

BRAND PROTECTION FOR MSMEs IN ENCOURAGING ECONOMIC GROWTH IN INDONESIA

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Abstract

This research seeks to analyze the significance of brand protection for Micro, Small, and Medium Enterprises (MSMEs) in encouraging economic growth in Indonesia. Through a normative juridical approach, this research identifies brand protection as the key to strengthening the position of MSMEs in a competitive market. By providing adequate brand protection, MSMEs can build reputation, increase competitiveness, and expand access to markets and financial resources. However, challenges such as a lack of understanding about brand protection, the complexity of the registration process, and high costs need to be overcome through educational approaches, process simplification, and incentives for MSMEs. Thus, brand protection will not only provide direct benefits for MSMEs but will also contribute to inclusive and sustainable economic growth in Indonesia.

Keywords: Brand Protection, MSMEs, Economic Growth

Abstrak

Penelitian ini berupaya menganalisis pentingnya perlindungan merek bagi Usaha Mikro, Kecil, dan Menengah (UMKM) dalam mendorong pertumbuhan ekonomi di Indonesia. Melalui pendekatan yuridis normatif, penelitian ini mengidentifikasi perlindungan merek sebagai kunci memperkuat posisi UMKM di pasar kompetitif. Dengan memberikan perlindungan merek yang memadai, UMKM dapat membangun reputasi, meningkatkan daya saing, dan memperluas akses pasar dan sumber daya keuangan. Namun tantangan seperti kurangnya pemahaman tentang perlindungan merek, rumitnya proses pendaftaran, dan tingginya biaya perlu diatasi melalui pendekatan edukasi, penyederhanaan proses, dan insentif bagi UMKM. Dengan demikian, perlindungan merek tidak hanya memberikan manfaat langsung bagi UMKM tetapi juga berkontribusi terhadap pertumbuhan ekonomi yang inklusif dan berkelanjutan di Indonesia.

Kata Kunci: Perlindungan Merek, UMKM, Pertumbuhan Ekonomi

A. Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a vital central

role in the Indonesian economy. In the country's economic structure, MSMEs are not only business actors, but also the main

contributors to economic growth and social development. Its contribution to Gross Domestic Product (GDP) and job creation cannot be ignored. By contributing 61.07% to GDP in 2021, MSMEs are the main driver of domestic economic growth.¹ Not only that, MSMEs also play an important role in creating jobs and providing employment opportunities for the majority of the Indonesian workforce. Thus, MSMEs are not only the backbone of the national economy but also an important tool in reducing unemployment and improving the welfare of society as a whole. In this context, supporting the development and growth of MSMEs becomes imperative for inclusive and sustainable economic development in Indonesia.

Micro, Small, and Medium Enterprises (MSMEs) have long been the backbone of the Indonesian economy. With a significant contribution to Gross Domestic Product (GDP) and employment, the MSME sector not only plays an important role in strengthening the country's economic foundations but is also key to improving the welfare of society as

a whole. Data from the Central Statistics Agency (BPS) in 2021 shows that MSMEs contributed 61.07% to Indonesia's GDP and absorbed around 97% of the total workforce available. Significant growth in the MSME sector has a broad and positive impact on the national economy. First of all, MSMEs are the main source of job creation, enabling people to earn income and increase their purchasing power. It not only reduces unemployment rates but also helps reduce social inequality and reduce poverty.²

Apart from that, MSMEs also play an important role in strengthening the country's economic resilience. The presence of a variety of MSMEs with their variety of products and services reduces dependence on certain economic sectors, thereby reducing the risk of global economic shocks or changes in specific markets. In other words, the diversity of MSMEs helps create a more stable and resilient economic foundation. Furthermore, the growth of MSMEs also encourages innovation and creativity. As entities that are often more flexible and adaptive to market changes, MSMEs tend to be places where new ideas emerge and

¹ Junaidi, "UMKM Hebat Perekonomian Meningkatkan", Kementerian Keuangan RI Direktorat Jenderal Perbendaharaan, 15 Juli 2023. (*UMKM Hebat, Perekonomian Nasional Meningkatkan*. Retrieved from [djp.kemenkeu.go.id: https://djp.kemenkeu.go.id/portal/id/berita/lainnya/opini/4133-umkm-hebat,-perekonomian-nasional-meningkat.htm](https://djp.kemenkeu.go.id/portal/id/berita/lainnya/opini/4133-umkm-hebat,-perekonomian-nasional-meningkat.htm))

² Satriaji Vinatra, "Peran Usaha Mikro, Kecil, dan Menengah (UMKM) dalam Kesejahteraan Perekonomian Negara dan Masyarakat", *Jurnal Akuntan Publik*, Vol. 1, No. 3, 2023, hlm. 6.

are tested. This innovation not only enhances the value proposition for MSMEs but also augments overall economic advancement by bolstering efficiency, productivity, and competitiveness.³

Despite having a large contribution to the Indonesian economy, Micro, Small, and Medium Enterprises (MSMEs) are still faced with several challenges, including brand protection issues. A brand is not just a name or symbol but is an important asset for MSMEs in building identity and reputation in the market. With a strong brand, MSMEs can attract consumer attention, increase competitiveness, and expand their market share. However, the lack of legal protection for brands can make MSMEs vulnerable to violations of intellectual property rights, such as counterfeiting or imitation of brands. The impact can be detrimental to MSMEs both financially and reputationally. Therefore, the government and related institutions need to strengthen regulations and provide adequate protection for MSME brands so

³ Musran Munizu, e.a., *UMKM: Peran Pemerintah dalam Meningkatkan Daya Saing UMKM di Indonesia*, (Jambi: PT. Sonpedia Publishing Indonesia, 2023), hlm. 11.

that they can grow and develop better in an increasingly competitive market.⁴

In Indonesia, there are still many MSMEs that have not registered their brands with the Directorate General of Intellectual Property (DJKI) of the Ministry of Law and Human Rights (Kemenkumham).⁵ The impact of not registering is very significant because it makes MSMEs vulnerable to various brand violations by other parties. Brand infringement not only has the potential to be financially detrimental but can also have far-reaching impacts, such as decreased sales due to consumer confusion, reputation damage that is difficult to recover, loss of customer loyalty, as well as being burdened by high legal costs for dealing with cases of brand infringement. Therefore, this research will discuss how brand protection can increase the competitiveness of MSMEs in Indonesia and what obstacles MSMEs face in protecting their brands in Indonesia.

⁴ Berlianty, "Pendaftaran Merek Produk Usaha Mikro Kecil dan Menengah untuk Memperkuat Daya Saing Menghadapi Masyarakat Ekonomi Asia", *Jurnal Sasi*, Vol. 23, No. 1, 2017, hlm 22.

⁵ AMH, "Banyak Pelaku UMKM Belum Melindungi Merek Dagang", 12 Agustus 2023, Retrieved from Direktorat Jenderal Kekayaan Intelektual Kementerian Hukum & HAM RI: <https://www.dgip.go.id/artikel/detail-artikel/banyak-pelaku-umkm-belum-melindungi-merek-dagang?kategori=agenda-ki>

B. Method

This research uses normative juridical research methods, where the main source is legal materials. In the context of normative legal research, legal materials are the main focus because they contain normative rules. The data obtained and processed in this research is secondary, which in this research is used as primary legal material. Data sources were obtained from various library sources, such as books, papers, and statutory regulations. The legal materials that are the subject of study or reference are related to the issues discussed in this research.

C. Results And Discussion

1. Brand Protection in Increasing the Competitiveness of MSMEs in Indonesia

Brand protection is very important in increasing the competitiveness of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. In the context of globalization and increasingly fierce market competition, having a strong and protected brand can provide a competitive advantage for MSMEs. Brand protection can prevent the practice of piracy or product counterfeiting, which often harms MSMEs by reducing their income and

business reputation. In addition, by having a protected brand, MSMEs can build a positive image in the eyes of consumers, thereby increasing customer trust and loyalty. Thus, brand protection can help MSMEs to better survive and develop in a competitive market, as well as encourage innovation and creativity in the products and services they offer.⁶

Brand protection provides important benefits for MSMEs, one of which is building reputation and consumer trust.⁷ By having a brand that is registered and legally protected, MSMEs can build a positive image in the eyes of consumers. The existence of a trusted brand will increase consumer confidence in the quality of the products or services offered by the MSMEs. As a result, consumers will be more likely to choose products or services from brands they know and trust, helping to increase sales and overall MSME business growth.

Increasing competitiveness is one of the crucial benefits of brand protection for MSMEs in an

⁶ Satya, Y. S., "Strategi Pengembangan Merek Usaha Mikro, Kecil, dan Menengah", *Jurnal Ekonomi & Kebijakan Publik*, Vol. 4, No.1, 2014, hlm. 89.

⁷ Wizna Gania Balqis, "Perlindungan Merek sebagai Hak Kekayaan Intelektual: Studi di Kota Semarang, Indonesia", *Journal of Judicial Review*, Vol 23, No. 1, 2021, hlm. 44.

increasingly competitive market. A strong and legally protected brand has an important role in strengthening the position of MSMEs amidst competition. With a registered and officially recognized brand, MSMEs can more easily differentiate their products or services from competitors in the market. This allows MSMEs to highlight their advantages, in terms of quality, innovation, and service. In this way, MSMEs can attract the attention of consumers who are looking for unique and quality products or services. Furthermore, the existence of a protected brand also gives consumers confidence that the product or service has passed established standards and regulations, thus strengthening the image of professionalism and reliability of MSMEs in the eyes of consumers. With competitiveness strengthened by a strong and protected brand, MSMEs have a greater opportunity to survive and develop in a competitive market and expand their market share.

Increasing economic value is one of the important impacts of brand protection for MSMEs. A strong, legally protected brand not only builds consumer trust but is also a valuable

asset that can increase overall business value. By having a registered and officially recognized brand, MSMEs can more easily access financial resources such as capital investment, loans, or business partnerships. This is because a protected brand provides legal certainty and shows that MSMEs have a competitive advantage that has the potential to provide a good return on investment. Apart from that, a strong brand can also increase the selling value of MSME products or services, because consumers are more willing to pay more for products or services associated with trusted and respected brands. Furthermore, with a strong brand, MSMEs can more easily enter new markets or expand their business to wider geographic areas, opening up new opportunities for growth and expansion. Thus, brand protection not only furnishes benefits in terms of reputation and competitive advantage but also contributes significantly to increasing the overall economic value of MSMEs.⁸

⁸ Tasya Ramadhani, "Perlindungan Hukum terhadap Produk Usaha Mikro Kecil dan Menengah Terkait Merek yang Tidak Terdaftar di Indonesia", *Indonesia Journal of Law and Social Political Governance*, Vol 2, No. 1, 2022, hlm. 93.

Brand protection can increase the competitiveness of MSMEs in Indonesia in other ways, one of which is by helping MSMEs differentiate their products or services from competitors. With a registered and legally recognized brand, MSMEs can create a unique identity and communicate values that differentiate their products or services from others. This allows MSMEs to attract the attention of consumers who are looking for products or services that are different or have certain added value. Brand protection not only helps build reputation and consumer trust but also gives MSMEs the tools to compete in the market more effectively.

Brand protection can significantly increase the value of MSME products by providing a strong and trustworthy identity. A registered and legally recognized brand not only provides a guarantee of product quality but also gives the impression of exclusivity and reliability to consumers. By having a brand that is known and trusted, MSMEs can attract a wider market segment, including consumers who pay more attention to brand quality and reputation. Apart from that, a strong brand also allows

MSMEs to price their products higher, because consumers tend to be more willing to pay more for products that come from well-known and trusted brands. This in turn will boost the profit margins of MSMEs and help increase their overall business growth. Brand protection not only provides legal certainty and a fine prominence but also directly contributes to advancing product value and MSME profits in the market.⁹

Brand protection opens up new market opportunities for MSMEs by enabling them to enter wider market segments, both domestically and abroad. Registered brands give consumers confidence in new markets because a registered brand shows that the product has passed established standards and regulations. That way, MSMEs can use their brands to expand their market reach and attract the interest of new consumers. In addition, the existence of a protected brand also provides a guarantee of product consistency and quality, which can increase consumer confidence in new markets. By entering new markets, MSMEs can increase their sales and expand their business into previously

⁹ Ni Made Ayu Gemuh Rasa, *Pentingnya Kemasan dalam Pemasaran Produk*, (Surabaya: SCOPINDO MEDIA PUSTAKA, 2023), hlm. 2.

unreachable areas. Therefore, brand protection not only provides legal security, but also opens up new opportunities for MSMEs to develop and grow on a larger scale.

Brand protection helps MSMEs protect themselves from unfair competitive practices such as counterfeiting and plagiarism. With a legally registered brand, MSMEs obtain exclusive rights to use the brand, providing legal security against unauthorized use by other parties. This means that MSMEs have a strong basis to sue and take legal action against parties who try to use or imitate their brand without permission. This protection not only guards against financial losses that could arise due to imitation or counterfeiting but also protects the reputation and brand image of MSMEs. Thus, brand protection gives MSMEs confidence that their products or services are legally protected, helping to create a fairer and more profitable business environment for MSMEs' long-term growth.¹⁰

¹⁰ Supolo, d. D., "Peran Pemerintah Daerah dalam Rangka Perlindungan Hukum Merek Bagi Industri Kreatif UKM di Klaten pada Masa Pandemi Covid 19", *Kajian Hasil Penelitian Hukum*, Vol. 4, No.2, 2022, hlm. 858-883.

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In the digital era, the importance of a strong brand is becoming increasingly prominent in increasing the competitiveness of MSMEs. In the context of increasingly dominant online platforms, having a strong brand can be the key for MSMEs to differentiate themselves from competitors and attract consumer

attention. A strong brand creates a deep and compelling impression in the minds of consumers, helping MSMEs build a distinctive and prominent identity amidst the complexity of the digital market. In addition, with a strong brand, MSMEs can more easily build close relationships with their customers. Customer loyalty becomes more likely because consumers tend to be more interested in interacting with brands they know and trust. This opens up opportunities for MSMEs to build a strong and sustainable customer base, which in turn will increase sales and overall business growth. Therefore, in a digital era filled with intense competition, having a strong brand is not only a necessity but also a very effective strategy for MSMEs to survive and develop in an increasingly complex online market.¹¹

2. Barriers to Obtaining Brand Protection for MSMEs in Indonesia

One of the leading challenges in obtaining brand protection for MSMEs is a lack of understanding of

the importance of brand protection itself. Many MSMEs are less aware of the strategic value of brand protection in strengthening their position in the market. This lack of knowledge can result in MSMEs ignoring the brand registration process or not even realizing the need to protect their brand. As a result, they become vulnerable to the risk of product piracy or counterfeiting, which can damage their business reputation and reduce consumer trust. Apart from that, a lack of knowledge about the process and benefits of brand protection can also cause MSMEs not to take advantage of existing opportunities to strengthen their brands in the market. Therefore, to overcome this challenge, the government, related institutions, and non-governmental organizations ought to provide education and technical support to MSMEs about the importance of brand protection, as well as facilitate the brand registration process in an accessible and affordable way.¹²

The big challenge in getting brand protection for MSMEs is the

¹¹ Bowo, F. A., "Peran E-Commerce dan Strategi Promosi Ditinjau dari Kebijakan Klustering UMKM di Era Digital.", *Jurnal Perspektif-Jayabaya Journal of Public Administration*, Vol. 22, No.1, 2022, hlm. 59-74.

¹² Zora Febriena Dwithia Hidayat, d. R., "Pengembangan Potensi Produksi Usaha Mikro, Kecil, dan Menengah di Pondok Pesantren Melalui Pendampingan Hak Kekayaan Intelektual.", *Jurnal Hukum Bisnis Bonum Commune*, 2022, hlm. 67-83.

complexity and length of the brand registration process. This process is often time-consuming and requires a deep understanding of trademark law. For MSMEs which may have limited human and financial resources, managing the trademark registration process can be a very heavy burden and disrupt the focus of daily operational activities. In addition, the costs associated with trademark registration are also another significant challenge. The high cost of processing brand registration can be a major obstacle for MSMEs, especially for those operating with thin profit margins or limited initial capital.¹³

To overcome this challenge, efforts are made by the government and related institutions to simplify and speed up the trademark registration process, as well as reduce the associated costs. Steps such as providing clear guidance, training, and technical assistance on the trademark registration process can help MSMEs to better understand and overcome these barriers. In addition, supportive policies, such as reducing tariffs or

waiving registration fees for MSMEs, can help reduce the financial burden they face. By simplifying the process and reducing brand registration costs, MSMEs will be better able to utilize brand protection as a tool to increase their competitiveness and business growth in an increasingly competitive market.¹⁴

To increase brand protection for MSMEs, this can be done by increasing education and outreach about the importance of brand protection. This can be done through providing educational programs, workshops, and social campaigns that inform MSMEs about the benefits and process of brand protection. In addition, to overcome challenges in the complex trademark registration process, efforts need to be made to simplify and speed up the process. These steps include simplifying procedures, using digital technology, and increasing the accessibility of trademark registration services. Furthermore, providing incentives to MSMEs that have successfully

¹³ Disemadi, D. S., "Perlindungan Merek Produk UMKM: Konstruksi Hukum & Peran Pemerintah.", *Jurnal Yustisiabel Vol. 7, No. 1*, 2023, hlm. 65-87.

¹⁴ Santoso, W. G., "Arti Penting Perlindungan Merek Terdaftar Bagi Komunitas Penghasil Produk Ekonomi Kreatif", *Jurnal Pembangunan Hukum Indonesia Vol. 2, No. 2*, 2020, hlm. 205-221.

registered their brands can be an additional incentive to increase awareness and participation in the brand guardian. These incentives can take the form of fee waivers, offers of technical or legal assistance, or even support in marketing and promoting products under the registered brand. With the combination of these steps, it is hoped that MSMEs will be more motivated and able to protect their brands, thereby boosting their competitiveness and providing better protection for their businesses in an increasingly complex market.¹⁵

By providing brand protection for MSMEs, the importance of brand protection for MSMEs has a significant impact on encouraging economic growth in Indonesia. Brand protection allows MSMEs to build a strong identity and differentiate their products or services in the market, thereby expanding market share and increasing sales. With a protected brand, MSMEs can more easily attract investor interest, access financial resources, and expand the reach of their business, ultimately contributing to job creation,

increased income, and overall economic growth in Indonesia.

D. Conclusion

Micro, Small, and Medium Enterprises (MSMEs) have a very important role in the Indonesian economy, both as main contributors to Gross Domestic Product (GDP) and as significant job creators. However, despite their enormous contribution, MSMEs are still faced with various challenges, one of which is a lack of understanding and awareness of the importance of brand protection. Brand protection plays a key role in increasing the competitiveness of MSMEs in an increasingly competitive market. However, the complex trademark registration process and high costs are the main obstacles for MSMEs. Therefore, steps such as increasing education and outreach about brand protection, simplifying the registration process, and providing incentives to MSMEs need to be taken to increase brand protection and strengthen the position of MSMEs in the market. Thus, brand protection will not only provide direct benefits for MSMEs in terms of competitive advantage and business growth but will also contribute significantly to inclusive and sustainable economic growth in Indonesia.

¹⁵ Indrawati, S., "Upaya Peningkatan Kesadaran Hukum Perlindungan Produk UMKM di Kabupaten Kebumen Melalui Pendaftaran Merek", *Jurnal Surya Abdimas*, Vol. 4, No. 2, 2020, hlm. 37-43.

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