

Type: Research Article

Collective Management Reform: A Long Road to LMK Transparency and Accountability

Muhamad Syahnakri 

Faculty of Law, Universitas Pendidikan Nasional, Indonesia

E-mail: muhammadsyahnakri@undiknas.ac.id

Dewa Krisna Prasada 

Faculty of Law, Universitas Pendidikan Nasional, Indonesia

E-mail: krisnaprasada@undiknas.ac.id

ABSTRACT

This article targets legal scholars, copyright regulators, and stakeholders in the creative economy by critically analysing Indonesia's collective rights management system, specifically the operational framework of Collective Management Organizations (LMK) as established by Law No. 28/2014 and Government Regulation No. 56/2021. The paper examines the normative deficiencies and governance inefficiencies in royalty administration, posing the legal inquiry: To what degree can Indonesia's copyright system guarantee transparency, equity, and accountability in the distribution of royalties to creators? This book demonstrates, through normative legal methodologies and comparative analysis with Japan's JASRAC model, that the lack of participatory mechanisms, unclear royalty tariff-setting, and inadequate technological infrastructure have undermined the LMK's legitimacy and its function of distributive justice. This research offers novel insights by advocating for legal reforms that incorporate public input, graduated royalty structures, and blockchain-enabled tracking. It connects formal copyright law with practical creative work, enhancing discussions on procedural fairness, regulatory involvement, and fair digital governance in copyright administration.

KEYWORDS

Collective Management Organizations (LMK); Royalty Transparency; Copyright Governance; Creative Economy; Blockchain in Copyright Law



Copyright ©2025 by Author(s); This work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License. All writings published in this journal are the personal views of the authors and do not represent the views of this journal or the authors' affiliated institutions.



INTRODUCTION

Collective Management Institutions (LMK) are crucial for administering the rights of creators, particularly in the digital era, as material distribution and exploitation surpass national boundaries.¹ LMK effectively diminishes transaction costs and oversees the intricate processes of rights management, licensing, and remuneration distribution.² Transparency in LMK is crucial to avert issues like moral hazards and to guarantee a just and equal allocation of royalties for stakeholders in the creative business, particularly concerning song copyright.³ LMK significantly contributes to the economic ecology by guaranteeing equitable compensation for creators and fostering sustainable invention and innovation within the creative industry.⁴

LMK is crucial in administering royalties for works that are challenging to license individually, such as music, audiovisual materials, and digital content extensively disseminated across multiple channels.⁵ The National Collective Management Institute (LMKN) in Indonesia operates a centralized database that catalogues information on creators, copyright holders, and the utilization of works, thereby facilitating equitable and transparent royalty distribution. Through this technique, LMK tackles the frequently intricate individual licensing issues arising from the fragmented utilization of works, including songs broadcast on the radio, streamed online, or performed in public venues. This collaborative strategy alleviates the administrative load on creators while enhancing their ability to secure fair remuneration, thereby advancing economic equity within the creative sector.⁶

In the current era of digital exploitation and the development of streaming platforms, the LMK has become an essential entity in safeguarding the rights of artistic producers. Yet, its function is not without intricate obstacles.⁷ LMK, similar to LMKN in Indonesia, serves as a custodian of economic equity by overseeing royalties from works disseminated throughout the digital ecosystem, including music, film, and online content. LMK utilizes centralized databases and technologies, such as the Song and/or Music Information System, to guarantee that authors, particularly independent artists, receive appropriate remuneration despite extensive work on global platforms. This method has a humanist ethos, emphasizing the acknowledgment of creative endeavours while alleviating the administrative

¹ Ana María Pérez Gómez & Maria Alejandra Echavarría Arcila, "Collective administration of online rights in musical works: Analysing the economic efficiency of the Directive 2014/26/EU" (2014) 7:3–4 Int J Intellect Prop Manag 103–119; Gabor Faludi, "Collective Management of Copyright in Hungary" in *Cambridge Handb Intellect Prop Cent East Eur* (Cambridge University Press, 2019) 147.

² Zijian Zhang, "Rationale of Collective Management Organizations: An Economic Perspective" (2016) 10:1 Masaryk Univ J Law Technol 73–112.

³ Pérez Gómez & Echavarría Arcila, *supra* note 1.

⁴ Lin Shang, "Enjoy your online music carefully: collective management of music copyrights in the USA" (2015) 8:1/2 Int J Intellect Prop Manag 58; Zhang, *supra* note 2.

⁵ Christoph B Graber, "Is there potential for collective rights management at the global level? Perspectives of a new global constitutionalism in the creative sector" in *Evol Equilib Copyr Digit Age* (Cambridge University Press, 2014) 241.

⁶ Ralph Villiger & Martin W Bauer, "Valuation of complex license contracts" (2009) 15:4 J Commer Biotechnol 301–308.

⁷ Huang Qinlong et al, "Towards an Efficient and Secure Online Digital Rights Management Scheme in Cloud Computing" (2014) 8:1 Int J Secur Its Appl 159–168.



challenges that individuals frequently have in defending their copyrights in the digital era.⁸

The absence of accountability and transparency in the administration of royalties by the LMK significantly undermines creators' confidence in the copyright protection system in Indonesia.⁹ LMK is responsible for administering royalties from artwork usage, although it frequently encounters complaints regarding ambiguous financial reports and inconsistent royalty distribution. The absence of a transparent reporting method, such as regular updates via the Song and/or Music Information method (SILM), causes artists, particularly independent ones, to feel alienated from their financial entitlements. The humanist approach necessitates that LMK provides inclusive and transparent communication, guaranteeing that each author comprehends their royalty distribution, thus enhancing a sense of equity within the creative ecosystem.¹⁰

The difficulty is intensified by the intricacy of validating the utilization of works on digital platforms and the insufficient technological capability in certain LMKs, which impedes distribution efficiency.¹¹ Moreover, transparency is crucial for guaranteeing accountability in royalty administration. Nonetheless, existing LMK procedures are insufficiently handling these elements, resulting in a lack of confidence among artists. Effective transparency procedures necessitate the proactive sharing of information and the implementation of effective control systems, both of which are currently deficient.¹²

Establishing royalty rates that fail to consider the scale of business, nature of use, or economic significance of the utilization of works indicates deficiencies in Indonesia's copyright law framework, resulting in inequities for commercial entities and creators. According to the normative framework, the royalty regulation established by Law Number 28 of 2014 on Copyright and Government Regulation Number 56 of 2021 on the Management of Song and/or Music Copyright Royalties designates LMK to determine equitable rates. Nonetheless, the method frequently overlooks specific settings, such as the financial capabilities of tiny enterprises compared to giant corporations or the disparity in economic worth between the utilization of labor in small cafés and global streaming platforms.¹³

⁸ Nick Scharf, "The evolution and consequences of digital rights management about online music streaming" (2022) 42:1 Leg Stud 61–80.

⁹ Muhammad Masyhuri, Ahsana Nadiyya & Gresika Bunga Sylvana, "The Urgency of Regulating Resale Royalty Right on Painting Copyrights in Indonesia (Comparative Study of Germany and Australia)" (2023) 4:3 J Law Leg Reform 365–398.

¹⁰ Pujiyono Suwadi, Andi Chaerul Sofyan & Rifqi Setia Ramdhani, "Legal Comparison Between National Collective Management Institutions in Indonesia and United States" (2024) 18:4 Rev Gestão Soc e Ambient e04572.

¹¹ Vincent Mabillard & Raphael Zumofen, "The complex relationship between transparency and accountability: A synthesis and contribution to existing frameworks" (2017) 32:2 Public Policy Adm 110–129.

¹² Vincent Mabillard & Raphaël Zumofen, "Transparency and Accountability—The Case of Public Procurement Practices in Switzerland" (2021) 26:2 Public Work Manag Policy 95–114.

¹³ Nafisah Muthmainnah, Praxedis Ajeng Pradita & Cika Alfiah Putri Abu Bakar, "PERLINDUNGAN HUKUM TERHADAP HAK CIPTA BIDANG LAGU DAN/ATAU MUSIK BERDASARKAN PP NOMOR 56 TAHUN 2021 TENTANG PENGELOLAAN ROYALTI HAK CIPTA LAGU DAN/ATAU MUSIK" (2022) 10:1 Padjadjaran Law Rev.



The lack of explicit criteria in establishing royalty rates may lead to prejudice and inefficiencies in allocating economic benefits from work. This indicates a deficiency of regulations that supersede economic considerations and usage categories. The absence of these norms is evident in Government Regulation 56 of 2021, which grants LMK the authority to establish royalty rates without delineating the mechanism for user and creator involvement, thereby exposing deficiencies in the procedural dimensions of copyright law that may contravene the principle of participatory justice. Law No. 28 of 2014 on Copyright normatively underscores the necessity for a balance of interests among creators, users, and the public; however, the lack of participation provisions in the PP poses a risk of excessive tariffs, undermining the needs of independent artists and small business entities.

This research seeks to offer constructive proposals for reforming LMK rules and institutions in Indonesia, which is essential for ensuring justice and openness in royalties administration and empowering creative creators. The amendment of Government Regulation 56 of 2021 must incorporate an inclusive participation mechanism for creators and users, such as a public consultation forum or enhanced accessibility to the Song and/or Music Information System (SILM), to establish equitable royalty rates. Institutionally, enhancing LMK's capabilities via technological training and rigorous regulatory oversight will augment responsibility.

METHOD

This article employs normative research articulated by Peter Mahmud Marzuki, which emphasizes examining legal norms within laws and regulations to provide coherent prescriptive arguments.¹⁴ This method employs a legislative approach and conceptual analysis within the framework of the LMK, utilizing primary legal materials, including Law Number 28 of 2014 on Copyright and Government Regulation Number 56 of 2021 on the Management of Song and/or Music Copyright Royalties, alongside secondary legal materials such as academic literature and legal journals. The method of gathering legal materials is conducted via document analysis. In contrast, examining these materials employs legal, prescriptive approaches to assess the coherence of norms and develop recommendations for enhancing LMK rules.

RESULT & DISCUSSION

The fundamental notion of LMK within the context of copyright law in Indonesia, as outlined in Law Number 28 of 2014, pertains to an organization responsible for administering the economic rights of creators by collecting and distributing royalties for the utilization of works, including songs, music, or audiovisual materials. LMK, together with LMK, functions as an intermediate among artists, copyright holders, and users, facilitating the efficient administration of rights that are challenging to handle individually due to the fragmentation of work usage, particularly in the digital age. The notion is founded on distributive justice, which seeks to provide equitable remuneration for creators while promoting public access

¹⁴ Peter Mahmud Marzuki, *Penelitian Hukum* (Jakarta: Prenadamedia Group, 2015).



to art.¹⁵ Nonetheless, deficiencies in execution, including insufficient openness in tariff determination, frequently obstruct the actualization of this notion, necessitating the enhancement of rules that are more inclusive and attuned to the dynamics of the creative economy.¹⁶

The responsibilities of the LMK encompass administrative management, licensing negotiation, oversight of work usage, and copyright enforcement, as stipulated in Government Regulation 56 of 2021. This capability is essential for streamlining intricate licensing procedures, particularly for works extensively utilized on streaming platforms or public media.¹⁷ LMK serves as a custodian of economic equity by allocating royalties via systems like SILM, although issues such as distribution delays and discrepancies in usage statistics frequently occur. From a legal standpoint, the functions of the LMK should be enhanced by policy harmonization and the implementation of innovative technologies, such as blockchain, to augment accountability and efficiency.¹⁸ Consequently, LMK can achieve its objectives as a copyright manager that safeguards the interests of creators while promoting the advancement of an equitable and sustainable creative industry.

I. Basic LMK Regulation in the Indonesian Legal System

The governance of LMK within the Indonesian legal framework is delineated explicitly in Law Number 28 of 2014 about Copyright, which designates LMK as a pivotal entity in administering creators' economic rights through collecting and allocating royalties. Article 87 of the Law stipulates the creation of LMK to advocate for the interests of authors and copyright holders in licensing negotiations and rights enforcement, with the National Collective Management Institution (LMKN) serving as the national coordinator. Government Regulation Number 56 of 2021 delineates operational methods, including establishing royalty rates and data management via SILM. This arrangement demonstrates the state's dedication to safeguarding Copyright within the context of distributive justice.¹⁹ However, deficiencies in implementation, including the absence of involvement from creators and users in tariff determination, highlight the necessity for norm harmonization to enhance the legal system's efficacy.²⁰

¹⁵ Sudjana, "EKSISTENSI DAN KEWENANGAN LEMBAGA MANAJEMEN KOLEKTIF (LMK) DALAM PERSPEKTIF HUKUM INDONESIA" (2020) 6:1 J Huk Sasana 16–40.

¹⁶ Mia Hadiati et al, "Efektivitas Putusan Mahkamah Konstitusi Nomor 22/Puu-Xv/2017 Tentang Batas Usia Perkawinan" (2021) 5:1 J Muara Ilmu Sos Humaniora, dan Seni 300–310.

¹⁷ Febriansyah Ramadhan, Sunarto Efendi & Ilham Dwi Rafiqi, "Penentuan Jenis Produk Hukum dalam Pelaksanaan Putusan Mahkamah Agung tentang Hak Uji Materil (Kajian terhadap Tindak Lanjut Putusan Mahkamah Agung 28 P/HUM/2018)" (2022) 11:1 J Rechts Vinding Media Pembina Huk Nas 55–76.

¹⁸ Vira Nur Maharani & Dwi Desi Yayi Tarina, "Wewenang dan Tanggungjawab Lembaga Manajemen Kolektif Nasional (LMKN) Dalam Perlindungan Hak Ekonomi Musisi Indonesia" (2024) 5:1 J Interpret Huk 881–888.

¹⁹ Febriansyah Ramadhan, Deny Noer Wahid & Nabil Nizam, "Hubungan Negara Dan Agama: Telaah Hukum Dan Putusan Pengadilan" (2023) 2:1 JAPHTN-HAN.

²⁰ Mohamad Alen Aliansyah, "Tinjauan Normatif Kedudukan Lembaga Manajemen Kolektif Nasional (LMKN) sebagai State Auxiliary Organ berdasarkan Peraturan Pemerintah No. 56 Tahun 2021 tentang Pengelolaan Royalti Hak Cipta Lagu dan/atau Musik" (2022) 13:2 Dialogia Iurid 001–020.



The primary obstacles in establishing LMK are the ambiguity of participatory procedures and the opacity in royalty governance, which may contravene the principles of procedural fairness delineated in Article 4 of the Copyright Law, emphasizing the equilibrium of interests among creators, users, and society. Government Regulation No. 56 of 2021 lacks provisions for a public consultation system for tariff establishment, frequently leading to inequitable tariffs for small business operators. Moreover, LMK's technological capabilities remain insufficient for validating the utilization of works on digital platforms, resulting in delays in royalty disbursement. This necessitates regulatory amendments that use data-driven methodologies, such as blockchain technology, to enhance accountability and efficiency while safeguarding inclusive legal safeguards for independent artists and small-scale customers.²¹

The LMK legislation reform should prioritize enhancing the legal and institutional framework to bolster a sustainable creative sector environment. This enhancement can be achieved by amending Government Regulation No. 56 of 2021 to incorporate clear rules about forums for creator and user participation, along with tiered tariff standards based on business scale and job usage.²² Furthermore, stringent oversight by regulatory bodies, including the Ministry of Law and Human Rights, is essential to avert the misuse of authority by the LMK.²³ From a social justice standpoint, a more inclusive framework would enable LMK to serve not only as an administrative manager but also as a custodian of cultural values.²⁴ Safeguarding the economic rights of creators while maintaining public access to artistic works in alignment with the principles of Article 33 of the 1945 Constitution regarding the people's economy.²⁵

From a social justice standpoint, the role of LMK inside the Indonesian legal framework, as outlined in Law Number 28 of 2014 regarding Copyright, is pivotal in achieving the fair allocation of economic advantages for artists. LMK, via the National Collective Management Institute (LMKN), is responsible for administering royalties by guaranteeing equitable remuneration for the utilization of creative works, including music and audiovisual content, particularly for independent artists who frequently possess limited negotiating leverage in licensing discussions. The notion of social justice, aligned with Article 33 of the 1945 Constitution regarding the people's economy, necessitates that the LMK emphasize not only administrative

²¹ Muchammad Shidqon Prabowo Andry Setiawan, "Implementasi Lembaga Manajemen" in *Huk dan Polit dalam Berbagai Perspektif* (Semarang: Universitas Negeri Semarang, 2023) 24.

²² Febriansyah Ramadhan et al, "INDONESIA'S FUTURE ACTING PRESIDENCY: MAINTAINING OR REPLACING THE NEW ORDER LEGACY" (2024) 10:1 Verit Justitia 30-59; Saiful Risky, Sholahuddin Al-Fatih & Mabarroh Azizah, "Political Configuration of Electoral System Law in Indonesia from State Administration Perspective" (2023) *Volksgeist J Ilmu Huk dan Konstitusi* 119-130.

²³ Wahyu Jati Pramanto, "OPTIMALISASI PENARIKAN DAN PENDISTRIBUSIAN ROYALTI HAK CIPTA OLEH LEMBAGA MANAJEMEN KOLEKTIF NASIONAL" (2022) 1:2 WICARANA 93-104.

²⁴ Cekli Setya Pratiwi & Febriansyah Ramadhan, *Hukum Hak Asasi Manusia Teori dan Studi Kasus* (Malang: UMM Press, 2023).

²⁵ Annisa Putri Nadya, "Kekuatan Lembaga Manajemen Kolektif Nasional Dalam Penarikan Royalti" (2023) 1:4 Jaksa J Kaji Ilmu Huk dan Polit 142-149.



efficiency but also the equitable accessibility of royalties for authors from diverse socio-economic backgrounds.²⁶

The difficulty in achieving social justice via the LMK function stems from unequal access to information and technology, which affects the inequitable allocation of royalties. Government Regulation Number 56 of 2021, which governs LMK operations, has not entirely incorporated a participatory system enabling small creators or micro business customers to determine royalty rates. This poses a risk of marginalization for vulnerable populations, contrary to the notion of distributive justice, which underscores the fair allocation of benefits. Frequent payment delays caused by SILM's inadequate monitoring of works on global digital platforms continue to worsen the financial situations of independent artists. From a legal standpoint, it is essential to enhance legislation that incorporates technology-driven methods, such as blockchain tracking, to guarantee a more transparent and equitable allocation of royalties.²⁷

To enhance the efficacy of LMK in the realm of social justice, legal and institutional reforms emphasizing inclusivity and accountability are essential. Ideally, the change to Government Regulation No. 56 of 2021 should incorporate stipulations for public consultation forums that engage artists, users, and indigenous groups, ensuring that royalty rates align with the interests of various stakeholders. Furthermore, legal education regarding copyright and royalty systems for authors should be augmented, particularly in distant regions, to mitigate the information disparity.²⁸ Rigorous oversight by the Ministry of Law and Human Rights is essential to avert the misuse of authority by the LMK. This approach enables LMK to serve as a legislative instrument that safeguards the economic rights of creators while fostering an equitable economy, permitting every artist to enhance Indonesia's cultural wealth without being disadvantaged by the fluctuations of the creative industry.

II. Juridical Challenges in Royalty Management

The legal challenges in LMK's management of royalties in Indonesia stem from ambiguous norms and inconsistencies in regulatory implementation, as outlined in Law Number 28 of 2014 on Copyright and Government Regulation Number 56 of 2021 on the Management of Song and/or Music Copyright Royalties. A primary concern is the lack of a method for creators and users to participate in establishing royalty rates, which contravenes the principle of procedural fairness outlined in Article 4 of the Copyright Law, emphasizing the equilibrium of stakeholder

²⁶ Laina Rafianti, Aam Suryamah & Jeremia Lumban Tobing, "KIPRAH LEMBAGA MANAJEMEN KOLEKTIF NASIONAL BAGI PENCIPTA DAN PELAKU MUSIK DI INDONESIA" (2017) 32:2 *Justitia Pax*.

²⁷ Ratna Dewi et al, "JICN: Jurnal Intelek dan Cendekiawan Nusantara PERLINDUNGAN HAK CIPTA DALAM PERDAGANGAN DIGITAL TANTANGAN DAN PROSPEK DALAM PERSPEKTIF HUKUM PERDATA COPYRIGHT PROTECTION IN DIGITAL COMMERCE CHALLENGES AND PROSPECTS IN A CIVIL LAW PERSPECTIVE" (2024) 1:2 3122-3129.

²⁸ Christine Vina Siangli Putri Siangli Putri, Yati Nurhayati & Muhammad Aini, "Tinjauan Yuridis Pemanfaatan Ciptaan Lagu Secara Komersial Pada Restoran/Cafe Dalam Peraturan Pemerintah Nomor 56 Tahun 2021 Tentang Royalti Hak Cipta Lagu Dan/Atau Musik" (2023) 4:1 *J Penegakan Huk Indones* 119-128.



interests.²⁹ This ambiguity frequently results in excessive royalty rates, burdening small enterprises while independent creators experience delays in royalty disbursement. This indicates the necessity for harmonizing standards to guarantee inclusive and transparent processes, facilitating distributive justice within the copyright ecosystem.³⁰

The constraints of LMK's technology and institutional capabilities in confirming the utilization of works, particularly on international digital platforms, hinder the precision of royalty allocation. Government Regulation No. 56 of 2021 stipulates the implementation of the SILM; however, this system has not effectively addressed data fragmentation regarding the utilization of works, including streaming and public performance.³¹ The deficiency is worsened by the absence of stringent supervision of LMKs, which may result in the misuse of power or failure to adhere to accountability requirements. Within the legal framework, requisite solutions encompass the implementation of advanced technologies, such as blockchain, for real-time monitoring of the utilization of works, alongside enhancing oversight by the Ministry of Law and Human Rights to ensure LMK adherence to regulations, thereby fortifying the protection of creators' economic rights.³²

From a social justice standpoint, these legal problems affect the marginalization of independent artists and micro-entrepreneurs,³³ Who frequently lack access to information or resources necessary to assert their rights.³⁴ This disparity contradicts the essence of Article 33 of the 1945 Constitution, which stipulates a people's economy founded on social justice. Regulatory improvements are necessary to incorporate public participation procedures and educate creators about the royalty process. The revision to Government Regulation No. 56 of 2021 may have stipulations for tiered rates contingent upon the magnitude of business and the kind of job utilization, in addition to broadening access to SILM for creative communities in remote regions.³⁵ This strategy enables LMK to handle royalties as a legal instrument that is both efficient and equitable, guaranteeing that all creators, irrespective of their background, can reap the economic rewards of their work.

The assessment of the LMK system in Indonesia identifies several legal and operational deficiencies that impede efficiency and equity in royalty administration,

²⁹ Kn Sofyan Hasan Irfan Hibatullah, Annalisa Y, M Syaifuddin, Putu Samawati, "Tantangan Pengikatan Hak Cipta Sebagai Agunan Kredit Perbankan di Indonesia" (2023) 3:4 *Innov J Soc Sci Res* 7611-7622.

³⁰ Fhauzan Remon Raihana, Mangaratua Samosir, Bambang, "Analisis Yuridis Keberadaan Royalti Dalam Hak Cipta (Studi Ciptaan Lagu)" (2023) 3:5 *J Soc Sci Res* 7861-7868.

³¹ Windy Fariskya Handoko & Kholis Roisah, "Pengelolaan Royalti Hak Cipta Lagu dan Musik : Studi Kasus Pada Bisnis Karaoke" (2024) 6:3 *UNES Law Rev* 9561-9571.

³² Dessy Maeyangsari Aisyah Nurraihanah, "Jurnal Darma Agung" (2022) 32:6 *J Darma Agung* 105-123.

³³ Dina Kartikasari & Saiful Risky, "The Idea of Independent Judicial Ethics Courts in Indonesia" (2025) 4:1 *JAPHTN-HAN* 65-85.

³⁴ Dina Hayati, "PENERAPAN ROYALTI DI BIDANG MUSIK DAN LAGU TERHADAP ERA DIGITAL" (2024) 7:1 *J Sos Hum Sigli* 256-265; Marsitiningih Kurniawan, Fredy Bagus, "Penegakan Hukum Terhadap Pelanggaran Hak Cipta Musik pada Konser Komersial (Studi Kasus Once dengan Dewa 19)" (2025) 8:2 *PAGARUYUANG Law J* 155-169.

³⁵ Agung Damarsasongko & Endang Pandamdari, "PENGELOLAAN ROYALTI KARYA CIPTA LAGU DAN/ATAU MUSIK ATAS CIPTAAN YANG TIDAK DIKETAHUI PENCIPTANYA (ORPHAN WORKS)" (2023) I:September *J Lege Ferenda Trisakti* 80-86.



as outlined in Law Number 28 of 2014 regarding Copyright and Government Regulation Number 56 of 2021. The primary issue is the absence of transparency and accountability in royalty distribution, further compounded by SILM's technological limitations in monitoring the utilization of works on digital platforms.³⁶ Moreover, establishing the initial LMKN royalty rate sometimes occurs without the involvement of authors and users, which contradicts the notion of procedural fairness that necessitates a balance of interests.³⁷ The Corruption Eradication Commission (KPK) assessment also underscored the issues of double billing and ambiguous royalties administration, which adversely affect business stakeholders and artists.³⁸ This deficiency underscores the necessity for institutional adjustments to enhance the efficacy of LMK in bolstering the creative industry.

A comparison with the LMK System in Japan indicates that Japan employs a more developed methodology for administering royalties via entities like the Japanese Society for Rights of Authors, Composers and Publishers (JASRAC). JASRAC employs a cutting-edge technology-driven management system that facilitates real-time monitoring of work usage, with an integrated database that enhances transparency and efficiency in royalty distribution.³⁹ Unlike Indonesia, Japan possesses a robust public consultation framework that engages creators, users, and other stakeholders in tariff determination, adhering to the principles of Good Regulatory Practices (GRP) implemented in APEC nations.⁴⁰ Furthermore, JASRAC is subject to rigorous examination by the Japan Fair Trade Commission to avert monopolistic behaviours. In contrast, in Indonesia, the regulation of LMKNs remains inadequate, as demonstrated by the absence of royalty rate assessments since 2016. Japan's methodology offers significant insights for Indonesia to embrace contemporary technologies and participatory frameworks to enhance equity and efficacy.

The ideas for legislative and regulatory enhancements for the LMK system in Indonesia encompass multiple strategic measures. The revision to Government Regulation No. 56 of 2021 must incorporate specific provisions for a public consultation framework that engages artists, users, and indigenous people to guarantee equitable and inclusive royalty rates.⁴¹ Secondly, enhancing SILM technology through the integration of blockchain can augment tracking precision and transparency in royalty distribution, drawing on exemplary examples from

³⁶ Rinitami Njatrijani et al, "Era Digital Melahirkan Peran Baru, Agregator Musik Dalam Mendistribusikan Karya Cipta Lagu Dan Musik" (2020) 7:1 Diponegoro Priv Law Rev 689–699.

³⁷ Agus Sardjono, "PROBLEM HUKUM REGULASI LMK & LMKN SEBAGAI PELAKSANAAN UNDANG-UNDANG HAK CIPTA 2014" (2016) 46:1 J Huk Pembang 50.

³⁸ Ardil Anzani, Ma'ruf Hafidz & Hasbuddin Khalid, "LEGAL REVIEW OF WITHDRAWALS OF ROYALTIES BY COPYRIGHT MANAGEMENT INSTITUTIONS AND FOUNDATION OF COPYRIGHT INDONESIA BY ACCORDING TO LAW NUMBER 28 OF 2014 ON COPYRIGHT INSTITUTIONS" (2020) 3:3 Meraja J 97–109.

³⁹ Rafianti, Suryamah & Tobing, *supra* note 26.

⁴⁰ Kadenza Adistya Tamara Indratmo, "Tinjauan Hukum Perlindungan Hak Cipta Film Dokumenter Dan Peluang Hak Ekonomi Insan Perfilman Dokumenter Di Indonesia" (2022) 1:1 Technol Econ Law J 81–96.

⁴¹ Prima Tiara Muthi'ah Rizky Asihatka, "LISENSI ROYALTI PENGGUNAAN HAK CIPTA LAGU UNTUK KEPENTINGAN YANG BERSIFAT KOMERSIAL" (2024) 8:2 BORNEO Law Rev 113–126.



Japan.⁴² Third, the Ministry of Law and Human Rights should enhance its oversight by creating a singular authority to evaluate the performance of LMKs, like the Subcommittee for Regulation and System Reform in Japan.⁴³ Furthermore, expanding legal knowledge for artists, particularly in distant regions, is essential to enhance access to royalty benefits. This reform will render LMK an effective and equitable legislative instrument, bolstering the sustainability of Indonesia's creative industry in alignment with the ideals of the people's economy.

CONCLUSION

This research indicates that the legal regulation of LMK in Indonesia, despite being normatively established in Law Number 28 of 2014 on Copyright and Government Regulation Number 56 of 2021, the collective management system continues to present practical issues. The ambiguity in delineating authority between LMK and LMKN, the opacity in royalty administration, and the absence of a participatory method for creators are the principal issues undermining the safeguarding of artists' economic rights. Moreover, the variability of royalty rates and the inadequate implementation of technologies for monitoring the utilization of copyrighted materials further intensified the structural deficiencies within the national copyright framework. A thorough reform of the normative and institutional dimensions of LMK governance is essential to establish a system that is equitable, transparent, and conducive to social justice.

This paper provides a novel contribution to the conversation on copyright law and institutional governance by proposing a comprehensive reform strategy that encompasses regulatory harmonization, technological advancement, and enhanced public engagement. This paper advocates for revisions to Government Regulation No. 56 of 2021, utilizing normative legal methodologies and comparative analyses, particularly of the JASRAC system in Japan, to incorporate a compulsory public consultation mechanism and a graduated royalty rate structure. The significance of incorporating blockchain-based monitoring technology and ongoing oversight from the Ministry of Law and Human Rights is underscored as a sustainable approach. This research reconciles the normative protection of Copyright with the empirical experiences of creators in the digital age, thereby enhancing the integrity of a fair, cultural economy in conformity with Article 33 of the 1945 Constitution.

DECLARATION OF CONFLICTING INTERESTS

The authors state that there is no conflict of interest in the publication of this article.

FUNDING INFORMATION

None.

⁴² Florin Lucian Isac & Eugen Florin Remeş, "Tradition Vs. Modernity in Japanese Management" (2020) 30:1 Stud Univ Vasile Goldis Arad, Econ Ser 76–90; Akira Suzuki, "Community unions in Japan: Similarities and differences of region-based labour movements between Japan and other industrialized countries" (2008) 29:4 Econ Ind Democr 492–520.

⁴³ Matthew Barth et al, "Carsharing and station cars in Asia: Overview of Japan and Singapore" (2006) 2:1986 Transp Res Rec 106–115; Margareth Theresia, Septhian Eka Adiyatma & RA Nidha Nadia, "Civil Law in Indonesia and Russia: Easy and Affordable Access to Legal Aid" (2023) 4:3 J Law Leg Reform 6; Isac & Remeş, *supra* note 42.



ACKNOWLEDGMENT

None.

REFERENCES

BOOK

- Marzuki, Peter Mahmud, *Penelitian Hukum* (Jakarta: Prenadamedia Group, 2015).
Pratiwi, Cekli Setya & Febriansyah Ramadhan, *Hukum Hak Asasi Manusia Teori dan Studi Kasus* (Malang: UMM Press, 2023).

JOURNAL

- Aisyah Nurraihanah, Dessy Maeyangsari, "Jurnal Darma Agung" (2022) 32:6 J Darma Agung 105–123.
- Aliansyah, Mohamad Alen, "Tinjauan Normatif Kedudukan Lembaga Manajemen Kolektif Nasional (LMKN) sebagai State Auxiliary Organ berdasarkan Peraturan Pemerintah No. 56 Tahun 2021 tentang Pengelolaan Royalti Hak Cipta Lagu dan/atau Musik" (2022) 13:2 Dialogia Iurid 001–020.
- Andry Setiawan, Muchammad Shidqon Prabowo, "Implementasi Lembaga Manajemen" in *Huk dan Polit dalam Berbagai Perspektif* (Semarang: Universitas Negeri Semarang, 2023) 24.
- Annisa Putri Nadya, "Kekuatan Lembaga Manajemen Kolektif Nasional Dalam Penarikan Royalti" (2023) 1:4 Jaksa J Kaji Ilmu Huk dan Polit 142–149.
- Anzani, Ardil, Ma'ruf Hafidz & Hasbuddin Khalid, "LEGAL REVIEW OF WITHDRAWALS OF ROYALTIES BY COPYRIGHT MANAGEMENT INSTITUTIONS AND FOUNDATION OF COPYRIGHT INDONESIA BY ACCORDING TO LAW NUMBER 28 OF 2014 ON COPYRIGHT INSTITUTIONS" (2020) 3:3 Meraja J 97–109.
- Asihatka, Prima Tiara Muthi'ah Rizky, "LISENSI ROYALTI PENGGUNAAN HAK CIPTA LAGU UNTUK KEPENTINGAN YANG BERSIFAT KOMERSIAL" (2024) 8:2 BORNEO Law Rev 113–126.
- Barth, Matthew et al, "Carsharing and station cars in Asia: Overview of Japan and Singapore" (2006) 2:1986 Transp Res Rec 106–115.
- Damarsasongko, Agung & Endang Pandamdari, "PENGELOLAAN ROYALTI KARYA CIPTA LAGU DAN/ATAU MUSIK ATAS CIPTAAN YANG TIDAK DIKETAHUI PENCIPTANYA (ORPHAN WORKS)" (2023) 1:September J Lege Ferenda Trisakti 80–86.
- Dewi, Ratna et al, "JICN: Jurnal Intelek dan Cendekiawan Nusantara PERLINDUNGAN HAK CIPTA DALAM PERDAGANGAN DIGITAL TANTANGAN DAN PROSPEK DALAM PERSPEKTIF HUKUM PERDATA COPYRIGHT PROTECTION IN DIGITAL COMMERCE CHALLENGES AND PROSPECTS IN A CIVIL LAW PERSPECTIVE" (2024) 1:2 3122–3129.
- Faludi, Gabor, "Collective Management of Copyright in Hungary¹" in *Cambridge Handb Intellect Prop Cent East Eur* (Cambridge University Press, 2019) 147.
- Febriansyah Ramadhan, Deny Noer Wahid & Nabil Nizam, "Hubungan Negara Dan Agama: Telaah Hukum Dan Putusan Pengadilan" (2023) 2:1 JAPHTN-HAN.
- Graber, Christoph B, "Is there potential for collective rights management at the global level? Perspectives of a new global constitutionalism in the creative



- sector” in *Evol Equilib Copyr Digit Age* (Cambridge University Press, 2014) 241.
- Hadiati, Mia et al, “Efektivitas Putusan Mahkamah Konstitusi Nomor 22/Puu-Xv/2017 Tentang Batas Usia Perkawinan” (2021) 5:1 J Muara Ilmu Sos Humaniora, dan Seni 300–310.
- Handoko, Windy Fariskya & Kholis Roisah, “Pengelolaan Royalti Hak Cipta Lagu dan Musik : Studi Kasus Pada Bisnis Karaoke” (2024) 6:3 UNES Law Rev 9561–9571.
- Hayati, Dina, “PENERAPAN ROYALTI DI BIDANG MUSIK DAN LAGU TERHADAP ERA DIGITAL” (2024) 7:1 J Sos Hum Sigli 256–265.
- Indratmo, Kadenza Adistya Tamara, “Tinjauan Hukum Perlindungan Hak Cipta Film Dokumenter Dan Peluang Hak Ekonomi Insan Perfilman Dokumenter Di Indonesia” (2022) 1:1 Technol Econ Law J 81–96.
- Irfan Hibatullah, Annalisa Y, M Syaifuddin, Putu Samawati, Kn Sofyan Hasan, “Tantangan Pengikatan Hak Cipta Sebagai Agunan Kredit Perbankan di Indonesia” (2023) 3:4 Innov J Soc Sci Res 7611–7622.
- Isac, Florin Lucian & Eugen Florin Remeş, “Tradition Vs. Modernity in Japanese Management” (2020) 30:1 Stud Univ Vasile Goldis Arad, Econ Ser 76–90.
- Kartikasari, Dina & Saiful Risky, “The Idea of Independent Judicial Ethics Courts in Indonesia” (2025) 4:1 JAPHTN-HAN 65–85.
- Kurniawan, Fredy Bagus, Marsitiningasih, “Penegakan Hukum Terhadap Pelanggaran Hak Cipta Musik pada Konser Komersial (Studi Kasus Once dengan Dewa 19)” (2025) 8:2 PAGARUYUANG Law J 155–169.
- Mabillard, Vincent & Raphael Zumofen, “The complex relationship between transparency and accountability: A synthesis and contribution to existing frameworks” (2017) 32:2 Public Policy Adm 110–129.
- Mabillard, Vincent & Raphaël Zumofen, “Transparency and Accountability—The Case of Public Procurement Practices in Switzerland” (2021) 26:2 Public Work Manag Policy 95–114.
- Masyhuri, Muhammad, Ahsana Nadiyya & Gresika Bunga Sylvana, “The Urgency of Regulating Resale Royalty Right on Painting Copyrights in Indonesia (Comparative Study of Germany and Australia)” (2023) 4:3 J Law Leg Reform 365–398.
- Muthmainnah, Nafisah, Praxedis Ajeng Pradita & Cika Alfiah Putri Abu Bakar, “PERLINDUNGAN HUKUM TERHADAP HAK CIPTA BIDANG LAGU DAN/ATAU MUSIK BERDASARKAN PP NOMOR 56 TAHUN 2021 TENTANG PENGELOLAAN ROYALTI HAK CIPTA LAGU DAN/ATAU MUSIK” (2022) 10:1 Padjadjaran Law Rev.
- Njatrijani, Rinitami et al, “Era Digital Melahirkan Peran Baru, Agregator Musik Dalam Mendistribusikan Karya Cipta Lagu Dan Musik” (2020) 7:1 Diponegoro Priv Law Rev 689–699.
- Peréz Gómez, Ana María & Maria Alejandra Echavarría Arcila, “Collective administration of online rights in musical works: Analysing the economic efficiency of the Directive 2014/26/EU” (2014) 7:3–4 Int J Intellect Prop Manag 103–119.
- Pramanto, Wahyu Jati, “OPTIMALISASI PENARIKAN DAN PENDISTRIBUSIAN ROYALTI HAK CIPTA OLEH LEMBAGA MANAJEMEN KOLEKTIF NASIONAL”



- (2022) 1:2 WICARANA 93–104.
- Qinlong, Huang et al, “Towards an Efficient and Secure Online Digital Rights Management Scheme in Cloud Computing” (2014) 8:1 Int J Secur Its Appl 159–168.
- Rafianti, Laina, Aam Suryamah & Jeremia Lumban Tobing, “KIPRAH LEMBAGA MANAJEMEN KOLEKTIF NASIONAL BAGI PENCIPTA DAN PELAKU MUSIK DI INDONESIA” (2017) 32:2 Justitia Pax.
- Raihana, Mangaratua Samosir, Bambang, Fhauzan Remon, “Analisis Yuridis Keberadaan Royalti Dalam Hak Cipta(Studi Ciptaan Lagu)” (2023) 3:5 J Soc Sci Res 7861–7868.
- Ramadhan, Febriansyah et al, “INDONESIA’S FUTURE ACTING PRESIDENCY: MAINTAINING OR REPLACING THE NEW ORDER LEGACY” (2024) 10:1 Verit Justitia 30–59.
- Ramadhan, Febriansyah, Sunarto Efendi & Ilham Dwi Rafiqi, “Penentuan Jenis Produk Hukum dalam Pelaksanaan Putusan Mahkamah Agung tentang Hak Uji Materil (Kajian terhadap Tindak Lanjut Putusan Mahkamah Agung 28 P/HUM/2018)” (2022) 11:1 J Rechts Vinding Media Pembina Huk Nas 55–76.
- Risky, Saiful, Sholahuddin Al-Fatih & Mabarroh Azizah, “Political Configuration of Electoral System Law in Indonesia from State Administration Perspective” (2023) Volksgeist J Ilmu Huk dan Konstitusi 119–130.
- Sardjono, Agus, “PROBLEM HUKUM REGULASI LMK & LMKN SEBAGAI PELAKSANAAN UNDANG-UNDANG HAK CIPTA 2014” (2016) 46:1 J Huk Pembang 50.
- Scharf, Nick, “The evolution and consequences of digital rights management about online music streaming” (2022) 42:1 Leg Stud 61–80.
- Shang, Lin, “Enjoy your online music carefully: collective management of music copyrights in the USA” (2015) 8:1/2 Int J Intellect Prop Manag 58.
- Siangli Putri, Christine Vina Siangli Putri, Yati Nurhayati & Muhammad Aini, “Tinjauan Yuridis Pemanfaatan Ciptaan Lagu Secara Komersial Pada Restoran/Cafe Dalam Peraturan Pemerintah Nomor 56 Tahun 2021 Tentang Royalti Hak Cipta Lagu Dan/Atau Musik” (2023) 4:1 J Penegakan Huk Indones 119–128.
- Sudjana, “EKSISTENSI DAN KEWENANGAN LEMBAGA MANAJEMEN KOLEKTIF (LMK) DALAM PERSPEKTIF HUKUM INDONESIA” (2020) 6:1 J Huk Sasana 16–40.
- Suwadi, Pujiyono, Andi Chaerul Sofyan & Rifqi Setia Ramdhani, “Legal Comparison Between National Collective Management Institutions in Indonesia and United States” (2024) 18:4 Rev Gestão Soc e Ambient e04572.
- Suzuki, Akira, “Community unions in Japan: Similarities and differences of region-based labour movements between Japan and other industrialized countries” (2008) 29:4 Econ Ind Democr 492–520.
- Theresia, Margareth, Septhian Eka Adiyatma & RA Nidha Nadia, “Civil Law in Indonesia and Russia: Easy and Affordable Access to Legal Aid” (2023) 4:3 J Law Leg Reform 6.
- Villiger, Ralph & Martin W Bauer, “Valuation of complex license contracts” (2009) 15:4 J Commer Biotechnol 301–308.



- Vira Nur Maharani & Dwi Desi Yayi Tarina, "Wewenang dan Tanggungjawab Lembaga Manajemen Kolektif Nasional (LMKN) Dalam Perlindungan Hak Ekonomi Musisi Indonesia" (2024) 5:1 J Interpret Huk 881–888.
- Zhang, Zijian, "Rationale of Collective Management Organizations: An Economic Perspective" (2016) 10:1 Masaryk Univ J Law Technol 73–112.

AUTHOR(S) BIOGRAPHY

Muhamad Syahnakri, S.H., M.H., is a faculty lecturer at the Faculty of Law, Universitas Pendidikan Nasional. He earned his Bachelor of Law degree (S.H.) in 2022 and completed his Master of Law degree (M.H.) in 2024 with cum laude distinction, both from Universitas Pendidikan Nasional, focusing on Civil Law. Before joining academia, he gained professional experience as a news anchor at Kompas TV Dewata and holds an advocate certification from PERADI. His academic and professional background reflects strong competencies in legal analysis, public communication, and media law. Currently, he actively contributes to legal education and research, particularly in the intersection of law, media, and civil society.

Dr. Dewa Krisna Prasada, S.H., M.H., holds the rank of Penata Muda Tk. I. and serves as a Asisten Ahli at Universitas Pendidikan Nasional Denpasar. With a background in Law, he obtained his Bachelor's degree (S1) from Udayana University in 2017, followed by his Postgraduate degree (S2) from Udayana University Denpasar in 2019, and a Doctoral (S3) degree from Universitas Brawijaya Malang in 2024, specializing in Tourism Customary Law, Sociology of Law, Indigenous Right, and Socio-legal Study. His research and academic publications focus on various legal topics, including the concept of sustainable tourism governance, indigenous peoples' rights, and legal protection of indigenous peoples. Mr. Dewa's expertise makes a significant contribution to the field of law and academia in Indonesia.