

# Understanding the Contribution of Cooperatives to the Growth of the Creative Industry

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**Abstract.** The creative industry has great potential as a driver of local and national economic growth. However, many creative industry players still face limitations in capital, market access, and managerial capacity. This study aims to understand the contribution of cooperatives in supporting the growth of the creative industry in Indonesia. Using a qualitative approach, data were collected through in-depth interviews with cooperative managers and members operating in the creative sector. The results show that cooperatives not only provide access to capital through a savings and loan system, but also act as facilitators of human resource training and builders of collective marketing networks. Further discussion reveals that the role of cooperatives aligns with the principles of community-based economic empowerment, but is still challenged by limited resources and minimal policy support. In conclusion, cooperatives play a strategic role in strengthening the creative industry ecosystem, but regulatory reinforcement and governance innovation are needed to ensure the sustainability of that role in the digital era.

**Keywords:** Cooperative, Industry, Creative, Impact, Economy.

## 1. Introduction

Over the past twenty years, the creative sector has become a key factor in fostering both national and local economic progress. It has been noted that the creative economy is central to the creation of added value through the integration of creativity, culture, and innovation and improving community well-being (Rodríguez-Insuasti et al., 2022). Significant inputs have been recorded on job creation and creative product exports in Indonesia (Hidayat & Asmara, 2017). Nonetheless, many creative industry stakeholders in developing countries are still faced with challenges concerning capital, market access, and managerial competencies, and the sector is inhibited in optimal utilization (UNCTAD, 2024). Both institutional and collective responses have been deemed crucial in countering such challenges.

The relevance of community-based institutions as vehicles for promoting the growth of the creative sector has been deeply substantiated. It was established that shared capital access improves the sustainability of small-scale creative businesses (Majid et al., 2022). Collaboration- and co-creation-oriented strategies have been established as increasing the innovation capacity of creative MSMEs through promoting mutual learning and marketing network development (Rahayu et al., 2020). In addition, digital transformation trends have been established as significantly impacting creative product productions and distribution modalities, as a result creating new possibilities for collective institutions to expand their market coverage (Ortiz-Ospino et al., 2025). The fundamental role of institutional governance in fostering innovation, financing, and marketing connection building for creative industry

stakeholders was emphasized (UNCTAD, 2024). These findings suggest that strengthening collective institutions and networks is a fundamental prerequisite for the creative sector to survive and thrive in the digital era. The study was undertaken with the objective of gaining a deeper understanding of the role played by collective institutions in promoting the growth of the creative industry in Indonesia. A qualitative research methodology was adopted in order to examine the role of cooperatives through extensive interviews with managers and members of cooperatives in the creative industry. In turn, the analysis sought to outline institutional roles, not merely as providers of financing access through savings and loans but also as providers of human resource development and pioneers of shared marketing networks, with an emphasis on established patterns throughout key regions in Indonesia. Methodologically, the study adopted the use of in-depth interviews, an analysis of institutional records, and data triangulation as means of enhancing the dependability of the outcomes. The data underwent thematic analysis with the aim of identifying patterns in regard to the roles played by institutions in supporting creative industry actors, the challenges faced, and the future of governance innovation in the age of digitization. In this arrangement, it is expected that the empirical outcomes stand to improve the people-oriented creative industry ecosystem and provide more accurate policy guidance in the effort of bolstering institutions' roles as drivers of creative economy growth in Indonesia.

## 2. Literature Review

Research has shown that cooperatives in Indonesia contribute to the national economy. Cooperatives contributed 5.54% to the national gross domestic product. In terms of empowering community economic development, the implication is significant, considering that approximately 10% of Indonesia's population are cooperative members spread throughout the country (Joshi, 2024). Another study by Majid, et al. (2020) found that 30% of cooperatives in Indonesia are inactive due to various reasons. The percentage of contribution of cooperatives to Indonesia's GDP is below 2%. In terms of employment absorption, cooperatives are only able to absorb 0.5% of the total employed population in Indonesia. Meanwhile, Batubara, S. (2021) stated that sharia cooperatives provide a positive boost to the income and welfare of Indonesian society. Thus, sharia cooperatives have a positive impact on the Indonesian economy. Regulations issued by the government have further strengthened the role of cooperatives within society, including sharia cooperatives.

Further, a study by Nirmal and Bikram stated that the role of school cooperatives in financial literacy involves: a) Knowledge and skills through "Tawasi" and "Tasula" activities, which indirectly provide students and parents with financial skills and awareness, including the importance of assessing financial capability and managing finances. b) Basic financial management, such as saving behavior and financial participation (Nirmal & Bikram, 2015). In addition, cooperatives have strategic functions and roles in inclusive development. The function of cooperatives in inclusive development is as a catalyst to encourage communities to be willing and able to actively participate in development programs. The role of cooperatives in inclusive development is reflected in how cooperatives conduct education and training for members (both individuals and MSME actors) to build the capacity needed to become highly competitive members.

From these various studies, it is evident that cooperatives actively contribute to economic development in Indonesia. However, no study has specifically discussed or identified the contribution of cooperatives to the creative industry. The purpose of this paper is to examine and understand the contribution of cooperatives to the creative industry. The research uses a

qualitative method by collecting data through in-depth interviews with cooperative managers and members operating in the creative sector.

### 3. Method

This study used a qualitative method through in-depth interviews and library research to understand the contribution of cooperatives to the growth of the creative industry. Primary data were collected through semi-structured interviews with cooperative managers and members who have been active for at least three years and have business units in the creative sector, such as fashion, culinary, and crafts, in the Bandung area. Purposive sampling was used to select respondents relevant to the study's objectives. Secondary data were obtained from scientific journals, academic articles, cooperative annual reports, and government policy documents related to the development of cooperatives and the creative industry. Data were analyzed inductively and deductively, starting with coding the interview results to identify key themes, which were then verified through literature and supporting documents.

### 4. Results and Discussion

Based on interviews with representatives of employee cooperatives, several key findings emerged regarding the role of cooperatives in the creative industry's growth. First, informants stated that the creative industry is highly beneficial for community economics. This sector is seen as contributing to both household and regional economic growth, although it is still often underestimated. Second, the cooperative studied was an employee cooperative, not a public community cooperative. Thus, its involvement in the creative industry is not collective, but rather individual support to members who wish to start businesses in the creative sector. Third, real support provided by the cooperative to its members is in the form of financing or capital loans, such as for shoe-making businesses. The cooperative actively assists members in business development through internal loan schemes. Fourth, the main challenge in promoting the creative industry is the need for digitalization, especially in marketing. Without innovation and digital adaptability, creative entrepreneurs will struggle to compete unless they possess strong uniqueness. Fifth, the cooperative does not yet have a collaborative system among members to foster creative industry innovation. However, there are plans for cross-sector collaboration (members, cooperatives, environmental agencies) for a waste-to-RDF energy project, considered part of the creative industry due to its combination of innovation, environment, and economy. Sixth, strategies to enhance product competitiveness include renewable energy projects like coal-substitute briquettes. Market demand is high, but production capabilities and regulatory alignment remain obstacles. Seventh, the informants suggested stronger synergy between government and cooperatives, particularly in education, digitalization, and operational standardization for MSMEs. The government is expected to develop MSME community programs integrated with cooperatives to prevent creative entrepreneurs from falling behind in the digital era.

The findings also show that employee cooperatives, although not public cooperatives, still have significant potential to support the creative industry, especially through financing access and moral support for member entrepreneurs. This aligns with the view that community-based capital is a vital alternative financing source for creative industry players who often face formal funding difficulties (Handke & Dalla Chiesa, 2022). Cooperative involvement in financing creative businesses, such as shoe-making, illustrates cooperatives as safe, community-based alternative funding sources. This supports Handke and Dalla Chiesa's (2022) findings that

crowdfunding as a community instrument can significantly overcome financial barriers in the creative industry.

Challenges related to digitalization and trend-based marketing show that cooperatives and their members are at a crossroads between traditional approaches and digital demands. International studies note that sustainability of cooperatives in the creative sector heavily depends on digital adaptation and external collaboration (Santos, Guzmán, & Valiente, 2024). The RDF waste-to-energy transformation initiative represents cross-sector innovation involving cooperatives, government, and communities. This pattern aligns with the "coopetition" concept cooperatives' ability to compete and collaborate simultaneously—which has been shown to boost innovation and organizational performance (Santos et al., 2024). Collaborative strategies focusing on digital education, MSME outreach, and operational standardization as suggested by informants support the idea that public-private institutional synergy is vital to accelerating community-based creative industry growth. These recommendations are in line with policies by the UK's Creative Industries Policy & Evidence Centre and UNCTAD, which emphasize the integration of education, digital policy, MSMEs, and cooperatives to create inclusive and sustainable creative ecosystems (Handke & Dalla Chiesa, 2022; Santos et al., 2024).

Cooperatives' internal funding mechanisms have enabled their users to start up or develop creative enterprises without relying exclusively on traditional financial institutions. There is evidence that in creative fields, crowdfunding and other alternative funding tools have become crucial methods of overcoming capital handicaps, particularly in countries with policies and cultural backing (Cicchiello et al., 2023). Moreover, non-financial support, especially training in human assets and the development of innovative potential, was found to be a crucial facilitating factor. Recent research concludes that while taking the journey of small and medium-sized enterprises (SMEs) through the process of digital transformation, gaps in human capital and relational/organizational ones become major deterrents unless reinforced, and an organization's ability to internalize and draw on external as well as internal knowledge was found to significantly affect the development of digital transformation outcomes (Romero & Mammadov, 2024).

The study results present significant constraints linked with the adoption of digital platforms, web marketing, and creative collaboration. This finding is similar to past research showing creative small and medium-sized enterprises (SMEs) lacking internal organizational readiness and adequate technological support struggle with adopting digital transformation, ultimately sacrificing wider marketplace possibilities (Firmansyah et al., 2024). In addition, cross-industry innovation and adoption of environmentally friendly practices are identified initiatives. These outcomes are part of the growing popular green innovation drive, whereby practices of "busting down digitalization barriers" and proactive adoption of technologies are seen as ways of simultaneously meeting social, environmental, and economic facets (Restrepo-Morales et al., 2024).

These findings collectively establish that the sustainability of creative industry contributions from cooperatives largely relies on interactions between such factors: sustainable funding, competences in human resources, organizational preparedness with regard to digitization, cross-sector collaboration and innovation, and policy incentives. Digital transformation is also established as successful based not merely upon technological drivers but upon internal organizational preparedness and entrepreneurial culture with the corollary implication that the facilitating role of regulators and the government as promoters of the digitization of regulation and training is very considerable (Clemente-Almendros et al., 2024).

## 5. Conclusion

Ekosistem industri kreatif telah diperkuat melalui peran koperasi karyawan sebagai instrumen penting dalam penyediaan akses pembiayaan internal, dukungan terhadap inisiatif kewirausahaan anggota, serta pembentukan jejaring kolaborasi lintas sektor. Melalui metode penelitian kualitatif dengan wawancara mendalam terhadap pengurus dan anggota koperasi, telah diungkap bahwa dukungan yang diberikan tidak hanya berupa pinjaman modal tetapi juga mencakup pembinaan dan dorongan moral yang memudahkan pengembangan usaha kreatif di bidang kuliner, fesyen, dan kerajinan. Kendala serius dalam transformasi digital, pengembangan pasar, serta keterbatasan sistem kolaboratif antaranggota juga telah ditemukan meskipun inisiatif inovatif seperti proyek konversi limbah menjadi RDF telah direncanakan. Dengan temuan ini, diindikasikan bahwa peran koperasi di industri kreatif dapat lebih dimaksimalkan melalui peningkatan kapasitas digital, penguatan sinergi dengan pemerintah, serta inovasi tata kelola sehingga fungsi koperasi tidak hanya diposisikan sebagai penyedia modal alternatif, tetapi juga sebagai pusat pengembangan inovasi dan kolaborasi berkelanjutan di era ekonomi kreatif digital.

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