



LAW ENFORCEMENT OF DIGITAL BUSINESS COMPETITION AND PROTECTION OF MSMEs IN THE ERA OF PLATFORM GLOBALIZATION

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Abstract

The rapid expansion of digital platforms has transformed market structures and introduced significant challenges to the legal protection of business competition, particularly for Micro, Small, and Medium Enterprises (MSMEs) as domestic actors. Limitations in conventional regulations, inadequate supervisory mechanisms, and the suboptimal jurisdiction of local authorities have enabled monopolistic practices, self-preferencing, and data control to occur without sufficient oversight, exacerbating the power imbalance between multinational corporations and local businesses. This literature review analyzes the consequences of digital competition for MSMEs through regulatory analysis, cross-border supervisory efforts, and the role of multi-stakeholder collaboration in restructuring a fair and inclusive digital business ecosystem. The findings highlight the need for antitrust policy reform, enhanced digital business literacy for MSMEs, and strengthened global synergy in cross-jurisdictional oversight. Fairness, transparency, and balance in digital-era business competition can be achieved through a combination of regulatory innovation, advancements in supervisory technology, and a reinforced commitment to protecting domestic actors. The strategic implementation of digital regulations and international collaboration are crucial for bolstering national economic sovereignty and fostering an inclusive, equitable, and sustainable digital marketplace.

Keywords: digital competition, regulation, supervision, MSMEs, monopoly, literacy, collaboration

Introduction

The development of today's digital market presents new dynamics in the business world in various countries, including Indonesia, which is experiencing accelerated digitalization in almost all aspects of economic life. This digital transformation further emphasizes the urgency of legal arrangements that are able to balance the needs of business development and protection against business competition. Various digital platforms have emerged, ranging from marketplaces to financial service applications, providing wide opportunities for businesses to expand their reach. However, these changes also bring consequences where the market structure can lead to the dominance of certain business actors. If this condition is not regulated proportionally, the potential for monopolistic practices may become more apparent, resulting in unfair business competition (Tumangkar et al., 2024).

In particular, the digital industry has the potential to bring huge market power to the main players, potentially even leading to the creation of monopolies. The experience of developing countries shows that market concentration is born due to the ease of access and mastery of data and technology that is not comparable between large-scale businesses and small businesses. Industries such as Tiktok Shop, Shopee, and digital financial platforms prove how the superiority of digital infrastructure can produce high entry barriers for new business actors (Fahmi et al., 2022; Harmen et al., 2024). This condition requires the application of competition law that is not only responsive but also visionary, so as to prevent the development of unfair business practices systemically.

In recent decades, competition law experts have observed that unfair competition practices in the digital ecosystem often occur through access control, predatory pricing, and distribution restrictions. Contemporary studies prove that this kind of practice can have further effects, such as the closure of business opportunities for Micro, Small and Medium Enterprises (MSMEs) actors who are unable to compete with the capital and technological strength of large corporations (Indarto et al., 2023; Kennedy, 2024). This series of problems requires progressive legal arrangements so that the existence of digital businesses truly favors the principle of fair competition while maintaining a balance of consumer and producer interests.

Normative juridical literature has highlighted the need to strengthen the legal substance to maintain market balance, avoid monopolistic practices and reduce the excesses of market digitalization. Research by Fahmi et al. (2022) emphasized that the existing legal rules have not been able to answer the complexity of competition mechanisms in the digital economy era. Competition policy must be able to transform along with the rapid changes in the digital landscape while being responsive to new symptoms in the digital economic structure. Therefore, normative juridical qualitative literature studies in the realm of competition law and digital market monopoly are very strategic in order to answer the shifting orientation and new dynamics in the global economy.

The main problem lies in the practice of business competition, which is often unbalanced due to the dominance of large-scale digital platforms. A number of studies have found the phenomenon of strengthening entry barriers and predatory pricing practices that make it difficult for MSMES to develop under the pressure of capital strength and networks of large players (Kennedy, 2024; Mustafa et al., 2025). This condition is exacerbated by the weak legal regulation of data and algorithm control, which ultimately reinforces the superiority of major players and creates an unequal business ecosystem. On the one hand, competition law has actually contained anti-monopoly principles, as stipulated in Law Number 5 Year 1999, but its implementation in the digital market realm still faces various limitations in both monitoring instruments and sanctions enforcement (Sudiruddin et al., 2023).

Another problem is reflected in the regulatory gap between business practices on digital platforms and the prevailing legal reality. Many digital companies are able to operate across jurisdictions, making it difficult to reach the control of national competition authorities. In fact, there is still debate among academics regarding the limits of KPPU authority and how to emphasize the legal commitments of digital business actors, most of which are based abroad (Firmansyah et al., 2023). This condition causes business competition to not run in a healthy order, placing local actors, especially MSMES, in uncertainty and protracted competitive disadvantages.

A key challenge in digital competition law enforcement stems from technological advancements, as algorithmic policies and big data control distort market interests. Data and algorithms may be exploited to manipulate access, distribution, and pricing. Current regulations cannot effectively counter AI-driven monopolistic practices. Therefore, more adaptive legal frameworks are needed to enable progressive oversight and enhance protection for diverse business actors (Karmono et al., 2023).

Special attention is needed because the increasing inequality between large businesses and MSMEs in the digital ecosystem has a direct impact on the sustainability of micro businesses. This imbalance does not solely occur due to capital disparity, but is present because legal instruments are not sharp enough to regulate monopolistic practices. The widespread digitalization of markets has the potential to trigger economic centralization in certain groups, making the distribution of benefits and market access increasingly narrow for new actors (Mardikaningsih et al., 2024; Putra & Darmawan, 2022). This situation, if left unchecked, will result in a digital market monopoly that is counter-productive to the mission of economic justice and equity.

The importance of monitoring the implementation of competition law in the digital realm is becoming increasingly assertive due to the direct impact on consumer protection, improving the investment climate, and strengthening national competitiveness (Abdullah et al., 2021; Darmawan & Grenier, 2021). Strengthening legal instruments is expected not only to maintain market balance, but also to be able to create fair and sustainable digital economic governance at various levels of society. Healthy business practices are an absolute prerequisite for creating an economy that is innovative, transparent, and provides leverage for MSMEs.

Strengthening and enforcing digital business competition law requires intervention from various parties, ranging from regulators, judicial institutions, to technology industry players. Effective rules are absolutely necessary so as not to sacrifice the principle of justice just for the sake of digitalization efficiency. This is because legal alignment with market balance is part of the constitutional mandate as well as the main catalyst for accelerating the national digital economy (Purwanto et al., 2023).

Three main problems can be identified based on this description. First, there is a gap between the strengthening of regulations and the progress of monopolistic practices in the digital sector, which is reflected in the practice of price fixing, distribution restrictions, and control of data and algorithms. Second, limited supervision and law enforcement instruments create loopholes that are utilized by giant digital platforms to create barriers for MSMES and small businesses. Third, the limited jurisdiction of local authorities to deal with cross-border businesses increases the threat of structural injustice in the digital market (Harmen et al., 2024; Karmono et al., 2023).

Greater attention to this issue is driven by the fact that such practices carry latent risks to the sustainability of the domestic market, consumer welfare, and equitable distribution of economic benefits to local actors and MSMES. The success of competition law in the digital realm is one of the important indicators in the rearrangement of national economic architecture. The government, through the regulatory umbrella and competence authority, is expected to be able to realize a healthy digital business ecosystem, accommodating technological developments, and adaptive to potential monopoly risks.

This study aims to describe and critically analyze the gap between competition law regulations and digital monopoly practices, examine the limitations of supervision and law enforcement instruments in maintaining fair competition in the digital market, and evaluate the effect of local authority jurisdictional limitations on the protection of local businesses and MSMES. This study is expected to make an original contribution to competition law literature, enrich the perspective of law enforcement in the digital era, and serve as a reference for regulators in conducting progressive regulatory updates.

Method

This research uses a qualitative literature study approach with an emphasis on identifying and analyzing primary and secondary sources directly related to business competition law in digital markets. This approach was chosen so that the study can provide a structured, objective, and analytical framework for the phenomenon studied. The main data sources come from books, law and economics journals, and relevant regulations,

allowing researchers to examine normative aspects and juridical practices in depth. The use of qualitative literature studies allows exploration of patterns of argumentation, developments in thinking, and policy recommendations in the field of digital business competition, as well as revealing the issue of market control by giant business actors and its impact on MSMEs actors (Creswell & Poth, 2018; Yin, 2018).

The data analysis technique was conducted using the content analysis method, which focuses on drawing conclusions based on patterns, themes, and categories that emerge systematically from the collected literature. Findings were critically synthesized through the classification of information related to legal instruments, monopolistic practices, business competition regulations, and cross-country dynamics, so that a comprehensive understanding could be obtained. Data validity and reliability were achieved through triangulation between reference sources, while maintaining the originality of arguments and consistency of references. This study adopts rigorous analytical measures to ensure that data interpretation is always based on evidence and a strong theoretical foundation (Bowen, 2009; Bryman, 2016).

Result and Discussion

Regulation and Digital Monopoly Practices

The world has now entered the digital era, an era where almost all life activities are carried out online. Platform-based business ecosystems are created along with the growth of internet technology which is developing very rapidly (Mellita & Noviardy, 2022). The rapid development of digital platforms significantly changes global business competition and raises new challenges in fair law enforcement in this realm. The concept that order, justice, benefit, certainty, and peace come from the law is one illustration of the protective function of law (Sagama, 2016). Appropriate digital competition rules are a prerequisite for improving the antitrust regulation of digital platforms (Jin, 2022). Understanding the gap between competition law regulations and digital monopoly practices requires sharp analytical power, because the market is no longer solely controlled by traditional rules, but by technological innovation and transformation of the way goods or services are distributed.

The social phenomenon is characterized as an intelligence space, including information, various access to information instruments, information capacity and information processing. The first identified components of the digital economy are the ICT industry, e-commerce activities, digital distribution of goods and services (Setiawan, 2018). Tumangkar, Utomo, and Anggraeni (2024) explained that efforts to maintain healthy business competition must now highlight control mechanisms over the behavior of digital actors, especially when digital business models are able to create a dominant market share through a combination of capital strength, technological mastery, and control over consumer data. Although everything may look new in the digital era, digital monopolies are parallel to "natural" monopolies, such policies can determine price regulations that are useful for balancing producers and consumers and thus become valid instruments in the digital era (Loertscher & Marx, 2020). Through adaptive and progressive juridical instruments, competition law enforcement must constantly evaluate the loopholes that are used to strengthen monopoly positions, so that unfair practices can be significantly minimized.

Harmen et al. (2024) emphasized that the entry of digital platforms such as Tiktokshop into Indonesia's trade ecosystem has created real friction between conventional and digital business models. Digital platforms provide competitive pricing, aggressive marketing, and algorithmic features that bring producers and consumers closer together instantly. However, this power allows the creation of oligopolies and even new monopolies, because large players are able to internalize costs, reach consumers massively, and build bundling strategies or intensive data-based promotions that cannot be matched by local MSMES. Competition law regulations to date have not been able to fully respond to this phenomenon, because changes in the digital ecosystem move faster than the formation of effective policies and legal instruments (Kennedy, 2024).

The view that regulations have not fully accommodated the development of monopolistic practices in the digital market was also raised by Fahmi, Hasbullah, & Munir (2022). They highlighted that existing legal arrangements are still dominated by classical approaches that focus on forms of market share control and price control, but do not touch the realm of data control and algorithmic behavior that benefits dominant business actors. Practically, this is not relevant to economic developments

that have led to digital business competition (Hasbullah, 2020). The digital business competition model, according to them, needs to be further examined from the perspective of network power (network effect), abuse of data power, and the tendency of major players to limit market access for new competitors. This reality shows the urgency of increasing legal capacity so that digital antitrust regulations can catch up with the complexity of current practices. The policy can be considered an anti-competitive practice. By requiring sellers to set a certain price, the platform effectively controls the price in the market, which should be determined by a free market mechanism based on supply and demand.

Kennedy (2024) also highlighted exclusivity practices in marketplace platforms, such as exclusivity contract agreements, which implicitly limit the participation of other businesses. This policy has the potential to create a closed environment where superior features or loyalty programs are only available to special partners, leaving MSME players in a vulnerable position to the expansion of giant businesses. Comparative studies show that the role of anti-monopoly regulation in the United States and the European Union is adapted to address the threat of digital monopoly through merger supervision, fines, and intervention in large-scale digital infrastructure (Indarto et al., 2023). Unfortunately, the implementation of regulations at the domestic level is often hampered by limited supervisory resources and delays in adjusting legal instruments.

Sudiruddin et al. (2023) emphasize the need to strengthen fair competition principles through revision of legal instruments and capacity building of supervisory institutions. They argue that digital monopolies often occur implicitly through platform design, vertical integration, and strategic acquisitions that obscure anti-competitive activities from the judgment of regulatory authorities. An important point raised was the need to develop progressive legal instruments based on evidence-based policy to accommodate the new realities that are dynamically developing in the digital ecosystem. The normative framework requires synergy between regulators, platform operators, and small businesses to maintain a balanced market structure.

The increasingly crystallized winner-takes-all structure of the digital market prompted the author to highlight the key characteristics of digital economy platforms. The platform-based digital business model allows one business actor to combine various services-from payment, delivery,

marketing, to data storage-in one ecosystem. The expansion of this business model makes it difficult for new players to compete because economies of scale, promotional effectiveness, and distribution efficiency are fully in favor of established players. The formation of barriers to entry becomes easier due to the mastery of algorithms, big data, and capital that is difficult to compete with. Therefore, limitations in the regulatory aspect become increasingly prone to exploitation, resulting in the market structure moving towards a concentration of economic power.

The inequality in the market structure is exacerbated by the tendency of digital platforms to expand across sectors. When one entity controls user data, transactions, and shopping preferences, it automatically has the right to determine the distribution of products and services in various subsectors. As a result, bundling practices, exclusivity of cooperation, and price dictation become difficult to monitor and control by the supervisory authority. The competitive climate is no longer created naturally, but through technological interventions designed to maximize the profits of the main players and minimize competitive opportunities for new business actors.

The shift of people's consumption patterns to digital platforms means that traditional businesses must adapt to the new ecosystem or potentially be left behind. Strategic choices such as collaboration with platforms, adoption of digital promotion technology, and data-driven product diversification are no longer options. However, the bargaining power of local businesses in practice remains limited, as the architecture of digital platforms almost always prioritizes large capital players who can afford the risks of promotions, massive discounts, or long-term loyalty programs. MSMES that do not have access to these facilities are marginalized, resulting in an unbalanced distribution of opportunities and benefits from the digital economy.

The problem of exclusivity in digital platforms also leads to price and service discrimination practices that make it harder for MSMES to survive in a competitive climate. Some platforms unilaterally set special offer policies or large discounts for featured sellers, while new sellers face multiple requirements that are difficult to fulfill. This creates structural discrimination that further emphasizes the gap between mainstream and fringe businesses. In addition, the adoption of the latest technology by large players creates a distribution landscape that is increasingly centralized in certain groups.

Uneven access to information and technological capacity among market players gives room for more subtle forms of monopoly, namely controlling the distribution process or artificially creating demand through algorithmic engineering. Control of the digital supply chain has a direct impact on consumer transaction behavior and the bargaining position of businesses. The dominance of vertically integrated platforms—from upstream to downstream—results in a digital economy prone to concentration in one or two dominant actors in each segment. Therefore, progressive legal measures are needed so that supervisory instruments do not lose their effectiveness.

Increasing digital business literacy among MSMEs players is still very much needed so that they are able to adapt to the new demands of the digital industry. The ability to identify opportunities, understand the rules of the platform, and optimize promotional technology are considered as some of the main assets for the realization of balanced competition. Without support from the regulatory aspect and strengthening the role of supervisory authorities, opportunities for MSMEs to develop will remain limited. The intervention of the state apparatus is still very much needed, especially in encouraging transparency and upholding the principle of fairness in digital business.

Some countries, such as the United States and Germany, have developed legal tools that are more responsive to digital monopoly dynamics. Merger control, restrictions on exclusive dealing, and limits on vertical integration have become an important part of modern competition policy. International experience shows that collaboration between national regulators and international authorities is necessary to prevent cross-border digital monopolization practices from causing long-term harm to the domestic economy.

Efforts to strengthen digital competition regulations require the involvement of multiple parties: from regulators, digital industry players, educational institutions, to consumers. The birth of a healthy digital ecosystem depends on the extent to which regulation and supervision are able to adapt to very progressive changes, and ensure that every market player, regardless of capital capacity or technology, has equal opportunities to develop. Reorganizing the antitrust legal framework must look at cross-country experiences, pay attention to technological dynamics, and balance the interests of various digital economy stakeholders.

Legal Oversight and Balance of Competition

In Indonesia, efforts and strategies to provide legal protection to e-commerce consumers have been quite comprehensively regulated by the state, especially in Law Number 8 of 1999 concerning Consumer Protection (Consumer Protection Law), Law Number 7 of 2014 concerning Trade (Trade Law), Law Number 19 of 2016 concerning Electronic Information and Transactions (ITE Law after amendment), and Government Regulation Number 80 of 2019 concerning Trading through Electronic Systems (PP PMSE) (Ramli et al., 2020). Juridical analysis of legal supervision in maintaining the balance of competition in the digital market is crucial to explain why legal supervision tools and sanctions have not been fully effective in dealing with the new dynamics of the digital economy. National legal products such as Law Number 5 Year 1999, which were originally designed for conventional competition regulation, are now faced with the complexity of digital transactions, cross-platform interactions, and cybernetic anticompetitive practices. Firmansyah et al. (2023) shows that limited supervisory tools and sanction enforcement provide loopholes for large business actors to strengthen market dominance without effective intervention from supervisory authorities. As a result, market disruption occurs, especially in the aspects of pricing power, data control and high switching costs, which are directly proportional to the low ability of micro and small actors to compete.

According to Atmadjaja (2016) Trade Secrets as part of Intellectual Property is information owned by individuals or legal entities that is confidential or not known to the public in the fields of technology and / or business. This confidential information is valuable information because the nature of this information can bring benefits to the owner in running a business and the need for efforts to maintain the confidentiality of this information carried out by the owner (Alfreda et al., 2021). Mustafa et al. (2025) found that supervisory institutions such as the Business Competition Supervisory Commission (KPPU) experience limitations in reaching anticompetitive activities driven by algorithms, big data, and artificial intelligence. one of the weaknesses of the digital economy in Indonesia lies in the slow development of technological infrastructure, backwardness in the field of information technology, the absence of certainty about cyber security, and the lack of quality human resources in

the field of information and communication technology (Asnawi, 2022). Technological advantages allow large digital players to conduct market segmentation and service discrimination based on highly individualized user data, so supervision efforts require innovation in procedures and perspectives. The same reference underlines that evidence-based approaches and adaptive supervision are crucial, as anticompetitive practices are often disguised in automated business mechanisms and complex digital ecosystems.

The study by Karmono et al. (2023) confirms that current reporting and supervision mechanisms tend to be reactive, not proactive, so that the moment of intervention often comes too late after losses to competition occur. The implementation of administrative witnesses and administrative fines regulated by Law Number 5 of 1999 as well as supporting tools is not considered to have a deterrent effect. Furthermore, they found that the diversity of digital business models makes it very difficult for supervisory authorities to identify violations that harm competition, such as self-preferencing, price steering, and bundling services that are difficult to classify as conventional violations.

Mardikaningsih et al. (2024) explained that cross-sector collaboration with the involvement of technologists, regulators and business actors is key to making digital business supervision more adaptive to new business models. In Europe, for example, the Digital Markets Act provides a stronger supervisory framework, including supervision of potentially anticompetitive acquisition and merger patterns. Proactive supervisory practices, algorithmic assessments and strengthening investigative capacity are initial strategies to improve the quality of digital law enforcement in Indonesia.

Putra and Darmawan (2022) stated that the digitalization characteristics of competition demand a reformulation of supervisory instruments. Classical instruments highlight price behavior and direct market control, whereas in the digital world, control occurs through data control, traffic management, and determining visibility through search engine recommendations that are fully managed by the main actors. With challenges like this, enforcement tools are not enough in the form of fines or activity termination orders, but require regulatory-based interventions that speak the language of technology and data mastery.

Legal supervision models that are not responsive to digital developments cause discriminatory practices to be disguised in the design of digital systems and features. Self-preferencing, for example, allows major players to direct consumer traffic to their own products through algorithm engineering without users and authorities realizing it. Amidst limited supervisory capacity, large players tend to further strengthen their market grip with increasingly private data governance. Supervision based on manual reporting or physical identification is no longer relevant to the dynamic and hidden workings of digital markets.

The limitations of monitoring tools can open up space for the formation of an exclusive digital ecosystem. Large players use a personalized promotion distribution system based on data insights to selectively attract new customers, while curbing the growth of MSMES that lack data and promotional capital. As a result, access to the main benefits of the digital industry is increasingly narrowed to the main players. Market competition changes at the "visible" level only, while the real control lies in invisible algorithms that are difficult to trace regulatively.

Juridical and technical limitations slow down the investigative process of supervisory authorities in examining forms of algorithmic conspiracies or digital product bundling practices, as data tends to be encrypted or located on cross-border servers. Domestic law enforcement tools lose their power because they are not matched by strong international collaboration tools. This increases the possibility of abuse of dominance occurring more frequently in the digital realm without adequate administrative proof.

Case overload and limited information technology experts add to the KPPU burden in investigating monopolistic practices based on artificial intelligence and market automation. The absence of standardized digital forensic standards in Indonesia causes the legal proof process to run slowly and not optimally. Large digital players can innovate freely without fear of direct legal action.

The lack of synergy between regulators, courts and digital industry players has led to many ambiguous or delayed legal decisions. This results in legal uncertainty for small and medium-sized businesses, while increasing the tendency for large players to accumulate economic power in the national and regional digital ecosystem. This kind of law enforcement inherently weakens the motivation for innovation, dampens business creativity, and reduces variable fairness in the market.

The escalation of economic digitalization with high technology adoption rates and low legal literacy means that regulations tend to always lag behind technical innovation. Algorithmic work patterns and big data analytics are difficult to respond to conventional regional and national legal instruments. Generational gaps, communication patterns, and institutional authorities further widen the distance between the effectiveness of supervision of the digital ecosystem.

A comprehensive approach to building a legal supervision ecosystem that is responsive to new technologies should be encouraged. The establishment of a special cyberlaw task force, partnerships with universities and communication technology research institutions, and the use of data analytics as a monitoring tool must be considered by regulators to close the monitoring gap. Law enforcement is no longer sufficient on the basis of old rules, but requires technology-based institutional transformation and an understanding of disruptive business models that continue to move forward.

Finally, international collaboration across countries is one of the main solutions in facing the dynamics of borderless digital competition. Implementation of the principle of fairness, data disclosure, and anticipation of abuse of vertical integration are mandatory for the development of legal supervision instruments. Cross-jurisdictional supervisory cooperation is absolutely necessary so that competition law remains relevant, adaptive, and has the power to counteract increasingly sophisticated and complicated cybernetic monopolistic practices.

Local Authority Jurisdiction and Local Enterprise Protection

The rapid development of globalized digital platforms creates new obstacles for local authority jurisdictions in carrying out legal protection to domestic business actors, especially MSMES. In the end, digital platforms can boost the growth of the national economy, therefore legal provisions and interpretation objectives that previously aimed to ensure equality and encourage a dynamic and inclusive economy, must be reviewed and revised in order to better adapt the Competition Law must consider, oversee current factors such as the potential scale in digital platforms (Andani & Indarta, 2023).

The borderless economy paradigm triggers direct competition between local actors and multinational corporations that operate without national borders. Firmansyah, Negara, and Hardyansah (2023) examine the constraints of limited national legislation in reaching anticompetitive practices from digital companies across jurisdictions. The absence of cross-border enforcement mechanisms makes it difficult for national authorities to monitor and impose sanctions on foreign business actors who take advantage of regulatory loopholes for unilateral gain. Thus, the Trade Law was formed which regulates the electronic trading system with the provision that every person or business entity trading goods or services is obliged to provide complete and correct data and information. E-commerce is regulated in the Trade Law Chapter VIII regarding Trade through Electronic Systems in articles 65 and 66 (Paryadi, 2018).

Mustafa et al. (2025) elaborate that most multinational digital platforms operate under the rules of their home country, not the country where their main market is located. This results in unequal treatment and often weakens the legal standing of local MSMES players. Local authorities are faced with difficulties in enforcing rules and overseeing market behavior that is cross-border in nature and requires coordination with foreign authorities in the process of investigation and execution of decisions. Until now, many cases of digital competition violations have stalled at the investigation level due to limited access to data, differences in legal systems, and limited diplomacy.

Karmono et al. (2023) highlight the practical implications of replicating these inequalities in various sectors: global applications can set terms of trade, margin sharing, or promotions that are detrimental to local actors but difficult to reach for administrative sanctions because they conflict with the jurisdiction of origin. Other implications arise in consumer protection and data security, as lack of data access and unclear cross-border data governance undermine domestic consumer confidence and weaken the competitiveness of MSMES.

The structure of the digital market with foreign-based main players creates an unbalanced trend of economic liberalization. When local businesses face digital platforms that control server networks, payment systems, and global distribution policies, the chances of MSMES to survive are getting smaller. Without affirmative policies or special protection for

domestic players, local dependence on foreign digital giants is increasingly entrenched so that the domestic market is increasingly integrated in a global ecosystem whose architecture is difficult for local governments to control.

Technically, legal instruments in developing countries still face significant obstacles in intercepting data, summoning witnesses, and examining digital evidence across countries. Investigating digital-based competition cases requires mutual legal assistance, cyber collaboration, and the involvement of international institutions, which is a long and complex process. The technological sophistication of multinational digital players is often one step ahead of national legal instruments, leading to local-foreign business disputes that often end in unfavorable outcomes from local parties.

The economic and social implications are deeply felt, where the concentration of economic power in a handful of global corporations weakens the distribution of national economic benefits. The capacity of MSMES is reduced in aggregate, both in terms of market access and product innovation. The expansion of foreign actors without a strong filter poses a threat to regional economic structures, loses local characteristics, and has the potential to kill the domestic entrepreneurial ecosystem that has been a labor absorber and a driver of sustainable economic growth.

Local businesses have major challenges in obtaining fair treatment in the digital market, especially in terms of product visibility, algorithm transparency, and service pricing. When affirmative instruments are weak and the domestic legal system has no coercive power for foreign companies, local businesses become mere spectators in the digital economic architecture. The absence of strengthening domestic regulations and protection of digital rights will make MSMES lose competitiveness in the heart of their own market. Consumer protection should be a priority in the regulatory strengthening strategy. MSMES need to be supported in meeting consumer protection standards through practical guidance and technical assistance.

Affirmative policies, while indispensable, will not be fully effective without global cooperation between institutions and countries to regulate cross-border digital ecosystems. Bilateral and multilateral cooperation, as well as active participation in international forums, are very important in

realizing fair competition regulations that truly provide a place for local actors and prevent unlimited expansion of digitalization that leads to the marginalization of domestic MSMES.

The space for MSMES is also affected by the presence of global platforms that continue to scale up without significant restrictions from local authorities. In this situation, the government is expected to increase the capacity of technological intelligence and deploy sophisticated surveillance tools supported by state-owned digital infrastructure. However, this requires large investments and a strong political will so that the national digital economy sector is not fully controlled by foreign entities.

The sustainability of the domestic economy ultimately depends on regulations that empower local businesses without creating excessive discrimination. These regulations must be able to read the new digital landscape, accompanied by concrete steps in building national cyber infrastructure and integrating local authorities in global cooperation that is responsive and collaborative. Standardization of electronic contracts requires a more systematic approach. Regulators need to develop standardized contract templates that protect the interests of MSMES in business relationships with e-commerce platforms. This standard contract should include provisions on the division of responsibilities, payment mechanisms, data protection, and dispute resolution procedures that are fair to both parties (Febriantoro, 2018). Without regulatory transformation and international collaboration, national legal instruments will only be symbols, not functional tools in creating a fair and inclusive digital market order for local businesses and MSMES.

Conclusion

The digital market has presented its own challenges in competition law enforcement, where national regulations have not been able to keep up with the pace of technological innovation and the dominance of global platforms that create monopolistic tendencies and threaten the sustainability of local businesses. Classical legal instruments, jurisdictional limitations, and a lack of digital supervisory capacity cause anticompetitive practices, self-preferencing, and data control to take place latently-which ultimately harms MSMES and creates inequality in the distribution of

digital economic benefits. The findings confirm that the main problems stem from regulatory gaps, weak capacity of local authorities, the absence of a solid cross-border supervisory pattern, and the lack of affirmative protection for domestic businesses.

This condition demands proactive and collaborative institutional and legislative responses across sectors and jurisdictions, so that the principles of fairness, transparency, and fair competition are maintained in the digital realm. The inability of national legal instruments to adapt to technological change has the potential to widen economic disparities, reduce the competitiveness of MSMES, and result in the erosion of digital economic sovereignty at the local level; for this reason, legal modernization, international collaboration, and strengthening the digital capacity of the state apparatus are essential so that the digital business competition system can balance the interests of innovation, protection of small businesses, and sustainable national economic growth.

The author suggests the need for comprehensive steps in drafting new regulations that are responsive to digital dynamics, strengthening synergies between national regulators and international institutions, increasing literacy and digital business capacity of MSMES, and accelerating the development of data analytics-based surveillance technology infrastructure. The government is expected to encourage collaboration between educational institutions, legal supervisors, and digital industry players to create a business ecosystem that is fair, transparent, and supports the competitiveness of local players without hampering innovation. Implementation of affirmative policies, inclusive cyber governance, and cooperation with global platforms need to be prioritized in maintaining a competitive climate that is more adaptive, accountable, and highly competitive.

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