



Protection of UMKM in Sustainable Creative Economy Development in Indonesia

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Abstract. This study aims to explore the protection related to UMKM in the development of a sustainable creative economy in Indonesia with a descriptive normative legal research method. This is because researchers examine primary legal materials and secondary legal materials, which consist of legal materials (laws, jurisprudence, other unwritten laws) as well as principles related to the problems studied, namely how to protect UMKM in the development of the creative economy sustainable in Indonesia. With the protection of UMKM in the development of the creative economy, it will have a good impact on the national economy because by utilizing intellectual property in UMKM, the vision of the Indonesian nation to become a developed country will be realized. Likewise, by implementing intellectual property in the face of a very tight free market in this era of globalization, it is very necessary for the participation of SMEs based on a creative economy to realize the vision of the Indonesian nation with innovative and creative human resources in the current era of globalization. So it is necessary to protect UMKM to carry out sustainable creative economic development in Indonesia.

Keywords: Protection · UMKM · creative economy

1 Introduction

The economic system in the era of globalization has shaped the developing world of the economy. Globalization occurs in all aspects of life such as economics, social culture, politics, science, technology, law and so on. Characterized by the evolution of information that requires new norms and values of life on a national and international scale. In the economic field, the main driver of globalization is the increased flow of information, money and goods through multinational corporations. Global trade is increasingly prevalent in cooperatives. Globalization has shaped the pattern of a country's economic life. Thus, economic globalization can be seen through its perspectives and perspectives. The level of economic interdependence that has occurred has occurred in the past. The only difference is that now the intensity of interaction between nations and countries is increasing, this increase does not necessarily make the economy integrated globally, which greatly affects the existence of Micro, Small and Medium Enterprises (UMKM).

The development and steadiness of the nation's economy can be aided by the proliferation of micro, small, and medium enterprises (UMKM). Discussions at UMKM can

lead to the development of useful new occupations. UMKM are labor-intensive firms that don't necessitate certain standards like the level of education, skills (skills) of workers, the usage of venture capital, and the technology used. To this day, UMKM remain vital to the expansion of Indonesia's business sector, the development of new jobs, and the expansion of the country's GDP.

Strategically, UMKM plays a key part in national economic development by contributing to economic growth, maximizing the use of human resources, and ensuring that the benefits of development are shared by all. Due to their importance as a foundation for Indonesia's burgeoning creative economy, small and medium-sized enterprises (SMEs) have been a primary focus of private sector development efforts since the global financial crisis. Creative economy is an economic activity derived from creative intellectual property derived from cultural, scientific, and technological heritage.

In Indonesia alone, the creative economy sector can be divided into 16 sectors, namely: film, animation and video industry, interactive games, performing arts, music, advertising, architecture, artistic goods, crafts, design, fashion, publishing and printing, television and radio, research. And development of creative industries, culinary, computer services and software, application and game developers.

Researchers will examine existing social issues about how to protect UMKM in the development of a sustainable creative economy in Indonesia? To answer these social issues, the researcher uses a descriptive normative legal research method. This is because the researchers used primary and secondary data consisting of legal materials. The data obtained by the researchers used a qualitative analysis approach. Furthermore, to achieve the research objectives, the researcher also interprets with sociological and historical interpretations.

2 Method

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3 Result and Discussion

3.1 Development of UMKM in Indonesia

The cooperative movement and the UMKM both make substantial financial contributions to local and national economies (Ali Zaenal Abidin, 2017: 462). In order to achieve economic democracy, it is necessary to strengthen the role of micro, small, and medium-sized businesses. This is due to the fact that economic democracy is in a prime position to foster a prosperous and equitable national economy. So, according to Article 1 of UU Nomor 20 Tahun 2008 on Micro, Small, and Medium Enterprises, UMKM means:

1. Micro-enterprises, as defined by this Law, are economically productive firms owned by people or separate legal organizations.

2. An independent, economically productive business that is not a subsidiary or branch of a UMKM company that is owned, controlled, or becomes a part, directly or indirectly, of a Medium Enterprise or Large Enterprise that meets the criteria for Small Business as referred to in this Law is considered a Small Business.
3. Without being a subsidiary or branch of a company that is owned, controlled, or becomes part either directly or indirectly with Small Businesses or Large Businesses with total assets. Net or annual sales proceeds as regulated in this Law, Medium Enterprises are independent economic businesses that produce goods and services.
4. Large Firms are defined as those that are either state-owned or privately-owned national businesses, joint ventures, or international businesses doing economic operations in Indonesia, and have a net worth or yearly sales figures greater than those of a Medium Enterprise.
5. Micro, small, medium, and large enterprises (MSEs, SMEs, and LLPs) operating in and legally based in Indonesia constitute the Business World.

3.2 Creative Economy in Indonesia's

Financial Structure The goal of any enterprise should be to maximize profit within the context of the market (Ni Luh Made Mahendrawati, 2021: 362). Due to the nature of Indonesia's economic system, it is clear that the creative economy cannot thrive without the backing of the economic sector, and vice versa. The term "creative economy" refers to an economic model that places value on ingenuity and originality in human expression. If the creative economy is developed in such a way that the birth of a new economic wave necessitates innovation and community creativity, it will be able to compete and have an effect on social life. When participating in the creative economy, having access to high-quality human resources is essential. Therefore, the idea of a creative economy needs to be in sync with the aptitude for invention and originality shown by the local community in the management of its current potential.

Because the creative economy sector focuses more on community ingenuity in leveraging existing local potential, it offers developing countries a way to keep up with global economic advancements. In addition, the quality of human resources in cultivating creative intelligence is crucial to the growth of the creative economy in particular regions. That is to say, fostering the growth of the creative economy is a different type of economic activity that can help a community realize its full economic potential.

3.3 Protection of UMKM in the Development of a Sustainable Creative Economy in Indonesia

In the era of globalization, especially in the economic field, there are many consequences. Several events show that market power provides benefits (David Scheffman, 1991/1992:18). The Asean Economic Community (AEC) was formed as a result of global competition that was realized through the free market so that ASEAN countries formed an economic integrity. Therefore, all business actors in Indonesia are immediately prepared to improve their quality, including Micro, Small and Medium Enterprises (UMKM) who need to know the ins and outs and study the market conditions of ASEAN countries.

AEC faces considerable challenges to the reality that stands on the pillars of a single market and regional production base. As the AEC pillar develops, it is clear that UMKM in Indonesia will face stiff competition from other countries. This inevitably requires UMKM to get ready and clean up so that they can adapt to changes in global policies. Global competition policy makes two significant contributions to current debate and dialogue (Edward M. Graham, 1997:289). In the implementation of AEC, the competitiveness of UMKM in Indonesia is an important point that must be prioritized. UMKM or Micro, Small and Medium Enterprises have a very strategic role in national economic development. However, in reality there are still many obstacles, including the number of UMKM that do not meet bank requirements even though there are many regulations issued by the government, so they cannot enjoy the KUR policy. Then the lack of knowledge and understanding of bookkeeping often causes UMKM to eventually go out of business because they do not have control over their finances.

In addition to this, there is also the purpose of empowering UMKM as referred to in Article 5 which reads:

- a. Realizing a balanced, developing, and equitable national economic structure;
- b. Growing and developing business capabilities
- c. Micro, Small, and Medium Enterprises become strong and independent businesses; and
- d. Increasing the role of Micro, Small, and Medium Enterprises in regional development, job creation, income distribution, economic growth, and alleviating poverty.

Indonesia is a nation with a contribution of 60% derived from UMKM. Therefore, within Indonesia, UMKM are corporate units that play a significant role in the national economy to increase foreign exchange. Micro, small, and medium-sized companies (UMKM) play a significant role in the sustainability of the Indonesian economy because they are responsible for creating new jobs for 96.87% of the labor force. The contribution of UMKM to the national gross domestic product is predicted to increase by 5% in 2019. With this projected development, UMKM's contribution to the national gross domestic product (GDP) in 2019 might reach 65 percent, or around Rp. 2,394.5 trillion. In 2019, UMKM's contribution to the national GDP reached approximately 60.34 percent.

Micro, Small and Medium Enterprises (UMKM) are economic stimulators in developing countries (Roswita Hafni, 2015:78). UMKM in Indonesia themselves have a significant role in increasing employment, the formation of gross domestic product (GDP), as well as providing for people affected by the financial and economic crisis. The contribution of UMKM in the creation (GDP) in 2011 reached 55.20% of the total national GDP.

But of course there are inhibiting factors. Behind all the great potential of UMKM, there are also several factors that can hinder the development of UMKM. Factors include capital, management, human resource capabilities, including weaknesses in the production system. Constraints for UMKM in marketing their products are also caused by the lack of information on market access. Coupled with the existence of illegal levies that are difficult to abolish, the conditions become unfavorable.

It is certain that UMKM will not be able to develop if UMKM are not given protection by the government. This means that small businesses cannot thrive in a standing

position of the same height, sitting as low, with much greater effort. For small businesses, protection is an important keyword, given that the challenges of economic liberalization are getting bigger. On this basis, legal protection for UMKM has been adequately regulated by law No. 20 year 2008 concerning Micro, Small and Medium Enterprises (UMKM), and Government Regulation No. 7 of 2021 concerning the Ease, Protection, and Empowerment of Cooperatives and Micro, Small, and Medium Enterprises. The federal government and municipal governments have provided UMKM that require legal help and assistance services like as legal counseling, legal consultation, mediation, and out-of-court assistance greater financial consideration.

Coupled with the fact tha UMKM in Indonesia are one that can develop the creative economy because of their nature that prioritizes innovation and ideas, this reflects an entrepreneur. The creative economy prioritizes human resources as an economic driver because of its nature that prioritizes intellectual property. So that the main concept of the creative economy uses ideas and ideas to create a creative economy. This is in accordance with Indonesia's vision of becoming a developed country. There are thoughts, ideals, imagination, and dreams to become a society with a high quality of life, prosperous, and creative. The power of creativity must be based on an advanced way of thinking, full of new ideas that are different from the existing ones.

This causes the role of UMKM in the development of the creative economy in Indonesia is very important. UMKM become a forum for the development of new innovations, new ideas and ideas which indirectly create a new creative economy. HR is required to have high creativity so that it is hoped that one day it can be sold and has value. The existence of UMKM is very important in the development of the creative economy so that it is expected to achieve Indonesia's vision and mission, namely as a creative and innovative developed country.

Especially in today's global economy with free trade. UMKM are required to be able to keep up with global economic developments marked by the use of technology and communication. Free trade causes global economic competition to become increasingly fierce so that economic activities based on exploration and exploitation of creative ideas with higher selling values are needed, of course with global competitiveness. These creative ideas come from human resources. So that the implementation of creativity and ideas with the use of technology in UMKM will be able to increase the selling value of the business because it already has a characteristic with its own ideas and does not forget to follow the development of the global economy that is currently being used (technology) so that it can compete in the era of globalization.

So with the importance of UMKM for the development of a sustainable creative economy in the current era of globalization, a protection must be made for UMKM. As a state of law, it is fitting for our government to establish a basic concept which contains legal guidance on the development of national law for a certain period of government. Factors that lack UMKM, such as limited capital, weak technological mastery, and weak quality of human resources, are often the focus, rather than the consequences arising from the absence of adequate protection and empowerment. The government's macroeconomic political policies are often misguided, anyone knows that the political economy is often not right on target and does not provide protection for UMKM from a business competition. UU Nomor 20 Tahun 2008 concerning Micro, Small and Medium

Enterprises (UMKM) has explained the objectives of UMKM as also stated in Article 3 which reads:

"Micro, Small and Medium Enterprises aim to grow and develop their businesses in the context of building a national economy based on just economic democracy."

However, due to the lack of attention and protection for UMKM, in the end not a few Indonesian UMKM products, which incidentally have high value and have traditional values, have actually been stolen by other parties. It is undeniable that the business and trade sectors are closely related to Intellectual Property.

Therefore, to protect the intellectual property rights of SMEs in order to develop a sustainable creative economy in the era of globalization, the government has provided protection, one of which is the issuance of law Nomor 15 Tahun 2001 concerning Trademarks. In the regulations, it has been mentioned regarding the definition of Mark. Brand serves to provide a difference to the goods and services of the products produced by a company with other companies. The benefits of protecting Intellectual Property Rights, especially in the field of trademarks, for UMKM include the potential to increase the selling value of UMKM products and get special rights or what is known as exclusive rights to these UMKM. So seeing the many advantages that can be obtained from trademark registration, it is necessary to strive continuously for the creation of an UMKM product that has the capacity in terms of law and quality to compete at a wider level.

4 Conclusion

Protection of UMKM in the development of the creative economy in Indonesia can be realized by registering intellectual property, namely brand rights for the products they produce. Because ideas and ideas are intellectual property that will be the difference between one UMKM and another. This has been regulated in law No. 15 year 2001 concerning Marks. Registration of trademarks is not only beneficial for business actors but also the public as consumers because consumers can sort out before choosing. However, due to the limited knowledge of UMKM on brands, it is hoped that relevant stakeholders can provide counseling to UMKM business actors in the form of lectures, knowledge about brands and socialization.

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