



The Competition of Local and Product of China in Meeting Consumer Demand Based in Gembrong Market Jakarta Timur

Sri Sundari^{1*}, Tri Legionosuko¹, Usnanta Prasetya Asmat¹, Afriapollo Syafarudin²

¹Pertahanan University, Indonesia, ²Mercu Buana University, Jakarta, Indonesia. *Email: Srisundari0565@gmail.com

Received: 06 August 2019

Accepted: 11 October 2019

DOI: <https://doi.org/10.32479/irmm.8851>

ABSTRACT

The demand of customer raises the competitiveness of local and Chinese products in the Gembrong market East Jakarta, based. In the case of ACFTA, Indonesia's strategy has main focus in improving the quality of human resources and labor productivity. Data is collected by observation, interviews, and documentation. The data obtained and analyzed according to the actual conditions, then each actual conditions element is combined in order to produce a conclusion. The government has strengthen the domestic market by implementing compulsory Indonesian National Standards (SNI) for industrial products, trade policy such as the application of Producer Importers (IP) and Registered Importer (IT) the application of trade defends optimizes the increasing of domestic product usage (P3DN) in all lines of life and economic activities.

Keywords: Gembrong Market, Consumer Demand, Local and Chinese Product Competition

JEL Classifications: M3

1. INTRODUCTION

The digital era has marked the door of trade between countries in the world to be unlimited. Hertati (2019) states that competitors have considerable opportunities to develop business ventures in the industry industry 4.0. Then Hertati (2016) revealed the same thing with the number of competitors or competitors also increasing. Therefore, business strategy is an important thing that you must make in order to face business competition.

The same thing was stated by Hertati (2019) states that information systems play an important role in the success of organizational competition with information technology-based business competition strategies must have alignment with the business that is run by a company. Then Syafarudin (2019) states that in carrying out the alignment, the company must consider the direction of a clear business strategy such as the need for communication, commitment and integration of each of these companies. Furthermore Hertati (2016) states that this business strategy alignment is used by companies to improve efficiency,

reduce costs, improve relationships with suppliers/suppliers, create barriers for new entrants, and to create business products and solutions.

Syafarudin (2018) revealed that in this case the company used the back office function (the person in charge of handling reports and administrative issues and not directly serving consumers) as the backbone for data processing and accounting, and the company also used a front-line line (people who are directly dealing or dealing with consumers) to be able to align business competition strategies and the businesses that will be run.

Indonesia is a country that holds a variety of potential. Both the potential of natural resources and human resources. In this case, we will discuss the potential of human resources (Hertati, 2015). In Indonesia, many people have innovative and creative ideas in creating a new product. However, the lack of market demand for these products makes this brilliant innovation weaken. Consumers in Indonesia tend to buy and consume products from abroad. In fact, many Indonesian products are no less good. To prove our

hypothesis, you can see the items that you are using and most likely many products that come from abroad Syafarudin, 2016).

Indonesia experiences constraints regarding domestic products that are less competitive with foreign products (Wikky and Sukirman 2015). Indonesia should be able to become a trade center in Indonesia itself without having to buy products from abroad. Indonesia is unable to compete in the trade world due to lack of public awareness about the use of local products. Most of the people of Indonesia consume more or use outside products than inside. Also, the luxury style that occurs when wearing external products. High level of prestige is also a major factor causing this to occur (Hertati, 2015).

If Indonesian consumers prefer to buy and consume domestic products, this will increase the production of small and medium units (SMEs) so that the SMEs will develop and become a large company this will increase production. In carrying out production, companies certainly need labor. So that the unemployment rate in Indonesia can be minimized. Thus, the standard of living of the people will improve (Hari and Zulkieflimansyah, 1996). With so many Indonesian people who have unemployment and have jobs this will increase taxes so that the country's foreign exchange will increase. With the increase in foreign exchange, the development and prosperity of the country will be more evenly distributed. Based on the above problems and the positive impact that will arise from the increased interest of the Indonesian people in domestic products, we use this material as the theme of our article. Hopefully our material can be useful for all parties and have a positive impact on those who read our article (Syafarudin and Sudiarditha, 2018).

Why our products are less attractive in the market itself: In terms of product quality: In the quality of products sold in the market in Indonesia, many manufacturers sell their products that have quality number 2, and quality number 1 is actually sold overseas. This will trigger domestic consumers to be reluctant to buy domestic products, it is true that the price is cheaper, but for safety and security, especially in terms of product durability, it must be low, even though people are already smart in choosing goods to buy, why is it more expensive as long as the quality is better. (b). In terms of after-sales service: It is common knowledge that after-sales service local products do not provide satisfactory member services to customers or consumers, if consumers have complaints about the product purchased, instead they are confused about who to contact, usually local products do not include customer care numbers or do not include a warranty in the product. (c). In terms of product packaging to choose a good and appropriate market segmentation: There are domestic products that have good quality, even the exterior appearance is monotonous or the packaging is less attractive to buyers, usually consumers are provoked by the outer packaging of products so it can be said that local products mostly lack variation variations in the items they sell, or their models, do not follow the current development trends. And usually producers are less observant to see and choose market segmentation, producers usually pay less attention to whether the product is suitable for the upper economic class, upper middle class, or lower middle class. The government also should not be out of hand, in this case the role of government as an example

is very much expected. Because how could the public be asked to love domestic products if government officials themselves were more comfortable using foreign products (Syafarudin and Mulyana, 2019).

Factors Causing Domestic Products to be less desirable * Lack of Quality of Domestic Products Compared to Imported Products: Hertati and Sumantri (2016) states that this is caused by the learning process of Indonesians who only rely on experience without understanding the mastery of the correct concept of the matter, the quality of Indonesians low and have an impact on the production system so that the goods produced are cheap and many consumers buy, so the producers reduce the quality of their products, which makes domestic products of lower quality compared to products produced by developed countries. * Lack of Awareness and Pride to Use Domestic Products: Because according to consumers of foreign products, what makes domestic products worse is not comparable in price to the quality of domestic products.

Kotler (1997) states that their reason is that domestic products are of low quality but are pegged at quite high prices. In contrast to foreign products they think are comparable between quality and price. Then next Kotler and Gary (2008) states that even though they have a relatively higher price, they do not hesitate to sacrifice more money for the goods. * Lack of Government Attention on Domestic Products: If public officials, who should be role models, actually prefer to use foreign products, how can they ask the people love the products of their own country? Likewise, producers, if they themselves love foreign products, how can they expect Indonesian consumers to love their products? The government and business associations must apply product standardization. Before domestic products are marketed, they must meet certain quality standards (Hertati and Sumantri, 2016). Product quality standards for the domestic market with products for export must be the same. That is, they must provide the same value or appreciation for consumers in the country with consumers abroad. Do not because it is only for local needs, then underestimate the matter of quality. As if mediocre quality is sufficient for local consumers. This is a very big mistake (Hertati and Sumantri, 2016). The impact caused by the lack of interest in domestic products, namely: Declining national production (especially small and medium business products).

Development is hampered. 3. Fewer jobs. 4. Layoffs occur everywhere. Unemployment increases. 6. The welfare of the community deteriorates. It should be emphasized here that the impact of this is that the edges are strongly felt is the deteriorating welfare of the community which is very contrary to the people's economic principles adopted by the Indonesian people. Solutions to Minimize So that National Products Are Not Competitive by Imported Products, namely: Based on the above impacts, it is necessary to immediately find a solution so that domestic products continue to survive, Indonesia's economy also improves for the welfare of our society. This solution is intended for the government to be fast and appropriate in taking action. The solution is as follows: Increase competitiveness in order to compete with imported products, especially imported products from China The trick is to fix infrastructure problems. Because it is impossible for

Indonesia to compete with China if it is not supported by adequate infrastructure (Syafarudin and Mulyana, 2019). Issued safeguard policy Safeguard policy here is the imposition of Safeguard Measures Import Duty (BMTP). This strategy is carried out if the government is not able to compete with several foreign trade sectors so that imported products are not too many in our country.

(3). Complementary solutions Like what A Prasetyantoko (policy analyst from the Center for Financial Policy Studies) said, Indonesia needs to pay attention to which production and export structures are different from foreign countries. So what is not produced in foreign countries, the product can be used as Indonesia's mainstay export products to foreign countries. That is what is called a complementary solution or complementary trade policy between Indonesia and foreign countries. (4). Voluntary export restraint (VER) solutions With VER, Indonesia can ask foreign countries to voluntarily limit their exports to Indonesia. The trick is to ask foreign countries to revoke export subsidies and buy more from Indonesia. (5). Standardization for a product With the application of standardization for a product, it is expected that the quality of a product is guaranteed, so that our people will have more confidence in products produced from within their own country. With the application of this action it is expected to minimize the supply of similar imported goods. (6). Lower export taxes to the maximum extent, and tighten the entry of imported goods which of course at such cheap prices can me.

Domestic products are less in demand by the market itself because many producers are more concerned with exports than products to be marketed in the country which causes a loss of public confidence in domestic products and various other reasons. This can be corrected with government assistance, and increased public awareness to be proud of using domestic products (Syafarudin, 2016). There needs to be a way to restore a sense of trust in domestic products so that domestic products can become the main product in their own country. By buying products in our country we have helped improve the lives of our own people. We have also helped in providing employment for the community. Domestic products are not inferior to foreign products.

If in America they have Barbie in Indonesia we have a "Cinderella" convert. Bomeka is a Barbie doll that uses various accessories that use batik. This doll is a doll made by inmates. By buying these dolls we have helped increase the creativity of prisoners and helped 4 social organizations in Indonesia. From one example of Indonesian products, it can be concluded that there are many benefits that we get from buying Indonesian products. Let's buy Indonesian products. By buying Indonesian products we have helped improve the standard of living of Indonesians, improve prosperity, increase creativity for owners of small and medium-sized units (SMEs), provide employment for the people of Indonesia. Indonesian products are not inferior to foreign products so let's love Indonesian products.

Indonesia has to open its domestic market widely towards ASEAN countries and China, started from January 1, 2010, which their import products will be able to be sold in Indonesia's domestic market easily, and with cheaper price because of the fare reduction

and eradication, and then this fare will be 0% in 3 years (Dewitari et al., 2009). In return, Indonesia also has the same opportunity in their domestic market. The government keeps maintaining the agreement by continuing review and evaluation in every aspect in order to improve the competitiveness of Indonesia, such as its infrastructure, high economy cost, transportation cost and other macro sectors (Pangestu, 2010).

Indonesia sets industrialization as a global competition strategy. A company or an organization is required to be more intensive for managing their resource, especially their human resource as the main factor in the competitive success. Some critical aspects needed to be focus in achieving the high quality human resources, deciding the performance and quality of product. Therefore the human resources can produce a product which has high quality, need to be done in a good proper way, conducted, and planned, intending the local/domestic product can compete with other imported product, by remembering the competition of local product and imported product are getting more strict.

When we see this case in defence economy perspective, the terms of defence economy comes from two important words, economy and defence which have prominent difference concept. The main difference of those two concepts is, economy prioritizes sovereignty in the unlimited human needs, while the defence sees sovereignty is owned by state. This basic thing states the consequence: If it is agreed to eliminate the economy activity, means negating human nature, and if defence activity is eliminated means denying the role of state. Therefore, those two different concepts need to be connected in order to be able relate closely and able to complement each other, which the purpose of both words is achieving the public welfare. Indonesia's obstacle in marketing the domestic product, which compete unwell with imported product, and also the penetration from product of China in a very competitive price. Since the ASEAN Economic Community applied at 2015, there is no more boundaries between ASEAN member countries, in the trade of goods, service and people. Indonesia is the biggest market, which has 60% ASEAN market area.

Based on the preface, there are some points in this research:

- How is the competitiveness of Indonesia in facing the Chinese product expansion?
- How is the strategy for human resource improvement in order to face the Chinese product expansion?
- What kind of factors which can have effect to the Indonesia product competitiveness based on defense economy perspective?

2. LITERATURE REVIEW

2.1. Business Competition

In the dictionary of management, competition means the efforts of 2 or more companies which each of them keeps doing some efforts, getting order in the most valuable price and requirements. This competition can be consisted of price reducing, advertisement/promotion, variety and quality, packaging, design and market segmentation. (Maribun, 2003). In dictionary of management,

business competitiveness is consisted of:

1. Healthy competition, the competition between business people which believed that they will not do improper behavior and obey the business ethics.
2. Cut throat competition, this competition has a struggle for market between some parties which they use and permit all kind of efforts in order to make the competitor down and lose, so one of them is eliminated from market and other party can sell their product in cheaper price than the normal price in market.

The conclusion is, business competition is an activity of competing/competing between entrepreneurs/business people with entrepreneurs/other business people in the effort to win the share market, in an effort to do offering for goods and services products to consumer using various marketing strategies applied.

2.1.1. Product

Product is everything that can be offered by the producers to be considered, requested, searched, bought, or consumed by the market as fulfilling the needs or desires of the relevant market. Conceptually, product is a subjective understanding of producer for something that can be offered, as an effort to achieve organizational goals through meeting the consumer needs and desires, according to competence and capacity of the organization and purchasing power of the market states that (Hertati 2015). Product can also be defined as consumer perceptions which described by producers through their products. In its more detail, the total product concept includes goods, packaging, brands, labels, services, and guarantees.

Kotler (2012) states that a product is usually followed by a series of attributes that accompany a product which consist of:

- a. Trademark is a symbol which designed to identify the product. Its function is to differentiate the product of competitor company, to and ensure the costumer about the same product quality if they do repurchase.
- b. Packaging is specifically relied to get the benefits of protection and ease of consumer function in marketing to protect and maintain product safety.
- c. Labeling is closely related to packaging. Label is a part of product which deliver the information about product and seller. A label can be a part of packaging, or it can also be an etiquette (identification) which attached to product. Therefore, there is a very close relationship between labeling, packaging, dan branding.
- d. Complementary services, is a characteristic which forms a product image that is difficult to describe because it is intangible. It usually found in services. Recently, any kind of product can't be separated from the elements of services, services as the main product and services as a complement. Complementary services can be classified into eight groups: (1) Information; (2) Consultation; (3) Order taking; (4) Hospitality; (5) Caretaking; (6) Exceptions; (7) Billing; and (8) Payments.
- e. Product guarantee, is a promise as the producer obligation for its product to consumer, it is where consumer will get the compensation if the product could not function as its expected or promised. Guarantees can be included product

quality, repair, compensation (giving money back or products exchanged). Guarantees can be written and unwritten. Nowadays guarantees are often used as aspects of promotion, especially in the durable products.

2.1.2. The meaning of market

Kasmir (2007) defined market as a place where the seller and buyer meet for transaction. Pasar can also be defined as a mechanism which happened between seller and buyer or a meeting spot between the demand and offer. The definition of market is a place that can be used by seller and buyer to do transaction.

Market is formed through an evolution, starting from the efforts to fulfill their own needs, which the needs are still very limited and the narrow environment. There are many different kinds of market. if it is divided by the form of activity, the market can be classified into two different kinds, Tangible Market and Abstract Market Traditional Market, is a kind of market that has traditional characteristic. The seller and buyer can conduct the bargaining process directly. The goods which offered are the basic needs goods. Modern Market, is a kind of market which has modern characteristic, the goods are traded in fix prices and self-service. This kind of market is taken place in mall, plaza and other modern places. In this market, we will be able to find many sellers that offer many different kinds of goods, such as both of the agriculture products and industrial products. Beside, we will be able to come across people with various shopping purposes, starting from only to fulfill their needs (consumption), to resell (distribution) and also to be reprocessed and then sold (production).

2.1.3. Demand

Human needs are unlimited, while the instruments of needs are limited. So, not all human needs are fulfilled. The human needs can be said to be fulfilled, if they are able to consume the goods and services they need. Whereas, the society needs are the desire or expectation to obtain and consume goods and service (Sukirno, 2005. p. 5). The desire to get goods and service can be divided into two group, the desires which followed by ability to buy and the desire which is not followed by the ability to buy. The desire which is followed by the ability to buy is called as effective demand (Sukirno, 2005).

According to Kotler (2012), Demand is a human desire which is supported by purchasing power. They will buy product which will be able to give satisfaction based on the amount of money, and then Kotler (2012) expresses that demand is a human need which is supported by the ability to buy. According to Sukirno (2005), demand theory is a theory which explains the characteristic of relationship between the amount of demand and prices. Based on relationship characteristic between demand and price, can be written a demand curve chart. The analysis in this section will be able to explain the relationship characteristic between demand and price, and the formation of demand curve charts.

2.1.4. Strategy

According to the etymology, the strategy comes from Greek, strategos, which can be translated as "military commander" in period of Athenian democracy there was a term of strategy which

is used in the military world, and interpreted as method of using all military power to win the war. According to the terminology, many experts have expressed the definition of strategy in different perspectives, but basically all those definitions have the same meaning, which is achieving goals effectively and efficiently. Among the experts who formulated the definition of strategy, there is one process to achieve goals and future oriented for having interaction in a competition to achieve goals. The stages of strategy are: Formulation and Implementation. Meanwhile, the supporting factors of strategy implementation are: Method, Tactic and Technique, Evaluation.

2.2. Research Design

This research uses qualitative method. According to Creswell (2016), qualitative research is a research which try to build the meaning of a phenomenon from the participants view. The documents and literatures will be used to strengthen the research result and supporting the data which obtained through interview.

Gembrong Market in North Cipinang Besar, is well-known as the biggest toy center located in Basuki Rachmat street, East Jakarta. This market is the cheapest Wholesale and retail market, which called as Traditional Market in the beginning. The majority of its society are migrants. In the early 90's, there were an eviction for the new road of Casablanca – Pondok Kopi route, and it changed everything. The beginning of market establishment comes from the eviction effect.

The citizen whose houses near the main road tried to start new business, such as opening groceries store, rice stalls, and also toy store, which utilized the green track, and gradually, there were built a business group by the leadership of a small society leader that dedicated to the area progress. This market is getting more n more crowded, and the parking area getting wider and take some parts of the main street, which triggers to long traffic jam in the weekend. It is the main reason why many newcomers want to try their luck in that market, such as the merchants suppliers from Asemka and Jatinegara. Then Gembrong market started to develop in a rapid way, most of the houses in the new road were built into toy stores, which almost 90% of its products were from China, while the rest were local products. In this area, the rental prices are very expensive. Only seller in large capital dominates the market, small capitals can only open stalls on the roadside.

3. DISCUSSION

3.1. The Competitiveness Strategy of Indonesia in Facing China's Product Expansion

Government policy on the competition for local products and Chinese products. The children's toy products made in China, have also dominated toy production in Indonesian. This competition can consist of several forms of price cuts, advertising/promotion, variety and quality, packaging, design, and market segmentation. This is because all Indonesian economic commodity sectors are dominated with products from China, which relatively cheaper. Yusgiantoro (2014) specifically explained about defense economy which applying economic principles to defense aspects and issues related to defense. The strong investment climate in China has

a huge impact on the ASEAN region, especially Indonesia. An interesting phenomenon about this occurs in the non-oil and gas sector and processed goods production, where many Chinese brand labels competed with local products and suppliers from other countries.

Indonesia has ability to suppress or help local products traders, that local product has the best quality and cheapest price. It depends on the government itself, the government must have a better strategy to deal with the expansion of the Chinese market which is increasingly dominating the market. Damsar and Indrayani (2016) distinguishes traders based on the usage and management of income, which generated from trade and its relationship with the economy of their family.

The government is able to regulate the Chinese toy products in order to pay higher taxes. The government should be able to put pressure on imported toy products for paying high taxes or tariffs. If the number of competitors is the same but there are differences in resources, it will be seen which one will be the market leader, and which company is the follower (Jusuf, 2008).

In the other hand, in limiting the product, the local products are given taxes that are in accordance with domestic tariffs. Conceptually, the product is a subjective understanding of the producer for something that can be offered, as an effort to achieve organizational goals through meeting the needs and desires of consumers, in accordance with the competence and capacity of the organization and purchasing power of the market (Hertati 2015). And there is given the suppress to investors and consumers about loving their domestic products.

The government strategy in overcoming the competitiveness of local product and imported product. Kasmir (2007) defines the market as a meeting place for sellers and buyers to do transactions. Market can be interpreted as a mechanism that occurs between buyers and sellers or a meeting place between the strength of demand and supply. The definition of market is a place used by sellers and buyers to do transactions. Strengthening the global competitiveness can be done by securing the domestic market, increasing industrial competitiveness, strengthening exports. According to Landry (2002), the definition of human security concept contains two important aspects. First, human security is "security (of human) from chronic threats such as hunger, disease and repression." Second, Human security also means the existence of "protection of one's daily life patterns, both at home, at work, or community from disturbances that come suddenly and painfully."

The location of Gembrong market is very strategic in the large Cipinang area of East Jakarta. This area should be built with kiosks which arranged in accordance with the spatial design planned by the government. The sellers can get Chinese products, because it is traded widely and easy to be found. This can trigger the indirect impact, which is the decreasing of domestic products sales due to competition with products from China or other countries (Yu, 2005).

The interested consumers in children's toy products which are local and imported products. Most consumers chose Chinese products

toys because of its cheap price, the types which are more various compared to the expensive local products. According to Stanton (1997), it is a set of tangible attributes, which consist of color, price, packaging, factory prestige, retailer prestige and service from factories and retailers, which may be accepted by buyer as something that may satisfy their desire.

3.2. Strategies to Improve Human Resource in Facing the Expansion of Chinese Products

Government strategy in increasing the local products trade. Harley (1990) explained issues related to defense economy, such as, the level of defense spending, the impact of defense spending on products and employment in domestic and abroad, consideration of the existence and the scope of defense, the relation between defense spending within defense scope, in the framework of international stability or instability (Yusgiantoro, 2014). The government has tried to improve the national economy competitiveness, by increasing the role of Micro-Small-Medium Enterprises (UMKM) through the implementation of UU No. 20 of 2008, which increasing access to finance and fostering management of Micro-Small-Medium Enterprises (UMKM). Since the ACFTA implementation, the Indonesian government has been continuing to promote the "I Love Indonesian Products" campaign, in order to rise up the competitiveness of Indonesian businesses. In this case, they are also called employees. If there is no human become a resource in the company, then the company cannot run and generate profits, human resources are the most needed thing by a company (Patrick et al., 2008). According to Sudayat (2009), it is also stated that human resources are the main weapon of service, which highly reliable to meet the quality standards desired by the mandatory tax payers and compulsory retribution payers.

The government applies a higher tax for exported goods and provides the opportunity to import the local product. Minister of Trade Regulation of the Republic of Indonesia Number: 57/M-Dag/Per/12/2010 concerning Provisions on the Import of Certain Products. The Minister of Trade Regulation is still not able to inhibit the increased imports rate of these products. Sukirno (2005) stated that, in the law of demand explained about the relationship character between the demand for an item and its price level. The law of demand is a hypothesis which states that the lower price of an item, means the more demand for the item. In the other hand, if the price of an item is higher, the item will have less demand.

The children's toys had an increasing demand at 2011 which was 33.02%. Therefore, the Minister of Trade Regulation Number 57 of 2010 has not been effective for reducing import rate of industrial products. In order to protect products of local industries in domestic market whose competitiveness still lower than imported products, should be applied other trade regulations in the form of non-tariff barriers, including halal certificate requirements and food safety. The local products of home industries should be given special attention by the government, and encourage the movement of loving local products. By applying SNI, the toy entrepreneurs will be able to keep innovating and increasing creation in domestic toy industry.

The implementation of SNI has given the positive impact for increasing sales and its future improvement. The sellers and consumer actions for improving the reliable human resources in producing children's toy. The Landry's theory above explained, the concept of threats has led to economic threats, which it is one of the seven threats component, the economic security. This economic security will be able to threaten the economy of society and will also have a wide impact on economic threats which can lead bigger scale to the economy of state. The magnitude of Chinese products attack in several years has triggered the government to plan issuing import regulations in the formulation of three Minister of Trade policy simultaneously, including electronics goods such as smartphones, textiles and children's toys. This reality is really worrying because Indonesia has joined the ACFTA competition but Indonesia is still facing the low human resources capability, and Indonesia is only able to win among ASEAN member countries.

Associating with previous research, the research is similar to researcher Saghaei (2012) in the research about "Planning strategy for a lubricant manufacturing company using SWOT analysis, one of the top companies of Iran oil, gas and petrochemical products exporters' association." Competition in the local market, competition in the globalization market, customers, the limitation of producer (the observation unit which used in this study are IFE matrices and EFE matrices). The methods of this research is interview. The results of this study is increasing the competition in local and global markets, globalization markets, customers, limitations by considering manufacturers, lack of exclusive conditions and increasing complete competition in government conditions, rapid changes in technology, rapid innovation in the product has caused complications in the organization so preservation and improving situations of an organization is impossible without daily consideration and the reaction to environmental monitoring units.

3.3. Factors Affecting the Competitiveness of Indonesian Products Based on a Defense Economic Perspective

Chinese products are better than Indonesian products, what's the problem. Chinese products are better than local products and it has relatively cheaper prices than local products. According to Hari and Zulkieflimansyah (1996), the words strategy actually comes from the Greek "strategos," it is taken from the word stratos which means military and Ag which means to lead. So, the word strategy in its initial context is defined as generalship, which means something the generals did in making plans to conquer the enemy and win the war. According to David and Thomas (2003), strategy is a series of managerial decisions and actions which determine the company's performance in the long run. Management strategy includes environmental observation, strategy formulation (strategic planning or long-term planning), implementation of strategy and evaluation and control.

3.4. Factors Affecting Competitiveness Viewed from the Economy of Our Society and How Future of the Indonesian Economy

The economy of our society and how future of the Indonesian economy. The economic conditions of Indonesia is supported

by the economy of small and medium industries which are industrial development programs. Therefore, we need strengths or competitiveness as its mentioned by (Hafidhuddin and Tanjung, 2002).

1. Competitiveness of offered products must be in good quality to compete.
2. It is impossible to win the competition of price competitiveness, if the product's price is very expensive.
3. The marketing competitiveness. The marketing world speaks of what matters in market, so the most important thing is about how to attract consumers for buying goods which produced.
4. The competitiveness of a business network will not have competitiveness and will lose if it plays alone, in this case it means not cooperating, coordinating and synergizing with other business institutions in various fields.

Indirectly, Chinese products will have a negative impact on our nation. If this matter is not immediately protected by the government, it is feared that many local producers will be able to shut their businesses down and increase unemployment. Meanwhile, the strategy according to Anwar (1984) is the overall conditional satisfaction about the actions taken for achieving the goal. A good strategy will provide an overview of the main actions and decision patterns which will be chosen to realize the organization goals. Strategy is also a formulation of the vision and mission of an organization or company. Good coordination between departments is needed, and supported by consistent performance, in order to the implementation of the Minister of Finance (PMK) regulations will be able to take place well and continuously. Chinese product traders and consumers are better than local products. The government must encourage entrepreneurs to improve their industries, besides that the government must be brave to have limitation for the entry of consumer goods, especially the goods which will be able to shut local products down, and it is usually the product of small and medium industries. According to Sudayat (2009), it is also stated that human resources are the main weapon of service, highly reliable to meet the quality standards desired by taxpayers and mandatory retribution payer. In order to achieve these standards of quality, it should be created a situation which supports the good services and can satisfy the taxpayers and compulsory retribution payers. In research correlation, this research is similar to the research of Herjanto and Dwinna (2010), with the title "Mandatory Applicability Assessment of standard children's toys." Test laboratories for the mandatory implementation of standard children's toys. The method used in this study is the Conceptual Framework and interviews. The results showed that most producers had no difficulty for fulfilling the technical specifications requirements contained in SNI 12-6527.1-3-2001, and the study results also showed that most respondents and even associations wanted immediate implementation of mandatory standards for children's toys.

4. CONCLUSION AND SUGGESTIONS

- a. The strategy of Indonesia's competitiveness in facing China's product expansion.
The government strengthens global competitiveness through strengthening global competitiveness in domestic issues

and securing the export and import sector. One of domestic issues focus in facing the ACFTA competition that Indonesia government pays more attention is, the problem of Indonesian labor productivity. Indonesian labor productivity tends to be low compared to other ASEAN countries.

- b. The strategy to improving Human Resource in order to face the China's product expansion.
Indonesian Human Resource is still not well prepared compared to ACFTA competing countries ACFTA. It requires hard and smart work so that Indonesia can rise up and pursue its progress. The optimism is the key of success, considering Indonesia has various opportunities for improving itself. The main requirement is the great attention from government, including the public and the business sector, towards the Indonesian Human Resource development which take science and technology under controlled.
- c. Factors which affect the competitiveness of Indonesian products based on a defense economic perspective.
In trading sector, the government undertook initiatives to strengthen the domestic market through the application of mandatory Indonesian National Standards (SNI) for industrial products, the trade system policies such as the application of Producers Importers (IP) and Registered Implications (IT), in all aspects of life and economic activities.

Following suggestions are provided:

- a. Indonesia's competitiveness strategy in facing China's product expansion.
 - I. If traders and consumer buy imported products, higher tax cost is applied. In the other hand, if they buy local product, no tax applied.
 - II. Learn how China can progress their business with low prices and good quality.
- b. Strategy to increase HR in the face of China's product expansion
 - I. The involvement of Indonesia in the ACFTA, especially in case of Human Resource should be improved, in accordance with their fields of expertise.
 - II. Participate in every activity of ACFTA and international trade. Bringing the local product abroad, especially product of home industry and made in Indonesia.
 - III. The government's strategy, especially in children's toy regulation in Gembrong market, to sell more local products than imported product, especially product of China.
- c. Factors which affect the Indonesian products competitiveness based on the defense economic perspective.
 - I. The needs of government policy in regulations of local and imported product which able to stabilize the defense economy.
 - II. The government guarantees, protects and regulates imported products by applying high tax payment and limiting their products, applying "love domestic products" mindset towards producers and consumers.
 - III. Local product should be better than imported product, so that the sellers and consumers can choose both its quality and price, and provide SNI certificates for each product.

REFERENCES

- Anwar, A. (1984), Strategi Komunikasi Sebuah Pengantar Ringkas, Penerbit. Bandung: ARMICO.
- Creswell, J.W. (2014), Penelitian Kualitatif and Desain Riset. Yogyakarta: Penerbit Pustaka Pelajar.
- Damsar, D., Indrayani, I. (2016), Pengantar Sosiologi Ekonomi. Jakarta: Penerbit Kencana.
- David, H.J., Thomas, L.W. (2003), Manajemen Strategis. Yogyakarta: Penerbit Andi.
- Dewitari, M., Erika, R.A., Andrianto, T. (2009), ASEAN-China Free Trade Area (ACFTA) Agreement as an International Regime: The Impact Analysis on ASEAN. Working Paper.
- Hafidhuddin, D., Tanjung, H. (2002), Manajemen Syari'ah dalam Praktek. Jakarta: Penerbit Gema Insani Press.
- Hari, P.S., Zulkieflimansyah. (1996), Manajemen Strategi; Sebuah Konsep Pengantar. Jakarta: Lembaga Penerbit Fakultas Ekonomi Universitas Indonesia.
- Harley, K. (1990), Defence Economics: Achievements and Challenges I. Proceedings of the 10th Annual International Conference on Economics and Security. This Paper is Reproduced from the Economics of Peace and Security Journal with kind Permission of the Editors. p1-14.
- Herjanto, E., Dwinna, R. (2010), Study of readiness for enforcement mandatory standards for children's toys. Journal of Industrial Research, 1(4), 1-16.
- Hertati, L. (2015), Competence of human resources, the benefits of information technology on value of financial reporting in Indonesia. Research Journal of Finance and Accounting, 6(8), 12-18.
- Hertati, L. (2015), Impact of uncertainty of environment and organizational cultural on accounting information system management and implications for managerial performance proposing a conceptual framework. International Journal of Economics, Commerce and Management United Kingdom, 3(12), 455-468.
- Hertati, L. (2015), Internal control and ethics of quality management system accounting information and implications on the quality of accounting information management: Proposing a research framework. International Journal of Economics, Commerce and Management United Kingdom, 3(6), 902-913.
- Hertati, L. (2015), Total quality management as technics on strategic management accounting. International Journal of Recent Advances in Multidisciplinary Research, 2(11), 0942-0949.
- Hertati, L. (2019), The effect of human resource ethics on financial reporting implications for good government governance (survey of related sub-units in state-owned enterprises in SUMSEL). International Journal of Economics and Financial, 9(4), 267-276. Available from: <http://www.econjournals.com>.
- Hertati, L., Sumantri, R. (2016), Just in time, value Chain, total quality management, part of technical strategic management accounting. International Journal of Scientific and Technology Research, 5(4), 180-191.
- Jusuf, J. (2008), Analisis Kredit Untuk Account Officer, Penerbit PT. Jakarta: Gramedia Pustaka Utama.
- Kasmir. (2007), Kewirausahaan. Jakarta: Penerbit PT Raja Grafindo Persada.
- Kotler, P. (1997), Dasar-Dasar Pemasaran. 2nd ed., Vol. 1. Jakarta: Penerbit Erlangga.
- Kotler, P. (2012), Marketing Management: Analysis of Implementation and Control Planning. Vol. 1. Jakarta: Publisher of PT Prenhallindo.
- Kotler, P., Gary, A. (2008), Prinsip-Prinsip Pemasaran. Vol. 1. Jakarta: Penerbit Erlangga.
- Landry, H.S. (2002), Konsep Human Security: Tinjauan dan Prospek, dalam Analisis. Vol. 31. Jakarta: CSIS.
- Maribun, B.N. (2003), Kamus Manajemen, Penerbit. Jakarta: Pustaka Sinar Harapan.
- Pangestu, M.E. (2010), Seminar Pemaparan ASEAN-CHINA FTA. Jakarta: Departemen Perdagangan RI.
- Patrick, B., Ison, G., Mohamed, S. (2008), Trends of skills and productivity in the UK construction industry, engineering, construction and architectural management. Emerald Insight Journal, 15(4), 372-382.
- Saghaei, S. (2012), Strategic planning for a lubrican tmanufacturing company using swot analysis, qspm model (one of the top companies of Iranian oil, gas and petrochemical products exporters' association). Australian Journal of Business and Management Research, 1(10), 18-24.
- Stanton, W.J. (1997), Fundamental Of Marketing. 10th ed. Tokyo: McGraw Hill Kogakusha.
- Sudayat, I.I. (2009), Evaluation of Financial Performance. Jakarta: World Bank.
- Sukirno, S. (2005), Makro Ekonomi Modern. Jakarta: Penerbit PT. Raja Grafindo Perkasa.
- Syafarudin, A. (2016), Strategy of leadership and innovation In improving company performance against competitive advantage a case study of PT. Pegadaian (Ltd) Indonesia. International Journal of Economics, Commerce and Management, 4(6), 471-482.
- Syafarudin, A., Mulyana, M. (2019), Formulation strategy of PT. Bandara internasional jawa barat bandung Indonesia, kertajati in business aerocity (aerotropolis). International Review of Management and Marketing, 9(3), 1-6.
- Syafarudin, A., Sudiarditha, K.R. (2018), Competency analysis of human resource strategies in creative industry entrepreneurs. Jurnal Ecodemica, 2(2), 263-274.
- Undang-Undang (UU) Nomor 5 Tahun. (1999), Tentang Larangan Praktek Monopoli Dan Persaingan Usaha Tidak Sehat.
- Wikky, W., Sukirman, M. (2015), Analisis pengaruh pemberlakuan acfta (asean-china free trade agreement) terhadap keberlangsungan usaha pada industri umkm batik di wilayah Banyumas. Jurnal Akuntansi Dan Keuangan (Jaka), 2(1), 65-78.
- Yu, W.J. (2005), Legal and policy considerations of China-ASEAN FTA: The impact on the multilateral trading system, dalam. In: Leong, H.K., Ku, S.C.Y., editors. China and Southeast Asia: Global Changes and Regional Challenges. Singapore: Institute of Southeast Asian Studies and Center for Southeast Asian Studies, Sun Yatsen University.
- Yusgiantoro, P. (2014), Ekonomi Pertahanan Teori dan Praktek. Jakarta: Penerbit PT Gramedia Pustaka Utama.