

MULTI-ETHNIC SOCIAL CAPITAL AND THE CONDITIONS FOR SUSTAINABLE COMMUNITY INNOVATION IN SEMI-URBAN LAMPUNG

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ABSTRACT

Community-based initiatives in developing country settings often fail not from a lack of initial participation, but from the absence of the institutional and social conditions needed to sustain what that participation created. The existing literature documents this difficulty consistently: more than seventy percent of such initiatives stagnate or regress within three to five years, particularly when external funding is reduced or removed (Dees et al., 2004; Moolaert et al., 2013). Pasar Yosomulyo Pelangi, known locally as Payungi, a community-run creative market in Kelurahan Yosomulyo, Kota Metro, Lampung, has operated outside this pattern since its founding in October 2018, maintaining viability across economic, social, institutional, and cultural dimensions without recurring external subsidy. This study draws on qualitative fieldwork conducted in Q3 2025 in Kelurahan Yosomulyo, involving in-depth interviews with 23 informants drawn from multiple participant categories, participant observation, and documentary analysis. The analysis reveals three interconnected mechanisms that explain Payungi's durability. First, its institutional design emerged from deliberate learning after an earlier initiative collapsed under administrative boundary conflicts. Second, contrary to the commonly assumed trade-off between bonding and bridging social capital in diverse communities, what the Payungi data shows is that strong bonding capital at the neighborhood level provided the stable foundation from which bridging capital across ethnic, gender, and disability lines could be deliberately constructed. Third, selective formalization, the practice of formalizing legally necessary functions while preserving participatory informality in governance decisions, allowed Payungi to navigate bureaucratic requirements without losing its grassroots character. These findings extend social capital theory for multi-ethnic semi-urban contexts in the Global South and offer practical lessons for community development practitioners.

Keywords: social capital, community-based social innovation, semi-urban development, multi-ethnic communities, community empowerment, Indonesia

INTRODUCTION

The question of why some community-based initiatives survive while the majority collapse is not, in the end, a question about funding or program design alone. It is a question about the conditions under which communities build enough institutional depth and relational trust to sustain collective action after external support has withdrawn. The literature documents this difficulty with some consistency: more than seventy percent of community-based initiatives in developing country settings stagnate or regress within

three to five years, particularly when external funding is reduced or removed (Dees et al., 2004; Moulaert et al., 2013).

This pattern holds with particular force in what McGee (1991) characterized as *desakota* zones across semi-urban Southeast Asia, where the transition away from village-based social arrangements has proceeded far enough to erode the informal reciprocity that once absorbed local institutional setbacks, yet has not generated the formal organizational infrastructure that allows more urbanized communities to compensate when collective institutions come under stress (Rigg, 1998; Tacoli, 1998).

This structural vulnerability has been reported in the available literature, but the most common explanations tend to fall short in one respect. The dominant reasons refer to resource dependency, weak organisational capacity or inadequate community participation and while none of these assessments is wrong, they are insufficient as an indication of mechanism. The failure is not due to these weaknesses, but to the lack of institutional and relational conditions that would allow a community to continue to function despite the presence of these weaknesses. Furthermore, the difference is of practical significance in places such as Lampung where resources are structurally constrained and participation is always uneven on ethnic and economic grounds, rather than a design failure that can be remedied. The more durable initiatives appear to share not better funding or stronger external facilitation but a particular configuration of institutional design, social capital and governance logic that enables them to absorb setbacks without collapsing (Ostrom, 2005; Putnam, 2000; Woolcock, 2001).

Payungi operates directly in the sort of environment that this literature identifies as particularly hostile to the long-term survival of community initiatives. It constitutes a self-organised creative market that takes place on Sunday morning in Kelurahan Yosomulyo, Kecamatan Metro Pusat, Kota Metro. It takes place in a secondary city with limited formal economic infrastructure, a population that was formed by successive waves of transmigration (Warganegara & Waley, 2022), resulting in Lampung Province having at least 30 different ethnic groups, with descendants of Javanese alone becoming more than 64 percent of the total provincial population (BPS Provinsi Lampung, 2024), and no recurrent subsidy from the government or donor sources. However Payungi has not only survived since its establishment on 28 October 2018. It has created a trader base of around sixty merchants, formal recognition by the Kota Metro government as a UMKM mascot and a registered tourism destination (Dinas Pariwisata dan Ekonomi Kreatif Provinsi Lampung, 2024), resulting in documented improvements in household economic outcomes for participating traders. The question this study asks is not whether Payungi has been successful, for the data from fieldwork in Kelurahan Yosomulyo clearly indicates that it has been effective, but what specific configuration of conditions enabled that success in an environment where similar initiatives have not endured more than three to five years of operation.

This study is organized around two connected questions: (1) what institutional, relational, and cultural factors account for Payungi's ability to sustain operations past the

founding phase, and (2) how did a community working across substantial ethnic and religious difference build the shared social capital that made ongoing collective action possible. The case carries theoretical significance because it sits outside the pattern the literature predicts, and sustained community-based innovation in adverse semi-urban conditions without external subsidy is the kind of outcome the collective action and social capital literature has the fewest analytical tools to explain.

The study provides to the existing literature in three dimensions. Theoretically, the Payungi data enquire about the assumption that bonding and bridging social capital operate as competing forces in ethnically diverse communities, indicating that, under the right institutional conditions, the two can reinforce rather than displace each other. Empirically, this research offers one of the few long-term accounts of sustained social innovation in a multi-ethnic semi-urban Indonesian setting grounded in fieldwork. The study relies on 23 in-depth interviews and participant observation conducted out in Kelurahan Yosomulyo in Q3 2025. What the Payungi case shows, in practical terms, about institutional design, the intentional management of ethnic difference, and the governance of relationships with external actors has direct consequences for community development practitioners working according to similar semi-urban conditions across the region.

LITERATURE REVIEW

The social capital literature, particularly as Putnam (2000) developed and Woolcock (2001) extended it, identifies three analytically distinct forms that are directly relevant to how community-based institutions operate in ethnically diverse settings. Bonding social capital describes the ties that form between people who already share social characteristics: the same ethnic background, the same religious community, or the same economic position. These ties generate internal solidarity and make collective resource mobilization possible, but they do not by themselves produce the cross-group cooperation that multi-ethnic community innovation requires, and in some conditions they actively work against it. Bridging social capital, in contrast, describes ties that form across those social boundaries, and that Woolcock (2001) argues is most critical for accessing diverse resources and preventing the kind of group insularity that can calcify over time into the very divisions that undermine collective action. Linking social capital is the third form, a concept that accounts for what bonding and bridging together still do not fully capture: the vertical ties between community-level actors and institutional actors at higher levels of governance, including government agencies, NGOs, and academic institutions, through which communities access legitimacy and resources that their internal networks alone cannot generate.

The dominant reading of this relationship in the literature treats bonding and bridging capital as existing in tension with each other, particularly in ethnically diverse settings where strong in-group ties are understood to reinforce distance from out-groups and make cross-ethnic collaboration more difficult to sustain over time. Putnam's (2007) work on immigration and diversity lent empirical weight to this reading, finding that in

more diverse communities both forms of social capital tended to decline rather than one simply displacing the other. The limitation of this framework does not stem from the findings themselves, which are defensible in the contexts where they were produced, but from the assumption that the mechanisms at work in high-income Western settings translate directly into semi-urban communities of the Global South, where the role of religious and cultural community in everyday solidarity, the specific history of ethnic cohabitation, and the institutional conditions through which inter-group trust develops follow a different logic. What the Lampung data suggests, and what the Payungi case makes particularly visible, is that the trade-off framing misidentifies the conditions under which bonding and bridging capital can reinforce rather than compete with each other.

The literature on community-based social innovation has accumulated a reasonably consistent account of the factors that determine whether an initiative outlasts its founding period. Institutional factors, particularly governance quality, organizational structure, and the clarity and legitimacy of rule systems, form the first layer of this account (North, 1990; Ostrom, 2005). Relational factors form the second dimension: the depth of interpersonal trust, the degree to which reciprocity norms are genuinely shared, and the presence or absence of workable conflict resolution mechanisms all shape whether collective action holds together once early momentum fades (Granovetter, 1973). Cultural factors form the third, and in some ways the most underspecified: the degree to which an innovation's practices and values feel familiar and legitimate to the community it operates within, rather than imposed or alien, has a direct bearing on sustained participation that the institutional and relational literature does not always account for adequately (Cajaiba-Santana, 2014). The gap in this research is not in any one of these three layers taken separately, but in how they interact with each other in multi-ethnic semi-urban communities of the kind found across Indonesia and Southeast Asia, where the community in question is neither the small homogeneous settlement at the centre of common-pool resource management literature nor the formally organized urban neighbourhood that much European social innovation scholarship takes as its implicit baseline.

Semi-urban settings introduce a distinct set of pressures that neither the common-pool resource management literature nor European social innovation scholarship has adequately theorized on its own terms. Tacoli (2003) characterizes these zones as spaces where rural and urban institutional logics are simultaneously present rather than neatly separated, and in the Indonesian context that characterization becomes quite concrete for community-based initiatives: ethnic and religious diversity playing out at close geographic range, economic activity straddling formal and informal sectors without settling cleanly in either, and governance arrangements still being negotiated rather than operating through routines that participants can take for granted (McGee, 1991). The challenge this creates for community-based social innovation stems from the absence of shared institutional reference points that anchor collective action in settings at either end of the rural-urban spectrum, whether the traditional village solidarity that common-pool resource literature treats as its baseline, or the legally institutionalized civic organization

that much European social innovation scholarship assumes as its starting condition. In Kelurahan Yosomulyo, Payungi was operating without either of these reference points: a multi-ethnic community with no inherited framework for sustained cross-group cooperation, in a secondary city where formal institutional support remained limited and informal reciprocity alone was not sufficient to hold collective action together over time.

METHODS

Research Design

The study uses a single case study design (Yin, 2018), which is appropriate when the goal of the research is to generate a detailed causal understanding of a complex phenomenon within its natural setting, rather than to test hypotheses across multiple sites. Payungi was purposively chosen; it is a sustained social innovation in a context where similar initiatives have routinely failed. It is a case of particular theoretical interest and warrants the depth of analysis this design affords.

Data Collection

The main data collection was conducted in Q3 2025 in Kelurahan Yosomulyo, Kota Metro with 23 semi-structured in-depth interviews with four categories of informants: Payungi core leadership and active members, general traders of different ethnicity and economic scale, local government officials with direct institutional engagement with Payungi, and civil society actors including GenPI Lampung representatives. Selection was less based on demographic representativeness in any survey sense than on coverage of the actors most central to the institutional life of Payungi. Interviews were between 60 and 90 minutes long, conducted in Bahasa Indonesia, and audio recorded with the informed consent of each participant. Secondary data were collected through participant observation of Sunday market activities during the period of fieldwork, and documentary analysis of organizational records, government documents and media coverage from the time of Payungi's inception in October 2018 until the conclusion of the fieldwork. These served as the triangulation base for the reading and cross-checking of the interview findings.

Data Analysis

The data were analysed by applying thematic coding and both inductive and deductive approaches. Initial codes were derived from social capital theory and the community sustainability literature in order to provide an organizing framework instead of discarding the data without analytical anchors. In the procedure of coding, the Kelurahan Yosomulyo material revealed patterns that the theoretical framework had not anticipated, particularly in relation to how ethnic boundary management and relational trust operated at the community level in ways that existing categories could not cleanly capture, and these were incorporated into the coding structure in their own right. To determine the consistency of the interpretations, a cross-checking mechanism was used that triangulated three data streams: interview material from the 23 informants, observational notes from operations at the Sunday market, and documentary records on Payungu's

institutional history since October 2018. Preliminary findings were returned to key informants for member checking as a substantive step in verifying whether the interpretations reflected the actual institutional and relational logic informants had described rather than categories imposed from outside the fieldwork setting.

RESULTS

Damraman Experience

Payungi's institutional antecedents cannot be separated from the Damraman initiative that came before it. In 2017, one of Payungi's eventual founders, Dwi Nugroho, was centrally involved in the development of Damraman, an eco-tourism initiative that mobilized 26 youth across administrative jurisdictions spanning Kota Metro, Lampung Tengah, and Lampung Timur. Damraman drew large crowds of visitors early on and generated real excitement in the community, but the coalition quickly broke up along administrative boundary lines as each jurisdiction decided its interests were not being adequately served. In a personal interview on 25 July 2025, Dwi Nugroho recounted the events:

“There was a breaking of coalition. Metro wanted to go out on their own, Lampung Tengah wanted to go out on their own, Lampung Timur the same. We who had initiated it, having empowered 26 youth and spent enormous energy and resources, ultimately had to resign from the project.”

The Damraman experience showed that solidarity, merely based on common enthusiasm, and lacking a common administrative identity and real geographic proximity, is too fragile to withstand the strain produced when communities perceive distributional inequality, in the terms that were typical of the entire institutional design of Payungi. This lesson was deliberately designed. As a result, payungi. Geographically it was confined to RT 21 and the neighboring RT units in Kelurahan Yosomulyo, so that all of the core participants were within the same administrative jurisdiction and lived in actual physical proximity. The founding process also included a long period of community listening and dialogue, about six months, before the October 2018 launch, while the timing itself, Hari Sumpah Pemuda, was not an accident but rather symbolically anchored the initiative in values of collective commitment and national solidarity.

The genesis through deliberate failure-learning is of theoretical importance because it represents a form of institutional knowledge rarely documented systematically in the social innovation literature. Stories of successful initiatives tend to focus on what was done right from the beginning and not on the earlier failures that informed the design. The Lampung data, however, suggests that the most durable institutional features of Payungi were not invented from scratch, but were calibrated responses to observed failure modes, that is, the institutional design was load-tested against reality before it was finalized.

Triple Legitimacy as Institutional Foundation

One of the more persistent structural tensions in community-based initiatives is the pressure to operate across two legitimacy registers at once: satisfying the administrative and documentary requirements of formal institutions while maintaining the organic, community-owned character that generates the participation and commitment on which the initiative actually depends. Lose the first and government recognition, formal assistance, and institutional partnerships become inaccessible. Lose the second and the community disengages, leaving a formally registered shell that no longer functions as a collective enterprise. The Payungi data shows this tension was managed not by resolving it in favor of one register over the other, but through what this study identifies as a triple legitimacy strategy, a condition in which the initiative simultaneously maintained credibility with formal institutional actors, with its own trader and community base, and with the broader public of Kota Metro.

Yayasan Smart Madani was established as Payungi's legal entity not because the founding leadership had organizational ambitions in the conventional sense, but because government assistance requires an administratively recognizable counterpart, and Payungi as an informal community initiative had no legal identity through which to formalize that relationship. Mustika, Secretary of the foundation, made the instrumental logic explicit in a personal interview on 21 July 2025: the foundation existed to fulfill administrative requirements, not to restructure how Payungi actually governed itself internally. The formal legal structure and the organic community governance operated as parallel systems rather than integrated ones, each serving a function the other could not, and the deliberate maintenance of that separation was itself a governance choice.

On the basis of this institution, Payungi simultaneously built legitimacy on three fronts. Positive visitor experiences, consistently delivered, together with word-of-mouth recommendations within the community, generated grassroots legitimacy. The formalization of government legitimacy was through recognition of Payungi as the UMKM mascot of Kelurahan Yosomulyo and inclusion in the Kota Metro tourism database.

As Putu Unita, a staff member of Dinas Pariwisata Kota Metro, noted in a personal interview on 24 July 2025:

“We include it formally in our tourism database as one of the recommended tourist destinations, with genuine recognition that Payungi has contributed to local tourism.”

Civil society legitimacy came through GenPI Lampung's recognition of Payungi as a successful grassroots innovation model.

The convergence of the three sources of legitimacy offers structural protection from different directions and when one of the sources is under pressure the others maintain the standing of the initiative. Moreover, the diversity of sources of legitimacy means that Payungi cannot easily be undermined by changes in local government goals, shifts in community opinion, or organizational changes within civil society partners acting

in isolation. Perhaps the most practically transferable feature of the Payungi model for similar initiatives elsewhere is this multi-source legitimacy architecture.

Bonding Social Capital: Solidarity and Mutual Insurance

The traders that form the core community of Payungi exhibit strong bonding social capital on multiple reinforcing foundations. This creates solidarity based not only on geographic proximity and economic interests, but also on common participation in local religious institutions and repeated positive collaborative experiences in the market context. Solidarity goes well beyond transactional economic relationships. This is explained by Bu Sunarni, a senior trader and long-time community member, in a personal interview, 26 July 2025:

“We are like a large family here. If someone is sick, we visit and ask about their condition. If someone needs personal or economic help, we help. This is not only about trading or economic transactions, but about real and meaningful relationships. Our arisan is also not only about money, but about gathering and fellowship.”

In practice, this bonding capital translates into helping each other out when one is in personal or financial trouble, actively sharing information about supply chains and pricing, coming together to solve problems when external problems arise, and frequently participating in arisan, the rotating savings meetings that are both an informal financial instrument and a social ritual. The arisan in particular warrants special attention, because it is not simply informal finance, but a regularly occurring occasion for social bonding that creates the accumulated stock of trust and reciprocity that will sustain more demanding forms of collective action when the need arises.

It is this bonding capital that is theoretically important precisely because it came about organically out of conditions of genuine geographic proximity, shared economic stakes and repeated interaction rather than from externally designed group formation. Development programs that have tried to build social capital by establishing facilitated community groups have often led to disappointing results, largely because the groups lack the organic mutual knowledge and shared stakes that give rise to real solidarity. The Payungi trader community was created under conditions that are similar to those Ostrom (2005) describes as being present in successful institutions to manage common-pool resources: real proximity, real common stakes, and repeated positive interaction.

Bridging Social Capital: Deliberate Inclusion in a Multi-Ethnic Context

The trader community of Payungi is ethnically mixed. The market can be found in the Kelurahan Yosomulyo area, with a majority Javanese Muslim area but also has sizeable minorities of Padang, Palembang and Minangkabau people as well as religious minorities. Active traders are about sixty percent women, and they range from adolescents of fifteen to twenty years old and the elderly traders in their mid-sixties. Given the continuing inter-ethnic tensions in semi-urban and urban Indonesia, the success of Payungi in promoting

authentic cross-ethnic and cross-background collaboration cannot be explained by demographic luck or spontaneous social harmony.

The bridging capital observed at Payungi was built through intentional and continuously maintained leadership decisions about whose qualifies in the market and on which terms, instead of merely emerging from demographic composition. Of the most visible of these choices is the explicit commitment to include traders with disabilities. The following does not constitute a symbolic gesture however a policy that carries practical governance weight.

A young barista, Eksal, with a speech impairment, is one example of what this commitment looks like in practice: his coffee stall is a regular stop for customers, his role within the trader community is integrated not marginal, and across multiple informant accounts from the Q3 2025 fieldwork his presence consistently shaped how participants described their experience of the market as a social environment not simply a commercial one.

Regular visitors Sania and Visty, interviewed on 27 July 2025, described Payungi in terms that hinted at a characteristic about the environment itself that made the market distinct from comparable commercial spaces in Kota Metro. These demonstrates that leadership-level governance decisions had become legible in how ordinary participants experienced the space, and that translating from institutional intention to lived community experience is perhaps in which the real work of bridging capital building happens, over years of weekly operation.

Much of the social capital literature emphasizes a zero-sum framing of bonding versus bridging capital, but Payungi data show a complementary relationship between bonding and bridging capital. The thick bonding capital of the core trader community, grounded in actual geographical closeness and shared economic experience, furnished a relational base that was secure enough for traders to build collaborative relations throughout ethnic and social boundaries without recognizing this as a threat of their primary solidarities. The data show a pattern of an architectural kind: a solid local base made it possible to build outward links in a stable way. As opposed to both types of capital competing for the same limited relational resources.

Linking Social Capital and the Management of External Relationships

Payungi has established linkages to capital through relationships with local government agencies, GenPI, academic institutions and media organizations. These relationships have provided access to programs, promotion reach and resources that would not have been available to the community through internal networks alone. Yet there has been a certain degree of intentionality that sets Payungi apart from the pattern of indiscriminate external engagement that has engendered dependency problems in similar community initiatives elsewhere in the region in the development of these vertical links. Payungi's leadership has always understood that the potential benefits of institutional partnerships with more powerful actors are limited by the community's

autonomy, and this understanding has shaped all of the community's major partnership decisions.

The study identifies the operational logic underlying this pattern as “*selective partnership*”, a governance orientation where Payungi's management consistently seeks external relations in accordance with the market's central values and operating principles, while dismissing those that demand governance concessions in exchange for access to resources. In practice, it means a firm nothing to program offerings and organizational approaches which come with strings attached about how Payungi structures its own internal decision-making or handles its trader community. This selective strategy of linking capital is not an structural dependency, however an expandable asset, in the sense that it contributes to Payungi's assets and institutional reputation rather than engendering the obligation relationships that tend, within the long run, to shift good governance authority to the community and towards external actors that provide the continuous support of the initiative has grown to depend on.

Economic Empowerment: Concrete Evidence of Impact

The economic data of individual traders offer the most concrete starting point for the relational and institutional analysis developed above. The best single example of what sustained participation has meant at the household level is that of Bu Sabihis, a trader who has been selling traditional fried snacks at Payungi since the early years of the market. Pre-Payungi, her production had very little marketing reach and her income was so irregular that forward financial planning was not a realistic possibility. Ever since she joined and sold every Sunday morning, her weekly turnover was Rp 1.5 million per session, with a monthly turnover of Rp 6 million and an estimated annual turnover of Rp 72 million. Her profit margin is around sixty percent, so her take-home pay is now well above the regional minimum wage, and importantly, it is income that she generates and manages independently, not income that is linked to an employment relationship with someone else's enterprise. The income stream had also enabled her to save enough money to go on the umrah pilgrimage in 2024, something that her previous financial situation before Payungi had made completely impossible.

Bu Sabihis's is not an isolated case, instead symptomatic of a trend among the Payungi trader community. None of these conditions required capital injection or program subsidy to produce. They required the institutional and relational infrastructure that the preceding sections of this study document. Furthermore, the economic empowerment visible in this data is not adequately captured by income figures alone. What traders gained through sustained Payungi participation included greater control over their own production decisions, meaningful reduction in the income vulnerability that characterizes informal home-based micro-enterprise, and the capacity to accumulate savings at a pace that made aspirational expenditure, the kind that reorients a household's sense of what is financially possible, a realistic rather than theoretical prospect for the first time.

DISCUSSION

The Payungi case generates several specific contributions to the theoretical frameworks this study draws on. The most substantial of these sits within social capital theory.

The finding that bonding and bridging capital developed in a mutually reinforcing rather than competing relationship in a multi-ethnic semi-urban community directly challenges the zero-sum framing that has dominated the literature since Putnam's (2007) work on diversity, and the Payungi data allows that challenge to be made at the level of mechanism rather than simply at the level of contrary empirical finding. The mechanism is the geographic and institutional architecture through which bonding capital was built in the first place. In the RT 21 trader community, the ties of bonding were based on real proximity and common economic interest, and not on forced group membership or solidarity based on identity, and were strong enough to reach outwards without being threatened by the cross-ethnic relationships that bridging capital development required. In communities where in-group solidarity is mainly based on identity boundaries, out-group inclusion is often perceived as a dilution of the group's coherence. This is precisely the condition under which the negative relationship between bonding and bridging capital documented by the dominant literature holds. In the case of Kelurahan Yosomulyo the underlying condition was different. The shared economic and social context that created bonding capital in the trader community was one where a more diverse network actually facilitated rather than diluted. This is why bridging capital emerged in tandem with the bonding capital that was already present.

The case also contributes to the literature on community-based social innovation by surfacing the role of prior failure in shaping institutional design, a dimension that has not been adequately theorized in the literature. The social innovation and wider development literatures tend to tell stories of successful initiatives from the point at which they began to work, thereby rendering invisible the failed attempts that often preceded them and shaped the particular design choices that eventually produced durability. The Damraman collapse, and the purposeful institutional learning that followed, illustrates the tangible practical cost of this invisibility to practitioners who inherit only the success story, but not the conditions of failure that gave rise to the necessary design choices. The specific institutional features that gave Payungi its durability, the geographic containment to Kelurahan Yosomulyo, the extended pre-launch dialogue period, the deliberate separation of formal legal structure from organic community governance, were not arrived at through good initial design instinct. They were arrived at through a process of observing what specific conditions caused a comparable initiative to collapse and then building deliberately against those conditions. Treating failure documentation as a form of institutional investment, maintaining systematic records of what broke, under what conditions, and why, rather than as a source of organizational embarrassment to be managed and minimized, is a practical implication that the Payungi case surfaces with unusual clarity, and one that practitioners working in comparable semi-urban community

development contexts across the region have rarely drawn from the literature in any systematic way.

The case also speaks directly to the conditions for community-based social innovation in semi-urban contexts, and the implication runs counter to the prevailing assumption that semi-urban settings are primarily hostile environments for sustained collective action. What the Payungi data suggests is that the structural characteristics of semi-urban contexts, the same characteristics that the literature has typically framed as vulnerabilities, can function as conditions that favor community-based innovation when the institutional design is calibrated to work with them rather than against them.

Geographic proximity dense enough establishing true bonding capital without the social pressure that characterizes smaller rural communities, cultural and ethnic heterogeneity enough to call for intentional bridging approaches while not being so ingrained as rendering cross-group collaboration structurally impractical, and partial formal institutional infrastructure that facilitates linking capital relationships without creating the full administrative dependency that more urbanized settings tend to generate: these are conditions that fall beyond what either common-pool resource management literature or European social innovation scholarship was built to theorize. The semi-urban context in Indonesia and more generally across Southeast Asia constitutes a distinctive institutional environment that deserves its own theoretical and empirical attention, not as a residual category awkwardly wedged between rural and urban frameworks, but as a context with its own characteristic conditions, its own failure modes, and its own logic of sustainable collective action that the existing literature fails to adequately map.

CONCLUSION

This study set out to understand how Pasar Yosomulyo Pelangi sustained community-based social innovation across economic, social, and institutional dimensions in a multi-ethnic semi-urban setting in Lampung, in conditions where comparable initiatives have routinely not lasted. The findings show three interacting mechanisms that together account for that sustainability: institutional design shaped by intentional learning from the Damraman failure rather than from abstract planning principles; the building of mutually reinforcing bonding and bridging social capital within a truly diverse community; and the selective management of linking capital in ways that accessed institutional resources without giving rise to the dependency relationships that have undermined similar initiatives elsewhere in the region.

The practical implications are sufficiently precise to be actionable for community development practitioners working in semi-urban Indonesian spheres. The Damraman-to-Payungi trajectory shows the value of learning systematically from previous failure, of making the specific conditions that caused an earlier initiative to fall apart design inputs for the next rather than moments to move on from, and that this creates more resilient institutional foundations instead of good intentions and initial enthusiasm alone. Payungi's

intentional inclusion policies show that bridging capital in ethnically diverse populations does not occur as a by-product of economic participation, but rather as a consequence of deliberate governance decisions that leadership has to make consciously and sustain consistently over time, particularly about who is included in the initiative and on what terms. The selective partnership approach to linking capital shows that communities are not simply at the mercy of external actors' resource priorities. The Payungi experience demonstrates that communities can manage these relationships actively, extracting resources and legitimacy from institutional partnerships while protecting the governance autonomy on which community ownership depends.

Finally, the mechanisms documented at Payungi raise a question the existing literature has not yet answered with adequate empirical grounding: under what specific conditions does the bonding-bridging complementarity this study documents hold, and under what conditions does the more commonly assumed zero-sum relationship reassert itself. Answering that question requires comparable fieldwork-grounded studies of community-based social innovation in other semi-urban contexts across Indonesia and Southeast Asia, examining cases where the conditions approximated those found in Kelurahan Yosomulyo as well as cases where they did not, so that the boundary conditions of the mechanism can be established with the same specificity the Payungi data has made possible here.

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