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Legal protection of micro, small and medium enterprises (MSMEs) against E-commerce business actors: Perspective of business competition law

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Abstract

Business competition is one of the indicators of a country's economic sustainability. Healthy business competition shows the increase and development of national economic activity. One of the business competition that supports the Indonesian economy is Micro, Small and Medium Enterprises (MSMEs). MSMEs are the basis of the people's economy. The role of MSMEs is crucial in national economic development by expanding employment and providing broad economic services to the community. The empowerment of MSMEs is a strategic choice to increase the income of low-income groups, in order to reduce income inequality and poverty through increasing business capacity and business management skills. However, massive technological advances have their own impact on MSMEs, the majority of which still use conventional transaction methods and also create a competition gap with E-Commerce business actors. This research looks at how far the regulations governing business competition between MSME actors and E-Commerce business actors, as well as how legal protection for MSME actors in Indonesia. This research uses the juridical normative method, by examining legal sources as secondary data. As a result, it is found that there are government efforts to provide legal protection through the issuance of various regulations and policies to support healthy business competition between MSME players and E-Commerce business actors in Indonesia.

Keywords: Business competition, legal protection, MSMEs, E-commerce

Introduction

Business competition is one of the indicators of the sustainability of a country's economy, which is the foundation of the welfare of its people. With business competition, it can be seen how the increase and development of economic activity, which is not only limited to trade, but covers all sectors, including the service sector. The high level of business competition shows the high demand and supply that occurs in the market, between business actors and consumers to fulfill their needs. Therefore, the Government expects and encourages business actors to always increase healthy business competition, not only for the sake of fellow business actors, but also for the sake of consumers.

Business competition, according to Siswanto, is two or more parties aiming to achieve certain business goals such as profits, sales or market share. A market economic system with strong business competition characteristics is more favorable than a non-competitive market, because in essence competition provides benefits compared to no competition ^[1]. The advantages of business competition include (i) protecting economic actors against exploitation and abuse; (ii) encouraging the allocation and reallocation of economic resources in accordance with consumer desires; (iii) encouraging the efficient use of economic resources and methods of utilization; and (iv) stimulating improvements in the quality of products, services, production processes and technology ^[1].

Business competition in Indonesia has increased as shown by the business competition index in the last five years, as shown in the following table:

Table 1: Competition Index 2018-2022 ^[2]

Year	Average Number
2018	4.63
2019	4.72
2020	4.65
2021	4.81
2022	4.87

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The calculation of the business competition index above is done through the SCP (structure - conduct - performance) approach proposed by Mason. Mason argues that the structure of an industry will determine how industry players behave (Conduct) and ultimately determine the performance of the industry^[3]. Measurement through this SCP approach has a score scale of 1 to 7, with a score of 1 indicating a low level of business competition, and a score of 7 indicating a high level of business competition. So based on Table 1, it can be seen that the business competition index in Indonesia is quite good and has increased every year, except in 2020 when the COVID19 pandemic occurred.

Healthy business competition has characteristics such as (i) the number of buyers and sellers is large; (ii) the goods traded are homogeneous in consumers' perception; (iii) there is freedom to establish or dissolve companies; (iv) production sources are free to move anywhere; and (v) buyers and sellers know each other and know the goods being traded^[4]. However, creating a healthy business competition is not easy, because in practice the competition that occurs is not always conducive to all parties. It is not uncommon for one (Or more) business actors to try to create more profit opportunities than others, resulting in an imbalance of conditions that makes competing business actors lose opportunities. This is what happens in business competition between MSMEs and e-commerce.

Micro, Small and Medium Enterprises (hereinafter referred to as MSMEs) are the basis of the people's economy^[5]. The role of MSMEs is crucial in national economic development by expanding employment and providing broad economic services to the community; playing a role in the process of equalizing and increasing people's income; encouraging economic growth; and playing a role in realizing state stability. MSMEs as productive economic businesses, arise from efforts to fulfill the needs of everyday life, therefore MSMEs also support the economy of the community and region^[6]. Empowering MSMEs is a strategic option to increase the income of low-income groups, in order to reduce income inequality and poverty through increasing business capacity and business management skills^[7].

MSMEs in Indonesia are growing rapidly, with the number of MSME units increasing every year, even when the national economy is experiencing a crisis, either due to falling currency values or political upheaval, such as in 1998. After the economic crisis in 1998, the number of MSMEs actually increased to reach 313,497,120 units in 2019^[8]. The Coordinating Ministry for Economic Affairs stated that the growth of MSMEs is very rapid, almost 99% of all business units. The contribution of MSMEs to GDP reaches 60.5% with employment of 96.9% of the total national employment^[9]. The large number of MSMEs, which is expected to continue to increase in the following years, indicates that business competition is quite competitive.

The increasing number of MSMEs does not make them free from challenges. Massive technological advances have their own impact on MSMEs, the majority of which still use conventional transaction methods, creating a competition gap with digital-based business actors or often called e-commerce. E-commerce is a buying and selling activity that is processed through an electronic system, including its distribution and marketing, either via telephone, television or the internet^[10]. The development of e-commerce can be seen from the number of e-commerce users that is

increasing every year. According to Statista, e-commerce users in Indonesia are increasing every year, as shown in the following table:

Table 2: E-Commerce Users in 2018-2022^[11]

Year	Number of Users	Percentage Increase
2018	87,5 Juta	-
2019	112,1 Juta	28.1%
2020	129,9 Juta	15.9%
2021	148,9 Juta	15.6%
2022	166,1 Juta	11.6%

From Table 2 above, it does not show the number of businesses only, but also all users. However, the data indicates that Indonesian people have begun to be aware of technological developments, so they have begun to utilize the technology, including consumers who have switched from conventional transactions to digital transactions.

Business competition between digital-based industries and conventional industries should bring good impacts and benefits to the growth of the national economy, and provide wider choices for consumers to determine products according to their needs and desires. However, the technological imbalance between the two industries has led to unhealthy business competition. MSMEs, which are still based on conventional transactions, experience limited business opportunities as a result of the existence of digital business models that provide ease of distance and time for consumers. This causes prices for similar goods to be relatively cheaper than the prices set by MSMEs.

Healthy competition should be based on equal conditions. When there is an unequal situation that favors one party only, then the competition becomes unhealthy. Similar to the business competition between MSME players and e-commerce business players, which has an impact on unhealthy market pricing. MSMEs, which are expected to support the economy, are actually cornered by the existence of e-commerce, so that their business opportunities are increasingly limited. Based on this phenomenon, this study examines the extent to which regulations have regulated business competition between MSMEs and e-commerce and how legal protection for MSME actors against business competition in the e-commerce industry in Indonesia from the perspective of business competition law.

Research Methods

This research is a juridical normative legal research, by examining legal sources, to identify existing regulations and the extent to which these regulations regulate business competition between MSME actors and e-commerce business actors, as well as the concept of legal protection for MSME actors due to the emergence of new business models with digital methods, from the perspective of business competition law.

This research uses secondary data, both primary, secondary and tertiary legal sources. Primary legal data sources used are normative laws related to the reasoning of the topic concerned, while secondary legal data sources are books and legal scientific works. The legal materials are inventoried in order to obtain a comprehensive prescriptive study of the legal issues discussed in this research. This research systematically examines concepts or ideas that become the direction of the researcher's perspective in obtaining conclusions on the legal issues studied.

Results and Discussion
Regulations Governing MSME Business Competition and E-Commerce MSMEs in Indonesia

MSMEs play a vital role in economic development and growth, not only in developing countries, but also in developed countries. This is because MSMEs not only absorb more labor than large enterprises, but also contribute to GDP growth ^[12]. According to Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (hereinafter referred to as the UMKM Law), MSMEs are productive (economic) businesses owned by individuals or individual business entities, which are not subsidiaries or branches of companies owned, controlled or part of either

directly or indirectly small, medium or large businesses as regulated in the UMKM Law. From the definition of MSMEs put forward by the UMKM Law, it implies several notions, including; (i) businesses established for the purpose of economic activities and not non-profit activities; (ii) businesses that are productive or generate profits or profits from business; (iii) independent or stand-alone businesses that are not part, branch, or affiliate of another business; and (iv) businesses owned by a company or business entity.^[13] Referring to the definition and understanding of MSMEs based on the MSME Law, each of these MSMEs has criteria as stated in Article 6 of the MSME Law, as follows:

Table 3: MSME Criteria

Business Type	Net Worth	Annual Sales Results
Micro Business	Maximum of IDR 50,000,000,-	Maximum of IDR 300,000,000,-
Small Businesses	More than IDR 50,000,000,- Maximum of IDR 500,000,000,-	More than IDR 300,000,000,- Maximum IDR 2,500,000,000,-
Medium-Sized Enterprises	More than IDR 500,000,000,- Maximum IDR.10,000,000,000,-	More than IDR 2,500,000,000,- at most IDR50,000,000,000,-

Source: Law No. 20 of 2008, Article 6.

The net assets in question do not include the land and buildings of the business premises used by MSME actors. In addition to the criteria stipulated in Article 6 of the MSME Law, MSMEs also have criteria related to the number of workers absorbed, namely (i) for micro businesses, at most 4 people; (ii) for small businesses, between 5 - 19 people; and (iii) for medium businesses, between 20 - 99 people ^[12]. MSMEs aim to grow and develop their businesses in order to build a national economy based on equitable economic democracy, with the principle of kinship; economic democracy; togetherness; efficiency with justice; sustainable; environmentally sound; independence; balance of progress; and national economic unity. And the objectives of empowering MSMEs are (i) to realize a balanced, developed and equitable national economic structure; (ii) to grow and develop the ability of MSMEs to become resilient and independent businesses; and (iii) to increase the role of MSMEs in regional development, job creation, income distribution, economic growth and alleviation of people from poverty. Therefore, MSMEs are not only in certain fields of industry, but every field of industry that is active in Indonesia, including in the export sector.

MSMEs in Indonesia are regulated in the MSME Law, consisting of 44 articles divided into 11 chapters. The UMKM Law not only regulates the definition and criteria of UMKM, but also regulates the principles and objectives of UMKM as well as the principles and objectives of UMKM empowerment. It also regulates business climate development, business development, financing and guarantee, partnership, coordination and control of MSME empowerment, and administrative sanctions and criminal provisions. Derived from the UMKM Law is Government

Regulation No. 17/2013 on the Implementation of Law No. 20/2008 on Micro, Small and Medium Enterprises (hereinafter UMKM Government Regulation), which consists of 64 articles in 7 chapters. However, this UMKM Government Regulation was later revoked by Government Regulation Number 7 of 2021 on the Ease, Protection and Empowerment of Cooperatives and Micro, Small and Medium Enterprises (Government Regulation on Cooperatives and MSMEs).

The Government Regulation on Cooperatives and MSMEs is a derivative of Law Number 11 of 2020 on Job Creation (hereinafter referred to as the Job Creation Law), a regulation issued by the Government in 2020 as an effort to increase national economic growth and reduce unemployment through MSMEs. There are at least seven laws related to MSMEs that are amended in the Job Creation Law. Two of the most important ones are the MSME Law and Law Number 25 of 1992 on Cooperatives. This is done as an effort to develop MSMEs by the government to increase investment and create jobs.

The Job Creation Law itself consists of 186 articles, divided into 15 chapters, which regulate the improvement of the investment ecosystem and business activities; employment; convenience, protection, and empowerment of cooperatives, micro, small and medium enterprises; ease of doing business; research and innovation support; land acquisition; economic zones; central government investment and ease of national strategic projects; implementation of government administration to support job creation; supervision and guidance; and several other provisions. This has the impact of changes in provisions related to MSMEs that were previously regulated by the MSME Law, such as the criteria for MSMEs themselves.

Table 4: MSME criteria based on the Job Creation Law

Type of Business	Business Capital	Annual Sales Revenue
Micro Business	Maximum IDR 1,000,000,000,-	Maximum of IDR 2,000,000,000,-
Small Business	More than IDR 1,000,000,000,- Maximum of IDR 5,000,000,000,-	More than IDR.2,000,000,000,- maximum IDR.15,000,000,000,-
Medium Enterprises	More than IDR.5,000,000,000,- maximum of IDR.10,000,000,000,-	More than IDR.15,000,000,000,- maximum IDR.50,000,000,000,-

Source: Government Regulation Number 7 of 2021 on the Ease, Protection, and Empowerment of Cooperatives, Micro, Small, and Medium Enterprises, Article 35.

Unlike the MSME Law, the term used by the Cooperative and MSME Regulation for the main criteria is not net worth but business capital, either own capital or borrowed capital. However, the business capital does not include land and business buildings used by MSME players, just as specified by the MSME Law. In addition to the criteria stipulated in Article 35 of the PP on Cooperatives and MSMEs, other criteria such as (i) turnover; (ii) net worth; (iii) investment value; (iv) number of workers; (v) incentives and disincentives; (vi) local content; and (vii) application of environmentally friendly technology in accordance with the business sector can also be used for certain purposes ^[1]

E-Commerce in Indonesia

E-commerce is not new in Indonesia, and its existence is increasingly widespread along with the development of information and communication technology, where the internet has transformed into one of the primary needs in the trade industry. E-commerce began to develop significantly in 2010, marked by the presence of Gojek which brought a breakthrough in services that were considered to make it easier for consumers to meet their needs compared to other conventional business actors. Based on the type of transaction, e-commerce is classified into three groups, namely (i) business to business; (ii) business to consumer; and (iii) consumer to consumer.

Business to business or often called B2B, is a business communication system between business people or between companies or between business actors that is carried out regularly and in a large product capacity. B2B has common characteristics:

1. Trading partners who already know each other and have a long-standing relationship. Information exchange is done on the basis of need and trust.
2. Repeated and periodic exchanges with agreed data formats. So, the system used has the same standard.
3. One of the actors does not have to wait for the other partner to send data.
4. The general model is peer to peer where the process can be distributed to both business actors.

Business to consumer, also known as B2C, is an electronic business transaction conducted by business actors with consumers to fulfill certain needs and at certain times. This business transaction trades goods and services products both in tangible form and electronic or digital form that are ready to use. B2C has common characteristics:

1. Open to the public, where information is disseminated publicly.
2. The service provided is public because the mechanism can be used by many people.
3. The service provided is based on demand.
4. There is often a client-server approach where the client uses a web-based system while the server uses a goods and services provider system.

Consumer to consumer or known as C2C, is an electronic business transaction carried out between consumers to fulfill a certain need and at a certain time, C2C transactions are more specialized because they are carried out by consumers to consumers.

The government as a regulator in the development of e-

commerce climate prepares policies and regulations that support the implementation of electronic transactions in e-commerce, including by:

1. Law of the Republic of Indonesia No. 11 of 2008 concerning Electronic Information and Transactions (ITE) which has been amended in Law Number 19 of 2016 (ITE Law). The law was drafted by the government (Kemenkominfo) together with the DPR to regulate all aspects of the engineering process. This law regulates information and electronic transactions, or information technology in general. This Law has jurisdiction that applies to every person who performs legal acts as regulated in this Law, both in the jurisdiction of Indonesia and outside the jurisdiction of Indonesia, which has legal consequences in the jurisdiction of Indonesia and/or outside the jurisdiction of Indonesia and harms the interests of Indonesia. Regulations regarding electronic information and transactions refer to several international instruments, such as the UNCITRAL Model Law on e-commerce and the UNCITRAL Model Law on e-Signature. This section is intended to accommodate the needs of business actors on the internet and the general public in order to obtain legal certainty in conducting electronic transactions.
2. Government Regulation of the Republic of Indonesia No. 82/2012 on the Implementation of Electronic Systems and Transactions (PSTE).
3. Law No. 7 of 2016 on Trade.
4. Bank Indonesia Regulation No.11/12/PBI/2009 on Electronic Money.

Some principles that must be enforced as a solution to enforcing legal protection in electronic transactions are the need for consistent and continuous efforts to apply the principles below as concrete steps, including (i) enforcing prohibitions categorized as actions of business actors that can hinder trade; and (ii) prohibitions for the actions of business actors that result in reduced competition contain the rights of every member of society to be allowed to carry out economic activities.

Competition Law

Competition Law consists of the words law and business competition. If desired, business competition can be broken down into the words competition and business. Law is a regulator and guide in social life (*levensvoorschriften*) so that the law is always in accordance with the situation and conditions of society itself. According to Borst, law is all the rules for human behavior or actions in society, the implementation of which can be enforced and aims to obtain order or justice. Utrecht and van Apeldoorn think that it is impossible to give a precise definition of law. Law regulates the relationship in society between people and people or between other members of society. The form of the relationship can be further detailed in various forms such as marriage, residence, agreements, and so on ^[14].

In general, it can be said that competition law is the law that regulates everything related to business competition. According to Christopher Pass and Bryan Lowes, competition laws are part of the legislation governing monopolies, mergers and acquisitions, restrictive trade agreements and anti-competitive practices. In other words, competition law regulates the interaction of companies or

¹ Ibid., Pasal 36 ayat (1).

business actors in the market, while the behavior of companies when interacting is based on economic motives^[15]. The definition of business competition juridically is always associated with competition in a market-based economy, where business actors, both companies and sellers, freely seek to obtain consumers in order to achieve the objectives of the business or certain companies they establish^[16].

The role of the government is very strategic in determining the direction and policies for fair income distribution through a series of public policies. These public policies can be pursued through the state's duties as legislator and facilitator which are legitimized through various legal products, such as laws, government regulations and regional regulations. Some legal arrangements in the regulations that have been made, namely:

1. Law Number 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition.
2. Presidential Decree Number 75 of 1999 on the Business Competition Supervisory Commission.
3. Decree of the Chairman of the Business Competition Supervisory Commission Number 05/KPPU/IX/2000 on Procedures for Submitting Reports and Handling Alleged Violations of Law Number 5 of 1999.
4. Supreme Court Regulation Number 01 Year 2003 as amended and replaced by Supreme Court Regulation Number 3 Year 2005 on the Procedure for Filing Legal Remedies for Objections to KPPU Decisions.

MSME business competition and e-commerce emerged as a logical implication of global economic development. E-commerce was born following technological advances that can actually provide an unlimited market for business actors. However, the fact that many MSME players still transact conventionally causes their business opportunities to be reduced. This gap makes the business competition between MSMEs and e-commerce unhealthy, and the Anti-Monopoly Law does not seem to accommodate this imbalance. However, with the existence of the MSME Law, the Job Creation Law and the Cooperative and MSME Government Regulation, the shortcomings of the Anti-Monopoly Law are minimized and MSMEs have legal protection in developing their businesses.

Legal Protection of MSME Actors

Legal protection is an element that must exist in a country. Every state establishment must have laws in it to regulate its citizens. In a country, there must be a relationship between the state and its citizens. Law is a rule that forces, but not to force something on someone but to protect human interests. This is because these interests are often threatened or violated by certain parties so that the law needs to secure them and if necessary force them^[17].

Rahardjo quotes the opinion of Fitzgerald in his book "The Science of Law" explaining the meaning of the theory of legal protection according to Salmond that the purpose of law must be created with the aim of protecting the interests of society by integrating and coordinating various interests in society because in a traffic of interests, protection of certain interests can only be done by limiting various interests on the other hand^[18]. The interest of law is to take care of human rights and interests, so the law has the highest authority to determine human interests that need to be

regulated and protected^[18].

According to Rahardjo, legal protection is to provide protection for human rights (HAM) that are harmed by others and that protection is given to the community so that they can enjoy all the rights granted by law. Meanwhile, in the view of Rasjidi and Putra, which is based on the function of law, it is explained that law can function to realize protection that is not only adaptive and flexible, but also predictive and anticipatory^[19]. Hartono's opinion says that the law is needed for those who are weak and not yet strong socially, economically and politically to obtain social justice^[20].

Legal protection created by Law Number 5 Year 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition (hereinafter referred to as the Anti-Monopoly Law) for small-scale entrepreneurs is a form of realization of economic democracy that contains the principles of equity and justice. The current situation can certainly provide an opportunity for small-scale entrepreneurs to encourage their business activities and increase opportunities to do business for every Indonesian in good competitive conditions, so that there cannot be a centralization of economic power in exclusive entrepreneurs only^[1].

The presence of Law Number 9 of 1995 concerning Small Businesses (hereinafter referred to as the Small Business Law) aims to provide opportunities to do business and develop for micro and small-scale businesses, which is further strengthened by the existence of the Anti-Monopoly Law. Even the Anti-Monopoly Law is not anti the presence of large companies, but also protects small entrepreneurs so that they can grow and develop.

The essence is that the two laws have a close relationship between one another. This is evidenced by the enactment of the Anti-Monopoly Law. As the foundation and source of competition law in Indonesia which is intended to enforce the rule of law and provide healthy protection for every business actor in an effort to create healthy business competition, it increasingly provides legal protection for small business actors^[21].

Special treatment for small-scale entrepreneurs is in the Anti-Monopoly Law, the special treatment is in the form of an exception from the decision on the law, which refers to Article 50 letter H. Which explains in essence that MSMEs do not have competent capabilities in order to compete with large-scale business actors, is the reason why MSME entrepreneurs are exempted from the Anti-Monopoly Law. This starts because MSMEs do not have strong capital and their human resource expertise is less competent.

Based on Article 1 number 1, number 2 and number 3 and Article 6 of the UMKM Law, it can be interpreted that micro, small and medium enterprises are productive economic businesses owned by individuals that provide access to employment opportunities from various business sectors. It is from this function that MSMEs are said to have an important role in the national economy^[22].

To maximize the role of MSMEs in the national economy, the government also strives so that small, micro and medium enterprises can continue to grow in the free market era. The form of MSME empowerment by the government and local governments in accordance with their authority based on Article 2 of the MSME Regulation consists of business development, partnerships, licensing and coordination and control. One of the government's efforts to

develop MSMEs is through business partnerships with a foster father program. In this program, large businesses are encouraged to lift MSMEs by providing assistance in expanding the market, namely by conducting partnerships^[23]. The implementation of this partnership aims to encourage a mutually beneficial relationship between MSMEs and large businesses, the existence of the same business certainty for large business actors and MSMEs and prevent market control that is detrimental to MSMEs.

The protection of MSMEs is regulated in Article 50 letter h of the Anti-Monopoly Law, which states that small businesses are exempted from the provisions of this law. This exemption is given because with the relatively small capital and assets of MSMEs, MSMEs have limited ability to monopolize the market and to clarify the criteria for MSMEs that are granted exemptions in accordance with the MSME Law. Regarding the definition of small businesses, the elucidation of Article 50 letter h explains that businesses classified as small businesses are as referred to in Law No. 9 of 1995 concerning Small Businesses (hereinafter referred to as the Small Business Law). However, since the Small Business Law has been revoked and replaced by the UMKM Law, the criteria for small businesses that need to be protected refer to Article 6 paragraph (2) of the UMKM Law, namely:

- a) Has a net worth of more than IDR 50 million up to a maximum of IDR 500 million, excluding land and buildings of the place of business.
- b) Having annual sales revenue of more than IDR 300 million up to a maximum of IDR 2.5 billion

Micro and small businesses according to Article 1 paragraph 2 of the UMKM Law can be interpreted as businesses owned by individuals that stand alone and are not branches or subsidiaries that are owned, controlled or become direct or indirect parts of larger businesses and meet the respective criteria, micro and small businesses. Therefore, if micro and small businesses fulfill the provisions according to article 6 of the MSME Law but do not fulfill the provisions of article 1 paragraph 2 of the MSME Law, they are not included in the exemption of article 50 letter h of the Antimonopoly Law^[24].

The form of protection for MSMEs in the implementation of partnerships is not implicitly regulated in the Anti-Monopoly Law, but based on the principle of balance of interests in Article 2 of the Anti-Monopoly Law, which means that in the implementation of partnerships, MSMEs and large businesses have the same business opportunities so that the bargaining position of large businesses that is higher than MSMEs should not result in unfair business competition. Exceptions for MSMEs with limited capital and assets are also regulated in the Anti-Monopoly Law. Article 31 paragraph (1) of PP UMKM clearly states that KPPU is the institution authorized to supervise the implementation of partnerships. Furthermore, Article 31 paragraph 3 of PP UMKM authorizes KPPU to issue regulations to regulate the procedures for partnership supervision. In 2015, KPPU issued KPPU Regulation No. 1 Year 2015 on Procedures for Handling Partnership Implementation Cases. Supervision of the implementation of partnerships aims to prevent the abuse of bargaining position that causes a decrease in the ability of MSMEs to compete and prevent exploitation of MSMEs that are used to reduce the level of competition in the product market^[24].

Although it has the function of enforcing business competition law, KPPU is not a legal institution, especially business competition law. Therefore, the sanctions that can be imposed by KPPU are only administrative sanctions, not civil or criminal sanctions. Because of its position as an administrative institution, its authority is only limited to administrative authority^[24].

Legal protection of MSMEs has been well regulated through the Laws on Job Creation and Cooperatives and MSMEs. Where the central government and local governments have given more attention in terms of financing to MSMEs that request legal assistance and assistance services such as legal counseling, legal consultation, mediation, and out-of-court assistance. In the consideration section of the Job Creation Law, it is stated that the provision of convenience, protection, and empowerment of MSMEs is placed at the forefront together with cooperatives, including improving the protection and welfare of workers.

There is a special chapter that outlines a number of facilities for MSMEs, namely in Chapter V from Article 87 to Article 104. Referring to Article 97 and Article 104, MSMEs and cooperatives are given a portion of at least 40 percent of domestic products for the procurement of government goods/services. Article 13 of the Job Creation Law stipulates that the central government provides convenience, empowerment, and protection for MSMEs and cooperatives in the implementation of investment.

The form of protection is in the form of fostering and developing MSMEs and cooperatives through partnership programs, training, increasing competitiveness, innovation and market expansion, access to financing, and disseminating information as widely as possible. Also, the ease of doing business for MSME players is seen through the exclusion of minimum wage provisions for micro and small businesses. Article 90 B of the Job Creation Law stipulates that the minimum wage for micro and small companies is determined based on an agreement between employers and workers in the company without the need to follow the minimum wage standards of the government.

Furthermore, in the Job Creation Law, MSMEs do not have to fulfill the obligation to give awards or bonuses as referred to in Article 92. Regarding licensing, in the Job Creation Law, licensing provisions are regulated in Article 91, where the article explains that MSME registration can be done online or offline by simply attaching a National Identity Card (KTP) and a business certificate from the RT, then MSME business actors can get a Business Identification Number (NIB) through electronic business licensing, while the business identification number is a single license that applies to all business activities. Furthermore, related to Article 92, Micro and Small Enterprises are given ease or simplification of tax administration in the context of applying for financing facilities from the central government in accordance with the provisions of laws and regulations in the field of taxation, in paragraph (2) Micro and Small Enterprises applying for business licenses can be given incentives in the form of not being charged or given a fee waiver.

In addition, the Job Creation Law is also supported and followed up by the PP on Cooperatives and MSMEs. In the PP on Cooperatives and MSMEs, especially in Article 48 paragraphs (1), (2), and (3) which regulates legal protection for MSMEs which reads; "(1) The central government and regional governments are obliged to provide legal assistance

and assistance services to Micro and Small Business actors; (2) Legal assistance and assistance services to micro and small business actors as referred to in paragraph (1) are free of charge; (3) Legal assistance and assistance services include legal counseling, legal consultation, mediation, and out-of-court assistance.”

Then other forms of legal protection regulated in the PP on Cooperatives and MSMEs are also listed in Article 51 which in essence provides legal assistance and assistance services to Micro and Small Enterprises, the central government and local governments at least identify legal problems faced by MSME actors, open information to MSME actors regarding the form and how to access legal assistance and assistance services, as well as allocate a budget for the implementation of the program of legal assistance and assistance services.

Conclusion

Regarding regulations governing business competition between MSME players and e-commerce, there have been government efforts to provide convenience through the issuance of various policies to support healthy business competition between MSMEs and E-Commerce in the market. MSMEs in Indonesia are regulated in Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, Law Number 11 of 2020 concerning Job Creation, and Government Regulation Number 7 of 2021 concerning Ease, Protection and Empowerment of Cooperatives and Micro, Small and Medium Enterprises.

Meanwhile, regulations and policies in supporting the implementation of electronic transactions in E-Commerce are Law of the Republic of Indonesia No. 11 of 2008 concerning Electronic Information and Transactions (ITE) which has been amended in Law Number 19 of 2016, Government Regulation of the Republic of Indonesia No. 82 of 2012 concerning the Implementation of Electronic Systems and Transactions (PSTE), Law Number 7 of 2016 concerning Trade, and Bank Indonesia Regulation No. 11/12/PNI/2009 concerning Electronic Money.

Legal protection of MSMEs is specifically regulated by the UMKM Law, namely in terms of empowerment and business development, financing and partnerships. Meanwhile, in the Job Creation Law and PP on Cooperatives and MSMEs, especially related to legal protection, the central government and local governments have given more attention in terms of financing to MSMEs that request legal assistance and assistance services such as legal counseling, legal consultation, mediation, and out-of-court assistance. The essence of ideal legal protection is legal certainty and cannot be separated from government intervention. To realize ideal legal protection, a law conducive to economic development is needed that meets 5 conditions, namely stable, predictable, fair, educative, and transparent.

Some suggestions for development in legal protection for MSME actors resulting from this research are first, the need for policy in the sense of support between the central government and local governments in harmonization and synchronization as a follow-up to regulations from the central government to be carried out by local governments, because if there is no support from the local government the regulations made by the central government will not run effectively.

Second, MSMEs must be a government priority because of the role of MSMEs in national economic development by

expanding employment and MSMEs must have a clear partnership pattern in marketing their products, so that competition between MSMEs and E-Commerce can run healthily which is expected to compete in the market nationally and internationally.

Third, take action on administrative sanctions for MSME business actors and E-Commerce business actors who carry out unfair business competition such as acting fraudulently or monopolizing the market in running their business in order to get as much profit as possible.

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