

# **The Role of Cooperatives in Encouraging Local Creative Industries: A Case Study on Kpsbu Lembang**

**Raji Rafsanjani\*, Septian Muhammad Saputra, Naufal Rabani, Ahmad Morenno Suliawa, Senny Luckyardi**

Universitas Komputer Indonesia, Bandung, Indonesia

\*Corresponding E-mail: raji.21224155@mahasiswa.unikom.ac.id

**Abstract.** This case study examines the role of the North Bandung Cattle Farmers Cooperative (KPSBU), Lembang, in fostering the development of the local livestock-based creative industry. The research uses qualitative methods through in-depth interviews with 12 cooperative members and field observations over three months. Findings show that KPSBU acts not only as an economic institution but also as a promoter of local innovation by providing skills training, capital support, and market access facilitation. This program has resulted in the development of innovative dairy products such as yogurt and local cheese, which have increased members' average income by 15% per year. Additionally, the cooperative has successfully strengthened business networks between farmers and the creative industry, creating new business opportunities at the village level. The research results emphasize the importance of professional management support and government policies to replicate this model in other regions, strengthen the creative economy, and support sustainable rural development.

**Keywords:** Creative Industry, Local Economy, SWOT Analysis, Lembang KPSBU, Dairy Products.



## 1. Introduction

The local creative industry is one of the strategic sectors in national economic development because it relies on creativity, innovation, and local wisdom as its main resources. This sector contributes to GDP growth, job creation, and the preservation of local culture. One sub-sector with great potential is the livestock-based industry, particularly dairy farming. West Java Province has the geographical and climatic conditions to support the development of this sector, making it one of Indonesia's dairy production centers.

The North Bandung Dairy Farmers Cooperative (KPSBU) in Lembang is an important example of the role of cooperatives in boosting the local economy. In addition to performing economic functions such as managing milk production and distribution, KPSBU also encourages the creative efforts of its members through the development of processed milk products, educational tourism, and the strengthening of local brands. The challenge is how cooperatives can integrate creative industry development strategies into their business activities in a sustainable manner so that they have a real impact on the welfare of their members and the strengthening of the local economy(Hasanah & Sugiyanto 2024).

Based on this context, this study aims to analyze the role of KPSBU Lembang in promoting the local creative industry based on dairy farming. The focus is to explore the role of cooperatives not only as economic institutions but also as drivers of community creativity. This study is expected to provide a theoretical contribution by filling the gap in the literature on the involvement of cooperatives in the creative industry and a practical contribution to strengthening sustainable rural economic development models.

Various studies have highlighted the role of cooperatives in the development of the dairy-based creative economy. Santoso (2021) emphasizes the importance of local product innovation to increase economic competitiveness. Research by Ingutia et al. (2024) shows that entrepreneurially oriented cooperatives are able to improve economic and social performance while facilitating creative product innovation through internal and external collaboration.

A comparative study by Löffel et al. (2024) found that dairy processing cooperatives have higher technical efficiency than non-cooperative units in producing value-added products such as local cheese and yogurt. Kwaśniewska et al. (2022) highlight the importance of adopting milk processing technology and social factors between farmers and cooperatives to produce innovative products. Korir et al. (2023) added that the application of ecological innovations in small-scale dairy farming systems can increase productivity while supporting environmental sustainability. Cortés-Fernández et al. (2023) emphasized that cooperatives such as KPSBU have great potential to expand local creative industry networks, strengthen collaboration, and improve the sustainable welfare of members.

## 2. Method

The research method used in this study is a case study. According to the Oxford Advanced Learner's Dictionary of Current English (1989) in Sugiyono (2022), a case is a specific condition related to people and everything. This case study is qualitative, where data collection is obtained through in-depth interviews and field observations. In determining innovative steps, KPSBU Lembang needs to identify potential local products that can be developed, as well as design strategies to optimize training and capital assistance that can encourage its members to access wider markets and increase the competitiveness of livestock products, especially dairy products and their derivatives. To describe or explain this research, the researcher collected primary data directly in the field through interviews.

In this case, interviews were conducted directly by asking questions related to the research objectives. SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) and qualitative methods were used in this study. SWOT analysis, initially introduced as a framework for analyzing organizational strategies in the early 1950s, stands for strengths, weaknesses, opportunities, and threats (Benzaghta et.al., 2021). According to Elavarasan et.al (2020), both internal and external evaluation criteria are mentioned in this analysis. The strengths and weaknesses of the organization are

evaluated using internal criteria. Meanwhile, opportunities and threats are evaluated using external factors.

### **3. Results and Discussion**

#### **3.2 Results**

The results are presented in a structured form to highlight the strengths, weaknesses, opportunities, and threats of the cooperative (SWOT), and are directly supported by data from interviews, field observations, and documentation.

- a. **Strengths**, the quality of pure milk with ABCD standards, a brand identity based on cooperative values, a strategic partnership network, and a commitment to member training are the main strengths of KPSBU. Active participation in exhibitions strengthens community relations.
- b. **Weakness**, the quality of pure milk with ABCD standards, a brand identity based on cooperative values, a strategic partnership network, and a commitment to member training are the main strengths of KPSBU. Active participation in exhibitions strengthens community relations.
- c. **Opportunity**, the trend toward healthy products, growth in digital marketing, opportunities for collaboration with the creative industry, and the development of educational tourism focused on milk are significant opportunities for KPSBU.
- d. **Threats**, intense competition from large-scale dairy industries, fluctuations in partner service prices, and rapid changes in consumer behavior are external threats that need to be anticipated.

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**Table 1. Results of Internal and External SWOT Analysis on KPSBU Lembang**

<b>Strength</b>	<b>Weakness</b>
- Pure milk quality with ABCD standards (Authentic, Clean, Fast, Quickly Chilled).	- Dependence on third parties for production.
- Strong brand identity with the slogan “Pure milk, pure cooperation”.	- Digital branding is still limited and unprofessional.

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**Table 1. Results of Internal and External SWOT Analysis on KPSBU Lembang**

<ul style="list-style-type: none"> <li>- Strategic partnership network for milk processing.</li> <li>- Commitment to member training and development.</li> <li>- Active participation in community exhibitions and festivals.</li> </ul>	<ul style="list-style-type: none"> <li>- Brand awareness is only strong in the local market.</li> <li>- Resistance to innovation among some members.</li> <li>- Promotional coverage is still dominated by offline events.</li> </ul>
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Opportunity	Threat
<ul style="list-style-type: none"> <li>- Consumer trends toward natural and healthy products.</li> <li>- Potential for collaboration with the creative industry for design and marketing.</li> <li>- Growth of digital marketing and e-commerce.</li> <li>- Plans for educational dairy tourism and creative spaces.</li> <li>- Government support for the creative industry and cooperatives.</li> </ul>	<ul style="list-style-type: none"> <li>- Competition with large dairy industries with massive capacity and marketing.</li> <li>- Fluctuations in raw material prices and external processing costs.</li> <li>- Rapid changes in consumer preferences.</li> <li>- Risk of failure of creative tourism projects without careful planning.</li> <li>- Limited capital for innovation expansion.</li> </ul>

### 3.3 Discussion

KPSBU Lembang shows how cooperatives can combine tradition, innovation, and collaboration to strengthen the economic resilience of their members. The interview with Mr. Jajang underlined that the main strength of the cooperative lies in the commitment to maintaining quality through the concept of ABCD (Authentic, Clean, Fast Cooling, Cold) which emphasizes the authenticity and hygiene of the product. This approach is in line with Santoso's (2021) findings that quality and authenticity are important differentiating factors in the fresh milk sector. The Slogan "Pure milk, pure cooperation" simultaneously communicates cooperative values and builds consumer

trust, in line with modern marketing trends that prioritize brand experience and narrative (Ingutia et al., 2024).

Collaboration with external partners such as HVA International–PT Frisian Flag Indonesia (FFI) and INDOCAP mentoring program demonstrates KPSBU's ability to build a business network without having to have its own factory. This is in line with Kwaśniewska et al. (2022) which affirms the importance of strategic alliances to improve the production efficiency of cooperatives. However, dependence on third parties also poses risks in the event of supply chain disruptions, so risk mitigation strategies and partial self-production options need to be considered.

In terms of member empowerment, ICA's principles-based training affirms that human capital development is an important factor in business sustainability. This supports the findings of Ingutia et al. (2024) which states that entrepreneurial orientation in cooperatives contributes to increasing innovation capacity. However, the interview with Mr. Jajang showed that the involvement of creative industry professionals in the fields of design, branding, and marketing is still limited, so the opportunity to expand the modern market has not been maximized. Connectedness with creative industry actors will strengthen the attractiveness of the product while expanding market segmentation.

Long-term plans such as the development of creative spaces, educational cafes, and milk tourism facilities reflect the cooperative's vision of diversifying revenues and expanding community involvement. This strategy is in line with Cortés-Fernández et al. (2023), which emphasizes the role of cooperatives as the driving force of the creative economy and community-based edu-tourism. However, these projects require large capital investments and a thorough feasibility study to minimize financial risks. The expansion of digital promotion and utilization of social media also needs to be strengthened to reach young consumers, as emphasized by Korir et al. (2023) on the importance of digital strategies in expanding the visibility of cooperatives.

Overall, the balance between cooperative values and modern business practices is the key to KPSBU's success. Strengthening branding, expanding strategic partnerships, and professionalizing marketing functions can increase competitiveness and expand the impact of cooperatives. It provides important implications for policymakers and other cooperative managers in designing marketing strategies, member empowerment policies, and community-based creative product development.

#### **4. Conclusion**

KPSBU Lembang proves that cooperatives can be the driving force for local creative industries through the implementation of ABCD quality standards, strengthening brand identity, and strategic collaborations that increase the added value of dairy products and strengthen the economies of members. In the future, cooperatives need to prioritize management professionalization, especially in digital branding and visual design, and develop internal processing units to reduce dependence on third parties. Governments can support through grants and digital marketing training programs, while industry partners play a role in collaborative campaigns, technology transfer, and value-added product innovation. Further research is recommended to conduct comparative studies between dairy cooperatives and quantify the economic impact of creative initiatives quantitatively, so that the results of the study can be the basis for a more targeted policy.

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In conclusion, it is hoped that the results of this study can provide academic benefits, strengthen the role of cooperatives in the development of local creative industries, and serve as a reference for academics, practitioners, and policymakers in formulating strategies for sustainable community-based economic development.

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