



**Literature Review: The Role Of Intellectual Property Rights
Improving The Competitiveness Of MSMEs In Indonesia**

Tessalonika Anggraini ¹, Yulis Alfia ², Syela Wakhidatun Nur Azizah ³, Mochamad Reza Adiyanto ⁴

^{1,2} Management Department, Universitas Trunojoyo Madura

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Abstract

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This research discusses the role of intellectual property rights (IPR) in increasing the competitiveness of Micro, Small and Medium Enterprises (MSMEs) in Indonesia. Through a literature study, this research identifies the types of IPR that can be owned by MSMEs, explains how legal protection of IPR can strengthen the position of MSMEs in the market, and analyzes the challenges and opportunities faced by MSMEs in using IPR. Research findings show that good understanding and use of IPR can provide legal certainty, prevent claims by other parties, and increase global market access for MSMEs. However, challenges such as lack of understanding and high registration claim need to be addressed. Suggestions werw made to increase awareness, simplify the registration process, strengthen law enforcement institutions, and profit better financial assistance and access to MSMEs.

✉ Authors

(*) Mochamad Reza Adiyanto

Email:

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tessalonikaanggraini@gmail.com, yulisalfia6@gmail.com,
syelaaziza@gmail.com, reza.adiyanto@trunojoyo.ac.id

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INTRODUCTION

Indonesia has great potential in building Micro, Small, and Medium Enterprises (MSMEs). (Permana 2017). The role of MSMEs in the national economy is significant, as they are able to create new jobs and increase people's income. However, MSMEs in Indonesia still face a number of obstacles, including limited capital, limited market access, and difficulties in developing products and

innovations. One solution that can help MSMEs overcome these challenges is to understand and utilize intellectual property rights (IPR). IPR are rights granted to creators or owners of intellectual works, such as copyright, patent rights, brand rights. By having legal and economic protection through IPR, owners of intellectual work can be encouraged to innovate to develop new products (Sinaga 2020).

However, there are still many MSMEs in Indonesia that do not understand the importance of IPR in increasing competitiveness. Many MSMEs do not have legal protection for the products or innovations they create, making them vulnerable to intellectual property rights violations by other parties. In addition, there are still many MSMEs that have not utilized IPR as marketing and branding for their products. Therefore, it is necessary to conduct a literature study on the role of intellectual property rights in increasing the competitiveness of MSMEs in Indonesia. This literature study will discuss various aspects related to IPR, such as types of intellectual property rights, legal protection of IPR, benefits of IPR for MSMEs, and challenges and opportunities in the utilization of IPR by MSMEs in Indonesia. (Nugroho 2015).

It is hoped that the results of this literature study can provide a better understanding for MSMEs in Indonesia regarding the importance of IPR in increasing competitiveness. In addition, this literature study is also expected to provide recommendations and solutions for the government and related stakeholders in improving the understanding and utilization of IPR by MSMEs in Indonesia.

PROBLEM FORMULATION

From the above background, the problem formulation that can be written is as follows:

1. What are the types of intellectual property rights that can be owned by MSMEs in Indonesia?
2. How can legal protection of intellectual property rights help MSMEs in improving competitiveness?
3. What are the challenges and opportunities in the utilization of intellectual property rights by MSMEs in Indonesia?

RESEARCH OBJECTIVES

1. From the research formulation above, the research objectives that can be written are as follows:
2. Explain the types of intellectual property rights that can be owned by MSMEs in Indonesia.
3. Explains how legal protection of intellectual property rights can help MSMEs in improving competitiveness.
4. Explain the challenges and opportunities in utilizing intellectual property rights by MSMEs in Indonesia.

THEORETICAL FOUNDATION

Intellectual Property Rights

Intellectual Property Rights (IPR) are rights granted to the creator or owner of an intellectual work, such as copyright, patent rights, and trademark rights. The

concept of IPR involves the exclusive right granted to the owner of an intellectual work to publish or reproduce the work, as well as the right to prohibit others from using or reproducing the work without authorization. (Ayunda and Maneshakerti 2021). Various types of IPRs include copyrights, patents, trademarks, industrial designs, trade secrets, plant varieties, and integrated circuits, which have a legal basis in laws such as the Copyright Act, the Trademark Act, and the Patent Act.

Legal protection of IPR is very crucial for owners of intellectual work because it provides economic and legal protection for the products or innovations they produce. This legal protection not only encourages innovation and new product development, but also provides legal certainty for owners of intellectual work. To obtain legal protection for IPR, MSMEs can register with authorized institutions, such as the Directorate General of Intellectual Property of the Ministry of Law and Human Rights.

The benefits of IPR for MSMEs are enormous, including being able to provide legal and economic protection for the products or innovations they create, so as to encourage innovation and new product development. In addition, IPR can also be used as a marketing strategy and product branding, so as to increase the competitiveness of MSMEs in the market.

Competitiveness

Competitiveness is the ability of a company, industry, region, country, or inter-region to produce relatively better income and employment factors compared to its competitors in the market. Competitiveness can also be interpreted as the ability of a company to do well in the face of competition in the market. In a business context, competitiveness is very important because it can affect the success of a company in maintaining its market share and increasing profits. (Sugiarti, Sari, and Hidayat 2020).

Here are some factors that affect the competitiveness of a company or industry :

1. **Competitive Advantage**

Competitive advantage is a factor that distinguishes a company from its competitors in the market. Competitive advantages can be in the form of product quality, lower prices, better service, or product innovation.

2. **Company Resources**

Company resources include human resources, capital, technology and infrastructure. A company that has sufficient and quality resources will be able to compete in the market.

3. **Business Strategy**

A business strategy is a long-term plan for a company to achieve its business goals. The right business strategy can help a company to maintain its market share and increase profits.

4. **Managerial Skills**

Good managerial skills are essential to manage company resources effectively and efficiently.

5. **Market Conditions**

Competitive market conditions can affect the competitiveness of a company. Many and strong competitors can make it difficult for a company to maintain its market share.

6. Government Regulation

Good government regulations can help companies to maintain their competitive advantage. However, regulations that are too strict or unclear can limit a company's ability to compete in the market.

Increasing the competitiveness of a company can be done by :

1. Adopting Information Technology

Information technology can help the Company to improve the efficiency and effectiveness of its operations.

2. Managing Knowledge

Knowledge management can help companies to maintain their competitive advantage by utilizing their knowledge.

3. Product standardization

Product standardization can help the Company to improve the quality of its products and facilitate the production process.

4. Focus on consumer needs

Focusing on consumer needs can help the Company to develop products that meet the needs of the market.

5. Improve managerial skills

Improving managerial skills can help the Company to manage the Company's resources more effectively and efficiently.

In the era of globalization and increasingly fierce competition, competitiveness is very important for a company to survive and grow. Therefore, companies must continue to improve their competitiveness by adopting information technology, managing knowledge, standardizing products, focusing on consumer needs, and improving managerial skills.

Micro, Small and Medium Enterprises (MSMEs)

Micro, Small, and Medium Enterprises (MSMEs) are forms of businesses that are independent and productive. The criteria for MSMEs are based on the level of wealth: micro businesses have a net worth of less than Rp. 50,000,000;00 or sales of less than Rp. 300,000,000;00 per year, small businesses have a wealth of between Rp. 50,000,000;00 to Rp. 500,000.000;00 or sales between Rp. 300,000,000;00 to Rp. 2,500,000,000;00 per year, while medium-sized enterprises have wealth between Rp. 500,000,000;00 to Rp. 10,000,000,000;00 or sales between Rp. 2,500,000,000;00 to Rp. 50,000,000,000;00 per year. (Hamza and Agustien 2019).

MSMEs play an important role in economic development and growth, as they are able to create new jobs and increase people's income. MSMEs can also be a source of innovation and new product development, and increase competitiveness in the market. MSMEs in Indonesia still face various challenges, such as limited capital, limited market access, and limited product development and innovation. In addition, MSMEs still face problems in terms of financing and business development.

Despite the challenges, there are also opportunities in the development of MSMEs in Indonesia, such as increasing the added value of products, increasing competitiveness in the market, and increasing consumer confidence in MSME products.

RESEARCH METHODS

Research on the role of intellectual property rights in improving the competitiveness of MSMEs in Indonesia uses an analytical descriptive method, as explained by (Moh. Nazir 2009). The descriptive method is used to describe and explain the observed phenomena, while the analytical method is used to analyze the power that has been collected. Secondary data were obtained from various sources such as scientific journals, books, and official government documents. Descriptive analysis techniques were used to describe and explain the collected data in detail. A qualitative approach was also used, where descriptive data was collected and the phenomena that occurred were explained in detail. Literature study was one of the techniques applied, by collecting information from various literature sources relevant to the research topic. This approach allows in-depth analysis of existing data without the need for primary data collection. In the analysis process, this research utilizes content analysis techniques. With this method, the researcher identifies and analyzes themes that emerge from the collected data. This approach helps in describing and explaining themes relevant to the research, enriching the understanding of the phenomenon under study.

RESULTS AND DISCUSSION

Types of Intellectual Property Rights that can be owned by MSMEs in Indonesia

Intellectual property rights (IPR) are rights granted to the creator or owner of an intellectual work, such as copyright, patent rights, and trademark rights. IPR consists of two categories, namely copyright and industrial property rights. (Salmah, Andria, and Pakuan 2023). Copyright grants exclusivity to the creator or assignee of patents, brands, industrial designs, integrated circuit layout designs, trade secrets, and plant varieties. In Indonesia, MSMEs have access to these types of IPRs, among others:

1. Copyright

Copyright is the exclusive right for the creator or recipient of the right to publish or reproduce his creation or give permission for it without prejudice to restrictions - restrictions according to applicable laws and regulations. Copyright protects works such as books, music, movies, and other works of art.

2. Patent Rights

Patent rights are exclusive rights for the owner to control and use his own invention in a particular field of technology for a certain period of time. Patent rights protect new and useful inventions or innovations, such as products or production processes.

3. Brand Rights

Trademark rights are exclusive rights for the owner to use his trademark in the trade of goods or services. Trademark rights protect the name, logo, or symbol used to identify a particular product or service.

4. Industrial Design

An industrial design is an exclusive right for the owner to use his product design in the trade of goods or services. An industrial design protects the appearance or shape of a product, such as a clothing design or an electronic product design.

5. Integrated Circuit Layout Design

An integrated circuit layout design is an exclusive right for the owner to use the integrated circuit design in the trade of goods or services. An integrated circuit layout design protects the appearance or shape of an integrated circuit.

6. Trade Secrets

Trade secrets are exclusive rights for the owner to protect confidential information used in the trade of goods or services. Trade secrets protect information such as secret formulas or recipes.

7. Crop Varieties

A plant variety is an exclusive right for the owner to control and use the results of the discovery or breeding of certain plant varieties for a certain period of time. Plant varieties protect new and useful plant varieties.

In order to increase the competitiveness of MSMEs in Indonesia, it is important for MSMEs to understand the types of IPR that can be owned and utilize them properly. By having legal protection for the products or innovations they create, MSMEs can encourage innovation and new product development, as well as provide legal certainty for owners of intellectual work. MSMEs can obtain legal protection for IPR by registering with an authorized institution, such as the Directorate General of Intellectual Property of the Ministry of Law and Human Rights.

Legal Protection of Intellectual Property Rights Can Help MSMEs in Increasing Competitiveness

Legal protection of intellectual property rights (IPR) can help MSMEs to increase competitiveness in the market. (Rongiyati 2018). In the context of the creative economy, IPR is an unlimited resource that has very high economic value. Therefore, it is important for creative economy actors including MSMEs to understand the importance of IPR and make good use of it.

Here are some ways legal protection of IPR can help MSMEs in increasing competitiveness:

1. Prevent claims on products, brands and creative ideas by others

By having legal protection for the products or innovations they produce, MSMEs can prevent claims that may be filed by other parties against the products, brands, or even creative ideas they develop. Therefore, creative economy players, including MSMEs, should register their products or innovations with Intellectual Property Rights (IPR). With this step, MSMEs can ensure that the products or innovations they produce will not be used by others without permission.

2. Affects the ease with which a product can penetrate the global market

Ownership of Intellectual Property Rights (IPR) also affects a product's ability to enter the global market. If there is no IPR, the product may be rejected for trademark infringement, and there is no protection for trade secrets. By having

the legal protection of IPR, MSMEs can ensure that their products can smoothly enter the global market.

3. Provide legal certainty for owners of intellectual works

By having legal protection for IPR, MSMEs can provide legal certainty for owners of intellectual work. Legal protection can encourage innovation and new product development, as well as provide legal certainty for owners of intellectual works. Thus, MSMEs can ensure that the products or innovations they create will receive strong legal protection.

4. Increase competitiveness in the market

By having legal protection for IPR, MSMEs can increase competitiveness in the market. In the context of the creative economy, IPR can be used as a marketing and product branding strategy. By having a registered trademark, MSMEs can increase consumer confidence in their products. In addition, by having patents on the products or innovations they create, MSMEs can ensure that their products have advantages that are not owned by competitors in the market.

In order to utilize the legal protection of IPR properly, MSMEs need to understand the types of IPR that can be owned and utilize them properly. (Purba 2023). MSMEs can obtain legal protection for IPR by registering with an authorized institution, such as the Directorate General of Intellectual Property of the Ministry of Law and Human Rights. In addition, MSMEs also need to increase their understanding and awareness of the importance of IPR in increasing competitiveness in the market. By utilizing the legal protection of IPR properly, MSMEs can increase competitiveness in the market and strengthen their position in the creative industry.

Challenges and Opportunities in the Utilization of Intellectual Property Rights by MSMEs in Indonesia

The challenges and opportunities in the utilization of intellectual property rights (IPR) by MSMEs in Indonesia are as follows:

a. Challenge (Sihombing 2018)

1. Lack of awareness and understanding of the importance of IPR

Many MSMEs in Indonesia do not understand the importance of IPR in increasing competitiveness. This is due to a lack of awareness and understanding of the importance of IPR. Many MSMEs do not have legal protection for the products or innovations they create, making them vulnerable to intellectual property rights violations by other parties.

2. Expensive enrollment fee

The expensive cost of IPR registration is a challenge for MSMEs in Indonesia. Expensive registration fees can be an obstacle for MSMEs to obtain legal protection for the products or innovations they create.

3. Complicated Enrollment Process

The complicated IPR registration process is also a challenge for MSMEs in Indonesia. The complicated registration process can be time-consuming and costly, so many MSMEs do not have legal protection for the products or innovations they create.

b. Opportunities (Rani and Pery Rehendra Sucipta 2022)

1. Increase competitiveness in the market

By having legal protection for IPR, MSMEs can increase competitiveness in the market. In the context of the creative economy, IPR can be used as a marketing and product branding strategy. By having a registered trademark, MSMEs can increase consumer confidence in their products.

2. Increase the economic value of products

By having legal protection for IPR, MSMEs can increase the economic value of their products. By having patents on the products or innovations they create, MSMEs can ensure that their products have an edge over competitors in the market.

3. Improving access to global markets

By having legal protection for IPR, MSMEs can increase access to the global market. Without IPR, a product could potentially be returned for trademark infringement, and there is no trade secret protection. Therefore, by having the legal protection of IPR, MSMEs can ensure that their products can penetrate the global market easily.

4. Increase investor confidence

By having legal protection for IPR, MSMEs can increase investor confidence. Investors will be more interested in investing in MSMEs that have legal protection for the products or innovations they create, because this shows that these MSMEs have the potential to grow in the future.

In order to take advantage of existing opportunities, MSMEs need to increase their understanding and awareness of the importance of IPR in increasing competitiveness in the market. In addition, the government also needs to provide adequate support and facilities for MSMEs to obtain legal protection for IPR, such as affordable registration fees and an easy and fast registration process.

CONCLUSIONS AND SUGGESTIONS

In the era of a highly competitive global economy, intellectual property rights (IPR) protection has great significance for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. IPR provides legal and economic protection that can empower MSMEs to compete better. Types of IPR such as copyrights, patents, and trademark rights provide legal certainty, prevent claims from other parties, strengthen marketing strategies, and increase consumer and investor confidence. However, there are still a number of challenges that need to be overcome, including lack of understanding, high registration fees, and the complexity of the registration process.

Suggestions that can be given are as follows:

- a. Awareness raising: The government and relevant agencies need to organize campaigns and trainings to increase MSMEs' understanding of the importance of IPR in the protection of their products and innovations.
- b. Simplify the process and reduce costs: The government needs to simplify the IPR registration process and reduce registration fees, especially for MSMEs. Subsidy or financial assistance facilities can be provided to MSMEs to help with registration costs.

- c. Strengthening Law Enforcement Institutions: Strengthen law enforcement agencies that deal with IPR violations so that MSMEs feel safer and more protected.
- d. Assistance and consultation: Provide IPR consultation and assistance centers for MSMEs, where they can get technical and legal assistance in the process of IPR registration and protection.
- e. Cooperation with universities and industry: the government can support cooperation between MSMEs, universities, and industry to facilitate research and development of new products that can be recognized with IPR.
- f. Promotion of research and innovation: Provide incentives and rewards to MSMEs that are active in research and innovation, and protect their innovative results through IPR.
- g. Improved access to financial resources: Open up easier access to financing for MSMEs seeking to register their IPRs, including special credit programs with low interest rates.

By taking these steps, it is hoped that MSMEs in Indonesia will be able to utilize the full potential of their intellectual property rights, improve competitiveness, and make a greater contribution to the country's economic growth.

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