Drivers and Barriers of Cooperative Development in Indonesia

A Systematic Literature Review



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Cooperatives: Indonesia's economic pillar

130,354

active cooperatives in Indonesia

Ministry of Cooperatives and SMEs (2024)

Inclusion and public welfare

Cooperatives contribute to economic inclusion, wider employment opportunities and public welfare.

Soko guru of the national economy

A vehicle of economic and social democracy, expected to grow from below through members' own strength.

Rooted in village economies

Active in agriculture, fisheries, creative industries and financial services through community-based schemes.

Internal and external forces shape growth



Internal factors

- Governance quality
- Member participation
- Capital from member savings
- Human-resource quality and innovation



External factors

- Government policy and regional autonomy
- Financial regulation
- Digital technology
- Global trends: cashless, gig and sharing economy



Research gap Existing studies address single issues or local cases (Pati, Bogor, Ciwidey). A systematic synthesis across Indonesia is still missing.

Research objectives

01

Growth pattern

Identify how cooperatives in Indonesia have grown and developed.

02

Supporting factors

Analyze the factors that influence and support cooperative development.

03

Hindering factors

Explore the factors that hold cooperative development back.

Expected output Strategic recommendations for stakeholders, and insights for cooperative managers on governance, access to capital and technology use.

A PRISMA-guided systematic review

DESIGN

Qualitative Systematic Literature Review (SLR) following PRISMA

DATA SOURCE

Secondary data from Google Scholar via Publish or Perish

SEARCH DATE

1 March 2025

KEYWORDS

Four Indonesian phrases on cooperative development, growth, barriers and challenges

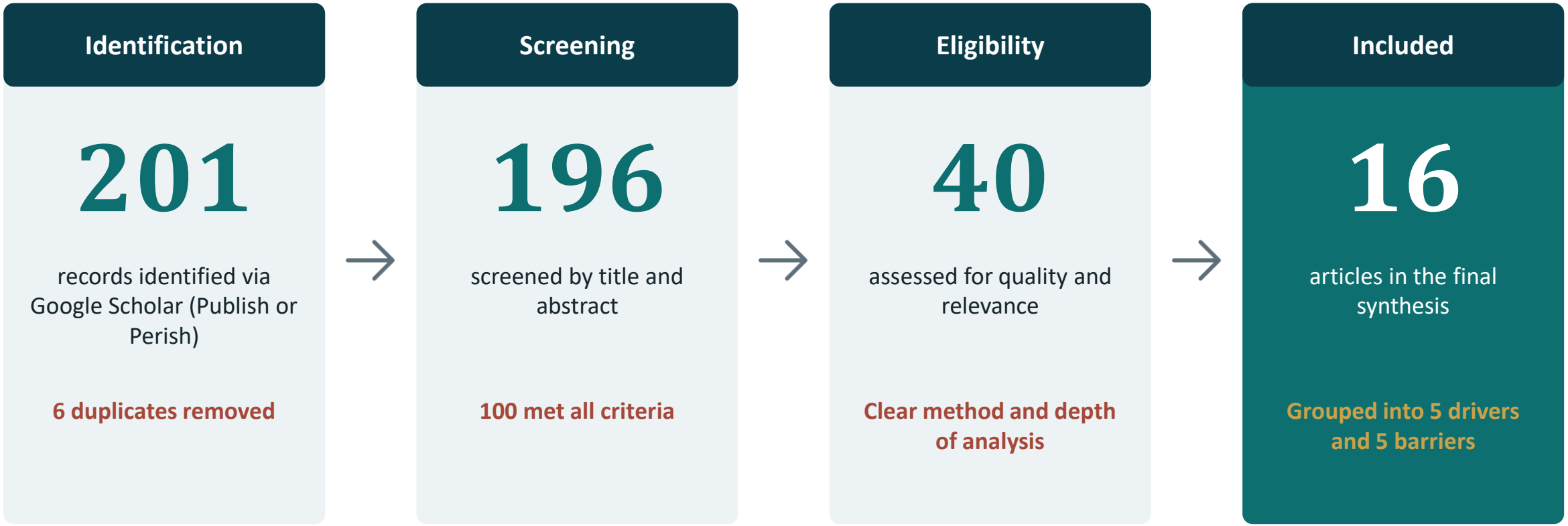
SCOPE

Indonesian or English journal articles published 2015–2025

SYNTHESIS

Drivers and barriers extracted from 16 articles and grouped into themes

From 201 records to 16 included studies



Four PRISMA stages: identification, screening, eligibility and inclusion

Strict inclusion and exclusion criteria

Criteria	Inclusion	Exclusion
Study focus	Cooperatives in Indonesia, focusing on growth, development and barriers	Cooperatives without a specific focus on Indonesia
Language	Indonesian or English	Other languages
Publication period	2015–2025	Before 2015 or after 2025
Study type	Empirical research or systematic literature analysis	Conceptual studies without empirical data or a clear analytical method
Source	Nationally or internationally indexed journals	Theses, books or conference proceedings without peer review
Accessibility	Open access or accessible through academic institutions	Articles not accessible through official academic sources

Source: Authors' compilation, 2025

Where the evidence concentrates

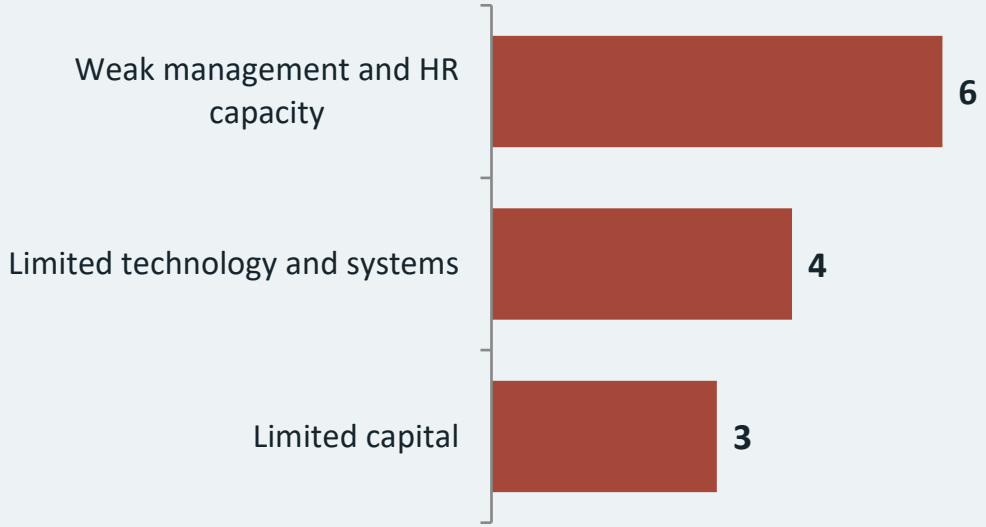
Supporting factors

Number of studies reporting each theme (n = 16)



Barriers

Number of studies reporting each theme (n = 16)



Some themes appear on both sides: training and technology strengthen cooperatives where present and constrain them where absent.

Five drivers of cooperative development

Policy and regulatory support

Tax incentives, state capital and regional autonomy support more active cooperatives.

Siregar (2019)

Digitalization and technology

Raises transaction efficiency, widens market access and simplifies financial recording.

Wardhani et al. (2023)

Member participation and social capital

Involved members make cooperatives more stable; trust and networks build solidarity.

Rahmadi (2020)

Access to financing

Schemes such as KUR help businesses grow and let cooperatives expand and compete.

Sinaini (2015)

Management and governance

Professional management and training improve risk control, transparency and trust.

Bayangkara & Ratnawati (2023)

Five barriers to cooperative development

Low financial and managerial literacy	Weak financial recording and cash-flow management create insolvency risk; training and supervision are lacking. (Nur Azizah Basmar et al., 2022; Bayangkara & Ratnawati, 2023)
Competition from the private sector	Private firms with larger capital, wider networks and faster service draw members away. (Nasution et al., 2024; Setiana, 2024)
Regulations that are not adaptive	Rules still limit fintech and digital transactions and do not yet accommodate multi-stakeholder models. (Nurjawahir et al., 2022; Hamdani, 2025)
Low technology adoption	Limited digital skills among administrators and weak infrastructure leave cooperatives behind. (Almabruri et al., 2022; Mawarzani & Adipta, 2020)
Fluctuating public trust	Fund misuse, weak governance and limited reporting transparency erode trust and deter members. (Sukidjo, n.d.)

The same factor can enable or constrain

WHEN ADDRESSED

Training improves managerial capacity, efficiency and transparency (Yaspita, 2020).



Training and management

WHEN ABSENT

Lack of training weakens strategic decision-making (Bayangkara & Ratnawati, 2023).

WHEN ADDRESSED

Digitalization raises competitiveness and widens market access (Wardhani et al., 2023).



Technology

WHEN ABSENT

Low digital skills and manual systems slow administration and innovation (Suarna et al., 2022).

WHEN ADDRESSED

Tax incentives, capital schemes and regional autonomy support growth (Siregar, 2019).



Policy and regulation

WHEN ABSENT

Non-adaptive rules block fintech and multi-stakeholder models (Hamdani, 2025).

Progress requires multi-stakeholder synergy



Government

- Adaptive regulation and policy reform
- Capital schemes and incentives
- Infrastructure support

Cooperatives

- Financial literacy and managerial capacity
- Transparent reporting and governance
- Active member participation

Technology and private partners

- Digital-skills training
- Platform collaboration
- Infrastructure and strategic partnerships

Drivers and barriers are interconnected, so no single actor can advance cooperative development alone.

Four priorities for action



Strengthen literacy and training

Financial literacy and managerial training for members and administrators.



Reform regulation

Adapt rules to accommodate digital transactions and multi-stakeholder cooperative models.



Accelerate digital transformation

Digital-skills training, technology partnerships and infrastructure support.



Improve transparency and governance

Financial transparency, stricter audits and governance reform to rebuild trust.

Conclusion



Interaction

Across 16 studies, cooperative development in Indonesia is shaped by the interaction of five drivers and five barriers.



Enabler or barrier

Issues such as training or technology can be either, depending on how well they are addressed.



Next step

Complement this literature-based synthesis with empirical field studies across sectors and regions.

Thank you

Questions and discussion

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