

Transformation of Micro Small and Medium Enterprises in Semarang through Implementation of Intellectual Property Rights as an Effort to Implement State Thinking that Happy the People's Law

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Abstract

Small and Medium Enterprises (MSMEs) are the largest economic supporter in Indonesia. Semarang is one of the vast regions in Indonesia and the capital of Central Java Province in this case also has MSMEs with great growth potential. Intellectual property rights are at the heart of the creative economy. Lack of understanding related to the urgency of Intellectual Property Rights can hinder MSMEs from transforming. IPR can make businesses more developed and avoid harmful disputes. This study aims to describe the understanding of MSME entrepreneurs in Semarang about IPR and how to transform MSMEs in Semarang through the Implementation of Wealth Rights. The method used is descriptive qualitative. The instrument used in this study used primary data, namely interviews and questionnaires which were distributed to SMEs in Semarang and also used literature studies. The results of the study show that the understanding of SMEs in Semarang already understands IPR, for business actors IPR is important as a form of legal protection, but there are still many business actors who do not understand how to obtain IPR. Therefore, it is necessary to reaffirm the understanding of the urgency of Intellectual Property Rights and how to obtain Intellectual Property Rights to make MSMEs transform to be more effective and efficient, and independent and the realization of a state of law that makes its people happy.

Keywords

UMKM; intellectual property rights; transformation



I. Introduction

Looking at the recent situation where Micro, Small, and Medium Enterprises (MSMEs) are increasingly mushrooming, this does not necessarily prevent MSMEs from new problems that arise. Talking about MSMEs, it is not far from intellectual property problems, where we all know that books are copyrighted works that come from the human mind that need to be given achievements. The awarding of achievements is in line with what has been regulated in the Law regarding intellectual property rights, copyrights, trademarks, patents, and other intellectual property rights. Indeed, it is not new, related to intellectual property rights education, there are obstacles in terms of copyright, previously there have also been many violations of intellectual property rights which are very detrimental to MSMEs. However, in the current state of massive technological progress, this is also in line with the discovery of new intellectual property rights violations.

The outbreak of this virus has an impact of a nation and Globally (Ningrum *et al*, 2020). The presence of Covid-19 as a pandemic certainly has an economic, social and

psychological impact on society (Saleh and Mujahiddin, 2020). Covid 19 pandemic caused all efforts not to be as maximal as expected (Sihombing and Nasib, 2020).

Due to the ongoing pandemic, based on data from the Directorate General of Intellectual Property of the Ministry of Law and Human Rights, there are only around 70 thousand MSME players who registered their trademarks from more than 65 million business actors in 2019 to 2021. (Putra, 2021. <https://www.merdeka.com/uang/kesadaran-umkm-indonesia-untuk-daftarkan-hak-merek-masih-kalah-dibandingkan-china.html>). However, the public's lack of understanding and lack of education regarding Intellectual Property Rights remain the main problem that causes people to be skeptical and reluctant to register IPR. Legality can make a business more developed and avoid harmful disputes. (Putra, 2021. <https://www.merdeka.com/uang/kesadaran-umkm-indonesia-untuk-daftarkan-hak-merek-masih-kalah-dibandingkan-china.html>).

The amount of data does not deny the problems that occur in MSMEs related to intellectual property rights. For example, problems can also be seen in the issue of MSMEs where a phenomenon is encountered that makes MSMEs increasingly lose their market share, moreover, the prices traded are very unequal with the original price, which is offered one-fifth of the original price. (Fuad, 2021. <https://www.idxchannel.com/economics/penjualan-buku-bajakan-makin-marak-di-marketplace-penerbit-ketar-ketir> diakses pada 16 September 2021). Data from the DJKI Annual Report shows that throughout 2019 there were at least 47 complaints of intellectual property infringement received by DJKI. The number of complaints that came in consisted of trademark infringement (34 complaints), followed by complaints of copyright infringement (7 complaints), patents (2 complaints), and industrial designs (4 complaints). This number increased compared to the previous year which only reached 36 complaints.

Judging from these facts, MSMEs should get legal protection for their products according to what is regulated in the relevant laws. Based on data released by the Central Statistics Agency in 2017 where there is still no pandemic in Indonesia, that MSMEs have a significant contribution to the economy in Indonesia, it is explained that MSMEs have a role of 61.41%, which absorbs workers with a percentage of 96,71%. Looking at the data and then aligning it with the current problems, it seems that the government should pay more attention to this. Many small and medium business actors do not know much about the urgency of intellectual property rights. The government needs to provide certainty about the protection of his books, not only from an economic point of view but also from an intellectual perspective. Seeing the data that most of the book business actors are MSMEs where they do not understand intellectual property rights themselves, will make it more difficult for MSMEs if they lack education about the importance of intellectual property rights.

This is what still the government's homework to always facilitate and advance business units that are still small to medium scale. There are still many MSME entrepreneurs who are constrained by business capital, marketing strategies, and access to digital technology. As a result, the business has been stagnant and has not made any significant progress. Although in fact, this UMKM is a manifestation of the government's inability to work on all aspects of development because it requires a lot of budget, personnel, and supervision. However, the role of the government is very much needed, especially in determining legal policies related to the progress of MSMEs.

In this case, progressive law breaks the deadlock. Progressive law demands the courage of law enforcement officers to create policies to civilize the nation. Humans create laws not only for certainty but also for happiness and prosperity. According to Satjipto Rahardjo, progressive law enforcement is carrying out the law not just black-and-white

words from regulations (according to the letter), but according to the spirit and deeper meaning (to very meaning) of the law or law. (Satjipto Rahardjo, 2009: XIII). Investigating more deeply, the perception of progressive law is a legal concept that is oriented towards empirical facts in society so that progressive law can be said to be in line with the conception of the rule of law that makes its people happy. This is a legal issue that can be studied how the government can respond to challenges in the interests of MSMEs through a progressive legal conception that is following the idea of a rule of law that makes its people happy.

Based on the explanation above, the researcher is interested to study further this issue with the title "Transformation of Micro Small and Medium Enterprises in Semarang through Implementation of Intellectual Property Rights as an Effort to Implement State Thinking that Happy the People's Law". The researcher considers that it is necessary to implement intellectual property rights education as the most concrete solution to overcome the low public awareness to register intellectual property rights which is the actualization of law by involving all stakeholders from the government, academics, legal service providers, to the community itself. Through the involvement of many parties, the resolution of legal problems can be resolved effectively and efficiently but still optimally.

Based on the background described above, the researcher formulated several problems that would be studied further. The issues that will be raised are:

1. How do MSME business actors in Semarang understand the urgency of intellectual property rights in business development??
2. How to transform MSMEs in Semarang through the Implementation of Intellectual Property Rights?

II. Review of Literature

2.1 Business Actors in Semarang

Semarang is the capital city of Central Java with a central city of trade and industry which has leading sectors in manufacturing, agriculture, and tourism. Based on this potential, Semarang has a very high economic growth rate, especially in the tourism sector. This economic growth is supported by the existence of the creative industries of the MSMEs themselves, such as in the fields of processed food and beverages and handicrafts (Eko Nur Wahyudi, 2019:14).

The creative industry in Indonesia needs to be developed because it has an important role in the economic development of the country and the region, namely as follows: (Dani Danuar Tri, 2013:2)

- a. make a significant economic contribution such as increased employment
- b. create a positive business climate that impacts other sectors,
- c. build the image and identity of the nation such as national icons, and build cultural heritage and local values,
- d. Increase knowledge and increase creativity
- e. create innovation and creativity which are the competitive advantages of a nation,
- f. Providing social impact by improving quality of life and social tolerance.

Each region in Indonesia has its characteristics, such as Solo with its batik, and Jepara with its carvings. However, this does not happen in the city of Semarang, which is the capital of the province of Central Java and has a local cultural heritage that has good potential to be developed which does not even have the characteristics of local products in terms of culture.

2.2 MSME Transformation

The creative industry plays a major role in accelerating the growth of economic development, besides that it can also create a positive business climate, can strengthen the identity of the Indonesian nation, can support the use of renewable resources, can become a center for creating innovation and the formation of creativity, and can have a positive social impact. The development of the creative industry in MSMEs is very important because it is proven that MSMEs can make a large enough contribution to GDP and can overcome unemployment.

The majority of small and medium industries in Indonesia still do not have the basis for intellectual property rights for businesses that are being run, meaning that business actors have not fully paid attention to the level of efficiency and effectiveness of the businesses they run. Lots of new opportunities open up. This digital wave is like opening up new land according to their respective fields. However, 99% of young Indonesians are not competing to take this opportunity for Indonesia, but are competing to sell our digital land to foreign parties. So that local products from MSMEs seem to be marginalized due to the rush of dominating foreign products. The important thing that MSMEs must prepare is related to the legality of the intellectual property rights of their products. However, foreign products dominate the market in Indonesia which will create a gap between local products produced by MSMEs in Indonesia, which are still relatively small in competition with foreign products under the auspices of large companies, so that a capitalist economy will gradually grow. Horkheimer and Adorno review further, that production is no longer to meet needs but creates new needs that are continuously created for the sake of production growth. (Rustamaji, 2017:7) Therefore, a deeper understanding is needed regarding intellectual property rights for MSME business actors so that MSME transformation occurs.

2.3 Thoughts of the Rule of Law That Make the People Happy

Indonesia is a constitutional state that is contained in the constitution through the fourth amendment and is included in the body of the constitution, namely Chapter 1 concerning "Form and Sovereignty" with Article 1 paragraph (3) which "Indonesia is a state of law".

The rule of law in Indonesia is not only seen from the final structure, but also in terms of the process, which is continuously improved to become better. (Satjipto Rahardjo, 2009:90) Even though it is only a written document, the reading of the 1945 Constitution of the Republic of Indonesia needs to be done specially, not like we read ordinary texts, but rather a meaningful reading, which Ronald Dworkin referred to as "moral reading". From this reading, it can be constructed that the Indonesian legal state is a country with a conscience.

The Indonesian state of the law has a moral responsibility which is required to actively "go to the field" (affirmative action) to create happiness for the people of Indonesia. That way, in reading or understanding the Indonesian constitution, we find an important moral value and commitment to be realized, namely to present and build a "state that makes its people happy". All things stated in Pancasila and the details of the body of the constitution indicate that moral direction. The idea of "a rule of law that makes its people happy" has come to a paradigm of "law for humans". This paradigm requires that the way we have a legal state is encouraged not to be linear, but progressive and meaningful.

About MSMEs, the principle of a state of law that makes its people happy provides fresh air for business actors. This is also supported by the 5th principle of Pancasila,

namely social justice for all Indonesian people. With this principle, it is hoped that there will be guarantees through the legality of Intellectual Property Rights for MSMEs to give exclusive rights to their owners so that economic rights and moral rights can be felt by MSMEs and can reduce losses due to plagiarism or imitation by irresponsible persons. The legality of Intellectual Property Rights can provide both economic impetuses for the sustainability of MSME activities and also provide a moral impetus to spur the creativity of MSME actors and the community.

2.4 Intellectual Property Rights as Legal Protection

With the existence of intellectual property rights for MSMEs as an effort to protect the law regarding legal protection is not far from the theory of legal protection where this theory comes from the theory of natural law. Natural law explains that law comes from God with a universal and eternal nature, the school considers law and morals to be a unity that is related to each other. Laws and morals are considered as reflections and rules both internal and external of human life which are realized by the existence of law and morals. (Satjipto Raharjo, 2000:53).

Regarding legal protection, Philipus M. Hadjon gave his opinion that legal protection is the protection of dignity and worth, as well as the recognition of the rights possessed by a legal subject based on legal provisions preventive and repressive, which aims to resolve disputes. (Philipus Hadjon, 1987:2).

If intellectual property rights are rights granted by the State, in this case, it is a state of the law as protection given to its citizens. Based on some of these opinions, it is confirmed that the role of the government is very very influential on legal protection, even legal protection can be said to be the duty of the government to provide facilities to the community to obtain convenience in their activities. Especially considering that the legal protection of intellectual property rights is intended to encourage individuals in society to encourage both intellectual and creative abilities so that they can stimulate the desire to create as many useful copyrighted works as possible (Iswi Hariyani, 2010:17).

III. Research Method

The method used in this research is descriptive qualitative. To obtain data on the understanding of MSMEs regarding intellectual property rights, it was conducted using a questionnaire to MSME actors in the city of Semarang in this study also used library research methods to find out how to transform MSMEs in Semarang through the implementation of intellectual property rights by using references and literature review. Techniques Data analysis is carried out qualitatively, all existing data is interpreted and described based on theories and normative provisions in various existing laws and regulations.

IV. Results and Discussion

4.1 Understanding of MSME Business Actors in Semarang Regarding the Urgency of Intellectual Property Rights in Business Development

Intellectual property rights are very important rights for the owner of the work. However, the obstacle to the development of intellectual property is the lack of public awareness in understanding the urgency of intellectual property rights. This is very closely related to the characteristics of developing countries where there are many pros and cons to

the existence of Intellectual Property Rights, especially in this research conducted in Semarang.

Semarang is a large area in Indonesia because it is the capital of the province of Central Java. Based on the size of the Semarang city area, this makes the author wants to know more about the development of MSMEs in Semarang.

Based on the results of the questionnaire and the data obtained by the researchers, the following data were obtained:

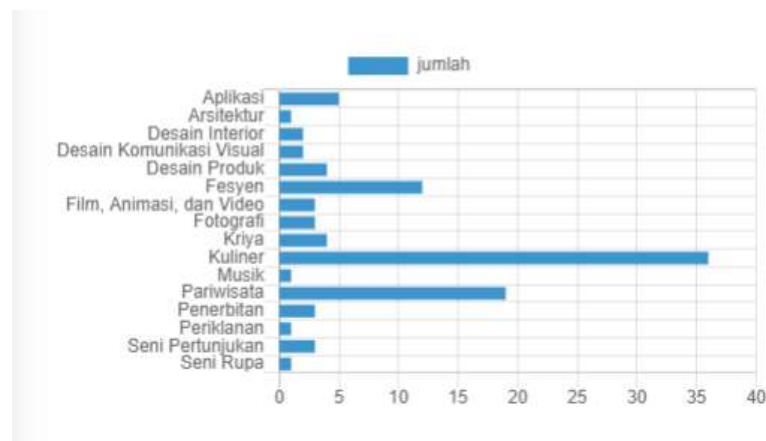


Figure 1. Questionnaire and the data obtained by the researchers

Based on the results of the questionnaire conducted by respondents who work in the culinary field, it becomes the most dominant sub-sector with a total of 36 (thirty-six) participants. Then followed by tourism and fashion, which had a large number of 19 (twelve) and 12 (twelve) people, respectively. Based on these data, it can be concluded that the Semarang area has various variants of the creative industry sub-sector which illustrates how much enthusiasm the community has concerning MSMEs. From these data, it turns out that MSMEs in Semarang are quite varied.

IPR is the heart of the creative economy, IPR is questionnaire and the data obtained by the researchers important for business actors as a form of legal protection for their intellectual works. However, there are still many business actors who do not know the procedures for obtaining these intellectual property rights. This is not only a problem in Semarang but also a widespread problem in developing countries such as Indonesia. Based on this, the researchers distributed questionnaires to describe how the understanding of MSMEs in Semarang on the urgency of Intellectual Property Rights for business actors which then obtained the following data:

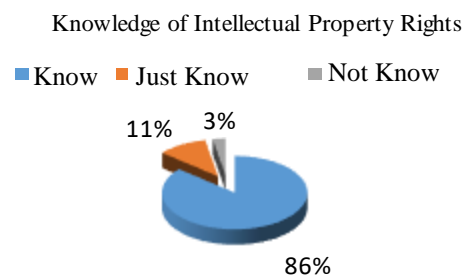


Figure 2. Knowledge of Intellectual Property Rights

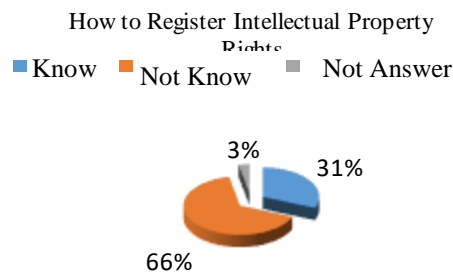


Figure 3. *How to Register Intellectual Property Rights*



Figure 4. *Intellectual Property Rights Registration*



Figure 5. *The Urgency of Intellectual Property Rights*



Figure 6. *Desire to Register Intellectual Property Rights*

Based on the data obtained from the results of the questions posed in the questionnaire submitted to the respondents, namely business actors in Semarang, it can be concluded that the level of knowledge about Intellectual Property Rights by MSME actors in Semarang can be said to be quite good, reaching a percentage of 86% of the total respondents. However, regarding the understanding of how to obtain Intellectual Property Rights such as registration and awareness of Intellectual Property Rights registration itself

is still relatively low because, based on data obtained from researchers, 60% of respondents do not know how to obtain Intellectual Property Rights and there are still around 61 % of business actors in Semarang have not registered their Intellectual Property Rights. However, all respondents answered in their entirety that they agreed to say that Intellectual Property Rights were important and if given the opportunity, all respondents stated that they wanted to register Intellectual Property Rights. Based on these data, it can be concluded that the understanding of business actors in Semarang regarding intellectual property rights is only limited to knowing what intellectual property rights are but not yet at the stage where they understand and know how to obtain these intellectual property rights.

4.2 How to Transform MSMEs in Semarang through the Implementation of Intellectual Property Rights

Observing the current conditions, it seems that MSMEs need to be transformed to improve their business effectiveness and efficiency and also give the characteristics of MSMEs in Semarang because it must be given a stimulus so that they can transform properly. The stimulus can be in the form of a strategy that can work effectively and efficiently. Some strategies that can be a stimulant are as follows:

a. A Conducive Business Environment Development Strategy

The development of a conducive business environment for Small and Medium Enterprises (MSMEs) is intended to increase the competitiveness of KUMKM by creating the widest possible business opportunities, eliminating high economic costs, and ensuring a healthy market mechanism. For this reason, coordination and synergy with other agencies foster a conducive business climate for MSMEs.

The development of a conducive business environment requires the existence of a legal basis and various implementing policies that enable MSMEs to compete healthily with other business actors. The Ministry of Cooperatives and MSMEs can encourage the birth of policies and laws and regulations that are pro-SME development.

b. MSME Development Strategy through Productive Resources

In general, the establishment of a business unit is oriented towards profit or turnover to be obtained. This also applies to the establishment of MSMEs. Until now, the problem is how MSMEs can generate maximum turnover with minimal effort. In selling a product or service, it is often found that there is a branding strategy, marketing, and it leads to selling or is currently referred to as a Pull Selling strategy. This is where the challenge is how MSMEs can currently rack their brains and come up with out-of-the-box thinking that can encourage maximum sales with the same orientation, namely obtaining maximum turnover. This strategy can be called Push Selling, which is a strategy used to cut the branding and marketing phase so that it goes directly to the actual output or selling itself. Push selling can be done by way of MSME actors expanding their sales through the door-to-door method, namely the method of visiting consumers directly, either online or offline. This is the basic difference between Pull Selling and Push Selling. Previously, business actors were waiting for consumers to arrive, now business actors must be more proactive in 'picking up the ball'.

Productive resources are also related to how much individual ability can rejuvenate the company's management or 'dismantle' the joints of the company that are deemed out of date and can hinder the running of the company itself.

c. Strategy to Increase Synergy and Role of Community Participation

Synergy and community participation in economic development is the embodiment of economic democracy. The strategy to increase synergy and community participation is carried out with an approach to increasing community participation in the planning, implementation, and evaluation of MSME development; capacity building of coaching institutions and the business world to participate in the development of MSMEs; campus participation in community service to foster MSME actors; and institutional development of MSMEs.

Apart from the strategies described above, one thing that is needed when an MSME wants to transform to be more advanced is the legality of Intellectual Property Rights on the products offered. Based on data released by the Central Statistics Agency in 2017 where there is still no pandemic in Indonesia, that SMEs have a significant contribution to the economy in Indonesia, it is explained that SMEs have a role of 61.41%, which absorbs workers with a percentage of 96,71%. Looking at the data and then aligning it with the current problems, it seems that the government should pay more attention to this. Many small and medium business actors in Semarang do not understand more deeply the urgency of intellectual property rights.

Seeing the data that most business actors do not understand intellectual property rights themselves, will make it more difficult for MSMEs to maintain their existence because they have lost competitiveness with other business actors who easily take ideas from one MSME product whose price is very unequal when compared to other businesses. original.

Intellectual property rights can have a good impact on MSME actors and also the government so that it can give birth to a symbiotic mutualism that will have an impact on community welfare and economic growth. The Semarang government needs to cooperate with MSME business actors to register Intellectual Property Rights for their products and also develop activities that aim to increase awareness and understanding of Intellectual Property Rights.

The development of the rule of law in the world takes different times and in their way. Likewise, the Indonesian state of the law in this case delegates its duties to the Semarang government to provide welfare for its people through MSMEs. The State of Law of Indonesia is developing by basing guidelines on Pancasila and the 1945 Constitution of the Republic of Indonesia. The running of the State of Law under the guidelines can lead the people to their happiness. One way to make the people happy is for the State to be present in facilitating the businesses run by the majority of the Indonesian people, namely the Small and Medium Enterprises (SMEs) sector. As a legal state that makes its people happy, the state needs to actively intervene in all economic activities of the Indonesian people, especially in this discussion is Semarang, in this case, it needs to be active in the process of transforming MSMEs in Semarang. The intervention can be through legal policies in Semarang. Examples of legal policies that can help MSME actors in Semarang certainly present social justice for all Indonesian people and bring prosperity to the Indonesian people.

V. Conclusion

1. Most MSME business actors in Semarang already understand what IPR is and understand the importance of IPR as a form of legal protection, but there are still many MSME business actors in Semarang, many business actors do not know how to obtain IPR.
2. The transformation of MSMEs in Semarang can be done by implementing Intellectual Property Rights for MSMEs by providing space for registration of Intellectual Property Rights and also socialization to increase understanding of the procedures for obtaining IPR which can be done through government intervention in the formulation of legal policies.

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