Local economic development of dolly lane Surabaya: A descriptive study

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Abstract. Dolly Lane was known as one of the biggest brothel complex in Southeast Asia. The number of prostitutes increased every year such that in 2014 it reached 1,499 people. Based on many considerations, the areas was officially closed by the City Government of Surabaya. The closing of Dolly Lane has a great impact on economic and social of local community especially in five community units area (a.k.a. Rukun Warga), in Village Administrative Unit of Putat Jaya. The Surabaya City Government are calling for any contribution from many stakeholder including academician to revitalize community’s social and economic condition after the closing. Some attempts have done to improve community’s economy and social condition. However, the result still below target. In line with this, a study need to be done in order to know what strategy can be applied in order to revitalize local community’s economic and social condition. To do so, a study that could capture current community social-economic condition will be required. For this reason, this study is conducted mainly aims to identify the existing condition of the community, including their problem and expectation. The present study result will become the basis of future strategy for developing Dolly-Jarak Area.

Keywords: Local Economic Development, Ex-localization Dolly-Jarak, SME

1. Introduction
Dolly-Jarak Area, or commonly known as Dolly Lane (a.k.a. Gang Dolly) which was located at Jarak Street, Putat Jaya Village Administration Unit (a.k.a. Kelurahan), Sawahan District (a.k.a. Kecamatan) Surabaya, is the most famous red district area in Indonesia. It had been around since the Dutch colonial period when initially, the area is dedicated for Dutch army. As the time goes by, Dolly Lane was open to public and very popular in Southeast Asia region. The number of prostitutes increased every year. In 2014, for example, this number reached 1,449 people. For Surabaya, where most of the community are Moslem, the existence of red light area is considered inappropriate. Consider to this situation, the City Government of Surabaya released a regulation to change the social image of Dolly Lane. In June 2014, the areas was officially closed by the Mayor of Surabaya as prostitution area.
The decision to close Dolly Lane raised a pro and con reactions from the local community since it has great impact on their economic and social. A lot of people who were working as parking attendants, laundromat owner, coffee shop, food stall, etc, lost their jobs or businesses due to the closing. Because of this, City Government of Surabaya made many programs to revitalize the economic and social condition of the local people. For example, the government bought several properties i.e. guesthouses in Dolly Lane and opened partnership to manage the guesthouses as business facility.

The government also continuously empower the community in Dolly-Jarak Area to improve their economic and social condition. For instance, government institution such as Community Empowerment and Family Planning Agency (a.k.a. BAPEMAS KB) as regional work unit in City Government of Surabaya, to provide support and coaching to the community in the form of training, i.e. sewing, baking, marketing, etc. Moreover, other government unit such as Social Service Agency Surabaya also provide coaching activity for the ex-prostitutes in the Dolly and Jarak area. The coaching activity used three approaches which include religion, gender, and economics. The given trainings are expected to increase the capability of local people to revitalize their economic and not rely on Dolly Lane previous prostitution business activities. The training from government agencies are usually coordinated with the local government units [1]. The training and coaching activities are also provided and supported by local NGOs [2].

Despite all the programs dedicated for revitalizing Dolly-Jarak Area, the economic condition of local community is still far from expectation. It still require long-time efforts and more support until it really succeed. To be succeed the government, academic, private sector, the community and other stakeholders need to work together and to integrate their effort. Based on this background, The Centre of Region Development and Community Empowerment which is one of the ITS research centre unit (a.k.a. LPPM ITS) perform a descriptive study as the basis to develop economic of the local community.

The objectives of this study are mainly:
1. Identify the current social-economic condition of community in Dolly-Jarak area.
2. Investigate the current impact of closing on SME of Dolly-Jarak community.
3. Measure the community expectation and reality towards current local economic development.

2. Methodology

2.1. Research stages
This is a qualitative research which applying in depth interview and focus group discussion (FGD) as the main methods for the study. This research is conducted through several stages that can be seen in figure 1.

Data collecting stage is the process to collect primary and secondary data. The primary data is gained through a field observation, in depth interview, and focus group discussion (FGD) while secondary data was gained from local government documentation data. For the interview, a purposive sampling method was applied. This sampling method determine and select the respondents based on their knowledge and experience. In depth interview is conducted by surveyors whom guided with a questionnaire.

Twenty one respondents were included in the study. Beside interview, FGD is also conducted by inviting various stakeholders consist of: (1) local government representatives, (2) community public figure, and (3) SME owner as presented on figure 2.
For the data analysis, two analysis techniques are used in this study, which are, descriptive analysis (i.e. frequency analysis and gap analysis), and content analysis. The description for each technique can be seen in table 1.
Table 1. Analysis Technique

| No | Analysis Technique | Objective | Description |
|----|--------------------|-----------|-------------|
| 1  | Descriptive analysis | To identify current socio-economic condition of community | ▪ Conduct field observation.  
▪ Present data in a matrix or table to illustrate the existing condition of community from various aspects (education, social, environment, health, economic)[3]. |
| 2  | Content analysis | To identify potential SME | ▪ Identify potential SMEs in Dolly-Jarak based on interview transcript and FGD summary. |

The study is mainly focus on five sub-districts (a.k.a. RW) in Putat Jaya, Kecamatan Sawahan, Surabaya. These five sub-district are the most impacted areas after the closing. The areas coverage can be seen in figure 3.

![Research Area](image)

**Figure 3. Research Area**

3. Result

3.1 Descriptive analysis

Some secondary data regarding to the social-economic condition are available, unfortunately, this data is not updated and not reflect the current situation after all economic development programs conducted by the government. For example, the number of SME that still exist in Dolly-Jarak Area are now decrease. Therefore, the main aim of this study is first to get the most updated information. The descriptive analysis is done to get insight on the most current community economic condition after the closing, to be able to formulate suitable strategy for developing their economic. Some of the study result are presented in figure 4. As can be seen from the figure, most of the respondent income (30%) is around Rp. 2-3 million per month. Twenty five percent of them earn around Rp. 3 - 4 million and only 10 %
who have income more than Rp. 5 millions. This show that most of them has low income, compare to income standard for Surabaya.

The study also identify the type of SMEs currently exist in Dolly-Jarak area. For the existing SMEs in Dolly – Jarak, most common SMEs type is food and beverages (52%), followed by hand-craft and batik (24%). The result also show the nature of SME which is most of them were owned by group (62%) under cooperatives unit system. This result is presented in figure 5. The business turnover mostly less then Rp.3 million per month (figure 6).

**Figure 4. Income Per Month**

| Income Range       | Percentage |
|--------------------|------------|
| > Rp 5.000.000    | 10%        |
| Rp 4.000.001-5.000.000 | 5%       |
| Rp 3.000.001-4.000.000 | 25%      |
| Rp 2.000.001-3.000.000 | 30%      |
| Rp 1.000.000-2.000.000 | 15%      |
| < Rp 1.000.000    | 15%        |

**Figure 5.** (1) Type of SME’s in Dolly-Jarak Area (2) Type of SME ownership
The next information collected by the surveyors is on how the community perceived the impact of the shutdown. The result can be seen in figure 7. Based on the questionnaire, most of the community said they feel the shutdown bring positive impact for different aspects of their daily life including economic, security, environment, culture, mind-set changing, education and health. Among of those aspects safety and health are perceived as the most positive impact for the community after the closing. However, in terms of economic, the community consider this as the least positive impact. After the closing, many of the community members lost their income from their shop, laundromat, parking fees, pedicab, etc. Most of community member want to get their income back as soon as possible thus they can improve their economic condition. This mindset needs to be anticipated otherwise, they might take a shortcut and back to their old job illegally.

Another result from the study is related to the development of small medium enterprise (SME). Based on the survey, it is found that the main obstacle faced by the SMEs are marketing (44%), capital (44%), production (8%), and competitor (4%). These are common obstacles experienced by many SMEs. In terms of marketing, most of the respondents (86%) said that they are already apply marketing strategy when selling their product. The marketing strategies which commonly used are mouth-to-mouth marketing (38%), social media (33%), bazaar (25%) and printed promotion e.g. brochure (4%). Even though, marketing strategy have already being applied, the number of sale is still low. The market for
some product such as batik, slipper, and food are mainly created by the government. Products are usually ordered by the government and sold to the government staffs. The market is not naturally exist. Moreover, in terms of source of capital, most of the money for the capital come from personal loans (45%). The second source of the capital is from the support of private company (30%) and the government (25%). Only few of them come from the finance institution (5%). This could imply that SME highly depend on support provided by external institution, which make it hard for the SMEs to sustain. This is why currently marketing and capital are still become the major problems for the SMEs to growth. All these results are showed in figure 8.

![Diagram](image)

**Figure 8.** (a) Available Strategic Marketing, (b) Marketing Of SME's, (c) Source Of Capital, (d) SME's Problem

### 3.2. GAP Analysis: Expectation and Reality of SMEs development in Dolly - Jarak

The GAP analysis is conducted to see how far is the gap between the expectation and reality of some aspects in regard to SMEs development. As described in figure 9, among all those aspects, it is found that the highest gap between SME’s owner expectation and reality is source of capital/investment. It is followed by financial management and business location (quadrant 1). This imply the main problem faced by the SMEs. Interestingly, the SMEs owners seem to perceive marketing and production aspects have meet their expectation (quadrant 3). This may because they think marketing strategies and production methods have been applied regardless the results or impact or their income. Raw material, skill, and training for the SMEs are lied on quadrant 3 which imply that these aspect already meet community expectation.
4. Conclusion and Recommendation
The current study have identify current economic and social condition and measure the gap between the community expectation and the reality in regard to economic development in Dolly-Jarak Area. From the results it can be concluded that there are still many problems related to the local economy development faced by the community at the Dolly-Jarak after the closing. The current study indicate that, in terms of SMEs development, the capital and marketing aspects become the main problems that need to be solved in order to develop local economic. The have a sustain market that allow SMEs to have higher income, they will need support to improve their product quality and production process, as well as, managing their financial. This study also found that for revitalizing the local economic, the community should not rely their income solely from selling SME products. But rather they need to find another source of income from providing services (e.g. by developing the area as tourist destination). Finally, despite all efforts have been done, one reason why the development still not meet the expectation is because there is lack of integration among stakeholder’s supports or programs. To develop local economic, it will require partnership among different stakeholders including government, academic, private, and community. The model of partnership which fit to the community requirements will need to be defined. The result of this study will be used for further studies to define better strategies for local economic development in Dolly-Jarak.

5. Reference
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