Social Innovation in the Indonesian Village Enterprises for Sustainable Development

Aluisius Hery Pratono[a], Sonya Claudia Siwu[b], Frederik Claeye[c], [a]Faculty of Business and Economics, Universitas Surabaya, Raya Kalirungkut, Surabaya 60293, Indonesia, [b]Faculty of Law, Universitas Surabaya, Raya Kalirungkut, Surabaya 60293, Indonesia, [c]Faculté de Gestion, Economie et Sciences, Lille Catholic University, 60 Boulevard Vauban, 59800 Lille, France, Email: [a]hery_pra@staff.ubaya.ac.id, [b]sonya@staff.ubaya.ac.id, [c]frederik.claeye@icl-lille.fr

This article seeks to understand how community enterprises manage a place for sustainability and future growth. Drawing from the intersection concepts of social enterprise and place management, the analysis examines the case study of three communities in Indonesia with an interpretative approach. The results indicate that the enterprises contribute to the place management (1) by providing a success story in the past to promote place-based innovation policies, (2) by utilising local identity to avoid cross-cultural clash in coping with fierce economic competition, (3) by developing products and services, which concern to promote family well-being, and (4) by enhancing the social networks to generate inter-organisational knowledge transfer. This study extends the discussion on social innovation by adopting the concept of place management and social enterprise principles for sustainable development issues.

Key words: *Community Enterprise, Place Development, Social Innovation, Stakeholder Engagement, Networking Place.*

INTRODUCTION

Place management in developing countries demonstrates various efforts in seeking to become more advanced socially and economically. The literature demonstrates the prevalence of place-development policy, which fails to provide a solution to informality (Lombard, 2014). Other studies use the examples of China, India, and other developing countries to redesign a public policy to reverse the brain drain concerning transnational migration (Musterd & Kovács, 2013). Hence, the challenge question for those place-development policy centre on how development

movements become financially accountable and sustainable (Medway, Parker, Quinn, & Robert, 2016). There is also dispute over the process, instrument and outcomes following the risk of development failure (Campopiano & Bassani, 2021).

The concept of social innovation has been emerging from the economic perspective as a solution to address the market failure by transforming the community (Cuntz, Foray, & Mostovova, 2020). Another perspective comes from sociological discipline, which indicates that social innovation refers to a concept of transformation that shows how social networks generate systemic changes for example; the diffusion of medical innovation spreads across medical communities (Nicholls, Simon, & Gabriel, 2015). The emerging concept raises fundamental questions regarding the elements that constitute place management. It is critical to highlight initiatives aiming to develop a local sovereign economic activity to understand how the community enterprise becomes central to place management (Porter, et al., 2017).

Place management refers to community-focused and community-responsive to develop the place, comply with the needs of the residents, and build the image (Quin, 2018). That would be a great initiative but for developing countries, e.g., Indonesia, obtaining special cash grants from the government and international donors becomes the major obstacle than previously (Manning & Sumarto, 2011). Hence, the local communities attempt to run community-focused ventures to generate self-reliance financial resources to develop the place for a better quality of life.

This study seeks to understand the role of community enterprise in place management by exploring the interconnectivity between the concept of community enterprise and place management. This study employed an inductive approach to elicit and explore the confrontation between community enterprise and place management through case studies in Indonesia. The results are expected to extend the discussion on the business model for place management by investigating the interconnected principles of community enterprise and place management.

LITERATURE REVIEW

Community enterprise refers to enterprises owned by a community that acts corporately with concern to improve the community's well-being (Peredo & Chrisman, 2006). Ratten & Welpe (2011) and Welpe (2011) highlight that the primary goal of a community enterprise is the well-being of the community by creating self-sustaining social, economic and political value. According to Defourny & Nyssens (2017), community enterprise demonstrates commercial activities, social benefit and participatory governance. As place demonstrate a context for production and consumption activities (Medway, Roberts, & Parker, Editorial, 2017), the enterprise engages in place management by building an alternative form of production and consumption (Dentoni, Pascucci, Polner, & Gartner, 2018).

'Place' refers to a setting that people created and produced individually or within the context of the organisation (Warnaby & Medway, 2013). The place has become a field for humanistic geography studies that seeks to put humans as a central role to human awareness, human agency, human consciousness, and human (Gregory, et al., 2009; Seamon & Lundberg, 2017). Hence, place management revitalises civic spaces by redesigning the public space with the intense participation of local communities (Cilliers, et al., 2015; Medway, et al., 2016; Pratono, 2019).

Coordination, area-based approach and multi-stakeholder collaboration become the central elements of place management, which aims to develop locations by harnessing the local resources (Institute of Place Management, 2018). Community participation contributes to the balance of social capital functions served at the place where the community stay (Sommerville & McElwee, 2011). The initiative to strengthen community bonds generates opportunities for a new form of community enterprise by enhancing hubs of social activities to provide benefit for local heritage sites and residents (Beck & Brooks, 2019).

Reclaiming public spaces involve informal planning processes by generating various path dependencies with support from the residents (Beza & Hernandez-Garcia, 2018). A community enterprise is relevant to place management as it rests on empowering and mobilising a community and thus encourages community members to be active players in constituting their place (Vestrum, 2014). The social venture often incurs economic risk by operating in markets to address social problems through generating markets and paid jobs for the disadvantaged (Kay, Roy, & Donaldson, 2016). The unique characteristics of the place drive innovations that are central to developing a business model that can address the social challenges faced by a place (Porter, et al., 2017).

Community enterprises lie in a particular place, which, in turn, is connected to their broader environment. The participation of stakeholders in decision-making constitutes an essential characteristic of social enterprises (Defourny & Nyssens, 2017). The engagement of all stakeholders is crucial to ensuring the sustainability of the community enterprise by entailing knowledge sharing to enhance skills and social networks to get access to valuable resources (Sankaran & Demangeot, 2017). When a place is conceived as a network connecting an interrelated centre and sub-centre, the disadvantaged place can benefit from the networks with support from community development programs (Jeong, Moon, & Han, 2016). At the same time, networks may trigger contestation by those who attempt to maintain the status quo, which may influence the behaviour of community members and produce significant network effects (Kahler, 2009). Places are socially negotiated and continuously changing and contingent (Pierce, Martin, & Murphy, 2011). The multiple stakeholder movement with inter-sectoral and intra-sectoral connectivity determines the level of sustainable social impact (Pratono & Arli, 2020).

Originating from the initiative of members of a community, the concept of community enterprise refers to the intention to pursue a social purpose by improving the conditions of disadvantaged people living in underprivileged places (Haugh, 2007; Peredo & Chrisman, 2006). As such they represent a specific model of social enterprises (Defourny & Nyssens, 2017), the concept of community enterprise has been emerging as a new way to describe entrepreneurial organisational forms that focus on social innovation and society, which seems to be relevant for place management (Ridley-Duff & Southcombe, 2012). The social innovation may attract the stakeholders, who are eager to understand how these innovations are generated, which provides business opportunities to the transverse inter-relationships between production activities and service provisions (Martínez, 2016; Pratono, 2018). The active participation demonstrates the empowerment for the residents to create their own dwelling which may not be relevant to the desired target market for the other communities (Insch & Stuart, 2018).

In developing countries, a large share of the population depends on informal activities, such as subsistence farming, unincorporated enterprises and community enterprises. However, those who seek to stimulate community-based enterprise sector contribution to development outcomes have found legal frameworks to be lacking. A social enterprise with a robust community-based tradition may demonstrate the capability of a few people, who gain support from dynamic mutual aids in the informal sector (Defourny & Nyssens, 2017).

RESEARCH DESIGN

This study adopts a phenomenological approach with an interpretive approach to investigate how the practices of place management interrelate with the concept of social enterprises.

Data collection

Data collection involves two steps. The first step focuses on establishing a relationship with the targeted resource persons followed by identifying the research participants, who were selected based on their ability to provide relevant information. The first type of research participants were local leaders who played a pivotal role in community enterprises. Secondly, the research also included managers who managed the day-to-day business activities. During the observation period, there was a management transition. This study encourages the respondents to participate by sharing their experiences and elaborating on the unique phenomena from their point of view. The researchers adopt flexible and careful discussion and adapted the context without judgement question to anticipate unexpected information (Zhang & Guttormsen, 2016). Table 1 provides an overview of the research participants.

Table 1: The profile of research participants

	Initial	Sex	Function
Tanjungan	T1	Female	Community leader
	T2	Female	Staff
	T3	Male	Staff
	T4	Female	Business partner
	T5	Male	Community member
Kebontunggul	K1	Male	Community leader
	K2	Male	Staff
	K3	Male	Staff
	K4	Male	Business partner
	K5	Female	Community member
Jambangan	J1	Male	Community leader
	J2	Male	Staff
	J3	Female	Staff
	J4	Male	Business partner
	J5	Male	Community member

Data analysis

Data from in-depth semi-structured interviews were analysed using an interpretative approach. The first step is open coding that focuses to categorise these fragments following an interpretive approach, which are close to the original language of participants. The second step of analysis generates axial codes that demonstrate fragments of data to describe the phenomena in the observed communities in which the researchers use the category labels. The next step is selective codes where the researchers divide the data into several distinctive meaning units to explore the possible theoretical directions. The theoretical sampling entails concept comparison that research participants articulate during the interviews, focus group discussions and field notes (Randall & Mello, 2012).

The data analysis also involved triangulation by cross-referencing observations, interviews and focus group discussions. This approach was expected to yield a more vibrant and more balanced picture of the phenomenon, and also serves as a cross-validation approach (Miles & Gilbert, 2005). Finally, this is then turned into a narrative account where the researchers' analytic interpretation is presented and is supported with verbatims from the participants (Smith, Flowers, & Larkin, 2009). The researchers returned to the research participants to strengthen the analytic categories. This approach allowed researchers to build checks that keep the ideas grounded in data.

Table 2: Coding

Open coding	Axial coding	Selected coding
Success story Ancestor Water resource management Forest resources Ancient water system Young people Participation	The success stories generate credibility of the change management. The market reliance on ancient civilisation is an essential classification of social enterprise types to promote innovation policies.	Providing a success story in the past to promote place-based innovation policies.
Local identity Cross-cultural clash Risk of competition Social purposes Network relationship Stakeholder participation Fierce competition Development priority	The local identity in a specific region raises the awareness of the life qualities of the environment surround them. The local identity awareness helps the community to deal with the risk of cross-cultural class during the stiff competition. The nature of products and services demonstrates the capability of the community enterprises to identify the unique characteristics of a place.	Utilising local identity to avoid cross-cultural clash in coping with fierce economic competition.
Product and services Family well being Unique characteristics of a place Economic activity Beyond financial benefit Economic activity	The purpose of social enterprise goes beyond financial benefit for the community at the specific place. Social enterprises seek to promote participatory governance at the community level through economic activity.	Developing products and services, which promote family well-being.
Social networks Networked place A relationship Business partners Less formal network Stakeholder participation Community member Knowledge transfer Learn from others	The networked place allows the community to learn from other communities and non-profit organisation. The economic project shows the capability of the enterprise to build a relationship with their community members, the business partners, and customers. The less formal network relationship shows the various level of stakeholder participation in the everyday life of the organisation.	Enhancing the social networks to generate inter-organisational knowledge transfer.

Research site

This study involves three communities, i.e., Tanjungan, Kebontunggul and Jambangan. All observed communities are in the East Java Province, which lies on a coastal plain with the India Ocean as its southern boundary and Bali Island at the eastern part. East Java Province is diverse as the province is not only urban and rural but also has volcanoes, beaches and islands.

Jambangan was a slum area in Surabaya in 1990s which shows how the impoverished people struggle to survive. They were vulnerable to floods, trash hauling, fire, poor drainage and population density. Hence, the local government introduced a series of slum upgrading program, including the place clearing on the declared grounds of flood mitigation (Das, 2017; King & Idawati, 2010). Since 2001, the local government managed the Surabaya Green and Clean, the annual competition for innovation on waste management, community participation and greening the settlement, which brought Jambangan to become the winner of the contest (Damanhuri, et al., 2014; Arimbi, et al., 2018).

Both Tanjungan and Kebontunggul are located in Mojokerto Municipality and demonstrate the growth of urban sprawl from Surabaya City. The sprawling process becomes more extensive in the observed rural areas than other municipalities, which implies the loss of productive agriculture lands (Buchori, Sugiri, Maryono, Pramitasari, & Pamungkas, 2017). The Brantas River flows eastward up to Mojokerto Municipality, where the Tanjungan becomes a catchment area that allows the community to get involved in management plans for the water spring conservation program (Kobayashi, Syabri, Ari, & Jeong, 2014). Hence, Kebontunggul lays nearby the forest, which suffered from deforestation following the financial crisis in the 1990s. The community failed to generate valuable income from the forest due to losing access to the forest good as the government has not yet accomplished the land allocation for farming rice and other crops (Hidayat, 2016).

Table 3 describes the characteristics of the research sites. Those observed communities suffered from both social and environmental problems, which springs from the financial crisis in 1998. At the time, the government and communities focused on how to survive the crisis and ignored the pro-environment approach due to a lack of monetary value. The dam in Tanjungan was abandoned, deforestation occurred in Kebontunggul and Jambangan became a slump area with poor waste management. Hence, the communities have an initiative to establish community enterprises with various supports. More than 200 women in Tanjungan have a crucial role in supporting the community enterprise by participating in the microfinance institution, which hence manages the eco-tourism industry. In Kebontunggul, the movement comes from more than 300 male farmers, which is a different story from Jambangan and Tanjungan.

Table 3: Profile of the observed villages

	Tanjungan	Kebontunggul	Jambangan
Population	2,723	1,766	8,708
Area (m2)	692,150	263,215	77.764
Characteristic	Rural	Rural	Urban
Social issues	Around 15% of the population are still living below the poverty line, $1 per day.	Lack of labour force due to youth migration.	Increasing population due to rapid urbanisation.
	The presence of nearby manufacturing industries does not provide opportunities to local dwellers.	Abandoned high land area occurs following the illegal logging in the early 2000s.	Lack of place for public goods, including green area and waste place.
Products	Harnessing the natural lake by promoting eco-tourism.	Preserving the abandoned land by introducing ranch and biofuel.	Restoring waste place by introducing creative recycling industry.
	Supporting the small businesses by the microfinance program.	Job creation by promoting organic farm.	Utilising agricultural skill from the migrant workers by promoting urban farming.

FINDINGS

This study identifies how community enterprises contribute to place management:

1. **By providing a success story in the past to promote place-based innovation policies.**

This study identifies that the community demonstrate the awareness of natural resources, which is the key element for their village and encourage the younger generation to learn from their ancestors who successfully develop water management systems that are available today. The observed communities attempt to create and redesign not only the public goods but also public spaces with the intense participation of local communities. The motives of community enterprise concern with a local initiative to generate business innovation on a recognisable social problem, which contributes to a balanced environment and economy.

The observed communities reassess the strategy to do business and generate innovation by identifying the needs of community members as their customers. In Jambangan the problem of the slump area encourages the community to produce compost, establish urban farming and generate creative industry from recycling products. In Kebontunggul the community preserves the abandoned land by establishing the enterprise, which manages the community-based cattle farming and bio-fuel products. The community in Tanjungan reconstructs the abandoned dam and promotes eco-tourism.

 "[…] The community enterprise helps our village to reconstruct the road and sewage in our village were far from in good condition, while villagers had no skills unless subsistence agriculture. Most village members did not only get involved in construction but also in the decision-making process. After the reconstruction was accomplished, many visitors pay a visit to my village to enjoy the lake. This project also provides many business opportunities for local villages." (T3)

"[…] We used to grow up in a family where money was always tight. Hence, a group of college students established a pilot project to build an organic agriculture project in our village [Kebontunggul]. They [who] also helped us to get market access. The project allowed us to get support from the local government and a private corporation, which helped us to expand the businesses. Recently, many community members got involved and began to succeed in escaping poverty. Now, I strongly believe that our children will be better off than my generation." (K3)

"[…] The story began with a community development program. That was an annual green and clean competition at the village level that our woman activists had the initiative to join. Competing with some other communities triggered us to be more innovative. When other communities still focused on composting, we already developed a bank for inorganic products, established water treatment, and produced various recycling products. We also performed in the Green and Clean Festival that was managed by the City Government of Surabaya. The tourism business is a potential business for our village in the near future. We rely on a genuine talent of the local community." (J3)

2. **By utilising local identity to avoid cross-cultural clash in coping with fierce economic competition.**

The unique characteristics of the place become central to the product development that can address the social problem at a specific place (Porter, et al., 2017). Identifying the unique characteristic of the place is essential for the production of goods or the provision of services to fund their social mission. The activities demonstrate the capability of local communities to

gain support from the stakeholders and to attract buyers from different places. The nature of products and services reflects the ability of the community-based enterprises to identify the unique characteristics of the place, i.e., cultural conservation in Jambangan slump area, the cattle farm in the hinterland of Kebontunggul and ecotourism in Tanjungan Lake.

Jambangan was popular for a green *kampong* (village or hamlet). The story began with a group of woman volunteers. The local community promoted environmental improvement to celebrate the Independence Day. The community develops an initiative to promote a green environment to respond to the environment issue. The enterprise hires a group of unemployed people to make compost out of the organic waste and sort the non-organic waste for recycling into creative products, i.e., bags, home decoration and home accessories. They also use the recycling of organic waste to produce compost and reselling non-organic waste to reduce the waste volume and improve the environmental quality of the neighbourhoods. The community also generates income for the poor residents and thus helps to alleviate poverty in the area.

> "[…] We had a strong intention to grow a huge variety of plants, especially flowers and medicinal herbs. Due to a small space in our crowded area, we turned to rooftops and walls. Apart from planting, we installed a thousand compost bins for household scraps and a bank to collect the non-organic waste for income generation." (J1)

The Tanjungan community has been running a microfinance initiative for more than 20 years. The actions come from a woman group who were concerned about financial problems at the family level. The micro-lending group has been used successfully to deal with the risk of non-performing loans. Hence, the local economic activities expanded to include tourism business. A 21 hectare lake and 40 hectare community forest near the village has attracted domestic tourism. They charge visitors and use the income to maintain local infrastructure and to support disadvantaged community members.

> "[…] Initially, microfinance focused on fulfilling the needs of local communities. The growing capital allowed us to expand the market to the nearby village. Similarly, the lake was intended to provide water for the local community. Now, many tourists come to enjoy the lake. The community development program provides us with an opportunity to organise events and festivals, which also become the market was a place where rural and urban meet." (T1)

> "[…] Running a small business was the only option as no firm offered jobs. However, the financial institution was not accessible while interest rates from other financial institutions were ridiculously expensive. Hence, the community launched a microfinance service in 2002 to respond to the enormous demand for financial services. Hence, the lake provides more opportunities to expand our business." (T2)

Kebontunggul is a typical agricultural village. The community has been managing an organic farm. The project was intended to bring young people closer to agriculture, which constitutes roughly 80% of the local economy. The project was aimed at encouraging environmental sustainability and at fostering a greater sense of volunteer unity. Then, the community business expanded to a cattle farm, which allowed the local community to gain benefits from biogas.

> "[…] We practice organic farming. The traditional variety of paddy has a lower yield than the hybrid one, but we know it is good for the soil and the environment. Organic food is good for health. The number of tourists who attended the event was the key performance indicator for our funding." (K1)

> "Initially, this project was aimed to promote food security, which began in 1998 when the financial crisis drove up the hyperinflation, and many villagers lost their job. We went back to the village and had to cope with squeezed consumption. The price of meat increased so much that I rarely bought it and made do with very cheap vegetables. Hence, we considered that a sustainable livestock sector provided major business opportunities." (K2)

3. **By developing products and services, which promote family well-being.**

The initiative to promote participatory governance allows the enterprises to gain credibility and form new hubs of social activities, which benefit both organisation and communities. Participatory governance demonstrates not only the capability of the local leaders to manage the corporations and community but also the capability to find support from external partners. At the observed villages, the national government provided financial support to each village to overcome the local problem by establishing community enterprises. The business activities involved various stakeholders, which provided more opportunities to gain support in multiple ways, such as market access, public subsidies and fiscal exemption.

The village government delegate authority to the firms' management. The previous experience with the village cooperative showed that the intervention from the government ruined the principle of the participatory approach. In the 1980s, the national government established a cooperative at each village to support the food security program. However, financial support from the central government and other organisations raised a need for accountability.

> "[…] It needs to clarify whether participants will only consult at certain stages or they will lead the process. Honesty is essential in the participatory approach that you are going to get involved in." (J4)

"[…] As a facilitator for community development, I believe that my role is to facilitate and catalyse the business process. It is essential to identify when to step back to allow for this business process to be shaped by the community members." (T5)

"[…] It is necessary to define who owns the project, and who should provide the resources, and who can claim the outcomes. The decision will vary depending on the nature of the project, but it is important to manage the expectations of all the community members and stakeholders. Last but not least, we must consider the ethical implication." (K5)

The initiative to establish a social enterprise raises a potential conflict that springs from various interest between cost-centre and profit-centre divisions. Moral driven is an essential element for social innovation but raises a challenge for financial sustainability. The observed communities demonstrate different stages of maturity, where the pre-existing community demonstrates the ability of community members to participate, while other communities struggle to generate leader transition.

"[…] Our social enterprise hired marketing people who work autonomously. The local leaders encourage every community member to decide what business opportunities to pursue. Hence, we enquire about how to distribute the benefit fairly." (K3)

"[…] We are branching out into a new product line. We are working towards having a complete range of a café, catering business, and other organic foods. It is difficult, but I am quite sure I will develop some good designs if I keep at it." (J3)

"[…] There is a risk if our local leader wants to fill up our community with professional staffs from different place. So, when elections are here, they may pledge loyalty to him, who provides the job for them." (T3)

4. **By enhancing the social networks to generate inter-organisational knowledge transfer.**

Coordination with the multi-stakeholder approach is the central element of place management. The engagement of stakeholders is crucial to ensuring the sustainability of the community enterprise by entailing the knowledge sharing to enhance skills and to generate access to valuable resources (Sankaran & Demangeot, 2017). The social action, which involves multiple internal and external as well as inter-sectoral and intra-sectoral connectivity, is essential to bring about the social impact (Pratono, Suyanto, Marciano, & Zurbrügg, 2017). External parties entered into a partnership with the village leaders to help find a relevant community enterprise model for the communities. The community expected that their partners brought entrepreneurial skills to help the community enterprise to get market access.

External stakeholders played a vital role in promoting entrepreneurial behaviour in the enterprise by fostering the business context where community members can share collective knowledge. This approach calls for cooperation between individuals and groups, which requires a culture of trust. The external resources (developers) took the lead in marketing. In many cases, working in disadvantaged areas was too much of a risk, such as potential problems in supply chain disruption and limits the capability of organisations to bring finished goods to the market. This calls for a bold initiative to make the first attempts and to pursue pioneering efforts.

"[…] We are proud that our organisation had created jobs for local people at a time when unemployment was high. We made a loss for the first two years but then things got better, and our cooperative had made a profit from microfinance most years ever since. We get support from the local schools to generate new products." (J5)

"[…] The community enterprises supported the expansion, while the local universities helped us to develop financial skills and gain access to the government's support. To deal with non-performing loans, we use social pressure, which comes from local leaders, family members, parents, relatives, and friends." (T6)

"[…] We used to focus on cattle breeding to generate income. The local universities support us to promote organic products and biofuel, which seem to be futuristic for us. However, the sales figures improve steadily, and soon we will have an annual turnover." (K5).

The networked place allows the community enterprise to adapt the business to environmental turbulence. First of all, the community enterprises involve the market network, which allowed the communities to do business with other communities. The selling capability comes from the combination of the networks and the ability to solve their problem. In Jambangan the enterprise generates income from the visitation of other communities that would like to learn how to manage waste and to make their village green. The enterprise in Kebontunggul enhances their network to increase market access, which helped the farmers to get benefit from the fair price.

"[…] Typically, farmers in our village put all effort into the production process instead of marketing. We focused to fulfil our daily food and sold the extra production until some young entrepreneurs from the local college helped us to supply some organic food products to some supermarkets in the city. Now we get used to approaching the other supermarkets as potential customers." (K2)

"[…] Our neighbourhood was the first target market. We expect that the community gain access to affordable healthy foods. Along with the growing economy scale, we

began to attract the greater market by introducing to the woman community the waste management project." (J2)

"[…] The crisis also sparked off a bitter environment degradation. The villagers were blissfully unaware that the environment was in danger. The SE has tried every possible way to get them to change their mind to be more innovative, such as inviting NGO or other community organisers." (T2)

"[…] Working at this organisation [community enterprise] is quite challenging. We have to come to the investors and convince them to help our village by selling our products with high-quality standard." (K2)

DISCUSSION AND CONCLUSION

Theoretical contribution

This study features case studies of how the community enterprises lead the practices of place management by leveraging their resources for community revitalisation. The community enterprises create a condition in which local people can stay where they live by providing organic foods, eco-tourism services, bio-fuel products, organic fertiliser, microfinance services and other products from the creative industry. The findings confirm the work of Defourny & Nyssens (2017), which argues that community enterprises aim to overcome the social problem by making a place better to live in for its residents. In Jambangan the enterprise helps the community to transform the slum area into a green place by introducing urban farming. In Tanjungan the enterprise reconstructs the lake and promotes eco-tourism. In Kebontunggul the enterprise preserves the abandoned land by introducing cattle farming and biofuel technology.

Secondly, community enterprise has brought the concept of place management from a focus on physical end-products to a strategic process by highlighting the role of community enterprise, which serves as a social change agent. Collective actions allowed the local communities to develop their social capital and provided access to markets as well as political movements. The findings are relevant to the work of Vestrum (2014), which argues that community enterprise promotes social change by building the networks between the local community and external actors in the embedding process. The previous study argues that community enterprise contributes to the balance of social capital functions in a place (Sommerville & McElwee, 2011; Beck & Brooks, 2019) by building an alternative form of production and consumption (Dentoni, Pascucci, Polner, & Gartner, 2018). The findings seem to differ from the concept of rural ventures, which rely on the internal market and lag behind other ventures concerning performance (Pato & Teixeira, 2018).

This study contributes to the understanding of place management by adopting principles of community enterprise. This article argues that the concept of community enterprise does not only cover the entrepreneurial dimension, social goals and participatory governance (Defourny & Nyssens, 2017) but also require networked place and politics of place management. We believe the study of community enterprise is relevant to extend the perspectives of place management since social enterprises aim to overcome social problems in a specific place. Hence, future studies are encouraged to explore how participatory government occurs in a different place.

Managerial implication

This study suggests that community-based enterprise can promote place-based innovation by acknowledging the success story in the past. The market reliance on ancient civilisation is an essential classification of social enterprise types to promote innovation policies. Participation governance does not only demonstrate the capability of the community to maintain the ancient resource management but also the capability to invite the younger generation to get involve in managing the resources. It should be noted that there is great tension in the risk management systems at both the community and organisational levels.

Secondly, the social purposes of the community-development enterprises show how the communities take priority over their social problems that need the stakeholders' involvement. Competition is natural in democracy and becomes greater following the limited resources. Hence, the community are encouraged to utilise their local identity to avoid cross-cultural clash in coping with fierce economic competition. The social capital helps the community to deal with the risk of cross-cultural class during the stiff competition.

Last, community-based enterprises that attempt to develop social innovation should promote participatory governance at the community level through economic activity. The purpose of social enterprise goes beyond financial benefit for the community at the specific place. The nature of products and services demonstrates the capability of the community enterprises to identify the unique characteristics of a place. They also encourage to enhance their networks to generate inter-organisational knowledge transfer.

Conclusion

This study seeks to understand how community enterprises manage a place for sustainability and future growth. Drawing from the intersecting concepts of social enterprise and place management, the analysis examines the case study of three communities in Indonesia with an interpretative approach. By adopting an interpretative research approach, this study shows how the community enterprise is contextualised at the place management, and how in turn the context extends the criteria of social enterprises. The purpose of interpretative approach is not

for generalisation, but to explore the phenomena. Hence future studies are encouraged to develop more empirical studies to confirm this study.

Acknowledgement

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