



## Legal Protection Efforts for Micro, Small and Medium Enterprises Against Unfair Business Competition

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### ABSTRACT

The focus of this study is the efforts made by the law to protect micro, small, and medium enterprises (MSMEs) from unfair competition. This law is regulated through Law No. 5 of 1999. Activities prohibited in business competition are the topic of this study. This study investigates the impact of unfair business competition on MSME actors, which makes the KPPU necessary to supervise business competition. The results of the study indicate that legal protection for MSMEs against unfair business competition practices is very important because these practices can affect the growth and desires of MSMEs. This finding provides insight for the government, business actors, and legal experts. The government can establish stricter laws to supervise business competition. To avoid unfair business practic

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## **INTRODUCTION**

### **Background**

Micro, Small, and Medium Enterprises (MSMEs) are one of the important sectors that are the backbone of the Indonesian economy. MSMEs play a major role in creating jobs, improving community welfare, and driving economic growth in various regions, especially in small to medium-sized communities. . In Article 1 of Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises, MSMEs are defined in detail to provide limitations and clarity regarding the definition as follows:

- a. Micro, Small, and Medium Enterprises (MSMEs) are a strategic sector that is the mainstay of the Indonesian economy, especially in supporting small and medium communities to contribute to economic growth. Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises provides a clear definition of this business category. Based on this law, micro businesses are productive businesses owned by individuals and/or certain business entities with certain criteria. Micro businesses have a maximum net worth of IDR 50,000,000, excluding land and buildings for business premises, and have an annual turnover of no more than IDR 300,000,000. This grouping aims to facilitate the development and empowerment of micro businesses as an integral part of national economic growth, MSMEs have an important role in creating jobs, reducing economic disparities, and improving community welfare. By providing support in the form of regulations, access to capital, and training, the government hopes that MSMEs can be increasingly competitive in local and global markets, as well as being the main driver in realizing economic development.
- b. Small businesses are part of the Micro, Small, and Medium Enterprises (MSMEs) sector that play an important role in supporting the community's economy, especially at the local level. To provide clear boundaries, small businesses are defined as productive economic efforts carried out by individuals or business entities independently. Based on Law Number 20 of 2008, small businesses have a significant role in supporting the national economy, especially in creating jobs and improving the welfare of local communities. However, in its grouping, there are clear boundaries regarding the category of small businesses. Based on Law Number 20 of 2008, small businesses are defined as productive efforts carried out by individuals or business entities independently. Small businesses do not include subsidiaries or branches of companies' economies that are owned, controlled, or are part directly or indirectly of medium or large businesses. This grouping is important to ensure that small businesses remain focused on empowering the community's economy and supporting the national economic system. A business is considered a small business if it meets a number of criteria set out in Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises. These criteria include a minimum net worth of Rp50,000,000, with the amount of wealth used, including assets, not exceeding Rp500,000,000. In addition, small businesses must also have annual sales

results that are in the range of a minimum of Rp300,000,000 and a maximum of Rp2,500,000,000. With these limitations, it is hoped that small businesses can operate on a proportional scale and be able to make a significant contribution to the national economy."

- c. Medium enterprises are part of the Micro, Small, and Medium Enterprises (MSMEs) sector that have a strategic role in the economy. Medium enterprises are defined as independent productive economic enterprises, carried out by individuals or business entities that are not subsidiaries or branches of small businesses or large companies, either directly or indirectly. The criteria for medium enterprises do not include land and buildings, and have a net worth of between IDR 500,000,000.00 and IDR 10,000,000,000.00. This grouping ensures that medium enterprises can operate on a larger scale than small businesses, but still have potential. Based on data from the Central Statistics Agency (BPS), micro businesses are defined as companies that have 1 to 4 employees, while small businesses have 5 to 19 employees. Medium businesses, on the other hand, include companies that have between 20 and 99 employees. Large companies, in general, have more than 99 employees. Micro, small, and medium enterprises (MSMEs) play a very important role in the national economy because of their large quantity and their contribution to labor absorption.

The existence of MSMEs greatly contributes to the improvement and welfare of the Indonesian people's economy. MSMEs have the ability to survive in various conditions to achieve community welfare. When the monetary crisis hit Indonesia in 1998, so many large businesses collapsed, but MSMEs remained strong and even showed improvement and development. This shows the strength of MSMEs. Because of the large role of MSMEs which have a strategic role in supporting a country's economy. The existence of MSMEs is highly expected because of their significant contribution to economic growth and community welfare. One of the positive impacts of the MSME sector is its ability to reduce poverty levels through labor absorption. With the growth of micro businesses, more jobs are created, which can ultimately increase income and the standard of living of the community as a whole.

With the decline in poverty rates, the MSME sector helps the government in reducing poverty rates. Micro, small, and medium enterprises (MSMEs) not only support economic growth, but also ensure that development results can be felt by the wider community. The role of MSMEs includes: (1) being the main driver of the economy, (2) creating jobs, and (3) being an important component in development and supporting the local economy and community empowerment, and (4) creating new markets and sources of innovation." according to the Department of Cooperatives (2008).

MSME development must be carried out in a planned, organized, and sustainable manner with the aim of increasing national productivity and local economic competitiveness, which ultimately drives economic growth while encouraging the birth of strong new entrepreneurs to support improving

community welfare. In Indonesia, the MSME sector continues to grow and develop, making a significant contribution to the national economy.

According to data released by the Ministry of Cooperatives and SMEs, in 2016 there were 61,656,547 micro, small and medium enterprises, up 2.06% to 62,926,077 in 2017. The increase in the number of business units also had an impact on the increase and absorption of human resources by SMEs, which could absorb up to 112,828,610 people in the 2016 period totaling 116,673,416, up to 3.41%. This figure is based on data analyzed by the Ministry of Cooperatives and Small and Medium Enterprises. The number of SME business actors in Indonesia is estimated to be 64,194,057 in 2018, with the ability to employ 116,978,631 people.

The following is a graph of MSME growth throughout 2018 to 2023.



Figure 1. Graph of MSME Growth in Indonesia 2018-2023  
(source: Ministry of Economy (2023))

The above conditions indicate that MSMEs can be transformed into business activities that are able to transform into opportunities for the people for equitable economic distribution, poverty resolution, and reducing unemployment in Indonesia, indicating that the existence of MSMEs can improve people's welfare. However, because MSMEs continue to grow every year, this condition can create increasingly tight business competition, and in turn lead to bad and detrimental market control and business competition practices. Based on Law Number 5 of 1999, monopoly practices are defined as market control by one or more business entities so that they control the processing and distribution of certain goods and services. Articles 17 to 24 of the Law regulate activities that are not permitted. Like agreements, this law does not define activities. However, from the meaning of "activity" everyone can know that the meaning of "activity" is individual actions. If an agreement that is not permitted is carried out by the parties, activities that are not permitted are carried out by one party. Activities or actions that are not permitted are:

- a. A group of business actors who unilaterally regulate the price of goods or services, so that consumers have no alternative choices and are forced to buy at a price higher than the fair market price.”
- b. Business actors who unilaterally determine the price of products or services, without considering competition, so that consumers have no other choice and must accept the price determined by the sole business actor.
- c. Law Number 5 of 1999, Article 19, stipulates that business actors are prohibited from carrying out activities that can reduce, hinder, or damage healthy business competition that results in market control, such as unfair market control actions and treatment that is detrimental to business competition, namely:
  1. Limiting or reducing the opportunity for other business actors to compete freely in the market.
  2. Limiting customers or consumers of competing business owners in establishing business relations with them.
  3. Limiting the distribution or marketing of goods and services in the market.
  4. Treating certain business actors unfairly.
- d. Collusion is a word that refers to a conspiracy, a word agreement to commit fraud.
- e. According to Article 1 number 4 of Law Number 5 of 1999, a dominant position is defined as a condition in which the party running the business has the highest position compared to other business actors in the relevant market because of its financial capabilities, access to distribution, supply, and capacity to regulate the balance between supply and market demand flexibly.
- f. Dual role. Article 26 of Law Number 5 of 1999 prohibits a person who holds an executive or supervisory position in one business from holding the same position in another company.
- g. Owning shares. According to Law Number 5 of 1999 Article 27. Business owners may not have major shares in various companies of the same type, conduct business in similar fields and in similar markets, or build various similar companies or businesses if such ownership results in a percentage of market control that can be considered dominant (Law Number 5 of 1999 Article 27).
- h. Merging, amalgamating, and taking over are strictly prohibited for companies, both official entities and those without formal legal status. To carry out mergers, amalgamations and takeovers which result in market control and unfair competition (Law Number 5 of 1999 Article 28).

The agreements that are not permitted in Law Number 5 of 1999 are:

1. Oligopoly. Agreements with other companies to have power over the processing and marketing of goods or services are prohibited. This can lead to monopolies and bad business competition.

2. Price fixing. Companies are not allowed to make agreements with other business actors to set prices for the quality of goods and services that should be paid by buyers or set prices low. It is also prohibited to make agreements that require buyers to pay for the same goods or services but at different prices from other buyers and it is prohibited to make agreements that require buyers of goods or services not to uphold the quality purchased.
3. Division of territory: agreements with other business actors to allocate areas or places to sell goods or services.
4. Boycott. Companies are not allowed to make agreements with other business actors that can hinder other business actors, both in the domestic and foreign markets.
5. Cartel. Companies are not allowed to make agreements with their competitors with the aim of changing prices by controlling the process of making and marketing goods and services. This condition can lead to market domination and bad competition.
6. Trust. Business owners may not make agreements with their competitors to work together to create a much larger business that is responsible for the manufacture and sale of goods and services.
7. Oligopsony. Business owners are prohibited from making agreements with other business owners to collaborate in controlling the price of goods and services through control of purchasing supplies.
8. Vertical Integration. Agreements with other companies with the aim of controlling the production of several products of goods and services are prohibited.
9. Closed Agreements, where business actors are not allowed to make agreements with other business owners stating that the person receiving the goods or services only plans to distribute what they receive to certain people or areas. In addition, business owners are not allowed to make agreements with other business owners stating that the person receiving the goods and services should not be forced to buy goods or services from other parties with a heart that is not forced.
10. Agreements made with foreign parties, namely companies are not allowed to make agreements with other business owners internationally containing clauses that can cause monopolies so that there is very bad competition. Persaingan antara pelaku usaha yang tidak adil disebut sebagai kompetisi bisnis yang tidak sehat atau buruk. Berdasarkan undang-undang nomor 5 tahun 1999 ada tiga tanda kompetisi bisnis tidak sehat: persaingan yang tidak jujur, persaingan yang melanggar hukum, dan persaingan yang menghambat pelaku usaha.

According to this, it can be concluded that for economic growth and business activities in Indonesia, legal protection for MSMEs is very important. Therefore, this observation concentrates on the analysis of policies and legal protection mechanisms for micro, small and medium enterprises. This observation aims to channel real contributions to the development of laws that

are more helpful to small businesses. The author will discuss the formulation of this research problem on this occasion: 1. What legal protections can be given to micro, small and medium enterprises in facing unfair business competition. 2. How do unfair business competition practices affect the growth and sustainability of MSMEs in Indonesia.

## LITERATURE REVIEW

### a. Legal Protection

In KBBI the word "protection" comes from the word "lindung", which means protection, prevention. With this action, protection is created. Stability and security are guaranteed. Far from disturbances and various threats. Everything that causes danger can be for the sake of interests or something. Protection can also be interpreted from the word protection. For weaker people, protection can be done so that they can understand and understand and protect themselves from all forms of threats and dangers. It can be concluded that protection is a legal means of protection. Protection is given as a means to provide a sense of security, justice, so that all things become orderly. Protection is a legal function in a country. With protection, a sense of justice, order, legal certainty and benefits will be created so that peace is created.

Setiono is of the opinion that legal protection means an effort to protect someone from the arbitrary attitudes of state leaders or state officials, which are contrary to the legal regulations of a country.

Muchsin is of the opinion that legal protection is an activity or act of protecting and safeguarding a person by aligning the rules and values in society to create order and good social interaction according to the rules.

MSMEs with various limitations really need to be protected so that challenges and obstacles can be resolved. The principles of economic protection in MSMEs include:

1. Based on the 1945 Constitution, Article 33, there are 7 principles of the MSME economy, namely the principle of harmony and balance, the principle of balance, the principle of equality, the principle of jointly owned businesses, the principle of family, the principle of deliberation to reach consensus, the principle of protection function, and the principle of protection and guidance for the weak.
2. Article 33 paragraph (2) & (3) of the 1945 Constitution as a principle of protecting the needs of a country means that the country must need what is the need and interest of the country so that it will also have an impact on society.
3. The principle of legal protection globally and civilly certainly has an impact on Indonesia. Other countries will assess and see how Indonesia's products are. In this case, the trade agenda between countries has a reciprocal relationship in terms of protection. The principle of the *pacta sunt servanda* agreement where the agreement is made and functions as a legally binding rule between countries that agree in the agreement or contract.

4. Law No. 20 of 2008 concerning MSMEs was created to create protection for MSMEs in running a business. This law is one of the principles of legal protection for small business actors.
5. The principle of protecting the country's economy through GATT is very important to be carried out so that society can avoid monopolies and fraud in running a business.
6. The principle of healthy business competition. All forms of unfair competition need to be given preventive measures to reduce activities that result in losses or bankruptcy of a business. This can be done through laws or judge's decisions.

According to Fitzgerald's opinion, in accordance with Salmond's previous opinion, legal protection is made with the aim of uniting and adjusting what is needed by society. So, law plays an important role in taking care of all things that are human matters and needs, so that law becomes the highest tool in regulating the life of a country. Legal protection needs to be done by seeing and adjusting the steps, namely legal protection is created because of human behavior and legal provisions are made according to the interests of society and community agreements in regulating and maintaining social relations.

Legal protection is divided into 2 types, namely:

1. Preventive legal protection. This is a form of protection from the government as the leader of the nation and this is prevention. This means being protected before a violation occurs.
2. Repressive legal protection is protection given after a violation occurs and does not mean prevention. For example, compensation or fines, imprisonment.

#### a. Micro, Small and Medium Enterprises

MSMEs are businesses owned by individuals who are referred to as business actors. The owners of these businesses usually process their own products and produce various forms of handicrafts, food, processed plants and many more. Of course, these processed products have their own assessments and prices. Ideas and thoughts in processing are expensive. So this is what makes these products must be maintained and protected.

Currently, Law Number 20 of 2008 has specifically regulated what businesses can be classified into types of MSMEs. The following is a table of MSME criteria

Table 1. MSME Criteria

No	Uraian	Kriteria	
		Asset	Omset
1	Usaha Mikro	Maksimal 50 Juta	Maksimal 300 Juta
2	Usaha Kecil	50 – 500 Juta	300 Juta – 2,5 Milyar
3	Usaha Menengah	500 Juta – 10 Milyar	2,5 – 50 Milyar

MSMEs as the main players in the country's economy have a very large role in contributing, namely the creator of new innovations, so that the business

carried out can bring competitive opportunities to be known worldwide, job creators, which means they will accommodate human resources as workers so that the number of unemployed is reduced; state income increases. If a business grows and becomes more global, it will certainly have an impact on the country. Other countries will know Indonesia so that exports can occur. Taxes become a country's income so that they still return to the community, meaning that community welfare increases.

As the goal of the Indonesian state, which is to create a just and prosperous community life, it must be done through national development. Therefore, MSMEs as important stakeholders in economic development must be protected. The many challenges and obstacles for MSMEs must be protected. MSME challenges such as limited capital, difficult marketing, and most importantly unhealthy business competition, can cause a business to die or go bankrupt. Small business actors must at least have good managerial skills, capital structure, and master the use of technology. The government as a leader in a country also makes several efforts to protect MSMEs, namely strengthening capital, providing relatively short credit loans. With these few things, MSMEs can be stronger. Training in the use of technology also needs to be carried out for small business actors. The government also issued Law No. 20 of 2008 with the aim of developing MSMEs so that national development can be sustainable based on justice. If national economic growth increases, people's lives will be prosperous and prosperous so that they are far from poverty. Moh. Hatta as the first vice president of the Republic of Indonesia, argued that Indonesia should run a "guided economy" not social anymore. This means that those who are responsible for managing the country and society must use all state revenues fairly and well for the prosperity of the people. Becoming a responsible and firm leader so that all citizens have a prosperous life.

#### **a. Unfair Business Competition**

Article 1 paragraph (6) of Law No. 5 of 1999 defines unfair business competition as competition carried out between several business actors in an unlawful, dishonest manner and in a manner that hinders business competition. The Indonesian economy is aimed at the prosperity and welfare of the people. Therefore, Law No. 5 of 1999 article 2 explains the principle in economic activities, namely the principle of democracy. This principle is the basis for the foundation of economic development. Business actors must apply this principle in carrying out their business activities. Seeing the public interest and not killing other business people. The anti-monopoly law aims to create efficiency for society or consumers. The provisions in Law No. 5 of 1999 article 3 aim to:

- a. Protecting the interests of many people and building a good national economy for the welfare of the nation.
- b. Creating an orderly and safe business world so as to provide the same time and business opportunities for anyone.
- c. Preventing unfair business competition and monopolistic practices carried out by business actors

- d. Creating business skills so that success is born and able to use time well in carrying out business activities.

Unhealthy business competition will certainly have an impact. One of them is the occurrence of monopoly. Monopoly means that in the market there is one seller, no other seller can replace the products or goods produced by the producer. So that he himself controls the market. This certainly has an impact on other business actors. Because their businesses die or go bankrupt. The death of the business certainly has an impact on the life of the business actor. There will be no more welfare. It is not guaranteed because the economy and income no longer exist so that it can cause poverty.

Unhealthy business competition can also make customers or buyers no longer buy other competitors' products. Business actors will increase or raise the selling price to consumers so that consumers will run away and no longer buy the product. Unhealthy business competition is carried out so that the actor is in a single position so that there are no competitors and to eliminate his competitors. This is cheating and is against the law. Unhealthy business competition is very disastrous for the world of economy and business.

## **METHODOLOGY**

The object of this research focuses on MSMEs. The purpose of this study is to examine the various types of legal protection that have been provided to MSMEs by legislation. This study not only aims to obtain adequate legal protection, but also to provide policy recommendations that can strengthen legal protection for small and medium enterprises (MSMEs) to be more competitive.

The data sources used in this study are using legal materials in the form of primary legal materials such as: Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, Government Regulation Number 21 of 2021 concerning Facilitation, Protection and Empowerment of Cooperatives and Micro, Small and Medium Enterprises. Secondary legal materials in the form of legal journals and books related to the problems studied, as well as tertiary legal materials in the form of legal dictionaries and Indonesian language dictionaries.

## **RESEARCH AND DISCUSSION**

### **Forms of Legal Protection for Micro, Small and Medium Enterprises in Facing Unfair Business Competition**

MSMEs play a major and very significant role in the global economy, and with the development of digital technology, there are new challenges and opportunities that must be considered. Therefore, legal protection for MSMEs in the digital era is a very relevant and complex issue. To provide appropriate protection for MSMEs, there are several aspects that must be considered in business competition law. Law number 5 of 1999 concerning the prohibition of monopolistic practices and unfair business competition provides legal protection for MSMEs for their survival as a result of economic democracy based on the principles of equality and justice. This situation provides small-scale

entrepreneurs with the opportunity to improve their business and provides an opportunity for all Indonesian people to work in a healthy competitive environment to prevent the economic accumulation of certain business groups.

The meaning of business owner, as explained in Law Number 5 of 1999 Article 1 refers to a person, whether a legal entity or not, who carries out business activities in Indonesia, either individually or by agreement to carry out various business activities. To maintain healthy business competition, Law Number 5 of 1999 regulates the duties and authorities of the KPPU, established independently based on Presidential Decree Number 75 of 1999. The organization established to oversee the implementation of Indonesia's antimonopoly law is the business competition supervisory commission. Based on Law Number 5 of 1999, the functions of the KPPU include various duties and authorities.

One of the duties of the KPPU is to provide an assessment of agreements that can cause monopolies and market control as well as bad business competition, provide an assessment of the activities and actions of business owners, provide an assessment related to arbitrariness in positions, provide aspirations and input on government policies, develop what is the basis for this Law and provide periodic reports to the president.

According to article 1 paragraph 1,2,3, and 6 of Law Number 20 of 2008 concerning MSMEs, it explains that MSMEs are economic activities owned by a person with various types of businesses. Therefore, MSMEs are very important in the economic growth of the Republic of Indonesia. The government is trying to ensure that MSMEs can continue to grow in the free market era. Business development, collaboration, licensing, coordination, and control are part of Law Number 20 of 2008 concerning MSMEs. The foster father program is one way for the government to increase the growth of MSMEs. The purpose of this collaboration is so that collaboration that provides benefits between small and large entrepreneurs, provides fair business clarity for both small and large business actors and prevents monopolies that are not profitable for small and medium business actors so as to avoid hampering the growth of MSMEs.

Law number 20 of 2008 concerning MSMEs is a solid foundation in collaboration between MSMEs and large business owners. This law functions effectively in encouraging good and fair cooperation between MSMEs and large businesses. Law number 20 of 2008 article 35 paragraph 1 explains that healthy collaboration between small businesses and large businesses is very meaningful. This article explains how business collaboration which of course has differences but remains fair so that MSMEs have equality to move forward and have the opportunity to enter the business world so that they can develop well.

Law number 20 of 2008 regulates the types of cooperation that are not permitted. It is contained in article 35 paragraphs 1 and 2 which indicate that medium and large businesses may not have power over MSMEs as their partners in business collaboration. Article 36 paragraph 2 also states that the implementation of cooperation is supervised by an institution appointed by laws and regulations to supervise business competition, namely the KPPU.

Article 124 of PP Number 7 of 2021 states that the central and regional governments have an obligation to provide convenience and incentives for

MSME business actors to support the sustainability of their businesses. These conveniences and incentives aim to strengthen the competitiveness of MSMEs in the midst of an increasingly competitive market, including modern markets and large businesses. In addition, this policy also supports MSME entrepreneurs so that they can continue to develop and adapt to economic and technological changes, so the government's efforts are based on laws and regulations in the field of taxation. MSMEs are given easy opportunities regarding administration, taxes and submission of fees. Units in this field also allow MSMEs to receive encouragement in the form of income tax appreciation. In accordance with article 58, the income tax appreciation mentioned in paragraph 2 must be given using a database. MSMEs are given appreciation such as relief, reduction in facility costs, and free regional levies. MSMEs who wish to receive the appreciation mentioned in article 4 are required to meet the following requirements:

- a. Still early in starting production
- b. Producing more than IDR 7 billion 500 million every year.
- c. Running a business in the agricultural sector such as farming, gardening, raising livestock. In the infrastructure sector such as transportation. In the tourism sector such as five-star hotels, homestays. In the culinary sector such as restaurants, shops, stalls, and;
- d. Participating in the purchase of electronic goods and services. The appreciation mentioned in paragraph 4 consists of; a) buildings for urban and rural areas; b) costs to obtain land and building rights; c) regional taxes.

In addition, because MSMEs are limited in capital to grow their businesses, the government provides low and accessible costs. In accordance with article 28 of PP number 7 of 2021, the government also provides assistance and training to improve financial literacy for MSMEs.

### **Unfair Business Competition Practices Affect the Development and Sustainability of Micro, Small and Medium Enterprises in Indonesia**

In the context of the ever-growing digital economy, many large companies dominate the market by utilizing technology to expand their reach and influence. While small businesses and new economic actors face challenges to compete, they have the ability to utilize and maximize market data obtained from the impact of this network to improve their understanding of and increase their profits. MSMEs have limitations in facing the complexity of collecting information needed to understand market needs in the modern era. Economic actors can use data to explain the dynamics of the digital market. The data can also be used to analyze consumer tastes. Business actors use this opportunity to develop new products and concepts according to consumer desires. Companies can determine their target market and develop an effective market analysis system. Here are some of the main consequences of the dominance of large companies over MSMEs:

- a. Inequality in market portals. Large businesses have a faster and easier way to enter the global, which allows them to gain much greater profits than MSMEs. MSMEs that have limitations in terms of infrastructure and

resources, which can cause inequality and become obstacles in the development of their business.

- b. Tight competition; when large companies have more resources, small businesses can face tighter competition in pricing, marketing and innovation.
- c. Difficult job opportunities because of the field. Large business actors certainly have stricter titles and requirements for accepting workers, such as; higher education, experience in certain fields, and soft skills and hard skills. However, the standards of MSMEs are much lower, so MSMEs get more work than large businesses.
- d. Having innovation with limitations. When large companies take over, people lose their competitive spirit and way of thinking. Large business owners are in power, so MSMEs will not be forced to innovate. So a strong mentality is needed in every MSME actor in order to be able to fight market dominance by large companies.

## **CONCLUSIONS AND RECOMMENDATIONS**

MSMEs have a great impact on the welfare of society and play an important role in the economy of society and the country. However, more business actors mean more risks. With high business competition, bad business competition emerges, which can affect the growth and progress of MSMEs in a country, especially Indonesia that we love. According to Law Number 5 of 1999, market control is a merger by one business actor and another business actor which increases power so that they are responsible for the processing and sale of goods and services. Articles 17 to 24 of Law Number 5 of 1999 clearly prohibit market control or monopoly activities. In business competition, monopoly, monopsony, conspiracy, dual position, takeover should be prohibited.

Agreements that are not permitted in Law Number 5 of 1999 such as blocking, setting prices, trusts and others can cause monopolistic activities. Although there are laws that regulate this, it cannot be denied that the prohibition still occurs. Therefore, the KPPU must carry out its obligations in supervising business competition. To support the sustainability of MSMEs, the government provides easy access to financing facilities, tax exemptions, and gives appreciation to MSME actors. Unfair business competition practices certainly affect the development and sustainability of MSMEs, including: large companies have wider market access, while MSMEs have limited resources and infrastructure. The tight competition between large companies and MSMEs also affects the sustainability of small businesses. Large companies have certain standards for employees, such as having to have a college degree, while MSMEs have certain standards that are much lower.

### **Recommendation**

The suggestion that the author can give as the compiler of this proposal is that the government should coordinate the business or administrative licensing process for MSME actors because the business licensing process can be time-consuming and costly. Then, there is a need to increase access to special legal assistance for MSMEs, for example by providing legal consultation services

through online applications or platforms that can be accessed by MSME actors. Small business actors also often receive unfair treatment in unfair business competition practices so that supervision of business actors such as supervision from the KPPU needs to be tightened. For financing for MSMEs, policies should also be implemented that encourage financial institutions to provide loans with low interest rates because this also greatly affects business actors. The government also needs to take lessons, for example from seminars or education related to how business actors know their rights. If a dispute occurs, mediation or arbitration is needed. So, this must be introduced to the public as an alternative dispute resolution. The government can provide free or low-cost mediation facilities. With the steps above, more comprehensive and integrated legal protection, MSMEs in Indonesia can be better protected in facing the challenges of business competition and maximize their potential to grow and develop.

#### **ADVANCED RESEARCH**

This research was conducted with maximum effort. However, as the author of this research, I realize and admit that this research is still far from perfect, there are still shortcomings due to the limitations of my knowledge and science. The limited availability of data, sources and access to information is one of the obstacles in the preparation of this research. So that I as the author of this research with an open heart accept all input, direction, or constructive suggestions from all readers for the improvement of better research, their contributions are very much expected. These constructive inputs will be very valuable to increase my knowledge in improving this research.

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