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Ownership Structure of Collective Management Organizations and Its Impact on Artist Income in Asia

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Abstract
Purpose: This study examines how different Collective Management Organization (CMO) models, including monopoly, multi-CMO, and clearinghouse structures, affect organizational sustainability and artist income distribution in Asia.
Research Methodology: Using a descriptive quantitative approach, this study analyzes secondary data from CISAC Global Collections Reports (2019–2024), WIPO publications, and national CMO reports from selected Asian countries. Data were compared through source triangulation to evaluate governance, royalty distribution, and organizational performance.
Results: The findings show that each CMO model has different strengths and challenges. Japan's monopoly model provides efficiency but raises transparency concerns, Indonesia's multi-CMO system promotes competition but faces fragmentation issues, while Singapore and South Korea demonstrate stronger digital-based governance approaches.
Conclusions: CMO effectiveness depends on governance quality, regulatory frameworks, institutional maturity, and digital infrastructure rather than a single superior model.
Limitations: The study is limited by secondary data and selected country coverage. Future research should include primary data from artists and CMO administrators.
Contribution: This study contributes to Agency Theory and Institutional Theory by providing insights into Asian CMO governance and recommendations for improving transparent and sustainable royalty management.

Keywords: *Collective Management Organization, Digital Music Industry, Ownership Structure, Organizational Sustainability, Royalty Management*

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1. Introduction

In modern music industry, copyright and royalty management are key pillars of the business model for songwriters, performers, publishers, and music businesses. The shift from physical sales to subscription models and advertising-based services has made royalty distribution schemes significantly more complex, as payments now rely on per-stream data that must be processed from vast and fragmented data volumes (Towse, 2020). Central to navigating this complexity are Collective Management Organizations (CMOs), which serve as intermediaries, negotiating licenses, monitoring usage, and collecting and distributing royalties to rights holders (Abekah, 2025). In many jurisdictions, CMOs are seen as an essential component of the intellectual property market, helping to enforce creators' economic rights in situations where individual enforcement is inefficient.

Building on this fundamental role, the impact of CMOs is particularly pronounced in the Asia Pacific region, where digitalization is dramatically reshaping music consumption patterns and revenue streams. Streaming has become the dominant distribution channel, giving rise to the "value gap" issue the imbalance between the economic value extracted by online platforms and the revenue returned to the music community (Ciriello, Torbensen, Hansen, & Müller-Bloch, 2023). Compounding this issue are technical challenges such as incomplete metadata, disparate databases, and inconsistent usage reporting, which result in payment delays and large, misallocated royalties. This situation demonstrates that digital transformation will only improve artist welfare if accompanied by transparent CMO governance, reliable information systems, and accountable distribution mechanisms (Khorenzhenko, 2025).

Beyond technological barriers, a more structural challenge lies in the variations of CMO institutional models and the degree of state intervention across Asia. In China, the Music Copyright Society of China (MCSC) operates a single monopoly model for musical works, leading to debate over the effectiveness of its monopoly oversight and the extent to which members can participate in managing their own rights (Xu, 2023). Conversely, Indonesia has adopted a different approach through its National Collective Management Institution (LMKN) and a number of sectoral LMKs, with a centralized model aimed at simplifying royalty collection and distribution, but still facing issues of coordination, transparency, and conflicting norms with the existing copyright regime (Made & Virjana, 2025). These regional variations mirror broader global challenges; for instance, Ghana's experience demonstrates that institutional changes to CMOs without structural reform and strengthening the legal framework tend to result in only nominal changes, while problems with governance, oversight, and organizational capacity persist, threatening the sustainability of the rights management ecosystem (Abekah, 2025).

These contrasting models highlight a critical proposition: differences in ownership structure, degree of member control, and level of state intervention can affect organizational efficiency, long-term sustainability, and the royalties ultimately received by artists (Palar, Rafianti, Puspitasari, & Novianti, 2024). However, cross-country empirical studies that systematically examine the relationship among CMO ownership structure, organizational sustainability, and artist income, particularly in Asia, are limited. This is a significant oversight, especially since the management and governance literature emphasizes that long-term ownership design and stewardship practices are crucial for an organization's sustainability orientation (Kavadis & Thomsen, 2022).

To address this critical gap, this study is designed to analyze the influence of CMO ownership structure and governance on organizational sustainability and artist revenues in Asia. The study utilizes secondary data from CMO annual reports, national regulations such as the LMKN regime in Indonesia, as well as industry reports and international studies related to streaming and collective management for the period 2022–2025. By comparing diverse Asian frameworks, including Indonesia's centralized model, India and Thailand's rapidly growing digital markets, Malaysia's regulatory harmonization efforts, and Japan's large, established CMOs (with additional comparators from the US, UK, and China), this research aims to provide a comprehensive analysis.

Ultimately, this study offers dual contributions. Theoretically, it provides empirical contributions to management theory on the relationship between ownership structure, monopoly regulation, and sustainability. Practically, it serves as an evidence-based reference for formulating fairer and more sustainable royalty management policies (Abekah, 2025; Kavadis and Thomsen, 2022).

Formulation of the Problem. Derived from the context above, this study addresses the following research questions:

1. How does the ownership structure of Collective Management Institutions (CMOs) influence the sustainability of organizations in the Asia Pacific region?
2. What is the relationship between the CMO ownership structure and the amount of income received by artists in the Asia Pacific region?
3. How does the CMO institutional model implemented in several Asian countries, such as Indonesia, Malaysia, Thailand, India, and Japan, compare with artist income and the sustainability of CMO organizations?
4. To what extent does digital transformation impact the governance and distribution of royalties in the music industry in the Asia Pacific region, particularly in light of exchange rate fluctuations and cross-regional licensing barriers?
5. How do institutional structures and royalty distribution systems contribute to increasing artist income amidst the challenges of digitalization?

2. Literature Review and Hypotheses Development

This section synthesizes existing literature on CMOs, compares institutional practices across jurisdictions with emphasis on Asia, and develops theoretically grounded hypotheses.

2.1 Definition and Role of CMOs

CMOs are intermediary bodies that negotiate licenses, collect, and distribute royalties on behalf of creators when individual enforcement is economically inefficient (Liu, 2024). They provide "one-stop licensing" that reduces transaction costs for both users and rights holders (Street et al., 2018) and generally operate as non-profit entities funded by a proportion of collected royalties (Juardi & Nurwati, 2019). In Indonesia, LMKN was established as a centralized national collection body, while LMKs handle distribution to members, though effectiveness, transparency, and legal certainty remain persistent challenges (Ardiansyah et al., 2025; Arifardhani, 2022).

The digital shift streaming, on-demand platforms, and AI-driven usage has exponentially increased the data complexity CMOs must manage, compelling the adoption of advanced IT infrastructure, metadata standardization, and real-time tracking (Hastuti et al., 2024). In parallel, the EU's Digital Single Market agenda mandates higher transparency standards (Street et al., 2018), while technologies such as blockchain and smart contracts are proposed for cross-border rights management and automated audit trails (Bakar et al., 2022).

2.2 Practices in Asia and International Comparisons

Institutional configurations vary widely across Asia. Indonesia's LMKN was designed as a centralized "one-stop shop" to simplify licensing (Palar et al., 2024), yet implementation faces transparency issues, normative disharmony between direct and collective licensing, and suboptimal IT integration (Febrian et al., 2025; Rusdinah & Sitorus, 2025). China's semi-public monopoly model (MCSC) raises questions about whether CMOs should retain public administrative character or permit private coexistence (Jiang & Zhang, 2025; Liu, 2024). Evidence from Kenya and Ghana shows that institutional relabeling without structural reform produces only nominal change (Abekah-Wonkyi, 2025).

Comparative benchmarks from Australia (APRA AMCOS), the US (ASCAP, BMI), and Europe confirm that integrated databases, open reporting, and regulatory oversight produce more reliable royalty distribution, while weaker transparency jurisdictions suffer higher leakage and member distrust (Bakar et al., 2022; S.-K. Kim et al., 2023). Technological pilots APIs, blockchain, and audio fingerprinting show promise for multi-territorial licensing but face scalability questions (Bouchagiar, 2018; Marseda et al., 2025).

Country-level evidence reinforces these patterns: Japan's JASRAC connects approximately 90% of major digital platforms to centralized systems for real-time monitoring (Marseda et al., 2025), while

Indonesia's SILM remains hampered by manual reporting, limited platform integration, and data quality issues (Anggraeni et al., 2025; Rustianto et al., 2025; Sahrul et al., 2023). The Asia Pacific region's rapid growth in digital royalties is tempered by inconsistent data quality, limited enforcement, and varying technological capacity (Jayanti & Mahadewi, 2025; Lyada et al., 2024).

2.3 Ownership Structure, State Intervention, and Governance

CMO ownership and governance structures reflect broader institutional choices. East Asian configurations mix market and authority logics, producing hybrid forms of collective governance (Dunning & Lundan, 2008). Japan's semi-monopoly model generates scale advantages but faces reform pressures (Taniguchi, 2025); Indonesia's centralized apex body prioritizes transaction efficiency but depends on governance quality (Siregar et al., 2024); China's semi-public CMOs delegate functions to commercial entities, raising regulatory concerns (Liu, 2024).

Critically, comparative literature demonstrates that governance features open reporting, transparent distribution rules, dispute resolution, and member participation often matter more than ownership form in determining legitimacy and financial stability (Afifa et al., 2024; Pratama et al., 2025; Wahyuningrum et al., 2023).

2.4 Theoretical Framework

This study integrates three complementary lenses. Resource-Based View (RBV) posits that CMO sustainability depends on valuable, rare, and inimitable resources particularly centralized databases and regulatory influence though concentrated hierarchical structures may impede adaptability (Acharya et al., 2025; Barney, 1991; Siregar et al., 2024). Transaction Cost Economics (TCE) explains why monopoly/apex structures reduce users' transaction costs but risk bureaucratic overhead without proper oversight (Afifa et al., 2024; Liu, 2024). Principal-Agent Theory highlights information asymmetries between dispersed rights holders and CMO managers, emphasizing disclosure, member rights, and regulatory safeguards to align incentives (Pratama et al., 2025; Wahyuningrum et al., 2023).

2.5 Hypotheses

H_1: CMO ownership structure is significantly associated with organizational sustainability in the Asia Pacific (controlling for country fixed effects and regulatory context)

H_2: Centralized/monopoly structures yield higher administrative efficiency but lower transparency relative to multi-CMO models

H_3: Greater transparency and accountability in CMO governance are positively associated with higher artist income through more accurate royalty distributions

H_4: Digital transformation positively moderates the relationship between CMO governance quality and royalty distribution performance.

Variations in the role and implementation of Chief Marketing Officer (CMO) positions across organizations demonstrate differences in strategic responsibilities, decision-making authority, and marketing governance structures. The key variations in CMO roles and practices are summarized in Table 1.

Table 1. CMO roles and practice variations

Aspect	Key findings	Citation
Basic functions of CMO	Licensing, collection, and distribution of royalties for multiple rights holders	(Liu, 2024; Liu, 2021)
LMK–LMKN (Indonesia)	Centralized royalty collection, but weaknesses in transparency & IT integration	(Ardiansyah et al., 2025)

Aspect	Key findings	Citation
Global model variations	Public–private debate; monopoly vs. multi-CMO; role of regulation	(Abekah-Wonkyi, 2025; Jayanti & Mahadewi, 2025; Liu, 2024; Ouma, 2021; Street et al., 2018)
Technological innovation	Blockchain, smart contracts and integrated data banks for real-time tracking	(Lyada et al., 2024; Marseda et al., 2025)

The practices of Chief Marketing Officers (CMOs) in the music industry vary across regions due to differences in market structures, cultural contexts, technological development, and audience behavior. A comparison of regional and global CMO practices in the music sector is presented in Table 2.

Table 2. Music CMO regional and global practices

Country / region	Main practice features	Citation
Asia Pacific	High growth in digital royalties; streaming dominance	(S.-K. Kim et al., 2023; Kim et al., 2023; Marseda et al., 2025)
Japan (JASRAC)	Integration of ±90% digital platforms; centralized database	(Marseda et al., 2025)
Indonesia (LMKN)	National clearinghouse; SILM not yet optimal; high leakage potential	(Anggraeni et al., 2025; Rustianto et al., 2025; Sahrul et al., 2023; Sunarto & Sijabat, 2022)
Australia & USA	Multi-CMO systems with tight oversight and open reporting	(Jayanti & Mahadewi, 2025; Kim et al., 2023)
Cameroon	Issues of transparency, tracking and enforcement of obligations	(Obi, 2023)

Across Asian markets, CMO models continue to evolve in response to digital transformation, organizational complexity, and changing governance requirements. The variations in CMO models and their implications for governance practices are outlined in Table 3.

Table 3. CMO model variations in Asia & governance implications

Country / Region	Main institutional model	Governance issues & implications for creators	Citations
Japan	Historical semi-monopoly with state support and strong federations	High economies of scale but requires reform to maintain responsiveness and innovation	(Hamilton & Biggart, 1988; Siregar et al., 2024; Taniguchi, 2025)
Indonesia	Centralization of functions via national body above several sectoral organizations	Potential for transaction efficiency, but heavily reliant on governance capacity and transparency	(Morita et al., 2019; Siregar et al., 2024)
China	Semi-public CMO with legal monopoly and administrative orientation	Bureaucratic rigidity and need for reform towards a balanced public-private framework	(Jiang & Gervais, 2012; Jiang & Zhang, 2025; Liu, 2024)
Malaysia	Several state-licensed entities amid evolving corporate governance	Challenges in consistent transparency and accountability standards amid ESG pressures	(Haat et al., 2008; Pratama et al., 2025)

3. Research Methodology

Together, these lenses provide an analytical framework for assessing how ownership structure, institutional design, and governance quality interact to shape CMO sustainability and creator welfare across Asian jurisdictions, while underscoring the need for systematic cross-country empirical validation of these theoretical propositions.

This study employs a quantitative descriptive design using secondary data to examine the relationship between CMO ownership structures, organizational sustainability, and artist income across Asian markets.

Data were collected from multiple sources published between 2022 and 2025, including official CMO annual reports (JASRAC, KOMCA, MACP, MCT, IPRS), international industry reports from CISAC and WIPO, government regulatory documents, and verified media publications. Data inclusion criteria require: availability of revenue and royalty distribution data; documented ownership structure and institutional model; evidence of transparency and governance policies; and origin from official or verifiable sources.

The independent variable is the CMO ownership structure, classified into three categories: the monopoly model (JASRAC), the multi-CMO model (MACP), and the hybrid/clearinghouse model (LMKN). The dependent variables are organizational sustainability measured through revenue growth, membership growth, and revenue diversification and artist income, measured by total royalties distributed as reported in official financial statements.

Analysis was conducted using a cross-country comparative approach, systematically comparing revenue trends, royalty distribution patterns, and governance characteristics to identify recurring patterns and structural differences across ownership models.

To enhance validity, this study employed source triangulation by cross-referencing CMO annual reports against three independent source categories: CISAC and WIPO industry statistics as macro-level benchmarks; government regulatory documents for institutional verification; and peer-reviewed studies and verified media reports for contextual validation. This approach minimizes single-source bias and strengthens the credibility of the findings.

4. Results and Discussions

Japan, Indonesia, Malaysia, Thailand, India, and South Korea exhibit a spectrum of CMO models, each with distinct implications for economies of scale, operational efficiency, and the governance of music royalties. The following subsections present findings for each jurisdiction before situating them within a broader comparative framework.

4.1 Japan: Consolidated Monopoly Model

JASRAC is frequently cited as a CMO with a dominant position supported by an integrated digital infrastructure, capable of tracking approximately 90–95% of music usage on major digital platforms through the deployment of big data, AI, and system integration with streaming services. This consolidation of databases under a single license enables substantial economies of scale and bulk processing of usage logs, facilitating faster royalty distribution and reduced leakage. However, comparative literature also highlights that the dominance of a single institution increases the risk of systemic errors and suppresses incentives for innovation if not balanced by strong regulatory oversight and accountability mechanisms (Marseda et al., 2025).

4.2 Indonesia: Clearinghouse and Multi-LMK Model

In Indonesia, the *Lembaga Manajemen Kolektif Nasional* (LMKN) was established as a national body to collect and distribute royalties, while individual *Lembaga Manajemen Kolektif* (LMK) entities act as partners managing and distributing royalties to their respective members. The LMKN and LMK operate with the support of the *Sistem Informasi Lagu dan/atau Musik* (SILM), a data center that integrates usage reports from various sectors.

Research shows that, conceptually, a single clearinghouse model across multiple LMKs can lower transaction costs and reduce duplicate payments. However, implementation still faces serious challenges: usage data remains fragmented, most reporting is still manual, and coordination between LMKs and LMKN often results in double payments and unclear royalty amounts (Muda & Sudarwanto, 2025). Empirical studies also highlight low user compliance, limited calculation transparency, and disputes over LMKN authority as factors hindering the optimization of the royalty market's potential (Arifardhani, 2022).

In the context of LMKs such as WAMI, tax and governance research confirms that they act as non-profit intermediaries, deducting operational costs and taxes (PPh 23) before distributing royalties to members. Limited online reporting infrastructure and the lack of uniform transparency standards make it difficult for the public to assess how much of the royalties actually reach creators (Jayanti & Mahadewi, 2025).

4.3 Malaysia: Multi-CMO and the Challenge of Transparency

Malaysia implements a state-licensed multi-CMO model in the music sector, which, in theory, provides choice for rights holders but also requires consistent governance standards. Literature on multi-CMO practices in the Asian context highlights that the absence of mandatory codes of conduct, reporting standards, and financial disclosure can raise concerns about accountability and potential conflicts of interest even as these institutions attempt to respond to digital market demands and increasing ESG (Environmental, Social, and Governance) regulatory pressures (Anggraeni et al., 2025). This multi-actor model provides flexibility and opportunities to expand licensing across regions but requires robust coordination among institutions to prevent overlapping repertoire and royalty claims.

4.4 Thailand: Service-Oriented Single CMO

Thailand has adopted a single CMO model through a national music rights management body with a mandate like the LMKN, but with a more focused emphasis on creator rights. Comparative studies of public monopoly models in other systems demonstrate that while this configuration can lower transaction costs and facilitate monitoring, the quality of service is largely determined by the level of member participation and internal transparency including the existence of social funds and welfare schemes that strengthen institutional legitimacy among members (Febrian et al., 2025).

4.5 India: Multi-CMO and Digital Scale

India has developed several CMOs in the music sector, with IPRS as the primary actor managing performing rights and mechanical rights. Within the international legal framework, CMO transformation in developing countries such as India is associated with increased technological capacity and the adoption of real-time digital monitoring practices, similar to the ASCAP and KOMCA models, which have been shown to improve distribution accuracy and reduce royalty leakage (Marseda et al., 2025). This multi-CMO model, supported by digital infrastructure, demonstrates that large national scales can be managed relatively effectively through data integration, regulatory oversight, and transparent annual reporting (Made & Virjana, 2025).

4.6 South Korea: Single CMO with Technology Leverage

KOMCA, as South Korea's sole CMO, is often highlighted as an exemplar of advanced technology deployment AI, blockchain, and big data systems for monitoring music usage and expediting royalty distribution. Recent studies have shown that integrating these technologies can improve distribution accuracy by approximately 85%, reduce payment delays from months to days, and strengthen the country's position in the global copyright ecosystem (Marseda et al., 2025). The synergy between institutional monopoly and technological innovation demonstrates that a single structure does not necessarily equate to inefficiency, provided there is sustained regulatory pressure, accountability, and continued investment in digital infrastructure.

4.7 Comparative Analysis: Asia, the United States, and the United Kingdom

To fully contextualize the Asian CMO landscape, it is essential to situate these organizational models within a broader international comparison. While the preceding sections have examined the distinctive characteristics of CMO structures in Japan, Korea, Indonesia, India, Malaysia, and Thailand, this section extends the analysis by contrasting them with the well-established systems in the United States and the United Kingdom, two jurisdictions widely regarded as benchmarks in collective rights management.

The structural diversity observed across Asian CMOs can be distilled into three principal organizational models: the single or monopoly model, exemplified by Japan's JASRAC and Korea's KOMCA; the multi-CMO model, as practiced in India and Malaysia; and the hybrid or clearinghouse model, represented by Indonesia's LMKN framework. Each model reflects distinct governance philosophies, regulatory environments, and levels of digital infrastructure integration, which shape both operational efficiency and the accuracy of royalty distribution. Figure 1 provides a visual overview of these three models, illustrating the flow of rights registration, licensing, digital monitoring, and royalty distribution within each structure.

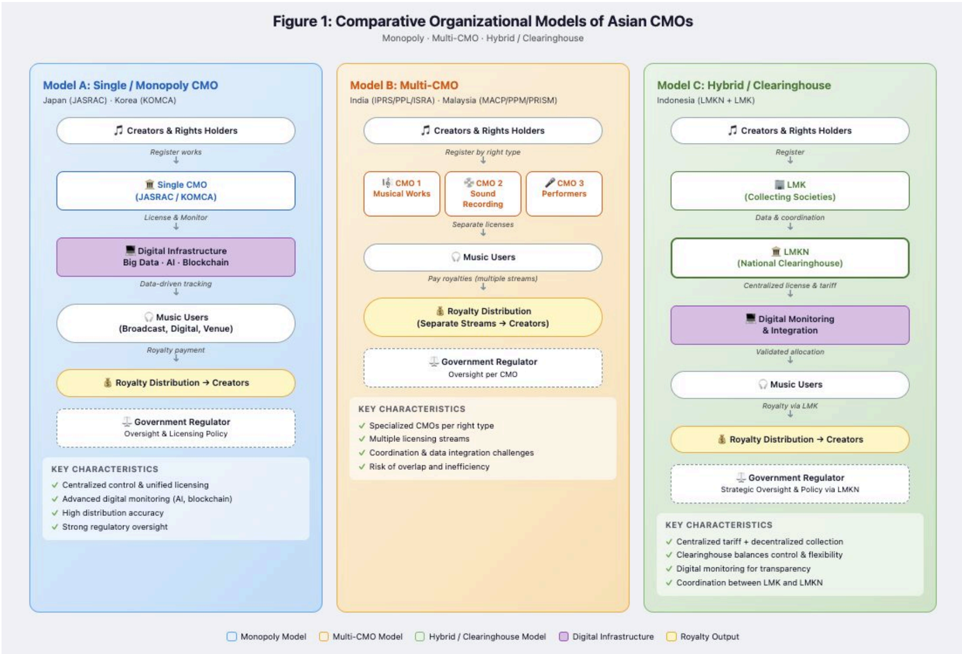

Figure 1. Comparative organizational models of Asian CMOs

Comparative Organizational Models of Asian CMOs — illustrating structural differences in royalty collection, governance oversight, and digital infrastructure integration across monopoly (Japan, Korea), multi-CMO (India, Malaysia), and hybrid/clearinghouse (Indonesia) approaches. Source: Author's synthesis (2022–2025).

Building on the structural overview in Figure 1, this study further compares these Asian models with their Western counterparts. The United States operates a multi-CMO environment with ASCAP, BMI, and the recently established MLC, characterized by high transparency, strict oversight, and broad digital monitoring capabilities that enable creators to track royalty flows in near real-time (Jayanti & Mahadewi, 2025; Marseda et al., 2025). The United Kingdom, through PRS for Music and its consolidated structure within the EU regulatory framework, emphasizes strict reporting and audit standards that support high distribution accuracy (Khorenzhenko, 2025; Made & Virjana, 2025). In contrast, Asian models, while increasingly leveraging digital tools, continue to face challenges with transparency and data integration, particularly in multi-CMO and hybrid configurations (Arifardhani, 2022; Handono et al., 2024).

Table 4 below provides a granular comparison of key structural features, governance implications, and evidentiary bases across these jurisdictions, highlighting both the distinctive strengths and persistent gaps that inform the policy recommendations advanced in the subsequent section.

Table 4. Brief comparison of CMO models in Asia, the United States, and the United Kingdom

Jurisdiction	Key Features of CMO Model	Governance Implications	Citations
US (ASCAP, BMI, MLC)	Multiple CMOs with strict oversight and open reporting	High transparency, broad digital monitoring, creators can track royalty flows	(Jayanti & Mahadewi, 2025; Marseda et al., 2025)
UK (PRS, etc.)	Single/consolidated CMO within EU regulatory framework	Strict reporting and audit standards, supports high distribution accuracy	(Khorenzhenko, 2025; Made & Virjana, 2025)
Indonesia & Other Asia	Combination of monopoly, multi-CMO, and clearinghouse	Transparency and data integration challenges, but opens space for digital reforms	(Arifardhani, 2022; Handono et al., 2024; Jayanti & Mahadewi, 2025; Marseda et al., 2025; Muthmainnah et al., 2022)

Taken together, this comparative analysis reveals that no single model is inherently superior; rather, each reflects the regulatory traditions, market conditions, and digital maturity of its respective jurisdiction. What the US and UK systems demonstrate, however, is that strong regulatory mandates combined with advanced digital infrastructure are critical enablers of transparency and distribution accuracy, lessons that are directly relevant to the ongoing reform efforts across Asian CMOs discussed in the following section.

4.8 Discussion

4.8.1 Interpreting the Diversity of CMO Models Across Asia

As illustrated in Figure 1 and Table 4, the organizational landscape of CMOs across Asia is far from monolithic. The three dominant models: monopoly, multi-CMO, and hybrid/clearinghouse, each embody distinct governance philosophies with significant implications for organizational sustainability and creator welfare.

Monopoly models, such as JASRAC in Japan and KOMCA in South Korea, leverage economies of scale through centralized royalty collection, integrated data systems, and singular institutional authority that minimizes coordination costs and strengthens bargaining positions with music users. However, the absence of competitive pressure may reduce innovation incentives, while centralized control raises recurring concerns about transparency and accountability, a tension well-documented in the literature on natural monopolies in cultural industries (Towse, 2020).

Indonesia's clearinghouse model, implemented through LMKN, attempts to coordinate multiple collecting societies (LMKs) under a centralized tariff-setting body. In theory, this balances efficiency with decentralized flexibility. In practice, performance remains suboptimal due to low user compliance, unclear institutional boundaries between LMKN and individual LMKs, and limited distribution transparency. WAMI's position that distribution data cannot be disclosed without recipient consent exemplifies the opacity that continues to undermine stakeholder trust, suggesting the hybrid model requires substantially stronger regulatory infrastructure to realize its potential.

The multi-CMO model, practiced in Malaysia and India, demonstrates the potential for competition and innovation. MACP has increased royalty distributions through multi-territorial collaboration with AAMRO (MACP, 2023), while IPRS has recorded rapid growth by leveraging the digital streaming ecosystem (IPRS, 2024, 2025). Nevertheless, success depends on strong inter-institutional coordination and regulatory oversight to prevent mandate overlaps a risk particularly salient in jurisdictions with nascent copyright enforcement frameworks.

4.8.2 The Regulatory Dimension: Lessons from Singapore and Western Benchmarks

Singapore's IPOS class licensing scheme demonstrates that well-calibrated, light-touch regulation can enhance member confidence and institutional legitimacy without stifling organizational innovation

(IPOS, 2023). When juxtaposed with Western benchmarks, the contrast is instructive: the US multi-CMO system's antitrust regulation and digital reporting mandates enable near real-time royalty tracking, while the UK's CRM Directive framework imposes rigorous audit standards that support high distribution accuracy. Both systems underscore a critical lesson: regulatory maturity and digital infrastructure are mutually reinforcing enablers of CMO performance a dynamic that remains underdeveloped across most Asian jurisdictions.

4.8.3 Theoretical Implications

From the perspective of the Resource-Based View (RBV), CMO sustainability is fundamentally shaped by the strategic management of intangible resources digital infrastructure, data integration capabilities, and institutional knowledge. CMOs that have invested in advanced monitoring systems, such as JASRAC's AI-driven tracking and KOMCA's integrated database, demonstrate superior distribution accuracy, confirming that these technological capabilities constitute valuable, rare, and difficult-to-imitate resources that generate sustained competitive advantage (Barney, 1991).

From the perspective of Principal-Agent Theory, the transparency deficits in Indonesia's LMKN and the coordination challenges in multi-CMO environments represent classic manifestations of information asymmetry and moral hazard. Conversely, the US, UK, and Singapore demonstrate how strong regulatory mandates and transparent reporting can mitigate agency costs and enhance member trust. Effective CMO governance therefore requires not merely structural design, but robust accountability architectures that reduce the information gap between those who manage collective rights and those who hold them.

Taken together, CMO sustainability is not solely determined by ownership structure, but by an interconnected web of institutional factors regulatory frameworks, user compliance, digital adoption, and transparency mechanisms that collectively shape organizational performance and creator welfare.

4.8.4 Managerial and Policy Implications

Drawing from the comparative findings discussed above, this section identifies five actionable implications for CMO managers and policymakers seeking to strengthen the institutional foundations of collective rights management in Asia.

4.8.5 Improving Transparency and Accountability

Transparency and accountability are foundational prerequisites for member trust. The comparative evidence demonstrates a clear pattern: jurisdictions with robust disclosure requirements and independent oversight consistently outperform those without. In Indonesia, the absence of an integrated database, detailed distribution reports, and independent oversight within LMKN has created legal uncertainty and eroded creator trust (Jayanti & Mahadewi, 2025). This stands in stark contrast to ASCAP, BMI, and APRA AMCOS, where transparent annual reports and rigorous audit mechanisms enable creators to track royalty flows with considerable precision (Muda & Sudarwanto, 2025). Evidence from the cooperative sector further corroborates that transparent financial reporting improves governance quality and member trust a directly relevant parallel given the functional similarities between cooperatives and CMOs. For policymakers, the implication is clear: regulatory frameworks should mandate detailed financial and royalty distribution reports subject to independent audit. Such measures need not be punitive; as Singapore demonstrates, they can enhance accountability while preserving the operational flexibility CMOs require in rapidly evolving digital markets.

4.8.5.1 Investment in Digital Technology

Limited usage data and manual processing systems remain the most consequential barrier to effective royalty management across Asian CMOs. In Indonesia, LMKN continues to face fragmented data integration, delays in developing the Song and Music Information System (SILM), and dependence on voluntary user reports that undermine distribution accuracy (Muda & Sudarwanto, 2025). Comparative studies recommend adopting real-time tracking systems, national music databases, API integrations with digital platforms, and blockchain-based smart contracts to automate usage recording and royalty allocation. Korea's music industry offers compelling evidence: full digitalization has improved domestic competitiveness and expanded global reach through the streaming ecosystem (Kim, Kim, Koh, & Jung, 2023). Viewed through the RBV lens, investment in digital infrastructure is a strategic decision to build capabilities that are valuable, rare, and difficult to imitate fundamentally determining a CMO's capacity to deliver accurate and trusted royalty distributions.

4.8.5.2 Diversification and Collaboration

Overreliance on a single license type or revenue stream exposes CMOs to significant vulnerability amid market disruptions and technological shifts. European CMO reform experience demonstrates that developing multi-territorial licenses, expanding into digital licensing, and integrating with multiple platforms can broaden the revenue base and mitigate concentration risk (Made & Virjana, 2025). Cross-jurisdictional collaboration further enables effective management of cross-border licenses while avoiding overlapping repertoire claims (Febrian et al., 2025). For Asian CMOs, this implies two priorities: expanding royalty sources across streaming, live performance, broadcasting, and synchronization markets, and building regional alliances such as Malaysia's collaboration with AAMRO that strengthen collective bargaining in an increasingly globalized marketplace. Such diversification is not merely opportunistic, but a necessary condition for long-term institutional resilience.

4.8.5.3 Increasing Music User Compliance

User compliance with royalty obligations is a critical and frequently underestimated determinant of CMO sustainability. Research in Indonesia reveals that a substantial proportion of commercial music users, including cafes, restaurants, and event organizers, do not comply with the obligation to pay royalties through LMKN, resulting in systematic under-fulfillment of creators' economic rights (Muda & Sudarwanto, 2025). Regulatory ambiguity, weak enforcement, and the absence of effective sanctions create a permissive environment without clear consequence. Addressing this requires intensified socialization of copyright obligations, consistent law enforcement, and digital verification systems for instance, integrating event permits with mandatory reports to LMKN to ensure timely and transparent payments (Made & Virjana, 2025). From a Principal-Agent perspective, low user compliance is a form of moral hazard that directly undermines CMOs' fiduciary obligations to member-creators. Without significant improvements in compliance infrastructure, the economic potential of musical copyright will remain largely unrealized even where adequate legal frameworks exist on paper.

4.8.5.4 Member Welfare Programs

Beyond royalty collection and distribution, CMOs carry a social dimension increasingly recognized as integral to organizational sustainability. Evidence from consumer cooperatives in Korea demonstrates that social assistance, welfare programs, and non-financial benefits enhance members' psychological ownership and organizational loyalty, strengthening institutional stability and reducing internal conflict (Parc & Kim, 2020). Applied to CMOs, transparent provision of social funds, medical assistance, and professional training programs can deepen organizational commitment and mitigate conflicts over royalty distribution decisions. For policymakers, the social role of CMOs should be explicitly integrated into regulatory frameworks with clearly defined reporting and oversight mechanisms governing welfare funds. Such integration advances individual creator welfare while reinforcing the collective legitimacy upon which the entire CMO system ultimately depends.

In sum, these managerial and policy implications underscore a central thesis of this study: the long-term sustainability of CMOs in Asia depends not on adopting a single "best" organizational model, but on building the institutional, technological, and governance capacities that enable any model to function effectively within its national context. The convergence of digital innovation, regulatory reform, and stakeholder engagement represents the most promising pathway toward achieving equitable, transparent, and sustainable collective rights management across the region.

5. Conclusions

5.1 Conclusion

This study examined the organisational sustainability of CMOs across Asia covering Japan (JASRAC), South Korea (KOMCA), Indonesia (WAMI, LMK, LMKN), India (IPRS), Malaysia, and Thailand through the lens of Resource-Based View and Principal-Agent Theory. The findings demonstrate that no single organisational model (monopoly, multi-CMO, or hybrid) is inherently superior. Rather, sustainability is determined by the alignment between digital capacity, governance quality, and regulatory environment. Digital infrastructure, including AI-driven analytics, integrated databases, and blockchain-enabled transparency, has emerged as a foundational determinant of CMO effectiveness, directly improving royalty distribution accuracy and stakeholder trust. Meanwhile, governance quality serves as the critical mediating variable; even well-resourced CMOs underperform when transparency and accountability mechanisms are weak. Core conclusion of this study is the sustainability of Asian CMOs depends on the dynamic interaction between organisational structure, digital capability, governance integrity, and responsive regulatory support not on any single factor in isolation.

5.2 Research Limitation

This study has several limitations that should be acknowledged. First, the research relies primarily on secondary data obtained from CMO annual reports, CISAC and WIPO publications, regulatory documents, and other institutional sources. Although data triangulation was conducted to enhance reliability, the absence of primary data from artists, CMO administrators, and other stakeholders may limit a deeper understanding of operational challenges, governance perceptions, and royalty distribution experiences.

Second, this study focuses on selected Asian countries, including Japan, South Korea, Indonesia, India, Malaysia, and Thailand, which represent diverse CMO governance models. However, the findings may not fully capture the complexity of collective management practices across all Asian countries due to differences in regulatory frameworks, copyright enforcement mechanisms, and levels of digital infrastructure development.

Third, this study applies a comparative cross-country approach based on available institutional data, which provides valuable insights into structural differences among CMO models but does not establish causal relationships between ownership structures, governance mechanisms, and artist income. Future studies are encouraged to employ longitudinal designs, quantitative panel analysis, and primary surveys involving creators and CMO stakeholders to further validate the relationships identified in this research.

5.3 Suggestions and Directions for Future Research

Future research may extend this study in several directions. First, future studies should incorporate primary data collection through surveys and in-depth interviews with artists, CMO administrators, music publishers, and policymakers to obtain a more comprehensive understanding of governance practices, transparency mechanisms, and royalty distribution experiences from multiple stakeholder perspectives.

Second, future research could employ longitudinal quantitative approaches to examine how changes in CMO governance structures, digital transformation initiatives, and regulatory reforms influence organizational sustainability and artist income over time. Panel data analysis across multiple countries may provide stronger empirical evidence regarding the causal relationship between ownership structures and performance outcomes.

Third, further studies may explore the role of emerging technologies, such as artificial intelligence, blockchain, smart contracts, and automated rights management systems, in improving royalty tracking accuracy, reducing payment delays, and strengthening transparency within CMO ecosystems. Comparative research between technologically advanced CMOs and developing CMO systems would provide valuable insights into effective digital transformation strategies.

Finally, future research may expand the geographical scope by including additional Asian countries and conducting comparative studies between Asian and Western CMO models. Such investigations would contribute to a broader understanding of how institutional environments, copyright regulations, governance mechanisms, and digital infrastructure collectively shape the sustainability of collective management organizations and the welfare of creators.

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Author Contributions
EDRP contributed to the conceptualization, research design, data collection, literature review, data analysis, and manuscript preparation. API was responsible for supervision, validation, theoretical framework development, and critical revision of the manuscript. FIRD contributed to methodological guidance, interpretation of findings, manuscript review, and academic editing. All authors contributed to the discussion of research findings, reviewed the final manuscript, and approved the submitted version.

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