

Governance, Participation, and Policy in Urban Cooperative: Insights from a People-Centered Development Approach

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ABSTRACT

This study explores how urban cooperatives contribute to people-centered economic development through the framework of Local Economic Development (LED). Using a qualitative approach within a post-positivist paradigm, it examines the case of Koperasi Merah Putih in Jakarta. The findings indicate that cooperative performance is shaped by governance, member participation, institutional backing, and local socio-economic conditions. Strong governance and active member engagement are linked to greater social equity and economic gains. However, bureaucratic barriers and limited policy coherence remain key challenges. The study highlights the need for context-specific strategies and collaborative governance to improve cooperative outcomes. It contributes to the discourse on cooperative-driven development by showing how participatory approaches can foster inclusive growth. Policy recommendations include targeted support, improved stakeholder coordination, and adaptive governance to strengthen urban cooperatives.

Keywords: *Urban Cooperatives; Local Economic Development; Cooperative Governance; People-Centered Development.*

ABSTRAK

Penelitian ini mengkaji kontribusi koperasi perkotaan dalam mendorong pembangunan ekonomi yang berpusat pada masyarakat melalui kerangka *Local Economic Development* (LED). Dengan pendekatan kualitatif dalam paradigma postpositivis, studi ini menyoroti kasus Koperasi Merah Putih di Jakarta. Hasil penelitian menunjukkan bahwa kinerja koperasi dipengaruhi oleh tata kelola, partisipasi anggota, dukungan kelembagaan, dan kondisi sosial ekonomi lokal. Tata kelola yang baik dan keterlibatan anggota yang aktif berdampak dengan pemerataan sosial dan manfaat ekonomi. Namun, hambatan birokrasi dan kurangnya sinkronisasi kebijakan masih menjadi tantangan utama. Studi ini menekankan pentingnya strategi kontekstual dan tata kelola kolaboratif untuk meningkatkan kinerja koperasi. Kontribusi teoritisnya terletak pada penekanan bahwa pendekatan partisipatif dapat memperkuat ekonomi lokal yang inklusif. Rekomendasi kebijakan meliputi dukungan yang terarah, koordinasi pemangku kepentingan yang lebih baik, dan tata kelola yang adaptif.

Kata Kunci: *Koperasi Perkotaan; Pembangunan Ekonomi Lokal; Ekonomi Berpusat pada Masyarakat; Tata Kelola Koperasi.*

INTRODUCTION

Cooperatives are widely recognized as institutional arrangements that combine economic functions with democratic governance and collective ownership, enabling members to pursue economic objectives while advancing social equity (Yin et al., 2022; Zeng et al., 2023). Within development studies, cooperatives are frequently associated with people-centered economic models that prioritize participation, shared benefits, and community empowerment over purely market-driven outcomes (Mukhovi et al., 2024). These characteristics position cooperatives as potentially strategic actors in addressing inequality and exclusion, particularly in contexts where conventional market mechanisms fail to distribute benefits equitably.

In urban settings, however, the role of cooperatives is far from straightforward. Metropolitan economies are characterized by complex governance structures, dense regulatory environments, intense market competition, and socially heterogeneous populations. While urban cooperatives are often promoted as mechanisms for stabilizing local economies, improving access to essential goods, and supporting micro-entrepreneurs, empirical evidence suggests that many struggle to operate effectively or sustainably under such conditions (Monciardini et al., 2023; Wagemans et al., 2019). These challenges raise critical questions about whether cooperative principles that function well in rural or homogeneous communities can be effectively translated into metropolitan contexts marked by institutional fragmentation and competing stakeholder interests.

Existing studies tend to emphasize the normative advantages of cooperatives—such as solidarity, inclusion, and moral commitments to social justice—without sufficiently interrogating how these values are operationalized within complex urban governance systems (Ajates, 2021; Zhuo et al., 2023). As a result, cooperatives are frequently portrayed as inherently beneficial, while limited attention is paid to the structural, institutional, and policy-related constraints that shape their actual performance. This tendency has led to an implicit rather than explicit articulation of research gaps, particularly regarding how governance arrangements, participation mechanisms, and policy environments interact to influence cooperative outcomes in urban areas.

From a theoretical perspective, Local Economic Development (LED) offers a relevant but underutilized analytical framework for examining these issues. LED emphasizes place-based development, multi-actor collaboration, and participatory governance as foundations for inclusive economic growth. Cooperatives, in principle, align with these principles; however, empirical research examining cooperatives as active components of LED strategies in metropolitan contexts remains limited (Sánchez & Qian, 2023; Zhuo et al., 2023). Methodologically, much of the cooperative literature relies on rural case studies or descriptive accounts, leaving a gap in context-sensitive analyses that capture the institutional complexity of urban cooperative practice.

This study addresses three interrelated gaps in the literature. First, there is a **theoretical gap** concerning how cooperative governance and participation function within LED frameworks in urban settings, rather than being treated as normative ideals. Second, there is a **contextual gap** related to the limited empirical evidence from developing-world cities, where urban cooperatives operate under distinct regulatory and socio-economic pressures. Third, there is a **methodological gap** stemming from the scarcity of in-depth qualitative studies that examine how policy environments, institutional support, and local conditions jointly shape cooperative performance.

Guided by these gaps, this study examines the case of *Koperasi Merah Putih* in Jakarta to investigate how urban cooperatives operate within a Local Economic Development framework. Specifically, the study is guided by the following research questions:

1. How are cooperative governance and member participation structured and practiced in an urban cooperative context?
2. How do policy environments and institutional arrangements shape the implementation and performance of urban cooperatives?
3. In what ways do governance, participation, and policy interactions influence the contribution of urban cooperatives to people-centered local economic development?

By addressing these questions, the study advances a more rigorous academic understanding of urban cooperatives as institutional actors embedded within LED ecosystems. Rather than framing cooperative significance solely in moral or normative terms, the analysis emphasizes governance dynamics, participation

mechanisms, and policy alignment as key determinants of cooperative effectiveness. In doing so, the study contributes empirically and conceptually to debates on cooperative-driven development and provides policy-relevant insights for strengthening urban cooperatives in metropolitan economies.

LITERATURE REVIEW

Theoretical Foundations of Cooperatives Beyond Normative Claims

Cooperatives have long been examined as organizational forms that combine economic activity with democratic governance and collective ownership. Classical cooperative theory emphasizes principles such as member control, equitable benefit distribution, and mutual assistance, positioning cooperatives as alternatives to investor-driven firms (Wagemans et al., 2019; Zeng et al., 2023). However, much of the existing literature remains normative, often assuming that cooperative principles automatically translate into inclusive and equitable outcomes. Recent critical scholarship questions this assumption, arguing that cooperative performance is highly contingent on governance quality, institutional embedding, and member participation rather than on organizational form alone (Ajates, 2021; Monciardini et al., 2023).

Empirical studies demonstrate that weak governance arrangements, limited managerial capacity, and symbolic participation can undermine cooperative objectives, resulting in outcomes that diverge from cooperative ideals (Zhang et al., 2024). These findings suggest that cooperatives should be analyzed not merely as value-driven institutions, but as organizations whose effectiveness depends on how democratic principles are operationalized in specific contexts.

People-Centered Economy and the Limits of Universal Applicability

The people-centered economy has emerged as a dominant paradigm in contemporary development discourse, shifting analytical focus from economic growth to human well-being, participation, and social equity (Mukhovi et al., 2024; Posa et al., 2025). Within this framework, cooperatives are frequently highlighted as institutional vehicles capable of translating collective agency into economic empowerment. Nevertheless, critics caution against treating people-centered approaches as universally applicable solutions. The extent to which cooperatives deliver people-centered outcomes varies significantly across institutional, political, and socio-economic environments (Kyeyune & Ntayi, 2025).

Comparative studies indicate that people-centered economic models tend to perform more consistently in settings with strong social capital, supportive policy frameworks, and sustained capacity-building mechanisms (Musolino & Farinella, 2025). In contrast, in urban contexts characterized by social heterogeneity and fragmented governance, participation often becomes uneven, selective, or instrumental, raising questions about who benefits from cooperative arrangements and under what conditions (Cunha et al., 2023).

Cooperatives, MSMEs, and Local Economic Development Outcomes

A substantial body of literature links cooperatives to the empowerment of Micro, Small, and Medium Enterprises (MSMEs) through collective bargaining, shared infrastructure, and improved access to markets and finance (Liu & Liu, 2022; Zeng et al., 2023). While these studies report positive outcomes, they frequently rely on rural or sector-specific cases and employ quantitative performance indicators that overlook governance and participation dynamics. As a result, inconsistencies emerge across findings, with some cooperatives demonstrating significant economic spillovers while others exhibit limited or short-lived impacts (Bühler et al., 2023).

Local Economic Development (LED) theory offers a lens for interpreting these mixed outcomes by emphasizing place-based strategies, institutional coordination, and multi-actor collaboration (Sánchez & Qian, 2023). However, empirical applications of LED to cooperative studies often treat cooperatives as homogeneous local actors, underestimating internal organizational variation and external institutional constraints. This gap is particularly evident in metropolitan contexts, where cooperatives operate alongside powerful private firms and multi-level government institutions.

Governance and Participation as Interdependent Analytical Dimensions

Governance and participation are frequently examined as separate variables in cooperative research. Governance studies focus on formal structures, accountability mechanisms, and leadership effectiveness, while participation research emphasizes member engagement, commitment, and empowerment (Sari et al., 2024; Wagemans et al., 2019; Zhang et al., 2024). Recent scholarship suggests that treating these dimensions

independently obscures their interdependence. Strong governance does not necessarily guarantee meaningful participation, and high participation may not translate into effective decision-making in the absence of clear institutional arrangements (Ajates, 2021).

Urban cooperative studies further complicate this relationship. Multi-stakeholder governance arrangements—often involving local governments, NGOs, and state-owned enterprises—can enhance access to resources but may also dilute member control and blur accountability (Reyes et al., 2022). Empirical inconsistencies across studies point to the need for integrated analytical frameworks that examine how governance and participation jointly shape cooperative outcomes within specific policy and institutional environments.

Contextualizing Cooperative and LED Literature in Indonesia

Despite the extensive global literature on cooperatives and LED, studies grounded in the Indonesian context remain limited. Indonesia possesses a distinctive cooperative tradition embedded within state-led development strategies and regulatory frameworks that emphasize community-based economic institutions. However, existing Indonesian studies often adopt descriptive or policy-evaluative approaches, offering limited critical engagement with governance dynamics and participation practices, particularly in urban settings.

Urban cooperatives in Indonesia operate within complex regulatory environments shaped by decentralization, multi-tier governance, and evolving policy priorities. Jakarta, as a metropolitan center, presents unique challenges related to spatial constraints, bureaucratic coordination, and socio-economic diversity. These conditions complicate the direct application of cooperative and LED models derived from rural or Global North contexts, underscoring the need for context-sensitive empirical analysis.

Toward an Integrated Theoretical Framework

Building on the reviewed literature, this study advances an integrated theoretical framework that combines Local Economic Development (LED), cooperative governance, and participation. LED provides the macro-level perspective on place-based development and institutional collaboration; governance captures meso-level organizational arrangements and decision-making processes; and participation represents the micro-level mechanisms through which members engage with and benefit from cooperative activities.

Rather than treating these dimensions as independent, the framework conceptualizes them as mutually constitutive. Cooperative contributions to people-centered local economic development are understood as outcomes of the interaction between governance structures, participation practices, and policy environments. This integrated perspective responds to theoretical, contextual, and methodological gaps in the literature and provides the analytical foundation for examining urban cooperatives in Indonesia.

By situating Koperasi Merah Putih within this framework, the study moves beyond normative assertions about cooperative benefits and offers a contextually grounded, theoretically coherent analysis of how cooperatives function as development actors in metropolitan settings.

RESEARCH METHODS

Research Paradigm and Analytical Rationale

This study is situated within a post-positivist qualitative research paradigm. The selection of this paradigm is not merely normative but analytically driven by the nature of the research questions and the data analysis strategy employed. Post-positivism recognizes that social realities—such as cooperative governance, participation, and policy interaction—are shaped by institutional contexts and actor interpretations, while still allowing for systematic inquiry, pattern identification, and analytical rigor through methodological transparency and triangulation (Esteves, 2021; Evans et al., 2019).

Specifically, the post-positivist stance informs the use of thematic analysis as an interpretive yet structured analytical technique. Rather than seeking causal generalization, the study aims to identify recurring patterns, convergences, and divergences across informant accounts and documentary sources. The paradigm therefore aligns directly with the analytical strategy by legitimizing the iterative movement between empirical data, conceptual categories (LED, governance, participation), and theoretical interpretation.

Research Design and Case Selection

The study adopts a qualitative case study design to enable an in-depth examination of urban cooperative implementation within its real-life institutional context. Koperasi Merah Putih in Sawah Besar, Jakarta, was selected using purposive criteria: (1) its establishment under recent national and municipal cooperative policies; (2) its operation within a dense metropolitan governance environment; and (3) the presence of variation in operational status across cooperative units. This design allows for analytical rather than statistical generalization, consistent with qualitative post-positivist inquiry.

Informant Selection, Sample Size, and Data Saturation

Ten informants were selected through purposive sampling to capture diverse institutional perspectives relevant to the research questions. These included cooperative managers (n=3), cooperative members (n=3), kelurahan-level officials (n=3), and a kecamatan-level official (n=1). The objective was not numerical representativeness but analytical depth across key actor categories involved in cooperative governance and LED processes.

Data saturation was assessed iteratively during fieldwork and analysis. Saturation was considered reached when additional interviews no longer generated substantively new codes or insights related to governance mechanisms, participation patterns, or policy constraints. After the eighth interview, thematic repetition became evident, particularly regarding infrastructural constraints, dependence on external facilitation, and conditional member participation. Two additional interviews were conducted to confirm the stability of these themes, thereby strengthening saturation claims.

Informant Bias and Reflexivity

The study acknowledges potential informant biases arising from positionality and institutional affiliation. Cooperative managers and government officials may emphasize program success or compliance with policy objectives, while members may frame experiences in relation to immediate material benefits. To mitigate these limitations, data were triangulated across informant groups, direct observations, and documentary sources. Reflexive field notes were maintained throughout data collection to document discrepancies, silences, and potential power asymmetries during interviews (Folkes, 2022; Uekusa, 2024).

Data Collection Procedures

Primary data were collected through semi-structured interviews, non-participant observation, and informal follow-up discussions. Interview guides were structured around the analytical dimensions of LED, governance, and participation, while allowing flexibility for emergent themes. Secondary data included cooperative statutes, meeting minutes, government regulations, and policy documents relevant to urban cooperative development.

Thematic Analysis Procedures

The study employed a systematic thematic analysis informed by Miles and Huberman's interactive model of qualitative analysis. The process unfolded in four iterative stages:

Stage 1: Familiarization and Initial Coding

Interview transcripts and field notes were read repeatedly to achieve immersion. Open coding was applied line-by-line to identify meaningful units of text. For example, statements such as "members only attend meetings when goods are distributed" were initially coded as conditional participation, while references to "waiting for government facilities" were coded as dependency on external support.

Stage 2: Code Categorization

Initial codes were then grouped into higher-order categories aligned with the analytical framework. Codes such as conditional participation, passive membership, and benefit-driven engagement were clustered under the category Participation Dynamics. Similarly, bureaucratic delay, unclear asset use, and regulatory ambiguity were grouped under Governance and Policy Constraints.

Stage 3: Theme Development

Categories were further synthesized into core themes through constant comparison across data sources. For instance, the categories Participation Dynamics and Governance and Policy Constraints converged into the broader theme Institutional Conditions Shaping Participation, illustrating how governance arrangements directly influenced member engagement.

Stage 4: Verification and Interpretation

Themes were refined through cross-informant comparison and triangulation with documentary

evidence. Disconfirming cases—such as variations between operational and non-operational cooperatives—were actively examined to enhance analytical robustness. The finalized themes were then interpreted in relation to LED theory and cooperative governance literature.

Trustworthiness and Analytical Rigor

Several strategies were employed to enhance trustworthiness: methodological triangulation across interviews, observations, and documents; iterative coding and theme verification; and an explicit audit trail documenting analytical decisions. Member checking was conducted selectively with cooperative representatives to confirm factual accuracy, while interpretive claims remained the responsibility of the researcher.

Through these procedures, the revised Research Methods section ensures clear alignment between paradigm choice, data collection, and analytical strategy, while transparently addressing sample size, saturation, bias, and thematic analysis processes.

Table and Figure: Dimensions and Framework

Table 1. Dimensions and Indicators of Research Focus

Dimension	Indicators
Cooperative Implementation	Organizational structure, member participation, services, transparency
People-Centered Economy	Benefit distribution, solidarity, empowerment, resource access
Local Economic Development	Stakeholder collaboration, innovation, income generation, sustainability

Source: Authors' synthesis based on literature review, 2025

Table 1 summarizes the key analytical dimensions and indicators that guided the empirical inquiry. These dimensions serve not only as thematic lenses for data collection and coding but also as an integrative framework for interpreting how cooperative practices, people-centered economic principles, and local economic development intersect in practice. Building on this framework, the following section elaborates on the analytical model and discusses how these dimensions were operationalized in the data analysis and linked to the study’s findings.

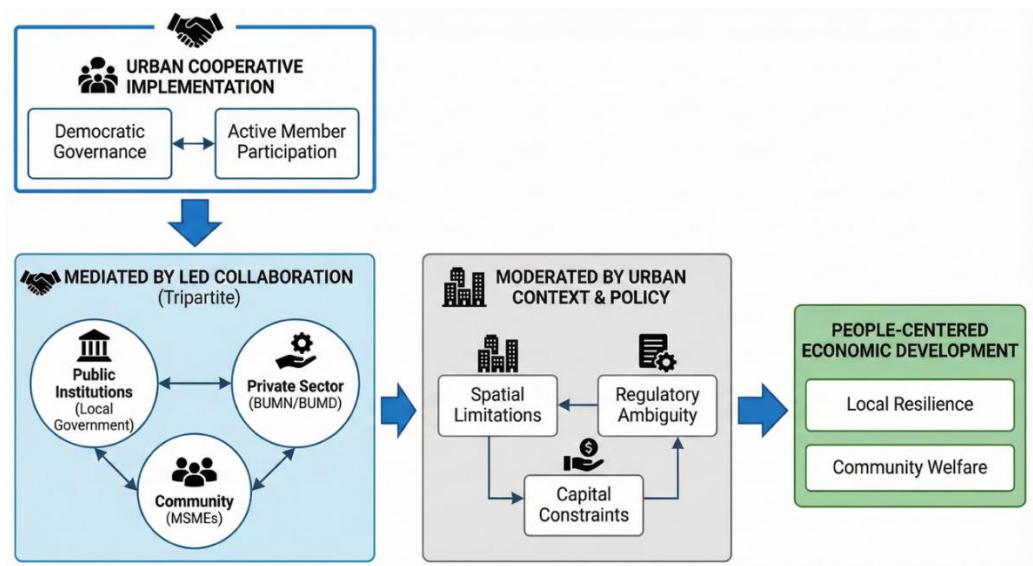


Figure 1. Conceptual Research Framework 1.

Source: Authors' synthesis based on literature review, 2025

The framework conceptualizes *Koperasi Merah Putih* as a central actor within an LED ecosystem, mediating across three strategic domains:

1. Institutional Implementation (governance and participation);
2. Operational Barriers (spatial constraints, regulatory hurdles, capital limitations);
3. Mitigation Strategies (government support mechanisms, collaboration with MSMEs).

These domains are nested within the broader goals of economic democracy and people-centered development, reflecting a systemic understanding of cooperative-based urban LED.

RESULTS AND DISCUSSION

RESULTS

The results are organized thematically based on analytical categories derived from the research questions and data coding process. Where appropriate, patterns are compared across cooperative locations (Karang Anyar, Pasar Baru, and Mangga Dua Selatan) to draw out location-specific and cross-site variations.

Operationalization of Cooperative Principles and Member Participation

Two of the three cooperatives studied (Karang Anyar and Pasar Baru) demonstrated active implementation of cooperative principles. Members contributed to operational tasks such as procurement coordination, goods distribution, and participation in regular meetings. In these sites, participation reflected a combination of instrumental and normative motivations, with members engaging both for economic benefits and perceived ownership.

By contrast, in Mangga Dua Selatan, where cooperative activities remained dormant, participation was virtually absent. Members expressed uncertainty and disengagement due to lack of tangible outcomes. This contrast highlights a direct link between cooperative functionality and member engagement across sites.

Governance Structure and Institutional Embedding

All three cooperatives were legally registered and established through participatory planning processes involving kelurahan officials. However, governance effectiveness varied by operational maturity. Karang Anyar had a structured system of monthly savings (IDR 15,000) and clear membership contributions (IDR 100,000 initial deposit), supported by managerial coordination and regular reporting. Pasar Baru followed a similar model but with lower consistency in implementation.

Mangga Dua Selatan, despite completing legal registration, lacked physical facilities and leadership continuity, which impeded institutional consolidation. The variance in governance effectiveness indicates uneven institutional embedding, shaped by logistical, human resource, and infrastructural factors.

Table 2 presents the profile of informants, capturing institutional roles across research sites, which supports the analysis of governance variation.

Table 2. Profile of Research Informants

Informant Type	Number	Locations
Cooperative Managers	3	Karang Anyar, Pasar Baru, MDS
Cooperative Members	3	Karang Anyar, Pasar Baru, MDS
Kelurahan Officials	3	Karang Anyar, Pasar Baru, MDS
Kecamatan Official	1	Sawah Besar
Total	10	

Source: Fieldwork by the author, 2025

Economic Access and Distribution Mechanisms

Karang Anyar and Pasar Baru facilitated improved access to essential goods, including cooking oil and LPG. Members reported purchasing cooking oil at IDR 16,000 per liter—IDR 2,000 below market price. Local micro-entrepreneurs used cooperatives as retail hubs, with daily sales of 10–15 LPG cylinders and 5–10 cartons of oil.

These figures suggest moderate but consistent economic benefits. However, the findings also indicate that such benefits were limited to a narrow range of subsidized goods. No structured income-generating or

profit-sharing mechanisms were observed. In Mangga Dua Selatan, these benefits were entirely absent due to inactivity.

The following table summarizes observed economic benefits reported during fieldwork in Karang Anyar and Pasar Baru.

Table 3. Summary of Economic Benefits Observed

Economic Indicator	Value / Description
Cooking Oil Price (Market)	IDR 18,000
Cooking Oil Price (Co-op)	IDR 16,000
LPG Sales (UMKM)	10–15 cylinders/day
Cooking Oil Sales (UMKM)	5–10 cartons/day

Source: Fieldwork by the author, 2025

Stakeholder Collaboration and LED Integration

Karang Anyar and Pasar Baru engaged with multiple external actors—BUMN/BUMD suppliers, local MSMEs, and kelurahan officials. These partnerships enabled bulk procurement, subsidized pricing, and logistical support. Institutional linkages were largely informal but functioned effectively in facilitating cooperative operations.

Mangga Dua Selatan had signed letters of intent with local partners but had not initiated collaborations due to infrastructure delays. The contrast across locations highlights that cooperative integration within Local Economic Development (LED) initiatives depends on both institutional readiness and spatial-enabling conditions.

Figure 2 maps the operational status of cooperatives in relation to their level of external stakeholder engagement.

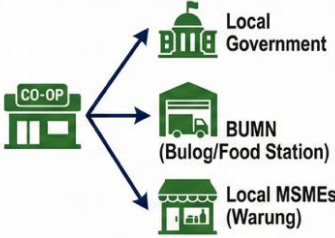
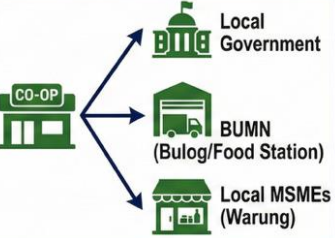
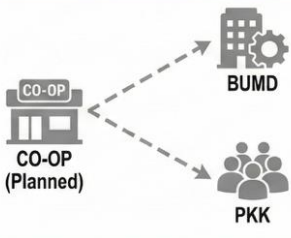
Cooperative Operational Status and Partnership Engagement in Sawah Besar			
	KARANG ANYAR	PASAR BARU	MANGGA DUA SELATAN
OPERATIONAL STATUS			
PARTNERSHIP MAPPING (ICONS)			
KEY OUTCOMES/ BARRIERS	• Price Stabilization (Cooking Oil & LPG) • High Member Engagement	• Price Stabilization (Cooking Oil & LPG) • High Member Engagement	• Spatial Constraints • Lack of Dedicated Office

Figure 2. Operational Status and Partnership Mapping

Source: Authors' fieldwork findings and analytical synthesis, 2025

Constraints to Functionality and Sustainability

Key internal constraints included limited start-up capital, low managerial capacity, and reliance on informal facilities (e.g., RW posts). Externally, the lack of legal clarity on cooperative access to government-owned spaces and overlapping regulatory mandates posed significant barriers.

Among the five cooperatives initiated in Sawah Besar, only two reached operational status. The remaining three—including Mangga Dua Selatan—remained stalled due to unresolved spatial and policy-related constraints. This result reflects broader structural challenges in translating cooperative formation into operational sustainability.

Patterns of Participation and Organizational Dependence

Across sites, active participation was closely tied to visible and immediate material benefits. In Karang Anyar and Pasar Baru, participation rates were higher during distribution cycles of subsidized goods. Outside these periods, member involvement declined. Training sessions, strategic planning, or business development meetings were limited or absent.

Furthermore, cooperatives remained heavily dependent on government facilitation, including funding, initial mobilization, and logistical support. While this dependency enabled start-up, it also raised concerns about long-term autonomy and adaptive capacity. Members in all sites acknowledged that without continued external input, the cooperatives might not survive.

The results indicate clear thematic patterns: (1) functional cooperatives demonstrate higher participation, better governance, and localized economic benefits; (2) institutional readiness and infrastructural access determine operational success; and (3) external dependency persists as a common constraint. These findings provide the empirical foundation for the conceptual analysis and policy implications discussed in the next section.

DISCUSSION

Cooperative Functionality and Conditional Participation: Reinforcing and Revising the Literature

The findings support existing arguments that cooperatives can promote people-centered development through participatory governance and localized distribution (Ajates, 2021; Zeng et al., 2023). In Karang Anyar and Pasar Baru, tangible economic benefits (e.g., subsidized goods) fostered engagement and trust, echoing claims that participation is often driven by direct utility (Cunha et al., 2023).

However, the study also challenges the assumption that cooperative values alone ensure sustained participation. In both active sites, participation declined outside benefit-distribution cycles, and members rarely engaged in planning or decision-making. This conditional participation points to a form of instrumental engagement that diverges from idealized models of democratic participation, indicating a tension between normative cooperative principles and practical member behavior. Such findings complicate universal claims about cooperative empowerment and highlight the importance of context-specific incentives.

Governance Complexity and Organizational Maturity: Beyond Linear Development Models

While strong governance structures in Karang Anyar contributed to operational maturity, the case of Mangga Dua Selatan complicates the linear assumption that legal registration and planning guarantee institutional consolidation. Despite following formal establishment procedures, the cooperative remained inactive due to spatial limitations and low leadership capacity. This contradicts literature that equates formal institutionalization with functionality (Wagemans et al., 2019) and supports more recent critiques emphasizing the need for embedded capacity and adaptive governance (Monciardini et al., 2023).

Moreover, the Jakarta context reveals a unique governance landscape in which multi-level actors—including kelurahan officials and BUMN/BUMD entities—play enabling yet fragmented roles. These dynamics underscore that cooperative governance in urban environments is shaped not only by internal structures but by external coordination and spatial politics. This finding invites a reevaluation of governance models developed in rural or homogeneous settings.

Institutional Dependencies and Limited Autonomy: Revisiting LED Assumptions

LED theory emphasizes local agency, bottom-up planning, and multi-actor collaboration. In this study, however, cooperatives displayed high dependency on external facilitation—especially from government actors and state-owned enterprises. While this support was crucial for start-up, it also constrained the cooperatives' autonomy and adaptive capacity, raising concerns about long-term sustainability.

This dependency challenges idealized views of community-led LED and suggests that without institutional scaffolding and capacity-building, cooperatives may remain extractive rather than generative institutions. The Jakarta case thus questions the assumption that LED processes naturally lead to empowered

local governance, especially under resource and regulatory constraints.

Contradictions, Silences, and Anomalies: Uneven Trajectories and Member Perceptions

The study also uncovered contradictions and anomalies that resist neat theorization. For instance, while Karang Anyar and Pasar Baru had similar operational profiles, Pasar Baru exhibited lower participation rates despite comparable economic benefits. This suggests that perceived legitimacy, historical trust, or leadership charisma may mediate outcomes beyond material incentives—variables underexplored in existing cooperative literature.

Additionally, informant narratives sometimes diverged from documentary evidence. Some members described cooperatives as “fully independent,” yet field observations revealed heavy logistical reliance on kelurahan facilities and CSR programs. These inconsistencies reveal both performative discourse and institutional ambiguity, underscoring the need for triangulated, reflexive methodologies in cooperative research.

Jakarta as a Critical Lens for Global Cooperative Discourse

Much of the global cooperative literature is rooted in rural or Global North contexts. Jakarta’s urban density, administrative layering, and spatial constraints provide a contrasting empirical site that exposes the limits of transferring cooperative models across geographies. For example, urban cooperatives must navigate bureaucratic opacity, politicized access to space, and diverse member expectations—challenges often absent in traditional cooperative theory.

Rather than merely affirming global literature, this study uses Jakarta to interrogate its boundaries. It calls for greater attention to urban governance arrangements, contextual barriers, and micro-level participation dynamics in theorizing cooperatives as development actors. By treating Jakarta not as a case to validate global theory but as a lens to revise it, the study contributes to a more differentiated, context-sensitive understanding of cooperative functionality.

The discussion affirms certain insights from existing literature while challenging others through contradictory evidence, context-specific anomalies, and cross-scalar tensions. The findings suggest that cooperatives in Jakarta function within a delicate balance of normative ideals, instrumental engagement, and institutional dependence—highlighting both the promise and fragility of cooperative-led development in complex urban settings.

CONCLUSIONS AND RECOMMENDATIONS

This study investigated the implementation of urban cooperatives through a Local Economic Development (LED) lens, focusing on governance, participation, and policy dynamics within the case of *Koperasi Merah Putih* in Jakarta. Drawing from empirical data across three cooperative sites, the study contributes to a more context-sensitive understanding of cooperative functionality in metropolitan settings.

Theoretical Contributions

The findings challenge the assumption that cooperative principles inherently lead to sustained member engagement or organizational effectiveness. Instead, participation was found to be conditional and instrumental, dependent on tangible benefits. Moreover, legal institutionalization did not guarantee operational maturity—highlighting the need to revise linear models of cooperative development. The Jakarta context exposes the limitations of rural-centric and Global North cooperative models, underscoring the importance of spatial politics, multi-level governance, and urban resource constraints. These insights contribute to a more differentiated and critical theoretical framing of cooperatives as development actors.

Empirical and Policy Implications

The study reveals that active cooperatives demonstrate higher participation and better governance, but remain heavily dependent on government facilitation. Constraints such as inadequate infrastructure, ambiguous asset regulations, and fragmented partnerships inhibit sustainability. Based on these findings, we propose the following targeted policy recommendations:

1. **Operational Asset Access:** Establish clear legal pathways for cooperatives to use government-owned spaces, including standard agreements and municipal support mechanisms.

2. **Embedded Capacity-Building:** Institutionalize ongoing training for cooperative leaders and members focused on strategic planning, financial management, and independent operations.
3. **Multi-Level Partnership Platforms:** Develop formal collaboration frameworks between cooperatives, local governments, and state-owned enterprises to ensure coordination beyond initial program facilitation.
4. **Participation Incentive Structures:** Introduce policy mechanisms that reward consistent member participation, such as benefit-linked voting rights or rotating leadership schemes.

Final Reflection

Rather than confirming universal models of cooperative development, this study positions Jakarta's urban cooperatives as embedded within hybrid governance environments, shaped by context-specific constraints and dependencies. These insights advance both the theory and practice of cooperative-led local development, especially in complex urban settings of the Global South.

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