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Implementation of Tariff and Non-Tariff Policies for Micro and Small Enterprise Trademark Applications Based on Cross-Institutional Recommendations in West Java Province

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Abstract

Trademark applications submitted by Micro and Small Enterprises (MSEs) in Indonesia exhibit a pronounced temporal concentration, consistently peaking during the third and fourth quarters of the fiscal year. This phenomenon raises questions regarding the efficacy of current facilitation frameworks. Analyzing the implementation of trademark policies in West Java Province—the region with the highest cumulative MSE trademark applications from 2020 to 2025—reveals the underlying drivers of this uneven distribution. Utilizing a qualitative descriptive approach, primary data were gathered through in-depth interviews with the Directorate General of Intellectual Property (DJKI), the West Java Department of Industry and Trade, and MSE beneficiaries, triangulated with longitudinal application statistics. The findings indicate that the reduced policy tariff of Rp. 500,000 is widely perceived as affordable and serves as a significant initial stimulus for registration. The timing of these applications, however, is not dictated by the tariff but is heavily dependent on regional policy delivery mechanisms, specifically the operational schedules of government facilitation programs and regional budget absorption cycles. Non-tariff factors have emerged as the primary bottlenecks in policy implementation. High compliance costs stemming from the manual validation of MSE recommendation letters, the complexity of navigating digital service platforms, and the psychological burden of potential application rejections necessitate substantial mitigation efforts, such as preliminary trademark database searches. The transition of barriers from financial constraints to administrative burdens underscores the necessity for automated cross-institutional data integration and decentralized registration assistance to streamline the intellectual property protection process for MSEs.

Keywords: Trademark Policy, Micro and Small Enterprises, Administrative Burden, Intellectual Property Rights, Policy Implementation

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INTRODUCTION

Brands serve as a distinguishing product identity and a means of protection against unfair business competition, but many business actors have not registered their brands due to limited information, perceived high costs, and procedural complexity (Balqis & Santoso, 2020). The government's support for Micro and Small Enterprises (MSEs) is emphasized in Law Number 11 of 2020 concerning Job Creation and is realized through the differentiation of Non-Tax State Revenue (PNBP) rates in Government Regulation Number 45 of 2024, namely the MSE brand rate of IDR 500,000 per class for online registration, much lower than the general rate of IDR 1,800,000. As compensation, applicants are required to attach a MSE recommendation letter issued by a technical ministry or regional office, so that the implementation of this policy depends on cross-institutional coordination between the central and regional governments.

Problems arise in the implementation of the MSE trademark application policy, where applications are not evenly distributed throughout the year. Although the Rp500,000 rate is fixed and accessible at any time by MSEs, DJKI data from 2020–2025 shows a concentration of MSE trademark applications in the third quarter and especially the fourth quarter, both nationally and in West Java. This phenomenon creates an unbalanced workload and has the potential to create a backlog in trademark application processing at DJKI; as of early 2025, DJKI recorded a backlog of approximately 50,000 trademark application documents (both general and MSE), requiring a reallocation of human resources at DJKI to resolve them. The West Java location was chosen as a case study because it has three representative characteristics for research, namely (1) the concentration pattern of MSME brand applications in Quarters III–IV, (2) the highest cumulative number of MSME brand applications (19,752 applications), and (3) the largest MSME population in Indonesia at 5.4 million business units (Ministry of MSMEs of the Republic of Indonesia, 2025).

Most previous research has focused on legal trademark protection and business actor awareness (Yushardy et al., 2024), while studies on the dynamics of MSE brand tariff policy implementation based on cross-institutional recommendations and their relationship to the distribution of application times are still limited. This article focuses on how the concentration phenomenon forms, its causes, and how non-tariff factors influence implementation, drawing on NVivo processing results and quantitative observational data.

METHOD

The study employed a qualitative, exploratory approach because the phenomenon of application time concentration is not only caused by statistical factors, but also by policy factors and administrative behavior that need to be explained through interviews and

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narrative analysis (Poth & Searle, 2021; Swift, 2022). Primary data were obtained through semi-structured interviews with five key informants: informants from the Directorate General of Intellectual Property (DJKI) and the West Java Department of Industry and Trade (Disperindag) selected using purposive sampling, and three MSEs (Micro, Small, and Medium Enterprises) selected using random sampling (Table 1). Secondary data included statistics on DJKI trademark applications for 2020–2025 for the national and West Java MSE categories, the number of facilitations provided by Disperindag (Disperindag) in 2022–2025, letters of formality deficiencies, DJKI performance reports, policy documents, and trademark resolution procedures in six ASEAN countries.

Table 1. Research Informants

Code	Agency/Role	Position/Business	Interview Time
DJKI	Directorate General of Intellectual Property (Central Implementation)	Head of Sub-Directorate of Trademark Applications and Services	June 5, 2026
Department of Industry and Trade	Department of Industry and Trade of West Java Province (Regional Implementer)	First Expert Industry and Trade Extension Officer	June 9, 2026
UMK 1	Deffilicious Brand (Beneficiary)	Business owner	June 19, 2026
UMK 2	NYH Tieta Brand (Beneficiary)	Business owner	June 23, 2026
UMK 3	Sangulawuh-Bonsca Brand (Beneficiary)	Business owner	June 10, 2026

Source: Author, 2026.

Qualitative analysis was conducted using NVivo 15 software, which enhances research reliability by providing a transparent audit trail (Bazeley & Jackson, 2013). The stages included transcription and import of the five informants' transcripts as source files, coding of meaning units, and visualization of the results. Documentation studies were used to identify quantitative patterns (Bowen, 2009). Coding consisted of three main codes: T1: responses to tariffs, T2: the relationship between tariffs and non-tariff factors and submission time patterns, and T3: non-tariff factors, which were further subdivided

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into 20 derivative codes (Table 2). Validity was ensured through triangulation of sources and methods, as well as member checking with key informants.

Table 2. Research Code Structure in NVivo 15

Main Code	Derived Code
T1 Response to tariffs	T1.1 Perception of tariff affordability; T1.2 Tariffs as a trigger for registration decisions; T1.3 Equivalence of tariffs and benefits; T1.4 Tariffs expand access to services
T2 Relationship between rates and application time patterns	T2.1 Fees for expediting/delaying applications; T2.2 Dependence on fee facilitation; T2.3 Program schedule and government facilitation; T2.4 Non-tariff user momentum; T2.5 Concentration of applications in Q3–Q4; T2.6 Response to facilitation wait times
T3 Non-tariff factors	T3.1 Learning cost; T3.2 Compliance cost of documents & requirements; T3.3 Compliance cost of pre-submission time; T3.4 Application completion time; T3.5 Psychological cost of status uncertainty; T3.6 Risk of rejection & mitigation of initial checks; T3.7 Service resources & capacity; T3.8 Coordination & integration between agencies; T3.9 Information systems & digital services; T3.10 Service volume & potential arrears

Source: Author, 2026.

RESULTS AND DISCUSSIONS

The Phenomenon of Concentration of MSME Trademark Applications

The number of MSE trademark applications increased year-on-year in response to the policy of expanding access to trademark protection, but a consistent spike occurred in the third and fourth quarters of 2020–2025. Applications were not evenly distributed, but rather concentrated in certain periods, and this national pattern was also reflected in West Java, where there was a significant increase in the fourth quarter (Tables 3 and 4).

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Table 3. National MSME Trademark Applications per Quarter, 2020–2025

Year	TW1	TW2	TW3	TW4	Increase in Q4–Q1
2020	1,404	1,034	2,429	5,662	303.3%
2021	2,332	2,539	2,702	6,477	177.7%
2022	3,168	2,853	5,460	10,663	236.6%
2023	4,486	4,381	6,760	10,497	134.0%
2024	3,162	5,736	10,398	10,781	241.0%
2025	3,068	4,894	7,818	11,853	286.3%
Average	**2,937**	**3,573**	**5,928**	**9,322**	**217.4%**

Source: DJKI, processed, 2026.

Table 4. West Java MSME Trademark Applications per Quarter, 2020–2025

Year	TW1	TW2	TW3	TW4	Increase in Q4–Q1
2020	161	114	360	1,147	612.4%
2021	286	355	308	1,021	257.0%
2022	369	370	763	920	149.3%
2023	661	647	863	958	44.9%
2024	470	738	1,757	1,640	248.9%
2025	607	1,081	1,691	2,464	305.9%
Average	**426**	**551**	**957**	**1,358**	**219.1%**

Source: DJKI, processed, 2026

Both tables confirm a consistent pattern: average applications in Q4 rose 217% nationally and 219% in West Java compared to Q1. This uneven distribution creates an imbalance in the workload and potentially leads to a backlog of applications. The backlog of approximately 50,000 documents in early 2025 confirms the significant impact this phenomenon has on service capacity, given that trademark processing requires at least six months, including formality checks, publication, and substantive examinations.

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Nvivo Processing Results

The deductive analysis yielded 116 coding references. The NVivo hierarchy chart shows that T3 (non-tariff factors) dominated the findings, followed by T2, while T1 (response to tariffs) received the smallest share (Table 5).

Table 5. Distribution of NVivo Coding References per Main Theme

Main Theme	Number of Child Codes	Reference	Proportion
T1 Response to tariffs	4	15	12.93%
T2 Relationship between rates and time patterns	6	33	28.45%
T3 Non-tariff factors	10	68	58.62%
Total	**20**	**116**	**100%**

Source: Results of NVivo 15 processing, 2026.

The lowest proportion in T1 confirmed that tariffs were not a primary concern: MSEs considered the Rp500,000 tariff affordable and equivalent to ten years of protection, and all stated that they would delay if the tariff were equivalent to Rp1,800,000, consistent with Lasswell's perspective on policy as a determinant of benefit distribution. Conversely, the dominance of T3 indicates that when cost barriers are lowered, barriers shift to non-tariff barriers such as *learning, compliance,* and *psychological costs* (Moynihan et al., 2015). This structure directs the investigation into the causes of concentration to the T2 theme, rather than the tariff size.

Reasons for the Concentration of Applications in the Third and Fourth Quarters

The main finding in theme T2 is that the application time pattern is not driven by tariffs, consistent with the Rp500,000 tariff that remains constant throughout the year. This theme's *word cloud* is dominated by the words "facilitation," "quarter," "program," "service," "reimbursement," and "timeline," while *the hierarchy chart* places T2.3 (program schedule and government facilitation) as the most dominant code (9 references), followed by T2.2 (dependence on cost facilitation, 8 references). The informant from the Department of Industry and Trade explained that services in the regions are divided into two channels: an independent channel through a letter of recommendation and a facilitation channel that includes full assistance, use of a service account, and financial assistance; facilitated applications follow a series of service activities from curation to brand checking, culminating in Quarters III–IV.

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"Those who are facilitated follow our process, starting from gathering requirements, checking the brand, consulting with the Ministry of Law and Human Rights, and finally submitting the application to the agency. The peak occurs between the third and fourth quarters, as the facilitation process follows the timeline. Typically, we open registration for facilitation at the beginning of the year, then by mid-year we can collect data for curation, and then we can submit the application at the end of the year." (West Java Department of Industry and Trade)

DJKI informants corroborated this finding by linking the concentration of facilitation recipient activity to the regional budget absorption cycle. Because the facilitation scheme is *a reimbursement scheme* for agencies, applications only become active when regional budget absorption increases in the third quarter.

"Usually, activity from applications or recipients of incentives only becomes active in the third quarter because the system is reimbursed to the agency. I see the concentration of applications is related to the regional budget absorption cycle. On average, the regional budget absorption cycle is high in the third quarter." (DJKI)

A search of the Intellectual Property Database (PDKI) for the three informants' pathways (Table 6) confirmed this pattern: applicants for the facilitation pathway (UMK 1 and UMK 2) obtained *a filing date* in Quarter IV, while applicants for the independent pathway (UMK 3) were more flexible and submitted in Quarter I because they wanted a faster process without waiting for the facilitation process.

Table 6. Submission Path and Receipt Date of Application for Beneficiary Informants

Informant	Submission Path	Recommendation/Facilitation Agency	Receipt date
UMK 1	Independent (letter of recommendation)	Depok City Law Faculty	October 10, 2023
UMK 1	Facilitated by the service	Depok City Trade and Industry Office	November 28, 2023
UMK 2	Facilitated by the service	Depok City Law Faculty	December 1, 2022
UMK 3	Independent (letter of recommendation)	West Java Provincial Council	March 4, 2026

Source: Interviews and PDKI research, processed by the author, 2026.

The link between the implementing budget and service volume is reinforced by data from the Department of Industry and Trade facilitation: in 2025, budget efficiency

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occurred, resulting in the agency *refocusing* solely on fostered SMEs/SMEs, and the number of facilitated SMEs dropped sharply to 78 from 247 in 2024. Consequently, the increase in West Java SME brand applications in 2025 was only 26.88%, far below the 47.17% in 2024. Theoretically, this finding aligns with the Van Meter and Van Horn model, which places the characteristics of implementers and *delivery mechanisms* as determinants of beneficiary behavior, and is consistent with research on the Indonesian government's budget absorption pattern, which accumulates in the final quarter (Adrison, 2016; Andriati, 2019; Tri Setyo Mulyani, 2021). Thus, the primary cause of concentration is non-tariff, namely the rhythm of the facilitation program and the APBD absorption cycle, not the tariff amount.

Non-Tariff Factors and Consequences on Service Capacity at DJKI

The T3 theme is the most dominant. *The hierarchy chart* places T3.2 (*compliance cost,* documents and requirements) as the highest code (12 references), followed by T3.9 (information systems and digital services, 9 references), and T3.3, T3.6, and T3.7, each with 8 references. The dominance of T3.2 has a strong meaning in the *administrative burden framework* : according to DJKI informants, the validity and completeness of the MSME recommendation letter are the most frequently problematic requirements, and as long as the documents are incomplete, *the filing date* cannot be given and the application is considered withdrawn if the deficiencies are not met within two months.

This administrative burden is significant and concentrated according to application patterns. Letters of deficiencies in formal requirements for the 2025 West Java UMK brand (Table 7) increased from the first to the fourth quarter in line with the increase in applications, resulting in a mounting burden of document corrections at the end of the year, as code T3.10 (service volume and potential arrears) indicates.

Table 7. Letter of Deficiency of Formal Requirements for West Java UMK Brands, 2025

Quarterly	Month	Number of Letters	Average per Month
First Quarter	Jan–Mar	141	47
Second Quarter	Apr–Jun	176	58
Third Quarter	Jul–Sep	179	59
Fourth Quarter	Oct–Dec	182	60

Source: DJKI, processed, 2026.

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The learning cost factor (T3.1) was felt by all beneficiaries, who assessed that understanding the application stages, brand classes, and label suitability was difficult without assistance, in line with Effendi et al. (2022) that socialization improves MSE actors' understanding while confirming Herd and Moynihan's findings that administrative burdens can be reduced through assistance. The risk of rejection (T3.6) had a significant impact on MSE 1, which had to *rebrand* because its brand label had been registered by another party, making initial tracing through PDKI an important mitigation instrument. The administrative quality of West Java applications improved, from 47.70% of documents rejected or withdrawn in 2020 to 15.06% in 2025, which according to DJKI indicates the effectiveness of initial checking and assistance.

In the institutional dimension, T3.8 (coordination and integration between agencies) is only coded for the implementer, indicating that manual verification of the validity of recommendation letters is an internal issue for the implementer; DJKI is preparing data synchronization with the Directorate General of AHU and the Ministry of UMK so that validation of MSE status is sufficient through registered codes, emphasizing the importance of inter-agency communication in the Van Meter and Van Horn models. Meanwhile, the PDKI initial tracing facilities are on par with other ASEAN countries, but their utilization by MSEs is still low, so strengthening initial tracing literacy is relevant to reduce rejections while reducing the burden of document correction during peak periods.

CONCLUSION

The concentration of MSE trademark applications in Quarters III–IV has been consistent throughout 2020–2025, with an average increase in Quarter IV of 217% nationally and 219% in West Java. NVivo's analysis of 116 references confirms that this concentration is not driven by tariffs, and the Rp500,000 tariff is considered affordable and commensurate with ten years of protection. The reason for this concentration of applications is non-tariff, namely access mechanisms through the agency's facilitation program schedule and reliance on funding that follows the year-end regional budget (APBD) absorption cycle.

The challenges of implementing MSE trademark policies have shifted from the issue of application access costs to administrative burdens and service governance. The study recommends strengthening the integration of MSE status validation data, strengthening mentoring and initial search literacy through PDKI, delegating some trademark application resolution processes, such as the verification function for MSE trademark applications can be given to regional offices to expedite the application resolution process, as well as anticipating a surge in volume in Quarters III-IV through human resource allocation, as well as developing a mechanism for intra-year

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differentiation of MSE trademark application rates to unravel the concentration of applications at the end of the year.

Research Limitations

This study relies on five informants in one province, and the data set covers different periods, so the concentration of TW III–IV is established through triangulated statements and descriptive data, not time-series causal inference. This study also has not implemented two 2026 regulations, namely Government Regulation Number 30 of 2026 which increases the general trademark application fee to IDR 2,800,000 as a comparison for the UMK rate, and Minister of Law Regulation Number 5 of 2026 which expands the variety of evidence of UMK status. Further research is recommended to expand the scope of actors and regions, test the relationship between facilitation schedules and time patterns quantitatively using equivalent monthly data, and examine the impact of both policies on document compliance costs and application patterns.

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