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Intellectual Assets, CSR, and Innovation Performance of MSMEs in Bandung Regency

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Abstract

Innovation is essential for the survival and growth of Micro, Small, and Medium Enterprises (MSMEs) amid global competition, particularly in Bandung Regency, a center of the creative economy in West Java. This study aims to analyze the role of intellectual assets and Corporate Social Responsibility (CSR) in enhancing MSME innovation performance. A qualitative descriptive method was applied through observations and interviews with ten MSMEs of varying scales. The findings reveal that intellectual assets comprising human, structural, and relational capital serve as primary drivers of innovation. Human capital stimulates creativity through knowledge and skills, structural capital ensures organizational support for continuous innovation, and relational capital facilitates collaboration with stakeholders. Integrating intellectual assets with CSR practices strengthens social legitimacy and fosters sustainable innovation aligned with the triple bottom line (people, planet, profit). CSR implementation not only improves corporate image but also promotes eco-innovation, cost efficiency, and product differentiation. The study concludes that the synergy between intellectual assets and CSR generates a unique, hard-to-imitate competitive advantage, shifting MSME innovation orientation from mere profit toward socio-environmental sustainability. These findings emphasize that strategic management of intellectual capital and CSR can serve as a foundation for MSMEs to compete in national and global markets.

Keywords

Corporate Social Responsibility, Intellectual Capital, MSMEs, Sustainable Innovation, Triple Bottom Line.

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) in Indonesia, particularly in Bandung Regency, play a vital role in driving economic growth and absorbing labor. However, in the era of globalization and the industrial revolution 4.0, MSMEs face serious challenges in maintaining sustainability and competitiveness (Susanto et al., 2023). Not only are they required to innovate in products and services, but MSMEs also need to pay attention to social and environmental aspects through Corporate Social Responsibility (CSR) practices, as well as optimizing Intellectual Capital (IC) as an intangible asset that can improve innovation performance (Estralita, 2021). This is in line with regulatory mandates in Indonesia, such as Law Number 40 of 2007 and Government Regulation Number 47 of 2012, which requires companies to implement corporate social responsibility (Rosita et al., 2024).

Although corporate social responsibility is legally mandated, its implementation in Indonesia remains far from optimal. Of the 539 companies listed on the Indonesia Stock Exchange, only a small portion consistently discloses corporate social responsibility activities, and of the 300 CSR program submissions in Asia, only four Indonesian companies received awards. This weak implementation is reflected in persistently high extreme poverty and stunting rates at the national level (Prihastini & Indrayani, 2024; Ekaningrum et al., 2024). These conditions indicate that CSR has not been fully utilized as a strategic instrument, especially for MSMEs that are closely connected to communities and their environment (Sidik & Nabilah, 2024). Despite this, the extent to which CSR and intellectual capital influence MSME innovation performance either individually or jointly remains unclear, necessitating further problem formulation to examine this relationship systematically.

Corporate social responsibility regulations in Indonesia, governed by Law Number 40 of 2007 and Government Regulation Number 47 of 2012, provide a foundational framework for corporate social responsibility practices. Despite this, corporate social responsibility implementation remains low, as only four companies received the corporate social responsibility Asia Award in 2022. MSMEs play a crucial role in the economy, contributing 64.2 million units, 97% of the workforce, and 61% of gross domestic product, yet their innovation capacity is still limited. Key challenges include restricted financial access and insufficient innovation capabilities, positioning intellectual capital and corporate social responsibility as alternative strategies. Integrating corporate social responsibility with IC offers opportunities for sustainable innovation and a socio-knowledge-based competitive advantage for MSMEs.

Besides corporate social responsibility, intellectual assets are essential for strengthening MSMEs' innovation capabilities through human, structural, and relational capital, which enhance product development, process improvement, and network expansion. In line with the resource-based view, unique and inimitable resources such as knowledge and relationships form the basis of sustainable competitive advantage (Susanto et al., 2023; Rokhman & Setiawan, 2023; El Nemar et al., 2025; Setiawan et al., 2025). In Bandung Regency, optimizing these assets can improve innovation despite capital limitations. However, previous studies show mixed results regarding the effects of CSR and intellectual assets on innovation performance, with both positive and insignificant findings reported (Estralita, 2021; Nirino et al., 2022; Wahyudi, 2022; Ahmad et al., 2023; Zahid et al., 2024; Nazira et al., 2024). These inconsistencies indicate a research gap, underscoring the need to analyze both variables simultaneously, especially since studies rarely integrate CSR and IC within one model, leaving their potential synergy for MSME innovation largely unexplored.

Most existing studies focus on large companies, while MSMEs receive limited attention in examining the links between corporate social responsibility, intellectual

capital, and innovation (Wahyudi, 2024; Nustini et al., 2024). Research also tends to analyze CSR and IC separately, leaving their potential synergy for innovation largely unexplored. Yet MSMEs are closer to communities, generate direct social impact, and depend heavily on creativity and knowledge (Susanto et al., 2023; Situmorang et al., 2025). This underscores the need to investigate how CSR and IC influence MSME innovation performance in Bandung Regency, a region known for its creative and culinary sectors. By integrating both variables, this study offers novelty in positioning CSR and IC as strategic drivers of innovation performance, an essential indicator of sustainability in the digital era, and contributes theoretically and practically through a resource-based view of how MSMEs can manage intellectual assets and social responsibility to strengthen long-term value creation.

The objectives of this study are to analyze the influence of intellectual assets on MSME innovation performance, examine the contribution of corporate social responsibility to MSME innovation performance, and investigate the simultaneous role of IC and corporate social responsibility in shaping MSME innovation performance in Bandung Regency. The findings are expected to offer theoretical implications by enriching the strategic management literature on MSMEs and practical implications by providing recommendations for managing corporate social responsibility and IC as sustainable innovation strategies. Furthermore, the results are anticipated to inform policymakers and relevant institutions in fostering a competitive and innovation-driven MSME ecosystem.

2. Literature Review

2.1. Intellectual Assets in MSMEs

Intellectual assets are intangible resources that play a critical role in the strategic development of MSMEs, comprising three main components: human capital, structural capital, and relational capital. Human capital refers to the knowledge, skills, expertise, and creative abilities possessed by employees, which enable organizations to generate innovative solutions. Structural capital includes the organizational systems, internal processes, routines, and the prevailing organizational culture that collectively support the effective utilization of knowledge. Relational capital, on the other hand, encompasses the network of relationships and interactions with external stakeholders, such as customers, suppliers, and business partners, which facilitates collaboration and information exchange (Susanto et al., 2023).

Within the MSME context, intellectual assets serve as a crucial foundation for achieving a sustainable competitive advantage, as these resources are inherently difficult for competitors to replicate. Effective management and optimization of intellectual assets allow MSMEs to enhance their innovation capabilities, streamline operational efficiency, and strengthen their overall competitiveness both in local markets and on a global scale. Empirical studies further highlight that intellectual assets contribute positively not only to organizational value growth but also to long-term sustainability and innovation performance, reinforcing their strategic importance in MSME development (Sirait et al., 2024; Gidage & Bhide, 2025).

2.2. Corporate Social Responsibility in MSMEs

Corporate social responsibility is a form of corporate commitment to conducting business operations while maintaining a balance between economic, social, and environmental aspects. In Indonesia, corporate social responsibility has a strong legal basis, as stipulated in Law Number 40 of 2007, Article 74, and Government Regulation Number 47 of 2012, which requires natural resource-based companies to implement social and environmental responsibilities (Marthin, 2017). However, the implementation of corporate social responsibility in Indonesia still faces challenges, as evidenced by the low level of company involvement in international awards, as

well as criticism from the government regarding the effectiveness of the distribution of corporate social responsibility benefits (Prihastini & Indrayani, 2024; Muqtafillah et al., 2025).

For MSMEs, corporate social responsibility plays a role not only in maintaining social legitimacy but also in strengthening reputation and increasing market trust. Good corporate social responsibility practices can create a climate of innovation by involving stakeholders (customers, employees, and local communities) in the development of new products and services.

2.3. MSME Innovation Performance

Innovation performance in MSMEs is influenced by the extent to which they integrate social responsibility and intellectual assets into their business strategy. Corporate social responsibility plays a role in creating social legitimacy, expanding networks, and increasing employee motivation, all of which support innovation. Meanwhile, intellectual capital provides the knowledge base, creativity, and internal processes that enable innovation to run effectively (Kucharska, 2021; Kholid Murtadlo, 2021; Hanifah et al., 2022; Shafique et al., 2022).

From a resource-based view perspective, corporate social responsibility can strengthen reputation and external relations, while intellectual capital becomes a unique strategic resource (Battisti et al., 2022; Rosita et al., 2024). The combination of the two is believed to improve the innovation performance of MSMEs, particularly in Bandung Regency, known as an area with high creative potential. Therefore, this study emphasizes the importance of synergy between corporate social responsibility and intellectual capital as a key driver of sustainable innovation in MSMEs.

Several studies reinforce this synergy. For example, Nirino et al. (2022) show that CSR enhances relational capital, which subsequently stimulates product and process innovation among small firms. Likewise, Ahmad et al. (2023) find that intellectual capital significantly boosts SMEs' innovation capability, especially when firms actively maintain social and stakeholder engagement. In the Indonesian context, Estralita (2021) and Wahyudi (2022) demonstrate that CSR initiatives aligned with knowledge-based resources can improve MSME competitiveness and innovation outcomes. These findings strengthen the relevance of examining CSR-IC interactions in Bandung Regency, where creative industries rely heavily on community relationships, collaboration, and knowledge-driven processes.

3. Methods

The research method used is a qualitative approach with a descriptive-analytical research type, because the main focus is to explore in depth the role of intellectual assets and corporate social responsibility on the innovation performance of MSMEs in Bandung Regency (Anggito, 2018; Taufiq & Iqbal, 2021). This research emphasizes a contextual understanding of how human capital, structural capital, and relational capital are managed by MSMEs and how corporate social responsibility is implemented not just as a formality, but as a strategy to build legitimacy, reputation, and sustainable innovation (Kaligis et al., 2025). Participants were selected using purposive sampling based on criteria such as business scale, active involvement in CSR initiatives, and engagement in innovation-related activities.

Primary data was obtained through in-depth interviews with MSME actors, MSME association administrators, and local government officials in charge of small business empowerment, while secondary data came from journals, books, regulations, Law Number 40 of 2007, Government Regulation Number 47 of 2012, official reports, and academic literature (Rosita et al., 2024). The qualitative design allows the researchers to capture the dynamics of knowledge management, employee engagement, organizational routines, and community interactions that shape innovation. By exploring human, structural, and relational capital in tandem with

corporate social responsibility practices, the study uncovers how intangible assets and social responsibility are strategically mobilized to enhance product development, operational efficiency, and stakeholder relationships. Data collection followed a structured process that included conducting recorded interviews, field-note documentation, and verification of responses to ensure accuracy.

Data analysis is carried out by reduction, presentation, and drawing conclusions (Rukajat, 2018). Observations made during interviews with MSME actors revealed how local socio-cultural norms, market demands, and institutional support influence both intellectual asset utilization and corporate social responsibility initiatives. Simultaneously, secondary literature provides theoretical grounding and comparative insight, linking observed practices to established concepts such as the Resource-Based View (RBV) and the Triple Bottom Line (TBL). Themes related to the management of human capital, structural improvements, relational networks, and CSR activities are identified and examined for their contributions to innovation performance. To ensure data trustworthiness, the study applied triangulation of sources and member checking, allowing informants to confirm the accuracy of interpretations.

Through this approach, the study provides a comprehensive perspective on how Bandung Regency's MSMEs leverage intellectual assets and corporate social responsibility as complementary mechanisms, translating intangible resources and social commitments into practical innovations that are adaptive, community-oriented, and sustainable in the face of competitive pressures. This method is expected to yield comprehensive findings on the sustainable innovation strategies of MSMEs in Bandung Regency, addressing the research gap that MSMEs are more often studied from a financial perspective rather than from a non-financial perspective that underpins the resource-based view.

4. Results

4.1. The Role of Intellectual Capital on Innovation Performance of MSMEs

Intellectual assets are a strategic factor for MSMEs in Bandung Regency in facing increasingly fierce competition, especially in the digital era and knowledge-based economy (Purbandono, 2025). Based on observations, the 10 MSMEs studied not only have legality in the form of NIB, but also complement their businesses with halal certificates, training from financial institutions, and involvement in bazaars (Kusumadewi, 2023). This demonstrates their awareness of the importance of building reputation, credibility, and networks, which are all part of intellectual capital.

Human capital, as an intellectual asset, plays a significant role in improving innovation performance. The knowledge, skills, and creativity of MSMEs and their employees are the driving force behind product and service innovation. For example, Divahana Bakery and Wisata Roti are able to develop product variations based on market trends by leveraging the skills of employees who have received training from Bank Indonesia and partner universities (Saragih, 2017). This proves that innovation stems not only from financial capital but primarily from human intellectual ability. In addition to human capital, structural capital has also proven crucial. MSMEs in Bandung Regency have built organizational systems that support innovation, such as the use of production technology, more structured financial records, and digital branding through social media. Toko Kue Mami and Anjani Cookies, for example, developed online marketing systems to expand their market reach. This structural capital acts as an enabler, enabling consistent and sustainable innovation.

Relational capital also plays a significant role. Relationships with stakeholders, such as customers, suppliers, local communities, and government, create space for the exchange of ideas and opportunities for innovation. Cireng LS and Tempe Padasuka, for example, leverage their strong relationships with traditional market

communities to introduce new products based on local tastes. These relationships not only maintain consumer loyalty but also serve as a source of inspiration for creating relevant products (Kholid, 2021). Integrating intellectual assets with corporate social responsibility strengthens the social legitimacy of MSMEs. corporate social responsibility encourages businesses to position innovation not only as a strategy to increase profits but also as a way to provide added value to the community. Ponyo Resto, for example, implements corporate social responsibility by using raw materials from local farmers, which simultaneously strengthens culinary product innovation based on local wisdom. This demonstrates that intellectual assets and corporate social responsibility are not separate entities but rather mutually supportive in creating sustainable innovation (Sidik & Nabilah, 2024).

Table 1. Summary of Intellectual Assets of MSMEs in Bandung Regency

No	MSME Name	Business Scale	Main Asset	Intellectual	Impact on Innovation
1	Bu Soni Fnb	Micro	Human capital (BI training)	(BI)	Flavored onion products
2	Cireng LS	Micro	Structural (digital) & Relational capital (supermarket)	capital	Online marketing & Innovation tapioca flour
3	Tempe Padasuka	Small	Relational capital (local market)	capital	Innovations in tempe-based products
4	Anjani Cookies	Micro	Structural (branding) & Relational capital (exhibition)	capital & capital	New creative products
5	Kue Dobbu	Micro	CSR & structural capital	structural	Local product & branding
6	Tatitu Jaburane	Micro	Relational capital (exhibition dan travel collaboration)	capital	New product innovation
7	Rumah Kue Mami	Micro	CSR & relational capital (kolaborasi)	relational	New creative products
8	Divahana Bakery	Micro	Human capital & Relational capital (store)	capital & capital	New creative products & varied
9	Ponyo Resto	Medium	CSR, human capital, relational capital & structural capital	capital, capital & capital	Local-based menu
10	Wisata Roti	Micro	Human capital & Relational capital	capital & capital	Diverse bread products

Based on Table 1, the findings of this study align with Barney's Resource-Based View theory, which asserts that knowledge-based resources are unique, difficult to imitate, and can form the basis of long-term competitive advantage. The intellectual assets of MSMEs in Bandung Regency, particularly those related to human competencies, organizational culture, and relationships, have been shown to significantly contribute to product innovation, business models, and sustainability-oriented marketing strategies. Thus, intellectual assets are not merely complementary but constitute core capital that determines the direction of MSME innovation. Human capital fosters creativity, structural capital ensures the sustainability of innovation, and relational capital opens up opportunities for external collaboration. If these three components are well-managed and integrated with corporate social responsibility practices, MSMEs in Bandung Regency can create a sustainable competitive advantage amidst global competition.

This analysis demonstrates the significant role of intellectual assets in improving the innovation performance of MSMEs in Bandung Regency. Human capital, structural capital, and relational capital are the primary foundations driving innovation in products, systems, and market relationships. Integrating intellectual assets with corporate social responsibility practices further strengthens the social legitimacy and sustainability orientation of MSMEs. With proper management, MSMEs can not only survive the competition but also create long-term competitive advantages based on sustainable innovation.

4.2. Contribution of CSR on MSME Innovation Performance

The implementation of corporate social responsibility in MSMEs in Bandung Regency cannot be separated from local socio-economic dynamics. Corporate social responsibility in the context of MSMEs is not only a large-scale program like corporations, but also includes simple practices such as recruiting local workers, distributing food donations, and utilizing waste to create value-added products. This aligns with Elkington and Rowlands' (1999) triple bottom line concept, where corporate social responsibility integrates profit, people, and planet aspects into a series of business sustainability activities.

People-based corporate social responsibility practices are evident in the habit of MSMEs making social contributions to their surrounding communities, such as participating in Friday Blessings (*Jumat Berkah*) activities or donating to community events. This practice has direct implications for innovation by strengthening a positive image, building emotional closeness with consumers, and increasing loyalty. With good social legitimacy, MSMEs find it easier to introduce new products, ultimately increasing the success of innovation (Taufiq & Iqbal, 2021; Pitri, 2024; Nugrahaningsih, 2025). From a planetary perspective, several MSMEs in Bandung utilize production waste as part of their environmental corporate social responsibility program. A concrete example is Tempe Padasuka, which processes tempeh dregs into animal feed. This practice creates sustainability-oriented innovation while reducing production costs. Utilizing waste not only reduces environmental impact but also inspires new product development, thus significantly contributing to MSME innovation.

From a profit perspective, corporate social responsibility contributes as a branding strategy. Several MSMEs recognize that consistent social activities can increase public trust. Ponyo Restaurant, for example, confirms that corporate social responsibility impacts the business's reputation and strengthens market differentiation. This impact aligns with Kramer and Porter (2019) perspective on shared value, where social responsibility serves as a means of creating shared value between business and society, driving the creation of innovative and competitive products. Beyond its internal impact, corporate social responsibility also serves as an external tool for expanding collaboration with stakeholders. MSMEs that actively participate in social activities tend to be more trusted by communities, governments, and universities (Rahayu, 2020; Inayatussa'adah & Sisdiyanto, 2024). This is evident in the involvement of Bandung MSMEs in student internship programs, joint research with universities, and access to exhibitions from the cooperative office. With this legitimacy, MSMEs receive more input and opportunities for innovation.

However, the implementation of corporate social responsibility among MSMEs still faces limitations. Small-scale activities, limited funding, and a lack of a formal strategy mean that corporate social responsibility has not been fully integrated into the business model. However, when corporate social responsibility is positioned strategically, it can serve as a source of sustainable competitive advantage, as McWilliams and Siegel (2001) argue, demonstrating a positive relationship between strategic corporate social responsibility and innovation and long-term performance. Thus, corporate social responsibility in Bandung's MSMEs can be understood as a simple social practice with strategic impact. Corporate social responsibility not only

builds image and social legitimacy but also encourages product innovation, production efficiency, and market expansion. Although not yet structured like large corporations, consistent corporate social responsibility implementation provides a strong foundation for MSMEs to develop innovations that align with sustainable values and community needs.

Table 2. Summary of CSR Implementation in Bandung's MSMEs

No	CSR Aspect (Triple Bottom Line)	Form of Implementation	Impact on Innovation	MSME Example
1	People (Social)	Friday Blessing, community donations	Increased consumer loyalty	Tempe Padasuka, Kue Mami, Divahana Bakery
2	Planet (Environment)	Waste converted into animal feed	Eco-friendly innovation, cost efficiency	Rumah Makan Ponyo, Tempe Padasuka
3	Profit (Economic)	CSR as branding	Strengthened reputation & acceptance of new products	Rumah Makan Ponyo, Kue Dobbu
4	Stakeholder Relation	Internships, exhibitions, collaborations	Access to ideas & innovation input	Bu Soni FnB, Anjani Cookies, Wisata Roti, Tatitu Jaburane
5	Strategic-Moral	Ethical responsibility	Social legitimacy for expansion	Cireng LS, Rumah Makan Ponyo, Tempe Padasuka

Based on Table 2, the implementation of corporate social responsibility in MSMEs in Bandung Regency demonstrates that, despite its simplicity, its practices play a significant role in innovation performance. Corporate social responsibility, based on people, planet, profit, and collaboration with stakeholders, not only fulfills a moral obligation but also serves as a strategy to strengthen reputations, stimulate product creativity, and promote business sustainability. By integrating Corporate social responsibility more strategically, Bandung MSMEs have the potential to develop innovations that are not only adaptive to the market but also contribute to community well-being and environmental sustainability.

4.3. Combined Intellectual Capital & CSR on MSME Innovation Performance

A simultaneous analysis of intellectual assets and corporate social responsibility shows that MSMEs in Bandung Regency rely not only on financial capital but also on knowledge, relationships, and social legitimacy to drive innovation. Field observations show that human capital is the primary driver of creativity, while corporate social responsibility strengthens community acceptance of product innovation. The interconnectedness of the two forms a unique synergy: intellectual capital channels innovative energy, while corporate social responsibility ensures innovation receives social and environmental support (Susanto et al., 2023).

Human capital, in the form of employee skills, training, and creativity, interacts closely with corporate social responsibility programs that focus on worker well-being. MSMEs that involve local workers and conduct CSR-based training not only increase productivity but also strengthen internal team motivation.

This demonstrates that the success of MSME innovation is inextricably linked to how they manage their human resources through a combination of intellectual capital and corporate social responsibility practices (Moulia & Rahmat, 2024).

Structural capital, such as production SOPs, digitalization, and quality control systems, form the foundation for sustainable innovation. CSR then serves as external legitimacy, increasing public acceptance of investments in innovative systems. For example, the use of environmentally friendly packaging or hygiene SOPs garners consumer appreciation, enabling innovation not only to produce new products but also to positively impact the reputation of MSMEs (Rizqi & Supheni, 2024).

Relational capital through relationships with customers, suppliers, universities, and the government serves as a source of new innovation ideas. Corporate social responsibility serves as a collaborative bridge with external stakeholders. For example, collaboration with universities through internship programs or social activities provides access to new knowledge, while participation in government corporate social responsibility programs increases MSMEs' exposure to the broader market. This combination demonstrates that innovation is not solely an internal outcome, but rather the result of dialogue with the business and social ecosystems (Simanjuntak & Nuraeni, 2024).

The integration of intellectual assets and corporate social responsibility creates a competitive advantage based on innovation that is difficult to imitate. The resulting innovation emphasizes not only profit but also social and environmental sustainability. In other words, corporate social responsibility serves as a value orientation that directs intellectual creativity toward sustainability, thereby increasing market acceptance of MSME products while strengthening their long-term competitive position (Rustiarini, 2023). Findings from 10 MSMEs in Bandung Regency demonstrate that the simultaneous integration of IC and corporate social responsibility has direct implications for the sustainability of innovation. Micro, small, and medium-sized MSMEs utilize certification, training, and social activities to build their reputation. Therefore, IC-CSR integration is not only a strategy but also a fundamental requirement for MSMEs seeking to advance to national and international markets.

Table 3. Simultaneous Analysis of IC and CSR on MSME Innovation

No	Intellectual Capital Component	Form of CSR	Impact on Innovation	MSME Example
1	Human Capital (HR & training)	Local recruitment, employee training	Increased creativity, creation of new products	Rumah Ponyo, Padasuka, Roti, Rumah Kue Mami, Cireng LS
2	Structural Capital (SOP, digitalisasi)	Eco-friendly packaging, hygiene	Process innovation & more consistent quality	Tatitu Jaburane, Anjani Cookies, Rumah Mami, Cireng LS
3	Relational Capital (stakeholder)	Collaboration with campus & community	New ideas are born from external input	Rumah Kue Mami, Cireng LS, BuSoni Fnb, Anjani Cookies, Tatitu Jaburane
4	IC-based Branding	Social CSR (Friday blessings, donations)	Improved business image, innovations more accepted by the market	Divahana Bakery, Bu Soni FNB, Rumah Kue Mami
5	Internal Knowledge Sharing	Environmental CSR (waste converted into animal feed)	Sustainable ecology-based innovation	Rumah Ponyo, Padasuka, Cireng LS

Table 3 shows that the simultaneous analysis shows that intellectual assets and corporate social responsibility mutually reinforce each other in driving MSME innovation. Human capital provides creativity, structural capital provides systems, relational capital opens up opportunities for collaboration, while corporate social responsibility directs innovation toward sustainability and social legitimacy (Moulia & Rahmat, 2024). The combination of the two creates a more durable competitive advantage than solely profit-driven innovation. The following is an illustrative graph of the research results in the form of a circle, showing the simultaneous contribution of intellectual assets and corporate social responsibility to MSME innovation in Bandung Regency.

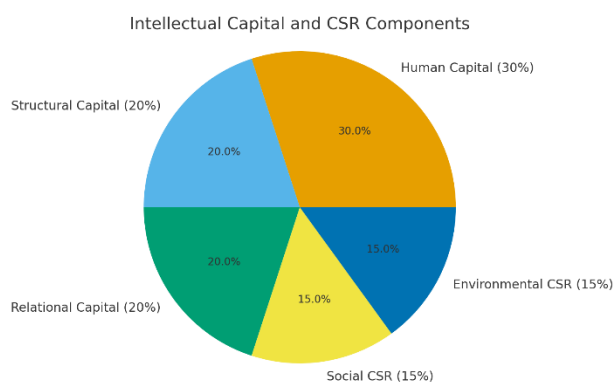


Figure 1. Illustration of Research Results: Contribution of Intellectual Assets and CSR to MSME Innovation in Bandung Regency

Figure 1 illustrates the results of the study on 10 MSMEs in Bandung Regency, which can be visualized in a pie chart showing the simultaneous contribution of intellectual assets and corporate social responsibility to innovation: Human Capital (30%), Structural Capital (20%), Relational Capital (20%), Social CSR (15%), and Environmental CSR (15%). This chart illustrates that MSME innovation relies not only on individual creativity but also on socio-environmental sustainability as the foundation for long-term excellence.

5. Discussion

The findings of this study reveal that intellectual assets are not merely supporting elements but the very heart of innovation performance among MSMEs in Bandung Regency. In the era of digital transformation and the knowledge-based economy, MSMEs that successfully leverage their intellectual resources, human, structural, and relational capital, demonstrate stronger adaptability and creativity (Kucharska, 2021; Hanifah et al., 2022). Human capital emerges as the most vital driver, as the creativity and knowledge possessed by owners and employees become the seedbed for innovative products and services (Kholid, 2021; Simanjuntak & Nuraeni, 2024). The stories of Divahana Bakery and Wisata Roti exemplify how skill development through institutional training directly translates into market-responsive innovation. This indicates that innovation is no longer the privilege of large corporations but a capacity that can grow from the intellectual strength of small enterprises.

Equally important, structural capital provides the foundation that sustains innovation. Bandung's MSMEs are beginning to realize that innovation requires supportive systems, digitalization, transparent financial management, and

structured workflows (Rizqi & Supheni, 2024; Purbandono, 2025). Enterprises such as Anjani Cookies and Toko Kue Mami prove that online branding and digital marketing not only expand market access but also foster creative consistency. When structural capital operates hand in hand with human capital, innovation transforms from a spontaneous act into an ongoing and organized process. In this context, innovation becomes a discipline, something that can be planned, measured, and improved over time, ensuring that creativity is continuously nurtured within a stable operational structure. Relational capital, meanwhile, connects MSMEs to the broader social and economic ecosystem. The study shows that interaction with customers, suppliers, and local communities opens up continuous streams of innovation. Enterprises like Cireng LS and Tempe Padasuka demonstrate that local relationships serve as laboratories for creative experimentation, where consumer feedback directly inspires new products. This relational engagement transforms innovation into a shared process, grounded in collaboration rather than isolated creation. Here, the role of stakeholders is not limited to consumption but extends to co-creation contributing to the collective evolution of local MSME innovation capacity.

Corporate social responsibility further enhances the social dimension of innovation by aligning business objectives with community well-being and environmental preservation (Kaligis et al., 2025; Muqtafibilah et al., 2025). MSMEs such as Ponyo Resto illustrate how corporate social responsibility rooted in local sourcing and environmental awareness not only strengthens brand legitimacy but also sparks new forms of sustainable innovation. When corporate social responsibility practices like waste management, local recruitment, or community donations are integrated with business strategies, they elevate innovation from mere product development to social transformation. In this way, corporate social responsibility becomes an ethical compass, ensuring that the innovative spirit of MSMEs contributes to broader societal goals rather than narrow profit motives.

The simultaneous integration of intellectual assets and corporate social responsibility creates a synergy that amplifies innovation performance, rather than merely serving as supplementary factors. This aligns with quantitative studies, Rosari et al. (2024), showing that IC positively affects innovation and MSME performance. Human capital injects creativity, structural capital ensures operational consistency, relational capital builds collaboration, and corporate social responsibility provides legitimacy and sustainability. The harmony among these components forms an innovation ecosystem that is resilient, socially grounded, and environmentally conscious. This synthesis reflects the essence of the Resource-Based View, where unique, knowledge-driven, and socially responsible assets form a sustainable competitive edge. Thus, the MSMEs of Bandung Regency represent more than just small business entities; they are emerging models of how intellectual strength and moral responsibility can merge to produce innovation that is not only competitive but also meaningful and enduring.

6. Conclusion

This study concludes that the innovation performance of MSMEs in Bandung Regency is significantly driven by the synergistic interaction between intellectual capital, comprising human, structural, and relational capital, and corporate social responsibility. Human capital fuels creativity and idea generation, structural capital ensures continuity and institutionalization of innovation, relational capital facilitates collaboration and market access, and CSR strengthens social legitimacy, reputation, and community-oriented innovation. These findings indicate that MSME innovation relies more on the strategic management of knowledge, relationships, and socio-environmental values than on financial resources alone.

Theoretically, this study extends the resource-based view by demonstrating that sustainable competitive advantage can emerge not only from internal knowledge-based resources but also through their integration with social and environmental responsibility. The synergy between intellectual capital and CSR represents a novel mechanism in MSME innovation research, providing empirical evidence for how intangible assets and socially responsible practices jointly contribute to long-term competitiveness. Practically, MSMEs are advised to strategically align intellectual asset management with CSR initiatives. Developing human resource capabilities, adopting digital systems, fostering external collaboration, and implementing community- or environment-focused CSR programs enable MSMEs to generate innovations that create both economic and social value. Policymakers and supporting institutions can use these insights to design capacity-building initiatives, facilitate digital transformation, and promote CSR programs that strengthen an innovative and competitive MSME ecosystem.

This study is limited to MSMEs in Bandung Regency and relies on cross-sectional data, which may constrain the generalizability of findings and the understanding of temporal dynamics. Future research is encouraged to adopt longitudinal or comparative approaches across regions or industries and explore additional factors such as digital readiness, organizational culture, or government support as mediating or moderating variables. Strengthening the synergy between intellectual capital and CSR remains a strategic pathway for MSMEs to achieve sustainable innovation and long-term competitiveness.

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The data that support the findings of this study are available from the corresponding author upon reasonable request.



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