



# Fostering A Creative Economy Ecosystem Through Collaborative Efforts of Three Sectors: An Ism Approach

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## Abstract

This study aims to support the development of a sustainable creative economy by analyzing and identifying critical elements in the collaboration between creative Micro, Small, and Medium Enterprises (MSMEs), Islamic Microfinance Institutions (SMIs), and Zakat Institutions (ZIs) in Indonesia. This partnership addresses socioeconomic challenges such as community empowerment and poverty reduction through enhanced access to Sharia-based financing, human resource development, and improved partnership networks. Using a mixed-methods approach combining Interpretive Structural Modeling (ISM) and qualitative methods like interviews and direct observation, the findings highlight key drivers of success: government regulations, financial availability, infrastructure, human resource training, innovative product development, and social support. Recommendations include enhancing financial literacy, increasing access to Sharia-based funding, strengthening regulatory frameworks, improving infrastructure, and fostering innovation in MSME products.

*Keywords: Creative Economy, MSMEs, ISM, SMIs, ZIs*

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## 1. Introduction

One of the main forces behind economic growth in the majority of the world's nations is the creative economy (Rodríguez, 2019). The world has, regrettably, evolved extremely swiftly in this age of globalization. In this setting, boosting a region's or nation's competitiveness has become more and more dependent on the creative economy, which encompasses the fields of art, culture, design, technology, and innovation (Yan & Liu, 2023; Daly & Frikha, 2015). A further reason for the rise of the creative economy is its capacity to generate economic added value through innovation, creativity, and the effective use of abundant local resources (Lazić, 2023). Conversely, MSMEs frequently face barriers to accessing larger markets, financing, or other resources necessary for long-term, sustainable growth, notwithstanding their significance to the economy (Rajamani et al., 2022).

In most countries, especially developing ones, MSMEs now form the foundation of the economy. MSMEs have the ability to create innovative goods and services as well as establish companies that are rooted in the knowledge and culture of their community (Muhammad et al., 2023). Islamic finance, including Sharia-based instruments, offers potential for funding creative industries while adhering to Islamic principles (Hassanain, 2015). The development of Sharia-compliant creative industries can promote sustainable economic growth, create employment opportunities, and generate social benefits (Hassanain, 2015). Islamic crowdfunding

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*Article history* 

Received: 19 March 2025

Accepted: 27 August 2025

platforms have shown promise in supporting business development for startups and MSMEs, providing easier access to financing compared to traditional banking (Mustafida et al., 2021). Interestingly, non-Muslim entrepreneurs are increasingly interested in Islamic bank financing, influenced by factors such as social influence, reputation, promotion, and services (Soelistyo, 2022). These findings suggest that Islamic finance mechanisms can play a significant role in fostering inclusive growth in the creative economy sector, particularly in Muslim-majority nations.

Islamic microfinance institutions and zakat-based systems offer promising approaches to poverty alleviation and human development in Muslim countries. These institutions operate on Shariah principles, prohibiting interest and focusing on halal activities (Mikail & Adekunle, 2020). Integrating zakat, awqaf, and Islamic microfinance can create sustainable models that address multiple facets of poverty (Hassanain, 2015). These integrated approaches can enhance financial inclusion, improve human capital, and provide access to micro-credit for the productive poor (Usman & Tasmin, 2016). Zakat and awqaf institutions are regaining relevance in socio-economic development, contributing to community asset generation and capacity building (Usman & Tasmin, 2016). While some argue for prioritizing profitability over Shariah compliance, others maintain that adherence to Islamic principles is crucial for the industry's identity and success (Mikail & Adekunle, 2020). Overall, these models demonstrate potential for achieving both Shariah compliance and sustainability in microfinance operations.

Sharia-based financing plays a crucial role in supporting micro, small, and medium enterprises (MSMEs) in Indonesia's creative economy. MSMEs face challenges such as limited capital, low human resource quality, and lack of technological mastery (Lubis, 2016). Sharia-based financial institutions offer an alternative to conventional methods, providing access to Islamic financing principles like profit-sharing (Bhakti et al., 2013). This approach helps overcome capital limitations and supports MSME development (Putri, 2021). However, barriers to full implementation of sharia-based practices include Islamic banking financing, human resources, and government relations (Lahamid, 2018). To address these issues, recommendations include improving sharia business knowledge, building business networks, and adhering to Islamic norms (Lahamid, 2018). Additionally, partnership programs for non-bankable businesses, management support through advisors, and increased popularity of Islamic financial institutions are suggested to enhance MSME growth and reduce poverty (Lubis, 2016).

One effective method for examining intricate interactions between components in different systems is the Interpretive Structural Modeling (ISM) approach (Attri et al., 2013). It has been used to analyze collaborative supply in SME clusters (Wu & Xiao, 2020), identify critical success factors for SMEs in Indonesia (Kusrini et al., 2019), and look into obstacles to cooperation among SMEs in Pakistan that manufacture auto parts (Khalid et al., 2016). Finding pertinent variables, building a structural self-interaction matrix, generating a reachability matrix, and deriving a hierarchical structural model are all steps in the ISM technique (Attri et al., 2013). This method has assisted researchers in identifying important elements that impact the success of SMEs, including entrepreneurial spirit, motivation, and educational attainment (Kusrini et al., 2019), as well as obstacles to cooperation (Khalid et al., 2016). ISM helps managers and policymakers overcome the difficulties encountered by SMEs and foster productive collaboration by offering a formal framework for examining intricate interactions.

The interpretative structural modeling (ISM) approach becomes relevant in this research. ISM is an analytical method that helps identify and understand the structure of relationships among complex factors and can assist in developing effective collaboration models between MSMEs, ZI, and SMI to enhance the creative economy. We expect this research to enhance our understanding of the dynamics of interactions between related sectors and provide deeper insights into strengthening this collaboration for inclusive and sustainable creative economy growth.

## **2. Literature Review**

Agrawal & Narain (2023), Gupta & Singh (2022), Souhankar et al. (2023), Rana et al. (2023), analysis of digital payment usage; flood management; strategies for electricity conservation; Agrawal & Narain (2023) and analysis of factors influencing economic sustainability are just a few of the scientific fields and applications that have made extensive use of Interpretive Structural Modelling (ISM) (Farooq et al., 2023). The Interpretative Structural Modelling (ISM) approach has been extensively used in Islamic social finance research in recent years. ISM enables researchers to map the relationships between variables that affect complex systems and assists in identifying critical components that determine a system's success or failure.

Rusydhiana (2018) research is among the several that use ISM to study the problem of zakat management. He examined the variables affecting Indonesian zakat management using ISM. The study found that a number of variables, including government policies, community financial literacy, and zakat organizations' capacity to efficiently handle zakat monies, are important components of zakat management. Since strict laws can guarantee that zakat is managed transparently and in compliance with Sharia law, government policy is thought to be the most important aspect.

Madlulah (2023) investigation then employed ISM to investigate the variables affecting productive zakat as a means of promoting the poor's economic empowerment. The relationship between the financial literacy of mustahik (zakat recipients), the policies of zakat institutions, and the assistance of the financial infrastructure is mapped in this study using ISM. The findings of the research indicate that in order for beneficiaries of productive zakat to manage and use it to its fullest potential, financial literacy is a critical component that needs to be enhanced. Furthermore, the proactive strategies of zakat organizations in educating mustahik about finance are crucial to the success of fruitful zakat programs.

Rusydhiana (2018) which examines the growth of cash waqf in Indonesia, makes use of ISM in the context of waqf. They employ ISM to map the factors, including as governmental laws, community waqf literacy, and waqf institutions' managerial capabilities, that affect the success of cash waqf administration. The findings of this study indicate that in order to fully realize the potential of cash waqf, it is imperative to enhance the presence of favorable government rules and encourage active community involvement in waqf. Furthermore, the advancement of technology and digital platforms for cash waqf has emerged as a crucial element that facilitates community participation in waqf.

Another study carried out by Khalid et al. (2016) used the ISM to examine the role of time in the development of local economic development in Malaysia. This study reveals that various factors, including access to the local economy, the support of the regional government, and the non-compliance of Islamic banks with local currency regulations, significantly harm the success of local economic development. ISM is used to identify the ways in which each element of the system is interconnected and to develop strategies to increase the efficiency of time in managing the local economy.

Meanwhile, Adjar et al. (2020) conducted a study on Islamic Microfinance Institutions (SMI) utilizing ISM to examine how SMI assist MSMEs in Maroco. The factors, such as financial infrastructure, financial literacy, governmental regulations, and support from zakat organizations, that affect access to sharia financing are mapped using ISM. The study's findings indicate that SMI's ability to successfully offer sharia finance services to MSMEs is primarily influenced by two factors: financial literacy and infrastructure. More comprehensive teaching initiatives by SMI and affiliated institutions are required because MSMEs frequently face challenges in utilizing sharia financing to their full potential due to low financial literacy.

In a follow-up study, Romarina (2016) employed ISM to examine how SMI, zakat institutions, and MSMEs work together to foster the growth of Indonesia's creative sector. This study finds that government regulations, funding availability, training programs for human resources, and product innovation are some of the major factors that affect how well a cooperation works. ISM gives academics insights into tactics that may be applied to improve synergy between Islamic financial institutions and the MSME sector as well as aids in the mapping of the relationships between each variable. In the management of the Islamic social finance system, sustainability is one of the key concerns.

The application of ISM has shown to be beneficial in determining the elements that affect the viability of Islamic social finance initiatives, such as microfinance organizations, zakat, and waqf. The factors influencing the sustainability of economic projects sponsored by waqf and zakat in Pakistan were analyzed using ISM in a study by Farooq et al. (2023). This study discovered that the program's longevity is mostly dependent on three factors: community involvement, innovation in Sharia financial products, and government legislation. ISM offers a clearer picture of how to preserve the sustainability of Islam-based social financing economic programs and aids researchers in mapping the relationships between these variables.

Prior research pertaining to Interpretative Structural Modelling (ISM) in Islamic social finance has predominantly centred on the administration of Islamic Microfinance institutions (SMI), waqf, and zakat within the framework of poverty reduction and economic empowerment. These studies, however, have not particularly looked at how different sectors, particularly SMI, ZI, and creative MSMEs, collaborate to facilitate the growth of the sharia-based creative economy. Prior studies have also given more attention to specific areas of social finance without taking into account how these areas work together. Furthermore, the wider function that Islamic finance plays in fostering innovation and the expansion of imaginative MSMEs has not yet been adequately

explored by most studies.

The infrastructure and technology supporting the ecosystem of the sharia-based creative economy have also not received enough attention, according to a number of earlier research. Without taking into account how technology and logistical infrastructure might be integrated to facilitate the growth of creative MSMEs, previous research has concentrated more on the digitization of zakat or waqf management. In the framework of partnership between ZI, SMI, and creative MSMEs, financial literacy and geographic challenges particularly in distant areas have not yet received much attention.

By examining the cooperation of three sectors (ZI, SMI, and creative MSMEs) in the growth of a sharia-based creative economy and emphasizing the significance of infrastructure, technology, and financial literacy, this study aims to close the research gap. This study offers a fresh viewpoint on how to map the dynamics of inter-sector relationships using ISM in order to support a sustainable creative economy.

### **3. Research Methodology**

#### *3.1 Sampling Method and Data Collection*

This study employs the Interpretive Structural Modeling (ISM) method, as it allows for the identification of interrelationships among factors within a complex system and organizes them into a hierarchical structure. This approach is considered appropriate for formulating the partnership model between creative Micro, Small, and Medium Enterprises (MSMEs), Islamic Microfinance Institutions (SMIs), and Zakat Institutions (ZIs).

To facilitate the ISM analysis, the study collected data from three primary groups of participants: managers of Islamic Microfinance Institutions (SMI), representatives from the Zakat Institution (ZI), and players from Creative Micro, Small, and Medium Enterprises (MSMEs). The creative MSMEs included in the sample are those that operate in the creative economy and get funding or support from SMI and ZI. The sampling process took into account the participants' active participation in joint initiatives between MSMEs, SMI, and ZI. The existence of MSMEs in diverse regions particularly those that reflect varied geographic conditions is another criterion taken into account in order to identify variances in obstacles and possibilities. The number of active entrepreneurs and representatives from ZI and SMI who are engaged in the process of sharia financing and MSME empowerment is what determines the sample size. The sample size in qualitative research is frequently set until it reaches information saturation, at which point doing more interviews yields no appreciable amount of new data.

Creative MSME actors, ZI representatives, and SMI management participated in semi-structured interviews. Through these interviews, we hope to learn more about the benefits and challenges that come with collaboration, as well as the aspects that they believe make a collaboration successful. Semi-structured interviews were conducted between June and July with 20 key informants representing creative MSME actors, LAZ administrators, and LKMS management. Each interview was carried out face-to-face and lasted approximately 20–30 minutes, allowing for in-depth exploration of the participants' experiences and perspectives.

Researchers can delve deeper into subjects that come up throughout the conversation in semi-structured interviews. In 2023, [Rana et al. \(2024\)](#), to confirm and delve deeper into the results from the interviews, Focus Group Discussions (FGD) were held with experts and practitioners from related fields. A Focus Group Discussion (FGD) was conducted in [month/year], involving [number] participants consisting of LAZ practitioners, LKMS managers, MSME actors, and academics. The session lasted for approximately [duration] and was facilitated by a moderator. During the discussion, the factors previously identified from the literature and interviews were confirmed and further elaborated through participants' interactions. Important factors that have been determined from the literature and preliminary data are also discovered and confirmed using this FGD. The documentation for the study was gathered from scholarly journals, yearly reports, and other pertinent sources, including government directives about sharia financing and the creative economy. Additional viewpoints are offered by this documentation research to supplement the basic facts ([Farooq et al., 2023](#)).

#### *3.2 Research Instrument*

The relationships between the elements that affect cooperation and collaboration within it are analyzed and modeled using Interpretive Structural Modeling (ISM). The following procedures are part of the data analysis technique used:

### 1. Qualitative Analysis

Qualitative analysis was performed on the semi-structured interview data. The researcher finds the major themes from the interview transcripts during the first step, which is coding. These themes have to do with things like government regulations, funding availability, and training programs for human resources that affect cooperation. Either hand coding or qualitative data analysis software like NVivo are used for coding (Huda, 2023). Data from the Focus Group Discussion (FGD) was evaluated in order to strengthen and confirm the conclusions drawn from the interviews. The results of the focus group discussion (FGD) validate key variables and offer more information about the dynamics of cross-sectoral collaboration (Amini & Alimohammadlou, 2021).

### 2. Analysis of Interpretive Structural Modeling (ISM)

The Structural Self-Interaction Matrix (SSIM) was developed. The researcher used the FGD and interview data to identify the key elements, and then created SSIM to map the correlations between the variables. Symbols like "V," "A," "X," and "O" are used by SSIM to show the contextual relationships between the system's variables. These symbols represent the degree to which one variable is more, less, or equally influential as another (Gupta & Matharu, 2022).

### 3. Transform into a Reachability Matrix

The next stage is to transform the SSIM into a Reachability Matrix after it has been constructed. This matrix is binary, where "0" denotes no relationship between two variables and "1" denotes a relationship between them. The degree of impact (driving power) and dependence of each variable in the cooperation system are then examined using this reachability matrix (Gupta & Matharu, 2022).

### 4. Level Partitioning

Partitioning at the level of separation. Currently, the variables are grouped according to their influence and dependence into multiple hierarchical layers. While the variables at lower levels have greater dependence on one another, the variables at the top level are the most significant and independent of one another. This procedure aids in comprehending the system under analysis's hierarchical structure (Guan et al., 2020).

### 5. Cross-Impact Analysis Analysis Matrix (MCIA)

Variables are categorized using MICMAC according to how dependent and influential they are. The variables are split into four quadrants as a result. depending (depending on other variables), Linkage (highly interlinked with other variables), Autonomous (independent, with little influence, and not greatly affected by other variables), and Independent (has a significant impact on the system). In order to improve collaboration, the MICMAC analysis assists in prioritizing the required actions on important variables (Rusydziana, 2018; Farooq et al., 2023).

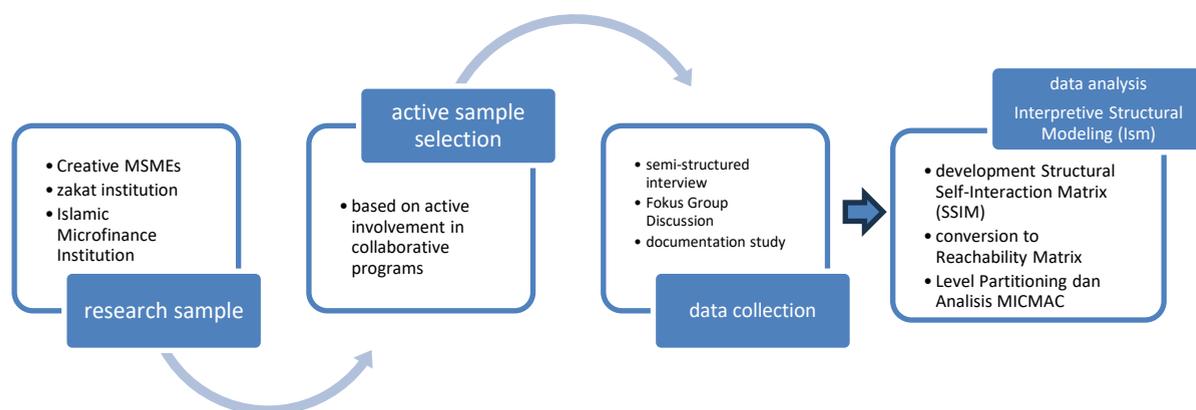


Figure 1: Study Approach

**4. Result and Discussion**

**4.1 Structural Self-Interaction Matrix (SSIM)**

An essential tool for mapping and comprehending the connections between the components of a system is the Structural Self-Interaction Matrix (SSIM). The *Zakat Institution* (ZI) and the Islamic Microfinance Institution (SMI) work together to encourage creative MSMEs, and SSIM identifies important aspects and the interactions that these factors have with one another. Using four symbols V, A, X, and O the contextual links between variables are examined through Focus Group Discussions (FGD). A denotes the opposite, X denotes equal influence, O denotes no discernible relationship, and the V symbol shows that the element in the row is more dominating than the column. Key elements supporting the expansion of the creative economy are described in each of the elements A1 through A10.

Table 1. Structural Self-Interaction Matrix (SSIM)

No	Variable Description	a	b	c	d	e	f	g	h	i	j
A	Government Policies & Regulations		A	A	A	A	A	A	A	A	A
B	Access to Finance			X	A	A	A	X	A	X	A
C	Infrastructure and Technology				X	X	A	A	X	X	V
D	Human Resources & Training					X	X	X	X	V	V
E	Networks and Partnerships						X	X	X	X	V
F	Marketing and Market Access							X	X	V	V
G	Community and Social Support								X	V	V
H	Innovation and Adaptation									V	V
I	Logistics Infrastructure										V
J	Geographical Environmental Change										

Note:

V when rows are more dominant than columns; A when columns are more important than rows; X when rows and columns have equal influence; and O when there is no significant relationship between the elements

**4.2 Reachability Matrix**

After the SSIM is formed, the symbols V, A, X, and O are transformed into a binary matrix known as the Reachability Matrix. At this point, the SSIM represents each contextual relationship in binary form, as follows: 1 = denotes the existence of a connection between two components.

0 = denotes that there is no connection between the two components.

Table 2. Initial Reachability Matrix

I,j	a	b	c	d	e	f	g	h	i	j
a	1	0	0	0	0	0	0	0	0	0
b	1	1	1	0	0	0	1	0	1	0
c	1	1	1	1	1	0	0	1	1	1
d	1	1	1	1	1	1	1	1	1	1
e	1	1	1	1	1	1	1	1	1	1
f	1	1	1	1	1	1	1	1	1	1
g	1	1	1	1	1	1	1	1	1	1
h	1	1	1	1	1	1	1	1	1	1
i	1	1	1	0	1	0	0	0	1	1
j	1	1	0	0	0	0	0	0	0	1

In the binary matrix or Reachability Matrix generated from the above SSIM, it is evident that A1 (Government Policies & Regulations) has a dominant relationship with all other elements but is not influenced by other elements. A2 (Access to Financing) shows a balanced relationship with several elements, and is influenced by policies, infrastructure, and technology, but has a significant impact on other elements such as Access to Financing (A2) and Logistics Infrastructure. (A9).

Other elements such as A3 (Infrastructure and Technology), A4 (Human Resources & Training), and A5 (Networks and Partnerships) have increasingly broader relationships in line with their roles in supporting collaboration between ZI and SMI. For example, A4 has full relationships with all elements, indicating the importance of training and human resource development in strengthening the system. This matrix will serve as the basis for the next stage, which is Level Partitioning, aimed at identifying the hierarchical levels of those elements within the system.

Table 3. Final Reachability Matrix

<b>I,j</b>	<b>a</b>	<b>b</b>	<b>c</b>	<b>d</b>	<b>e</b>	<b>f</b>	<b>g</b>	<b>h</b>	<b>i</b>	<b>j</b>	<b>Driver power</b>
a	1	0	0	0	0	0	0	0	0	0	1
b	1	1	1	0	0	0	1	0	1	0	5
c	1	1	1	1	1	0	0	1	1	1	8
d	1	1	1	1	1	1	1	1	1	1	10
e	1	1	1	1	1	1	1	1	1	1	10
f	1	1	1	1	1	1	1	1	1	1	10
g	1	1	1	1	1	1	1	1	1	1	10
h	1	1	1	1	1	1	1	1	1	1	10
i	1	1	1	0	1	0	0	0	1	1	6
j	1	1	0	0	0	0	0	0	0	1	3

The relationships between the components of the cooperative system between Islamic Microfinance Institutions (SMI) and Zakat Management Institutions (ZI) to promote innovative Micro, Small, and Medium-Sized Enterprises (MSMEs) are shown in Table 4.2.3.2's Final Reachability Matrix. The Driver power value of each element is also displayed in this table, indicating the degree to which that element influences other elements within the system.

With a low Driver power of 1, variable "a" (Government Policies & Regulations) has very little effect over other variables. This suggests that the strategy might only have an effect on a small number of system components. With a Driver power of 5, variable "b" (access to financing) has a stronger influence than variable "a," but it is still not as strong as other variables. Driver power for variables "c" through "h" is strong, ranging from 6 to 10. This shows that these variables, such as Infrastructure and Technology, HR & Training, Networks & Partnerships, Marketing, Social Support, and Innovation, play a key role in influencing the entire system. Variable "j" (Geographical Environmental Change) has a Driver power of 3, which means its influence is limited on the overall system. High Driver power variables (d to h, for example) are often the ones that have the biggest effects on the collaboration system between ZI and SMI. Low driver power variables (such a and j) suggest that other factors may have a greater influence on them and that they are not the primary drivers in this system.

### 4.3 Level Separation

The Level Separation Stage in Interpretive Structural Modeling (ISM) is carried out after the formation of the Reachability Matrix. At this stage, the existing variables are grouped into the Reachability Set, Antecedent Set, and Intersection Set. The reachability set is a collection of variables influenced by a particular variable, including the variable itself. This reflects the extent to which a variable can affect other variables in the system. The antecedent set is a collection of variables that influence a specific variable.

This includes all variables that have an impact on that variable, and the intersection set consists of the variables that are present in both sets (reachability and antecedent). If a variable is in both sets, it is considered

part of the top elements in the ISM hierarchy. Once the same variable between the reachability set and the antecedent set is found, that variable will be at the top level in the hierarchy, as it is no longer influenced by other variables.

This level separation stage is important for understanding how each element in the collaboration system (between ZI and SMI) influences and is influenced by other elements. In the end, the resulting hierarchy will help in identifying the order of priority within the system, from the most fundamental elements to the most influential ones.

Table 4. Iteration 1

Variable	Reachability	Antecedent Set	Intersection Set	Level
a	a	a,b,c,d,e,f,g,h,i,j	a	1
b	a,b,c,g,i	b,c,d,e,f,g,h,i,j,	bb,c,g,i,	2
c	a,b,c,d,e,h,i,j	b,c,d,e,f,g,h,i	b,c,d,e,h,i,	3
d	a,b,c,d,e,f,g,h,i,j	c,d,e,f,g,h	c,d,e,f,g,h	3
e	a,b,c,d,e,f,g,h,i,j	c,d,e,f,g,h,i	c,d,e,f,g,h,i	3
f	a,b,c,d,e,f,g,h,i,j	c,d,e,f,g,h	c,d,e,f,g,h	3
g	a,b,c,d,e,f,g,h,i,j	b,d,e,f,g,h	b,d,e,f,g,h	3
h	a,b,c,d,e,f,g,h,i,j	c,d,e,f,g,h	c,d,e,f,g,h	3
i	a,b,c,e,i,j	b,c,d,e,f,g,h,i	b,c,e,i	2
j	a,b,i	c,d,e,f,g,h,i,j	b,i	2

Using Interpretive Structural Modeling (ISM), the interpretation of Table 4, which displays the outcomes of Iteration 1 in the Level Separation stage, can be explained as follows:

### Variable Grouping

This table contains variables from a to j that have been grouped into three sets: Reachability Set, Antecedent Set, and Intersection Set. This grouping helps in understanding the relationships between the variables present in the collaboration system between the Zakat Management Institution (ZI) and the Islamic Microfinance Institution (SMI).

### Reachability Set

The Reachability Set shows the variables influenced by each variable. For example, variable 'a' only affects itself, while variable 'b' affects a, b, c, g, and i. This shows that certain variables have a broader influence compared to others.

### Antecedent Set

The variables that affect a certain variable are displayed in the antecedent set. The variable 'b', for instance, has a number of other variables influencing it, as seen by the fact that its antecedents include b, c, d, e, f, g, h, i, and j. This gives a general idea of how intricately the system's variables interact with one another.

### Intersection Set

Reachability and Antecedent are the two sets in which the variable Intersection Set is present. Since variable 'a' is unaffected by other variables and is the only one in Intersection Set level 1, it is at the top of the hierarchy in this instance.

### Level of Hierarchy

These findings show that a large number of variables, including c, d, e, f, g, and h, are at level 3. This suggests that two factors are mutually influential and occupy the same spot in the hierarchy. The variables 'b' and 'i', on the other hand, are at level 2, meaning that while they have an influence, it is not as big as that of the variables at level 3. The structure and dynamics of the collaboration system between ZI and SMI are better understood because to the level separation carried out in this ISM. Managers can create more effective ways to improve collaboration and optimize each institution's contributions by determining the most fundamental and

influenced elements. When developing policies and initiatives pertaining to the support of creative MSMEs, elements at the top level can be given priority.

#### 4.4 Formation of Interpretive Structural Modeling (ISM)

The variables influencing the collaboration between Zakat Management Institutions (ZI), Islamic Microfinance Institutions (SMI), and creative sector MSMEs are grouped into four different quadrants based on driver power and dependence, as shown by the Driver Power vs. Dependence quadrant diagram created through the Interpretive Structural Modelling (ISM) approach.

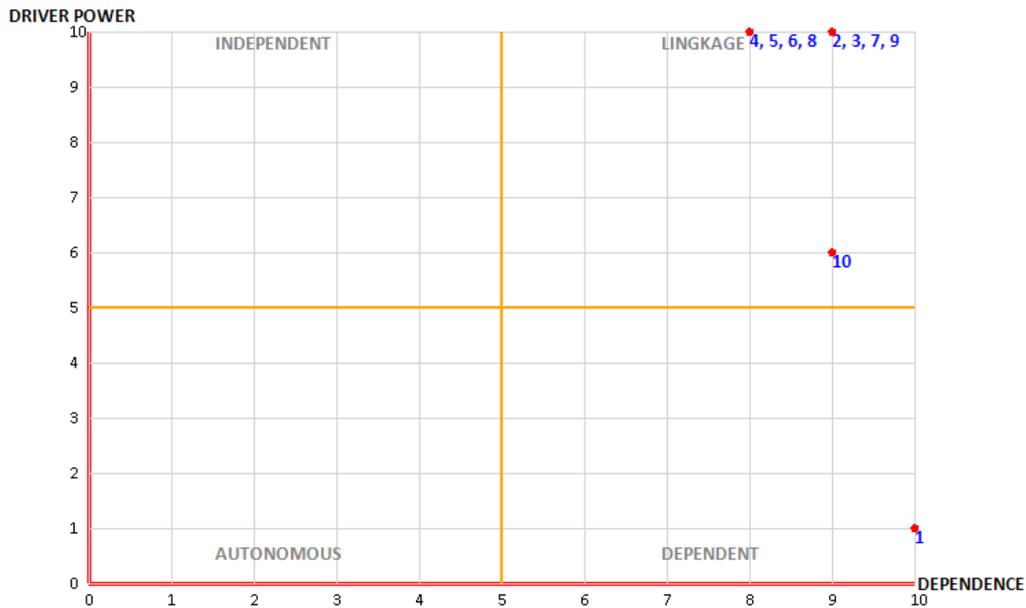


Figure 2. MICMAC Analysis of the Creative Economy Development Collaboration Model between ZI and Islamic Microfinance Institutions

#### Quadrant I (Autonomous)

This quadrant has no variables. This shows that no variable in the study is autonomous or isolated; rather, every variable has an impact on or dependency on the system.

#### Quadrant II (Dependent Variables)

Only variable 1 falls into the dependent category. This position is characterized by high dependence but weak driving power. It indicates that government policies and regulations are more likely to be influenced by other variables rather than acting as primary drivers. In other words, new regulations generally emerge as a response to dynamics in the field, such as the financing needs of MSMEs, collaboration patterns between ZIs and SMIs, or innovations in the creative economy sector. This condition implies that regulations cannot function as driving factors on their own. However, when supported by linkage factors and other relevant elements, government policies can serve as crucial instruments that provide legitimacy and clear direction for the sustainability of collaboration.

#### Quadrant III (Linkage Variables)

The majority of the variables factors 2, 3, 4, 5, 6, 7, 8, 9, and 10 are located in this quadrant, indicating that they both significantly influence and are significantly influenced by other variables. Due to their ability to act as a link between different components of the cooperation system, they are in a highly strategic position.

The characteristics that determine the success of collaboration among Zakat Institutions (ZIs), Islamic Microfinance Institutions (SMIs), and creative Micro, Small, and Medium Enterprises (MSMEs) are crucial. These variables include Government Policies & Regulations, Access to Finance, Infrastructure and Technology, Human Resources & Training, Networks and Partnerships, Marketing and Market Access, Community and Social Support, Innovation and Adaptation, Logistics Infrastructure, and Geographical Environmental Change.

#### **Quadrant IV (*Independent Variables*)**

No variables were found in the independent quadrant of this study. The absence of factors in this category indicates that all identified variables are closely interconnected with others, either as drivers or as elements being influenced. This result highlights the importance of a collaborative approach, in which no single factor can operate in isolation. Such a pattern illustrates that the success of collaboration among ZIs, SMIs, and MSMEs can only be achieved through the integration of roles rather than through isolated efforts.

This research aims to analyze the collaboration between the Zakat Management Institution (ZI) and the Islamic Microfinance Institution (SMI) in supporting the development of the creative economy through the application of Interpretive Structural Modeling. (ISM). The analysis indicates that most of the research factors are concentrated in quadrant III (linkage), meaning that these variables possess both high influence and high dependence. This position emphasizes that the success of collaboration among ZIs, SMIs, and MSMEs is largely determined by the management of linkage factors, which are both strategic and sensitive in nature. In this discussion, we will relate the main findings to the relevant literature to enrich the understanding of the existing dynamics.

The results indicate that government policies and regulations function more as dependent factors, emerging as a response to other dynamics within the collaboration among ZIs, SMIs, and MSMEs. Although not primary driving elements, such regulations remain important as they provide legitimacy and direction that strengthen the effectiveness of the partnership. Policies that are supportive can guarantee the protection of micro, small, and medium-sized firms (MSMEs) in the creative sector and offer incentives for the expansion of the creative economy. Government policies that promote the creative economy are crucial, according to [Rosyadi et al. \(2022\)](#), particularly when it comes to giving entrepreneurs access to capital, mentorship, and training. In the absence of well-defined regulations, Indonesia's creative economy will struggle to grow. In order to link different sectors, including the private sector, financial institutions, and non-governmental groups like ZI, the government must actively participate in the creation of a favorable ecosystem.

Additionally, studies conducted by [Gupta & Matharu \(2022\)](#) demonstrate the critical role played by fiscal and non-fiscal government policies, including the provision of subsidies, tax breaks for MSMEs, and infrastructure development that fosters the expansion of the creative economy. Good rules will allow for creativity and innovation, especially for MSME players who frequently encounter resource constraints and bureaucratic roadblocks. This study also indicated that one important factor in fostering creative MSME actors is access to finance from ZI and SMI. For micro-entrepreneurs who might find it challenging to obtain funding from traditional banking institutions, the partnership between ZI and SMI in offering Sharia-based financing offers a more welcoming and inclusive financing strategy.

Funding for microbusinesses through zakat, infaq, sadaqah, and other social subsidies is strategically supported by the Zakat Institution (ZI). [Najmudin et al. \(2022\)](#) assert that utilizing productive zakat by providing funding to MSMEs operating in the creative economy will enhance the well-being of mustahik (zakat recipients) and motivate them to grow more self-sufficient. Furthermore, as [Wu & Xiao \(2020\)](#) notes, working with SMI improves MSMEs' capacity to handle their finances by utilizing sharia financing schemes that are founded on the values of fairness and transparency.

The investigation also discovered a disconnect between the needs of MSME operators and the available access to funding, despite the fact that ZI and SMI's relationship has been working well. Many innovative MSMEs still struggle to get funding, mostly as a result of the business players' poor managerial skills and lack of knowledge.

The study's findings emphasize the significance of supplying technology and infrastructure to innovative MSME players. Innovation in product development and marketing is made possible by technology, which also helps to improve operational efficiency. It has been demonstrated in a study by Adiningsih et al. (2024) that technical infrastructure, particularly internet connectivity and e-commerce, speeds up the expansion of innovative MSMEs in Indonesia. The adoption of digital technology by MSMEs also enables them to reach a wider audience and provide their goods internationally. But the issue that inventive MSMEs in Indonesia frequently deal with is the lack of access to contemporary technologies.

In their operations and marketing, a lot of business owners still use traditional techniques. Furthermore, it is crucial to have a sufficient supporting infrastructure for things like transportation, roadways, and logistics. One of the primary barriers to the growth of creative SMEs, according to Rijal et al. (2023), is inequalities in rural infrastructure. Therefore, the government and other relevant parties must continue to support investment in the development of physical and digital infrastructure.

The success of the partnership between ZI, SMI, and innovative SMEs is significantly influenced by the development of human resource capacity through training. Entrepreneurs may increase their competitiveness in highly dynamic areas like the creative economy by investing in training and skill development. Radicic & Petković (2023) assert that in order to support creative SMEs in adapting to market shifts, training initiatives emphasizing the development of management abilities, digital marketing strategies, and product innovation are essential. One of the problems this study found is that many MSME players have poor levels of formal education, which prevents them from taking full advantage of business prospects.

Enabling MSME actors to be more autonomous and creative might help them get over these obstacles with the right training. Sutrisno et al. (2023) and Kwartawaty et al. (2023) further highlights how crucial it is to provide community-based training that includes MSME players directly in the educational process. So that the outcomes are more applicable, a successful training program needs to be customized to the unique requirements of each creative business community.

Collaboration between ZI, SMI, and innovative SMEs has been shown to be significantly enhanced by network and partnership characteristics. With a robust network, entrepreneurs may access more markets, resources, and business partners to help their companies flourish.

The success of growing the creative economy, according to Gumel & Bardai (2023), depends on strategic alliances between SMEs, the government, financial institutions, and other organizations. Through this alliance, creative MSMEs may now more easily access markets, technology, and knowledge. This study also emphasizes how business actors working together in creative communities can foster cooperative innovation and raise the level of competitiveness of locally produced goods.

However, there are still challenges in building a strong network, especially for MSMEs located in remote areas. Yoshino (2016) notes that geographical isolation and lack of logistical support make SMEs in the region less connected to larger markets. Therefore, further efforts are needed to build a more inclusive network and encourage cross-sector collaboration. Innovation and adaptation are essential elements in the sustainability of creative endeavors. In an ever-evolving industry, the ability to innovate and adapt to changes is key to remaining relevant and competitive. This research shows that creative SMEs capable of innovating, whether in terms of products, processes, or business models, have a greater opportunity to grow and develop.

Yoshino (2016) highlights that innovation includes elements of marketing, product design, and distribution strategies in addition to its connection to technology. Profitable SMEs typically have the ability to recognize market changes and modify their offerings to meet customer needs. In the meantime, Yoshino (2016) noted that in order to guarantee that MSMEs can endure in the face of global problems, adaptation to environmental changes, such as climatic and geographical changes, is also crucial.

A number of elements, particularly in terms of the acceptance of locally produced goods, are what propel the growth of the creative economy, including social and community support. Creative enterprises can be significantly encouraged to remain sustainable by the community's involvement in supporting local MSME products. Research by Yoshino (2016) notes that social awareness efforts to promote locally produced goods have been shown to boost interest in creative products among consumers through social media and community

involvement. This campaign's target audience favors local MSME actors over imported ones and has a tendency to support them more.

## **5. Conclusion and Recommendation**

The results and discussions demonstrate that collaboration among ZIs, SMIs, and MSMEs holds significant potential to foster the expansion of Indonesia's creative economy. The ISM–MICMAC analysis further shows that most of the key variables influencing the system fall into the linkage category, including Access to Finance, Infrastructure and Technology, Human Resources & Training, Networks and Partnerships, Marketing and Market Access, Community and Social Support, Innovation and Adaptation, Logistics Infrastructure, and Geographical Environmental Change. This position underscores that the success of the partnership cannot be driven by a single factor alone but rather requires strong interactions among multiple elements.

Based on these findings, the proposed collaboration model can be illustrated as follows:

1. ZIs (Zakat Institutions) act as providers of productive social funds through zakat, infaq, and sadaqah. These resources can be directed to strengthen the initial capital of creative MSMEs, particularly those that are not yet bankable, as well as to support community-based empowerment programs.
2. SMIs (Islamic Microfinance Institutions) function as financial intermediaries by channeling Islamic financing, providing financial literacy, and assisting MSMEs in business management. SMIs can also serve as a bridge for distributing social funds from ZIs to ensure their effective and sustainable utilization.
3. MSMEs (creative Micro, Small, and Medium Enterprises) serve as the primary actors who transform financial and social support into productive activities, product innovation, and market expansion. The ability of MSMEs to generate added value becomes a tangible indicator of the effectiveness of collaboration.

Through this model, collaboration can be understood as a circulation of value: ZIs provide social resources, SMIs manage and distribute them in the form of productive financing, and MSMEs optimize this support to generate economic growth. The three sectors are mutually dependent within a single system, where the success of one strengthens the sustainability of the others.

A comprehensive and inclusive strategy encompassing all pertinent parties, such as the government, financial institutions, local communities, and the practitioners of the creative industry themselves, must be employed to continue promoting this collaboration in order to achieve more profound results. So that innovative MSMEs in Indonesia can grow sustainably and make a greater economic contribution to the country, appropriate legislation, easily available financial support, sufficient infrastructure, and strengthened collaboration networks must be created further.

In general, this study offers a comprehensive summary of the dynamics of cooperation amongst Islamic Microfinance Institutions (SMI), Zakat Management Institutions (ZI), and creative MSME actors in fostering the growth of Indonesia's creative sector. We were able to uncover important elements that contribute to this collaboration's success through the use of Interpretive Structural Modeling (ISM), including government regulations, financial availability, infrastructure, innovation, and social support.

This study also demonstrates that a number of issues still need to be resolved, particularly those related to infrastructure deficiencies, inadequate financial literacy among MSME operators, and funding accessibility. Therefore, in order to address these issues, more organized and methodical efforts including all pertinent stakeholders in the creative economy ecosystem are required.

One way to address socioeconomic problems in Indonesia is likely to be closer cooperation between ZI, SMI, and creative MSMEs; this is especially true when it comes to using the creative economy to empower communities and reduce poverty. It is envisaged that in the future, the cooperation of zakat organizations,

Islamic financial institutions, and innovative business owners will grow and make a substantial contribution to the inclusive and long-term growth of the national economy.

### Acknowledgement

This research was funded by the research budget of Universitas Tidar.

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