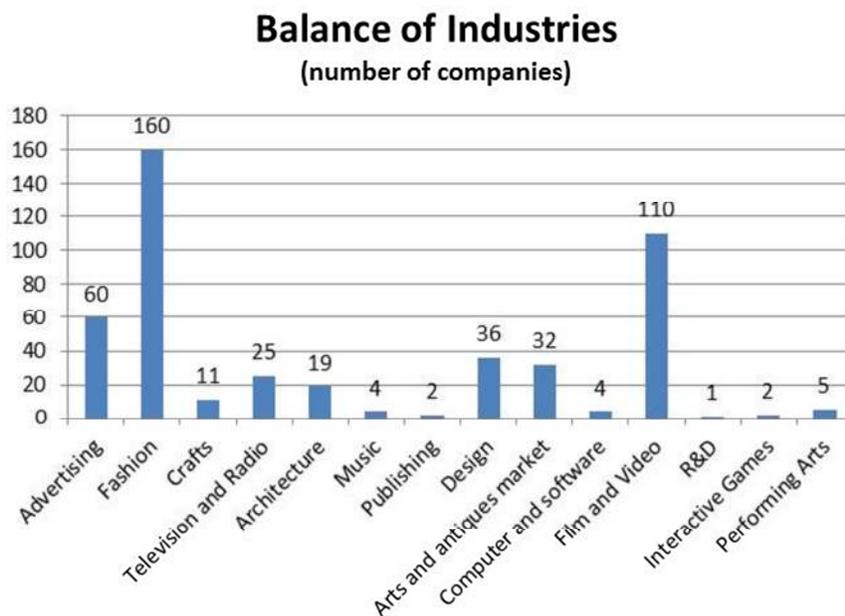
To sum up, the respondents have been selected by taking into account the availability and accuracy of information contributed to the research, while at the same time addressing the affordability and timeliness of the research itself. Representation from each of the key sectors was acquired from these interviewees²⁴ in that each of the respondents represent a key sector and/or a key group of people and a different stage of development. While it was recognized that more interviews would have been desirable, this is what was possible within the interview time. It is also important to reach creative businesses from all around the city in the respondent selections; there were each six respondents from the centre, the suburbs, and the border areas of Bandung. All of this correlates with infrastructures available to them.

The number of organizations in Bandung's creative industries is relatively small and almost all of them, in one way or another, are interconnected. In this environment everyone knows everyone else. There is as yet no official data from the government – both the National Government of Indonesia (NGOI) and the West Java Provincial Government (WJPG) – because creative industries have not been recognized in surveys and in other governmental statistical publications.

²³ Field work has been conducted at three separate opportunities; July-December 2011, May-July 2012, and July-September 2013.

²⁴ A brief description of the respondents is provided in the Appendix.

From the investigation of the *Indonesia Kreatif*²⁵ database, Bandung which has a population of 2 million has approximately 500 creative businesses. In comparison, the city of Terengganu in Malaysia with a population of little more than 1 million has 309 creative businesses which are engaged in the *Kraftangan Malaysia* – a government agency that assists creative entrepreneurs (Halim, et al. 2011). The figure cannot be used directly because the data requires more extensive analysis on factors that influence the number of businesses a country produces and how much value is generated. It is worth mentioning to illustrate the general condition of creative industries in Bandung compared to other cities in the region. In figure 3.2, a mapping of creative businesses in the city of Bandung is presented based on the data of *Indonesia Kreatif*.



Note
Total number of companies: 471

Figure 3.2. Balance of Industries in terms of number of companies
Source: Extrapolated from *Indonesia Kreatif* database.

²⁵ Explanation of Indonesia Kreatif is provided in the following section on government .

Before proceeding with a more qualitative approach, the database²⁶ showed the balance of industries as illustrated in figure 3.2. Around 33% of companies were working in the fashion sector (which is locally called '*distro*' or '*clothing*' businesses). A further 23% were working in the film and video industry – with only two businesses working in the film sector and the rest working in photography (in Indonesia, the photography sector is included in the film and video industry). The combined number for these two sectors made up more than 55% of the creative industries database. The other 45% was separated thinly in the other creative sectors which are advertising, design, arts & antique market, television & radio, architecture, crafts, performing arts, music, computer & software, publishing, interactive games, and R&D.

As mentioned previously, three creative sectors were focused in this research which is clothing²⁷, indie²⁸ music, and indie film. These three creative sectors²⁹ were selected

²⁶ It should be noted that the database of creative industries in Bandung from Indonesia Kreatif is still limited in its reach toward the full population of creative businesses in the city. This is acknowledged by Executive Director of Indonesia Kreatif, Elitua Simarmata, in the interview, who stated that the database captured about 65% of the population in the city. The database particularly has difficulties in capturing music, architecture, and the performing arts industries, notably because the entrepreneurs in this field are working informally (i.e. the business is not registered formally) and not structured (i.e. work is undertaken sporadically and there is no permanent address). This is very unfortunate particularly for the music industry, because the music scene in Bandung is considered one of the major contributors to the Indonesian music landscape. Efforts from the Indonesia Kreatif to improve its overall database and address its drawbacks are also commencing.

²⁷ Clothing is the local term equivalent to fashion in contemporary creative industries discourse. The clothing industry comprises creative activities related to the design, manufacturing and selling of clothing, footwear, and other fashion accessories. In Bandung, creative entrepreneurs in clothing usually are independent in the sense that they do all the activities necessary to design, manufacture, market, sell, and provide after-sales services to their customers without relying on established channels – the so called DIY approach. Products offered range from garments (tops and trousers), apparels, bags, shoes, to fashion accessories.

²⁸ The word 'indie' refers to 'independent', which is the term used to describe goods produced by creative workers independent of the mainstream commercial market. They usually target their products to a small but devoted enthusiast base and do not rely on mass sales for success. This gives the creative workers much more scope for experimentation and artistic freedom. They take pride from the fact that they separate themselves from commercial mainstream culture.

²⁹ Throughout the writing, unless otherwise explicitly explained, the term creative sectors will mainly refer to the three creative sectors selected which are clothing, indie music, and indie film sectors.

because they are the driving force of the early formation of creative industries in the city. From the total population of 471 businesses, 60% were businesses in these three sectors. The actual figure arguably would be significantly higher because a large part of the music industry was not captured by the database.

The three sectors share the same ideals and value – a resistance towards the establishment. In the 1990s, there was a social struggle toward the oppressive government at that time. These sectors respond to social and political conditions through their work; indie music responds through lyrics (often political and anti-establishment), movies through the power of ideas, stories and visuals, and clothing through design in text and images. These sectors were initiated and carried out by young people as a response to their environment – from issues pertaining to local neighbourhoods to conditions of the nation. The youth become a force in addressing problems of their generation. It is a narrative spread across a number of different disciplines in which cooperation, collective action, and complex interdependencies play an important role. After the victory of the reformation era came in late 1998 and early 1999, the spirit of the youth continued to evolve into a form of artistic counterculture in which creative artefacts being produced ran counter to the prevailing taste and values of the time (i.e. the mainstream market). This spirit continues to be the fuel of the creative industries in Bandung.

It is also important to note that indie film in Bandung may only represent a small percentage of the creative industries. However, it is an important sector because of its visibility and a lot of citizens of Bandung – not to say citizens of Indonesia – love films created by Bandung's film makers. Moreover, the majority of the productions were filmed in Bandung. This contributes a lot to the public image of the city because people see

Bandung through these films. In summary, the impact of the film sector is greater than the mere number of business.

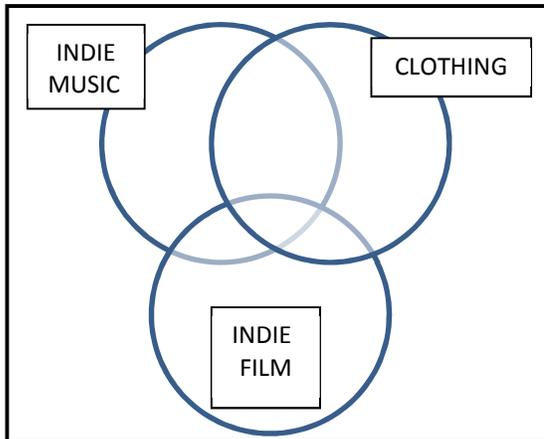


Figure 3.3. Relationship between three creative sectors

Many creative workers in these sectors distribute their products through informal channels. They routinely collaborate with one another. Although each sector has its own network, there is a mutual intersection among the sectors that creates a major force. Figure 3.3 illustrates the interaction

among these sectors. The size of the

intersections in the figure shows their degree of relationship and collaboration. The diagram illustrates that there are overlaps between the three sectors. This is an observation obtained from the environmental scoping. It is also can be slightly difficult in assessing any one area independently; ultimately the overlap means a high probability that they are going to be assessed as a cluster. The network and the relationship between these organizations can actually be more important than any one organization. The creative capital is from these interactions, not necessarily from any one of the organizations.

There is a wide intersection between indie music and clothing. This occurs because it is often the case that creative workers in indie music also work in clothing, or at least they are colleagues in the same community. This is why there is constant collaboration between the two sectors. The clothing industry also assists the indie musicians in the manufacture of band t-shirts, accessories, and merchandise. The strength of these relationships depends on the genre of music and the product characteristics of the clothing business (e.g. rock bands have a close relation to rock clothing – for example, in

'*Omunium*³⁰ clothing – while jazz groups have a close relation to jazz clothing – for example, the '*airplane system*³¹).

Figure 3.4 illustrates the unique relationship between particular genre indie bands with a particular style clothing stores. *Mocca* band is a leading indie band inspired by the retro sounds of the 70s, with influences of swing, bossa nova, Swedish pop, and jazz. The band has a close relationship with *Airplane System* store. The store is well known with its clean and classical design often indicative of the 70s era. The unique relationship is also true in the case of rock music. *Eyefeelsix* was one of the first crew to mix elements of hip-hop and rap with metal and hard core rock music. The band has a close relationship with *Omunium*, a clothing store with a distinctive flavour for rock designs. The last example is the relationship between the *Homogenic* band – a contemporary electronic music group – with *Unkle347*³² store. Both have the contemporary and modern flavour in their respective crafts.

In contrast to the clothing and indie music communities, indie film workers come from a different environment. The indie film community does not have the same niche market as those of indie music and clothing. Further, in the manufacture of their products, indie

³⁰ *Omunium* is a clothing store established in 2001 by a number of crew of a notorious rock band in Bandung. Besides selling shirts and ready-to-wear clothing, the store also sells records and various rock-themed merchandises such as bags, posters, and other accessories.

³¹ *Airplane system* is a brand of clothing established in 1998. One of the pioneers of clothing business in Bandung, *airplane system* has become a major youth apparel manufacturer nationally. It has branches in 17 other cities in Indonesia. The company is also known by its ' *Airbus-One*. A rehabilitated and converted bus that still drives around Bandung, *Airbus-One* serves as the first fashion mobile outlet in Indonesia. The founder of *Airplane system*, Fiki Satari, currently serves as the head of Bandung Creative City Forum/BCCF – a leading creative business forum in Bandung (please see the next section on arts organizations for further information).

³² *Unkle347* is a brand of clothing established in 1996. Originally, this brand focuses on youth clothing line production focusing on skateboarding culture, but now the business has grown to include household interior products. With branches in several cities in Indonesia relatively secured, the brand was also among the first that extended to foreign markets with branches in Singapore, Malaysia, and Australia.

film workers seldom use indie music and/or clothing products. The film workers prefer to collaborate with established and high profile musicians or fashion designers to help gain greater credibility and increase the level of marketability of the movie produced. This is mutually beneficial to both parties because a lot of these established musicians and fashion designers are willing to help – often with no charge – the indie film worker as a way to branch out to other markets and diversify their own consumer base. For this reason, the intersection between the indie films and the other two sectors are significantly smaller. However, on a positive note, there has been more cooperation among all three sectors in the last few months.



Figure 3.4. Examples of creative business relationships in Bandung
 Taken from various sources on the internet

As mentioned in the beginning of the section, 18 creative workers and entrepreneurs in Bandung were interviewed. For a more detailed description of each interviewee, please refer to the appendix³³. In the following section, various factors characterized the businesses of the respondents in terms of size, age of venture and business turnover are presented.

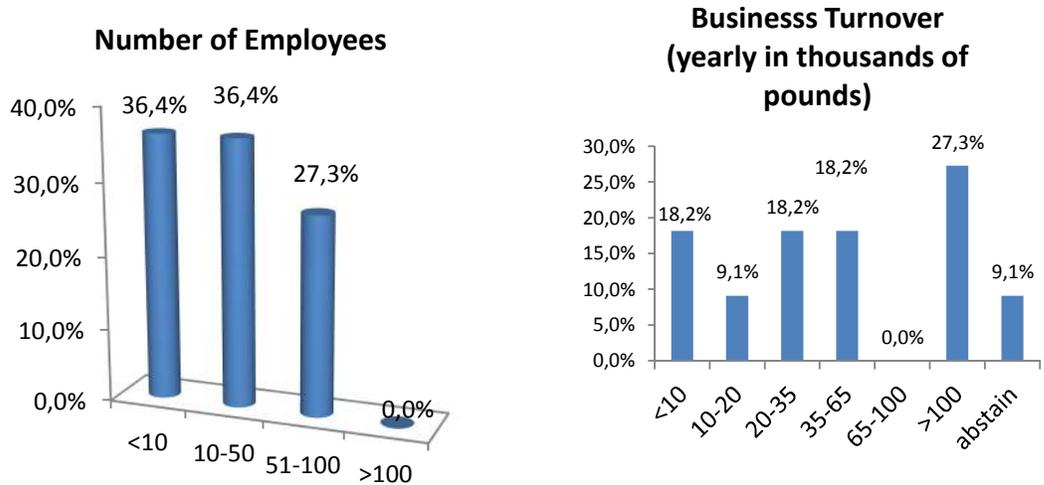


Figure 3.5. Deep interview respondents' business backgrounds.
Source: Fieldwork data

Two industry associations were also interviewed. It is important to interview the industry associations as they have a general understanding of what happens in their respective industries. They represent the voices of many more businesses, particularly their members. They also have an important role in developing industry regulation, codes of practice and trade policies (Nordqvist, et al., 2010). The first association interviewed was *Asosiasi Piranti Lunak Indonesia (ASPILUKI)* or The Indonesian Computer Software Association. Djarot Subiantoro (President), Riyanto Gozali (Vice President), and Hidayat

³³ Readers will notice that a number of these companies were established in 2000 – 2001. This is probably because around 1998 – 1999 Indonesia went through a 'Reformation' movement which drastically altered the social, political, and cultural arrangement of the country (akin to that of Arab Spring in 2011-2012). It took a while for the condition of the nation to be stable enough for business to grow. It can be said that many creative businesses happened as tools of this Reformation struggle itself, and those pioneers have motivated others to establish their own business.

Tjokrodjojo (Treasurer) were interviewed. ASPILUKI is an independent association of Indonesian software and information technologies service companies. ASPILUKI was established in 1990 under the auspices of the Ministry of Industry and Trade with an objective to create a healthy business climate in the software and IT industry. Some of its members are multinationals such as Oracle and Microsoft, while others are local companies. ASPILUKI provides a platform for communication, consultation, development and coordination among its members. It assists various government institutions in improving business environments and regulations. It also actively promotes the dissemination of information technology in the industry, combating chronic problems such as software piracy, initiating programs such as RICE (Regional IT Center of Excellence), delivering the National Software Developers Accreditation, and holding software exhibitions across the nation. The second association interviewed was Arifin Mas from *Asosiasi Perancang Pengusaha Mode Indonesia* (APPMI) or the Association of Indonesian Fashion Designers and Entrepreneurs. APPMI was established in 1993 and is involved in developing the fashion sector, maintaining the interest and the close union of Indonesian fashion entrepreneurs, improving the knowledge and skills of fashion designers in Indonesia, and contributing in making a favourable business climate. APPMI defines a favourable business climate as one in which good regional conditions, sound public and local policies, harmonious relationships among stakeholders and strong local communities can support the development of the industry to allow businesses to conduct their affairs by providing high quality products for the customers. In their activities, APPMI works closely with all fashion industry stakeholders particularly the government (central and local) and business owners (manufacturers, suppliers, and distributors of products).

2. Arts Organizations

The difference between an industry practitioner and an arts organization³⁴ is that arts organizations in Indonesia do not really produce creative products for the end customer. Instead they provide a service to the practitioners in terms of a platform to meet, conduct technical workshops and training, and act as a hub to facilitate communication.

One of the leading arts organizations in Bandung is the Bandung Creative City Forum (BCCF). It is a forum for and across creative communities and organizations in Bandung. The organization was established by a number of creative communities in the city on December 21, 2008. As a legal organization, BCCF has been an independent organization that provides benefits to the Bandung community at large and creative communities in the city of Bandung in particular. BCCF has the organizational goals of (1) promoting creativity, (2) assisting in planning the improvements in city infrastructure as a means of supporting the development of the creative economy and (3) creating more creative entrepreneurs and communities. In its activity, this forum has participated in building the collaborative network not only on a city level, but also nationally and globally. It also plays an active role in the development of city branding strategies for Bandung as a creative city.

BCCF has initiated a number of successful programs in collaboration with various creative communities in the city, including the annual Helar Festival, a series of celebration activities in the form of a city festival which is intended to showcase a variety of creative potential of the growing economy in the city. BCCF also created the Creative Entrepreneur Network (CEN), launched in May 2009 to accommodate various types of

³⁴ In contrast with the common definition of an arts organization (particularly in the West) – which define those organizations that are working to produce or create artefacts particularly in the performing arts (e.g. theatre, opera, etc.) – arts organizations in Indonesia comprise organizations that are concerned with the development of business within the creative industries (e.g. think tanks, creative business fora, networking organizations etc.)

creative entrepreneurial communities located in the city and providing events to network, skills and knowledge building for local entrepreneurs through workshops, seminars, and business clinics.

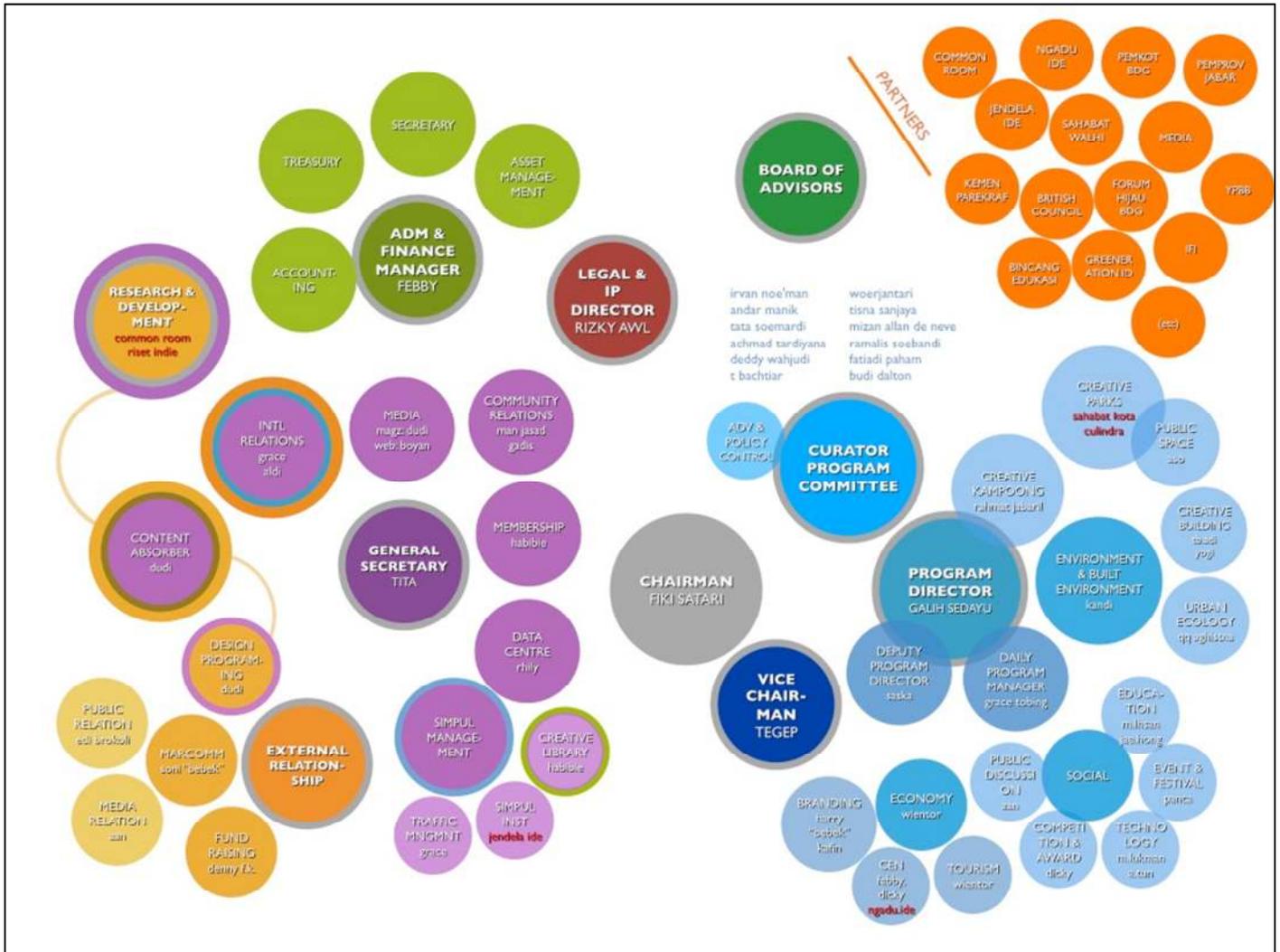


Figure 3.6. Organization Structure of BCCF
 Source: <http://www.bccf-bdg.com/v3/pengurus.html>

Public space has become one of the main efforts being pursued by the BCCF to nurture the potential of the creative economy in the city. In 2011, BCCF provided a creative space called Bandung Creative Hub (BCH), better known by its Indonesian name

“Simpul Space”³⁵. In 2012, BCCF inaugurated another Simpul Space. The space facilitates all sorts of programs and is used by the community for exhibitions, discussions, workshops, excursions, presentations and community meetings. All activities in the space are designed to present creative value and togetherness.

Another leading arts organization in Bandung is the Common Room (CR). CR is primarily a platform owned by the Bandung Center for New Media Arts (BCNMA) being offered to those interested in initiating cultural activities. BCNMA was established in 2001 by R.E. Hartanto (artist), Gustaff H. Iskandar (artist), T. Ismail Reza (architect) and Reina Wulansari (graphic designer) to facilitate multi-disciplinary dialogue and cooperation. Its main interest is in the intersection of science, technology and art. BCNMA's main activities includes documenting, exploring and researching ideas, models, trends, and new concepts with a multidisciplinary approach in the field of arts (visual and other media), music, literature, design, fashion, architecture, and urban culture. Bandung Center for New Media Arts is better known by the general public by the name, the Common Room.

To date, CR has facilitated workshops, lectures, discussions, exhibitions, films, mini concerts, cultural festivals, and various other activities. Not only has it provided physical space, it has also grown to promote creative ideas and collaboration. It continuously accommodates dialogue, conventions and multidisciplinary discourse and serves as an open platform for creative experimentation. It links up individuals, communities and organizations with diverse economic, social and political interests by means of discussions and mutual exchanges. The Common Room understands the nature of

³⁵ Simpul in its literal English translation is ‘knot’. The space was named in this way as a token of its main objective to provide a space for various people and communities to come, network, and collaborate in a way so as to strengthen them like a knot.

creative industries in Bandung, which is deeply rooted in community and camaraderie values.

The Common Room coordinates the spirit of volunteering into its infrastructure. By doing so, the organization does away with unnecessary institutional costs (fixed employee salaries, and other administrative expenses). Along with its flat management and staffing approach, it deals with problems, issues, and challenges as they arise – as opposed to deciding in advance what to do. It replaces planning with coordination as a general aspect of a cooperative system. This gives it greater flexibility. Therefore, instead of making a periodic plan of organization, CR coordinates group efforts – not only through its volunteers but also through the stakeholders of the creative industries. This type of cooperative arrangement has moved from a peripheral role to a more central role in the dynamics of the creative industries in Bandung. Managing an organizational culture is a dilemma, with no one type of culture as the single remedy for all problems. This is also true in the case of the Common Room.

3. Government

Another important group to speak to was government officials – especially the economic and sectorial agencies – with the purpose of finding out how government policy is enacted and implemented and how different agencies carry out their responsibilities within their position in the overall plan of creative industries development. Over the last few years, the democratic local governance model has come to be an integral part of regional development in Indonesia. It serves as the foundation for decentralization reforms and capacity building of the local governments. The model puts more emphasis on the role of the local government in delivering public service, sound public policy and providing the means by which authority is executed. The good governance concept at

the local level features a number of important principles including inclusiveness, transparency, and accountability. With decentralization, the context of local governance constantly evolves due to political and social dynamics. For the process of governance to be completely responsive and representational, government is empowered at every level of society from national, provincial, district, city, town, down to the village level.

A transparent and enforceable regulatory climate is essential for the foundation of a dynamic business environment. This framework cannot be arranged exclusively by the market, the industry practitioner, or any one government body working individually. It requires a partnership of all stakeholders. It needs to include public-private sector dialogue. Public officials, because of their positions, are subjected to public scrutiny. Interviewing these government officials was directed at understanding their perspectives. Interviews with local governance have uncovered important information on issues specific to the local level, including the issue of accountability of the local government. They also show gaps and difficulties in local policy implementation. They help to identify particular capacity development requirements and examine the outcomes of current development policy. What needs to be understood is whether what they are doing is adequate; if not, to learn what they would like to do to change and improve the situation.

3.2 Relationship among Stakeholders

Numerous other countries have felt the need to establish a creative city, in which the national and regional government provides and facilitates ways to generate interest in the business at the grassroots level in order to make creative industries a pillar of the economy. Each of the stakeholders plays a role in the development of the creative economy in Bandung. Each has distinct relationship with one another. Ideally, they

contribute the same level of commitment and effort to the cause within their own capacity. But the reality in Bandung is that not all stakeholders make the same contribution. This can be seen in the quality of relationships among stakeholders as illustrated in figure 3.7. The illustration was made as a result of the interview and analysis of the environment conducted in the field work research.

The arrows show different strengths of relations among the parties. For example, the arrows between the creative worker and the arts organizations have the same thickness; this illustrates that they both give the same effort in working together. On the other hand, the arrow between the arts organizations and the provincial government is not strong. This is because arts organizations have contributed in the form of information and mediation³⁶ – especially to the provincial government – but it has not been met with adequate counter contribution from the provincial government. This is also the case with the relationships between the West Java Provincial Government (WJPG) and the creative worker. Although the National Government of Indonesia (NGOI) has become more proactive in embracing the creative sector, the effort is still viewed by creative workers as limited. Creative workers contribute by paying taxes and make an effort to open communication channels with the government, national and regional. However, this is overshadowed by a sense of distrust and doubt, especially towards the provincial government. Thus the provincial government has little influence on the creative community. The potential mediator is the arts organizations. Meanwhile international organizations have quite a presence in the environment. They are considered sincere by the creative entrepreneurs in their effort to help the creative communities. The lines are drawn going back and forth illustrating that it is a two-way cooperation.

³⁶ Further explanation is given in the next sub section on 'Power and Trust'.

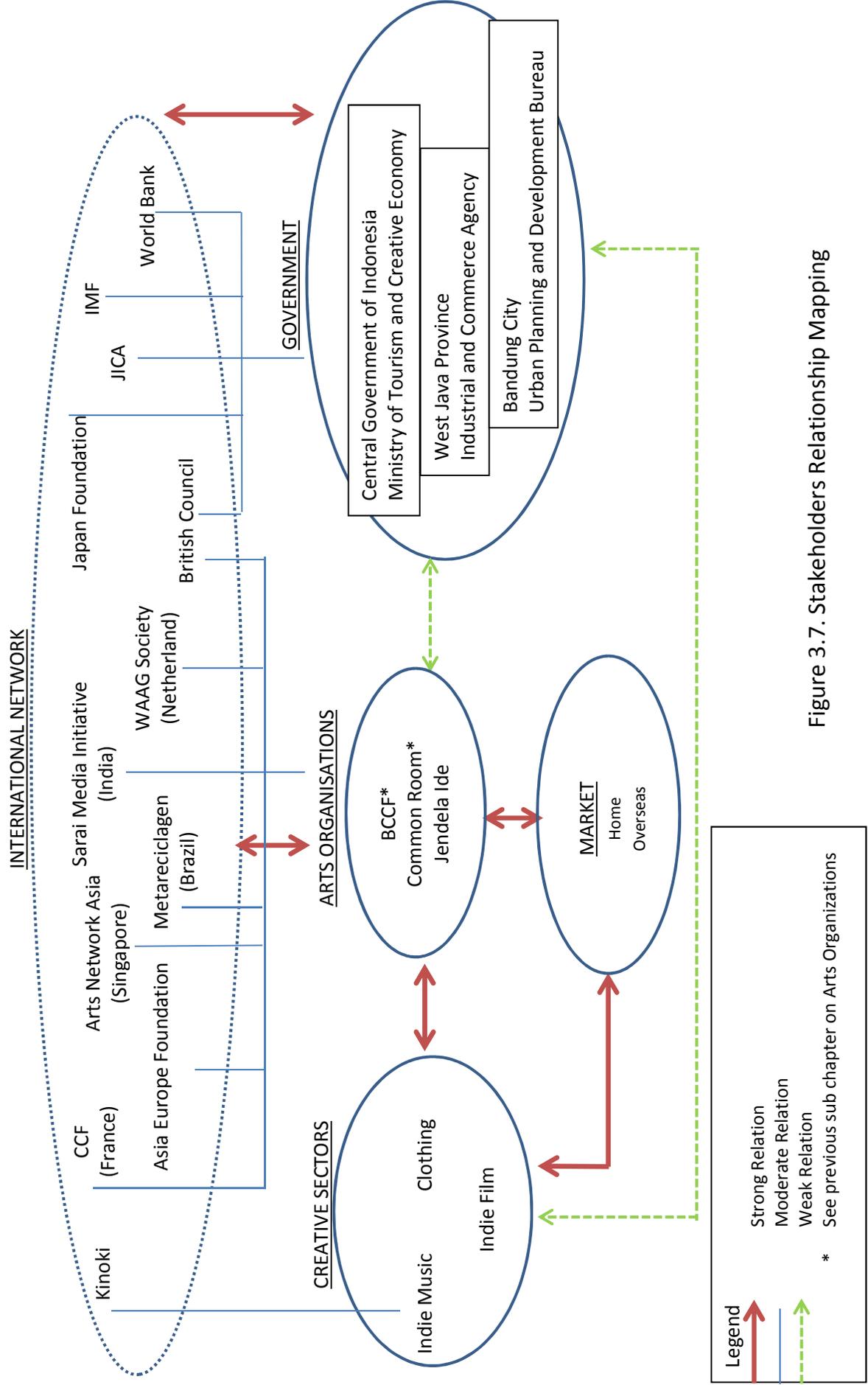


Figure 3.7. Stakeholders Relationship Mapping

Turning the analysis towards the relationship between the arts organizations and the creative sector, the figure illustrates that there is a good relationship between the two parties. Arts organizations openly provide information, space, and network opportunities to the creative worker and take an active part in their growth. In the same way, the creative worker creates numerous events and activities held at arts organization. These activities, in turn, generate income for the latter. Their work is increasingly being recognized by the public so that it increases its reputation and exposure and as a result, attracts new links.

Lack of public space causes the creative sector to look for alternative venues to interact and to organize events. This is provided by the arts organizations, albeit in very limited capabilities. Activities and/or events that take place in the arts organizations include exhibitions, mini concerts, screenings, workshops and public discussions. Ultimately, art organizations act as an intermediary to expose, communicate, and educate the general public in order to promote further engagement towards the growth of creative activities.

On the other hand, the presence and active involvement of the provincial government is still not felt in the creative industries in Bandung. This is unfortunate considering the fact that the government – both the NGOI and the provincial government – plays a central role in formulating policy and providing an infrastructure that supports the development of a creative economy. For the past 10-15 years, the provincial government has not taken an active role in the development of the creative economy. Furthermore the government – especially the provincial government – is perceived to complicate, even hinder, the working processes of the creative industries.

Because the provincial government has not been actively involved, creative industries in Bandung have grown spontaneously initiated by the creative workers themselves and

their networks. But without sufficient assistance from the government – especially the provincial government – the industries can continue to thrive only up to a certain level. They are persistently faced with challenges in terms of lack of supporting facilities, public space, and bureaucratic red tape, to name a few. For example, in Indonesia there are seven procedures to comply with to register a business which takes 45 days to finish – compared to the neighbouring country of Malaysia which only has four procedures and takes six days to complete³⁷.

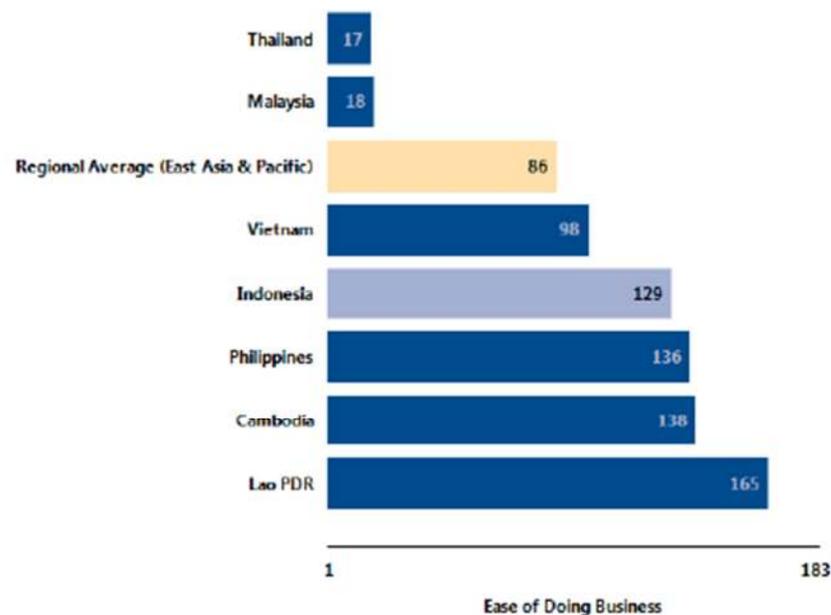


Figure 3.8. Ease of doing business of some ASEAN countries
Source: The World Bank (2012)

The problem lies in the fact that entrepreneurs are at a loss over how to complete the procedures or even whom to ask for help in starting their business formally. This

³⁷ There may be a downside to register a business in a shorter time in which the sustainability of the business decreases and the turnover of business registration is high because the business is made in haste and it is easy for people to create a business and also to ‘un-create’ it. The more important question is: does the speed of creating a business makes a difference in the degree of success of the venture itself? Further research needs to be conducted to address this question.

situation signifies how entrepreneurs, in particular those in smaller enterprises, face a difficult and costly regulatory burden when entering the formal sector of the economy. It is also a fertile ground for corruption by officials. Cases like bribery for paper work, officials asking money for licenses, and other red tape practices are abound. These problems also were highlighted by international observers. For example, in 2012 an annual report from the World Bank that analyses ease of doing business in countries throughout the world has placed Indonesia in 129th place out of 183 countries. The following figure 3.8 compares Indonesia with some other ASEAN countries based on Doing Business 2012 report (World Bank, 2012).

Another major problem in the creative industries is in managing copyright protection. So far there has not been much adherence to Intellectual Property Rights (IPR) law. One of the sectors greatly affected is indie clothing. Currently, many local brands successfully export their products to foreign markets like Singapore, Malaysia, and Australia because of the originality of their design. However because copyright protection is still not favourable, the product is heavily pirated and copied freely – with many being backed by rogue police officers. Many mock-up products from established local brands are being sold on the black market or by street vendors. These complexities, red tape, and corrupt behaviour inhibit the growth of a creative climate. As a direct result many local brands are unable to access financial support as well as larger markets and the international market.

Bandung has become a creative hub and has tremendous potential in this industry. However, it is unfortunate that the environment is still highly unstructured in which entrepreneurs tend to work according to their desires – which are often separated from each other. If this potential can be linked to form a network, the capacity of the creative industries will be significantly stronger and generate greater force to further its growth.

As a result, creative industries' stakeholders have yet to gain confidence in the government. But as the creative economy discourse emerges at international level, the West Java Provincial Government (WJPG) has slowly begun to respond to this potential. The journey is far from over. Trust and fulfilment is about appreciation and contribution. And WJPG has yet to earn that from the creative communities. Until then the creative workers continue with business as usual with disregard for the WJPG. This is not favourable to the development of the creative industries because it hinders the industry's full potential. Neither side is reaching its potential. This shows a functional gap that needs to be addressed.

During the interviews five major topics were discovered in the relations between the stakeholders, namely issues of capital, power and trust, infrastructure, technology, and transfer of information. These themes were not imposed in the interview questions. Rather, they grew spontaneously from the interviews; nearly all of the participants mention these areas in their interview. Therefore, the findings were grouped loosely into these five areas.

1. Capital

The French sociologist Pierre Bourdieu (1986) divided capital into four types, namely economic capital, cultural capital, social capital, and symbolic capital. Economic capital is the kind of capital *"...which is immediately and directly convertible into money and may be institutionalized in the forms of property rights"*, whereas cultural capital *"...is convertible, on certain conditions, into economic capital and may be institutionalized in the forms of educational qualifications"*. On the other hand social capital is *"...made up of social obligations ('connections'), which are convertible, in certain conditions, into economic capital and may be institutionalized ..."* Networks rapidly collide and interact to

produce relations and in this manner escape the visible hand of direct control (Chandler, 1977) and even the invisible hand of the market. Lastly Bourdieu defined symbolic capital as the capital owned by a person(s) “...on the basis of honor, prestige or recognition, and serves as authoritative manifestation of cultural value...”

Each stakeholder has different levels of capital. Although they realize the importance of economic capital, many creative workers do not consider it as a key capital. The majority of stakeholders have a significant degree of power in social capital (networks) and/or cultural capital (education and skills). This relative assessment was found on the basis that each stakeholder has to possess, or at least have the interest to obtain these capitals to actively participate in the creative industry. Further, because creative workers in Bandung are largely camaraderie-based activities, they continuously maintain and grow their network – be it collegial or commercial. A seamless and largely invisible network of different and dynamic exchange crafted mostly through face-to-face and repeated interactions that keep these trust-based relationships on going.

The Bandung Creative City Forum (BCCF) and Common Room (CR) are the most influential arts organizations working in the city that have social capital, cultural capital, and economic capital combined. This makes them trusted by all parties, and they are a bridge in communicating among various groups. Although they have fixed assets in the form of a building, they have limited cash to run their organization. Most members of the organizational committee are volunteers. To cover expenses, they charge the public for events held at their premises – although this is minimal and only enough to cover the cost of utilities. Another strategy taken is to seek funding from donor institutions concerned with the development of creative industries.

In contrast to the local stakeholders, international networks have a significant amount of all four capitals. They are well funded; they have the necessary skills, knowledge, and willingness to support other stakeholders; they have extensive global networks; and they are perceived by the local stakeholders to have a prominent reputation in an international arena and, thus, carry the symbolic capital. These provide the opportunity for the local stakeholders to utilize their cooperation so that the local creative economy can expand its network and enhance its own social capital and cultural capital.

On the other hand, the government – in this case the WJPG – has a significant amount of economic and symbolic capital. Unfortunately due to trust issues (explained in the next section), they have low social capital. The status and formal authority of the WJPG are used symbolically and exploited as capital for their own political interests (see the testimony from Fiki Chikara in the next section).

2. Power and Trust

Relationships of all types are based on and maintained by trust, but they can also be broken down and ruined by a lack of trust. The reason that trust is ever so important is that the world has moved into a global economy that revolves around partnering and relationships. Stephenson (1998) argues that “*trust is the glue that holds human networks together*”. The capacity to establish, nurture, expand and even restore trust with stakeholders is a fundamental leadership competency. With the growing emphasis on ethics in society, the character and competence feature of trust is becoming vital in the global economy.

Stephen Covey in his book, *The Speed of Trust* (2006), defines trust as ‘confidence’ and the opposite of trust as ‘suspicion’. Covey argues that the key is to understand and

navigate '*The Five Waves of Trust*'. This model derives from the interdependent nature of trust and how it flows from the inside out. It defines the five levels in which trust is established and forms the structure for understanding and allowing trust to be put to practice. The five levels are self-trust (credibility as the key principle), relationship trust (consistent behavior as the key principle), organizational trust (alignment which assists leaders to create structures, systems, and symbols as the key principle), market trust (reputation as the key principle) and societal trust (contribution as the key principle).

On the other hand, power can also be described as the capacity to accomplish objectives over the resistance of others. In this way, power is a social relationship. The indie movements in Bandung (movie, music, and clothing) evolved continuously into a culture in the effort to counter power and prevailing social conditions. The 1998 resistance movement to the tumultuous state of social, political, and economic instability from the oppressive national government at the time became the trigger for young people to start a thriving creative movement. At that time, many activists started their movement by making creative products with whatever they had on hand. They had limited economic capital, but were supported by a strong social and cultural capital. These individuals were making change happen in their communities. Starting from the community and through camaraderie, these creative workers initiated and manifested their idealism in the form of works and products. In this way, camaraderie value and togetherness is crucial in the development of the creative sector from the beginning of its establishment up to the present time; and the driving factor for its development is trust. What happened correlates the argument of Stephenson (1998) that networks may strengthen hierarchy when needed or (in the Bandung case) break it down when it becomes burdensome.

Considering the government element, the general opinion from the respondents is that the WJPG has not utilized its economic capital wisely and lacks the willingness to communicate with other stakeholders. Communication problems create a gap to other creative stakeholders. This has had a negative impact on trust from the rest of the environment toward the government. This has been due to abuse of power that has caused the loss of trust, especially from creative workers. One of the respondents, Fiki Chikara, told of a damaging experience in dealing with government that destroyed his trust towards the WJPG as follows:

To help conduct KickFest³⁸, the WJPG gave us initial financial support. In the end we could organize the event somehow with our own effort. But then during a ministerial visit at the opening of KickFest, the WJPG officials reported to the Minister of Trade that KickFest was the WJPG original program, when in fact it was our (the local clothing community) original idea and effort. They (the WJPG) only helped with the initial funding and the amount was not that significant ... Because the truth is that they (the WJPG) do not initiate or have any program at all (to help the clothing industry) ... Another example is during the exhibition there was a visit from NGOI high ranking officials who say, 'Ooo, these are under the care of Mr. X... under the care of Z agency...' – names of WJPG officials that we, as the organizer, never heard of. That's when we knew that our event (KickFest) was sold on behalf of 'certain' WJPG official ... That was when we lost trust (toward the WJPG). (Excerpt from interview conducted with Fiki Chikara)

The WJPG's is perceived as apathetic and lacking interest in the creative sector (especially in its early development). However when interviewing the government officials, they have expressed a great interest and effort to support the development of creative industries in Bandung. They tried to conduct a number of programs. For example the Bandung city government already has a program to revitalize 5 areas of industry and commerce called Industry and Trade Centers Regions. The program is

³⁸ KickFest is one of the biggest annual clothing expos in Indonesia initiated by the clothing community in Bandung. The event was started in 2007. The festival gets bigger each year and the number of participating companies has risen to more than 200 businesses attracting thousands of visitors. Recently the festival was also held in other cities in Indonesia.

enacted in Regulation No. 2 Year 2004 which was amended by Regulation No. 3 Year 2006 on Bandung Spatial Planning. The revitalization program of the five zones is expected to develop and improve the business climate and nurture the potential of these businesses. The regulation identified Bandung as famous for a number of products, such as jeans, shoes, fabrics, and knitting. To support the development of these products, the production and marketing then are clustered in five zones as follows:

Table 3.1. Five Creative Cluster Areas as Defined by Bandung City Government

Cihampelas	Jeans industry cluster
Cibaduyut	Shoes industry cluster
Cigondewah	Fabric industry cluster
Binong Jati	Knitting industry cluster
Suci	Screen printing cluster

The government also conducted several workshops and seminars to explore what is the best approach for an intervention action program to help the creative workers. However, these seminars or discussions often are criticized as inappropriate and inapplicable for the needs of creative businesses.

On the other hand, as explained in the previous section, arts organizations have successfully established themselves as trusted partners by all stakeholders. As an organization that originated from the same community and the practice of camaraderie, they are chosen to be the mediator among stakeholders; documenting and researching creative activities, and providing a forum for the creative sector. The arts organizations have realized that the huge creative potential in Bandung is not supported by the appropriate medium to disseminate its works. Therefore, they have a principal purpose to disseminate information to the general public and act as a hub among stakeholders.

From interviews conducted, all the stakeholders acknowledged the strategic position and important role of arts organizations. Arts organizations act independently and occupy a central position as liaison between all stakeholders. Arts organizations also serve as a mediator for all stakeholders³⁹. This is important because each stakeholder has a different 'language' that they use and, thus, requires specific understanding to be able to successfully communicate. This capability is not possessed by other parties and has become a strength of the arts organizations.

3. Infrastructure

Within the discourse and discussion for the formulation of a strategy for a creative economy, improvement of the infrastructure is critical. One of the issues is the availability of open spaces that can be freely accessed by the general public. This is vital to build a positive atmosphere in the city of Bandung.

The unfortunate accident at the Asia Africa Cultural Center (AACC) in March 2008, serves as a dire lesson of an inadequate concert venue in Bandung. The incident, which claimed 11 lives, served as evidence of the difficulty in organizing events in Bandung. It was an album launching event of one of the big independent rock bands. There were more than 1.000 people who turned out, far beyond the capacity of the venue to accommodate only 600 people. The tragedy at the concert was started by drunken spectators who caused a riot in the audience and triggered mass chaos in the small venue. There was also an allegation that at the time of the chaos, there was a lack of police protection. Apart from the organizers' carelessness in managing the concert, this incident showed that until recently, the city of Bandung did not have adequate and

³⁹ Please refer to sub chapter entitled "Arts Organization".

affordable public facilities that could accommodate the creative aspirations of its residents. It lacks places where different communities can come together and interact with each other. Meanwhile, not everyone has access to the handful of government-owned venues in the city. Even if one could use them, they are often inadequate in terms of amenities and capacity, not to mention the fact that these buildings are ill-maintained. The unavailability of adequate space as a creative outlet has hindered the development of a creative economy in the city of Bandung.



Figure 3.9. AACC Building and the vigil for the 11 victims of the incident.
Source: Various internet websites. Please see bibliography section

Another example of the lack of support for infrastructure is the closure of the IF Venue. The private, non-profit community space initiative began its activities in August 2004. Unfortunately, it had to close down recently because of lack of financial support. The

government was unable (or unwilling) to help save this community centre, although the management had made efforts to ask for support from the government.

Initially the IF Venue was established to provide the space for the creative development of young people in Bandung. At that time, the founders obtained some initial funding from a social organization. Before it was closed, the IF Venue was celebrated by many young people in Bandung as a space that routinely held many creative activities such as exhibitions, music performances, various discussions and film screenings. To finance their activities, the management had also provided a music studio for rent, a clothing store, and a small coffee shop. However its earnings could not cover the operational costs. The severity of the problem was raised by one of the respondents, Addy Handy:

We used to have a number of spaces for discussions. For example, the Harder community in the Cihampelas area (north of Bandung), which has a library, space for discussion, clothing store. (Now) they exist no more. Dead, bankrupt. Another example is Riotic – now changed into a McDonald's restaurant – had a library, clothing store, and space for discussion. After some time ... whoosh ... dead, dead, dead, closed one at a time. Gradually people only provided space for product displays, rather than spare some space to place books or reference or whatever. Also, discussions in all creative scenes (throughout the city) are also becoming similar. It's strange, people become monotonous and alike, like a robot. It was not like this that I experienced in the past. If you came to BIP (a notorious punk scene behind one of the malls), punk kids were talking about something interesting. If you came to Harder (another underground music community on the outskirts of Bandung), they were talking about different topics – which is equally interesting. That's how you learn; not only commercial things like nowadays. There is no such thing (discussions, talks, and dialogues) happening anymore (throughout Bandung). (Excerpt from interview conducted with Addy Handy)

Infrastructure is essential as the basic requirement for economic development; this also applies to the creative economy. However, the infrastructure which should form the foundation for the development of a creative economy in the city is not adequately available. Indeed, the development of the indie phenomenon initially stemmed from this

very condition of scarcity, which stimulated and triggered the creativity of the creative workers. However, to boost its development it is crucial to provide adequate facilities and infrastructure. It requires the seriousness and commitment of all parties in the city of Bandung to support the development.

4. Technology

In today's liberalized and open economy, winning the competition is increasingly determined by the ability to utilize new technology. Therefore, the competencies to obtain, disseminate, and understand technologies and innovation will increase business competitiveness. Moreover, according to UNIDO's Competitive Industrial Performance Index (United Nations Industrial Development Organisation/UNIDO, 2002) most of the countries that have made significant progress in terms of access to technology, are in Asia.

Technology has also become an essential element that stimulates the development of a creative economy. Indie music, clothing, and indie film sectors use technology intensively. There is a growing need for computer devices and software and other technological instruments by the creative workers. One of the key issues of this trend is piracy. An example is that due to the expensive price of original software licenses, many creative workers have to use pirated software which is more affordable. Moreover, the low purchasing power of their customers adds more reason for the creative workers to invest their money wisely. Therefore, addressing the issue of illegal software should be understood comprehensively. This is highlighted by one of the respondents, Sonny Budi Kuncoro:

Creative industries are closely linked to the use of software, varying from graphics software, photo, film editing, and animation. They are all very expensive. We can get it (easily), but it's just too

expensive. And the tendency now is to use the pirated ones. Because we do not have the ability to buy the original software license. Why? Because the market price for our products is not enough to cover the price (of the original software license). So it should not have ever happened when a friend of mine suffered when he was criminalized (out of proportion). Because he was caught using pirated software, the police raided his business premises and confiscated all his computers and assets. It's not right. Creativity will be dead straight away, and even bring terrible implications – social problems, unemployment. They would prone to do something worse (criminally), right? (Excerpt from interview conducted with Sonny Budi Kuncoro)

In addition to the use of software, creativity is related strongly to the use of the internet. The internet has radically changed information production and exchange. Not that it has become less capital intensive, but that the ownership of this capital is more evenly distributed. Computation, storage and communications capacity are in the hands of any connected individual. This serves as the tools necessary to disseminate information, knowledge and culture. The internet is invaluable to access information and to share that information quickly and easily. The internet has further helped expand networks, both locally as well as globally. Global networks, in turn, have had a significant influence in improving the quality and the economic value of creativity. Organizations utilize the internet to communicate and nurture global networking. In this way, the internet eliminates distance and accelerates communication between different geographical places.

Unfortunately this trend is not adapted properly by the WJPG. The government is somehow reluctant to embrace and understand new technologies. This technology gap between the WJPG and other stakeholders to a greater extent increases the communication gap. Although the WJPG has had adequate infrastructure and technology, this resource is not supported by the ability to learn and adapt cutting-edge technology on the part of the government officials.

5. Transfer and Dissemination of Information

Information transfer and the dissemination process are affected by the availability of public space and technology. Public space enables the public to come together, to have discussions, and to organize creative activities. Technology, particularly the internet, facilitates access and information sharing with the general public. Unfortunately in Indonesia, internet access is still limited and not everyone gets proper internet connections and facilities. This adds to the arguments that the people in Bandung require physical space to gather and meet and interact directly. The need for physical space is provided to some extent by arts organizations by offering a place to gather, discuss, and work together. But still, the argument is strong for the provision of an appropriate public space in Bandung. This is highlighted by Gustaff H. Iskandar from CR:

Learning and developments are happening more rapidly outside the school or formal institutions. People really learn (things) outside of classrooms. They develop tacit knowledge in various interest communities. You see places like CR, people (who) get together are actually learning. Because they do not get the opportunity to foster their potential for self-actualization and creativity in schools, they do not get the outlet (to channel their interest). Ultimately formal institutions become stagnant and eventually creative aspirations are channelled outside the formal institution – in communities, in hangout scenes ... The way to communicate is different. I see it as a part of the process of polarization and the character growth of the community as well. It is very different with mainstream artists' community character, very different. Different behaviour patterns, different personal interests and different preferences. (Excerpt from interview conducted with Gustaff H. Iskandar)

Dissemination and the transfer of information is also subject to the kind of works produced by each of the creative sectors; indie music through the songs and lyrics, clothing through designs and indie film through the production of audio and visual works. Diversities of the work produced and the various ways to deliver information needs to be addressed wisely by stakeholders. The government in this matter is believed by many to

be inaccessible and inflexible. The government, which is supposed to maintain and provide information and research facilities, is perceived as not performing its function properly. Information held by the government is often outdated and irrelevant. In addition, lack of public dialogue intensifies the gap between the government with the creative sector and the government with the public.

Over the past few years, government and many international donors have acknowledged that financial support alone is not sufficient to acquire sustained competitiveness. They gradually shift focus from simply offering financial aid to providing business development services for various businesses, including for those in the creative industries. This consists of all types of services including technical and physical infrastructure, managerial assistance, consulting, training, networking, marketing, and policy advocacy. These interventions are directed to help cope with market imperfections, inadequate access, and to work more competitively with better efficiency in local market and, hopefully, global markets.

3.3 Overall Scoping

Environmental scoping and analysis is important to inform, influence and assist the development of strategy and policy. The environmental scoping makes it possible to be aware of the operating forces on the ground, provides information on the changing environment, and detects issues that may need to be addressed. Out of interviews conducted came some key findings which will be carried forward for analysis in the next chapters. The evidences presented are from a small sample of respondents in the creative sector in one city of a developing country. Nevertheless, the most important findings of the analysis conducted are as follows.

Bandung has always had the characteristics of a creative environment. The distance between places in the city is moderately short, which enables its residents to move and interact comfortably. There are many renowned schools from primary school to universities as suppliers of abundant human resources. The city is also home to hundreds of (creative) communities. In addition, a public attitude that is open and tolerant makes individuals more flexible in adapting to changes.

So far the creative industries in Bandung have been developing organically because the government has not been involved significantly. For many years, the creative scenes in Bandung have attracted audience nationally and internationally, for example, Setiabudi (fashion and music scene e.g. Monik and Ffwd Records), Citarum (culinary and fashion e.g. 347/EAT and Room No. 1), Balai Kota (extreme sports e.g. skateboarding and BMX), Sultan Agung (fashion scene e.g. Omunium), Saninten (videography and audio/visual scene e.g. Cerahati and Biosampler), Kyai Gede Utama (research and literary scene e.g. Common Room, Tobucil, and Jendela Ide), Ujung Berung (music scene e.g. Ujung Berung Rebel and Homeless Crew), and Cihampelas and Simpang Dago (music scene e.g. Harder and Riotic). The scenes have produced some of the most famous creative works and figures in Indonesia. The creative industries grew dramatically during the social movement in 1998 as a resistance to the establishment and the oppressive regime at that time. Creative products were used as a symbol and communication tool, particularly by the young generation.

Many scholars have regarded Bandung as one of the leading creative cities in Indonesia (for example see Aritenang, 2013, and Fahmi, 2014). However, the industries can continue to thrive only to a certain extent without sufficient support and intervention. Given the low propensity to grow, companies often only focus on making products for the domestic market. They are thriving, but they cannot expand. They have to persist

despite various challenges such as a lack of supporting facilities, public space, bureaucratic red tape, and other problems. This is undesirable because the industries will not be able to realize their full potential. The potential of individual artists and companies is not being reached, and government policy potential is not being reached. Neither side is reaching its potential.

Lastly, it can be concluded that creative industries in Bandung actively interact within the environment for efforts to support or shape their growth. The level of environmental activities is affected by individual companies' own competence to understand changes, the channels that supply information, the quality of information collected, and resources utilized. When investment conditions become more favorable and investors respond to incentives, the number of elements in the environment will become more complex. Firm-level strategies respond to the quality of information gathered from the environment. Companies tend to intrude further into the environment and to commit more resources. This, in turn, has a significant positive effect on the environment as a whole.

CHAPTER 4. TRUST AND THE LOCAL CULTURE

Trust is one of the major issues repeatedly raised by various stakeholders of the creative industries in Bandung, particularly the lack of trust toward the government. Most notably, it is on the subject of trust within a group; how stakeholders of society can create and continue to sustain that trust. It explores the ways and means of how society can impose, induce, stimulate, embolden trustworthiness, using a novel cultural approach. The objective is to explore some new questions and to construct a new framework for analysis. It will put forward new perspectives and wider possible alternatives – particularly in relation to the research context.

IV. TRUST AND THE LOCAL CULTURE

Every complex environment, whether biological, e.g. the human body, natural, e.g. a rain forest, or social, e.g. the global trade system, is exceptionally interconnected. Each component within these environments is mutually dependent upon others. While performing its own functions, each unit depends on other units to perform their functions at the same time. All of these combined functions result in the effective functioning of the whole environment. Unfortunately, there are also individuals inside every structure who seek to disrupt the course of events for their own personal gain. This is the central conflict between 'cooperating', which is working in alignment with the group interest, and 'defecting', which is working in one's self-interest contrary to the group interest. All in all, people benefit from the mechanism in which society safeguards individual behaviour, and from the fact that those boundaries do not operate individually but for society as a whole. This is why, a lot of the time, people understand that the individual can benefit from behaving in the group's interest. But since defectors can exist anywhere at all times, society also requires security and trust.

The trust that society needs is not absolute or blind. It needs reasonable assurance that trust is substantiated and that people act in a trustworthy manner in return. A high degree of trust is developed through interaction. When too little trust is displayed, people stop trusting each other. However, although people may perhaps differ in terms of the range of norms to which each subjects themselves, it is overall better if everybody follows a common ground. However, this utopian thinking rarely occurs due to human nature. Another point is that, arguably, creativity is stronger in an environment where there are more opportunities for individuals to be different and to not always follow accepted norms.

Looking back at the present complex communities of the creative industries in Bandung, everybody trusts systems more than they trust people. More specifically, it is trust in the general societal systems that guides how everybody behaves toward each other in the community. The societal system refers to the social norms that direct social conduct. Nevertheless, individuals still need to trust each other to always follow the behavioural norms of social groups.

In the previous chapter, many interviewees raised the issue of trust within the creative industries environment in Bandung. Most notable was the issue of lack of trust from other stakeholders towards the government. The absence or lack of trust is mainly caused by (perceived) lack of interest and support from the government. Also, the behaviour of certain recalcitrant or rogue officials further reduces trust. This is very unfortunate, because this issue has taken its toll on the development of the creative industries themselves, as political scientist Francis Fukuyama (1995: 27-28) aptly stated: *"... widespread distrust in society... imposes a kind of tax on all forms of economic activity, a tax that high-trust societies do not have to pay"*.

This chapter aims to discuss the subject of trust within a group and how stakeholders of the creative industries in Bandung can create and continue to sustain that trust. It explores the ways society can impose, induce, stimulate, force and embolden trustworthiness using social control structures that encourage cooperation, acting in alignment with the interests of the whole group by abiding with group norms. However, just like physical pressure, social control cannot be used in all cases.

The objective is to propose new questions to be explored and to construct a new framework for analysis. The chapter will propose new perspectives and wider possible alternatives to explore, particularly in relation to the research context. It is my personal

belief that different perspectives, reasoning and asking new questions stimulate better solutions. Hopefully, it will enlighten readers to help them understand the work of the creative industries in Bandung.

4.1 Discourse on Trust

'Trust' is a complicated concept with many senses of meaning. Political scientist Russell Hardin (1993) asserted that "*Trust involves giving discretion to another to affect one's interests.*" On the other hand, sociologist Piotr Sztompka (1999) maintained that "... *trust is a bet about the future contingent actions of others*". Both of these accounts emphasise trust concerning individuals and trustworthiness. Social trust between citizens is an important element in phenomena like efficiency in market economics, economic growth, equitable provision of public goods, stable and efficient democratic government, and social integration and co-operation. Trust is also important in individual life to ensure life satisfaction and happiness, optimism, well-being and health.

There are at least two schools of thought regarding trust. The first sees trust as an individual property and associates trust with individual characteristics (see, for example, Allport, 1961; Cattell, 1965; Erikson, 1995; Uslaner, 2000). As an individual characteristic, trust can either be the core personality traits of a person, or it can be a characteristic link to social and demographic factors such as class, education, income, age and gender. According to this view, trust is learned in childhood and stays throughout later periods of life, changing only as a result of experience thereafter, especially traumatic experience.

The second view sees trust as a property of society rather than of individuals. It argues that trust is a property belonging to social systems (for example, see Hardin, 1993;

Knack and Keefer, 1997; Inglehart, 1999; Putnam, 2000; Newton, 2001). In this understanding, trust is the product of experience and people always adapt and update their sense of trust in response to changing circumstances. According to this view, the study of trust requires a top-down approach that focuses on the systemic or emergent properties of societies and their central institutions. Fukuyama (1995: 26) stated that *“Trust is the expectation that arises within a community of regular, honest, and cooperative behaviour, based on commonly shared norms, on the part of other members of that community.”*

In giving trust, one can differentiate between intention and action. The first act of giving trust is what Schneier (2012) considers as an intimate matter, given to a family member or a dear friend. This kind of ‘trust’ is not attached to any specific thing that the person is doing. It is an overall assurance that the person will do the right thing irrespective of the circumstance, as they are essentially trustworthy. This trust takes the form of an assurance that the behaviour of this person is guided by good intentions. The notion of trust also has its own risks, as economist Bart Nooteboom (2002: 45) affirmed: *“Trust in things or people entails the willingness to submit to the risk that they may fail us, with the expectation that they will not, or the neglect of lack of awareness of that possibility that they might.”*

The second type of trust is less intimate. It is the kind of trust that sociologist Susan Shapiro (1987) calls ‘impersonal trust’. A lack of in-depth knowledge about a person and their underlying motivation for actions makes it impossible to base trust on mere character. However, people can trust other people’s actions in general, knowing that they are supposed to follow social norms of acceptable behaviour. This trust – based on the assurance that individuals will behave in a trustworthy manner according to social norms, despite not being personally trustworthy – works more as ‘confidence’ and the

related trustworthiness as 'compliance'. This second act of giving trust has three critical functions according to sociologist Barbara Misztal (1996): to make social life more predictable, to create a sense of community and to make easier to work together.

These two categories of trust suggest that it has a function of scale. The more people an individual interacts with that he/she is less familiar with will reduce the possibility of trusting those people's intentions. Thus, society needs additional pressures to obtain trustworthiness. Furthermore, when the number of interactions grows, the risk also increases. If a society is unable to create societal pressures, it will either stop growing or will collapse entirely. Social pressure includes comments, criticisms, attitudes and reactions towards people that fail to follow certain actions expected of them. Every society and its members use social pressure to some extent. Social pressure is quite strong because as social animals, only a small number of individuals (if any) can endure constant social pressure directed against them.

People build trust with interaction. In business, interactions translate to transactions. More positive interactions and transactions created greater trust. Until that interaction and/or transaction is broken, trust is generally retained. However, in the relationship with the Bandung government, many respondents said that they start with the premise of no trust (or even distrust) towards the government, perhaps because of its perceived corrupt image. Another reason is that the experiences of several creative workers that have interacted with the government were not positive, having received unhelpful support from the government or even having been manipulated by it⁴⁰. Sharing bad experiences with other creative workers has led to the general reduction in trust towards the government.

⁴⁰ For more information on the bad experiences of creative workers interacting with the government, please see Chapter 3.

4.2 Social Pressures and Dilemma

As the precursor to trust, pro-social manners – actions meant to aid other people such as altruism, fairness and kindness – are the cement that keeps human society together as one (Misztal, 2011). People conduct themselves in pro-social ways even if they are not required to because humans have grown to find these attributes desirable – and this is typically reciprocated. Everyone has the power to choose whether to be pro-social or not. Most of people most of the time chooses positively, receiving more trust from others.

On the other hand, trust is highly contextual, regulated by each individual's aptitude to evaluate cost and benefit. A great deal of human disposition to trust is contingent on the kind of society one lives in. If a person lives in a well-mannered society where trust is commonly reciprocated, then they will be more comfortable with trusting people. But, if that person lives in a vicious society dominated by hostility, they do not trust easily and need assurance that trust will be reciprocated.

Societal pressures are the mechanism in which society makes sure that people adhere to the norms of the group. It is how intra-group trust is imposed. Societal pressures imply the application of anything the society chooses in order to look after its collective interests, both from internal members and non-members from outside the society. Social pressure is informal as it guards society against the potential disruption caused by certain conduct. Schneier (2012: 8) differentiates societal pressures into four categories:

- *Moral pressure*. Originates from an individual's internal thoughts. For example, the act of stealing is avoided as it is personally regarded as wrong behaviour, which may cause the suffering of guilt. Similarly, individuals aspire to be honest and avoid hurting others. Moral pressure derives from the aspiration to do the right thing or at least not to do the wrong thing.
- *Reputational pressure*. Derives from how other people react to a person's behaviour. Individuals and organisations both experience some kind of

reputational pressure to abide by group norms for fear of gaining a bad reputation. Reputational pressure derives from peer pressure, which is the incentive to cooperate with others.

- *Institutional pressure.* Norms are codified and their ratification and execution are delegated to an authoritative power. Institutional pressure encourages people to conduct themselves in accordance with the group norm by enforcing sanctions on those who disobey and rewarding those who conform. Institutional pressure derives from enforcing rules to encourage cooperation.
- *Security system.* This is any security mechanism constructed to stimulate cooperation, avoid defection, encourage trust and foster accordance. Schneier distinguishes security systems as including: (1) things that work to prevent defectors; (2) things that interdict defectors; (3) things that only work after defection; and (4) a mitigation system that helps the victim recover.

The purpose of societal pressures is to induce a high degree of trust in society (Hardin, 2000). This is because a society that consists of a web of distant relationships becomes too complicated for the intimate form of trust, forcing the individual to settle for a second type of trust based on cooperation and compliance. For people to cooperate, they have to have confidence that (almost) everyone else will cooperate too. This is how societal pressures become critical. When the societal pressures direct people to act in accordance with social norms, each person automatically raises their level of trust and this will then convince others to cooperate, forming a positive feedback loop.

However, each person utilises both cooperation and defection approaches. Most of the time individual self-interest and group interest do overlap, causing actions that are in accordance with the group norm. But in some cases, one does something according to competing norms, whether it is being mischievous or something more severe. It is all

determined by the context and varies from one person to the other according to personal character (Heimer, 2003).

Societal dilemma is the choice between adherence to group interest and personal competing interests, separating those who are deemed 'cooperative' and those who Schneier called 'defectors' (2012). Defectors are people within a structure that do not act according to the norms of that group. The term describes opposition to the group interest and does not correspond to any absolute morals. For example, defectors steal although society in general defines stealing as wrong. However, defectors can also be those who help the oppressed under a tyrant or someone who helps slaves in a society where slavery is not prohibited.

Schneier (2012) also argues that as society changes so do defectors. This is because defection is contextual, dynamic and situational. Also, a person can cooperate on some points and at the same time defect from other points. They can cooperate when they are thinking logically and defect when they are thinking emotionally. Most importantly, people can cooperate when their needs are satisfied and defect when they are in need. Societal dilemmas define situations that necessitate intra-group trust and employ societal pressures to affirm cooperation. It is the way in which society mandates its members to forgo individual interests, should they contradict society's interest. In the literature, societal dilemma is known by a variety of names including collective action problem, Tragedy of the Commons and free-rider problem, among others.

Individual competing interests are more diverse, personal and situational. As humans, people try to satisfy the needs of others only after their own self-interest is satisfied. Societal dilemmas that take place are also part of their interactions with other people, being made to serve a beneficial purpose for the group's interest. It all comes back to

the individual person. Working out societal dilemmas necessitates an understanding from all individuals concerned together with their circumstances in general, as societal dilemmas do not happen in isolation (Tyler, 2003). Social pressures are constructed to reduce the possibility of defection in one societal dilemma. However, they may accidentally increase the risk of defection in another.

Everyone is a member of a number of formal and informal groups of some sorts – at work, neighbourhood, PTA (Parent-Teacher Association), hobby-based groups, etc. The societal dilemmas take place in each of these groups, not to mention the potential subgroups that may come into conflict. Thus, people constantly have to make trade-off decisions in societal dilemmas in which the interest of one group contradicts the interest of another. The conflict can be as simple as making two appointments at the same time or something substantial such as political opinion. Competing societal dilemmas are common; it is unlikely that human affairs are so orderly to start with. Different group interests are so often in conflict with each other, that cooperating in one group often entails defecting in another.

Organisations are also an important factor in societal dilemmas, as they are also affected by societal pressures. To make things more complicated, Miller (2003) argued that people within an organisation may also experience societal dilemmas with the organisation they belong to. Organisations – from small groups consisting of several people to enormous groups consisting of a plethora of members – also act like an individual person. These organisations in turn may be a fraction of a larger group, and this group has its own interests and group norms that influence the whole organisation.

Organisations consist of persons and on a regular basis experience societal dilemmas that are similar to employee societal dilemmas (Miller, 2003). But unlike the individual,

subgroups inside the organisation are actors. When a number of subgroups have competing interests, it is a struggle to ascertain which group has a greater connection with an individual. Often it is the smaller and more intimate group that prevails. Although this is not a definite, it is still the tendency, as a person needs stronger societal pressure to defect from a smaller group interest in support of a larger group interest than the other way around. Furthermore, Schneier (2012) pointed out that large defector organisations may profit more but cause more harm to the group as opposed to a single person defection. As organisations expand both in size and influence, societal pressures that might have been effective previously will not necessarily function as well at another time. The point is that the effect of societal pressures on organisations and humans differs greatly.

An environment where the members consist of groups has even more heightened complications. Each group has different competing interests, and societal pressures operate in different ways in their application. This is crucial, particularly in the modern sphere of complex organisations and government institutions. As people become more social, they have to understand how to interact and understand each other, ensuring mutual cooperation.

Scale is an important element in understanding societal pressures. The growing scale of society is what drives people to move from trust established by personal relationships to impersonal trust by assurance and compliance. Expanding scale also drives people to intensify social pressures of morals and reputation through institutional pressure and security systems. Consequently, it entails more complicated systems, causing overall societal pressures to be more expensive – but not necessarily more effective – and a reduced degree of flexibility and adaptability. Failure then becomes more expensive and

more time-consuming. Increased scale influences social pressure in several different directions, as explained by Schneier (2012: 225-226):

- *More people.* More individuals in society transform the effectiveness of different societal pressures, particularly reputational pressures. They also add to the possible number of defectors, even when the total percentage stays the same. This gives these defectors more chances to organise themselves, thus increasing their power. Ultimately, having more defectors renders it more likely that the defecting actions are understood as a normal behaviour, which results in a ‘bad apple effect’⁴¹.
- *Increased complexity.* More people entail more interactions among people – more frequencies, new types of interaction, lengthier distances, concerning new things. This produces new societal dilemmas and triggers interdependencies known as the ‘domino effect’.
- *New systems.* As societies become more complex, humans discover new subjects of concern, new societal dilemmas and new risks of defection that have to be dealt with.
- *New security.* Technology affords the scaling up of a number of societal pressure systems, particularly reputational and institutional pressures. However, this security faces its own risks of an attack.
- *Increased technological intensity.* With technological advancement, the degree of harm done by defectors also increases dramatically. In this technological era even a small defection can be as damaging as a bigger defection.
- *Increased frequency.* More parts of society are managed not by humans, but by computerised systems. This also increases the risk of an attack to the system by rogue people.
- *Increased distance.* Defectors can now perform their actions over both longer physical distances and time.

⁴¹ Psychologist Andrew M. Colman (1995) coined the term ‘bad apple effect’ to explain an interesting social phenomenon. Any big social group will probably have a few bad apples that defect and sacrifice the whole group interest. This behaviour then motivates others to do the same. This may set up a negative-feedback loop and produce in an even bigger incentive for everyone else to defect, producing a flow that leads to mass defection and even a mob mentality.

- *Increased inertia and resistance to change.* Larger groups are slower in making decisions, and once they are made, these decisions may be very hard to withdraw or modify.

4.3 Developing Trust through Moral Reminders

Trust is important as it encompasses a moral dimension, and this ethical element is relevant for types of interaction that connect humans to a wider community. Just like trust, morality is also a complicated idea. Philosophers and theologians have debated this topic for many years. The term 'moral' refers to an individual's 'good' values and the antonym 'immoral' means 'bad' values. More generally, Schneier (2012) defines morals as "*any innate or cultural guidelines that inform people's decision making processes as they evaluate potential trade-offs*". These entail conscious and unconscious manners, exact regulations and instinctive senses, premeditated judgments and reflex reactions.

However, contextuality is an important consideration. Pro-social manners like justice and fairness are universal values, but they are perceived differently at different times in different cultures. Although morals are within the person, this does not mean that they are acquired naturally like the physical ability to walk or use one's hands. Morals are something abstract and change depending on the circumstances. Morals are not genetically inherited, but are taught. On the other hand, across different cultures moral codes have several common principles that remain unchanged, including, for example, a sense of fairness, a sense of justice, generosity and punishment for wrongdoings. This research does not look at morality in general, but rather what morality means to the people involved in the creative industries in Bandung. Schneier (2012) argues that there are five fundamental systems that underline human morality:

- *Harm/care systems.* Natural predisposition to care for others.
- *Fairness/reciprocity systems.* Natural philosophies of fairness and reciprocity.
- *In-group/loyalty systems.* Strong predisposition to differentiate people to those belonging to own groups ('us') and those not in own groups ('them').
- *Authority/respect systems.* The willingness to obey commands simply because these commands are given by someone with an authoritative power.
- *Purity/sanctity systems.* The ideas of purity and sanctity working as the opposite of unhealthy and dangerous, influencing a person's morals.

While there is an innate morality underlying these moral reminders, they are also deeply influenced by culture (Moody-Adams, 2002). Whatever the case may be, they are a valuable defence of the moral system, albeit having an effect on risk trade-offs. Morals are also affected by external conditions. It is true that many morals are cultural, and this moral component urges people to cooperate. Morals are taught, but they are also gained by being in a certain society. People are trained and conditioned by these morals and by the culture of their geographic location. They are abstract and change depending on the society. Therefore, it is important to understand the cultural element of Bandung. The Sundanese culture is still relevant and its influence on all areas of life, including commerce, is still extremely strong in Bandung.

Rosidi (2010) has argued that no great kingdom occupied West Java after the fall of the Sunda Kingdom around the 17th century. What emerged then were rulers of various smaller district areas, which in the first quarter of the 17th century were easily conquered by the armies of the Mataram Kingdom from Central Java. After that, West Java became a colony of various rulers, starting from the Mataram Kingdom, followed by the VOC (Dutch) for more than four centuries. As a colonised people, the mentality of the Sundanese people became an extension of their ruler, showing the attitude of what they called '*sumuhun dawuh*' (literally translated to 'yes sir'), meaning to succumb totally to

authority, and '*sadaya-daya*', (literally translated to 'in all our power') meaning to do everything in one's power towards the interest of authority. This kind of mentality is still inscribed deeply in the heart of the Sundanese, even after the establishment of the Republic of Indonesia, including in the Old Order era under President Sukarno (1945-1966) and in the New Order era under President Suharto (1966-1998). Even after the Reformation era started in 1998, this kind of dedication is still attached to the mentality of the people. Nowadays, officials in West Java province always pay more attention to the desires of the capital (Jakarta), where their formal line of duty rests, rather than to the voice of their own people in West Java.

The root of the Sundanese culture is agrarian culture as subsistence farmers who were always on the move in search of fertile land. Being always on the move not only damaged the environment, but also made Sundanese people become more individualistic compared to the Javanese people with their rice-field culture⁴². Sundanese people only knew rice cultivation culture in the 19th century, when the Dutch colonialists wanted to increase agricultural productivity and made the Sundanese people settled permanently. Since then the Sundanese people lived on farmland, but still usually located far from each other. This caused a lack of communication between individuals and further induced the individualistic nature of Sundanese culture. Even today, these traits remain prominent in Sundanese people. Furthermore, in contrast to the Javanese, Sundanese people are more difficult to manage and to be made to conform or unite.

However, being individualistic is in fact an important trait of being creative. Furthermore, all through its history, it is also clear that the Sundanese people offer an open and friendly society that not only accepts outside influences easily, but also absorbs negative

⁴² In the island of Java, there are considered to be two dominant cultures: the Sundanese, located primarily in the Western part, and the Javanese, located in the Central and Eastern parts.

impacts. This is also important for fuelling creativity. But after centuries of living under the pressure of the elite who hold power, either as an extension of the colonial power or as the extension of the power elite in the central government, development of creativity has been a challenge.

To understand the Sundanese way of thinking, one should understand their way of life first. Professor Dr Soewarsih Warnaen, a professor in Sundanology (as rewritten by Rosidi, 2010), proposed five thematic values of Sundanese people including:

1. *The Value of Man as a Person*

The Sundanese people's view is that humans should have a virtuous purpose in life, and should always be aware that they are only a small part of the vast universe. The properties considered good include politeness, modesty, honesty, bravery and unwavering truth and fairness, kindness, trustworthiness, respect for others, vigilance, self-control, broad-mindedness and love for one's homeland and nation. In life, one should have a teacher to lead one to the right path. Teachers are very much revered by the Sundanese people, even God Almighty is called 'Guru Hyang Tunggal' ('The Single Supreme Teacher'). Sunda people believe that everyone can learn from anyone, although they are urged to seek guidance from people who are experts and who have a good character. Sundanese values teach the acceptance of criticism with an open mind.

2. *The Value of Human Relations with Society*

The Sundanese people believe that the purpose of life is to live a prosperous, peaceful and serene life by achieving glory, peace, liberty and the pursuit of perfection for the afterlife. Prosperity means fulfilling living needs without being excessive, while being calm and serene is to be happy. Achieving glory means acquiring respect and honour from other people by protecting their life from immorality, dishonourable acts and misguided behaviour. Peace means to live in harmony, being friendly to neighbours and to the environment. To achieve the goal of life is to be obedient to the teachings of ancestors – the message parents pass on to their children through stories and rhymes. These teachings have three functions: (1) as guidance for life; (2) as social control of personal will and desire;

and (3) to form a virtuous character for the society in which a person lives, and which unconsciously seeps into the heart of all community members. The spirit of working together in the community must be nurtured and developed with mutual respect and care among members of society by being polite in conversation, attitudes and behaviour.

3. *The Value of Human Relations with Nature*

Sundanese people believe that the natural environment provides the optimum benefit to mankind if preserved, cared for, maintained and consumed adequately. If nature is overused, especially if sustainability is not addressed or protected, it creates havoc and misery for humankind. For example, there is a well-known Sundanese phrase which says “*eat just enough not to be hungry, drink just enough not to be thirsty, farm just enough to eat*” which means that one should not be extravagant in the conduct of oneself. Sundanese people are encouraged to adopt the middle ground in living. Life is not for luxuries, but only to meet daily needs. Thus, people do not deplete nature and always maintain sustainability.

4. *The Value of Relations Between Human and God*

Since pre-Islamic⁴³ times, Sundanese people have believed in the existence of God and believe that God is one. Although many then embraced Hinduism, many gods are also placed under one single Deity. God is also called The All-Knowing, The Natural Master, The Almighty, The Merciful, The Most Specific, The Most Holy and other holy names. Sundanese people believe God watches His creatures, giving them health, sustenance, and a home to which all souls returns.

5. *The Value for the Pursuit of Physical and Spiritual Advancement and Fulfilment*

Sundanese people avoid competition and give precedence to cooperation for the common good, communication and respectful deliberation. People strive to work hard and do not give up easily. People favour quality of work rather than speed. Procrastination is not virtuous. It is also considered bad to assign a job to a person with no competencies in completing the task. Sundanese values believe in maintaining good fitness, eating healthily and wearing clean and appropriate clothing. The Sundanese also avoid the giving away of anything valuable,

⁴³ The majority of Sundanese people have Islam as their religion. According to the 2009 census by the government (Badan Pusat Statistik Jawa Barat, 2009), 94% of people living in West Java have Islam as their religion.

including legacies from ancestors – either physical or teachings. Sundanese values teach people to show a sense of responsibility, without being extravagant, and to strive to live a simple life. They strive to be creative in seeking employment for themselves and to believe in their own strength. They adapt to the environment and adhere to the prevailing customs of their place, while striving for a better future.

Some of these values are well maintained and practised. They are not rejected in any way, but are adapted to the times. Change has mostly occurred to the values of speaking wisely, acting carefully, being friendly to someone new and having aspirations in life. For example, people nowadays do not have to talk courteously. They talk more bluntly, sometimes to the point of not considering the feelings of other people. Behaviour toward strangers has also changed to become more cautious. Habits have changed according to need. If it is more profitable to breed fish, then rice-planting practice is replaced. People are now more critical.

In the value of man's relationship with the community, there are also some changes. For example, people now help out their needy relatives, contrary to the previously self-reliant attitude. Attitudes towards parents where people obeyed their wishes and advice in their entirety have changed to more logical thinking. In dealing with something that one does not approve of, in the past people preferred to be passive. But now people are more willing to express opinions and discuss, even holding protests and strikes. In the value of man's relationship with God, some values are strengthening while others are shifting. The Sundanese belief in the oneness of God has now become more powerful and is getting stronger. Man must strive and pray to the best of his ability, but surrender to God for the outcome. Hence, religious education is considered increasingly important in the home, at school and/or in the religious venue.

Reflecting on the type of adaptation of culture, it is argued here that there are four different types of society. The first is what I call 'Copier' society. This type of society takes for granted its own culture and prefers to copy trends imported from outside. Arguably many young people in Indonesia, until recently, can be considered to be this type of society. Many of them are proud to use languages and products, or even follow lifestyles, imported from abroad – particularly the US. Fortunately, more recently, the youth have begun to appreciate and even become proud of their own culture. This is evident with the establishment of various communities that explore, study and preserve traditional Indonesian culture, including dance, traditional languages, costume and other traditional cultural artefacts.

The second type of society is what I call 'Proud' society. As the name suggests, this type of society is very proud of its cultural heritage. It can be distinguished quite easily because of its customs and unique cultural background. Countries like Japan and China have a very strong and distinctive culture.

The third type of society is what I call 'Catch' society. This society is quite proud of its own cultural identity. However, it also has the ability to capture and adapt other cultures for its own benefit. An example is the US. The US has its own distinctive culture, with things like cowboys, hotdogs and cheerleaders mostly associated with it. But it also has the ability to capture other cultures for its own benefit. This is what Hollywood and Disney do all the time with movies such as *The Lion King*, which captures African culture, or *Aladdin*, which captures Arabian culture.

The last type of society is what I call 'Creator'. This type of society creates its own cultural identity. Unlike the other types of society that use their cultural heritage to define themselves, this society has a cultural identity that is not necessarily associated with any

particular country. An example is a football fan community or heavy metal music community. Others would call this phenomenon a more global culture.

Generally speaking, the Sundanese way of life is rooted in tradition that remains with the people. It has experienced a shift towards a more cautious outlook that is more rooted in religion but still keeps a logical and realistic view in society and a better understanding of the rules of nature. The usefulness of these rules is determined particularly by each individual situation. Moral pressures accomplish better results, though, along with common warnings of cooperative conduct. The difference between selfish interest and adherence to the group interest is relatively small. For many people, a simple reminder is sufficient to guide their behaviour.

Some researchers argue that humans have a moral nature that corresponds to the language ability. Psychologist and behaviourist Marc Hauser (2006) even claims that humans have a specific brain function for morals, which is akin to human's language centres. This emphasises the importance of moral reminders. Moral reminders can be as informal as a proverb. Every culture has proverbs on altruism, attentiveness, trustworthiness and being an exemplary member of the community. Many traditional Sundanese sayings can be moral reminders and used as campaigns to develop trust, start communication, encourage dialogue and nurture trustworthiness and credibility between stakeholders of the creative industries. Please see the appendix of this dissertation for a selection of traditional sayings suitable for this kind of campaign. These sayings can be used on posters, billboards, walls of offices, said in every meeting, or other appropriate measures.

4.4 Developing Trust through Direct Interaction and Communication

The interconnected, global and complicated society today requires a great deal of trust to be able to function. Humans have to be able to trust those they interact with and the many organisations within society itself. People need to be able to trust strangers in person-to-person encounters or in organisational situations, whether they are individuals they are not acquainted with or systems they do not understand. In other words, society needs to trust itself.

Political scientist Robert Putnam (2000) stated that mistrust escalates in communities as ethnic diversity grows. Furthermore, this intrinsic mistrust of those from different ethnic groups is not generally compensated by an increase in trust in those of their own ethnic group. As a result, trust within the whole group deteriorates in these diverse communities. In relation to a trend towards ethnic diversity which influences cultural acculturation, two important questions arise: (1) How does the mixing of cultural values as a consequence of ethnic diversity affect the resilience of Sundanese culture? (2) How does the attempt to address these conditions support the development of the creative industries based on Sundanese culture, either by government or the community?

Trust is built in continuous face-to-face interactions. In general, moral pressure operates at its best during direct interactions, functioning effectively among families, friends and other intimate groups. It can also be very beneficial if the groups are close in distance and time. Humans are more predisposed to trust people who are similar to them, and in situations that feel familiar. In giving trust, people also generalise according to their past experiences in trusting people from a particular profession and of a particular appearance or background. On the contrary, if one has suffered a bad experience, they are likely to mistrust others of the same type. Trust works well with groups whose members are like each other, whether professionally or sharing the same interests or

other traits. This is in human nature. What is crucial for society is for all members to appreciate society's interests, and for the systems that enable communal life to work so that everyone is able to trust that rules will be adhered to. The creation of trust is contextual. When a person is introduced to someone through a mutual friend, they develop trust incrementally over time.

However, in the case of creative stakeholders in Bandung, the plans for development coming from the government are often not in accordance with the wishes and expectations of the people. During the development of policies, strategies or formal actions, the government rarely involves people and seldom invites them to give their opinion or to participate. Citizens are not asked whether they agree with the goals and means of development that have been established by the government, let alone asked what they want. Thus, it is not a surprise that people become indifferent, even showing antipathy. Furthermore, fear of those who are in power generates an apathetic attitude amongst people. This is because they are just starting to express their own thoughts and opinions and to nurture the attitude of demanding their own rights. As a result, development is not managed properly.

People are predisposed to know the persons and organisations with whom they interact, be it personally, casually, professionally or through reputation. Many people seek a reputation that will enable them to be held in high regard and, if acquired, spend a great deal of time and effort in looking after it. People realise that if they need others to trust and cooperate with them then they have to have a good reputation. In this respect, upholding a good reputation increases the cost of defection and the advantages of cooperating. Many people, or organisations for that matter, not only protect their good reputation, but also strive to publicise it. The impact of these actions is both reputational

and moral – on the one hand they conduct themselves in line with the group interest and on the other it reminds others of their own responsibility to society.

Regional development should give priority to human development as a way of changing the feudalism mentality. Human development cannot be carried out through indoctrination as practised thus far in Indonesia. People should be invited to work together to determine the purpose of development, so that they know to what end they are working, while having the opportunity to speak up and express their opinion. The practice of dialogue and communication between stakeholders must be started and nurtured, so that the wishes of the people are included in the objectives and actions for development. Thus, the political elite and the officials have to change their attitude, from a ruling approach into a climate of politeness and openness.

Another way people increase their reputation, and thus their trustworthiness, is to identify themselves as a member of a specific group (Stole, 2003), whether it is their ethnic community or a community of choice such as a professional association. If someone is a member of a particular community, then people have an indication of whether that person is very likely to have a similar set of ethical rules to that of the community.

Speech and dialect are specific signs of group membership. People are inclined to trust and cooperate with someone who speaks the same language or has the same dialect as they do. Therefore, unconsciously, people naturally adapt their mode of speech and even body language to adjust to their social surroundings. Sundanese people communicate using the Sunda language, a traditional language that has been used for centuries. Sunda language is included within the Austronesian language family within the Malayo-Polynesian group (see Murdock, 1964, and Rosidi, 2010). Like the

Indonesian language, in the Sunda language the role of the prefix, inserts and suffix largely influences the natural formation of words. The oldest manuscript in Sundanese is entitled *Siksa Kanda ng Karesian (The Cruelty and Sainthood of Man)*, dating back to the early 16th century (Rosidi, 2010). The text is an ethical guidance and the teachings have three functions which are a guide in personal life, a social control against excessive ambition and desires, and a directive to live in society for the good of all community members.

Of course, the Sunda language was around and used much earlier than the manuscript. Although there are striking similarities between other languages existing in the archipelago at the same time, the Sunda language has its own characteristics each of which has a distinctive vocabulary, speech and even sentence structure of its own. It is used by approximately 20 million people and has different dialects; however everyone can still understand each other.

People not only take in moral codes from society that distinguish right from wrong, but also clues on what is considered cooperative and uncooperative behaviour and what it means to conduct oneself in a trustworthy manner. People have more tendencies to control their own self-interest to support the common interest if they believe that other people are doing the same. Both moral rules and reminders help increase compassion towards the whole group, by reminding everyone of the moral principles and group interest. Societal pressure centred on morals essentially works because, as human beings, people respect and adhere to social norms. This is all contextual of course, as everyone makes their own subjective trade-offs, causing variation in individual situations and decisions. Some competing interests that cause defection are pure self-interest, self-preservation, ego-preservation or any other psychological motivation.

On the other hand, philosopher Emmanuel Levinas, as explained by Morgan (2011), has argued that moral pressures are the weakest of all social pressures. Morals only operate when nobody is around. And in societal dilemma settings guided by moral pressures only, defections from the norm are more common. In spite of this, prospects of individuals making moral decisions when they are alone signify only a small fraction of societal dilemmas.

4.5 Nurturing Trust

Society determines group norms and implements societal pressures by determining what is 'fair'. These are not definite decisions, but rather evolving social decisions. An effective set of institutional pressures is not imposed from the top; they develop organically from within the group itself. This is the importance of societal pressures (Heimer, 2003). They encourage adherence to the group norm so people can expand intimate trust on a much larger scale. Surely this is not perfect, because one's trust in the actions of other people and systems is not as wide-ranging or intense as personal trust. However, it is sufficient for the growth of society.

Ultimately, trust is a vital element of social capital (Putnam, 2002), and high-trust societies are at an advantage, compared to low-trust societies. It is not sufficient to only have the desire to cooperate. People also have to know the manner in which they cooperate in order to be seen as trustworthy. A proxy to facilitate the reputation scale is commitment. By making a commitment to an action that cannot be undone, people have the ability to compensate for a lack of reputation due to unfamiliarity or lack of intimacy.

As mentioned earlier, group membership can act as a replacement for individual reputation (Stolle, 2003). As societies develop, laws reinforce group membership. All

institutional pressures facilitate reputation by providing people with a system of trust so that they do not have to be acquainted intimately with each person in order to trust other people. The general focus here is participation. As social species, humans reward others by accepting them as part of the group, whatever the group is arranged for, whatever rewards the group is credited with, whatever prestige and authority the group has attained. It is a basic instinct of humans to participate and desire approval from any group they are part of. Reputational pressure operates at its best within a group where the members know each other. However, as the group grows, the social bond between members is weakened, causing reputational pressure to start to fail.

For reputation and group membership to function as a societal pressure system, it must have transparency (Stolle, 2003). Furthermore, it is understandable that reputational pressure only functions at its best in groups with a small number of members with strong social ties. That is why different people within society must communicate openly with each other. Of course the larger the society, the more difficult it is to do this. Furthermore, individuals in large-scale societies may be emotionally far from the people who influence their actions. Moral pressures also diminish in alignment with emotional distance. The bigger the society, the bigger it is the tendency for emotional distance.

Another factor that is important is accountability (Heimer, 2003). It is essential that processes and structures are open to the public, and that people are kept accountable. Members of society need to be provided with opportunities to remind the government if they overstep their legitimate authority. There has to be a balance of powers with proper checks and balance procedures, though these can be designed to be less formal. But it is not only the government that has to be watched over; corporations, private organisations and individuals also need to be trustworthy. It is the responsibility of everyone to remind everyone else.

It is critical to be aware of what societal pressures can and cannot accomplish, the reasons behind their success and failure, and how the scale and growth of society influences them. If this is understood and paid attention to, people can start building trust within society. All stakeholders want the best for the growth of the creative industries in Bandung, but each is doing it their own way and not communicating with others. This is why suspicions arise, creating a lack of trust between them. They are not realising their potential, because they do not trust each other. This is why it is important to start developing and nurturing trust by utilising more societal pressures, moral reminders and also self-evident actions by working together as a coherent group.

CHAPTER 5. HARD INFRASTRUCTURE

This chapter examines several important issues regarding Bandung's hard infrastructure, which include the provision of arts center, creative business incubator, and Internet infrastructure. The issues include policy, technical development, and the impact of investment in infrastructure. The purpose of this chapter is to identify the existing availability of infrastructural services in the city and details the measures necessary to develop these services to provide sufficient capacity for the development of creative industries.

V. HARD INFRASTRUCTURE

5.1 Provision of an Arts Centre in Bandung

A creative city needs to be capable of nurturing creativity, knowledge, innovation and economic growth at the same time. A creative city cannot be created solely from the aspirations of residents. The city also needs to invest in providing people with the skills and tools to attach value to their ideas. Furthermore, a creative city needs an economic system that evolves together with the social system, including the social capital and the network of relationships consisting of various stakeholders. Values of self-reliance, creativity, innovation, initiative and confidence in the local community create a basis that not only relies on wealth creation but also increases the quality of life of the city (see, for example, Rogerson, 1999; Green, 2001; Longworth, 2006; Chapman, 2011). It involves all citizens and connecting all elements in the city to work together. An important element of attracting talent is structuring and providing simple bureaucracy, financial support, urban planning and public involvement. The next key strategy is community engagement.

A good urban planning strategy, if applied accordingly, makes more integrated urban design possible. The framework from the World Bank (WBI, 2002) seems to be appropriate in the Bandung context. According to this framework, the knowledge economy has four pillars: (1) economic incentive and an institutional regime that allows mobilisation and efficient allocation of resources, while encouraging creativity and incentives for the utilisation of knowledge; (2) availability of educated and skilled workers who can use their skills in creating and utilising knowledge; (3) the city innovation system that consists of a network of cooperation between universities, research centres, companies, consultants and other organisations that develop competitive products and

services; and (4) the existence of an adequate information infrastructure that facilitates the communication, dissemination and processing of information effectively.

One important investment is in public buildings and amenities⁴⁴. The urban planning strategy must recognise cultural services as an important aspect of urban life. However, the perceived idea and practice of culture and planning invoke particular tensions, whether tradition vs. change or traditional vs. contemporary. Although this chapter discusses hard infrastructure, it also has a direct relationship with cultural rights and access. The idea of cultural planning is not to plan culture, but to plan for culture (Evans, 2001). It aims to construct a strategy that supports the growth of culture. Planning for culture is not just about public facilities and amenities; it is a holistic form of planning for complete cultural production, consumption and the associated infrastructure, including transport, skills training, workplace and other forms of support. An opportunity needs to be made available for the government, creative workers and arts organisations in Bandung to work together on a common project. The importance of building an arts centre and creative incubator discussed here is not only to fulfil the spatial needs of the city, but is also a chance to open communication and start to build trust between all stakeholders. To better understand the cultural potential for infrastructure development in Bandung, it seems appropriate to employ the framework put forward by Charles Landry (2003). The next section provides an analysis using the questions in Landry's framework.

⁴⁴ Within this chapter, amenities implies hard infrastructure for public facilities such as parks, museums, sport facilities, signature buildings like town halls and so on.

Q1. Why might it be more effective to focus on the cultural policy for a city rather than a country? Would there be any differences between the focus for your city and any national cultural policy?

Despite a national cultural planning and development strategy, the primary role in policy, planning and provision of local arts amenities has rested for the most part with local authorities, due to an increase in government decentralisation policy. Normatively, as stipulated in Law No. 32 Year 2004 on Regional Governance, decentralisation is defined as a transfer of the power to regulate and administer public affairs from central government to regional governments. In this case, regional autonomy is an inherent part of the implementation of a decentralised system. In today's Reformation era, the Indonesian government has implemented a broad approach to local autonomy, where the regions are given broad authority to regulate and manage the public affairs of their local communities. The decentralised sectors include education, youth and sports, health, public work, environment, housing, investment, SMEs, demography, labour and transmigration, empowerment of women, family planning, transportation, communication and information, urban management, national unity, empowerment of rural communities and social welfare. The regional authority also has several optional sectors to choose from, including maritime affairs and fisheries, agriculture, plantation, livestock, crops, forestry, mining, tourism and culture, industry and trade.

Culture is closely related to local governance and identity. The spaces where public cultural activities take place have a valuable and enduring effect on the city itself (Evans, 2001), be it aesthetically, socially, economically or symbolically. It produces a comparative advantage to other cities and helps generate and strengthen a sense of identity. The key is to nurture partnerships, conversation and respect between different stakeholders. Cultural sustainability is also important, as city development can be made to happen in a way that respects local values. It includes an understanding of culture as

well as its place and context, so that the community is not (or does not feel) ignored. The analysis needs an exploration of the complexities of the local situation and the preservation of the local culture.

Q2. Do you think your city has a culture of creativity? How would you describe the cultural attributes and attitudes of your city?

In the last ten years, the growing creative communities have helped Bandung to be a vibrant city. As mentioned by Sakri Widhianto, the Director General of Small and Medium Enterprises in the Ministry of Industry, Bandung is famously known as a creative city that sets new trends and looks as if it never runs out of creative ideas. This was also highlighted by a number of interviewees during fieldwork. Along with other formal institutions engaged in the management of art and culture, the creative communities have made significant and critical contributions to the cultural development of the city. On the other hand, the growth of Bandung as a city has led to the increasing requirements of social and public services, and economic considerations for the betterment of the quality of urban life. Resources available in local communities need to be developed to drive a wide range of sectors within the framework of the creative industries.

Creative sectors that have grown in Bandung include fashion, architecture, music, design, craft, research and development, and culinary arts. Although these industries are already emerging, it does not mean that the government can just stand idly by. In order to capture the creative potential of Bandung and support its development, the availability and affordability of cultural infrastructure is important in order to nurture growth. The government also plays a major role in fostering the spirit of entrepreneurship and innovation. To do this, the foundation for a creative economy needs to be developed.

Q3. What are the particular strategic dilemmas you would need to think about in developing a cultural strategy for your city?

According to John Howkins (2007), the first important factor for the development of a creative economy is the environment. Many people take great enjoyment in engaging with their own ideas and becoming independent, and creativity prospers in an environment where this is possible. People have to feel comfortable living in a city to bring creative talents into the city. The city should be comfortable enough to be able to nurture culture individually, as the first step for cultural development. Lane (1978) argues that provision of arts and cultural centres is an inseparable component within the portfolio of public recreation and leisure facilities together with other amenities such as sports, parks, libraries and museums.

However, the creative industries sector goes beyond this, because it creates products. Planning for sports and open spaces and planning for arts amenities is very different in terms of strategy and resourcing. A facility-led method in city planning as applied by the Bandung city government is seen in sports and recreation provision. Unfortunately, the same method is also employed in what few cultural planning governmental policies exist. These do not focus on providing *necessary* facilities. Further, existing policies show little consideration for the soft infrastructure of artistic creativity, education in the arts or protection of art forms. In this respect, cultural planning in Bandung emphasises efficiency and economic objectives rather than quality of life or the cultural aspirations of its population. This is not healthy, as environmental factors continue to be considered important to quality of life by many, if not all, citizens of the city.

As mentioned before, the policy for commercial and industrial development in Bandung has not been matched by the strategy for and protection of cultural activity. The development of the city is skewed on developing and directing investment towards the

infrastructure that supports its commercial interest. This is because of the need to increase revenue through the trading sector and the assumption that the result of investments from trading can quickly increase the city's overall revenue. The geographical position of Bandung provides a distinct advantage regarding the demand for goods and services, especially for customers coming from Jakarta. Increased trading activity is expected to have a multiplier effect for the many small and medium companies in the city. Heightened development and investment can be seen from the many retail buildings, hotels, restaurants and other commercial premises that are growing rapidly. Statistical data from 2007 (BPS, 2007) showed a number of positive indicators, such as a 6% inflation rate, investment amounting to IDR 4.2 trillion (around GBP 2.1 billion) in business-related infrastructure, 8% economic growth and 2.1 million tourists, amongst others. These achievements give a strong impression that Bandung is experiencing strong economic growth.

However, many creative workers in the city feel that the city planners tend not to take into account the arts, creative activities or cultural development in the city planning legislation and practice. City planning has not shown the same level of appreciation towards the needs of arts practices compared to other areas of urban development. One example of this is the lack of cultural provision in the city, contrary to the consideration for open space, parks, play and recreational, residential, commercial and other features. Although cultural facilities are beneficial for a lot of citizens, there are many artists in the city who cannot find suitable venues to conduct their activities. There are a number of public buildings in the city, but the majority are not accessible to the general public. A lot of them are maintained by the government, but they are dormant assets. They look good for the ambiance of the city, but are not open to the public – or at least, they are hard to access for public use. This issue will be discussed further in the next section.

The lack of cultural space in Bandung city is a serious issue to be addressed. The role of the government in this problem is vital. Bandung's spatial strategy needs an arrangement that can accommodate the creative potential of its citizens, to provide appropriate cultural and creative facilities. There are two key problems: one is space and facilities; the other is that the government fails to recognise that this is a problem. If the government fails to see it as a problem, it will not get dealt with. If the city government sees the creative community as having the potential to develop the identity of Bandung, problems faced by the creative community need to be solved together.

Q4. How would you undertake an asset audit for your city, what is the process and who would you involve?

Cultural planning needs to be more consultative, engaging not only with creative workers but also the public. It is specifically important in the arts to capture and maintain engagement with the public. As Rykwert (2000: 246) aptly argued, "... *constant community participation and involvement are needed to shape our cities and to make them communicative*". The changing behaviour of cultural consumption, public arts, entertainment and its environment is an important element in cultural attitudes.

Community planning in general requires a bottom-up approach, engaging the community so that it feels ownership and respect for the space. Consultation will mean that whatever the government does with the cultural facilities is appropriate to need, rather than mere 'guesses' at what people need. Without communication, there is a mismatch: the government creates things that people do not need, while the things people do need are not created. A method of gaining insight into what is required is focus groups consisting of stakeholders from industry, including various creative communities and arts organisations in Bandung.

The same attitude is advised for cultural planning. It is at the forecasting and scenario-making step that the involvement of all stakeholders is of particular importance. Cultural planning has to be based on the need to reflect the cultural structure of local areas, as well as identifying local profiles and needs, from traditional arts and heritage to contemporary culture. In the following section, recommendations on the ways this could operate are given, so that the nurturing of cultural and creative potential of the city can be more successful.

Q5. What are the main arts assets of your city? What are its main cultural assets?

The handful of spaces available that accommodate the wide variety of creative ideas and activities were initiated independently by individual(s) or groups that are concerned with nurturing the creative potential of these communities. One of the respondents, Addy Handy⁴⁵, gave an example of the problem:

In Bandung there are only a number of places that can be used where the rent is not too expensive. It is too difficult to find a place that is suitable for any particular activities... There were many instances when the audience was huge but the building did not fit the purpose. (Excerpt from interview)

Another respondent, Gustaff Iskandar⁴⁶, went even further to say that there has been “... *a crisis of cultural spaces in the city*”⁴⁷. A lot of the creative communities have nowhere to go and they lack access to arts and cultural production facilities. Privately owned

⁴⁵ Addy is a musician who regularly holds rock concerts with his bands in Indonesia. He is also an activist in the independent musician society Solidaritas Independen Bandung (Bandung Independent Solidarity). For a short biography of respondents please see the appendix.

⁴⁶ Gustaff is director of Common Room, an arts organisation working in the development of creative industries in Bandung. For a short biography of respondents please see the appendix.

⁴⁷ Excerpt from interview with the respondents.

spaces such as AACC⁴⁸, Tobucil and the CCF Auditorium are used for various mini music performances. In the mid- to late 90s, the Saparua Sport Center was synonymous with punk and heavy metal music performances. However, the government decided to stop funding this venue and now the condition of the building is very bad because of under-maintenance. As a consequence, a lot of the punk rock and heavy metal rock communities find it more difficult to find the space for musical performances.

Looking at the results from the 18 interviews conducted most of those who work in the music and film sectors have stated that they need space to work and to publish their work. This is not to say that this has to be provided by the city or the government. Private sector investment can also provide this. It may also be in the form of a joint partnership between the city and private sectors. If there is great demand from audiences, these venues will probably be able to pay their own operational costs.



Figure 5.1. Various creative spaces in Bandung
Top: Saparua. Below left: Tobucil. Below right: CCF Auditorium.
Taken from various sources on the Internet. Please see Bibliography section.

⁴⁸ There was an incident in the AACC building when a concert for an album launch went wrong and claimed 11 lives. For further information please see Chapter 3.

On the other hand, top-end venues like Sabuga are not affordable for many communities, bearing in mind that most activities are funded by the limited abilities of the local community themselves. Their biggest (and only) asset is their passion and strong desire to express their aesthetic aspirations. Sabuga is quite interesting because the venue itself is owned and managed by one of the major universities in the city, but the land is owned by the city government. The convention complex was built in 1997 with a total area of 22,000m². Sabuga was designed for multipurpose events such as art shows, concerts, conferences and exhibitions. The main auditorium can accommodate 4,000 people and is equipped with a state-of-the-art acoustic system, stage lighting and sound systems. The Sabuga complex also includes sport facilities, science exhibitions and other public facilities. The spaces available at Sabuga can be used by various cultural and creative communities. However, this does not happen because it is managed as a business unit within the university and thus assumes a large charge for public use. However, it is argued here that as an important element within the city, the university has a social responsibility to support the development of the people. Some of the respondents have expressed their aspiration for a more affordable rate for them to use the space in Sabuga. It is important for Sabuga to get a balance between making money and creating value. This is a fact of the current infrastructure within the city.

Meanwhile, not everyone has access to government-owned spaces in the city and may not be able to use them as community centres. On a handful of occasions where these spaces could miraculously be used, they often do not have the facilities needed to support the activities. To add to the problem, the popularity of certain art forms and cultural practices is determined by the level of support and provision available. Cultural production and performance depends on a critical mass of cultural activity, which influences the strengths of internal markets and the cultural milieu. Thus, without proper

facilities and space for their activities to be conducted, the creative communities have trouble developing their arts.

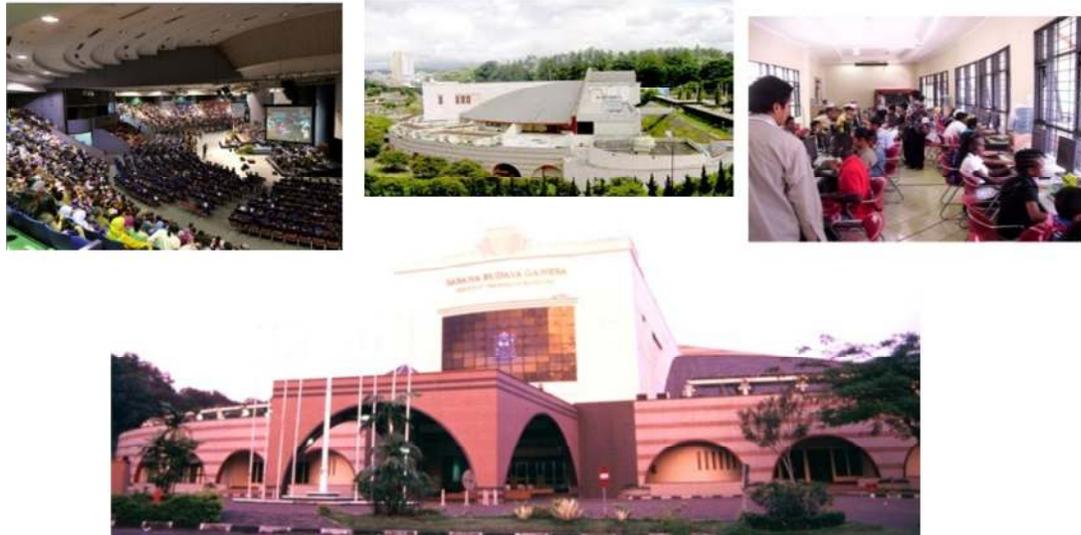


Figure 5.2. Sasana Budaya Ganesha (Sabuga) Convention Hall.
Taken from various sources on the Internet. Please see Bibliography section.

Q6. What elements of an arts policy would be highlighted in your city and what different elements would be highlighted in a cultural policy?

Looking at the analysis above, it can be argued that the provision of an arts centre within the framework of cultural planning is urgently needed in Bandung. Arts centres have an important role not only as hubs for various communities, but also as vehicles for arts development and cultural amenities. Crang identified arts centres as “... *ideas of spaces to which everyone has access in which people can meet as formal equals*” (1998: 164). In this model, the integration of arts, culture and entertainment forms the very nature of cultural experience.

Many benefits are offered by investment in cultural infrastructure that increases the livelihood of a city. Graeme Evans (2001: 229) mentioned several positive impacts of arts centres for communities. They become a focal point of various arts and cultural activities, and facilitate partnerships and collaborations of various communities within society. Arts centres become a key factor in the supply chain and infrastructure of arts

production. In turn, the increased access to this range of services extends economic activity. Furthermore, these places stimulate a sense of place for communities while maintaining and improving community features that focus on the experiences of those communities and how they engage with the space.

Arts and cultural activities help to expose and enrich the identity, distinctive meaning, value and character of the physical infrastructure. This identity is constructed through a sense of place, which is not static but changes and grows over time. A sense of ownership is developed when people use the space and become increasingly protective of it. Ownership needs to be built. It is important for people to use the place not only as a cultural space but also as a social space.

As mentioned earlier, there is a relationship between hard infrastructure (the building) and the actual events that happen inside. The Lighthouse⁴⁹ in Glasgow is a good example of a creative node. It facilitates citizens to hold exhibitions, offers art education programmes and workshops, and even trains creative entrepreneurs. It offers basic design classes for children at weekends. The place has become an urban learning and arts centre. It engages the public in networking and provides consultation and funding programmes. The organisation occupies an old building/warehouse, previously used to publish newspapers.

An important programme at The Lighthouse is the Creative Entrepreneur Club, consisting of 2,500 members who comprise the general public, students and prospective creative entrepreneurs. They participate in various workshops to develop themselves as creative entrepreneurs. Some of the themes covered in these workshops include 'Know Your Rights and Protect Your Business', 'Understanding the Peer-to-Peer Revolution',

⁴⁹ See website <http://www.thelighthouse.co.uk/>

'The Science of Sponsorship', 'How to Produce Media Packs and News Releases' and 'Learning Spaces, Places Working'.

The formation of various arts centres and institutions has become a strategy to develop the creative potential of the city of Glasgow. In addition to The Lighthouse, there is also the Glasgow Urban Laboratory. The institution was initiated by the Glasgow School of Art, the City Council and The Lighthouse. The members comprise researchers, residents and creative practitioners who work together to determine the agenda for the future development of the city. Another important institution is Glasgow Grows Audiences (GGA). GGA is an agency working in the field of audience development. This kind of organisation is very important because it is connected to the arts as the cultural vein of the city.

Another method of achieving provision for arts centres is utilising available buildings around Bandung, such as optimising the use of museums and reusing old and unused buildings (Figure 6.3 gives examples of dormant public buildings in Bandung). As Bandung is home to the major Indonesian army base since the Dutch colonialism era, there is also potential to utilise military spaces.



Figure 5.3. Some of the dormant public buildings in Bandung
 Taken from various sources on the Internet. Please see Bibliography section.

- Top left: Siliwangi, an underused army base
- Top right: IPTN, an abandoned hangar of an ex-aeroplane-manufacturing company
- Below left: Palaguna, an abandoned shopping mall in central Bandung
- Below right: Swarha, a derelict old building in the heart of Bandung town centre

Buildings can be reused in two ways. Sometimes because they are derelict they need to be restored. Other times they are in good condition but simply are not utilised by the community. Lots of people can afford to use these spaces; it is a matter of political will and cooperation to utilise the dormant assets. They can be in different buildings working on different art forms or practices, taking one step closer to achieving the point where they can start to afford to provide for their own needs.



Figure 5.4. Rapid mapping of potential reusable old buildings in the city of Bandung.



Military facilities

Kebon Kelapa and Leuwipanjang are the city's main coach terminals

Villa Isola is a Dutch heritage building now used by one of the major universities

IPTN is a former aeroplane factory that has big (abandoned) hangars

Another example of the reuse of big old buildings is the Cable Factory in Helsinki, Finland. The Ruoholahti area in Helsinki is mostly occupied by industrial buildings that offer opportunities for the expansion of the city. Among the small buildings in Ruoholahti, the huge building of the Cable Factory is a remarkable landmark. It was built in 1941 and finished in 1954 by Suomen Kaapelitehdas Oy (Finnish Cable Factory Ltd.) in four

stages (Krivy, 2010). The building started cable production in 1943, mostly for export to the Soviet Union. In 1966-67, Suomen Kaapelitehdas Oy merged with Nokia Ltd., although the building was always known as Kaapelitehdas.

In the 1960s, however, there was a change in the general town plan with the main idea of moving all industrial buildings farther from the main city. This also affected the Cable Factory's decision to relocate. At the beginning of 1989, Nokia started to rent out the space as the company started to vacate the building. In June 1990, only 10,000m² was used by Nokia, while 30,000m² was occupied by a variety of artists and architects who had rented spaces in the Cable Factory (Krivy, 2010). These artists and architects started to organise themselves and on 16 May 1990 founded the Pro Kaapeli movement. The main objective of the movement was to conceptualise an alternative architectural proposal for the spatial rearrangement of the building. The proposal was made public on 13 June 1990 and the building was transformed in 1991 into an independent arts centre designed to provide an area for cultural and artistic work.

Today, the Cable Factory offers permanent and short-term space for different fields and forms of art and education. From a total area of 56,000m², almost 35,000m² are rented on a long-term basis to around 250 tenants. Spaces are available for a wide variety of studios and galleries, as well as small band rehearsal rooms. The Cable Factory is also home to three museums, 12 galleries, dance theatres, art schools and two radio stations. The five largest spaces are rented for special events. Around 900 people work at Kaapeli on a daily basis. The company Kiinteistö Oy Kaapelitalo, owned by the City of Helsinki, is now responsible for renting, maintaining and developing the facilities⁵⁰.

⁵⁰ See website <http://www.kaapelitehdas.fi/en/info>

Another helpful approach is the collection of platforms known as 'Arts, Culture and Entertainment' (ACE), coined by the London Planning Advisory Committee (LPAC) in 1990. This approach was used throughout subsequent city planning policies in London and then in other cities around the world. ACE represents the growth of significant and visible parts of the city's economy and creative clusters in local areas. In terms of planning, this is important because it is in this area that cultural activity in all of its physical and material functions is manifested. A more recent effort of cultural planning is to focus on the local area and concern for amenities provisions within the context of a local environment.

Great effort needs to be committed to the construction of a creative city and the promotion of innovation as the main approach of urban development. The function of each stakeholder in the dynamics of a creative city is one of the main issues presented. Much of arts and entertainment is supply-led, so location is an important factor in participation. Attention needs to be directed to the relationship between the supply and demand for cultural facilities. The success of the venue is determined not only by its content, but also by all other elements relating to it. This includes the 'infrastructural and physical' issues, which are separate issues to that of 'content'. The environment, safety, ease of access and comfort of arts centres are key factors for public participation. Further important factors to be considered include demography (the variety of different people, ages and genders that have different interests in coming to public spaces), trade, public transport links, location and education institutions (Evans, 2001).

The extent to which cultural activity and consumption is communal or private depends largely on how included the public is. The distance between supplier/producer, support function (technicians, designers) and venues, as well as education institutions, is critical in decisions about location. It is also important to consider easy access, as Ernst May (in

El Lissitzky, 1970) stated that facilities should be provisioned within a “comfortable and functional distance” from residential areas. The question is whether the building is built first and then the audience will come, or whether a comprehensive plan needs to be set up first in such a way that understands the audience relationship. The skill comes in programming so that there is something happening there all the time, otherwise the arts centre will lose money.

Another decision related to the arts centre idea is booking management. The first approach is to make the space available to book by anyone, whether it is for a dance company, music concert, performing arts or choir event. It does not matter whether they are professional, amateur, school concerts, etc. As long as the renter has sufficient funds, they can rent the space. On the other end of the spectrum, there is another approach in which the arts centre has an artistic director that curates the type of work displayed in the venue, so that the venue has a brand. Either way, the arts centre needs to be a proper venue, with all the technical requirements.

Arts centres are designed to be spaces where entertainment and culture can be experienced. They offer a more contemporary and less institutional location for the public. They can be made to be more inviting by offering additional amenities like cafés or restaurants, galleries, lecture rooms and/or an auditorium that can function as a movie screening room or small concert hall. A combination of local aspirations, growing public affluence and artistic expression invigorates arts centres. The scale and location of arts centres offers commercial and retail possibilities, which guide design, programming/curatorship and management, and connect to key stakeholders. This role can be performed by arts organisations in Bandung. Thus, arts centres can reduce barriers between passive consumption and active participation by creating connections in the production chain.

The growth of public demand on the one hand and cultural supply on the other collectively extends access and participation in the arts, culture and entertainment. General public necessity and economic considerations in cultural planning would seek to apply resources, facilities, land-use allocation and distribution as effectively as possible. In this sense, multipurpose arts centres offer a more universal facility model that is flexible and responsive to changing cultural demand and potential in the arts. Advances in design and building technology make it possible to build a multipurpose space that serves different requirements for various performances and exhibitions, offering opportunities for a mix of users. Shared facilities such as workshop and rehearsal rooms offer artists the opportunity to work, exhibit and establish contacts with artistic communities, hosting exhibitions and entertainment in an auditorium, with rooms and areas for flexible public and small group usage. Technology, knowledge and scale are important considerations in the provision of multi-use and mixed arts centres. The multipurpose aspect is reflected in their physical nature (i.e. design, layout), while location defines accessibility in capturing the audience.

What these arts centres can offer is the end of separate single-use venues and division of professional and community-based activity, although it must be noted that different creative sectors have different requirements. As arts centres are multipurpose, there are some differences in the operation, design and layout of the buildings themselves. This does not only refer to the combination of performing spaces and resources needed, but also to arts education and community development.

The creation of these spaces is essential to urban innovation in the knowledge-based economy. Interaction and creative activities happen in these spaces, which overlap and cross over many genres. The concept of knowledge space refers to the power to create knowledge. The accumulated knowledge is then capitalised and converted into actual

production. As knowledge spaces, arts centres provide technical material and a source of knowledge for the greater public. Arts centres also function as spaces of convergence, enabling the cooperation of various parties. Their goal as a convergence space is achieved when representatives from various communities integrate their ideas and resources to pursue a common goal, maintaining continuous engagement with each other.

Population size and concentration are also factors to be considered in assessing the social need of cultural amenities provision. Provision should consider a 'catchment area' (Evans, 2001), defined as access to a venue using transportation amenities, be it with one's own transportation or using public transportation. The measurement should be flexible enough for differing distances from the venue depending on different groups of people and transport modes. Investment in accessible public transportation that links cultural and recreational venues has been proven to increase usage and widen participation (see, for example, Bianchini, 1995; Evans, 2001; Yigitcanlar et al., 2007; Merrilees et al., 2009). Transportation amenities can also regenerate the area and help support the liveability of the local area while supporting further development of public facilities.

The arguments for the reuse of old sites and buildings can be due to sentimental, marketing or even financial reasons. This may also be beneficial because of locational advantage, as the sites should have existing access to transport routes. Arts centres can be sites for idea generation and for injecting creativity into production. They need to have the right people, resources and productive capabilities to support the transformation of ideas to become marketable products. They must also include assessment of the quality of the system that supports the sale and circulation of artistic products. This is the mechanism that enables cultural products and services to be seen,

consumed and enjoyed. Concerns of the public and critical thinking should be involved in the various considerations, including those related to markets, audience targeting and pricing. Another vital element to be considered is copyright arrangement. It is very easy for someone working in an arts centre to copy the work of other tenants. Creative workers need the assurance of the law to be able to work securely⁵¹.

The availability of space for fairs and exhibitions is also expected by industries because exhibitions are seen as an ideal opportunity to introduce arts and creative products to the public. The importance of the exhibition space has also been recognised by the Director General of Small and Medium Enterprises in the Ministry of Industry, Sakri Widhianto. He stated that an exhibition is one of the most effective forms of promotion. Moreover, Sakri said that although the quality of Indonesian products is quite good, many creative workers do not have the necessary skills to market their products. Thus, marketing issues become major obstacles for them. According to Sakri, one of the most important tasks of the government is to provide guidance for them to be able to market their products.

One example of an exceptional governmental programme is the *departure* programme in Austria. As explained by Anmol Vellani for ASEF (2014), *departure* is an organisation under the auspices of the Vienna Business Agency and became the first independent business promotion agency and service centre for companies in the creative industries in Austria. *departure* was established in 2003 with the aim of creating an economically sustainable basis for the city's creative professionals in various sectors of the creative industries, including fashion, music, audiovisual, multimedia, design, publishing, arts market and architecture. *departure* is notable for providing a diverse range of support

⁵¹ See chapter on Soft Infrastructure for discussion on IPR law.

mechanisms adapted to businesses at different development stages. The agency also contributes to driving the exchange of knowledge between established and start-up entrepreneurs and reinforces relationships between local and external networks. This is particularly important as it strengthens the need for creative entrepreneurs to be part of a broader ecosystem, not only locally but also regionally and even internationally. Creative workers also need to increase their production capacity so that they are prepared to accept orders in large numbers. The potential for development in the creative industries as a viable source of livelihood is huge. However, the benefit is not going to be generated if it is not managed properly. In today's information age, local potential is difficult to develop if it lacks skill and technology, whether in the aspects of production, packaging, marketing or managerial capabilities. The availability not only of raw materials but also arts and cultural diversity⁵² provides a source of inspiration for creative products.

The principle and practices of public engagement are important for maintaining the ability of arts centres to provide services that are accessible to all, therefore achieving the betterment of local amenities and cultural provision. This requires joint support from the government and the private sector. Access to and participation in the arts and cultural expression needs a democratic system that is capable of responding to local needs, although this can be a slow process. A sense of cultural amenities ownership by empowering public policy and planning is both desirable and necessary; it is a goal of cultural planning. Arts centres need to reflect a mixed approach of management and the different modes of how creative sectors work. Besides aesthetic and artistic skills,

⁵² In this chapter, cultural diversity is described as people from other parts of Indonesia. Indonesia has about 300 ethnic groups, each with its own unique cultural identity developed over centuries. Bandung and generally West Province are the homes of Sundanese culture. This is quite different from how cultural diversity is defined in the Western context, in which it means people from different countries.

technical and management skills are also needed for individual and small-scale creative businesses to develop. These include fundraising, production and marketing skills. Some of the best arts centres are those where creative arts are enriched with entrepreneurial resources. In the following section, this kind of support is further analysed in the framework of providing a creative business incubator to help these creative organisations expand. The policy is to be aware of creativity whenever it occurs and then encourage it with appropriate resources. The process needs to be organic.

5.2 Provision of Creative Business Incubator

The success of a business can be achieved by cooperating with many partners and utilising a variety of sources. A business incubator is one alternative for strategic intervention in nurturing new entrepreneurs. As an integrated coaching technique, it is more customised and operationalised to cater to the stages of development of the start-up. It assists entrepreneurs in starting new businesses while improving the prospects of its development to be able to survive in the market. As a system, the business incubator is a vehicle for the creations of entrepreneurs to have competitive advantage. The main objective of a business incubation centre is to equip entrepreneurs with entrepreneurial tools. It also helps to overcome barriers faced by the business and to facilitate prospective new businesses with access to support networks. It offers a range of business development services and provides access to space or locations for businesses with flexible arrangements to meet the needs of the incubatee. Incubators are an important instrument to help in accelerating the growth of businesses by providing a range of business support, resources and services.

Research on business start-ups in Indonesia by Wirasasmita, as analysed by Agustina (2011), found that nearly 80% of start-up companies failed in their first year. A similar finding was discovered by Lupiyoadi (2004), which showed that the rate of mortality or failure of small businesses in Indonesia still reached 78%. This indicates that the failure rate of new businesses is very high. Common problems faced by new businesses include lack of business skills, weak capital, lack of market access and lack of access to technology. Timmons (2003) illustrates that the early establishment of a new business starts with a great opportunity. However, in Indonesia this is not matched by the availability of resources or managerial capabilities, which often increases uncertainties and risk factors. If the critical period at the start of the business cannot be overcome, the venture cannot continue to grow and is likely to perish. This is when an incubator can help support the business.

Research that examines business incubators in Indonesia has been carried out by a number of scholars. For example, a study by I Wayan Dipta, as analysed in Suwandi (2008), on the development of incubators in Indonesia found that the facilities offered were still very limited and this adversely affected the ability to support incubatees. Furthermore, in many cases the initial capital for the incubator had not been managed professionally, and the lack of consistency in support failed to help maintain the incubator. Research conducted by Pujiastuti, as analysed in Hamdan (2013), concluded that an appropriate model of business incubators is one that develops soft skills and provides practical knowledge rather than theories.

A business incubator facility is basically a standard facility owned by other regular businesses that is further equipped with various business resources. The facilities provided may vary. Established business incubators have a range of facilities including conference rooms, canteen, security, office supplies, telephone, good Internet

connection, library, rental vehicles and even lodging accommodation. These facilities are usually well maintained too. Other business-related support includes corporate legal services, intellectual property, accounting, recruitment, education and training.

According to Panggabean (2005), the purpose of creating a business incubator is: (1) to develop the potential for new businesses to be more independent and to successfully deal with competition; (2) to promote entrepreneurship which contributes to the economy in the long run; (3) to be a means of technology transfer and commercialisation from research and development activities; (4) to create opportunities and development of new companies; (5) to have lower costs and be less time consuming in commercialisation of ideas. Increasingly, incubator programmes are in collaboration between the public and the private sector to the benefit of both parties. With this partnership, there are a number of different types of business incubator, namely (Supangkat as quoted in Agustina, 2011):

- a) *Industrial incubator*: a government-supported incubator working with non-profit institutions aimed towards creation of jobs to tackle unemployment.
- b) *University-related incubator*: aimed at the commercialisation of science, technology and intellectual property rights from research activities. It offers new entrepreneurs a variety of services including laboratories, computers, libraries and university expertise services. Incubators are supported directly by the university and its cooperation with other parties.
- c) *For-profit property development incubator*: an incubator that provides offices, places of production and other facility services all together. Some of the facilities being used are funded through rental services of these facilities.
- d) *For-profit incubator investment*: resembles a venture capital firm and business angel.
- e) *Corporate venture incubator*: an established company that sets up incubators to take over smaller companies. Provides the necessary resources, funds and even market expertise.

According to the Indonesian Ministry for Cooperatives and SMEs (Kementerian Negara Koperasi dan Usaha Kecil dan Menengah/KemenkopUKM, 2002), there are two approaches to the creation and development of a business incubator. The first is what the document refers to as an ‘in-wall’⁵³ tenant approach, also called the ‘coaching under one roof’ model. It is a classic approach in which all of the activities, training and apprenticeship and establishment of the business are done in one location. Each tenant completes their activities in the same location provided by the business incubator. The second is the ‘out-wall’ tenant approach. The activities are not carried out under one roof, but are done outside the business incubator location. This is possible because the business activities are already happening. The business incubator serves as a consultant, facilitator and adviser for the business. This second model is more likely to resemble a business networking model.

There are many benefits in joining a business incubator. Businesses that are in incubators are in a supportive environment that provides the facilities and services needed to help their growth. Assistance given by the management and its networks can help them to become more competitive. The cost of space is much lower and is quite flexible. Agglomeration effects further develop the incubatee with a chance of partnership with other incubatees. The space also allows incubatees to share experiences and learn from each other. This form of networking is a very important asset.

The business incubator is managed to foster entrepreneurship competencies. The basic principle of the model is ongoing training, in the sense that not only do incubatees

⁵³ The term ‘in-wall’ tenant in the ministerial document refers to what is generally understood as in-house tenants. This chapter uses the term in the ministerial document to maintain originality of the analysis of the ministerial document. The usage of the original term is also to highlight the contradiction with the second term found in the document, which is the ‘out-wall’ tenant.

graduate from the programme as a business, but they are also prepared to be independent entrepreneurs. Training in the incubator is done in accordance with the interests of incubatees. This model needs an approach of cooperation and partnership that emphasises the value of honesty, tenacity and smart ways to capture opportunities. The incubatee needs to be able to perform risk analysis and be willing to take risk as an integral part of business development. Part of this infrastructure is a mentoring programme in which more experienced entrepreneurs help new entrepreneurs. Mentoring is a partnership programme that engages two people who are dedicated to professional and personal development. Mentoring and coaching programmes are an important part of the facilities provided. They keep people from making mistakes as well as providing the opportunity for new entrepreneurs to develop their business.

The selection of candidates should be done through a fair, rigorous and careful selection process. Good incubators provide good outlooks for entrepreneurs, as incubators also help and guide in preparing a business plan, finding access to capital and providing training on business management skills. After a certain period of incubation, it is expected that tenants are readily independent and can graduate from the incubator. Subsequently new incubatee(s) can then use the facilities. Incubators may still provide support and monitor their graduates as needed.

Another important characteristic of an incubator is that its operation should also be based on business principles. This means that the incubator should be able to finance its own operations. Partnering with other stakeholders such as universities, public companies, associations and arts organisations is also a useful approach for the success of an incubator. The process of developing successful incubators is quite a dynamic process. Each incubator has different experiences. The process is easily customised, flexible, sequential, interactive and interdependent (for examples, see

Aernoudt, 2004; Grimaldi et al., 2005; Burnett et al., 2008; Bruneel et al., 2012).

Incubator managers need to anticipate problems that may arise in the implementation of their plans. They need a clear separation between planning and execution, which are sometimes mixed in the conventional approach that makes planning unproductive.

Incubators need three different types of funding:

- *Initial capital.* These are the funds needed to design and set up the incubator, which includes expenditure on office equipment and furniture. The actual building can be an old building, with renovations to fit the requirements and functions of the incubator.
- *Operating funds.* These are the funds needed to pay staff and pay for buildings and utilities related to the operational costs for the first four or five years. When it is in operation, the income for the incubator can be derived from rental space and other services being offered to incubatees. Incubators can also charge a royalty from the tenants' sales turnover.
- *Seed capital.* These are the funds that can be used by incubatees for their working capital and/or the investment needed. It is usually hard for start-ups to obtain credit from conventional banks so it is better for incubators to prepare a kind of revolving fund for the incubatees. Furthermore, incubators can manage seed or venture capital funds if the conditions allow equity investment in the businesses of the incubatees.

Funding can come from a variety of investment sources, for example the private sector, financial institutions, financial firms, private equity funds or individual investors. Incubators can also obtain funding assistance from local government, community groups or foundations. Governments may also issue bonds and spare provision funds, and offer tax breaks and sponsorship to donate buildings for the incubator. Universities can assist through the provision of buildings, including support from faculty members, staff and other experts. A combination of these tools can be offered for the incubator.

The costs of the facilities and operations must be estimated in advance, although exact prices are not easily defined. It is also difficult to obtain the return on business activities, and an expert calculation is needed in preparation of the incubator. It is necessary to begin with a pilot programme that is more acceptable financially. To further drive down costs, incubators can be located at the site of former industrial buildings or warehouses that are then renovated to be reoccupied.

Private capital should be sought aggressively, because the mobilisation of such capital is not easy. Private investors are also reluctant to provide funds before seeing the potential of the project to be sustained. Some of the most serious problems are dealt with by getting good-quality incubator managers with sound business backgrounds and good networks (Rice, 2002; Hughes et al., 2007). It is therefore important to identify the best people, train them and provide challenging conditions and incentives for their dedication to the work.

One good example of a creative business incubator is Cockpit Arts (CA)⁵⁴. Established in 1986, CA is a creative-business incubator in London. It has two sites: Holborn in central London and Deptford in southeast London. It has 165 in-house incubatees and many more have access support through CA's programme and online resource. At CA, the incubation process comprises a combination of affordable managed studios and office services, an onsite one-to-one business development coaching programme, skills development workshops, two annual marketing events, funding opportunities, a business development toolkit and online business resources. In addition, access to a trusted network of specialist advisers and partners in key fields such as export and e-commerce add further value to the incubation service.

⁵⁴ See website <http://www.cockpitarts.com/who-we-are>

As well as affordable managed studios, incubatees benefit from other building-based services, including office facilities and meeting rooms, a library, high-speed broadband access, and social events and activities. The locations of the Cockpit Arts incubators are also perceived as having a significant impact on the business development of incubatees. Being part of a creative community is important as a mechanism for moral support, creative inspiration, positive peer competition and collaboration. There are also tangible business gains such as sharing of contacts, information and other agglomeration advantages that incubatees can enjoy.

The key incubation process is to work with each individual incubatee to design a business model that suits their creative aspirations while at the same time achieving their financial and social objectives. The incubation process starts with an initial diagnostic and action plan developed together by incubator management and incubatee. This is then followed up by regular one-to-one coaching in developing a strategic business plan. The coaching process has a very significant impact on the incubatee business development progress. The process of creating a strategic plan acts as a catalyst for growth, as explained by O'Hara (2012). First, incubatees become more aware and develop a better understanding of alternative business decisions available to them. Second, financial forecasting helps incubatees to improve their financial literacy. Third, strategic planning helps incubatees to speed up the growth of their business.

In funding support, CA offers a Business Growth Loan Scheme that has been quite an effective mechanism for accelerating growth of its incubatees, with loan recipients reporting an increase of 28% in turnover and 75% in profits (O'Hara, 2012). Furthermore, the increased profitability of the recipients has enabled the creation of jobs, freelance opportunities and internships.

An interesting initiative related to the creative sector is Aarong in Bangladesh, as explained by Anmol Vellani in a report for ASEF (2014). Aarong, established in 1978, is a social enterprise that facilitates market access for artisans, assists in promoting craft products and helps to interpret traditional crafts for the contemporary marketplace. Aarong assists around 1,000 groups with over 65,000 artisans (of which 80% are women). The organisation offers skills development training, a product design and development service, quality control assistance and market access. Its approach to assisting creative entrepreneurs includes delivery of a wide range of services and a support platform that tackles obstacles faced by traditional creative businesses.

The provision of access to microfinance and the establishment of retail shops both in Bangladesh and abroad appropriately address the needs and contribute to the sustainability of small and micro creative businesses. The effect can also be seen in the increased recognition and appreciation of traditional crafts, as seen with the increased demand for these products. An example is the revival of the almost-extinct textile traditions of *jamdani* (fine hand-woven cotton) and *nakshikantha* embroidered quilts.

A strong commitment from all stakeholders is needed. This includes universities, the government, business groups and other organisations. The management of the business incubator needs to be as professional as possible to provide assistance to incubatees and to ensure support from sponsors. The provision of start-up funding and efforts to gain access to capital from financial institutions need to be addressed. Clarity and transparency are important in terms of the administration agreement or contract between business incubators and incubatees. Business incubators must be able to deliver results, be it in the form of opening up new employment opportunities, adding value or the opportunity to make a profitable investment. Above all, incubators need to have an impact on the communities they serve.

5.3 Provision of Internet Infrastructure

The Internet has become an important facilitator for human interaction and has dominant effects on human productivity across a broad variety of sectors (Breshnahan et al., 1995). Internet usage is increasing rapidly and with multiple formats available nowadays, it also presents various tools to exchange information, from a simple email to the more complex audio and visual tools for teleconferencing. As such, the Internet is classified as General-Purpose Technology (GPT) (Guerrieri et al., 2007).

Telecommunication and information technologies undoubtedly have a critical function in the processes of global economic interaction and collaboration, including the creative industries. According to a report from Oliver and Ohlbaum (2013), the Internet is significant to the creative sector as it has an increasingly important role in 'enabling industries' for unorganised content producers. Enabling industries are businesses that assist in the production and distribution of creative content but are not defined as part of the creative sector. These tasks were previously executed by creative businesses themselves, but the Internet has enabled them to be handled by other industries, such as IT and telecommunications (which are not defined within the creative industries). The other part of the equation is the unorganised content producers, creative workers who before the Internet era did not have the means of turning their work into money. The Internet has enabled them to distribute their work easily and massively by reducing barriers to entry. Now content can be created at a minimal cost and distributed to global audiences without difficulty. This has resulted in a growing number of creative workers entering the market, distributing their work and generating value.

Telecommunications is a highly competitive industry, one in which profit-seeking Internet provider companies seek to continuously invest in infrastructure to improve access distribution. As the cost of computing and information technologies decreases, there is a

debate on the spatial implications of these technologies for urban structure. Advocates of the 'urban dissolution' school argue that distance will be overcome by telecommunication technology (Brunn and Leinbach, 1991). The heart of the argument is that the constraints and costs related to geographic limitations will be made insignificant by "... *instantaneous communication, near frictionless markets, and decreased innovation time*" (Cairncross, 1997). The Internet will enable the merging of time and space and empower economic decentralisation. Graham and Marvin (1996) also argued that telecommunications has enabled location flexibility which influences the "... *economic geography of a networked world*". This is because human activities are increasingly not limited by physical distance, as telecommunication networks make distance unimportant where interaction is concerned.

On the other hand, a number of scholars argue that distance and place still have a fundamental effect on the information economy. Mulgan (1991) argues that although people grow gradually more dependent on telecommunications, agglomeration of economies is still, or is even increasingly, important in the digital era. Just as access to transport and natural resources is critical to economic vitality, availability of telecommunication networks and fibre optic backbones which route and deliver information also has an important role in the digital economy. Although physical components of the Internet and its spatial distribution are important issues, the intersection of these components with measures of economic and technological development and their impact on the urban system are also important. Although the preliminary analysis explained in this section is primarily descriptive, it undoubtedly discloses significant patterns concerning Internet activity that appears at the local level. The development of Internet access is not a problem exclusive to developing countries, as it is also an issue to many developed countries (Warf, 2001).

1. Internet Infrastructure

Bernal et al. (1991) indicated that to maintain its communication edge, a city has to make available proper transportation links, an adequate labour force, sufficient infrastructure and appropriate quality of life. This section will analyse the infrastructure requirements of Internet infrastructure. At the moment, telecommunication infrastructure encompasses beyond the copper loops used in an analogue telephone service. Fibre optic backbone systems, POPs⁵⁵ grids, coaxial cable linkages and integrated digital switches are only a few of the many elements important in today's telecommunication infrastructure. Overall, there are a number of important issues regarding Internet accessibility in Bandung. In this chapter, the Internet accessibility concept is developed in a broader spatial context. This is important, considering how Internet access is inadequate, to say the least, throughout Bandung and the West Java province in general. Although West Java is commonly regarded as a heavily urbanised region, economic development, educational level and employment are quite diverse throughout the province. The wide-ranging socioeconomic and demographic characteristics require further contextual factors to be investigated. Inherent to this issue is the concept of access and how its physical attributes affect the general availability and quality of Internet access because distance from major network access points and backbones inhibit data transfer and access speeds.

Without governmental, business or educational drivers to direct the development of Internet access, the shortage of Internet availability cannot be address. By understanding in which areas Internet presence is a problem, policy makers are better prepared to make strategies for the investment of Internet infrastructure. This is particularly important in respect of how competitive and commercialised the industry is

⁵⁵ See next section for explanation of POPs

for Internet access, combined with its effect on infrastructure amenities and the issue of 'digital divide'. The 'digital divide' (NTIA, 1998) is a term which refers to lack of Internet service and/or accessibility for people within a community. Understandably, Bandung's Internet usage is related to income level. Internet connection is quite expensive and only those who have the necessary disposable income can enjoy somewhat good connectivity. Moreover, the location where someone accesses the Internet also correlates to income. However, the mere wiring of an area is not enough to ensure equal access to the Internet. A policy strategy analysis has to include examinations of citywide infrastructure in an attempt to determine which districts have sufficient infrastructure for Internet service provision.

One of the most important disparities in local Internet access is the distribution of telecommunication infrastructure and its effects on Internet service. Deregulation of the telecommunication industry has encouraged considerable investment from the private sector. However, local characteristics make investments in certain locations more attractive than others. As profit-seeking businesses, telecommunication companies prefer locations where as much profit as possible can be attained and often pay less or even no attention to areas where the returns are low. Furthermore, because of deregulation, telecommunication companies are no longer obliged to offer equal services to all customers. Therefore, only certain segments of society are able to enjoy the latest Internet access technologies.

To sustain macroeconomic development, the gaps in access to telecommunications and investment in infrastructure between different areas need to be addressed. More importantly, in Indonesia the telecommunication industry has been deregulated with the introduction of the Telecommunications Act No. 36 Year 1999, which became effective on 8 September 2000. This has largely commercialised network access (Telkom, 2009).

Another outcome of this Act is the privatisation of the telecommunication industry which was intended to increase access to telecommunication. Unfortunately this has considerable geographical effects where the growth is not delivered evenly across different areas in the city. Without the cross-subsidisation model offered in a regulated market, telecommunication companies in a deregulated market only act according to supply and demand and profitability calculation, as warned by Gorman and Malecki (2000).

Local and regional studies are important because little empirical analysis is available in evaluating Internet activity on smaller geographic scales. Available data does not include information on smaller urban groups, thus concealing a considerable amount of material at the sub-city level. Furthermore, knowing which communities and regions are more in need of Internet presence, policy makers are better informed to make strategies regarding investment in infrastructure. This is particularly important as the Internet industry is increasingly competitive and commercialised. The following sections seek to put together an analytical framework from which investments in Internet presence can be deployed at both city and regional level simultaneously.

2. Backbone Links

A number of scholars such as Moss (1998), Castells (2000) and Zook (2002) argued that the utilisation of knowledge and information drives the digital economy. The telecommunication network is a key element because it enables the transfer of information, knowledge and communication. Therefore, issues of telecommunication infrastructure and economic activity in urban areas cannot be separated.

Essentially, access depends on network presence. A city has to be linked on to the network (Malecki, 2002). This Internet backbone system signifies the new demand for urban infrastructure comparable to past transportation infrastructure. The Internet carries the precious commodities of the digital economy, including communication, data, information, entertainment and knowledge. As the digital economy progresses, the relationship between producers, consumers and the Internet become increasingly significant. If demand can be managed well, the geographic consideration of backbone links will focus on the practicalities of network engineering and installation. Moss and Townsend (2000) suggested that Internet backbones are built which “... *traverse private and public rights-of-way, often alongside highways or railroad lines, to connect metropolitan areas across the country*”. From an engineering point of view, this is usually the best alternative approach. The highways function as direct connections between regions and the medians in the roads have sufficient space to bury the fibre optic lines.

One of the most important considerations in positioning Internet backbones is concerns regarding economics. Backbone links are built to supply bandwidth demand from the market. A greater degree of interaction causes the need to invest in backbones with better capacity. As a result, network providers often create additional links between Points of Presence (POPs)⁵⁶ to resolve bottlenecks in various locations. These POPs function as data collector and connection channels for the majority of traffic to the network.

Another method used in the Internet backbone and telecommunication industry is the co-location of facilities and data centres (Evans-Cowley et al., 2002). Usually, these

⁵⁶ POPs are facilities where ISP companies install telecommunication equipment that facilitates access to the network. It usually consists of switch equipment or a router that allows traffic to gain entry or facilitate data transmission to commercial Internet backbones (Freeman, 2005).

facilities maintain interconnection equipment for telecommunication companies. Developments on city edges are usually targeted for the construction of such centres. This urban development approach, complemented by access to major transportation connections, will revitalise city edges across the province. Transportation infrastructure and the availability of research institutions and universities encourage further Internet activity.

The US Federal Communications Commission (NTIA and RUS, 2000) defines broadband as a connection capacity of at least 200 Kbps equally for downstream and upstream processes. The transportation of data from Internet Service Provider (ISP)⁵⁷ to consumer moves in a downstream process, while the transportation of data from consumer to ISP moves in an upstream process. The ability to use a high-speed Internet connection shows significant improvements in the development of the information economy.

It is quite intriguing that the use of wireless technology for broadband access has not been considered throughout the city and that this technology has not been invested in more extensively in most major areas in Bandung. Some argue that while fibre technology offers high-quality connection, it is not always cost effective (for examples see Listanti et al., 2000; Strand et al., 2001; Yu et al., 2010). Obviously, the technical aspects are complicated. For example, for many people's mobile phone networks are increasingly used for digital needs. Thus, with the outbreak of mobile phone usage, the wireless alternatives to broadband networks are quite attractive to the user. In effect, greater concentrations of populations in the area would produce enough economies of scale for investment in this kind of technology, as the costs of installation are

⁵⁷ Gorman and Malecki (2000) classified ISPs into four different categories: (1) transit backbones; (2) downstream ISPs; (3) online service providers; and (4) web hosting.

compensated by intensive usage⁵⁸. Furthermore, residential broadband, a section of the telecommunication market, is on the rise. This opens the opportunities for ISP companies to offer high-speed network access to families and small companies in residential areas.

Broadband is increasingly seen as a tool that helps reduce problems of Internet usage. The digital divide⁵⁹ is often related to demographic and socioeconomic frameworks, correlating with socioeconomic status and demographic characteristics (NTIA, 1999). Looking at Bandung, however, there is a new divide that is developing in the local area, which is established by the behaviour of commercial ISP companies and the technical requirements of Internet technology. Because of deregulation, ISPs are unrestricted in cherry-picking their service areas and geographic coverage based on revenue consideration. Downes and Greenstein (2001) explained that the distribution of Internet access is driven by market and profit considerations. Hence, because some areas are more lucrative than others, the market structure for Internet access can differ broadly. Essentially, if the ISP can provide service to a big enough population then enough profits will justify the business decision. However, the investment will be substantial. On top of the cost of the hardware, the assembly process is also expensive.

Another factor of potential demand explored is the service to businesses. Although many larger corporations have enough money to rent access lines, most small to medium businesses do not have the same luxury, making them seek cheaper Internet access. As economic globalisation progresses, people are more interconnected by the Internet. It both empowers and characterises the flow of information between individuals,

⁵⁸ Excerpt from interview with Asosiasi Piranti Lunak Indonesia (ASPILUKI), Indonesian Computer Software Association.

⁵⁹ Inequality in Internet accessibility and service is defined as the 'digital divide'.

corporations, areas, cities, regions, even countries. It is unfortunate when people have difficulties accessing the Internet.

At the provincial level, accessibility to fibre optic backbones is highly influential in corporate growth and economic progress. Inequalities in the availability of telecommunication systems and Internet access suggest an exceptional level of competitiveness in the telecommunication business, which focuses on business profit before equality of access. An analysis to assess the commercial Internet structure and the city's capacity to link with the Internet backbone needs to be further explored. These studies will help discover issues within infrastructure development in Bandung so that the policy makers then can address the issues for fair service provision in the privatised market for Internet access. In addition, disparities of broadband access will also bring forth an evaluation of current policies to encourage fair investment in telecommunication infrastructure. This will pinpoint the need for new policies to improve equal distribution of infrastructure investment.

3. POPs

One of the most important qualities of city accessibility is determined by the strength of the Internet backbone network connection (Wheeler and O'Kelly, 1999). Networks with a large capacity can work for a larger number of customers and thus produce greater revenue. However, merely expanding the scope of backbones is not sufficient. ISPs must also provide a number of connection channels to these backbones to make network access available (Freeman, 2005). Accumulation of telecommunication infrastructure and the construction of many POPs are essential for linking ISP centres with global Internet communication. ISP companies which invest in backbone providers have continuously expanded the geographic scope of their services in Bandung.

However, they build their POPs in selected areas as opposed to all areas, including where connection is needed but with lower purchasing power of residents. Further, it is important to note that complexity in the interconnection networks is caused by technology elements as well as geographical concerns.

If an area is short of POPs then interconnection for corporate customers, Internet service providers and individual households are difficult. This is the problem of accessibility. A vast fibre optic backbone may be in place, but unless POPs are installed then the communication capacity is wasted. Hence, investment in POPs in the city is important. Not only does this deliver interconnection from spatial levels, it also drives other infrastructure investments and necessitates market demand for access for business considerations. A city that does not have agglomerations of POPs can hurt its telecommunication capabilities.

To minimise the probability of service disruption, Bateman (1997) recommends a number of strategies for ISPs: (1) mesh-routing strategy – the creation of alternative connecting routes between POPs; (2) network redundancy – extra transmission and switching capacity installed in advance in excess of capacity calculation forecast; (3) service-protection network – preparation of reserved capacity for major connections of the transmission network; (4) transmission-routing diversity – reducing exposure to large traffic by spreading traffic between POPs over split transmission paths; and (5) automatic alternative routing – the capacity to bypass overcrowding or crashed links within the network.

The market for Internet access is changing quickly. The gap in availability of POPs has significant consequences for Internet access. POPs are the only channels connecting to an Internet backbone. If POPs are not available, access is limited and the network

performance is inadequate, and the economic growth facilitated by a powerful telecommunication network is put at risk. In a sense, Bandung cannot neglect investment in Internet backbone connection. Two million residents create quite high demand for Internet services. Bandung also has a large number of creative businesses that undoubtedly utilize the advantages the Internet has to offer. As the capital of the West Java province, demand is also created by governmental functions in Bandung. Furthermore, continuous infrastructure investment will facilitate global connection to other international markets. Telecommunications is often thought of as a driver to economic development, and this is also true in the case of Bandung city.

CHAPTER 6. SOFT INFRASTRUCTURE

The notion of soft infrastructure refers to the provision in response to building the capacity of people to handle current and future needs. The analysis comes from the belief that human resource is the main asset of the creative industries and one that characterizes almost all sectors of the creative industries. This is addressed in this chapter, which analyses two soft infrastructures which are the education system and Intellectual Property Rights (IPR).

VI. SOFT INFRASTRUCTURE

The idea of the creative industries emerged from the conceptualisation of creative arts and cultural industries. Several things must be considered in discussing and analysing issues related to the creative industries: first, the industry itself, which is associated with rotation of the economy and market transactions; second, the organisation, communication and/or cooperation between various stakeholders and the policies that govern interaction; third, the data and statistics needed as a way of measuring progress (they are also used as a reference to create a basis for policy and further programmes).

John Hartley (2005) argues that the definition of the creative industries should not only derive from the work of individual sectors, but also from the relationship between the elements that build the creative industries themselves. In this regard, creative industries are seen as a chain of interlocking elements. Furthermore, Hartley also touched on the importance of policies relating to the role of government in protecting and driving the creative industries, including local creative industries.

The Indonesian Government (Departemen Perdagangan, 2007) has illustrated the creative economic development model in the form of a building set in a mutually reinforcing correlation, in accordance with the respective functions of each element. The concept is derived from an economic perspective that emphasises information, ideas and creativity that rely on humans as the main production factor in economic activities. The structure of the economy is changing rapidly with economic growth, from a natural resources-based economy to a human resource-based economy. It is believed that the creative industries are based on renewable resources that have the ability to generate innovation and strengthen competitive advantage as well as providing a positive social impact. For optimal and favourable development of the creative economy, the

programme needs to be executed strategically so that it allows an integrated, targeted and measurable planning, execution and evaluation process. The development of the creative industries needs to be integrated collectively to ensure the sustainability of not only economic development but also local culture and identity. The idea is of a market economy built on a competitive principle where everyone is free to participate in their chosen arena.

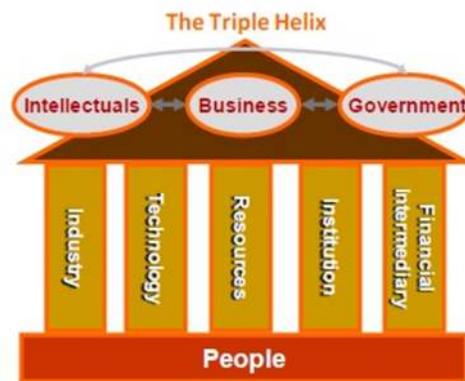


Figure 6.1. Model of development of the creative industries in Indonesia
Source: Departemen Perdagangan (2008)

A framework that ensures the actualisation of achievement and progress of society is needed in order to drive synergy between all stakeholders. A foundation based on human resources as the main asset is a characteristic of almost all sectors of the creative industries. The five main pillars strengthening development are (Departemen Perdagangan, 2007): the industry as a collection of companies engaged in the field of creative sectors; technology as the enabler for realising individual creativity that is manifested in the form of creative work/products; resources as input needed in the creative process (for example, natural resources); institutions in the community that govern the interactions between all stakeholders (i.e. norms, values and laws); and

financial intermediary institutions that provide the finance to support the development of businesses.

Building the creative economy necessitates an umbrella of interaction from intellectuals, artists, businesses and the government as the main stakeholders driving the creative industries. The interaction is framed by the Triple Helix⁶⁰ principle, where all three helices are the main elements driving the creativity, ideas, science and technology vital for the growth of the creative industries. Intellectuals who are in education institutions (be it formal, non-formal or informal) have the role of driving the production of science and ideas that are the source of creativity. Businesses are institutions that transform ideas into economic value. The government acts as the facilitator and regulator that provide the fertile environment in which the creative industries are expected to grow and thrive. Close relationships, mutual support and mutual symbiosis between the three actors in relation to the foundation and pillars of the creative economic model determine the development of a strong and sustainable creative economy.

This chapter will discuss the findings from research fieldwork⁶¹ regarding the development of the creative industries in the city of Bandung. As a leading creative city in Indonesia, Bandung has a lot of creative potential. However, many of the creative workers interviewed felt that regional development in Bandung is too focused on investment in physical infrastructure and that there is a lack of investment interest in

⁶⁰ Analysis of triple helix was first proposed by Henry Etzkowitz and Loet Leydesdorff, and then reviewed further by Gibbons et al. (2010) in their book *The New Production of Knowledge*, first published in 1994, and by Nowotny et al. (2008) in *Re-Thinking in Science*, first published in 2001. The triple helix concept is used to describe the three elements of the relationship among business, intellectuals and government. In the triple helix model, each element is a stand-alone entity in which each has its respective role even though they work together and support one another.

⁶¹ As explained in Chapter 3, the fieldwork in Bandung was conducted on three separate occasions: the first from July to December 2011, the second from May to July 2012 and the third from July to September 2013. Please see attachment for information on respondents of the fieldwork.

human capital. This is unfortunate because human resource development is crucial, not only as a driver of the economy but it also plays a massive role in maintaining the continuity of the creative economy itself. One indicator of this is an increase in unemployment of college graduates in Bandung due to the inability to direct educated human resource potential in the creation of products and services. There is a large disparity between the numbers of employment opportunities to the amount of job seeker, meaning that the number of people looking for work is far greater than the number of jobs available. There is an imbalance in the employment structure, between the types of jobs available and the prospective employees who do not have the necessary skills required. One of the reasons for the increase in unemployed intellectuals is the orientation of Indonesia's education system, which is steered towards academic skills and does not put enough emphasis on vocational skills. This has made many graduates resort to working, not creating jobs for themselves, proving that education curricula do not always match the demands of the industry.

Another indicator of a lost opportunity is the condition of education in Bandung, which runs on autopilot to meet educational targets without any real communication with other stakeholders in the city. Neglect of educational development incurs other social costs like unemployment, marginalised communities, cheap labour and a decrease in the number of intellectuals and artists from the city. To fulfil its potential, this issue needs to be addressed, not just with physical investment and definitely not just by relying on cheap labour. It is true that the advantage of cheap labour makes business in Bandung more competitive. However, if the low-cost advantage were to be enhanced with added value from creative activities (for example, good product design, good packaging and good quality products) it would generate more demand and further increase economic

growth. Economic growth can be achieved by utilising knowledge and creativity to produce more good-quality products and services in Bandung.

Another important issue is that of intellectual property rights. Law enforcement of intellectual property rights (IPR) has not been effective therefore piracy, plagiarism and violations of intellectual property rights are still happening across the city. In addition to the lack of awareness and weak socialisation among the public, law enforcement agencies themselves are not familiar with intellectual property laws. In a number of cases, officers have even colluded with violators of intellectual property laws. This does not only happen in the city of Bandung, but is also a big problem throughout the country. More detailed discussions on these two important issues are to follow.

6.1 Education

Creative economy movements in Bandung still operate organically. Growing organically is not a bad thing and has its own benefits, such as flexibility, authenticity and low prices. However, business can only grow to a certain extent without the opportunity to scale up. On the other hand, being too strategic and controlled would restrain and cripple the creativity of creative workers. What would be good is incremental development, as it has fewer risks and the developments would relate to each other. Although incremental development is slow, it is also much more sustainable rather than something drastic, which cannot be maintained.

Particularly in education, there has been limited real intervention from higher education institutions. There are only two or three institutions with a programme specifically designed to help the development of the creative industries and the preparation of creative workers. Seeing that the national creative economy, which covers 15 sectors, is

growing quite rapidly, students and graduates seek to seize opportunities and they have a lot to contribute. The youth's creativity would easily allow them to be involved in the creative economy and build businesses out of it. Furthermore, the creative industry has great potential for the mobilisation of the local economy. However, if there is no increase in supply of creative products, the creative economy is likely to deteriorate.

Creative industries require every creative worker to constantly innovate if they want to continue to grow. Following this point, education institutions are able to support the development of the creative economy by offering a variety of academic programmes that cater to the needs of growing industries. Graduates should continue to be equipped with entrepreneurial tools because nowadays in Indonesia the availability of employment is not proportional to the number of job seekers. Of course, not everybody wants to be an entrepreneur nor does everyone need to be one. Society needs all kinds of people for it to function. However, as explained in Chapter 2, the number of entrepreneurs in Indonesia is still low at only around 0.2%. Increasing the number of entrepreneurs is important to further develop the potential of the creative industries.

This is the reason why collaboration between education institutions and the business sector needs to be improved. In addition, students need to be equipped with a curriculum that is continuously adapted to current market developments. This is not to say that education is geared only toward employment; it needs to develop the whole potential of a student.

Education is seen all over the world as the key to enabling individuals and nations to meet rapid economic and social changes. However, there has always been a belief that education is a dilemma of mutually exclusive choices, i.e. between sciences and arts, achieving academic standards and releasing creativity, authority and freedom in learning

when, in fact, it would require all of these ingredients to be able to nurture the capacities of the youth and improve standards of accomplishment.

The creative market requires individuals with developed potential, unique characters and authenticity. This is the important function of education, which is to nurture the character and potential of individuals. However, the formal education system put too much concern on standardisation and procedures rather than the educational process itself which is the actual teaching and learning. This is not to say that standardisation policy is a bad thing. Having a common national system and curriculum is beneficial, as it can guide teachers. However, many educational endeavours are currently dominated by a concern for education management and less attention given to teaching. A lot of the teaching done is merely geared toward passing exams and attaining good grades rather than teaching students to learn. A lot of blame has been put on how the system 'forces' teachers to do this in fear of plummeting school reputations if students fail exams. A negative effect of this system is the widespread cases of cheat sheets leaked ahead of national exams in many cities throughout Indonesia. It happens not only in big cities, including in Bandung⁶², but also in rural areas. Many institutions such as the Indonesian Ombudsman Commission⁶³, the National Education Board⁶⁴ and the Indonesian

⁶² News article from

<http://regional.kompas.com/read/2013/04/03/21314691/Forum.Guru.Endus.Jual.Beli.Jawaban.UN.di.Bandung>. Accessed in August 2013. *Kompas* is one of the most respected and widely read newspapers in Indonesia. Published by the Kompas-Gramedia Group, it has been in existence since 28 June 1965. The online portal *Kompas.com* contains updated news and the digital version of the paper. Kompas Gramedia is the largest media conglomerate in Indonesia, which also publishes 21 local newspapers in cities throughout the country.

⁶³ News article from <http://www.thejakartaglobe.com/news/cheat-sheet-leaked-ahead-of-national-exam-in-east-java/>. Accessed in August 2013. *Jakarta Globe* is a respected daily English language newspaper in Indonesia, launched on 12 November 2008. The newspaper's owner, PT Jakarta Globe Media, is part of a media holding that is an associated company of Lippo, one of the big business conglomerates in Indonesia.

⁶⁴ News article from

<http://bola.kompas.com/read/2013/04/18/18554965/Dewan.Pendidikan.Endus.Jual.Beli.Jawaban.UN>. Accessed in August 2013.

Teachers' Action Forum (Forum Aksi Guru Indonesia/FAGI), which monitor education, have expressed their concerns about the recurring cases of exam leaks.

Another serious account on the condition of Indonesian education came from the PISA⁶⁵ 2012 report (PISA, 2012). PISA divides student achievement into six skill levels, from level 1 (lowest) to level 6 (highest) for maths and science. The report shows that Indonesia ranked at the bottom of the list in maths and science and did only a little better in reading achievement. 42% of 15-year-old students in Indonesia did not reach the lowest defined level for mathematical achievement. Three out of four students in Indonesia did not reach level 2 in mathematical achievement, which means that they cannot make literal interpretations of simple mathematical data presentation. Just 0.3% of Indonesian students managed to score at level 5, the second highest grade. In science, the performance of Indonesian students had declined compared to three years ago, with almost 25% of Indonesian students failing to reach the bottom level of proficiency in 2012. A further 42% were classified at level 1 achievement and no Indonesian student managed to score at level 5. On a more positive note, the PISA report noted that Indonesia has more teachers per student than the majority of richer countries. This is possible with an amendment to the constitution that pledges 20% of the national budget for education.

For the first time in 2012, PISA incorporated a question on students' happiness in the survey and the result is a positive note for Indonesia. Over 95% of 15-year-old students in Indonesia said they are happy in school. The report data also mentioned that students

⁶⁵ The Program for International Student Assessment (PISA) is a worldwide study by the Organization for Economic Co-operation and Development (OECD) in member and non-member nations of 15-year-old school pupils' scholastic performance in maths, science and reading. It was first performed in 2000 and then repeated every three years. It is done with a view to improving education policies and outcomes. PISA 2012 was presented on 3 December 2013, with results for around 510,000 participating students in all 34 OECD member countries and 31 partner countries, including Indonesia.

in Indonesia are more likely to socialise, with 96% saying 'agree' and 'strongly agree' to the statement 'I make friends easily in school'. This adds to the argument that the education system is not at its best, to say the least. So many creative workers have actually developed themselves outside education institutions in a peer-learning model relying heavily on network and creative community⁶⁶ activities. As one of the interviewees explained:

... there are many people who feel that their creativity was constrained when they were in a formal school environment, but they found 'freedom' within their community and network outside of school. (Excerpt from interview conducted with Dwinita Larasati)

The fact that Indonesian students feel happy but still fail academically shows that the education system has failed to create the independent learner. The fundamental issue is the call for a balance in education, establishing priorities in the composition and organisation of the curriculum, including the approach to teaching and assessment as well as relationships between schools and their stakeholders. It is such a hard idea for teachers to let go of control because for so long they have felt power in their role as knowledge givers. But this does not encourage independent learning. If children are taught to be independent, then they will learn, whatever the content, context or subject. If they are only introduced to materials from the curriculum, the most that they can be is a memoriser.

Arends and Kilcer (2010) has explained eight practical pedagogical approaches in learning activities which are (1) presentation and explanation; (2) direct instruction; (3)

⁶⁶ As explained in Chapter 3, the term 'community' in this writing implies a loosely assembled group or network of people who have commonality(ies), be it in purpose, direction or interests. These people can be living in different parts of the city but interact with each other whenever they need or want to. In using the term, the meaning is not only limited to geographical similarity, i.e. a group of people who live in the same neighbourhood or area.

background knowledge; (4) teaching thinking; (5) concept and inquiry based thinking; (6) jurisprudential inquiry; (7) cooperative learning; and (8) problem based learning. In teaching a particular concept or material, there is that is no one best teaching approaches. Each learning material must utilize the most appropriate teaching approach, or even a combination of several learning approach to improve student learning outcomes. Naturally, teachers have to consider many things in choosing an appropriate learning approach. Teachers are needed more to facilitate knowledge acquisition and direct students towards self-understanding. They should learn to stand back in order to nurture students' own desire to learn and create. Education should foster the ability of student to trust themselves.

In doing this, it is important to look at the report from NACCE (1999)⁶⁷, which stated that any world-class education system must value and integrate creativity in the whole curriculum, connecting it to encourage knowledge and the understanding of cultural evolution and diversity. Creativity can be put into practice in all avenues of human activity, as all individuals – young and old – possess creative potential. Nurturing this potential implies a balance of teaching and a supportive attitude, specifically in encouraging independence to take risks and innovate. This means that teachers need to know how to be creative in their teaching and at the same time be capable of nurturing the creative abilities of pupils. The main thinking goes in two directions: first, to make the most out of students' own potential; second, to help students comprehend the world surrounding them. For further analysis, it is important to understand the present system of education in the city of Bandung, which is part of the national education system in Indonesia.

⁶⁷ NACCE is a report on education in the UK. Although the education system in the UK is clearly different from that in Indonesia, many points made in the NACCE report have resonance in the Indonesian context.

1. National Education System in Indonesia

Indonesian national education is based on the principle of Pancasila and the Constitution of 1945. Pancasila is the official philosophical foundation of the Indonesian state and is the source of all law. The word Pancasila consists of two words which is “Panca” meaning “Five” and “Sila” meaning “Principles”. The five principles are held to be inseparable and interrelated which are: (1) belief in the divinity of one God; (2) a just and civilised humanity; (3) the unity of Indonesia; (4) democracy guided by inner wisdom in the unanimity arising out of deliberations amongst representatives; (5) social justice for all of the people of Indonesia. Two important historical Indonesian figures are credited with the birth of Pancasila (Hadiz, 2004): Ir. Sukarno (one of two proclaimators of Indonesian independence and the first Indonesian President) and Prof. Mr. Mohammad Yamin, S.H. (prominent lawyer, poet, and politicians of early Indonesian independence era). President Sukarno promulgated Pancasila as philosophical foundation of the Indonesian state presented in a proposition of his version of Pancasila on 1 June 1945 to the Investigating Committee for the Preparation of Independence (Badan Penyelidik Usaha Persiapan Kemerdekaan Indonesia, BPUPKI) (see Holtzappel, 1998). After independence, 1 June is commemorated in Indonesia as the birth of Pancasila.

In the spirit of Pancasila and the constitution of 1945, the government has issued various laws to carry out the functions of a national education system – the most recent is Law No. 20 Year 2003 on the National Education System. By law, education must be able to guarantee equal educational opportunities. The government is in charge of improving the quality, relevance and efficiency of education management. The national education programme is embodied in the nine-year compulsory education programme, which then continues on to another three-year secondary education programme. Students can then continue on to higher education institutions such as universities and colleges. Improving

the quality of education is directed towards improving the quality of Indonesian people through a number of aspects, including religious, cognitive, affective and psychometric. The national education programme aims to produce graduates who fulfil the demands of the national development programme. Education management is implemented through an efficient education system and autonomy of education institutions as well as continuous and sustainable improvement of education practice. Governance in education institutions refers to the means by which institutions are formally organised, managed and operated.

The law has laid the basis of the framework for the national education system. There are two important principles. Firstly, decentralised education governance as implemented in Law No. 2 Year 1999 amended by Law No. 32 Year 2004 on Local Government and the implementation regulations of Government Regulation No. 25 Year 2000 on Central Government and Provincial Authority. This legal framework has direct and significant implications for education system policy as it changes from a centralised system to a decentralised one. Secondly, the improvement of the national education system through curriculum reform carried through Law No. 20 Year 2003 on the National Education System and the implementation regulations of Government Regulation No. 19 Year 2005 on National Education Standards. The implementation of Law No. 20 Year 2003 on the National Education System is translated into a number of regulations, including Government Regulation No. 19 Year 2005 on National Education Standards. This government regulation sets the direction and implementation of eight national education standards on: (1) content, (2) processes, (3) graduate competence, (4) educators and education personnel, (5) facilities and infrastructure, (6) education management, (7) finance and (8) education assessment standards.

The goal of formal education is to be a learning process that is able to establish a learner's behavioural pattern in accordance with the purpose of education. It is then measured by written evaluation. One of the main principles of the education system is to give full acknowledgment of authorities from each school to design and plan their own learning process to suit the conditions and abilities of each individual school. The school is seen as an independent institution that knows the conditions and characteristics of its own students, education practice and learning infrastructure. This implies that analysis of the needs, capacity and ability of the school is an important reference and consideration in the design, preparation and execution of learning. The curriculum is structured to create graduates who are competent and intelligent, and to nurture their integrity and character. Overall, in this system the government sets guidelines in the form of a Basic Competency Standard. It is up to the school authorities to further define and develop the learning process themselves, offering them flexibility.

2. Education Design

The need to address issues to improve the quality of education has led to reviews of education design and structures. Education is not only determined by the effort of individual students, but also the effort made by teachers in the practice of education in schools. This is why education design is important for preparing or facilitating teachers in performing their duties. With the help of properly planned education design, teachers can organise and manage the learning process according to the abilities, talents, interests and psychological condition of the students. Education design is important for supporting the effective transfer of knowledge between teachers and students and the nurturing of a learning culture. The process contains the understanding of students, formulating learning goals and planning a treatment using various mediums to help the

learning process. Learning how to learn is one of the most important elements in education.

To improve education design, increasing and widening participation of students needs to be encouraged in the new emphasis on learning and on defining the threshold standards of achievement. The system requires an understanding of the local and regional environment, which emphasises the importance of more effective staff policies and practices within the framework of a strong relationship between government, students, employers and institutions.

The education system issue seems to be a problem not just in the city of Bandung, but also nationwide. However, the decentralisation policy for education has enabled regional governments to acquire a certain authority to regulate the way curricula are being delivered in schools and higher education institutions. Also, the analysis provided will not contradict Pancasila and certainly does not intend to suggest a fundamental change in the national ideology. On the contrary, ultimately the recommendation will fit under the principles of Pancasila. Looking at the whole area of curricula, questions need to put forward as to whether the education system is providing the right type of people for Indonesia's economy (workers, entrepreneurs, engineers, doctors, academicians, designers, dancers, actors, etc.). This need to be balanced with the belief that education is not just about creating workers, but also about developing people. The education system needs to work in the Indonesian context, not just for now but also for the years ahead. The education design put forward in the following section will address technical teaching and classroom management, as well as the ways teachers can better deliver the curriculum. The following discussion highlights three important approaches to better planning of education design in schools.

2.1. A More Balanced Education

Humans perceive the world using different commands of the senses. This is what enriches the diversity of intelligence and the various manners in which humans think and communicate. An education system that concentrates only on particular types of intelligence will undervalue students' natural capacities and potential, when in fact these resources really are rich and various. Current education in Bandung tends to emphasise verbal and mathematical modes of thought. Utilising language and numbers is considered the supreme triumph of intelligence. Of course, these skills are important for the intellectual growth of students, but they do not reflect the whole of education. If education were reduced to mastering only these two qualities, knowledge would be limited and large part of human culture would not appear.

In the discussion on education, it is important to consider two schools of thought in relation to intelligence as discussed by Gardner (1993). On the one side, there are scholars who believe in a single general capacity or structure of the mind and of intellect that every human being possesses to a greater or lesser extent. On the contrary, there are scholars who believe in a family of primary, large and unconnected mental abilities. The latter view can be traced back from the Trivium (grammar, rhetoric and dialectic/logic) and Quadrivium (arithmetic, geometric, music and astronomy) view of intelligences. In the belief of multifaceted intelligences and that intelligence exists not as physically verifiable utilities, Gardner proposed the Multiple Intelligence Theory as a potentially useful scientific construct for the analysis of education. The theory argued that there are seven sets of human intelligence that all normal individuals possess to some extent, but which differ in the degree of skills and in the nature of their combination. The intelligences are: (1) linguistic intelligence, (2) musical intelligence, (3)

logical-mathematic intelligence, (4) spatial intelligence, (5) bodily-kinesthetic intelligence, (6) intrapersonal intelligence and (7) interpersonal intelligence.

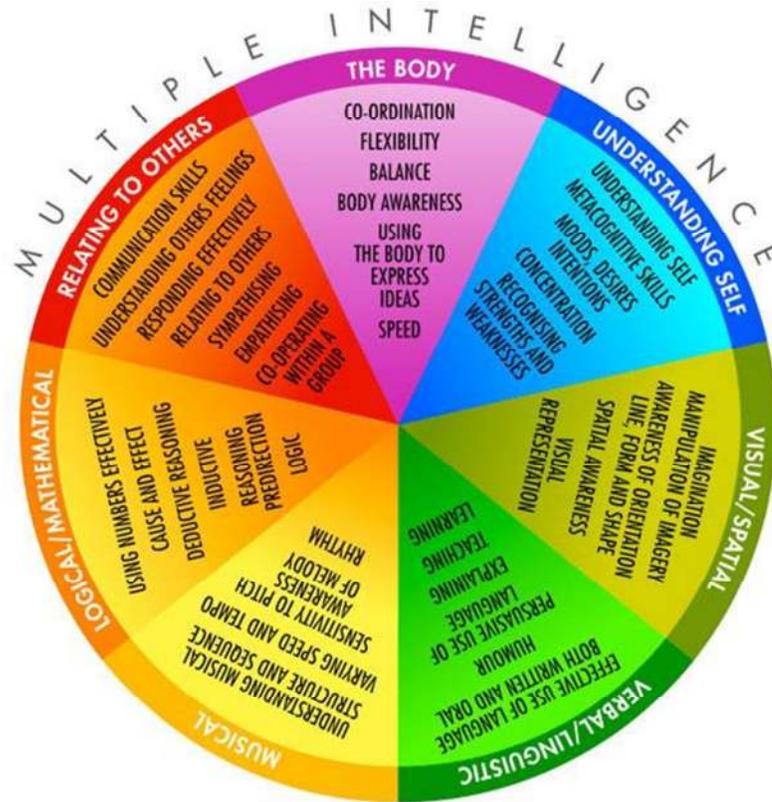


Figure 6.2. Howard Gardner's Multiple Intelligence Theory
Source: <http://carneyclassroom.weebly.com/you-the-student.html>

A balanced education system necessitates a broad range of opportunities for students to discover and grow in different aspects of intelligence with a stimulating approach to teaching and learning. Talent manifests itself in many forms and should not be labelled merely by conventional academic measures. An essential function of teachers is to recognise, identify and acknowledge students' potential and to make available the conditions in which this potential can be nurtured. With proper support, self-confidence and self-esteem will grow, and overall performance improves, leading to the discovery of the student's talent. Accordingly, teachers should possess more liberty to draw on their own creative and professional abilities to do this. Greater flexibility in the classroom

encourages creative teaching. Furthermore, teachers need to be properly trained. This is important for supporting creative learning.

One important recommendation from NACCE (1999) that seems to be suitable to the Indonesian context is to increase the balance of education. It established six principles of a balanced education system: breadth (the curriculum should be broad as a whole and deep in its various parts); balance (each field of the curriculum must comprise sufficient time and resources in order for it to create meaningful contribution, but should not drain other areas); relevance (the programmes should be related to students' present needs, to the prerequisite of the subsequent stage of education, and to the overall goal of society); parity (respect equality between the various elements of the curriculum – at different stages of education, some fields might be more valuable than others); entitlement (all students have rights to an education in schools and it is not conditional on geographical or social factors); access (all students should have adequate access to the experiences, people and resources needed to realise their potential with education). The balance explained by NACCE is appropriate for implementation in Indonesia because the educational balance that the government pursues is not in the right context. For example, in Indonesia students have to deal with six different subjects at the start of elementary school and up to 14 different subjects in grade 12 of senior high school. A lot of students, particularly in junior and senior high school, complain that they have too many subjects to learn⁶⁸. Even the Minister of Education, M. Nuh, admits

⁶⁸ For example, an article for *Kompas* written in 2012 entitled 'Beban Mata Pelajaran Siswa Terlalu Banyak' ['Too Many Subjects for Students']. URL: <http://edukasi.kompas.com/read/2012/02/23/08273070/Beban.Mata.Pelajaran.Siswa.Terlalu.Banyak>. Accessed in August 2013.

that students in schools learn too many subjects⁶⁹. For a detailed curriculum, please see Appendix section.

Keeping a balance of learning is a challenge for education design. Access to information and knowledge is not enough. Students also need an opportunity to interact with it, to create associations, and to experience and understand it. It is very important to reach equality between various fields. There is a significant overlap and possible synergy between these various subjects in the curriculum. On the one hand, creative and cultural educations are not merely subjects in the curriculum, nor are they supplements that should be added to the work of schools. Instead they are universal values in education. Creativity, similar to learning, is very much a personal process. Each individual has different talents and different manners in understanding ideas and interpreting facts. It is important for the education system to accommodate these differences and avoid a single standard method for everyone to conform at the same time in the same way. On the other hand, although creative work entails expertise in certain required skills, focusing on skills alone may impede interest in any subject. For example, a lot of people despise learning maths because they are forced to do tasks that do not stimulate their interest.

The NACCE (1999) report defines creative teaching in two ways. The first is teaching creatively. In this sense, teachers are expected to use creative attitudes to make learning processes more appealing, stimulating and valuable so that they can inspire and motivate learning. It is important not only to allow creativity to emerge, but also to teach creatively, which also means adapting to different students' learning modes. Arends and Kilcer (2010) define eight practical teaching approaches that are often used

⁶⁹ Article entitled 'M Nuh Admits Students Learn Too Many Subjects' in *Jakarta Post* in 2013. URL: <http://www.thejakartapost.com/news/2013/05/05/m-nuh-admits-students-learn-too-many-subjects.html>. Accessed in August 2013.

by teachers in learning activities: (1) presentation and explanation; (2) direct instruction; (3) background knowledge; (4) teaching thinking; (5) concept and inquiry based thinking; (6) jurisprudential inquiry; (7) cooperative learning; and (8) problem-based learning. In teaching a particular concept or material, there isn't a single approach as the best technique. Each item of learning material must utilise the most appropriate teaching approach, or even a combination of several learning approaches to improve student learning outcomes. Naturally, teachers have to consider many things before choosing an appropriate learning technique, including subject material, teaching hours, students' level of cognitive development, learning environments and the availability of facilities. Teachers need to give a variety rather than one methodology.

The second method of creative teaching, according to the NACCCE (1999) report, is teaching for creativity. This is the type of teaching that is designed to build students' creative behaviour, which includes encouragement (to assist students in trusting their creative potential, to distinguish their sense of possibility and to give the willingness to try), identifying (facilitating students to discover their own creative power) and fostering (recognising and familiarising oneself with the creative process in stimulating creative development). Samani (2002) argued that determining the quality of a learning model must be viewed from two aspects, namely processes and products. The processes aspect refers to whether the learning process is able to create a situation of learning and creative thinking. The products aspect refers to whether the learning process is able to achieve the objectives, namely to increase the ability of students according to the pre-specified criteria.

Increasing creative and cultural aspects of education would affect all elements of the education system, including methods of teaching and assessment, the role of schools and other general aspects of education management. The core of education is the

relationship between teachers and students, as well as relationships between fellow students. A big issue is that newly qualified teachers have insufficient training in these areas. They teach knowledge to pass exams, rather than building a learning culture. Another important consideration is cooperation between teachers in a school. This is particularly vital in making a learning strategy that starts from the syllabus, lesson plans and form of assessment. If this can be done accurately then the learning can also enhance cooperation. In addition to improving collaboration, it also increases the urgency for teachers to continuously update and broaden their own knowledge.

2.2. A More Competence-Based Education

Developments in Indonesia cannot be detached from the effects of global change. These changes continuously demand the need for an improved national education system, including improvement to the curriculum, to create a society that is able to compete and adapt to the changing times. On these grounds, it is necessary to increase efforts to increase the quality of education that covers the development of all human dimensions. The development of these aspects leads to the development of life skills that are realised through the achievement of competence to survive, adapt and succeed in the future. These are developed through learning that is done gradually and continuously. It requires an improvement of the curriculum⁷⁰ based on competence.

According to Samani (2002), in general there are two approaches in the preparation of a curriculum: subject matter based and competence based. In the subject matter

⁷⁰ Curriculum is not defined nor is narrowly confined only to management of study subjects. It has a more extensive definition. Curriculum describes whole activities that are carried out in order to influence students in learning to achieve a certain goal. This includes the teaching and learning process, learning strategies and evaluation of learning.

approach, the curriculum is prepared based on conventional study subjects⁷¹. The subjects are very similar to the field of science and the content of learning is structures according to the theories or concepts that exist in the respective subjects. This model employs the assumption that if a person has mastered the theory or concept according to its appropriate level, then they will automatically be able to apply those theories or concepts in real life. Thus, the main objective in this model is mastery, whereas the application of the science itself is secondary.

A competence-based curriculum is oriented in two aspects according to Samani (2002). First, the impact on and expected results of a learner are attained through a series of meaningful learning experiences. Second, diversity should be manifested in accordance with what is expected to be learnt, addressed or illustrated in gradual and continuous progress to become competent. In the competence-based approach, the curriculum is directed so that students are able to master certain competencies in line with future professions or areas of expertise, with a variety of other attributes in its development. In this model, knowledge is not only the framework but also a source of competency. This means that to master targeted competencies, students need to equip themselves with the necessary theories and concepts. In this way, it is possible to have just enough concepts or theories for the students to be knowledgeable included in the curriculum. The fundamental concern in the competence-based approach is the required competencies of graduates to enable them to successfully pursue a profession or expertise. The learning of knowledge is done according to these needs.

⁷¹ See Appendix as an example of the subject matter approach to education

The Smarter Balanced Assessment Consortium (SBAC)⁷² in 2012 released a framework for competency education, which has brought together a growing body of work on the subject. The emphases on customised learning, student-focused and broadening of learning experiences outside the classroom are important foundations to the implementation of this approach. This framework also offers an appropriate description of the competency approach to education and may be useful in the context of Indonesia (SBAC, 2012):

- 1) Students advance upon demonstration of mastery of content, skills and dispositions that prepare them for college and careers.

The speed of learning is based on demonstrated readiness to continue. Those who struggle are helped to accomplish the learning, rather than forced to progress. Students are required to become proficient at competencies, with each competency having clear and transferable learning objectives. The key is to ensure that learning is beneficial to students. It is not just about having the teachers repeat the same lessons every year and for all students to go through the same format every day. Although there may be some educational benefits, the concept and definition of competency-based learning is directed on transformation of instructional models toward student-centred learning.

- 2) Learning standards are explicit, understood by students and measurable.

To be able to take charge and own the learning experience, it is important for students to understand learning objectives so that they can initiate ways to enhance, support and even exceed the learning process. Students can choose from an array of learning experiences at school, online platforms and from the surrounding community. It is important for the process to be appropriately parallel to the world outside and for teachers to work with as many diverse partners as possible. This will accommodate student interests and learning styles, providing a more suitable learning strategy.

⁷² The Smarter Balanced Assessment Consortium (SBAC) is a US state-led consortium working to develop next-generation assessments that accurately measure student progress toward college and career readiness. SBAC is one of two multistate consortia awarded funding from the US Department of Education in 2010 to develop an assessment system in the US. URL: <http://www.smarterbalanced.org/about/>. Accessed in December 2013.

- 3) Assessments – formative, interim and summative – measure and promote learning.

Assessment is seen as a tool to measure progress and helps identify things that are achieved, as well as things that need to be addressed to both students and teachers. Formative assessments influence day-to-day learning processes and the selection of learning approaches, while summative assessments demonstrate attainment of competencies. Students take the second type of assessment when they are ready to choose from a variety of methods to demonstrate their proficiency.

- 4) Demonstration of learning uses a variety of assessment methods, including in-depth performance assessments that expect application of learning.

Demonstrating proficiency cannot be assessed only by a single assessment or with a single assessment methodology. The full and rich experience of learning entails a mixture of different assessments that measure students' proficiency in its entirety. On another note, national exams need to be executed in a manner that does not get in the way of the development and accomplishment of schools' curricula.

- 5) Instruction is personalised, flexible and adaptable to student needs, both initially and as required by student learning.

It is important for teachers to employ a variety of teaching approaches subject to the content and the learning styles of students. The teacher may want to work collaboratively with other teachers and experts in the field to create a learning strategy that integrates various student interests, learning styles and up-to-date information. Although different students learn in different ways, it is also important for the teacher that these strategies do not result in different and inequitable learning outcomes for the students. The strategy still needs to be fair to all students. Furthermore, teachers also may want to consider using different instructional strategies to help students that fail to achieve specified outcomes with the initial strategy. Being flexible in the execution of the learning strategy is important.

- 6) Students both direct and lead their learning even as they learn from and with others – both within and outside of school.

It is important for teachers to encourage students to take control of their own learning and to become independent learners. Students need to be made to realise that learning is not limited to schools, but is available almost anywhere at

any time. For this reason, students need to be provided with support both in and out of school so that they become independent learners. This highlights the shift from instructional models to student-centred learning.

- 7) Grading is used as a form of communication for students, parents and teachers, not for control or punishment.

Communication between students, parents and teachers is important for learning, and grading is one of the essential tools to understand students' progression throughout their education. If a student does not achieve the targeted learning objectives, their record should indicate competencies that need to be relearned instead of the entire course. As a student progresses through their education, their student profile reports the level of mastery and evidence of how the student has demonstrated their competencies and evidence of their work. There are operational consequences for this, including structural changes to school systems, facilities, resources and technology to support student learning.

Each individual has intellectual potential that can be developed if the appropriate stimuli are presented. Humans exploit this potential by working with a range of materials and objects, which are given meaning by the particular situations in which they are employed. The literal stage is frequently believed to be a necessary aspect of symbolic development. Nearly all adults appear satisfied simply by gaining capability in a number of subjects and ensuring their youngster attains similar (or hopefully greater) results. This happens in the belief that a person must master the symbolic system in the way intended, before they can produce something original. After an ability has been brought to consciousness, it can be applied to a variety of courses and ends. The view also believes that early intervention and consistent exercise are very influential for the individual's ultimate level of performance and impressive competence. For example, Gladwell (2008) argues that it takes about 10,000 hours of practice to become an expert

in something, a statement based on several studies that strengthen the 'practice makes perfect' argument for any skill.

But these also possess risk, as the person becomes literal minded. As a result, the person might only want to exercise the skill by the 'proper' way taught and so will not tolerate deviation or experimentation. Other departures from the conventional will be inadmissible and ultimately this will kill creativity, which is generally associated with willingness to transcend boundaries, connect unconnected fields, produce unusual combinations and display taste for experimentation. Creative abilities, which are an important point in this matter, are built by practical work with the habit of engaging in the practice of creative thinking production. The Wallas model (1926) was ground-breaking in its concept of introducing the subconscious into the idea-forming process. This model triggers other creative thinking processes. In applying creativity in education, it is helpful to understand the framework which introduced the classical classification of steps in creative thinking, namely: preparation (furnishing an idea with a preliminary form or outline); incubation (withdrawal from thinking about the idea and utilising unconscious mental processes); illumination (shaping and clarifying the idea in the route of exploring and perfecting details); and verification (critical appraisal to assess logic and relate ideas to evidence, practicability, utility and audience response). In this framework, two modes of thought can be identified: generative and evaluative. Imaginative activity is a generative mode of thought, whereas creativity involves both generative and evaluative modes of thought. At the right time and manner, thorough critical assessment using evaluative mode of thought is necessary. However, in the wrong situation, it can kill an emerging idea. The balance between these modes of thought must be right in incorporating creativity within the design of education.



Figure 6.3. Wallas' Creative Process
Source: <http://www.electhink.com/wp/2013/11/the-creative-process/>

Creative thinkers are important not only for answering today's problems, but also for discovering new problems that people had not thought of. Young people should be provided with more chances to identify problems by themselves in addition to finding answers to prearranged problems. Creative accomplishment requires knowledge balanced with the liberty and confidence to experiment. Creative thought often takes place when new links are created. These take place across and within various fields. Experimenting is crucial for creativity, but knowledge and knowhow also play an important role, as knowledge of the field is required to understand the media and materials involved.

2.3. A More Integrated-Learning Education

Integrated learning as a concept can be considered as a learning approach that involves several areas of study to provide a meaningful experience for students. It is meaningful because of the integrated teaching approach, where students understand concepts through direct observation and relating it to other concepts previously acquired. In the integrated learning approach, exploration is central to curriculum development. Students

are expected to gain hands-on experience that enables acceptance, memorisation and application of the concepts learned. Thus, students are able to find themselves studying concepts that become meaningful, authentic and active. The way teachers design their learning experience is very influential, not only on how meaningful it is for students, but also how effective the process can be. Learning experiences that involve relationships between various conceptual elements enhance the effectiveness of the learning process. Successful learning relies heavily on the use of resources and selected media. If resources are chosen and prepared carefully, they can motivate students in many ways. This includes drawing attention to the material, stimulating learning, increasing student involvement, explaining the learning material, helping to form attitudes and developing a sense of respect while providing an opportunity to analyse their own individual performance.

Adaptation to the environment is done through a process of assimilation and accommodation. According to Slavin (1994), assimilation is the process of interpreting new experiences in relation to possessed patterns of behaviour or thinking. Learning depends on the balance between understanding the clash between new experiences and possessed knowledge. When balance takes place, the person has the opportunity to grow and develop. Teachers can take advantage by creating situations that are intended to disturb the balance, therefore inducing curiosity in students.

The importance of environments in a learning process is put forward by Jean Piaget (Wood et al., 2001), who believes that social interaction with peers particularly in argumentation helps clarify the thinking process, ultimately making it more logical. This development depends in part on how far a person actively manipulates and interacts with the environment. This indicates that the learning environment influences the cognitive development of a person. However, there are some implications in Piaget's

theory of learning, such as the fact that education should focus on the child's thinking process apart from the result. For example, as well as checking students' answers in a test, the teacher must try to understand the process of arriving at any given answer. Introduction and recognition of the role of students is important in achieving initiative and active involvement within learning activities. Education should also accept individual differences in the developmental progress because although students grow through the same developmental sequences, they do it at their own pace. Thus the teacher should give priority to students in their initiative and active involvement in learning activities. The teacher should avoid spoon-feeding knowledge and aim to nurture students to find knowledge through interaction with the environment.

This constructivist approach to teaching intensively implements cooperative learning. It is based on the thinking that students find it easier to understand difficult concepts when they are discussing issues with friends. Meaningful learning is not realised simply by listening to a lecture or reading a book about the experiences of others. This approach claims that knowledge is formed by one's own cognitive construction and that experience is the key to meaningful learning.

Another psychologist, Lev Vygotsky (in Slavin, 1994), argues that learning occurs when students learn to handle tasks that have not yet been studied, albeit still in the range of ability which he called the 'zone of proximal development'. This development zone is placed slightly above the person's current comprehension. Vygotsky believes that higher mental functions generally develop in a conversation or active cooperation among individuals before they are absorbed into the individual. An important idea that derives from Vygotsky's theory is the idea of scaffolding, which means providing some assistance to a student during the early stages of learning before they take over greater responsibility as soon as they are competent. Assistance can be in the form of tips,

warnings, encouragement, outlining problems into steps toward solutions, providing examples, or other measures that allow students to grow independently. In each learning session, a particular topic is appointed as the theme. Learning activities then take place around this theme, with discussions of the main concepts related to the theme. There are two major implications of Vygotsky's theory on learning. First is the arrangement of student cooperation, so that they can interact around a difficult task and bring mutual problem-solving strategies that are effective in their respective zones of proximal development. Second, the Vygotsky approach emphasises teaching in scaffolding so that students are increasingly responsible for their own learning.

Integrated learning requires a variety of facilities and infrastructure. Teachers must choose carefully which media is to be used. However, it is possible to use a variety of media, and this approach is actually advisable. To deliver a holistic experience, learners should be given a comprehensive illustration and demonstration of the topic discussed. The teacher is expected to optimise any available resources to achieve learning objectives. In addition to textbooks, supporting reading materials such as journals, research reports, magazines, newspapers, tapes or CDs can also be used as resources. The teacher must diligently and creatively collect various resources that can be beneficial for learning. The success of a teacher in implementing this strategy depends on insight, knowledge, understanding and creativity in managing the materials. The more thorough and wide-ranging the resources collected, the more effective the learning process can be.

The emphasis of integrated learning rests on the evaluation process and results. Evaluation needs to be multidimensional, taking place in a natural context, and should be oriented to the development of students' intellectual and cultural environment. Because there are many behavioural aspects of evaluation different techniques are

needed, not just one method of testing. Evaluation techniques range from informal direct observation to formal tests.

From the point of view of the learner, integrated learning has opportunities for the development of academic creativity. It is important for teachers to create a learning environment where creativity is encouraged and rewarded. This is because the model emphasises development of analytical capabilities. It can develop associative, explorative and elaborative abilities. In addition, the integrated learning model can facilitate and motivate learners to recognise, accept and understand the relationships between various concepts, knowledge, values or even actions. Using this integrated learning model, learners are psychologically nurtured to think widely and deeply to understand conceptual relationships. Furthermore, students are accustomed to thinking in a focused, organised, complete, thorough, systematic and analytical manner. This model leads students to learn better, both in terms of intelligence and creativity. Integrated learning needs to be done with a variety of methods to avoid boredom. Learning activities should be more learner-centred in order to optimally develop the potential of students. An important objective of education is developing 'a way of learning' for students. This is arguably more important than 'what' they learn, because it is a tool that can be used throughout life, enabling the person to continuously learn, irrespective of age or subject.

2.4. Overall Education Strategy

Schools are no longer the only providers of education. All members of society have an interest in education and many other stakeholders are able to contribute from different fields of expertise. Partnerships between schools and their stakeholders become an important part of educational development. Partnerships with external organisations and

individuals enhance and broaden the experiences of students and support teaching and learning.

One interesting example is the Cultural Rucksack programme in Norway. As explained by Ada Wong in a report for ASEF (2014), Cultural Rucksack is a nationwide programme for the promotion of art and culture that invites professional artists and other creative professionals to primary and secondary schools across Norway. The programme aims to ensure regular access and acquaintance with artistic and cultural expressions in a wide range of domains, which include performing arts, visual arts, film, music, literature and heritage. The exposure is designed in various activities, from workshops and debates to participative performances and guided tours. The programme also helps schools to integrate different forms of cultural expression with their own learning objectives. In this respect, the Cultural Rucksack programme is designed to support the achievement of goals from the national curriculum. This arts-in-school programme is considered an excellent way to increase access to culture from an early age.

The current education system relies heavily on summative assessment. Critics, however, argue that summative assessment tends to focus on testing students' recollection of factual knowledge and skills, which is measured comparatively. More often than not, it gives little credit to experimentation, original thinking and innovation. As a result, pupils, parents and teachers only prepare what the assessment or examination appreciates the most. It is true that measuring creative and cultural capabilities is more complicated than assessing factual knowledge. Fryer (1996) argued that formally assessing students' work can hinder the development of creative thinking. Furthermore, Torrance (1984) found that when students are supervised so much, they almost never make the leap in thinking, worrying too much about criticism. This pushes them to choose the safe option, keeping away from experimentation and exempting from

learning how to discover and fix mistakes. Renfrow (1984) also shared this view and stated that excessive stress on accuracy is counterproductive and inhibits risk-involved experimentation for students.

In the context of Islam and education, the Muslim community in Indonesia seeks to negotiate modernization and globalization through the interface of an Islamic boarding school (in Bahasa Indonesia: *pesantren*). Clifford Geertz (1960) had predicted this Islamic education tradition would be overcome by modernity. However recently it is still quite strong. Lukens-Bull (2001) had argued that not only *pesantren* has contradicted these expectations, they succeeded in translating modernity to their educational regime. First they identify "*the kind of modernity that needs to be reworked and then they (re)invented the Indonesian Islamic modernity*" (ibid: 350). This process demands imagining and reinventing both modernity and tradition. The lessons of the *pesantren* may prove to be useful in the rethinking of Indonesian national education.

The development of learning, the realisation of human potential and the role of education are explored by experts from all over the world. Many governments are now convinced that human growth, accomplishment and happiness are strongly associated with better educational opportunities for citizens. It is thus necessary for society to create a formal system in assuring that each individual has access to as many choices as possible, as well as the potential to nurture their competence. The ultimate objective of education should be geared towards encouraging personal growth. The education system needs to create learning people, so there is a lot more self-ownership of learning beyond the classroom. Education is not just about delivering knowledge, but also finding ways to process it in partnership with the students. Accordingly, education can be more valuable if it is customised to the capacity and needs of each individual, although indeed the cost (or the investment, whichever way one sees it) may be substantial.

6.2 Intellectual Property Rights

Creativity and innovation are as necessary as economic growth for the enhancement of industry and national development. They bring prosperity and economic growth through creation and discovery. However, these activities consume costs, time and labour. On the other hand, activity in copying, using and/or forging inventions is increasingly becoming easier these days. A product does not appear suddenly out of nowhere, but is the result of intellectual work. For example, in an essay, the author uses his or her intellect for hours, days or even months. The essay is the manifestation of the thought process that other people cannot see until after the essay is finished. The transformation of the thinking then provides the basis for law on protection of intellectual property rights (IPR), which is the thinking process behind the creation, including intangible objects, which are inherent within the intellectual process. The rights for the essay include ownership and the right to exploit the essay, for example, to obtain financial rewards.

The rationale behind this legal protection comes from the doctrine of natural law as also practised in the Indonesian civil law system. It emphasises the human factor and the use of reason. Through this universal recognition, a work that has benefits for human life and economic value gives rise to three kinds of conception: wealth, rights and legal protection.

From an economic point of view, the making of a work requires energy, time and costs. When these factors are converted into numbers, it shows the value of the work and the conception of wealth. In turn, this causes the need for the legal conception of rights to protect it. The development of this legal concept has significance in terms of efforts to encourage the attitude as well as the culture to respect or appreciate work created by other people. Economic argument denotes the protection of intellectual property in order to provide incentives for creativity and innovation. The owner of the right has the power

to allow other people to use or reproduce the product to acquire benefit. This, in time, will increase incentives for further innovation with more benefits and foster other IPR-related industries.

From the state administration point of view, the government needs to advance the nation's economic growth and global competitiveness. This will denote giving value for individual rights, which are weighed with the general interests of the people. The creation of any product as a result of a person's thought is regarded as intangible property. Therefore it raises economic benefits and, hence, the concept of wealth.

Due to its nature, a particular problem that arises in IPR is the unintended transfer of ownership of an intangible asset. This is particularly challenging because the concept of ownership includes the right to have access through the medium of computer networks. It is difficult for anyone to control and manage the exclusive rights of the IPR owner with the advancement of Internet technologies nowadays. An example is the downloading of music files that is freely taking place on the Internet. Approximately 14% of Internet users have downloaded digitised music files from the Internet free of charge (Pew Internet & American Life Project, 2000) and illegal online music sharing is estimated to have resulted in annual sales losses of \$3.1 billion by 2005 (Clark, 2000); these intangible properties pose a major problem for IPR.

On the other hand, with the rise of economic globalisation in recent years, trading of goods between nations is significantly improved. As a result, a global IPR system becomes very important. However, IPR systems differ in each country, with different legal structures. Furthermore, the spread of counterfeit and pirated products brings increasing damage to world trade, along with an increase in disputes relating to intellectual property rights.

For those who have developed new innovations by spending a lot of time and money, the use of these products by others without proper rights discourages the drive to develop other new inventions. Consequently, the growth of human creativity and development may be hindered. From this perspective, developing a rule of law that could provide protection for creators is desirable and constructive. Thus, an approach that regulates protection so that no one can use the invention without consent from the creator, owner or holder of those rights is very much needed.

The effectiveness of IPR law is determined by three factors: first, the quality of the legislation; second, law enforcement; and third, the degree of public understanding and acceptance to comply with the law. In terms of the quality of legislation, the issue is whether the substance of IPR law has been fully and adequately structured, organised and made easy to understand. IPR legislation in Indonesia has some problems in terms of this parameter. This is evident from the frequent revising of the legislation, although some of the revisions were also made to take account of new developments, e.g. in technology or in social condition. Copyright law has been revised three times. Similarly, patent law and trademark law have been revised a number of times. However, new revisions often create problems of ambiguity and/or multi-interpretation. Also, with new revisions other unpredicted flaws also emerge.

Looking at the level of law enforcement, this involves a number of stakeholders, including the police, prosecutors, judges and lawyers. Creative workers often complain that most of these important law enforcement authorities do not have the full understanding and capabilities to implement IPR law. The degree of public understanding and acceptance to comply is also important in employing IPR law. Indeed it is not fair for society to have the understanding without adequate guidance and socialisation of IPR law. As a new legal concept that is interdisciplinary in its nature and

practice, IPR is by character hard to understand. In addition to that, education institutions do not provide enough provision for IPR knowledge and comprehension.

The effectiveness of law enforcement is highly influenced by the level of understanding from the public and the degree of readiness displayed by law enforcement officers. These two factors depend on the socialisation of IPR law itself. Increased public understanding heightens the level of legal awareness, which is also true for law enforcement – increased understanding will increase their performance. Apart from raising awareness, socialisation also improves understanding and strengthens the ability of authorities in handling IPR issues.

1. Intellectual Property Rights Explained

All humans have intellectual abilities, although they may differ. Other than being inborn and unique, human intellectual abilities can also be shaped and improved by education and training. Intellectual abilities are used to create and invent something new. Such intellectual works can be manifested in a variety of fields, including science, technology, art and literature. Fundamentally, intellectual property rights (IPR) can be described as the rights of property as a result of human intellectual ability. IPR is the legal construct contained in the body of law, connected with economic and moral interests.

Many sectors are covered by IPR law, including literature, art and science. IPR is associated with the protection of ideas and information that has commercial value. It is personal property that can be owned and transferred to others, often including sales or licensing mechanisms, similar to other kinds of wealth. A central principle to the protection of IPR is that a person who has devoted efforts to create something has the natural ownership and rights to control that creation. The fundamental concept of IPR

law is that IPR does not protect ideas, information or facts, but rather the form of expression of those ideas, information or facts.

Discussions on IPR involve economic rights and moral rights. Economic rights allow the creator to exploit intellectual works to obtain economic benefits. This needs to be adequately protected and managed in an orderly manner based on a set of legal constructs. The legal provision needs to be effective in response to any possible violations by third parties. On the other hand, moral rights are rights inherent to the creator that cannot be removed or erased without reason, even if copyright or related rights have been transferred. Principally there are two main principles in moral rights as illustrated in figure 6.4. First is the right to the recognition of the work, which belongs to the creator. He/she must be named as the creator of the work, in order to prevent others claiming to be thus. Second is the right of integrity, which is the right to object to any deviation within the work or other actions that may degrade the quality of the work.

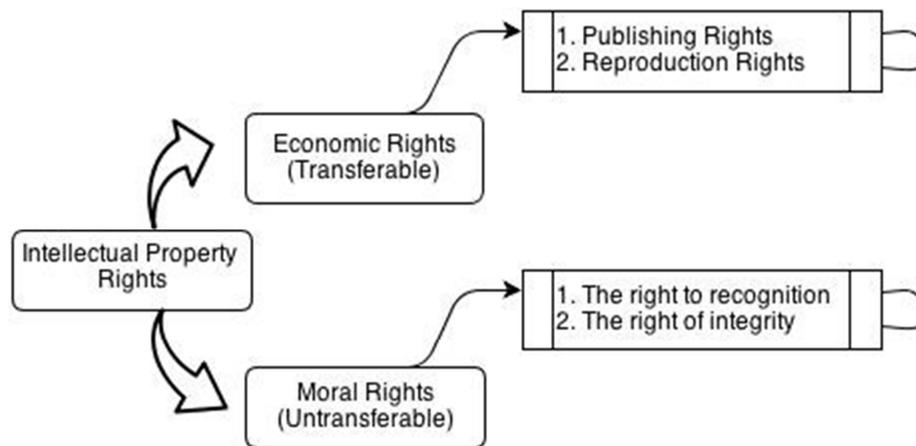


Figure 6.4. Inherent Rights of Intellectual Property
Source: Extrapolated from various sources

The first multilateral agreement regarding IPR protection was the Berne Convention in 1886 as revised in Paris in 1971. The Berne Convention laid out foundational rules regarding the scope of copyright protection, copyright ownership, rights of creators,

terms of protection and copyright exceptions. The Berne Convention outlined three basic principles, namely:

- a. *National Treatment Principle*. This principle asserts that protection for copyrighted works is the same for all citizens of countries participating in the Convention.
- b. *Automatic Protection Principle*. This refers to the ability to grant copyright protection without formal registration.
- c. *Independent Protection Principle*. The principle means that the utilisation and protection of creation in one country do not depend on the protection of the country origin of the creation.

Another milestone of IPR protection law is the General Forum Agreement on Tariffs and Trade (GATT). The international community in 1994 agreed to a treaty that regulates intellectual property rights in international trade called the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). On 5 April 1994, the Indonesian government signed the final agreement as a result of the Uruguay Round of multilateral trade negotiations. Furthermore, Indonesia also ratified the Agreement Establishing the World Trade Organization by issuing Act No. 7/1994 in November 1994. As a consequence of membership of the WTO, Indonesia must make a regulation to synchronise with the agreed norms and standards stated in TRIPS.

The agreement, as part of the formation of the WTO (GATT, 1986) on norms and standards of IPR protection, covers: (1) copyright and related rights; (2) trademarks, service marks and names; (3) geographical indications; (4) industrial design; (5) patents; (6) layout design (topographies) of integrated circuits; (7) protection of undisclosed information; and (8) control of anti-competitive practices in contractual licences. As explained in Chapter 3, the subject of this dissertation comprises three sectors: clothing, indie music and indie film. Looking through the IPR protection that is defined by GATT,

the three creative sectors are highly associated with copyright, trademark and industrial design laws.

TRIPS is considered to be the most comprehensive international agreement in the field of intellectual property rights, which also include the basic principles of GATT. It affirms substantive provision of the international agreement for the protection of intellectual property rights within a framework of multilateral rules. TRIPS contains provisions on the enforcement of strict law regulations and a dispute settlement mechanism. It also allows for the right of an aggrieved state to take retaliatory measures in bilateral-relational measures. TRIPS has defined some fundamental principles on IPR. Firstly, it has established minimum standards for protection and enforcement of intellectual property rights in participating countries. The participating country may choose to apply a higher standard as long as it does not contradict TRIPS. The second principle is that countries are required to provide the same protection of intellectual property to their own citizens and citizens of other participating countries.

Based on the convention establishing the World Intellectual Property Organization (WIPO, 1993), IPR is divided into 'industrial property rights' and 'copyright and neighbouring rights' as illustrated in Table 6.1. Industrial property rights protect: the wealth of invention through patent protection; commercial interests of a particular brand through legislation and laws on trade names; and industrial design. In addition, it also includes law on unfair competition. Copyright and neighbouring rights give protection to creators of intellectual work (particularly in literature, music and art) to authorise or prohibit the use of their works within a limited period. Broadly speaking, these rights act as provision on protection of an exclusive nature.

Copyright, which includes: a. Copyright b. Neighbouring rights	Industrial Property Rights, which include: a. Patent b. Utility models c. Industrial design d. Trademarks e. Trade names f. Indication of source of appellation of origin
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Table 6.1. IPR based on groupings of the Convention Establishing the World Intellectual Property Organization
 Source: WIPO (1993)

In the science of law, all rights that are classified as intellectual property rights are intangible personal property. These rights are special, because they are only given to the holder of the rights in question for a certain time in order to obtain legal protection to publish, reproduce, distribute or any other treatment of the work, as well as giving permission to others to carry it out. Copyright is often said to be exclusive, because it excludes other parties, except with the permission of the owner or holder of the rights in question. Such traits often invite criticism that copyright evolved from the 'individualist' philosophy, and is contrary to the understanding of kinship and mutual support culture that Indonesia has as a nation. This will be further discussed in the discussion section of this chapter.

2. Intellectual Property Rights Regulations in Indonesia

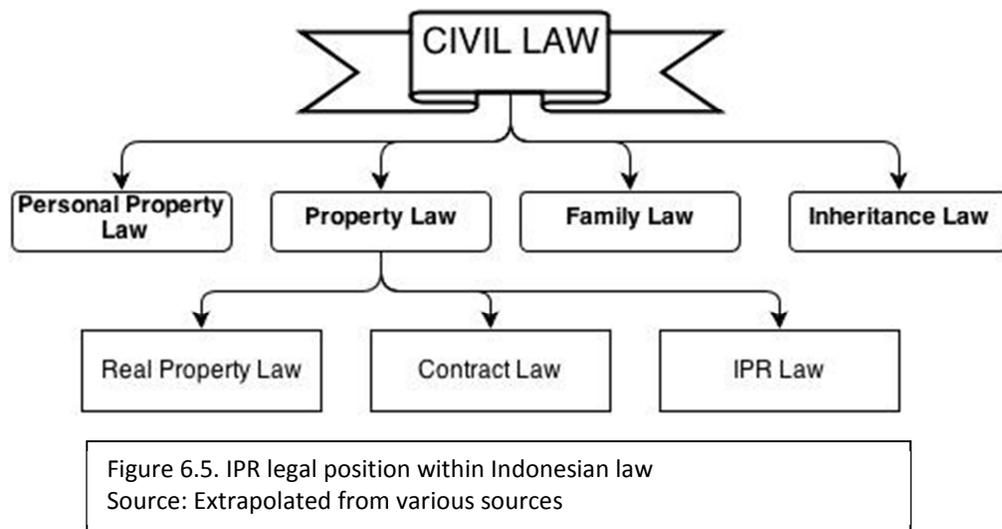
Based on the description above, it is very important to create a legal certainty and protection of intellectual property that is constructed comprehensively and integrated within the national legal system. According to the Indonesian IPR Handbook (Direktorat Jendral Hak Kekayaan Intelektual, 2006), IPRs are considered private rights. This means that anyone is free to choose whether they want to apply or not for intellectual works protection. The exclusive rights are granted by the state to an individual. The IPR

system also requires a good documentation system for all forms of creativity to avoid the possibility of the same work or creation (in principle) by another person. With good documentation, people are expected to utilise the optimum value from their creation.

Although Indonesia has had several law provisions on IPR, the law at the time was not in accordance with the minimum standards required under TRIPS. When Indonesia broke free from Dutch colonialisation in 1945, the country inherited all of its laws from the Dutch, and as law on property rights developed globally Indonesia did not keep up with its development. Other than being a young country, Indonesia still faced military aggression from the Dutch, and needed time to settle on its own feet as a nation. As a consequence, the law has only been revised and amended recently. For example, Act No. 19 of 2002, which governs the law on copyright, replaces the Copyright Act of 1982 as amended in 1987 and 1997.

Any offence specified in an Act contains a legal interest to be protected, and this is also the case for IPR law. So far, between 2000 and 2002, Indonesia has established and enacted seven positive laws⁷³ regarding intellectual property rights: the protection of plant varieties (Act No. 29 Year 2000), trade secrets (Act No. 30 Year 2000), industrial design (Act No. 31 Year 2000), the layout design of integrated circuits (Act No. 32 Year 2000), patents (Act No. 14 Year 2001), brands (Act No. 15 Year 2001) and copyright (Act No. 19 Year 2002). Within each IPR Act, there are between four to fourteen kinds of offence respectively, that is, the protection of the law for an assortment of rights among intellectual property rights. The legal protection of the rights is also legal protection regarding ownership and use of IPR.

⁷³ Positive law is the term applied to describe man-made laws that force or regulate an action. It can also describe the enactment of specific rights to an individual or group. Positive laws may be declared, provisioned, adopted or otherwise conceived by an official or entity vested with authority by the government to prescribe the rules and regulations for a particular reason.



To conform to TRIPS in fair and equitable procedures, several provisions in the Indonesian intellectual property law have been amended, producing fundamental changes in procedural law in Indonesia. There are a number of special features that distinguish the general procedural law in Indonesia including:

- All civil cases of IPR are provided under the jurisdiction of commercial courts. Currently there are five commercial courts in Indonesia, in: Jakarta (capital city), Medan (capital of North Sumatra province), Semarang (capital of Central Java province), Surabaya (capital of East Java province) and Makassar (capital of South Sulawesi province).
- The provision of judgment in the court referred to in the first instance, as well as a higher-level court, is restricted by a limited time frame.
- If the parties are not satisfied with the decision of the court in the first instance, the appeal is filed directly to the Supreme Court. This is intended to avoid time delay for the defeated party.
- There is the possibility of a provisional decision in the form of a temporary injunction, which is a court order filed before the case is brought to the commercial court and is issued especially for gathering and preserving evidence and preventing the goods in question from entering the market.

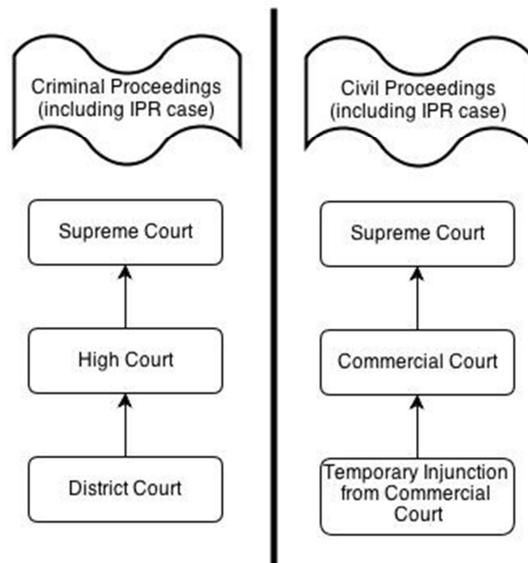


Figure 6.6. Criminal proceedings compared to civil proceedings in Indonesian law
 Source: Extrapolated from interview material

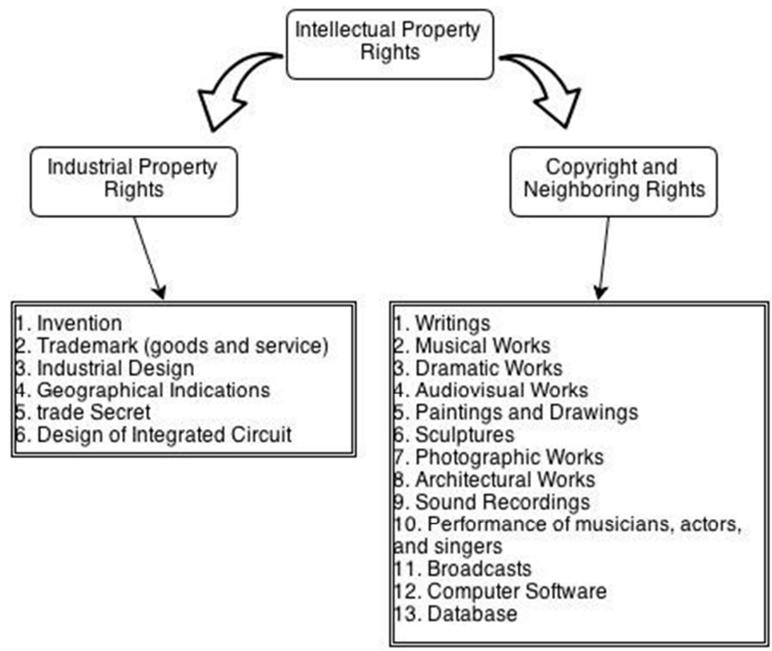


Figure 6.7. Intellectual property rights definition based on Indonesian law
 Source: Translated from Margono (2010)

Within the framework of IPR protection, it can be acknowledged that the law has been carefully provisioned and formulated in the legislation⁷⁴. Indonesia has recognised and protected ownership of wealth arising from human intellect through Law No. 21 Year 1961 on Brand and Trademark Commerce, which was enacted in October 1961. However, the issues surrounding IPR have become much more important in the past decade. IPR law also ensures that a person or legal entity does not exercise its right abusively. Any use of rights must not contradict or harm public interest, even though Article 2 of the Act states that copyright is an exclusive right which denotes that a person other than the creator is not entitled to the creation except by permission of the creator. This denotes that the rights of the individual are respected, subject to restrictions based on common public interests. Therefore, Indonesia does not adopt individualistic principles in their fullest sense, as individual rights are respected to the extent of abiding with the public interest.

A property also has a social nature. The development of Indonesian IPR law is a mixture of individual principle and collective principle. The historical aspect of property rights evolves according to philosophical or ideological views adopted by a particular country. The following section entails a further description of IPR that directly correlates with the creative industries that are the subject of this research: the clothing sector (industrial design law), the music sector and the film sector (both relating to copyright law).

⁷⁴ Referred from interview conducted with Rizky Adiwilaga, General Secretary of Asosiasi Konsultan Hak Kekayaan Intelektual Indonesia (Association of Indonesian Intellectual Property Rights Consultant), founder of Adiwilaga & Partners.

2.1. Industrial Design Law

Industrial design is part of IPR law. Protection of industrial design is based on the premise that the creation of industrial design cannot be separated from the ability of human creativity, taste and imagination. Industrial design within the definition of Act No. 31 Year 2000 is a creation of shape, configuration or composition of lines or colours, or a three-dimensional or two-dimensional combination that gives an aesthetic impression and can be realised in a three-dimensional or two-dimensional pattern and used to produce a product or industrial commodity.

The law governing industrial design is Law No. 31 Year 2000. The scope of industrial design protection includes new industrial design subject to pursuance of accepted legislation, public order, religion or morality. The protection of rights for industrial design lasts ten years from the date of receipt of registration. The subjects of these rights are the designer(s) or those receiving the rights on behalf of the designer(s).

Creation of a design needs to be protected by IPR law in order to protect it from abuse, copying or forgery. In addition to realising the government's commitment to the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), enactment of copyright and industrial design law is done to provide a foundation for effective protection of plagiarism, piracy and imitation. In addition, the legal protection of industrial design and copyright is created to stimulate the creative activity of people so that new designs are continuously created.

Pursuant to Law No. 31 Year 2000, protection of industrial design is given for a period of ten years from the date of receipt of registration. Therefore, the date of application is very important because it affects the starting point for the protection of such rights. Industrial design is basically a 'pattern' that is used in the production of commercial goods, and this pattern is used repeatedly. Another element that characterises the

industrial design right is its tendency to be associated with product aesthetics and aspects of ease or comfort in product usage, thus providing a significant contribution to the success of the marketing of goods.

Just like the protection of intellectual property rights in any other form, the protection of industrial design has economic objectives. This protection gives financial incentives to designers and their employers to invest their energy in the creation and design of goods. Without legal protection, competitors can replicate new industrial design without the initial cost of R&D and other costs related to its initial creation. Subsequently, counterfeiting causes lower prices of goods and eliminates financial opportunity for the creator. As a result, manufacturers have no financial incentive to invest in the creation of other new products.

2.2. Copyright Law

According to Law No. 19 Year 2002, copyright is an exclusive right of the creator or recipient. It is the right to publish or reproduce creations or to give permission to carry out these actions (Article 1 Point 1). Furthermore, Article 1 Point 5 defines publication as the act of reading, broadcasting, exhibiting, sale, circulation or dissemination of a work via any channel, including the Internet, or performing it in any way that can be read, heard or seen by other people. The Copyright Act No. 19 Year 2002 distinguishes between the creator and copyright holders. The rightful copyright holder is not necessarily the creator, as it is possible for the creator's rights to be transferred to the copyright holder (for example, in the case of inheritance) or to be bought from the creator.

The creator(s) is defined as a person or persons whose intellectual ability, imagination, skill or expertise is manifested in a creation. The creation itself is the result intended by the creator that shows originality in the field of science, art or literature. Protection of an invention arises automatically from the creation that is embodied in its tangible form. Registration of a creation is not an obligation, but creators and copyright holders who register their creations receive a letter of registration that can be used as evidence in court should there be any future legal dispute against the creation. The legal basis of copyright protection is Law No. 19 Year 2002 regarding copyright, along with other various implementing regulations.

Copyright Act No. 19 Year 2002 also creates several important provisions that relate to and function as a strategic legal instrument, which is important in the process and mechanism of copyright law enforcement: first, the arrangement for criminalisation proceedings of violations by end users (end-user piracy); second, the right of the creator or controller of the IPR right to bring civil action. In principle, the process of criminal proceedings by the state does not diminish the right of the creator or controller to file a claim for damages of the IPR breach, including seeking foreclosure against copyright infringement results. On the other hand, the right to file such civil proceedings also does not diminish the right of states to conduct criminal charges for copyright infringement. Civil action must be filed in the commercial court, or may be resolved through arbitration (which is called alternative dispute resolution – ADR) to resolve the disputes.

Third, the Copyright Act also introduced the provisional decision mechanism (provisional measures), which is a legal instrument that is inspired by the Anton Piller order concept⁷⁵. The idea is for the owner or controller of the IPR to request the courts to issue

⁷⁵ An Anton Piller order is a court order that gives the right to investigate premises and confiscate evidence without prior notice. The action is a prevention of destruction of evidence by any party, particularly in cases of alleged

a temporary injunction (court order) to promptly and effectively prevent the continued violation of IPR. This aims, in particular, to prevent the entry of illegal goods into trade, including exports, and to preserve any proof of copyright infringements. To that end, the law gives the right to the commercial court to ask aggrieved parties to give evidence to the ownership of IPR of the alleged violation.

Fourth is the arrangement of the state's right to foreclose. The Copyright Act No. 19 Year 2002 sets additional sanctions such as confiscation by the state of copyright infringement goods, as well as destroying the tools used to commit the crime. All these provisions and arrangements are ideal for IPR protection. However, it is still necessary to prove how effective these provisions can be when used to protect the interests of the owner or controller of IPR.

An important point to note is that what is protected under copyright law is the right, not the object embodying that right. This includes: (a) books, computer programs, pamphlets, typographical arrangement (layout) of published works and all other written works; (b) speeches, lectures and other similar creations; (c) props made for education and science purposes; (d) songs or music with or without text; (e) drama, musicals, dance, choreography, puppetry and pantomime; (f) art in all forms such as painting, drawing, sculpture, calligraphy, sculpture, collage and applied arts; (g) architecture; (h) maps; (i) batik art; (j) photography; (k) cinematography; and (l) translations, interpretations, adaptations, anthologies, databases and other works from adaptations.

trademark, copyright or patent infringements. The order is named after the English case of Anton Piller KG v Manufacturing Processes Limited in 1976.

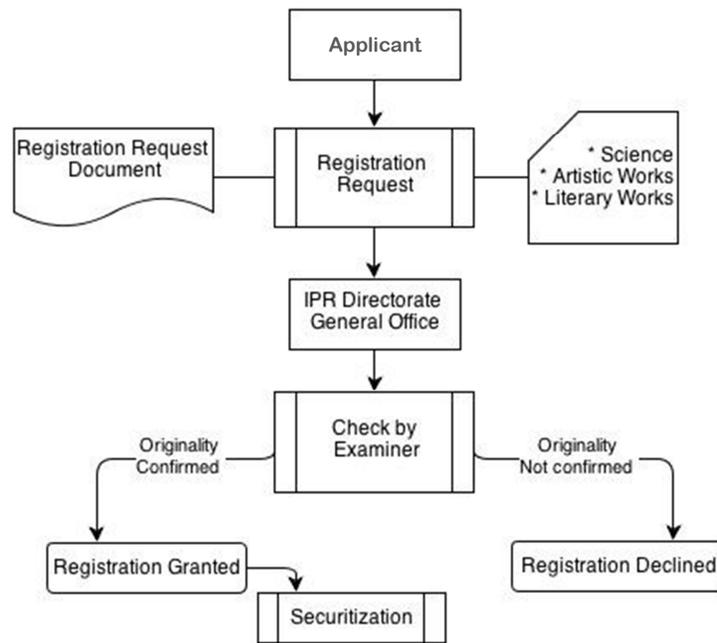


Figure 6.8. Copyright registration process based on Indonesian law
Source: Translated from Margono (2010)

Copyright registration is important because it creates legal recognition of the IPR rights. However, it should be noted that registration is not a requirement for the issuance of copyright. Rather, it is a logical consequence of the declarative registration system applied in Indonesia. Act No. 19 Year 2002 states that copyright is given for a period of life of the creator plus 50 years.

2.3. Other IPR Laws (Trademark, Patents and Geographical Indication)

According to the Indonesian IPR Handbook (Direktorat Jendral Hak Kekayaan Intelektual, 2006), patent refers to the exclusive right granted by the state to an inventor over his/her invention in the field of technology for a given period of time. Invention is defined as an idea that is generated to solve a specific problem in the field of technology. It can be a product, process, improvement or development of products and processes. The legal basis for the protection of patent rights is Law No. 14 Year 2001 on

Patents, along with various laws and regulations relating to patent protection. The protection of patents also covers the protection of utility models. One simple example is the patented process of making batik dye and colouring materials using natural dyes and simple technology.

There is also a law on trademarks. According to the Indonesian IPR Handbook (Direktorat Jendral Hak Kekayaan Intelektual, 2006), a trademark is a 'sign' in the form of pictures, names, words, letters, figures, composition of colours or a combination of these elements, that have distinguishing features and are used in the trading of goods and services. The function of a trademark is: (1) to distinguish between products of a person or legal entity with that of another person or other legal entity; (2) as a promotional tool; (3) as a guarantee of quality; and (4) to show the origin of the goods/services produced (often known as geographical indications). The protection of trademark rights is stipulated in Law No. 15 Year 2001 regarding trademark. The Act also includes the protection of rights and geographical origin indications. Geographical indication is a sign indicating the place of origin of products including natural factors, human factors or a combination of these two factors that give specific qualities to a certain product.

3. Intellectual Property Rights in Indonesia: A Discussion

3.1. IPR Law and the Economy

More developed countries have been paying attention to the protection of intellectual property rights much earlier, as they understand the principle of substantial economic benefits to the state revenue. The end of the Cold War that resulted in the decline of production and investment in the military industry also triggered the transition from

military industry technology to non-military industries that produce highly technological commodities. The majority of these commodities are included in the intellectual property classification, thus requiring adequate legal protection.

Existing developments in the debate on IPR in Indonesia occur between the economic needs of people and the attitude towards the appreciation of IPR. Some argue that intellectual property is a legal domain, although this idea is not entirely accurate. There is another aspect attached to this idea, which is the international political economy as a boost for the development of intellectual property protection. The majority of IPR matters include issues related to international relations, international treaties, international organisations and international business. Therefore an understanding of global situations is essential. It is also important to note that as an international issue IPR is not a single domain conversation; rather it is a multi- disciplinary discourse.

As a country that has ratified the agreement on the establishment of WTO, Indonesia is formally bound by TRIPS as a result of Uruguay Round negotiations. As a consequence, there are at least two juridical implications of ratification. First, there is an obligation to obey the norms of the provisions stipulated in the agreement, along with having to adjust national laws and regulations according to international agreements. Second, the ratification has attached laws, which must be adhered to by every country in the international law judicial system.

As Indonesia continues to expand its system pursuant to global IPR arrangements, cooperation with foreign parties becomes very important in the alignment of the national IPR protection system. Cooperation in the framework of international and regional IPR systems becomes a strategic move aimed at strengthening policy and implementing the

national IPR system. Through this cooperation, the national system will be up-to-date and actual.

However, it is important to do this without reducing or abandoning aspects of Indonesia's own national identity and interest. In this regard, intellectual property can be seen as a political agenda for the global economy of more developed countries and used as a political vehicle and political tool to win over control of the global economy. Arguing for the promotion and welfare of their own nations, countries are strongly 'encouraged' to uphold and enforce IPR law for international economics welfare when in fact only a handful of rich countries can reap the bulk of profits derived from IPR law⁷⁶.

As part of the world, developing countries are responsible for participating in the international community. This participation is done within the framework of securing national interests, including economic interests. Indonesia also takes an active role in the development of intellectual property rights issues as a way of becoming part of the global community. However, it must be admitted that media, information, knowledge and technology in Indonesia are mostly acquired from abroad. This signifies the long history of developing countries being in a position of dependence towards more developed countries. However, in some aspects, the richer countries also depend on developing countries, especially in terms of the market. In this mutual respect, the national interests of developing countries need to be addressed in international arrangements, in this case IPR treaties and conventions. With many domestic problems and distinctive conditions, the government should be able to keep up and maintain a bargaining position that is grounded in sovereignty-based equality with other nations.

⁷⁶ Please see further arguments for the critique of IPR in the section 'IPR and the Alternative'.

Developing countries have carried extraordinary responsibilities not only in the hope of easing trade barriers, but also in employing substantial transformations in areas such as trade procedures and regulations. Numerous developing countries have not yet been able to develop their economic capacity to measure up to international markets, let alone obtain benefits from liberalisation of trade. For that reason, it is essential that international trade organisations (such as the WTO) take more action to safeguard trade liberalisation as a vehicle for realising the objective for economic development, such as empowering developing countries to advance their power to exploit opportunities tendered by trade liberalisation and to instigate better competition in the world market.

There are a number of reasons why developing countries are giving less attention to the issue of intellectual property rights. In the midst of recent chaotic political transitions, the issue of IPR handling has been considerably marginalised. This is reasonably true in the case of Indonesia. The attention given to IPR issues began nearly five decades ago in the 1960s, but was soon overshadowed by other priorities that were considered more urgent. The awareness and understanding of the importance, function and fundamental principles of intellectual property were indeed gaining momentum at the beginning of independence, however they were then overlooked. IPR offences are happening without the slightest bit of moral value, and the deterrent power expected from law enforcement is also lacking. This is as much a legal problem as a social problem. The next section discusses the socio-cultural aspects of IPR in Indonesia.

3.2. IPR in the Social Culture context of Indonesia

One element that needs to be addressed is the socio-cultural aspect of law. With particular regard to the protection of intellectual property rights, Indonesian culture offers something different to the legal structures of more developed countries. Creative

workers in Indonesia are quite excited to discover that their work has been reproduced or copied by others. Traditional painters, engravers and sculptors are thrilled to see their work imitated by others. Similarly, foreign officials visiting industrial centres in Indonesia are welcomed with open arms, and the host is quite happy to present their trade information to guests. They provide factory visits and information sessions, allowing the use of video cameras even to sections that are usually included in the Trade Secrets or Undisclosed Information decree. Other countries have employed strict protection systems to guard their trade secrets, but this is not the case in Indonesia.

On the one hand, IPR issues are related to economic liberalisation and with social and cultural issues. Indonesia is still in a transitional period to an industrial society where not everybody understands IPR issues. One reason for this is that the idea of intellectual property was not derived from the people of Indonesia but from abroad. This, in fact, is foreign to the traditional mind set of the Indonesian people. In addition to that, the economic situation in Indonesia is still lagging behind, especially in the level of per capita income, which causes a lack of understanding of IPR laws in some communities in the country. Transitional societies in Indonesia undergo a shift from communal to more individual societies as the country moves from an agrarian nation to an industrialised one. The change has particularly influenced the attitude of the public to become more rational and become more commercial-minded as a result of the developments. The laws governing the transitional period also reflect this fact, with one foot set on adapting to modern law while the other foot is set on traditional thinking. Laws governing intellectual property normally do not contain a lot of issues applicable in Indonesia as the country ratifies various international treaties relating to intellectual property rights. However, a number of social, cultural and economic problems arise in the implementation especially for micro and small home industries. The use of pirated

products occurs because the price to obtain original products is still relatively unaffordable for most people in Indonesia. Comparing its economic level to that of neighbouring ASEAN countries, it is not easy for Indonesian people to purchase genuine products because of this price factor.

Another reason for this is that the basic thinking underlying IPR laws differs from the culture of Indonesian society. Problems often arise because modern legal philosophy, including laws governing the protection of intellectual property rights, tends to be more individualistic. This is apparent especially when applied to a transitional society that moves from a traditional to an industrial type, often coming into conflict with their pre-existing communal culture that has been their way of life for a long time. An example is the implementation of such laws in rural communities. The community believes in the principle of sharing knowledge as a good deed. Surely, this principle contradicts the nature of IPR, which is an individual right that protects knowledge from those without the IPR right.

Economic factors such as incurring costs by IPR protection also play a big part, especially in small companies. Furthermore, IPR registration is often seen as a complicated bureaucratic process that takes up a lot of time and financial cost. The demands of running a business have intensified due to growing competition. Technological advances also lead to ethical issues that encourage IPR violations. These are issues surrounding the application of IPR in the country.

This is not to say that piracy is not detrimental to the Indonesian people themselves. Piracy, although lucrative, would eliminate incentive for domestic creators. The loss of this incentive will lead to reluctance to make new products. As a result, the development of the industry will be hampered. In the absence of domestic products, Indonesia will

only be subjected to exploitation from other nations. Moreover, it will hurt Indonesia's reputation as a nation. Rampant piracy practices in Indonesia also have direct implications. For example, after exiting the US Priority Watch List for IPR violations in 2000, in April 2001 Indonesia was reinserted in this black list of IPR infringement. A nation that cannot enforce intellectual property rights is considered inferior to other nations.

Another danger for Indonesia is theft by other nations of property that has not been registered. This has been pointed out for example in a 2014 interview of the Chairman of Indonesian Batik Foundation, Gina Yustin Kartasasmita, that a lot of Indonesian batik motifs have been taken by entrepreneurs from abroad such as Thailand, Malaysia, Vietnam, India and Africa to be modified, produced and sold as their own. In response, some areas in Indonesia recently started to place a patent on their batik motifs⁷⁷.

It may prove useful to refer to an extended exploration of debate on Intellectual Property Right of batik as examined by Morrow (2000). He stated that according to Indonesian Copyright Law, the person who initially draws a batik design (usually in paper before application to textile materials) is established as the creator of that particular design. Hence, that person can claim the intellectual property rights arisen from the design. Designer is acknowledged as the owner in the eyes of the law although the person does not make the batik. Furthermore, Morrow affirmed that other person(s) that use the design to be applied to textile materials, or indeed to other materials, cannot be declared as the creator unless they interpreted the design creatively. The act of copying traditional design does not present the person doing it entitlement to be the creator as it is deemed

⁷⁷ <http://www.rumahbatik.com/artikel/107-batik-indonesia-sulit-dipatenkan-banyak-dijiplak-.html>. Accessed in March 2014.

not to involve any creative undertaking. Copyright may only be given to the person copying in a novel and creative way different with the original design.

Another issue important to call attention to is the often turbulent bilateral relationship between Indonesia and Malaysia. As a close neighbours Indonesia and Malaysia often find themselves in conflict in many issues, ranging from cultural issues up to territorial conflict. Conflict after conflict has happened since early 1960s when the then Indonesian President Sukarno initiated a confrontation with the then Federation of Malaysia because of territorial issues. The conflict even pushed Sukarno to withdraw Indonesia's membership with the United Nations⁷⁸. Since then the contempt between the two countries endured.

Subsequently various other incidents has happened that caused tense bilateral relationship, some of that is when Malaysia allegedly claimed Indonesian cultural artefacts as Malaysia's. This includes *Reog Ponorogo* dance from Madura (in 2007), *Rasa Sayange* song from Maluku (again in 2007), Batik (in 2009), Pendet dance from Bali (in 2009), and Tor-tor dance and Gondang Sambilan musical instrument from North Sumatra (in 2012). Tracing back, the cultural artefact was indeed brought by the Indonesian people who immigrate to Malaysia and continues to practice their homeland culture. Then their offspring, born and raised as Malaysians, as they continue the legacy from their parents felt that they also owned the culture as a Malaysian although it's originally come from Indonesia. One discussion that might prove important about this issue is regarding Indigenous Intellectual Property as explained by Morrow (2000: 11). To protect the significant feature of indigenous culture, Indigenous Intellectual Property has been acknowledged internationally through, among other things, the United Nations

⁷⁸ In several months, after Sukarno was ousted from power, the continuing Indonesian government resumed its membership and cooperation with the United Nations.

Draft Declaration of the Rights of the World's Indigenous People and the UNESCO-WIPO Model Provisions for National Laws on the Protection of Folklore Against Illicit Exploitations and Other Prejudicial Actions, and the Mataatue Declaration on Cultural and Intellectual Property Rights of Indigenous People.

Creating IPR legislation alone is not enough; communities must be made aware so that they appreciate IPR, or at least the government should be willing and able to make and enforce rules around protecting intellectual property rights. Public education efforts must be continuously made to create a level of understanding which can later become a communal consciousness regarding IPR, its usefulness in terms of protecting the public and encouraging creativity, and its role for national economies.

Often times, businesses in Indonesia – especially small industries or home industries – are at a disadvantage due to unfamiliarity with or misunderstanding of IPR law. They are often considered as violating IPR law although they are the actual creators of the work. Because they do not protect their work they are defeated, as other people have registered it before the actual creators. This happens because in a communal society, often the creator unknowingly transfers their rights to other people without recognising the possibility of protection through intellectual property rights law and without understanding the potential economic value attached to their products. Often people give their rights to others based on cultural and religious consideration, believing that it is a good virtue and commendable deed.

When viewed in terms of law and economics, government policies relating to trade, including regulations regarding IPR, should include measures to promote and oversee economic growth in general. Policy as outlined in economic development and a series of basic law concepts should provide the basis of clear directions that are to be respected

and obeyed. Thus, the government's economic policy, particularly in the areas of trade, is not interpreted differently by economic workers and should bring benefits to the community in the long run.

3.3. IPR Law Enforcement

Law enforcement problems caused by the lack of ability of law enforcement agencies in understanding IPR provisions is also an issue. Reports and complaints on cases of IPR infringement become very time-consuming, prolonged and complicated because the authorities are not equipped with adequate knowledge of IPR provisions. If there are cases that continue into trials, prosecution only demands a lenient or even suspended sentence. From the time when intellectual property law was enacted, copyright infringements are still happening across Indonesia. Many have been driven to partake in greater offences to take advantage of enormous economic profits at the expense of the owner or holder of the IPR. Observations of the community in general (and in particular members of various professional associations closely concerned with IPR) worryingly show that violations of copyright over time are increasing. One interviewee said⁷⁹ that it had reached alarming levels, reducing the drive to create. Discussion on increasingly widespread piracy issues focuses on law enforcement. The community still sees a lot of infringement, especially in the piracy of music, movies and computer software, which is facilitated by the development and advancement of reproduction technologies (e.g. through CD, VCD and DVD). It enables the extent of piracy to be significant both in terms of quantity and quality. Development of information technology even enables reproduction through the Internet.

⁷⁹ Interview with Rizky Adiwilaga. Please see appendix for more detailed information on the interviewee.

Among areas of IPR, copyright and trademarks are the most vulnerable to violation. There are four types of copyrighted work that are most frequently pirated: computer programs, music, films and books⁸⁰. In the areas of brands and trademarks, local brands are also targeted for copying and forgery, ranging from bags, sandals and shoes, clothing, perfume, watches, stationery and even auto parts. One example of a fraud relating to auto parts was uncovered through a big raid in a shop in West Jakarta, revealed to be producing a large number of false Daihatsu parts. The criminal has been dealt with and is currently undergoing trial at the West Jakarta District Court⁸¹. Sadly, this case may not be the last of its kind. This is because violators are still not deterred by criminal sanctions and punishment is yet to be imposed. In fact, counterfeit spare parts not only harm consumers economically, but can also be life threatening. Once again, the level of public awareness is crucial, and one of the ways to increase awareness is to enforce strong court decisions. This is needed to be able to enhance the enforcement of intellectual property laws not only necessary for the interests of IPR holders but also to guarantee the certainty, comfort and safety of society as a whole.

Furthermore, to make matters more complicated, piracy is not only carried out in the country. A lot of pirated goods are intercepted at various entry points by the Directorate General of Customs before they are sold to the market. The causes⁸² include: lack of appreciation on copyrighted works; lack of understanding of the meaning and function of IPR law in general, which is caused by lack of education on the matter; punishment for IPR offences being deemed too light compared to the possible economic revenues

⁸⁰ Interview with Asosiasi Piranti Lunak Indonesia (ASPILUKI) – Indonesian Computer Software Association.

⁸¹ http://www.oto.co.id/infootomotif/Tips_detail.asp?ContentID=2005032316464100470059. Accessed in March 2014.

⁸² Compiled from interview materials

reaped from selling counterfeit goods; and lack of understanding, attitudes and actions from law enforcement officers in dealing with IPR infringement cases.

It is unfortunate that the protection of creative entrepreneurs cannot be advanced. This is because the product is not registered so there are no legal sanctions for violations committed by the perpetrator. According to interviewees, they are not pursuing copyright registration because of two factors. First is a lack of information on all matters relating to IPR law, especially with regard to copyright law. Second is that the copyright registration process is seen as difficult and expensive. The government needs to examine aspects relating to the protection of intellectual property rights, providing protection for the rights of local communities with respect to their traditional knowledge. On a more positive note, local governments now facilitate the registration of IPR and there are now a number of IPR consultants that can help to obtain legal protection. However, more effort should be made to provide IPR protection including providing legal training for SMEs, providing guidance on IPR and procedures for copyright registration, and providing assistance for businesses that experience legal dispute.

Another unfortunate situation is the way the clothing industry in Bandung barely takes account of copyright law enforcement. One of the interviewees, Fiki Chikara, who owns a clothing company, even said, "... *to fight counterfeits is a hopeless job*". For them, it is more critical to gain competitive advantage by being first and being smart. They produce original works almost every month in small batches, gaining a lead on the counterfeiters. This strategy has also made them super-creative in their design, because they have to produce new designs to win the competition not only against other clothing brands but also against the counterfeiters. They don't really care if their design is being copied, but if their brand trademark is being used and counterfeited, then they take action. They report it to the authorities and make their case to the clothing industry community. The

social punishment from the clothing industry community is quite powerful in preventing the counterfeiting of brands and/or trademarks. The music industry also does not really pay any attention to piracy. Some artists even see piracy of their songs as beneficial as it is a way for them to become visible, to gain exposure in new ways. By giving away the content of their work and building up a bond – even a real conversation – with their audience, they can build a base of loyal fans. Fans then go to their concerts and that is one of the ways musicians and their producers as entrepreneurs earn their money.

3.4. IPR and the Alternatives (Creative Commons and Copyleft)

The discourse on IPR has its proponents and also its critics. Those that critique IPR provide a strong argument of why IPR is not working. Smiers has argued that “*when it comes to artistic material and knowledge, intellectual property rights detract from rather than contribute to the income of many artists and the retention of the public domain of knowledge and creativity*” (2009: 19). The argument that Smiers has presented was established from the basic principles of IPR itself. The essential aspect of IPR is a right of ownership – an exclusive, monopolistic right to use the creation. Smiers argues that this right is a form of censorship as it incorporates a legal standing rejecting other people from altering the creation. This is harmful to the development of artistic material and knowledge itself because every artist creates to some extent by drawing inspiration from what other artists have created before.

Another example is the patent. Smiers also argues that a patent is another prohibitive element of intellectual property rights. Most patents are the properties of companies in rich countries. Poor countries cannot develop their own capabilities if the ingredients needed (in this case, knowledge) are not freely available. A lot of this knowledge, which has been developed by mutual social efforts, is now privatised. Big enterprises and

investment companies collect huge numbers of patents, excluding other people from using them. Anyone trying to violate this is prosecuted and faces heavy fines. Thus, only a small part of knowledge is used for the benefit of humanity, while the rest is confined as docile patents. Often this happens because of financial considerations of the private companies themselves. An example is obtaining as much profit as possible from a best-selling medicine before a new and better version is introduced to the market.

Another argument that defends IPR, perhaps the strongest of all, is that it produces income for creators and encourages further creation. Economist Ruth Towse in Frith and Marshall (2004: 64, 14) has argued that in the music sector, “... *copyright generates more rhetoric than money for the majority of composers and performers in the music industry*” and that “... *superstars receive astronomical royalties, the rest a pittance*”. Towse argues that the incentive for people to create new works has not been proven and that the evidence that IPR generates income, at least for artists in the music industry, is inadequate. Continuing the discourse on the contra-arguments for IPR, the next section reveals parts of the current development of alternatives to IPR law: the Creative Commons and copyleft concepts.

A. Creative Commons

An alternative to the efforts to protect creation is the Creative Commons (CC) concept. CC is actually a non-profit organisation based in Mountain View, California, US. It was established in 2001 by Lawrence Lessig, Hal Abelson and Eric Eldred⁸³ to expand access to creative works for people so that they are able to share and build upon it legally. On 16 December 2002, the organisation released a number of copyright licences

⁸³ <http://creativecommons.org/about/history>. Accessed in March 2014.

known as Creative Commons (CC) licences that are free of charge to the public. The range of different licences allows creators to decide which rights they keep and which rights they give up. CC licences are easy to use, with symbols for the licences chosen by the creators in their work. These symbols have been received worldwide and have become universally applicable. However, it is still necessary to have a national CC organisation responsible for overseeing the use of these symbols in accordance with the laws and regulations of a particular country. The CC organisation of Indonesia was established in November 2012. The Creative Commons licence in Indonesia is in line with Article 45 of Law No. 19 Year 2002 that governs laws on copyright.

There are four different terms for Creative Commons:

- Attribution (BY): Creators allow others to copy, distribute, display and perform the creation and/or creation of its derivatives, as long as the name of the original creator is declared.
- Non-commercial (NC): Creators allow others to copy, distribute, display and perform the creation and/or creation of its derivatives, as long as it is not for commercial gain.
- No Derivative Works (ND): Creators allow others to copy, distribute, display and perform their creation.
- Share Alike (SA): Creators allow others to distribute derivatives of the original creation as long as it is licensed with a licence identical to the original creation.

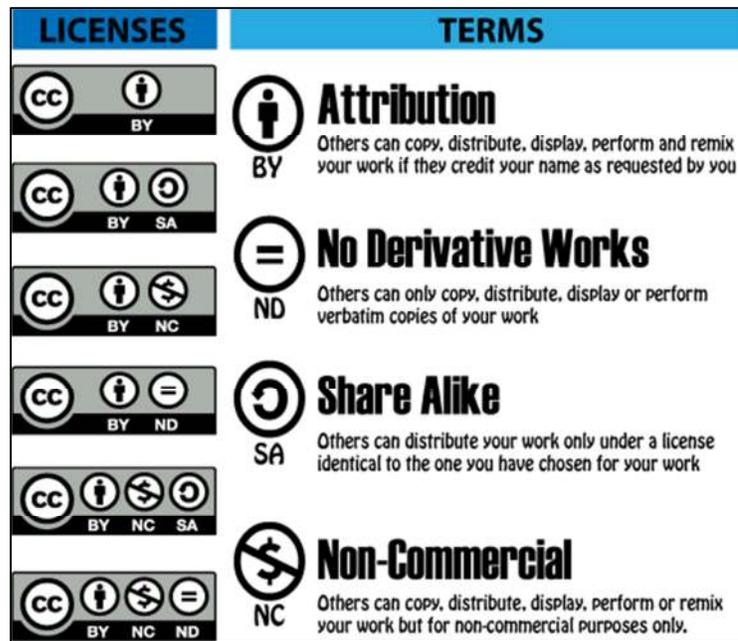


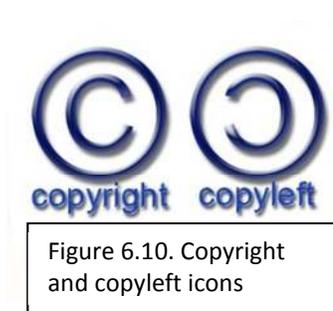
Figure 6.9. Creative Commons terms and combinations of licences
Source: <http://ontheline.trincoll.edu/oral-history/creative-commons/>

With these four terms, creators can chose six different combinations of licences: Attribution (CC-BY); Attribution Share Alike (CC-BY-SA); Attribution No Derivatives (CC-BY-ND); Attribution Non-Commercial (CC-BY-NC); Attribution Non-Commercial Share Alike (CC-BY-NC-SA); and Attribution Non-Commercial No Derivatives (CC-BY-NC-ND). Figure 6.9 illustrates the icons used for each of the licence combinations.

By using CC licences, everyone is free to use copyrighted work, passing it on to everyone with a note that respects the owners of copyrighted works. This is in contrast to copyright, in which each person cannot freely use or distribute work unless it is with a special licence agreement with the creator or owner of the copyright. The concept of CC is arguably applicable in today's era of digital technology when dissemination of information is very fast and convenient. Wikipedia has famously adopted the Creative Commons concept. Currently Wikipedia is the world's sixth most visited website,

according to the Alexa list⁸⁴, with 17 million articles managed by hundreds of thousands of volunteers. More than 400,000 people provide support for the development of Wikipedia⁸⁵. Even the television station Al Jazeera started using the licence in 2009 to become the first news repository using CC licences⁸⁶. This gives people the right to publish their videos as part of the dissemination and strengthening of the Al Jazeera brand. The CC concept has a broad impact on dissemination of knowledge, science and technology. It is based more on the spirit of community that shares the benefits of shared knowledge. It is important to note that the Creative Commons licence is an alternative form of copyright agreement. Using CC does not release the copyright of the creators, but instead, creators can define their own boundaries that allow other people to use their creation.

B. Copyleft



Copyleft is a play on the word copyright, as it has the opposite meaning. Copyleft is the practice of using copyright law to abolish prohibition on distributing copies and modified versions of a work to others. Copyleft obliges the same freedom implemented in the next versions of the creation using a copyleft licence. If copyright is used as a way to limit the right to copy and distribute copies of a work, a copyleft licence is used to ensure that the recipients of

⁸⁴ <http://www.alexa.com/topsites>. Accessed in March 2014. Alexa Internet, Inc. is a US subsidiary company of Amazon.com. The company provides commercial web traffic data. It collects, stores and analyses data on browsing behaviour. This data serves as the basis for web traffic reports. As of 2013, Alexa provides traffic data, global rankings and other information on 30 million websites. The company was founded in 1996 and is based in San Francisco, California.

⁸⁵ <http://en.wikipedia.org/wiki/Wikipedia:About>. Accessed in March 2014.

⁸⁶ <http://creativecommons.org/tag/al-jazeera>. Accessed in March 2014.

copies or derivative versions of a work can use, modify and also redistribute both the work and its derivative version. Copyleft is usually applied to work in software, music and art. The principle of copyleft comes from negating economic rights while still sustaining moral rights. The concept came as a rejection of the monopolistic capitalist assumption of IPR caused by the glorification of economic rights, which often suppresses the wider community and negates the social function of a creation.

Copyleft was introduced by Richard Stallman, a computer programmer who worked for the Massachusetts Institute of Technology (MIT) in the late 1970s (Williams, 2002). At that time, the programming industry was very much a collaborative effort. Exchanging source code of a program was not only common, but was also a cultural obligation in the programmer community. In the early 1980s, the software industry landscape changed dramatically due to a number of software development companies starting to distribute computer programs without source codes. As a result, programmers could no longer learn the substance of a computer program. This directly changed the working culture of programmers, because they were no longer able to help each other to improve or enhance the ability of a computer program. The source code was needed to fix, modify and further develop a computer program, and was only accessible to programmers in the same company. Cultural cooperation and togetherness slowly diminished and eventually disappeared, replaced by the corporate capitalist culture that sees computer programs as money machines. As it has developed, the business of computer programming ensures companies can remain in business by utilising copyright law. The trick is to make various types of licence for products that are essentially the same. For example, for the non-commercial individual market it is called an end-user licence, for the commercial business to business market it is called a corporate licence and for

students it is called an academic licence. The only difference between these three products is the price.

Stallman tried to retaliate against this corporate culture and maintain a culture of cooperation between programmers. His approach was to create a computer program that was distributed along with its source code, which he described as Free Software. After leaving MIT in February 1984, a jobless Stallman tried to offer the Free Software that he created to earn income. Apparently, Stallman's product was quite successful, as many programmers bought it. Stallman then established a distribution agency called the Free Software Foundation to manage the business. He then utilised his rights as the creator and copyright holder of the software to design the type of licence that provides the broadest possible freedom to everyone seeking to study the creation of computer programs – a licence that he hoped would encourage the return of cooperation among computer programmers. This licence was the copyleft. As a type of licence, copyleft has four kinds of permission granted by the author/copyright holder to anyone, namely (Williams, 2002: 180):

- Freedom 0⁸⁷: freedom to use the work, for any purpose.
- Freedom 1: freedom to study the work, and adapt it to one's own work.
- Freedom 2: freedom to copy and share the work with others.
- Freedom 3: freedom to modify the work and to distribute the modified and derivative work⁸⁸.

⁸⁷ Note that the list begins from '0' as a reference to programming language.

⁸⁸ Because the product can be distributed by way of sale transaction, the word 'free' in the term 'Free Software' does not mean zero price. The word 'free' here refers to the word 'freedom'. After some time, software that is distributed with the source code is called Open Source Software. Interestingly, it became popular to use the French word for 'free' in copyleft licences – 'libre'. At this time, a combination of the words Free Software, Open Source Software and Libre Software led to the acronym FLOSS or 'Free/Libre/Open Source Software'.

Copyleft can be considered as a copyright licensing scheme in which the creator gives up some, but not all, rights under copyright law. Instead of giving a work completely to the public domain where no ownership or copyright is maintained, copyleft allows the creator to maintain some conditions for others who want to modify the creation. Under copyleft, derived works may be produced on the condition that they are released under the compatible copyleft scheme as the original work. Creative Commons provides a similar licence provision condition to the copyleft version as in Share Alike (SA). The underlying principle is that people may acquire as much benefit as possible from the work of others but that any modifications made must be released under the same terms. However, under the fair use principle, the copyleft licence may be superseded, just like copyright. Therefore, any person using a copyleft-licensed source for their own work is free to choose any other licence, as long as it meets the fair use standard. While copyright law gives creators control over copying, distribution and modification of their work, the goal of copyleft is to give all users the freedom to carry out these activities.

CHAPTER 7. CONCLUSION

The conclusion chapter reasserts the thesis statement, discusses the key issues of the research, and constructs a final opinion. The chapter offers the concluding belief grounded on the reasoning and on the evidence accumulated in the previous chapters as an effort to carry the reader to a new level of perception about the thesis. The purpose is to tie together and integrate the various findings covered in the body of the thesis and to make meaning of all of it. This includes remarking on any result as well as recommendations and the need for further research.

VII. CONCLUSION

The world economy is continuously evolving, from an agricultural economy to an industrial economy to a knowledge economy to a creative economy (Pink, 2005). Although Indonesia is rich in natural and human resources, many of its natural resources are controlled by foreigners⁸⁹. Something needs to be done about this. However, the current economic development of the creative economy is indicated by the importance of knowledge and ideas as the motor of a country's economic development. The development of a creative economy framework is addressed by governments in many countries to create more sustainable economic growth that relies on unlimited resources, which are human creativity and intelligence, compared to that of the industrial economy, which relies heavily on limited and depleted natural resources.

In recent years, the government Indonesia has paid more attention to developing its creative industries as shown with the production of a white paper on creative industries since 2007 (see chapter 2). The growth of the creative industries can also be seen from the growing demand and supply of creative products resulting in the increase of a wide range of creative goods and services⁹⁰. Furthermore, there is greater interest from the labour market in the creative industries as compared to other economic sectors. However, domestic policies for creative industries are needed specifically for Bandung and have been discussed in detail in previous chapters, notably Chapters 4, 5 and 6. This chapter will bring together and outline recommendations from those chapters.

⁸⁹ Article entitled 'RI's Mineral Resources Controlled by Major Foreign Firms' from <http://www.thejakartapost.com/news/2011/04/12/ri%E2%80%99s-mineral-resources-controlled-major-foreign-firms.html>. Accessed in March 2014.

⁹⁰ Further explanation is in Chapter 2.

7.1 Summary of Thesis

Creative industries contribute significantly to the economy while, at the same time, creating a positive business climate, strengthening the image and identity of the region, supporting the creation of innovation and creativity, and reinforcing a positive social impact (see Chapter 2). The research has recognised that Bandung has a lot of potential, but it is not being reached. It is already developing, but further progress through developing a better strategy and SMART⁹¹ ways of thinking needs to be made – including in investment and infrastructure. As explained in Chapter 1, this thesis is organised around three primary objectives for the study in Bandung: (1) the history and current situation of the creative industries; (2) issues in optimising the industry's development; and (3) possible frameworks for development strategies – government and private sector. The following figure illustrates the structure of the thesis.

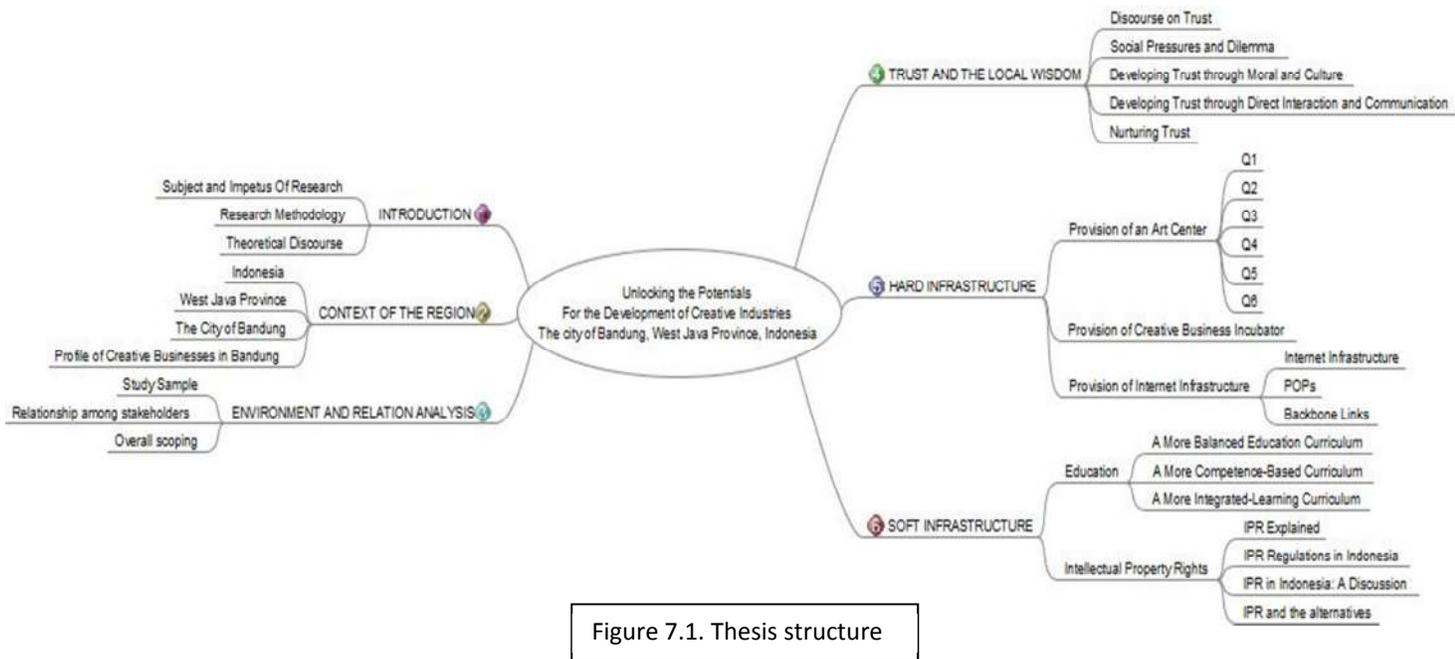


Figure 7.1. Thesis structure

⁹¹ SMART is the acronym for Specific, Measurable, Achievable, Relevant and Time-bound. SMART criteria are commonly attributed to Peter Drucker's 'Management by Objectives' concept first published in 1945 (Drucker, 2007). The term first appeared in *Management Review* by George T. Doran (Doran, 1981).

Chapter 1, the introduction, provides the subject and impetus of the research that explains the main reasons for and the importance of conducting research leading towards the formulation of the research questions. The chapter also discusses the research methodology and theoretical discourse. These methods are applied in specific ways in the research, according to the context, to develop a better understanding of issues that are important to the research and, ultimately, to answer the research questions. The aim of this section is to explore and describe the decision-making process of a mix of research tools.

The research was conducted through desk study and interviews, which were complemented by questionnaires (please see appendix for the form used in fieldwork and some sample of results). This section describes the research process, conceptual issues and research methods used. Fieldwork was conducted in Bandung, Indonesia, on three separate occasions: the first from July to December 2011, the second from May to July 2012 and the third from July to September 2013. Data gathering was conducted through questionnaires, in-depth interviews and focus group discussion.

Chapter 2 seeks to provide specific guidance regarding the context of the research. It explains and discusses the current situation in Indonesia. Although the overview is mainly of the economic situation, the chapter also explores other important issues, including the unique demographic and geographic aspects of the country. The chapter then focuses on the West Java province and elaborates further on the situation in the region. As the capital city of that province, Bandung becomes the object of the research and this is then elaborated further. The chapter ends with an analysis from the fieldwork results. It discusses the circumstances of the respondents, which arguably illustrate the typical creative business in the city. As the situation has changed with rapid development in information technology, Bandung has seen the birth of a new generation

that helps shape the city today. Through their work, they have managed to bring the city of Bandung to the international market. Amazingly, the development seems completely untouched by government policies (see Chapter 2). There is a chance that the government is too late in realising the potential of the creative industries, however, by taking certain actions as elaborated in this research then this unfavourable situation can hopefully be altered.

With all the limitations, the various communities in the city continue to develop their creative potential independently. A large part of this community is those who work in music, fashion, art, design, architecture and IT. The ethos of independence owned by creative workers in the city of Bandung could be the answer to the development of the creative industries. The history of the creative movement in the city started in the economic crisis that hit Indonesia back in 1998. In the midst of economic and political chaos, the creative community in the city actually managed to pull together and grow. The experience brings hope for a better future for the industries, but only if they can scale up, for which they need support. At the moment the businesses carry on in limited scope. Independence here can be seen as the thing that is holding them back because they do not trust the government. From interviews with a number of local government officials, as explained in Chapter 3, it is clear that the government wants to do something to support the growth of the creative industries. But creative workers do not trust them. Neither side is communicating or working together. Therefore it is important to build a mechanism to build trust, which was put forward in Chapter 4 and will also be outlined in the next section of this chapter.

The main subject of Chapter 3 is to identify and develop an understanding of the relationship between various stakeholders of creative industries in the city. It is important in the overall investigation to understand the relationship and to effectively tap potential

while developing the right concept to encourage the development of the creative industries in the city. Environmental scoping and analysis are important to inform, influence and assist the development of strategy and policy. Environmental scoping brings forth awareness of the operating forces on the ground and the changing environment, and detects issues that may need to be addressed. Some key findings that were carried on to the analyses of the following chapters were as a result of the interviews. The chapter also provides a way to better understand the work of the creative industries in Bandung.

After identifying issues as discussed in the earlier chapters, the next stage involves analysing three big key issues. First is the development of trust and a form of social capital that is analysed in detail in Chapter 4. In the fieldwork, many interviewees raised the issue of trust within the creative industries environment in Bandung. Most notably was the issue of the lack of trust among stakeholders towards the local government. The absence or lack of trust was mainly caused by the (perceived) lack of interest and support from the government. Also, the behaviour of certain recalcitrant or rogue officials has led to further deterioration of trust. The objective of the chapter is to propose some new questions to be explored and to construct a new framework for analysis – particularly in relation to the research context. This is the reason why there is a need for a communication mechanism between stakeholders. Again, interviews with local government officials found that they are clearly willing to engage with other stakeholders (please see Chapter 3).

The chapter suggests a way to use the Sundanese culture so that all stakeholders are willing to subordinate their self-interest to common objectives, which are to develop the creative industries together. In this way, partnership becomes more than lip service. People not only take in moral codes and meanings for what is right and wrong from

society, but society also communicates clues on what is considered cooperative and uncooperative behaviour and what it means to conduct relationships through trustworthy behaviour. Both moral rules and moral reminders help to increase compassion towards the whole group, by reminding everyone of moral principles and the group interest.

The second issue is a more visible manifestation of what is meant by the creative city in terms of cultural facilities. Chapter 5 examines several important issues regarding Bandung's hard infrastructure, which includes the provision of an arts centre, a creative business incubator and Internet infrastructure. These issues include policy, technical development and the impact of investment in infrastructure. The purpose of this chapter is to identify the existing availability of infrastructural services to the city and details the measures necessary to develop it to provide adequate capacity for the development of the creative industries.

The development of the creative industries is increasingly in need of adequate hard infrastructure (i.e. capital-intensive infrastructure). This is an important step in the process of increasing access and providing a more equitable set of opportunities for citizens in the city. Moreover, although there have been some improvements in the provision of infrastructure in the city, the quality of infrastructure for the cultural and creative needs of people in the city remains an issue. This chapter proposes the provision of infrastructure critical to supporting the development of the creative industries.

The third and last issue is a deepening understanding of the creative process at all levels within the creative sectors. This is addressed in Chapter 6, which analyses two soft infrastructures: education and intellectual property rights (IPR). The analysis comes from the belief that human resources are the main asset that characterises almost all

sectors of the creative industries. The notion of soft infrastructure refers to provision in response to building the capacity of people to handle current and future needs. It is not simply about providing physical assets but enhancing skills, knowledge and access. Soft infrastructure distinguishes between the provision of services and facilities more commonly recognised as 'hard' infrastructure facilities, such as buildings and roads. It is the author's view that soft infrastructure is much more difficult to build, because it involves a significant change in culture, system and organisation.

7.2 Summary of Key Issues

Creative economy activity is the cycle of creation, production, dissemination and consumption of goods and services that are developed through utilisation of information, knowledge and creativity. Creative economy activities rely on the value of the creation process. This means that aspects of human resources (talent), technology, cultural diversity and markets make up an ecosystem that is needed for this activity to happen. Many people think that Bandung already has the ecosystem.

Bandung has always been known as a city charged with intellectual potential supported by arts and cultural activities deeply rooted in a positive environment for developing creativity and artistry. The creative class has the potential to produce added value and creative products. Not surprisingly, many of the country's corporate headquarters⁹² and

⁹² Some of the big corporate headquarters located in Bandung are PT. Telkom (major national telecommunication company), PT. INTI (major IT engineering company), PT. Pindad (major military equipment manufacturer), PT. LEN Industry (manufacturer of defence electronics, railways, signalling, traction, navigation, renewable energy and solar power), Indonesian Aerospace (aircraft design, development and manufacturing of civilian and military regional commuter aircraft), PTPN VIII (major plantation and agribusiness company) and Bio Farma (major vaccine and pharmaceuticals manufacturer).

knowledge centres⁹³ have been established in Bandung, including those working in the engineering, architecture, arts, tourism and even military industries. The cool climate along with its medium size makes Bandung citizens more likely to move freely and interact with each other. This close proximity enables a degree of interaction, cultural exchange and 'ownership', something larger cities do not have. The infrastructure for these businesses is different from the infrastructure for the creative industries, and the basic infrastructure in Bandung is adequate for these big corporate businesses. While the situation in Bandung may work for these businesses, the current infrastructure does not work well for the creative industries because creative companies have different needs. Another point is that big corporations can afford to pay to get the facilities they need to conduct their business, for example logistic services and Internet connection.

Bandung is also known as a city that has big human resources potential when compared to other cities because of the abundance of schools, ranging from elementary to universities, that supply the majority of the city's creative community. In addition, public attitudes in Bandung are quite open and tolerant to change. The young generation is able to accept global trends and adapt them to the existing situation in Bandung.

As the biggest Muslim country in the world, religion plays an important role in the lives of people in Indonesia and not least in Bandung. Religion provides the foundation and framework of normative values for the life of the community. Basically, religion contains, among other things, universal moral messages that apply to daily life. Religion has become guidance for moral and human relations to achieve value in life. It is the

⁹³ More than 100 higher education institutions (universities, institutes, colleges, academies and polytechnics) are located in Bandung with some of the best universities in Indonesia. Bandung is also home to major research centres, public and private, for example the National Nuclear Bureau (Badan Tenaga Nuklir Nasional – BATAN), Space Science Center (Pusat Pemanfaatan Sains Antariksa), Center for Atmospheric and Climate Science (Pusat Pemanfaatan Sains Atmosfer dan Iklim), Center for Textile Science (Balai Besar Industri Tekstil), Center for Industrial Metals and Machines (Balai Besar Industri Logam dan Mesin) and Geological Survey Center (Pusat Survey Geologi).

foundation for all human conduct. Having said this, it does not mean that religion is about rigid restrictions. Rather, it serves as guidance for human life to be organised, orderly and harmonious. There is no pretension in religion to direct humans to engage in conflict, or to fight and hurt each other. Instead, religion has the potential to be a unifying aspect for peace, which transcends gender, geographic, ethnic and race issues. This is what actually contributes to the peace of the nation. Therefore people always strive to instil a spirit of tolerance in Bandung society. Tolerance is expected to keep harmony in the community. Although people are religious, they are also quite liberal and open in their conduct and thinking. This is the reason why the people of Bandung are known by their openness and friendliness.

The combination of services and knowledge, art and culture establishes Bandung as a creative city. Bandung has the capability of developing creativity, knowledge, innovation and economic growth, and the city has grown naturally with all of its potential. Unfortunately, because the creative industries are left with insufficient support, they can only grow to a certain level. For example, one of the music communities of the East Bandung area that was established a dozen years ago has to grow and strive to live by its own means. The community that has been growing in peace is suddenly being portrayed negatively by other people because of the occurrence of one unfortunate tragedy claiming 11 lives at a concert back in 2008⁹⁴. It is unfortunate that this tragedy has caused a disproportionate reaction from various stakeholders, especially the local government. Today, licensing and permits for concerts are very complex, layered and expensive, making it increasingly difficult for these kinds of creative community (usually small and with few resources) to organise an event. This is unfortunate and damaging to the development of the city. It is an example of mismatch where something has gone

⁹⁴ For details on the Asia Africa Culture Center concert tragedy that claimed 11 lives, please see Chapter 3.

wrong and the way forward is not restriction but rather substantial communication between stakeholders to find a better solution for all parties (creative workers, government, police and audiences). Engagement and working together need to be the way forward, not restriction. In comparison, Scottish people are so proud because they are able to organise a creative festival called the 'Six Cities Festival'. After a year of preparation, the three-week celebration was attended by 300,000 visitors⁹⁵. The creative industries in Bandung have a similar event called 'KICK-Fest', which was prepared in just a short time compared to the Six Cities Festival, but attended by the same number of visitors in just three days.

Creative sectors that have grown rapidly in Bandung include fashion, architecture, music, design, craft, research and development, and culinary arts. Although these industries are already running, it does not mean that the government can stand by and watch. To help them realise their full potential, the government may want to support them and provide the infrastructure for them to grow. The city government can also play an important role in eliminating barriers for people to be able to use their talents and skills in creating useful things for themselves and for others. The government also plays a major role in fostering innovation.

The youth in Bandung are good at absorbing global trends compared to young people in other cities. For example they are arguably the biggest users of the Internet and smartphones in Indonesia. Smartphones are primarily used for social media, allowing the youth to take in current global trends. For example, when Cronuts (croissant-donuts) were the hottest trend in New York back in April 2013, it did not take long for local eateries to sell them, with overwhelming results. Bandung has also set the trend for the

⁹⁵ http://www.urbanrealm.com/features/151/SIX_Cities_Design_Festival.html. Accessed in March 2014.

retail industry, especially establishment of its local fashion brands. The cases mentioned above are related to how the youth in Bandung use their smartphones. Pictures of Cronuts and #ootd (Outfit of the Day) that use local clothing brands are the most-posted pictures on Instagram. Other than social media, there are restaurant review applications such as 'Cerita Perut' ('Tummy Story'), which can be used to find a place to eat that is customised to personal preference. These trends are adapted, translated, used as a commodity and then become a new lifestyle trend. The youth redefine trends to suit their context.

These creative communities have been the driver of the creative industries. More than money, land or other material capital, the industry needs knowledge and intellectual capital. There are many examples of this in the clothing business in Bandung. The general narrative is that young people produce their own T-shirts in search of a unique design. Instead of making just one T-shirt for themselves, it is cheaper to make a dozen or more. The remaining shirts are then sold to friends and family. This gradually evolves into the beginnings of a clothing line. There are many reasons for starting their own clothing line, usually economic (as it is difficult to afford expensive clothes), supporting one's own lifestyle, a hobby that is proving popular – all of these reasons can be developed further into a business. Interestingly, the lack of capital and facilities has instead motivated them to be better. Apart from the growth of independent local clothing brands, the music scene and indie movie industry are also growing. They mutually support each other and together influence urban culture. The creative workers are learning to do their business by actually doing it and learning from their friends. However, this is a slow process. They need support from the government to scale up and further add value to their business.

A number of authors have written about this. For example, just to pick three, Alvin Toffler in his book *Future Shock*, as long ago as 1970, introduced the concept of the evolution of human civilisation (agriculture, industrialisation, the information era and the knowledge era as the fourth era). There is also John Howkins with his book *The Creative Economy* (2001) and Richard Florida with his book *The Rise of the Creative Class* (2002). The core discussion of these writers is that within the creative economy a new class of people has emerged, the creative class. The majority of this creative class is young people, otherwise known as the drivers of the creative economy.

Creative industries discourse began to surface globally only recently, as countries such as the UK began to look for new sources of economy because the previous industrial sectors, i.e. manufacturing, could not be expected to drive their economy anymore. On the other hand, countries with few resources like Singapore utilise the vital, if not the only, resource that they have which is thinking. The new era of knowledge-based economy takes science as a key element in the production process. The most valuable economic assets are no longer land or factories, but knowledge and ideas. The values of self-reliance, creativity, innovation, initiative and confidence have become the basis of wealth creation as quality of life increases.

A creative city is both an economic system as well as a social system. The economic activities of the city are affected by the linkage between individuals and the entire social network situated in the context of social relations and institutional structures. The dependence of each stakeholder reflects the degree of integration in the creative city, which establishes individual status in the social network. It affects accessibility to resources, relationship building, cooperation and competition among different stakeholders. A strong creative city cannot stand still if it wants to sustain its cultural capital and economic activity. It has to continuously intensify its creative capital, facilities

and programmes. Arts organisations can be focal points to facilitate and even coordinate partnerships and collaborations between local arts and cultural activities and networks. Arts organizations are also important in developing network with other arts organizations working in different cities in Indonesia that are doing similar work in supporting the development of creative industries in their respective area. With a strong network, all the collected voices of arts organization can advise, influence and plays an active role in the regional and national strategy for the development of creative industries in Indonesia.

In the beginning of this thesis, there are two main research objectives identified that this thesis aimed to achieve as well as three research questions that this thesis aimed to answer. The remainder of this section will summarize how the research objectives have been achieved by answering the research questions. To memorize, the following research objectives have been central to the research of which this thesis reported (1) The history and current condition of creative industries; (2) Issues in optimizing the development of creative industries, and (3) Possible framework for development strategies – both from the public and the private sector. To achieve the research objectives, a number of research questions have been formulated that this thesis aimed to answer. The main research questions of this thesis are (1) What are the issues, challenges, and opportunities for the development of creative industries in Bandung, (2) What are the potential roles of each stakeholder; (3) What needs to be done to help advance the development of the creative economy in the area (some sectors are

arguably going to develop better than others); and (4) How public investment strategy can be used to develop creative industries

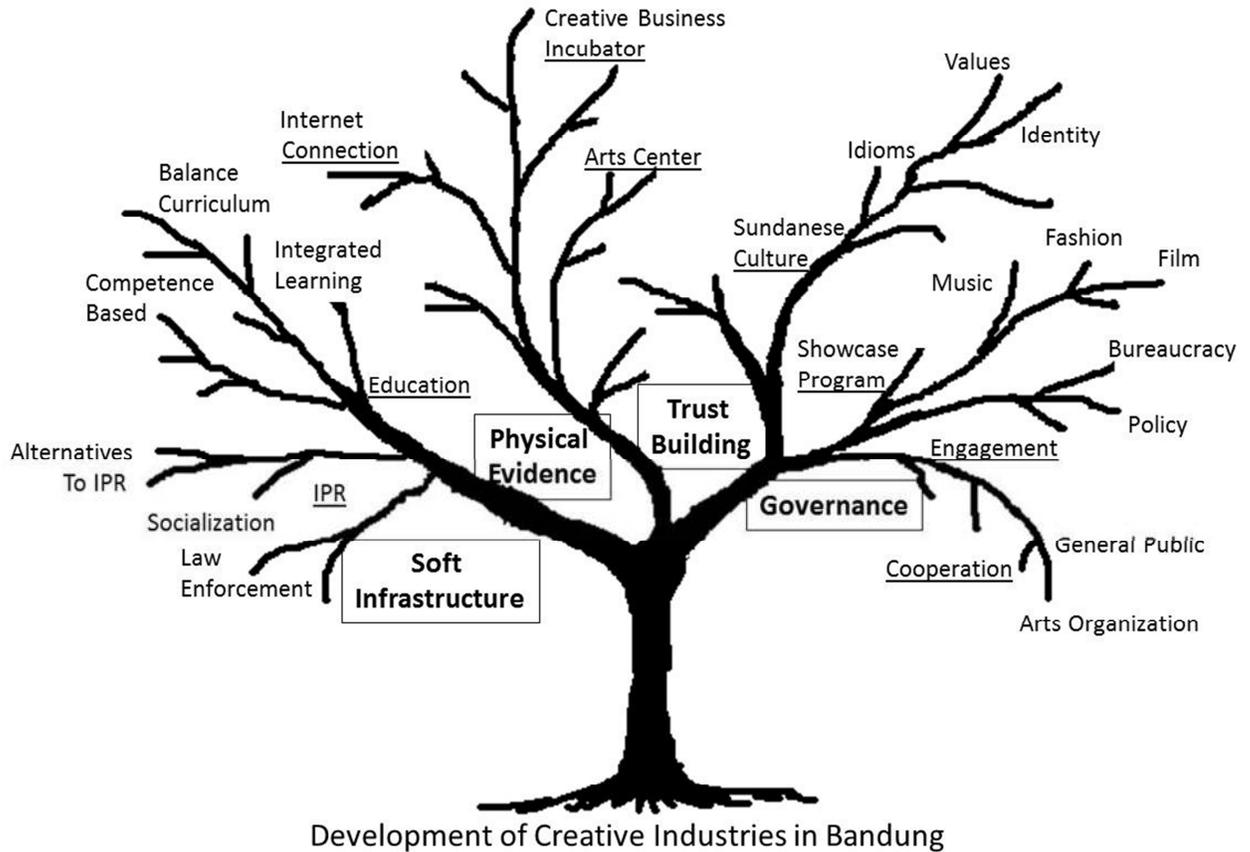


Figure 7.2. Key areas findings

Building on the results of fieldwork which includes interviews, case studies and desk studies, the findings of the research indicate that there are at least four areas that need to be addressed in Bandung to advance the development of the creative industries, as illustrated in Figure 7.2. The first is that trust is one of the major issues recurring in discussion, particularly the lack of trust towards the government. This is unfortunate, because this issue has taken its toll on the development of the creative industries themselves. The second area is that creative entrepreneurship needs to be engaged and nurtured, and this is done when opportunities for creative workers continue to be

made available to make ground breaking products to create a positive business climate that offers consumers a range of innovative products. There is need for a vision of creative leadership from the bureaucrats. Policies and regulations issued by the government should be able to promote the progress of the creative industries. Programmes that showcase a wide range of creative expression that involve all stakeholders (including festivals, public celebrations, exhibitions and concerts) are needed to develop the creative industries.

The third is lack of physical evidence and built environment to accommodate the arts and cultural sector. The built environment is of great importance for fostering public respect and trust, and a sense of appreciation and ownership of how the creative industries contribute to the city. Physical evidence can also persuade and encourage people from out of town to come to Bandung as visitors or even stay and make their living in the city. Lastly, the research also indicates an argument for the soft infrastructure of the city, particularly education and IPR. These two issues contribute greatly to the development of human resources, which are the raw material of the creative industries themselves. The following section will elaborate the four areas of findings.

1. Trust Building

Creative industries stakeholders have yet to gain confidence in the government. However, as the creative economy discourse emerges at international level, the West Java Provincial Government (WJPG) is slowly beginning to respond to this potential. The journey is far from over. Trust and fulfilment are about appreciation and contribution, and WJPG has yet to earn trust from the creative communities. This is not favourable to the development of the creative industries as neither side is reaching its potential. This

shows that a functional gap needs to be addressed. It is inevitable that the government is in a weak position, as it is perceived to perform inadequately.

Having a positive image is important for any institution, including local government. Local government needs to educate the community and build people's confidence in it. The messages conveyed are messages that emphasise communication and engagement, not merely expressing a positive image. Building trust emphasises the process of delivering a message that affects not only cognitive but also affective behaviour. Cognitive behaviour is the conduct of a person with recognition of the values and norms by which the community abides. Affective behaviour deals with appreciation of those sets of values. In this manner, cognitive behaviour means that a person obeys the values and norms just because other people are, whereas affective behaviour is achieved when members of the community understand, appreciate, respect and even treasure these norms and values in their daily life.

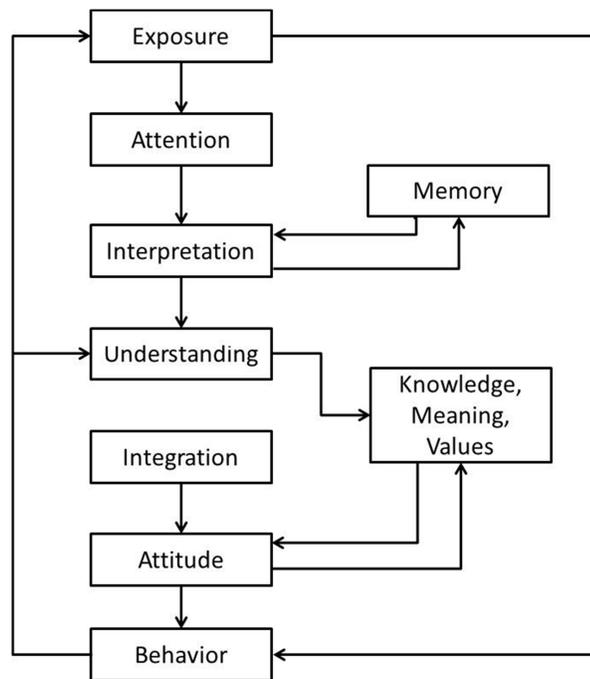


Figure 7.3. Developing trust using Sundanese moral reminders

The first step is persuasion, but not with advertisements that bombard people. Education is the key, whereas advertising has very little credibility. In this process, the 'person' is very important. The credibility of the 'person' that conveys the message and provides information is an important consideration. Such a 'person' needs to have the credibility and trustworthiness to convey the message and build public confidence in local government. Communication can be started by engaging people on certain topics that are important to them.

One way to build a positive image of local government is through local culture and wisdom. The topic of culture and local knowledge is relevant as a starting point. That is, culture and local knowledge in the region are highlighted as the basis and foundation for local government in running the government. Local knowledge with its philosophy can be shown to be the foundation of local government in making decisions and reflected in their behaviour in everyday activities in running the government. As an example, to achieve this, as discussed in Chapter 4, there are many traditional Sundanese terms and idioms that can act as moral reminders and can be used in campaigns to develop trust, start communication, encourage dialogue and nurture trustworthiness and credibility between stakeholders of the creative industries. The sayings can be used on posters, billboards and walls of offices, disseminated at meetings and other appropriate measures.

In addition, socialisation activities are important to create better understanding of the identity of people and eventually this process will bring appreciation, self-respect and love of local culture and knowledge. If this process continues, then local culture and wisdom will gradually affect their beliefs. The feeling of belonging to a culture, local

wisdom and local authority will be nurtured. An example is the process that occurs in the city of Solo in the Central Java province. The process of education through culture and local wisdom from the local government of Solo has made people increasingly understand and begin to live the culture and local wisdom that they have. In its development, the people of Solo are very proud and supportive of the local government.

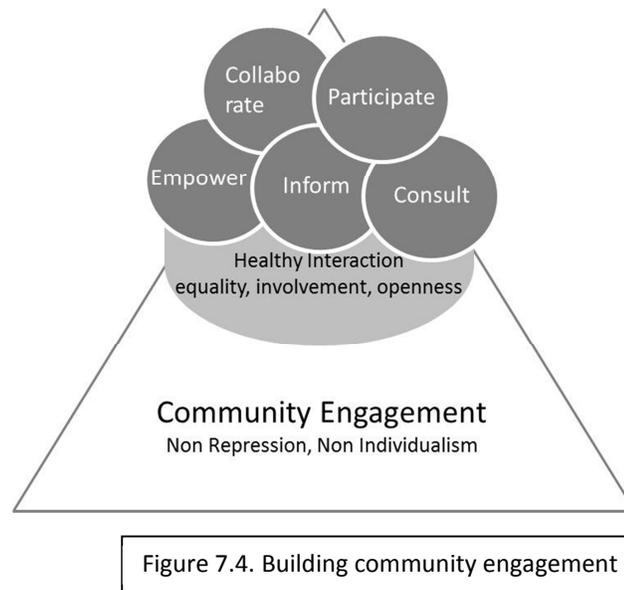
Cultural identity is understood as the personality of the people. When a society decides to absorb and process incoming culture in accordance with the character and capabilities of the community, the wisdom possessed by the society becomes a basis for making decisions. In fact, it is not uncommon for a community to absorb and process foreign cultures that are influenced by their cultural identity through the values and norms of local culture. This is what is meant by local knowledge, which is the manifestation of the teachings of local culture that is lived by people in the local community. The concept of why and how the local government conducts its activities will be perceived and understood in accordance with cultural beliefs, values and norms.

As for people who are from outside Bandung, an introduction and education in culture and local knowledge will make them familiar with the local culture. Recognition and understanding of this will also indirectly affect their assessment of local government. This is the approach that the government can use to build a positive image. The process of building trust is done by using this process of education. A strategy using a cultural approach and local knowledge and the 'identity' of local government is one way to construct a trustworthy image of local government. For local government, the cultural dimension is very important for the success of building trust. Through this step, there will be a process of education in the community, albeit slow and lengthy.

2. Governance and Engagement

Government planning can significantly help the development of creative workers. The important thing is that creative workers are visible, that they are consulted, and that the support is designed to be long term and sustainable to all city planning. Not only quantitative increase in activity and facilities is desired but also an increase in the usage of and access to existing venues for cultural activity. In order to translate this policy, the government should provide a conceptual framework for arts and cultural planning and provisions of arts infrastructure. As the kinds of occupations within creative sectors vary considerably, distinguishing the components of industry activity is also important both in terms of education and training and in developing a greater understanding of the creative process itself - to determine the type of support needed in the intervention process.

Although creative industries' policies have been embraced and have gained further momentum, there is a need to address the issues of social inclusion, limited access to arts activities and institutions, and limited local arts provision within the governmental policy agenda. The capacity of the creative industries generates both competitive and comparative advantage for the city and the nation. The creative economy enhances economic growth, first in the domestic market then on to the export market. This study has suggested promoting the development of the creative industries that highlight cultural policy formulation at city/region and macro-economic levels. This includes developing skills, innovation capabilities, economies of scale, urban design and growing market demand for creative products.



Governments in other countries seriously try to assist in the development of their creative businesses. They facilitate a variety of things to stimulate the interest of entrepreneurs at grassroots level to make the creative industries into the backbone of their economy. For example, the UK government has established more than 30 organisations and agencies to support the development of the creative industries⁹⁶. The organisations, ranging from urban to national scales, all compete in growing creative business and improving skills and abilities, as well as investing in innovative works. They are also active in opening access to the market, connecting various creative communities and promoting their work. They constantly disseminate work, innovation and products to all stakeholders; they set up arts centres in almost every way; they utilise old buildings without changing the physical form to be used as small offices that creative communities can use to develop their creative business. An increase in the growth and development of the creative industries at grassroots level has successfully

⁹⁶ Quick count of the list of organisations working to support the UK creative economy from the British Council Creative Economy website (<http://creativeeconomy.britishcouncil.org/resources/useful-links/>). Accessed in March 2014.

addressed a range of social problems. Unemployment has dropped sharply resulting in reduced crime and violence rates in society. The development of the creative industries has successfully optimised public space as a means of positive activities for the population. The creative industries also play a vital role in tourism because cultural activities are diverse, offering a rich selection of art and entertainment. Creative industries have attracted local and foreign tourists as well as successfully capturing returning visitors.

The growth of trade has definitely contributed to the local economy in Bandung. However, it also incurs other costs for society, including moral, material and social costs. Many traded goods and services are brought from outside the city rather than produced by the local community. The separation between production and distribution activities not only leads to an increase in transport costs and energy, but also money leaked to other cities, even to other countries. In addition, the city is crowded with useless (and sometimes even dangerous) products because there are no adequate health and safety standards for products and services that enter the market. The cost for society comes with, for example, children's toys with toxic materials, unsafe food, pornography, fraud and violent entertainment.

Meanwhile, there is inequality in the production sector. Current policies are considered to be more focused on the interests of employers, hardly noticing the conditions of workers. For example, many printing workers and tailors are forced to live in poor conditions with inadequate wages. Income inequality generated by the growth of the creative economy seems more favourable to capital owners rather than employees. It is not surprising that there are also many artists, designers and musicians who have to struggle financially because of this situation. There are concerns that the development of the creative industries in Bandung only benefited certain parties.

Seminars or discussions that are often held are criticised as being inappropriate and impractical discussion that yields no solution. They are mainly concerned with the trade deficit due to the loss of wealth and opportunity to create and sell products out of the city. The trade deficit is not seen as a loss because the majority of the population does not feel challenged to be productive and substitute imported goods and services. Consumerism then increases, which is indicated by the high level of credit card usage and high loans for consumption compared to loans for production.

The efficiency and cost of transactions are determined by production techniques, socio-economic environment and institutional factors. These factors also affect industrial clustering. The social capital is formed by a combined relationship with different kinds of stakeholder. The more social capital one possesses the more secure relations with others and cooperation becomes easier. This advantage provides the opportunity to share crucial knowledge and expedites obtaining information and support. Simmie (1998) argued that the clustering of businesses is still influenced by a blend of production factors, human resources, knowledge and information, and sources for financial capital.

One example worth mentioning is the One Village One Product (OVOP) movement. OVOP was first initiated in Oita, Japan, back in 1979 by Governor Morihiko Hiramatsu (Haraguchi, 2008). OVOP is an approach to development in a particular area to produce particular goods with high added value that are still characterised by the unique characteristics of the area. The objective is a product that utilises local resources, both natural and human. One village produces one competitive key product(s) as a business to gain sales revenue to improve the overall economy of the whole village. During the six terms of his tenure (almost 24 years), Hiramatsu was considered successful in

alleviating poverty by applying the OVOP concept. The OVOP movement contributed greatly to the economic and regional development of the Oita prefecture.

Essentially, the OVOP movement helps villages to come up with a specific product(s) that is unique to the world. As a community-led approach, no complex formal institutional structure is formed in the OVOP movement. However, there is a coordinating organisation through which members of the village decide collective action. It also provides technical and marketing support to all members. On the other hand, the members offer market information to the organisation, which is then shared with other members. The government offers additional support, including providing management and business mentorship, facilitating learning activities and assisting product promotion.

OVOP emphasises a product differentiation strategy and is considered as a supply-driven approach in which villages come with products that utilise local resources and offer them to niche markets. Successful OVOP producers continuously adapt and modify the marketing mix (product, price, promotion and distribution) of the products based on information and feedback from the market. It is this process of interactive and continuous learning that makes OVOP an effective and sustainable rural development method (Haraguchi, 2008).

Many countries have started to study the OVOP approach, especially in Asia. It is utilised specifically to solve the social and economic gap between rural and urban areas in countries including Thailand (One Tambon One Product/OTOP), Taiwan (One Town One Product/OTOP), Malaysia (One District One Industry/ODOI), the Philippines (One Town One Product/OTOP) and Cambodia (One Village One Product/OVOP). OTOP policy in Thailand is of particular interest. It enhances the effectiveness of Japan's OVOP by applying a number of improvements. OTOP in Thailand was designed as a

local entrepreneurship stimulus programme administered in 2001 by Thaksin Shinawatra, who was Prime Minister at that time. The programme aimed to support and increase the trade of locally made products from each Thai *tambon* (sub-district). As reported by the United Nations Industrial Development Organization/UNIDO (2008), the programme encourages village communities not only to come up with and produce the goods but also to improve the quality and marketing of their products. To further boost quality, the programme picks one outstanding product from each *tambon* to receive formal branding as the 'Star OTOP Product'. The government provides local and national as well as actual (i.e. shops) and virtual (i.e. the Internet) platforms to promote these products. The project was designed to assist rural communities in utilising local knowledge and heritage and traditional knowledge and skills to develop and market unique products, and at the same time make income. The provision of more income-generating opportunities to rural communities contributes to the building of a more resilient national economy for Thailand.

Looking at Bandung, there is a distinction between Thai emphasis on the traditional product and Bandung's more contemporary emphasis. Nevertheless, the use of the Internet for direct selling of the OTOP programme is an important element that would benefit Bandung. However, the question for Bandung is when stakeholders will realise that they are the 'shareholders' of Bandung. Only then can they collaborate and work together openly and sincerely in order to develop the creative industries in Bandung. The key to this transformation is a public policy that identifies culture as one of the important pillars for sustainable social development. Development models centred on social urbanism, education, civility and coexistence can transform investment in arts and culture to support the inclusion and transformation of society. The public space is an example of a direction that provides opportunities to enhance residents' quality of life.

Culture is an important tool in reducing social inequalities. It also introduces social and educational processes that generate new opportunities for the people of Bandung.

3. Physical Evidence

Some organisations and institutions in the UK function as creative hubs, for example Watershed in Bristol, which focuses on its development as a media centre. The government gave support in the form of a GBP 3.5 million grant to build the required infrastructure and facilities, ranging from a theatre and conference room to a café. This is to provide the creative community with a place to gather and conduct its activities. Bandung has similar organisations, for example the Common Room and BCCF⁹⁷. Each year they have many programmes ranging from exhibitions, discussions and training to network with other creative hubs in Bandung and from outside Bandung, including from abroad e.g. Asia, Europe and America. Of course, these organisations cannot be compared to the Watershed, at least in terms of financial support.

Another example is Glasgow. A lot of people will remember Glasgow as a big manufacturing town in the Industrial Revolution, which then experienced major industrial decline (for examples see Clark, 2013; Garcia, 2004; Audirac et al., 2012). The city has a lot of old buildings from the former shipyard and heavy equipment industries, the remnants of a big industrial city. However, the city has transformed itself in the last few decades by managing its creative energy. In fact the transformation has been happening for over 25 years or so. It dates at least from its tenure as European City of Culture 1990 (see Garcia, 2004; Papanikolaou, 2012). As a result, people now see Glasgow as a transformed city of culture, reaching its pinnacle when it was designated UK City of

⁹⁷ For detailed information on the Common Room and BCCF, please see the Arts Organisation section in Chapter 3.

Architecture and Design in 1999⁹⁸. Regeneration is evident just by looking at areas such as Sauchiehall Street, Buchanan Street and Merchant City. The regeneration project is successful as it uses old buildings without changing their appearance. This is not just seen in Glasgow's architecture, as economically Glasgow experienced significant growth by focusing on tertiary sector industries such as financial and business services, communications, creative industries, retail and tourism. Large manufacturing industries have gradually been replaced by creative companies. Reflecting on the experience of rich countries in developing their creative industries, what is important is the support and positive attitude of the government towards the industry. In Bandung, strong policies in concrete form are awaited such as rewards, incentives, easy licensing and infrastructure that will give positive effects to creative businesses.

The objective is to consider the provision of cultural facilities in terms of their strategic significance within the city environment. This method greatly considers existing and potential venues where arts activities can take place, including schools, colleges, community and youth centres, sports and leisure centres, parks and museums. It is also beneficial to map provision to support participation and increase access, drawing on user and audience surveys from existing facilities. This can provide further information for policy makers (LPAC, 1990).

Promoting cultural, artistic and recreational activities in the city can be achieved by supporting the work of local artists and presenting their works in cultural buildings. The city will rejuvenate the cultural life of neighbourhoods and public spaces through concerts, festivals and fairs that offer free access for citizens. To achieve these goals, the local government should develop an agenda of city events, either entirely produced

⁹⁸ <http://www.theglasgowstory.com/story.php?id=TGSFB>. Accessed in March 2014.

by the city or in partnership with local arts organisations. However, it is also important to be aware that government involvement in culture is an enduring dilemma that is often suspected of being manifested through censorship, licensing and other controls, which are employed to a greater or lesser degree (Pick, 1980). Positive involvement of government in public culture, on the other hand, can be seen as helpful in the matter of state provision, funding and advocacy of the arts as social welfare through education, training and dissemination policies.

The city will benefit from a programme that seeks to increase the participation of arts and cultural institutions in the formulation of cultural policies that directly impact the city's cultural arts ecosystem. In order to influence decisions in cultural policy, the city needs to be informed by each arts discipline, including cultural advocacy, cultural policy theory and arts management – knowledge that arts leaders use to improve processes inside their own cultural/arts organisations. Zukin (1995: 271) aptly argues that “... *cultural strategies have become keys to cities' survival... how these cultural strategies are defined and how social critics, observers, and participants see them, requires explicit discussion*”. On the one hand cultural planning discourse focuses on the amenity aspects of arts and urban planning, regeneration and local-global relationships. On the other hand, cultural planning is also seen in the wider context of urban planning, regeneration and decentralisation. Planning policies and guidance are nationally driven, but implementation and interpretation are local functions within statutory local planning authorities based on local area plans.

If only the creative communities were given space or allowed to cultivate abandoned public spaces. If only the feel of public spaces could be more accessible. If only the public were given more opportunities to appreciate art. Then Bandung would be a city that can be enjoyed by all. Moreover, the creative potential of the city of Bandung is so

rich and diverse in music, design, art, architecture, publishing and media, film and animation, traditional local culture and even the development of games and software. When other countries around the world are busy searching for talent to enrich their creative potential, Bandung already has it all.

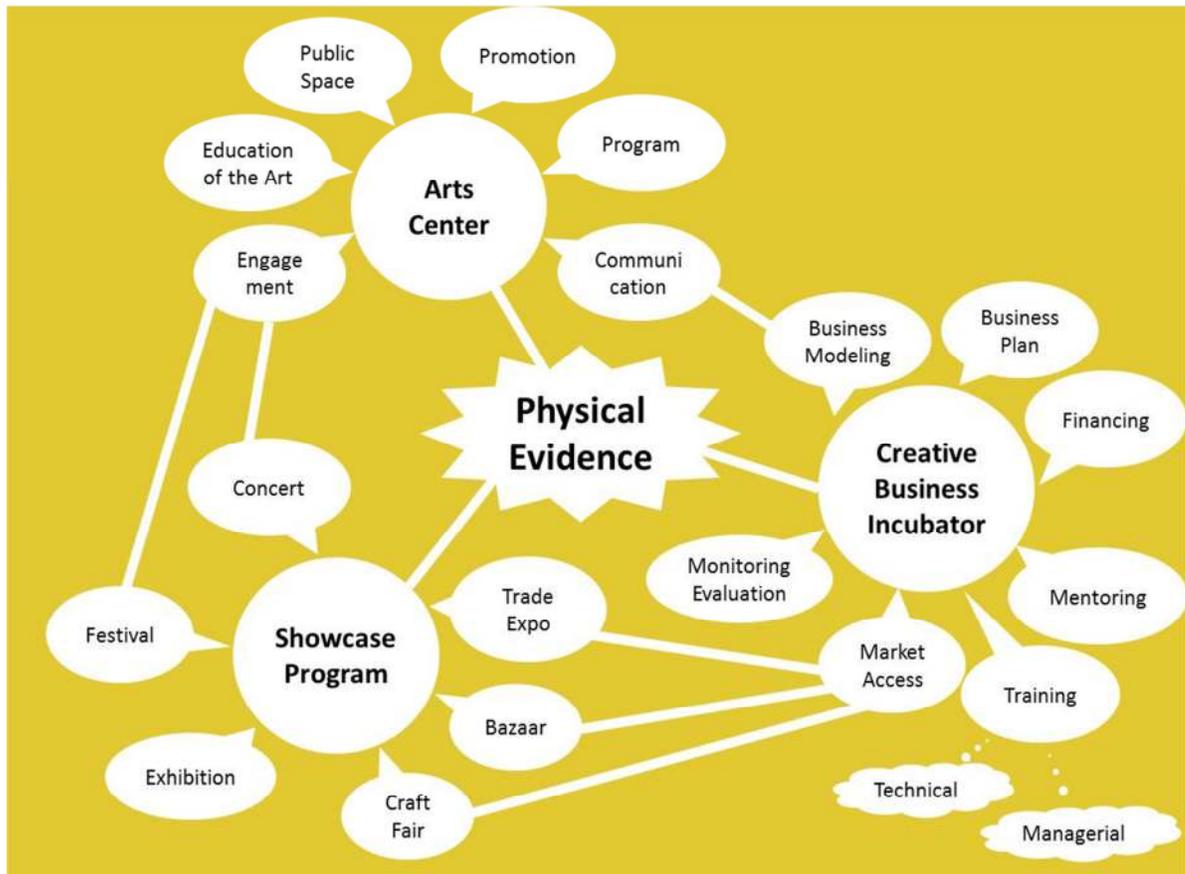


Figure 7.5. Proposed physical evidence programmes for Bandung city

The potential of the creative industries has also been matched by the importance of entrepreneurial tools and the role that arts can play in strengthening cultural identity and diversity. Without the provision of arts resources and the facilitation of arts development through adequate infrastructure (such as venues for touring, production and education), the development of the creative industries will be cut short. Provision for cultural infrastructure, including using existing facilities, is one suggested approach. It requires

appropriate coordination involving the arts and creative community and analysis into activity, usage, preferences and aspirations, and various other factors such as demographic and technological. Respect for the freedom of emerging and non-traditional (even oppositional) arts practices and allowing them to be expressed in safe places should also be considered in provision of arts centres as cultural amenities. Arts centres can also be platforms for innovation. They can be places where informal communication and idea sharing among individuals can occur, which are requirements for innovation and creativity.

The government plays a decisive role in the provision of physical spaces for the enjoyment of arts and leisure, and the maintenance and improvement of existing cultural venues. Strengthening arts events and educational programmes is a key objective of public initiative. This is the first step of creating social development through the arts. A series of artistic workshops and periodic community events in a variety of art forms (theatre, dance, painting, ceramics, sculpture, printmaking, music and even films) can take place in schools and community centres with the purpose of boosting creativity. Meanwhile, a specific arts centre is needed as a space for community interaction and improvement. The arts centre can also be a repository of cultural products and artistic expressions. Partnership with non-profit organisations is also important, particularly in funding educational projects and other community events that strengthen cultural offerings. The city needs a place where people can come together to produce, distribute and enjoy the arts. It is also important to address matters of education and training for cultural diversity and other operational issues, including developing artistic and creative skills.

A principle in public amenities normally guides a level of provision of facilities or services related to the level of population served. The importance of this principle is to maintain

neutrality, simplicity and ease of understanding when communicating with other stakeholders. There are also underlying problems in using the criteria for provision. These include reliance on judgment of the right type and the right level of provision. Local conditions need to be considered in the approach. They also tend to be undynamic or do not reflect socio-cultural change. Lack of qualitative spatial consideration in the assessment of community needs and the requirements of artists and cultural intermediaries make the policy ineffective.

Attempts to further open access to cultural products and services will benefit communities in many ways. First, creative workers can receive training in various techniques of art forms as well as in cultural management and leadership to improve both artistry and managerial skills. Second, creative communities can then access public funds to produce projects. This partnership with the public sector will help arts organisations to expand their projects and increase resource management capabilities. Arts organisations will start reaching a wider audience interested in the arts. The government will benefit from new transparency in managing public resources and the commitment of public administrators to the cultural policy of the city.

Another important component is allocating resources for cultural activities and events that did not have any public support in the past. This can generate artistic expression from communities. It can be implemented through extensive artistic programmes in the city. The principal goal of the programme is to display the artistic work of the community to a wider range of audiences. Planning, consideration and intervention by the government in the provision of cultural infrastructure offers a particular notion to the creative communities of how cultural planning can connect political, economic and social spheres, and the pursuit of popular entertainment and recreational activities.

4. Soft Infrastructure

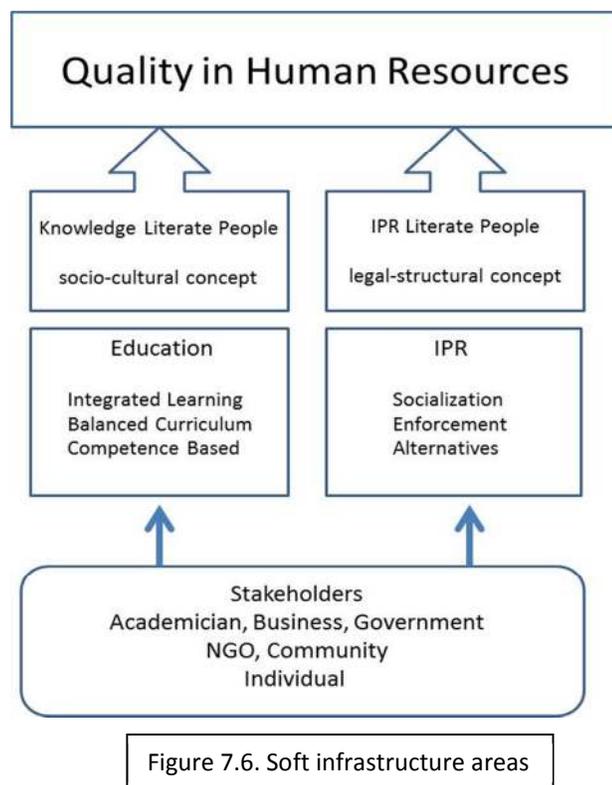
The government is seen to only focus on the primary industries. Its outlook on other industries is still partial, and the government does not understand the linkage between different creative sectors and the whole economy. If the creative industries are deemed important, the government should be supportive by providing better infrastructure to continue to foster the creative community. Red tape⁹⁹ and corrupt behaviour in bureaucracy could inhibit the growth of the creative climate. There is a lack of investment in human capital in the development of Bandung. This is unfortunate as people are the resource that drives and maintains the continuity of the creative economy. One indicator of this is the increase in the number of college graduates in Bandung that cannot necessarily increase city productivity. As a result, the potential of the educated human resource cannot be realised.

Other indicators include the development of education in Bandung, which runs on its own to meet prescribed targets without any real connectivity with the other stakeholders in the city. Neglect of education development raises significant social costs like unemployment, a marginalised work force, cheap labour dependent on the mercy of the employer and scarcity of masterpieces from intellectuals and artists.

These issues need to be addressed, not only with physical investment but also the utilisation of education institutions as centres of scientific development producing competent graduates in their respective fields. Provision must be made to provide various infrastructures, both soft and hard. Private partnership arrangements and capacity building need to be exploited. Encouraging social cohesion and strengthening cultural identity are fostered by active participation in arts and cultural activities. Policy strategies are developed through cooperation that involves various stakeholders in the

⁹⁹ For more detailed information on red tape, please see Chapter 3.

city. This develops activities of the creative economy that promote the role of community participation, sound public policy and good governance. This is especially important to utilise the full potential of various available resources and to ensure sustainable economic growth to improve the lives of the people of Bandung. The many resources available in local communities need to be developed to drive a wide range of sectors within the creative industries. This is not done to plan the arts per se, but to plan for the arts. It aims to create a strategy and a framework for support in which the arts can flourish and develop (Evans, 2001).



The development of cultural products and services is a concern of the government in the development of the creative industries and economic situation, which include policies for education, training, technology and competitiveness. In this case, the government can adopt the role of promoter, communicator, stimulator and facilitator in the development

of the creative industries. These roles include providing access to capital, incentives, public space, event promotion, licensing, information technology infrastructure, support for creative industries incubators, creative education, support for design and training centres, as well as providing creative industries statistics.

The relation between university-industry-government as the triple helix is an important linkage that needs to be strengthened by interaction among these elements. The interaction shapes the relation of cooperative innovation. Problems are not eliminated automatically by the interaction of these three elements of the creative city. However, the relationship holds each element's relative independence in the functional process. For example, universities can never function as industries. They can only have some partial functions of industries. Consequently, universities have to retain their distinct roles and functions in their interaction with industries. The independence of each element is believed to be one of the main aspects in the success of the triple helix framework. However, there are many overlaps of activities and functions among the elements in the triple helix relationship. For example, the education institution engages not only in education and scientific research, but also in the application of knowledge. This is a pattern of behaviour seen in industries.

Developing the creative sector requires cooperation between various stakeholders that include business, research institutes, universities and the community. The government can get involved effectively through policies that eliminate barriers and facilitate growth of creative entrepreneurship. The needs of the creative business may not be the same as other businesses that are already running. The government should be more open to playing its role in the development of the industries.

The experience of Bandung in developing creative economic activities and the role of community-based small and medium enterprises (SMEs) can be an example of how creativity is able to trigger a new wave of economic growth. Bandung's creative spirit can become contagious, a virus for other cities. Creative brands can also be nurtured in other cities in Indonesia. It is unlikely that a single policy measure will be able to fully optimise the creative industries' contribution to the urban economy. Rather, a creative industries development strategy for a city will contain a collection of different elements.

7.3 Summary of Limitations and Directions for Future Research

The research has presented an evaluative perspective on an important regional development policy programme, and was conducted in the Bandung city environment through sampling of creative workers. As a direct consequence of this methodology, the study encountered a number of limitations. The main limitation of this study deals with the number of key participants in the study. Even though the sampling demonstrated some diversity and the rationale for selecting the respondents was deemed logical and appropriate, the research only has 27 respondents. This is important in relation to reliability. However, Merriam (1998) argues that the issue of reliability lies in the fact that the information gathered from the data is a product of the information given and the skill of the researcher in analysing it. Furthermore, Lincoln and Guba (1985) suggested consistency and reliability are achieved when the researcher focuses on achieving a concurrence of thought that, given the data, makes the results sensible. I believe that my data has achieved that consistency.

The main rationales for the number of respondents, as explained in Chapter 2, were time constraints and data management. It became quickly apparent that the amount of

evidence and interviews proved very difficult to manage. It is arguable that a larger pool of informants might provide more evidence from which to formulate conclusions. However, qualitative research is more concerned with the collection of data than the number of participants (Yin, 2008).

The context of the study is the creative industries in Bandung. Due to the specificity of the research and the descriptive nature of the study, the findings are not generalizable to other context. To help build readers' understanding on the context of the study, some depiction of creative workers and their business has been presented.

Another limitation of the study is that it is cross-sectional research. Therefore, conclusions about the directions of causality implied in the research cannot be drawn. Relationships among variables must be interpreted with caution. True causal inferences can only be drawn by using longitudinal data. This is especially important for a subject like public policy that is not static but is a developmental process that changes over time.

The present study has relied largely on qualitative methodology of data collection (though quantitative methodology was used to a limited extent) and is therefore restrictive. Therefore, more quantitative methodology of data collection is desired in the future to provide a wider perspective to the current study. Research design can also employ more case study and content analysis to provide a holistic picture to the given subject.

Future research can focus on exploring shopping orientations, clusters of creative industries and behavioural differences. The significance of spatial effects such as the close proximity between cultural facilities and places of consumption and production makes the clustering of similar or complementary production and consumption activities

a feasible strategy to be pursued. This is to promote cultural industry quarters around the location of visitor-based activities (retail/markets, arts venues, restaurants).

The data collection was confined to the limits of Bandung city since constraints were faced during data collection. The replication of the study in different cities that are perceived to be important centres for Indonesian creative industries development such as Jakarta, Yogyakarta or Bali would enable better understanding of the study on national level. Research studies with a much larger sample size might also improve appropriate generalisation of the findings for future studies. At the same time data collection from creative product consumers could have elicited better responses that improve findings.

Maintaining policy outline and practical measures in public investment programmes is likely to involve a substantial structured cooperative effort between central, regional and local levels for policy and resource allocation. It requires a balance between local and national objectives, for example in qualities of life, economy and physical access. Clear attention to the process and practice of cultural planning has to be organised by the city government over time.

Lastly, future research should try to further establish the properties of a consultative approach with the wider members of society in the city, so that the policy can be more engaged. The quality will perhaps depend on the dynamic nature of the city and its changing aspirations. Undertaking cultural planning concurrently empowers greater integration within the city ecosystem. The extent of consultation in public policies is a measure of the government's attention to the community it intends to serve. The respect given to a policy that involves community consultation indicates that the community development approach needs to be given greater attention.

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Figure 3.9.

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Figure 6.10.

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Appendix A. List of Acronyms and Terms

APEC	Asia-Pacific Economic Cooperation
APPMI	Asosiasi Perancang Pengusaha Mode Indonesia (<i>the Association of Indonesian Fashion Designers Entrepreneurs</i>)
ASEAN	Association of South East Asian Nations
ASEF	Asia-Europe Foundation
ASPILUKI	Asosiasi Piranti Lunak Indonesia (<i>Indonesian Computer Software Association</i>)
BAPPEDA	Badan Perencanaan Pembangunan Daerah Kota Bandung (<i>Bandung City Urban Planning and Development Bureau</i>)
BCCF	Bandung Creative City Forum
BCNMA	Bandung Center for New Media Arts
CA	Cockpit Arts - UK
CC	Creative Commons
CEO	Chief Executive Officer
CIEL	Center for Innovation, Entrepreneurship, and Leadership - Bandung
CIWG	Creative Industries Working Group - Singapore
CR	Common Room
DCMS	Department of Culture, Media, and Sports - UK
ERC	Economic Review Committee - Singapore
GBP	Great Britain Pound (currency)
IDR	Indonesian Rupiah (currency)
ICP	International Comparison Program
IPR	Intellectual Property Right
ISP	Internet Service Providers
ITC	International Trade Centre - UN
Kemenparenkraf	Kementerian Pariwisata dan Ekonomi Kreatif (Ministry of Tourism and Creative Economy) - Indonesia

LPAC	London Planning Advisory Committee
NACCCE	National Advisory Committee on Creative and Cultural Education - UK
NGOI	National Government of Indonesia
NTIA	National Telecommunications and Information Administration - US
OTOP	One Tambon One Product - Thailand
OVOP	One Village One Product - Japan
POP	Points of Presence – internet infrastructure
RUS	Rural Utilities Service – US
SBAC	Smarter Balanced Assessment Consortium - US
SME	Small and Medium Enterprises
SWOT Analysis	Strength – Weakness – Opportunity – Threat Analysis
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
WIPO	World Intellectual Property Organization
WJPG	West Java Provincial Government
WTO	World Trade Organization - UN

Appendix B. List of respondents

I. Industry Practitioners

1. Dina Dellyana, musician and fashion designer. Dina is the creative mind behind *Homogenic*, an electronic pop indie band from Bandung. Preferred to be called a fellowship rather than a band, *Homogenic* is a party of three people with their own uniquely strong individualities united in the same vision in music. *Homogenic* was founded in 2002 and has since produced three albums. Dina is also the cofounder and designer of *Glantz*, an urban fashion line for young women. As of 2011, *Glantz* can be found in three stores in Bandung and has its own online shop.
2. TB. Fiki Chikara, fashion designer and owner of *Airplane System Clothing* (ASC). Fiki started his business in 1998 by selling his products through several established stores. This was done because he did not yet have the capital to open his own shop. But slowly his effort paid off. In September 2001, he opened his own shop and the business began growing rapidly since. His products have reached dozens of cities in Indonesia, and in 2010 ASC opened a branch in Kuala Lumpur, Malaysia. ASC has even penetrated the European market by opening a store in Bordeaux, France.
3. Ben Wirawan, fashion designer, co-founder and CEO of *Mahanagari* which was established in 2005. The company is engaged in the production of merchandise – key rings, pins, mugs, postcards – with a local culture theme. The main product of *Mahanagari* is t-shirts with contemporary designs that are eccentric and enriched with a social mission. With the tagline '*Bandung Pisan*' (meaning: Real Bandung), *Mahanagari* has found success in making T-shirts as a medium for cultural campaign. The products not only serve as souvenirs, but also as a tool to promote knowledge, love, and respect of Bandung's residents to their own culture and heritage.
4. Rachmad Imron, animation, graphic, technical designer, co-founder and CEO of *Iris Design*. *Iris Design* is an integrated communications company. The company consists of designers, engineers, consultants and marketing specialists who work together to translate the abstract language of communication into digital content production applications and graphics as well as other visual tools. The company also has branched out to developing games for various platforms. Imron is important to be interviewed because he is a cross-platform creative worker. He represents a type of creative cross over.
5. Sonny Budi Harsono, movie director and co-founder of *Sembilan Matahari*. The company was established in 2002, and specialises in audio-video and creativity visualization which includes documentary and movie making.
6. Arief Widhiyasa, game developer, co-founder and CEO of *Agate Studio*. *Agate Studio* creates a wide range of games. Established in 2009, the company grew quickly and has become one of the biggest game developers in Indonesia. The company has approximately 60 employees working on more than 120 projects for various overseas clients. The average employee is about 23-24 years old. Arief is himself is 25 years old.
7. Addy Handy, musician and writer. Addy is the lead vocalist of the band *Forgotten*. The formation of the band can never be separated from the history of the Homeless CREW music community in Bandung. It is a notorious underground music scene in the city and the oldest one still active to date and an important part of the history of underground music in Bandung and in Indonesia. The community initiated the annual Bandung Berisik Festival (Blaring Bandung) in 1995, which has become the barometer of the metal underground music scene in Indonesia. He is also an activist in the independent musician society called Solidaritas Independen Bandung (Bandung Independent Solidarity).
8. Wenda Nugraha Aji, fashion designer and owner of *Oink!* The company was founded in 1999 and focuses on vintage, skateboarding, scooter, and punk-pop music culture.
9. Kikichan, fashion designer and founder of the *Fragrance Kikichan* brand. Unusual color schemes, asymmetrical cutting, and alloy materials commonly used in interior design is

characteristic of this designer in its collection of handbags, shoes and accessories. Each item is limited to six pieces per model. This eclectic designer is a regular in fashion shows across Bandung and Jakarta, and is featured in many important fashion magazines in Indonesia.

10. Irma Sari, fashion designer and founder of *By Catch*. The label is one of the pioneers of Bandung's women clothing. *By Catch* sells a variety of chic women's fashion products. The name has risen in popularity with 21 outlets in Sumatra, Java, Kalimantan, Bali and Sulawesi.
11. Nancy Margried, co-founder and CMO of *Batik Fractal*. Batik Fractal is three things in one – an innovative technique, a product and a brand (Batik Fractal Indonesia). They design batik patterns by applying fractal mathematics formulae with their patented software, jBatik software. They then apply the pattern onto various materials, in particular on traditional hand-painted batik fabrics. With their innovation of combining traditional heritage with modern technology, the company has won many awards including 1.100 Best Innovations of Indonesia, Indonesia ICT Award, British Council International Young Creative Entrepreneur, Asia Pacific ICT Award and UNESCO Award of Excellence.
12. Tegep Oktaviansyah is the founder and owner of TEGEP Boots. He started his business in 1997 by making a business out of his hobby of making and wearing boots. A strong desire to create good quality unique product made Tegep Boots well known in Bandung as is worn by artists, officials, to expatriates. He exported his product to the United States, Germany, and Australia with business turnover reached USD 10-20 thousands per month. Tegep is member and former president of Bikers Brotherhood, the oldest and biggest motorcycle enthusiast community with around 1.000 members. Tegep is also one of the founders of Bandung Creative City Forum.
13. Andar Manik, founder, and Marintan Sirait, President, Jendela Ide. It is an arts organization that fights to preserve the Sundanese cultural heritage. They have, however, found the solution in tourism and community engagement. They embrace contemporary culture and mix it with indigenous art and utilize it to help the disadvantage. Andar Manik is also lecturer in the Fine Arts Department of Institut Teknologi Bandung.
14. Galih Mulya Nugraha, founder and CEO, and Febian N. Saktinegara, Creative Director, of Embara Films. Embara Films is a startup film producing company based in Bandung. The company specializes in panoramic and documentary film. Embara is arguably the first company in Indonesia to use crowdsourcing technique to finance their movie. Using a popular crowd source website, they exceed their funding target within days of posting their proposal. The latest work of Embara Films is Epic Java, which is greatly welcomed by many people with positive reviews.
15. Meizan Natadiningrat, founder and CEO of HouseTheHouse. House The House is an independent think-tank on urban design and city planning. Many activities were initiated by this organization, including the biggest creative festivals in Bandung, Helar Fest and Keuken.
16. Rizky Adiwilaga is a lawyer who specializes in IPR Law. He owns his own firm, Adiwilaga & Partners. He is also the General Secretary for Asosiasi Konsultan Hak Kekayaan Intelektual Indonesia – AKHKI which is the association for IPR consultant/lawyers in Indonesia. Rizky is also a creative community activist in Bandung and is actively participate in Bandung Creative City Forum where he is acting as the Director for IPR and Legal.
17. Djarot Subiantoro (President); Riyanto Gozali (Vice President); and Hidayat Tjolrodjojo (Treasurer). Asosiasi Piranti Lunak Indonesia (ASPILUKI) - *Indonesian Computer Software Association*.
18. Arifin Mas (Secretary General). Asosiasi Perancang Pengusaha Mode Indonesia (APPMI) - *the Association of Indonesian Fashion Designers*.

II. Arts Organizations

1. Gustaff H. Iskandar (Director). Common Room. <http://commonroom.info/>

2. Tegep Oktaviansyah (Founder), TB. Fiki Chikara (President), Dwinita Larasati (Secretary General), Rizki Adiwilaga (Director of IPR and Legal). Bandung Creative City Forum (BCCF). <http://www.bccf-bdg.com/v3/>
3. Elsa Sasmita and Camelia Harahap. Program Managers for Arts and Creative Economy. British Council, Jakarta Office. <http://www.britishcouncil.or.id/en>

III. Government Officials

1. Elitua Simarmata, Executive Director of Indonesia Kreatif, and Yuda Kamsi, the organization's Community Relations Officer. Indonesia Kreatif is an arts organization working for creative economy development initiated by the Indonesian Ministry of Trade in 2010 with the primary role as a hub agency, facilitator, and public outreach program. Indonesia Kreatif has three major programs; Creativepreneur (dealing with creation and capacity building), Creative City (dealing with the creation and development of creative cities), and Creative Network. Creative Network is an important program for the creation and development of networks among businesses leaders in the creative industries, as well as communities, governments, academicians, and investors. An important contribution by the working group is in providing online media for information, communication and education of the creative economy in Indonesia. This portal provides the much-needed platform for the development of creative-preneurship and creative-network in Indonesia.
2. Ferrie Budiansyah, coordinator of Inkubator Inovasi Telematika Bandung (I2TB) or Bandung Telematics Innovation Incubator. In 2008 the Indonesian Ministry of Communication and Information built its first pilot project for a telematics innovation incubator in Bandung, named Inkubator Inovasi Telematika Bandung (I2TB). The purpose was to increase the number of qualified ICT technopreneurs in Indonesia. This model is going to be replicated in other cities in Indonesia including, but not limited to, Yogyakarta and Semarang. Activities are directed at facilitating and nurturing young creative technopreneurs and developing cooperation among stakeholders.
3. Anton Sunarwibowo, the head of Spatial Planning and Infrastructures Facilities of Badan Perencanaan Pembangunan Daerah Kota Bandung (BAPPEDA or Bandung City Urban Planning and Development Bureau). The unit has two subcommittees, which are the 'Spatial Planning and the Environment Preservation Committee' and the 'Facilities and Infrastructure Planning Committee'.
4. Aswin Sulaeman, the head of Capital Investment Office of the Regional Planning Agency of Bandung. The office has the function to formulate and coordinate the implementation and administration of policy in capital investment and licensing. The office also works to accumulate, seek information, and other materials related to investment opportunities and licensing.
5. Sakri Widhianto, Director General of Small and Medium Enterprises Ministry of Industry. The Directorate operates as part of Ministry of Industry and is responsible for collaborating with private sector stakeholders and other government agencies to support the development of small and medium enterprise.
6. Alma Lucyana, the head of Regional Public Health Services Bureau. The interview was conducted to understand perspectives from Ms. Lucyana on matters not directly under her scope of work and gain an outlook on how she sees the development of creative industries in the city. Further, it also explored ways in which the capabilities of creative workers may be applied to assist in the development of other spheres of city development in Bandung – in this case in the field of public health. The framework of Human Development Index was used in selecting the fields to be explored. This approach was constructed to include three basic sectors of human development which are health, education, and the economy. Creative industries have direct economic relevance to the regional development. Thus, attention was switched to public health and education.

Appendix C. Interview informed consent (translated)

Acknowledgment of Informed Consent

Section I. Identification of Project and Responsible Investigator:

Respondent hereby agree to participate in a research project entitled "Unlocking the Potential for the Development of Creative Industries in the city of Bandung, West Java Province, Indonesia" to be conducted by Sonny Rustiadi as principal investigator.

Section II. Participant Rights and Information:

1. Purpose of the Project:

This study will look into the factors that may impact international student's help-seeking behavior. You will take part in the study by interviewed regarding seven different topics as attached. If you choose to participate, the survey should take approximately 15-20 minutes.

2. Description of Risks:

Certain questions will ask for personal feelings and that you might be experiencing. It is very understandable if you feel a certain amount of discomfort disclosing this information. If you feel necessary, the researcher will hold and keep your identity confidential.

3. Description of Benefits:

The results of this study are expected to help in better understanding ways in which to develop a better strategy and smart ways of thinking – including in investment and infrastructure to support the development of creative industries.

4. Disclosure of Alternative Procedures:

There are no alternative procedures for this research except for non-participation.

5. Confidentiality of Records:

We will keep a record of your answers. All records will be treated as confidential

6. Contact Information:

If you have any questions about this research project or about your rights and activities as a participant, then please contact Sonny Rustiadi at iep01sr@gold.ac.uk. You may also contact my faculty advisor of this research, Gerald Lidstone at g.lidstone@gold.ac.uk.

7. Statement of Voluntary Participation:

If you choose to join our research project, your participation will be voluntary. You can ask to withdraw from the research project at any time.

Sonny Rustiadi
Graduate Student
Institute for Creative and Cultural Entrepreneurship
iep01sr@gold.ac.uk

Appendix D. Blank Questioner Form (translated)

NAME : _____

COMPANY : _____

HOW LONG WORKING IN THE INDUSTRY: _____

LEGAL STATUS

COMPANY : REGISTERED NOT REGISTERED

BRAND/PRODUCT : REGISTERED NOT REGISTERED

FINANCIAL

INITIAL CAPITAL : _____ MONTHLY TURN OVER : _____

SOURCE OF INITIAL CAPITAL: SELF FUNDING THIRD PARTIES

ANGEL INVESTOR (Family&Friends) BANK

GOVERNMENT OTHER: _____

HUMAN RESOURCE

NUMBER OF PARTNER(S) : _____ NUMBER OF EMPLOYEE (S): _____

TARGET MARKET

TYPE OF CLIENT : END CUSTOMER BUSINESS TO BUSINESS

GOVERNMENT OTHER: _____

TARGET MARKET : WEST JAVA NATIONAL

REGIONAL (ASEAN) INTERNATIONAL

PRODUCTION

SOURCE OF INPUT : WEST JAVA NATIONAL

REGIONAL (ASEAN) INTERNATIONAL

GENERAL BUSINESS ASPECT

Activities	
Motives to work on creative industry	
Ideal competencies that any creative entrepreneurs should possess	
Hopes to increase creative industries	
Government supports	
Expectancies for Bandung creative industry	

Appendix E. General Business aspect result sample (translated)

Name : Yuda Suryasa
Company : Pikir Mikir Brand Design
How long working in the industry : 5 Years

Question	Answer
Activities	<ul style="list-style-type: none"> • Providing services for local enterprise companies • Support indie music community through media campaigns
Motives to work on creative industry	Explore own potential more freely and systematically
Ideal competencies that any creative entrepreneurs should possess	<ul style="list-style-type: none"> • Compete in new ideas • Mutual support in order to provide of creative solutions
Hopes to increase creative industries	Local creative industries can compete in international market
Government supports	Still lack, reason: <ul style="list-style-type: none"> • Government is considered unhelpful (e.g. licensing) • Lack of respect for creative services compare to products • Lack of standardization
Expectancies for Bandung creative industry	<ul style="list-style-type: none"> • Continue to grow • Given support to enable exploration of creative potential

Name : Denny Willy
Company : Apikayu Foundation
How long working in the industry : 10 Years

Question	Answer
Activities	<ul style="list-style-type: none"> • Conduct advocacy activities for creative communities • Opening YES (Young Entrepreneur Start-up) club of Bandung
Motives to work on creative industry	Have the educational background to work in creative sector
Ideal competencies that any creative entrepreneurs should possess	Have link to communities (Network) Reason: by joining community, enable a person to compete positively in their work and exchange ideas with other people
Hopes to increase creative industries	So far so good, because the creative industries in the city of Bandung so far are rapidly progressing

Government supports	Help to promote creative activities, because creative industry is still considered informal sector by the Government
Expectancies for Bandung creative industry	Maintain and sustaining existing creative communities, so that they exist and continue their creative activities. The local Government is expected to help promote the city to be creative

Name : Ben Wirawan
Company : Mahanagari
How long working in the industry : 10 Years

Question	Answer
Activities	<ul style="list-style-type: none"> • Found Mahanagari (culture based clothing) • Establish Hellarfest (the biggest Bandung art festival)
Motives to work on creative industry	Education in creative design. Founded Bandung creative city forum and designer syndicate forum in hopes to help small creative industries in Bandung
Ideal competencies that any creative entrepreneurs should possess	<ul style="list-style-type: none"> • Knowledgable in creative business • Knowledgable in management strategy • Focus
Hopes to increase creative industries	Basically Bandung has no resources other than human resources, so we need to develop the intellectual resources that can make Bandung a creative culture on international level
Government supports	I could say that there is little support from the Government, because the Government is only acting reactively to what happens with the creative industries. The Government also seemed to be unaware of the resources potential for creative industries in Bandung.
Expectancies for Bandung creative industry	Creative industry is hoped to be able to serve globally and attracts overseas market. Hopefully the government can support by providing adequate infrastructure

Name : Fiki Satari
Company : Airplane System (Distro and Clothing)
How long working in the industry : 10 Years

Question	Answer
Activities	<ul style="list-style-type: none"> • Founded Airplane • Establish KICK (Kreative Independent Clothing Kommunity) • Establish BCCF (Bandung Creative Community Forum) All of which can drive creative economy of Bandung
Motives to work on creative industry	In the beginning because joining creative communities, and thinks that creative industries have ideas rather than in money as critical asset
Ideal competencies that any creative entrepreneurs should possess	<ul style="list-style-type: none"> • Innovative Ideas • Design knowledge (insight of the business not just making pictures)
Hopes to increase creative industries	Bandung is expected to continue to compete along other familiar industry, but having better human resources
Government supports	No, because the government is just waiting
Expectancies for Bandung creative industry	Creative communities to be increasingly solid, because it will produce great collaborations and innovation and will contribute to the economy of the city of Bandung

Name : Agnes Tadia
Company : Just Kulkith Shoes
How long working in the industry : 1 Years

Question	Answer
Activities	<ul style="list-style-type: none"> • for many times participated in creative products exhibitions • Manufacture exclusive products
Motives to work on creative industry	Knows own self, and with it starts own business wanting not to be exploited by others
Ideal competencies that any creative entrepreneurs should possess	Has ideas
Hopes to increase creative industries	Creative industries can boost the economy and utilize time and energy more efficient

Government supports	No government support, because government policies are considered too much burdensome for entrepreneurs
Expectancies for Bandung creative industry	Optimistic, because Bandung city has a lot of creative human resources, and hopes that these resources can take advantage of the local culture

Name : M. Luqmanulhakim

Company : Do with Batik

How long working in the industry : 1 Years

Question	Answer
Activities	<ul style="list-style-type: none"> • Collaborate with Saung Angklung Udjo and Wayang Giri Harja and other craftsmen in the town of Banjar and Garut by providing training handcrafting • Provide updated information on the creative economy
Motives to work on creative industry	<ul style="list-style-type: none"> • Building creativity based on an economy that address the basic need of people with creative efforts that can solve problem • Opening new networks and relationships
Ideal competencies that any creative entrepreneurs should possess	Provide benefits to surrounding communities, wherever they are
Hopes to increase creative industries	Enhance the competitiveness of human resources, given ACFTA, AANZFTA, AIFTA and various kinds of free trade enforced that we can still survive by creativity
Government supports	Lack of government support, they only give attention to big and well known business and give less attention to small and emerging businesses
Expectancies for Bandung creative industry	Grow creative players in Bandung, open up employment opportunities, provide benefits to the community, and nurture its survival rate for many years

Appendix F. In-depth interview question guide (translated)

Interview Question Guide (for the researcher)

The research consists of a series of interviews with creative workers. These interviews will investigate what opinions creative workers have on the situation in the sector where they work, and submit suggestions for change of the current situation (if they see it necessary).

1. General industry issues
 - Are you acquainted with the term creative industries? (if the interviewee is not familiar with the term, please give a brief definition)
 - What is the thinking about entrepreneurship? About creative industry?
 - Do you consider yourself to be a part of creative industries? If not, why?
 - Do you have any critical remarks on the the use of the terms 'creative economy' and 'entrepreneurial dimension'?
2. Personal and characteristics
 - What motivates you?
 - What do you do for fun?
 - What are your goals? Long term? Short Term?
 - What are you looking for in a work?
 - What are your biggest accomplishments thus far in your career?
 - Do you think that your activities have an adequate recognition in your society? (E.g. presence in the media, adequate social, material status, etc.)
 - What is the most difficult situation you were in? How did you handle it?
 - How do you work as part of a team?
3. Education and human capital
 - Could you tell us more about your educational background?
 - To what extent can the educational system assist in acquiring skills useful in creative economy?
 - Do you know of any best practice in education and training useful in creative economy?
 - How do you see that the educational system has addressed and prepared the labor force for creative economy?
 - What can be done to provide better professional education in all creative industries?
4. Work habit and value activities, creative creation
 - How did you start to be in your work place? What is the definition of your occupation? Type of business?
 - Do you think that your practice is specific and unique in the area?
 - What changes are you seeing right now and how are they affecting the job?
 - Motivation and reasons for doing this business.
 - Can you live on income from your work? How much are you dependent on the state subsidies?
 - ✓ Do you have to do additional work so as to be able to do your (artistic, creative) work?
 - ✓ What is your opinion of these 'additional jobs'? (Do you consider them to be a part of your creative work?)
 - ✓ Devoted time to the business
 - What is the first thing that you would like to change in your work area?
 - What are the key characteristics of the market of cultural products in your area? Do you think that it exists? (Is there a potential audience for it, do the prices match the offer, etc.) – put the special emphasis on the sector where the interviewee works

- What do you think about the projects that are connecting art and market approach?
 - What would you consider to be the main entrepreneurial driving factors for SMEs in the creative industries?
5. Environment and stakeholder support
- Bandung attractiveness which defines the condition
 - ✓ Those that suppress creativity and those that support and nurture creativity
 - ✓ Beliefs about important factors
 - How to increase livelihood and build interest for Bandung?
 - How much are urban surroundings influencing your work? (Why do you live in this area?)
 - Are you satisfied with the position of cultural workers in your area? (How do you see its general material and social conditions, status, etc?)
 - Who are your competitors?
 - What do you think of your competitors?
 - What do you think in the research the role of the state in financing of your work area and its activities? Does it need to be changed, and if yes – how?
 - Investment in business structure
 - Link to various stakeholders
 - Other external help and support
 - Hindrances in doing activities
 - Message to those in power
 - Are there any activities of which you are aware that have been conducted at a local, regional or national level to support creative entrepreneurship?
 - At which points do you think the creative SME sector requires access to entrepreneurial support?
6. Risk, Policy, and regulations
- In your opinion, what are the major obstacles for the development of area of your work?
 - Which instruments in the field of culture need to be changed so as to improve the situation in your work area? (e.g. question of cultural policy)
 - What could be the answer of the local cultural sector to the influence of global companies, and if it is necessary/possible?
 - What do you think of the implementation of legislature in your work area? Is it adequate? (for example, question of piracy)
 - Do you think that cultural workers/artists are protected enough with the current legislature?
 - Do you think that the current models could be regulated differently? How?
7. Closing and conclusion remark
- Which practical outcomes would be most useful from the study and how might these be best formulated?
 - Do you know any regional best practices of support for creative and cultural industries?
 - What other examples do you have of good practice that you would like to share with us?
 - Are there any individuals, organisations or networks that we should contact for this study?

Appendix G. Collection of Sundanese sayings, proverbs, and adages to support campaign for trust

Sundanese Adage	Literal Translation	Meaning
Sareundeuk saigel, sabobot sapihanean, sabata sarimbangan	Move in sync; weight in tune; things in harmony	Always uphold togetherness, harmony, mutual respect, and avoid fighting because different of opinion
Mun teu ngarah moal ngarih, mun teu ngakal moal ngakeul, mun teu ngoprek moal nyaprek	No venture, no rice; not use one's brain, not able to cook rice; no work, never eat	Humans as living beings have to work and struggle to the best of their ability to live their lives
Caina herang, laukna beunang	Catching fish without disturbing the water	Ensuring to achieve target without causing tension with others
Datang katembong tarang, undur katembong punduk	Showing face when coming in, showing shoulder when coming out	Rule of ethics that requires people to be polite and civil with other people
Pondok jodo, panjang baraya	Short love, long lasting fraternity	One's love can be limited, but friendship is everlasting and must be maintained
Mangkok emas eusi madu	Golden bowl carrying honey	Container and contents are equally valuable, used to refer to intelligent people who are also have a good manner and polite attitude
Batok bulu eusi madu	Coconut shell carrying honey	Although apparently having no value in the exterior, but it is actually very valuable inside
Ditiung samemeh hujan	Wear your scarf before rain comes	Always prepared to face the difficulties that may come
Ka cai jadi saleuwi, ka darat jadi salogak	Be a liter in the water, be a mile in the land	Always get along with everyone in every situation
Ngukur ka kujur, nimbang ka awak	Measure one's javelin, weigh one's body	Must know oneself, never do things that are beyond one's own ability
Sagolek pangkek, sacangreud pageuh	Stiff body posture, hard in one's saying	One's saying must always be right with careful consideration, so as to not change in the future

Appendix H. Indonesian national curriculum

Body of Knowledge	Study Subjects	Study Hours per Week											
		Elementary School						JHS ¹			SHS ²		
		1	2	3	4	5	6	7	8	9	10	11	12
Educational Science	Religious Study	4						3			2		
	Pancasila and Civic Study	6						2			2		
	Physical Education	4						4			2		
	Entrepreneurship	-						2			2		
Language Science	Bahasa Indonesia	6						6			4		
	English	-						4			4		
Natural Science	Math	6						4			4		
	Physics	-	-	-	1.5	-	-	2			n/a*		
	Biology	-	-	-	1.5	-	-	2			n/a*		
Social Science	History	-	-	-	1	-	-	1			2		
	Geography	-	-	-	1	-	-	1			n/a*		
	Economy	-	-	-	1	-	-	1			n/a*		
Art and Cultural Science	Music	1						1			1		
	Art	1						1			1		
	Craft	1						1			-		
	Dance	1						1			-		
Focused Academic Interest		-						-			2		
Academic Pathways*		-						-			16*		
Total Study Hours per Week		30		36				36			42		
Total Number of Study Subjects		6		8				10			14		

Legend
 1. JHS : Junior High School
 2. SHS: Senior High School

* Academic Pathways:

No.	Natural Science	Social Science	Language and Literature	Study Hours per Week
1	Math	History	Bahasa Indonesia	4
2	Physics	Geography	English	4
3	Biology	Economy	Indigenous Language	4
4	Chemistry	Sociology	Foreign Language	4

National Education Curriculum Indonesia as per 2013.
 Source: Kementerian Pendidikan dan Kebudayaan (2013a, 2013b, and 2013c)

