Legal Protection Support to Local Product Commercialization Based on Local Wisdom and Innovative Advantage in Order to Export

Endang Purwaningsih

Lecturer of Law Faculty

University of YARSI / Indonesia

Email: e.purwaningsih@yarsi.ac.id

Endang Purwaningsih completed a Doctor of Law Sciences at Airlangga University in the Republic of Indonesia in 2004 and was appointed as Chair of the Notary Science Study Program and Permanent Professor at the Faculty of Law, YARSI University / Indonesia. I have taught various subjects in the field of law such as intellectual property rights, corporate law, legal research methodology, and others.

Abstract

This research is based on the analysis and deepening of the material from January 2020 to April 2020, is the idea of the author as a researcher who has accompanied local product producers in the research area, especially in local product enclaves which are all in the form of MSMEs, since 2012-2013 (about traditional Indonesian research knowledge), 2014-2016 about herbal products in Central Java and East Java, Indonesia, 2017-2019 about local traditional food and beverage products in 'Daerah Istimewa Yogyakarta' (DIY), Central Java and East Java, Indonesia and currently 2020 still accompanying the research area plus West Java.

This research is combined method between a juridical normative research and quantitative research, with literature studies and various previous research reports both by researchers and other researchers, using the statutory approach (statue approach) and sociological approach (sociological approach), as well as the deepening of research material by interviewing MSMEs and their leaders. The quantitative study involved 102 sampling of MSMEs in Yogyakarta and Pekalongan.

The results showed legal protection support and local policy support significantly influenced product commercialization and innovative advantage. Theoretically, this research provides insight into the product commercialization as mediator variable. With these findings, it is expected that significant support will emerge from the government as a

regulator, academics as a educator, the private sector as a catalyst, and the community as a driver for the development of law literacy as MSMEs in Indonesia.

Key words

legal protection, local products, local wisdom, innovative advantage.

I.   Introduction

Observing the results of previous researches funded by the Directorate General of Higher Education, Ministry of Research, Technology and Higher Education, Republic of Indonesia 2012-2013 (about Indonesian traditional knowledge research in Papua, Bali, Nusa Tenggara, Aceh, Sulawesi); 2014-2016 about herbal products / traditional medicine in Central Java and East Java Indonesia, 2017-2019 about local food products and traditional drinks in 'Daerah Istimewa Yogyakarta'/DIY, Central Java and East Java Indonesia and currently 2020 is requested to continue to accompany the research area plus West Java (2020-2022), the researchers succeeded in motivating and assisting: 1) The Association of Central Java and East Java herbal medicine entrepreneurs; 2) MSMEs in Bantul DIY ('ASMAMITRA' and the Geographical Indication Protection Society (MPIG) 'Wedang Uwuh' become notarial associations, and have succeeded in registering more than 20 owned by associate producer members, 3) MSMEs Association 'Guyup Rukun Saklawase' in Brebes, Central Java, the Trademark registration assistance was successfully conducted for 13 MSME product brands. Currently (2020), researchers (starting September 2020) continue to assist hundreds of MSMEs both in Brebes (120 MSMEs) and Bantul DIY ('Asmamitra' 120 MSMEs) as well as the new group 'Citra Mandiri Jogja' (70 MSMEs) that facilitate culinary, craft, MSMEs and convection who want to continue to raise local wisdom, as well as MSMEs in Tegal Waru and Bantarsari Bogor, West Java (20 MSMEs).

Researchers have the idea to improve local products which are MSMEs products advancing into the more established business realm with a level of technological readiness that is adaptive to global developments. These researchers' ideas are more focused on regulatory support and policies and support of the economic climate and the ability of IT to provide local performance towards added value equivalent to imported products, which are ready to export with guaranteed product quality and legal.

As is well known, Micro, Small and Medium Enterprises (MSMEs) in the national economy have an important and strategic role. This role can be seen from the statistical data of the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia (2019) which states that, "The number of MSMEs units in 2019 is 59.2 million units. A total of 3.79 million MSMEs are ready to go online, and another 8 million are also ready to go online."

Economically, with the excitement of MSMEs in both 'Daerah Istimewa Yogyakarta'/DIY and Central Java, it is hoped that it can improve the real economic sector of society, all MSMEs owners can maintain their business, while all

employees directly involved in MSMEs can support all members of their families (Purwaningsih, et.al. 2017). The problems in this study: 1) what is the strategy to lift local products with the support of legal protection? 2) How is the implementation of optimization of branding and information technology to elevate local products to become export-oriented innovative superior products?

This novel research lies in the novelty of an inventive nature, improvement and novelty of the implications on science in the legal field. First, inventive novelty can be seen in the idea of rolling out innovative MSMEs creative products seen from legal support, processes, management, innovation substance, IT and the end result that can truly be used as regional superior that elevates local wisdom.

Third, novelty in the legal field means that interdisciplinary perspectives provide support for the achievement of input at the legal level, so far the laws and regulations on traditional knowledge do not yet exist in Indonesia, so the results of this study are expected to provide solid support for regulations and policies, as well as government alignments for the sustainability of MSMEs in their regions in order to expand into the export market. Based on the description above, the objectives of this study are as follows: 1) Investigate the direct effect of legal protection support on product commercialization; 2) Investigate is the direct effect of Local Policy Support on product commercialization; 3) Investigate the direct effect of legal protection support on product innovative advantages; 4) Investigate the direct effect of Local Policy Support on Product Innovative advantages; 5) Investigate the direct effect of Product Commercialization on Product Innovative advantages; 6) Investigate the indirect effect of legal protection support on product innovative advantage through product commercialization.

II.   Methodology and Theoretical Frameworks

Local Products, Local Works, and Local Wisdom.

Local product is a product made from materials originating from within the country, the workforce comes from within the country, the product uses a local brand and finally the ownership of the company is also local. So, a product can be said to be a local product if it fulfils one or even all four aspects at once (Tofan, 2020; Khoram, Bazvand, & Sarhad, 2020).

Law Number 7 of 2014, concerning Trade, in particular article 1 paragraph (7) states that Domestic Products are Goods that are made and / or services are carried out by Business Actors in Indonesia. (Chait, 2019; Wilcox, 2020). The mention of "local food" has permeated all types of public discourse about food and eating in a certain place (Trifiyanto, 2019; Hand & Martinez, 2019). In countries where some districts in the West are larger than some states in the East, the concept of" local "must accommodate various perspectives and definitions (Hand & Martinez, 2019; Nurhikmawati & Yuhanna, 2019; Kim, 2021).

Marketing strategies for MSMEs entrepreneurs so that their products are known not only in the national arena, but also internationally need to be done are:

1) make sure your products have national and international standards, 2) develop marketing products to modern markets, 3) make product packaging as attractive as possible (USAID, 2015; Dewi, 2011). Local wisdom is also a cultural identity in which each individual accepts and respects differences and local wisdom and recognizes those differences (Miller, Kostogriz, & Gearon, 2009; Prabangkara, 2018). For example, local wisdom about traditional foods contained in the archipelago is a legacy of traditions that can strengthen the identity of the nation of Indonesia universally. Traditional food can be preserved through traditions that are encountered in certain months (Rinawati, et.al, 2018; Harsama, et.al, 2018).

Local wisdom related to food is not just about food itself, but behind all that, there is a process of how to make food as a taste of cultural heritage. Behind food and culinary issues are copyright and defence of national identity (Setiawan, 2016; Shirvan & Talebzadeh, 2020).

Strategy is an integrated action in the pursuit of competitive advantage. The right marketing is formed from the right combination of quality, price, distribution channels and product promotion activities. Quality improvement, as well as changes in design and creating varied products can stimulate consumers to buy products (Alfons, 2010). Law of the Republic of Indonesia Number 7 of 2014 concerning Trade, especially article 1 paragraph (1) states that Trade is the order of activities related to transactions of Goods and / or services in the country and exceeding national borders with the aim of transferring the rights to the Goods and / or Services to obtain compensation or compensation. Republic of Indonesia Government Regulation Number 80 Year 2019 regarding Trade through Electronic Systems, states that business operators must have a business license. Including business actors with an electronic platform, they also need to have a business license.

The expansion of international trade activities is increasingly important for the survival of companies (Spyropoulou, et.al, 2011; Samuels (2015), explains that there are at least 10 (ten) habits of highly successful traders which include: 1) Establishing a trading business for the right reasons, 2) Complete a trader's business plan, 3) Define your goals, 4) Commit to your education with a trading coach, 5) Understand and exploit your unique trading personality, 6) Follow a system, 7) Plan the trade and trade the plan, 8) Measure your performance, 9) Learn the secrets of successful traders, and 10) Add balance to your life. Kieff and Pararedes, (2015; Nijma, 2015) explained, "Transactional View of Property Rights in economy in which contracting is becoming more pervasive, property rights in contractual exchange with an important dimension. Also Property rights bring the power of the state to bear on the relationship between legal strangers".

Innovative Ability in Increasing the Level of Technology Readiness (TKT).

Technology Readiness Level (TKT) is a measure of the level of technological readiness which is interpreted as an indicator that shows how ready or mature a technology can be applied and adopted by users or prospective users. (Hermanu, 2016).

Measurement and determination of the level of technological readiness is needed to push the readiness of innovation to the commercialization stage and reduce the risk of failure in the use of innovation products (Regulation of Minister of Research, Technology and Higher Education, Republic of Indonesia No. 29 of 2019).

Innovation products include three things, namely a novelty that causes significant changes, innovation must be able to be used or used by users, and innovation must be able to provide commercial value (Baradono, 2019). Research conducted by Yang, et.al (2017); Johansson (2002) implies that, "Companies that manage product development well can increase the likelihood of success in integrating eco-design into product development.

Law Number 20 of 2016 concerning trademark and Geographical Indications. Article 1 paragraph (1) explains that, a Mark is a sign that can be displayed graphically in the form of a picture, logo, name, word, letter, number, arrangement of colours, in the form of 2 (two) dimensions and/or 3 (three) dimensions, sound, hologram, or a combination of 2 (two) or more of these elements to distinguish goods and / or services produced by persons or legal entities in the trading of goods and/or services.

Law No. 13 of 2016 concerning Patents, Article 1 explains that "Patents are exclusive rights granted by the state to investors for the results of their inventions in technology for a certain period of time carrying out their own inventions or giving approval to other parties to carry it out." Neilson (2018), "The inability to capture the value is caused by the poor alignment of the local institutional environment with the main company strategy." Research conducted by Delphine Marie-Vivien (2017) in the southern state revealed that, "Geographical Indications (IG) are used as a tool for economic, social, territorial and ecological development." Based on the description above, the hypotheses of this research are as follows:

H1: There is a direct influence Legal protection support on product commercialization

H2: There is a direct influence of Local Policy Support on product commercialization

H3: There is a direct influence Legal protection support on Innovative advantage

H4: There is a direct effect of Local Policy Support on Innovative advantage

H5: There is a direct effect of Product Commercialization on Innovative advantage

H6: There is an indirect effect Legal protection support on Innovative advantage through product commercialization

H7: There is an indirect effect of Local Policy Support on Innovative Profits through product commercialization

Research design and data analysis.

This research method is a normative juridical research combined with a survey method through research using a questionnaire. The approach used is a correlational approach that connects exogenous and endogen variables through intervening variables (Basrowi & Utami, 2019).

The research subjects were MSME actors in the cities of Pekalongan, Pemalang and Solo, Central Java and the Special Region of Yogyakarta. The MSME Association in Pekalongan City, Pemalang and Solo is already legal because it has been legalized by a notary as a form of MSME association. The population associations in this study were 341 MSMEs.

The sampling technique used is proportional random sampling by taking into account the number of SMEs in two different research locations. The number of samples in this study were 102 MSMEs with the details of the Yogyakarta MSME association as many as 50 people and from the Pekalongan MSME association as many as 52 people.

Research data sourced from primary and secondary data. Primary data comes from questionnaires distributed to MSME actors in the City of Pekalongan, Central Java, and the Special Region of Yogyakarta. Primary data also comes from the results of observations and interviews related to MSME organizations.

Secondary data was obtained through literature studies, relevant research reports, journals, and previous research reports conducted by researchers for 7 years (2012-2019) of research on traditional knowledge & local product themes (MSMEs). Secondary data sources also come from literature studies,

The data collection instrument used an instrument developed based on the research instrument grid. The grid contains the dimensions and indicators of each variable with reference to the theory that has been developed by previous experts who researched the same concept. The research instrument for the legal protection support variable (x1) is 6 items, the local policy support variable (x2) is 5 items, the product commercialization variable (y) is 5 items, the innovative profit variable is 6 items.

Data analysis used Structural Equation Modelling (SEM) analysis with Smart-PLS 3.0 tool. SEM analysis was chosen because there are intervening variables between exogenous and endogen variables. Smart PLS is not too strict in testing the analysis requirements so for legal data it is very appropriate.

III.   Discussion

The data analysed using SmartPLS 3.0 software with a second-order approach, starting from evaluation of the measurement model, which was aimed at determining the validity and reliability od the dimension's indicators used and subsequently testing the inner model through the resampling bootstrapping process.

Outer model measurement

This study used three methods for reliability measurement, namely, convergent, discriminant and composite validity for each indicator in measuring research variable. The convergent method was used to measure the validity of the indicator and expressed by the value of the outer loading factor. For the early stages of developing a measurement scale, referred to as exploratory study, the loading factor

value 0.50-0.60 was still considered sufficient. In this research, the outer loading value of each indicator was between 0.652 and 0.982, meeting the convergent validity requirement (see Table 1). According to the criteria, the HTMT ratio should be less than 0.90 for the formation of the discriminant validity model (Hair et al., 2013; 2016). Table 2 confirmed that all the HTMT ratios were less than 0.90.

The second step was to test discriminant validity of and indicator in a variable, comparing the square root coefficient of variance extracted (√AVE) from each laten factor with the correlation coefficient between others in the model. The recommended AVE value was above 0.5.

The AVE value for innovative advantage 0.971, which was greater than the correlation coefficient between other variables, namely, 0.650, 0.613 and 0.645. the value for legal protection support was 0.848 greater than the correlation coefficient between other variables, namely, 0.728 and 0.824. the AVE for legal policy support was 0.882 greater than the coefficient between other variables (0.793). the last, the AVE for product commercialization was 0.842. This showed that the indicators representing the dimensions of the variables in this study had good discriminant validity (Fornell & Larcker, 1981). The third step uses composite reliability to measure the value between indicators of the variable. The results were reliable when the value of the composite reliability and Cronbach's alpha was >0.70 (Chin, 1998) (see Table 3).

Table 1. AVE, √AVE and correlation of laten variables

Variable	AVE	√AVE	Coefficient of Correlations*			
			IA	LePS	LoPS	PC
Innovative advantage	0.943	0.971	0.971			
Legal protection support	0.718	0.848	0.650	0.848		
Local policy support	0.778	0.882	0.613	0.728	0.882	
Product commercialization	0.709	0.842	0.645	0.824	0.793	0.842

Note(s): *IA = innovative advantage, LePS = legal protection support, LoPS = Local policy support, PC = product commercialization

Table 2. Heterotrait-Monotrait Ratio (HTMT)

Constructs	IA	LePS	LoPS	PC
Innovative Advantage				
Legal Protection Support	0.644			
Local Policy Support	0.633	0.769		
Product Commercialization	0.663	0.866	0.850	

Note(s): *IA = innovative advantage, LePS = legal protection support, LoPS = Local policy support, PC = product commercialization

Table 3. Instrument reliability test

Constructs	Cronbach's Alpha	Rho_A	Composite Reliability	Average Variance Extracted (AVE)
Innovative Advantage	0.985	0.986	0.988	0.943
Legal Protection Support	0.922	0.935	0.939	0.718
Local Policy Support	0.929	0.935	0.946	0.778
Product Commercialization	0.915	0.926	0.935	0.709

The results of the calculation of composite reliability range 0.935 to 0.988 (>0.70), indicating that indicators of the variable were reliable. Also the Cronbach's alpha values range 0.915 to 0.985 (>0.70), meaning that the indicators were reliable and were declared free from the problem of random error (MacKenzie et al., 2011).

Inner model measurement

After the outer model was tested, the next step was to examine the inner model using three approaches, first, by evaluating the feasibility of the model by observing the results of the R^2 analysis, second, by testing the model holistically using the predict relevance method (Stone, 1974), and finally by calculating the goodness of fit (GoF). Q^2 and GoF calculations used the R-square coefficient (R^2). R^2 showed the strength of the relationships//information between exogenous and endogenous variables. The R^2 value of 0.67 was classified as a robust, 0.33 as a moderate and 0.19 as a weak model (Chin, 1998).

As shown in Table 4, the R^2 value of innovation advantage was 0.475 and product commercialization was 0.758. Meanwhile, according to Chin (1998), the R^2 value showed was moderate and robust, because it was greater than 0.33 and 0.67. The average value of 0.617 mean that the model of the relationship between construct was explained by 60.6%, while 38.3% was expressed by other external factors. The distribution of the adjusted R^2 value was smaller than that of the normal R^2 value, meaning that a change or expansion of the research model by including other latent variables was still possible (Hair et al., 2014).

After understanding that the R^2 test passed with good value, the next step was to examine using Q square predictive relevance (Q^2). This was to measure how good the observations produced by the model are. The Q^2 had values ranging from 0 to 1, and the closer they were to 1, the better was the predictive ability of the model (Stone, 1974). The Q^2 value was calculated using the following formula:

$Q^2 = 1 - [(1 - R^2 y1)(1 - R^2 y2)]$

$Q^2 = 1 - [(1 - 0.475)(1 - 0.758)]$

$Q^2 = 1 - [(0.525)(0.242)]$

$Q^2 = 1 - 0.12705$

$Q^2 = 0.87230$ (Q^2 very good predictive relevance)

Q^2 calculation produced a value of 0.8730, which means that the model represented an excellent observation, therefore explaining 87,30% of the relationship between the variables. In comparison, the remaining 12,71% was a factor of error or others not included in the research model. After Q^2

was carried out, the next step was to validate the overall model by testing the GoF criteria, with the measurement and the structural type.

$GoF = \sqrt{com \times R^2}$

$GoF = \sqrt{0.683 \times 0.617}$

$GoF = \sqrt{0.4214}$

$GoF = 0.649$

GoF calculation produced a value of 0.649, close to 1, indicating that the research model was a very predictive model. This suggested that the overall measurement accuracy of the model was outstanding. This was based on the criteria set for the value of GoF, 0.10 (small), 0.25 (moderate) and 0.36 (large). A value of the 0.649 indicated that the research model was categorized as having large GoF.

The next step was to test the effect size (f^2) aimed to obtain more detailed information about the amount of variance in the dependent and independent variables in a structural equation model. The criteria for the effect size (f^2) were as follows: 0.02-0.15 (weak); 0.15-0.35 (medium) and >0.35 (strong) (Cohen et al., 1998). When f^2 = 0.02, the research model was classified as weak,; when f^2 = 0.15, it was moderate; when f^2 = 0.45 or above, it strong effect (Chin, 2010). The result analysis in Table 5 showed a mean of 0.365, which means that there was an indication that a mediation relationship pattern was formed in this study.

Table 4. R^2 and R^2 adusted

Variables	R Square	R Square Adjusted
Innovative Advantage	0.475	0.459
Product Commercialization	0.758	0.754
Average	0.617	0.606

Table 5. Cohen effect size analysis

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
LoPS -> PC	0.293	0.280	0.126	2.316	0.021
LePS -> PC	0.499	0.510	0.105	4.766	0.000
LePS -> IA	0.311	0.304	0.068	4.563	0.000
LoPS -> IA	0.437	0.447	0.099	4.436	0.000
PC -> IA	0.287	0.281	0.088	3.279	0.001
Average	0.365				

Note(s): *IA = innovative advantage, LePS = legal protection support, LoPS = local policy support, PC = product commercialization

Testing research hypotheses

After the outer and inner model tests were completed, the next important step was examining the hypotheses which was carried out through two stages, namely, testing the direct and indirect effects of the exogenous and endogenous variable. In the path of coefficient, as shown in table 5, the direct relationship between variables was presented in the original sample.

Table 6 presented information about the analysis of the direct relationship between research variables. The path coefficient of the direct relationship between legal protection support and product commercialization was 4.766>1.96, which means that it was significant, and hypotheses 1 was accepted. The coefficient of the relationship of local policy support with product commercialization was

2.316>1.96, which means that it was significant, therefore, hypotheses 2 was accepted. The path coefficient of the direct relationship between legal protection support and product commercialization was 4.766>1.96, which means that it was significant, and hypotheses 1 was accepted. The coefficient of the relationship of local policy support with innovative advantage was 2.316>1.96, which means that it was significant, therefore, hypotheses 3 was accepted. The path coefficient of the direct relationship between legal protection support and product commercialization was 4.563, which means that it was significant, and hypotheses 1 was accepted. The coefficient of the relationship of local policy support with innovative advantage was 4.436>1.96, which means that it was significant, therefore, hypotheses 4 was accepted. The coefficient of the relationship of product commercialization with innovative advantage was 3.279>1.96, which means that it was significant, therefore, hypotheses 5 was accepted. The results of research output with the SmartPLS software are presented in Figure 1.

After obtaining the results of direct relationship between variables, the next step was to determine the position of the mediating factor indirectly (see Table 7). In this research model, there was path of mediation that were tested, namely, product commercialization. Based on the analysis of the indirect effects, it can be concluded that (1) product commercialization as a mediating variable of legal protection support towards innovative advantage is significant, because the probable value = 0.039 < 5%, which mean hypotheses 6 was supported. (2) product commercialization as a mediating variable of local policy support towards innovative advantage, because the probable value = 0.010 < 5%, then hypotheses 7 was supported.

Table 6. Path Coefficient

Costructs*	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Decision
LoPS -> PC	0.293	0.280	0.126	2.316	0.021	Support
LePS -> PC	0.499	0.510	0.105	4.766	0.000	Support
LePS -> IA	0.311	0.304	0.068	4.563	0.000	Support
LoPS -> IA	0.437	0.447	0.099	4.436	0.000	Support
PC -> IA	0.287	0.281	0.088	3.279	0.001	Support
Average	0.365					

Note(s): *IA = innovative advantage, LePS = legal protection support, LoPS = local policy support, PC = product commercialization

Table 7. Test of mediation effects

Constructs*	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Decision
LePS -> PC -> IA	0.084	0.080	0.046	1.821	0.039	Support
LoPS -> PC -> IA	0.143	0.145	0.055	2.584	0.010	Support

Note(s): *IA = innovative advantage, LePS = legal protection support, LoPS = local policy support, PC = product commercialization
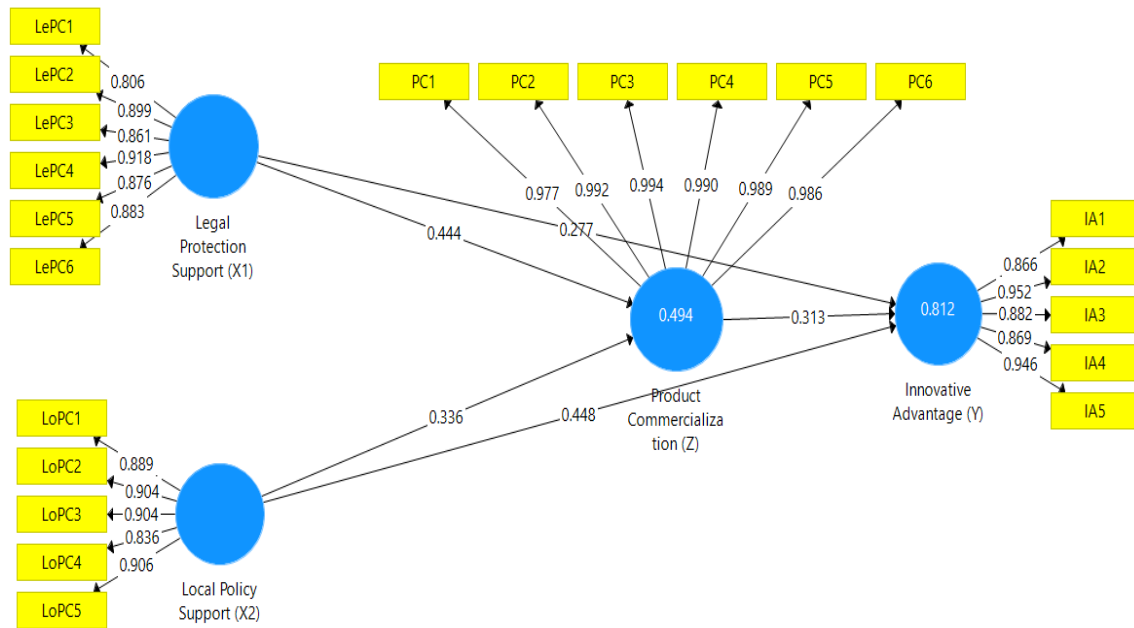
Figure 1. SmartPLS analysis

IV.   Result

Strategies to Raise Local Products and Support Legal Protection

In the Law of the Republic of Indonesia Number 20 of 2008 Concerning Micro, Small and Medium Enterprises, article 3 states that, Micro, Small and Medium Enterprises aim to grow and develop their businesses in the framework of building a national economy based on equitable economic democracy. In Law No. 7 of 2014 concerning Trade, in particular Article 1 paragraph 16 it is stated that, export is the activity of removing Goods from Customs Regions.

Government Regulation Number 80 of 2019 concerning Trade. Through the Electronic System plays a role in encouraging the development of e-commerce (electronic commerce or e-commerce) that is sustainable in the country. (Barus, 2019).

Relation to local products which are in fact the products of MSMEs actors, policies that should be applied: 1) MSMEs licensing policies and investments as well as policies related to regulations from upstream to downstream (from legality of business entities to legality of products), and 2) policies in the pharmaceutical field; be a policy in the field of pharmacy, don't let the MSMEs land on herbs also be worked on by pharmaceutical factories so that MSMEs will also fall if competing with factories; 3) policies that are based on strengthening local products by raising local wisdom and pioneered for independence and export.

Also in the design both packaging and product designs must be accompanied so that they are protected by law (not similar to registered designs or infringements), attract consumers, and are worthy of export sales. May, the leader of 'ASMAMITRA' (February 2020) stated that it needs various facilities, both e-commerce and other relief facilities such as taxes and others so that MSMEs can

rise and at least survive in the local area, but if possible, they can go export because in 'ASMAMITRA' there are already small exports-excellent as many as 3 producers. Maryadi founding and leader of MSMEs Bantul DIY (January 2020) stated that MSMEs needs to be facilitated from upstream to downstream, provide convenience, if possible free of all costs, needs to be accompanied by the legality of business entities and products to be independent, vigorous promotion, even export to foreign countries. Handayani (February 2020) leader of Society for the Protection of Geographical Indications (MPIG) Wedang Uwuh stated that he was ready to go forward and hoped that assistance from the relevant agencies would run smoothly both for the Regional Government and Department of Cooperatives and MSMEs, which is certainly burdensome for MSMEs.

Sutrisno, Central Java MSMEs (February 2020), hopes that the production factors can be overcome well, such as capital assistance, machinery, competent human resources, so that the business legality and branding completeness such as trademark, e commerce, examples of MSMEs export clusters as a role model, and various facilities like tax. Lukmanul, chief judge of Bantarsari Bogor village, West Java (Jan 2020), wants the campus to play a role in assisting local products to be more commercial and able to go global. Related regulations that need to be harmonized include: Law No. 20 of 2016 concerning Trademarks and Geographical Indications, 2) Law No. 13 of 2016 concerning Patents, 3) Law No. 30 of 2000 concerning Trade Secrets, 4) Law No. 31 of 2000 concerning Industrial Design, 5) Law No. 20 of 2008 concerning MSMEs from upstream to downstream, 6) Law No. 19 of 2016 concerning e-commerce information and technology, 7) Law No. 7 of 2014 concerning trade, 8) Government Regulation Number 80 of 2019 concerning Trade Through Systems Electronic, and 9) Regulation of the Head of the Republic of Indonesia Drug and Food Supervisory Agency No. 35 of 2013 concerning procedures for certifying how to make traditional medicines that are good barcode in drug and food control.

Dornis (2017) "The common core of protective purposes in trademark and unfair competition law is information economization." Product sales must have strong branding capabilities, especially for new products. Lei (2013) states that innovative companies with large trademarks in the market and have good trademark management capabilities, can increase the interest of investors to deposit their shares in extraordinary amounts. Therefore, according to Glaser (2008), "Trademark management strategy must prioritize market demand and become a supply chain, in contrast to the general demand chain focus." (Agostino, 2014; Maina, 2019).

So, the recommended strategy are: 1) empower local and damping product producers from upstream to downstream; give reinforcement in innovation capability, 2) give specific policies and regulations that facilitate and ease administration and production, 3) create pilot clusters with assistance and facilitation both in production factors and the level of technological readiness, and 5) harmonization of regulations related to investment, trade, IPR, MSMEs and organic regulations related to exports.

Optimization of Branding and Information Technology Becoming an Export-Oriented Innovative Leading Product

Empowering company internal branding can be one of the keys to success in increasing company turnover. Metharom (2015) states, "The perceived quality of the trademark through sales promotion will increase the willingness of consumers to pay (WTP) private labels (PL)."

According to Arrigo (2015), a co-branding strategy by selecting the best location for flagship stores, for example in luxury branding will improve trademark positioning with the 'sense of place' to be obtained. Small, et.al (2007) explained that, "The international branding strategy can be used to improve trademark performance and finance companies abroad.

Jayakumar (2016) explained that, "Companies that want to apply e-commerce can make strategies using behavioral economic principles including confirmation bias, framing effects, reference points, loss avoidance principles, heuristics and certain rules to influence customer decisions making that will benefit the company." (Kremez, 2019),

Traditional knowledge (Purwaningsih, 2017) is the work of traditional communities (*adat*) which can be in the form of cultural customs, works of art, and technology that have been used for generations since their ancestors. Kotler and Kevin lane Keller (2016), explained that: "Trademarks identify the maker of a product and allow consumers to assign responsibility for its performance to that maker or distributor." According to Peter & Olson (2010), "A company's trademark awareness strategy depends on how well known the trademark is.".

It is necessary to study strategies to protect and promote the local products of these indigenous peoples so that they have the competitiveness while still raising local wisdom. (Purwaningsih, 2014). It is necessary to strengthen local wisdom on the products of indigenous people which is a reflection of the work of ancestral intellectuals who, although local, should be protected and promoted vigorously, especially in order to compete in the global era. (Purwaningsih, et.al. 2017). According to Cravens & Piercy (2009), explains that, "Types of Innovations: (1) Transformational innovation, that is radically new and the value created is substantial.

So, the optimization steps include 1) the readiness of the production factors 2) the facilitation of the production process to produce quality products 3) the legality of the business is strengthened policy support 4) IT assistance and the acquisition of complete branding and exports (e-commerce facilitation, the level of technological readiness improvement, technology access and machine assistance, registering and promoting products with registered trademarks, improved skills to understand export pioneering)

V. Conclusion

Main strategies are: 1) empower local product producers and assist from upstream to downstream; give reinforcement in innovation capability 2) give

specific policies and regulations that facilitate and ease administration and production 3) create pilot clusters with assistance and facilitation both in production factors and the level of technological readiness; 4) stakeholder support in the commercialization and synchronization of the role of regional governments and government 5) harmonization of regulations related to investment, trade, IPR, MSMEs and organic regulations related to exports.

Optimization steps include: 1) certainty of production factor readiness 2) facilitation of the production process to produce quality products 3) legal certainty of business legality strengthened special policy support 4) maximize IT assistance and the acquisition of complete branding and exports (e-commerce facilitation, the level of technological readiness improvement, access to technology and machine assistance, registering and promoting products with registered trademarks, improved skills to understand export pioneering), 5) making MSMEs integrated services per district area accessible online and concise administration, and (6) creating role model MSMEs clusters.

References

Agostino, M.c and Trivieri, F. 2014. 'Geographical Indication and Wine Exports. An Empirical Investigation Considering the Major European Producers', *Food Policy*, 46 (2014), 22–36 <https://doi.org/10.1016/j.foodpol.2014.02.002>.

Alfons, M, 2010. *Implementation of Protection of Geographical Indications of Local Community Products in the Intellectual Property Perspective*. https://prasetya.ub.ac.id/berita/Melindungi-HAKI-Produk-Lokal-dengan-Implementasi-Indikasi-Geografis-1661-id.html

Arrigo, E. 2015. 'The Role of the Flagship Store Location in Luxury Branding. An International', *International Journal of Retail & Distribution Management*, 43.6 pp.518–537 (2015), 518–37 <https://doi.org/, https://doi.org/10.1108/IJRDM-08-2013-0158>.

Baradono, S. 2019. Katsinov: *Aids Measuring Level of Readiness of Product Innovations*]. http://technology-indonesia.com/teknologi-a-z/umum/katsinov-alat-bantu-mengukur-tingkat-kesiapan-produk-inovasi/

Barus, K. 2019. Government Issues government regulations Number 80 Year 2019 to Encourage Online Trade of Products. https://www.industry.co.id/read/58571/pemerintah-terbitkan-pp-nomor-80-tahun-2019-untuk-dorong-perdagangan-produk-secara-daring

Basrowi & Utami, P. (2019) Legal Protection To Consumers of Financial Technology in Indonesia. *Journal of Advanced Research in Law and Economics*, Volume IX Issue 4(43), Summer 2019. http://journals.aserspublishing.eu/jarle/indexChait, J. 2019. *Locally Grown Food*, https://www.thebalancesmb.com/what-does-locally-grown-really-mean-2538258

Delphine, MV. and Biénabe, E. 2017. 'The Multifaceted Role of the State in the

Protection of Geographical Indications: A Worldwide Review', *World Development*, 98 (2017), 1–11 <https://doi.org/10.1016/j.worlddev.2017.04.035>.

Dewi, T.K.S, 2011. *Local Wisdom of Traditional Foods: Reconstruction of Jawad Manuscripts and Their Functions in Society*. *Manuskripta*, Vol 1. No 1. Pp 161-182

Dornis, T.W. 2017. *Trademark and Unfair Competition Conflicts, historical comparative, doctrinal and Economic perspectives,* United Kingdom: University Printing House, p. 347.

Glaser, S. 2008. 'The Role of Branding in the Value Chain', *International Journal of Physical Distribution and Logistics Management*, 38.9 (2008), 726–36 <https://doi.org/10.1108/09600030810925999>.

Government Regulation of RI Number 80 of 2019 concerning Trade

Government Regulation of RI Number 80/2019 *concerning Trade through Electronic Systems*

Hand, M. S. & Martinez, S. 2019. *Just What Does Local mean?*http://www.choicesmagazine.org/magazine/article.php?article=108

Harsama, M; Harmayani, E; & Widyaningsih, Y.A. *Potential of Traditional Food of Kelombeng Cake as a Tourist Attraction in Special Region of Yogyakarta]*, *HEJ (Home Economic Journal*) Vol 1 No 2 October 2018. Pp 40-47

Hermanu, A.I. 2016. *Indicator of Technology Readiness Level Measurement*. Dirjen Penguatan Riset dan Pengembangan, Kemenristekdikti.

Jayakumar, T. 2016. 'Behavioral Lessons from Flipkart's Big-Billion Day Sale', *Competitiveness Review*, 26.4 (2016), 453–75 <https://doi.org/10.1108/CR-03-2015-0019>.

Johansson, G. 2002. 'Success Factors for Integration of Ecodesign in Product Development', *Environmental Management and Health*, 13.1 (2002), 98–107 <https://doi.org/10.1108/09566160210417868>.

Kieff, S and Paredes, T.A. editor, 2015. *Perspectives on Commercializing Innovation.* New York: Cambridge University Press.

Kim, J.-R. (2021). Using Markedness Principle for Abstraction of Dependency Relations of Natural Languages. *Eurasian Journal of Applied Linguistics, 7*(2), 58-67. http://dx.doi.org/10.32601/ejal.911501

Khoram, A., Bazvand, A. D., & Sarhad, J. S. (2020). Error feedback in second language speaking: Investigating the impact of modalities of error feedback on intermediate EFL students' speaking ability. *Eurasian Journal of Applied Linguistics, 6*(1), 63-80. http://dx.doi.org/10.32601/ejal.710205

Kotler, P and Armstrong, G. 2016.*Principles of Marketing, sixteenth edition, Edinburgh Gate England: Pearson Education Limited, p. 532*

Kotler, P and Keller, K.L. 2016. *Marketing Management,* Edinburgh Gate England: Pearson Education Limited, p. 321-322

Kremez, Z, et.al. 2019. and others, 'E-commerce Structures for Retail and Service Franchises', *Asia Pacific Journal of Marketing and Logistics*, 2019

<https://doi.org/10.1108/apjml-11-2018-0461>.

Law the Republic of Indonesia No. 19 of 2016 concerning e-commerce IT

Law of the Republic of Indonesia Number 13 of 2016 concerning Patents

Law of the Republic of Indonesia Number 20 of 2008 concerning MSMEs

Law of the Republic of Indonesia Number 31 of 2000 concerning Industrial Design

Law of the Republic of Indonesia Number. 30 of 2000 concerning Trade Secrets,

Laws of the republic Indonesia No. 20 of 2016 concerning Brand and Geographical Indications

Laws of the Republic Indonesia No. 7 of 2014 about Trade

Lei, X.H. Ye, T. and Abimbola, T. 2013. 'The Role of Branding Capability for Innovative Companies', *Nankai Business Review International*, 4.4. 329–48 <https://doi.org/10.1108/nbri-01-2013-0001>.

Maina, W.F. et.al, 2019. 'Producers' Valuation of Geographical Indications-Related Attributes of Agri-Food Products from Semi-Arid Lands in Kenya', *Heliyon*, 5.2 (2019), e01218 <https://doi.org/10.1016/j.heliyon.2019.e01218>.

Metharom. K.T.P. 2015., 'Influencing the Willingness to Pay for Private Labels: The Role of Branding', *Asia-Pacific Journal of Business Administration*, 7 No.3 pp. (2015), 197–215 <https://doi.org/: http://dx.doi.org/10.1108/APJBA-10-2014-0123>.

Miller, K. & Gearon, 2009. *Culturally and Linguistically Diverse Classroom*, Toronto: Multilinguas Matters.

Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM). 2019. *3,79 Juta UMKM Sudah Go Online*. [*3.79 Million SMEs Already Go Online*] https://kominfo.go.id/content/detail/11526/kemenkop-ukm-379-juta-umkm-sudah-go-online/0/sorotan_media

Neilson, Wright, J. and Aklimawati, L. 2018. 'Geographical Indications and Value Capture in the Indonesia Coffee Sector', *Journal of Rural Studies*, 59.May 2017 (2018), 35–48 <https://doi.org/10.1016/j.jrurstud.2018.01.003>.

Nijman, ' V. 2015. CITES-Listings, EU Eel Trade Bans and the Increase of Export of Tropical Eels out of Indonesia', *Marine Policy*, 58 (2015), 36–41 <https://doi.org/10.1016/j.marpol.2015.04.006>.

Nurhikmawati, A. R. & Yuhanna, W.L. 2019. *Utilization of Vinyl Waste into Bags and Souvenirs Based on Creative Economy. Social services II National Seminar 2019 Synergy and Strategy of Academics, Business and Government in Realizing Progressing Community Empowerment in the Industrial Era 4.0]*

Prabangkara, H.S. 2018. *Yogyakarta culinary, from Identity to Commodities]*. *Lensa Budaya*, No 13. No 2. 2018 pp. 120-122

Purwaningsih, E, et.al. 2014. Potensi dan Strategi PengembanganObat/JamuTradisionalmenujuIndustriObat Herbal di Jawa Tengah dan Jawa Timur [Potential and Strategy of Traditional Medicine / Herbal Development towards Herbal Medicine Industry in Central and East Java]. *Laporan Hasil penelitian MP3EI*, Jakarta: Universitas Yarsi.

Purwaningsih, E. et.al, 2017. *Legal Protection of Traditional Foods through Trademarks and Geographical Indications towards Commercialization of Competitive Products. PT UPT Research Reports for Year I-III,]* Jakarta: Universitas Yarsi

Regulation of the Directorate General of Strengthening Research and Development No. 603 / E1.2 / 2016. About Indicators for Measurement of Technology Readiness Level

Regulation of the Food and Drug Supervisory Agency Number 33 of 2018 concerning the Application of two-dimensional (2D) badcodes in drug and food control

Regulation of the Head of the Republic of Indonesia Drug and Food Supervisory Agency Number 35 of 2013 concerning procedures for certifying how to manufacture traditional medicines that are good

Regulations of Minister of Research, Technology and Higher Education (Permenristekdikti) No. 29 / 2019 *concerning Measurement and Determination of the Level of Readiness of Innovations.*

Rinawati, T. Meiriyanti, R. dan Puspitasari, D. 2018. *Srabi's Role as a Typical Food to Maintain Local Wisdom Values]*, *Dinamika Sosial Budaya*, Nol 19 No 2, 2017. Pp. 300-307

Samuels, J. 2015. *The Traders' Pendulum, the 10 habits of highly successful traders*, New Jersey: John Wiley & Sons, Inc. p. 224-228;

Setiawan, R. 2016. *Understanding Traditional Culinary in the Archipelago "A Critical Review*, *Respons,* Vol 21 No 1. (2016) pp 113-140

Shirvan, M. E., & Talebzadeh, N. (2020). Tracing the signature dynamics of foreign language classroom anxiety and foreign language enjoyment: a retrodictive qualitative modeling. *Eurasian Journal of Applied Linguistics, 6*(1), 23-44. http://dx.doi.org/10.32601/ejal.710194

Small, et.al. 2007. 'Multiple Roles for Branding in International Marketing', *International Marketing Review*, 24.4 (2007), 384–408 <https://doi.org/10.1108/02651330710760982>.

Spyropoulou, S, Skarmeas, D. and Katsikeas, C.S. 2011. 'An Examination of Branding Advantage in Export Ventures', *European Journal of Marketing*, 45.6 (2011), 910–35 <https://doi.org/10.1108/03090561111119967>.

Tofan, A.Y, 2010. *Pengembangan Produk Lokal [Local Product Development]*. https://www.its.ac.id/id/pengembangan-keberagaman/.

Trifiyanto, K. 2019. The Future of Local Product: Influence Analysis of Consumer Ethnocentrism, Package Design and Label of Halal to Purchase Intention of Local Product. *Fokus Bisnis: Media Pengkajian Manajemen Dan Akuntansi*, *17*(2), 15-24. https://doi.org/10.32639/fokusbisnis.v17i2.229

UMKM Business, 2019. *Marketing Strategies to Raise Local Products*. https://bisnisukm.com/strategi-pemasaran-mengangkat-produk-lokal.html

USAID, (2015). *Local works. Accessed*: https://www.usaid.gov/localworks April 8, 2020

Willcox, K, 2020, *How Do You Define What Makes A Product Local? It's Compicated*,
https://vinepair.com/wine-blog/how-do-you-define-local/

Yang, C.H. and Tsou, M.W. 2017. 'Does an Own-Brand Produce Higher Profitability? Evidence from Taiwan's Manufacturing Firms', *Journal of Business and Industrial Marketing*, 32.7, 925–36 <https://doi.org/10.1108/JBIM-05-2016-0104>.