

A Comparative Legal Analysis of Competition Law Protections for MSMEs in ASEAN Member States

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Abstract

This research analyzes the adequacy of legal protection for Micro, Small, and Medium Enterprises (MSMEs) against trade monopoly practices within the rapidly evolving digital market landscape of the Industrial Revolution 4.0 era. Although Indonesia's Law Number 5 of 1999 provides preventive safeguards—such as prohibitions on anti-competitive agreements under Articles 5–8—and repressive mechanisms through administrative and criminal sanctions under Articles 30–37, these provisions remain structurally limited in addressing digital-platform dominance and algorithm-driven market distortions. The normative gap between traditional competition law and contemporary digital market realities necessitates a reassessment of MSME protection. Employing a normative legal research design with a statute approach, conceptual approach, comparative approach, and law-and-policy analysis, this study evaluates whether Indonesia's current framework sufficiently responds to digital-era challenges. Comparative examination of Malaysia, Singapore, and Thailand demonstrates more adaptive regulatory models that integrate



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digital market oversight into competition law—evident in Malaysia’s Competition Act 2010 and MyDIGITAL Blueprint, Singapore’s enforcement by the Competition and Consumer Commission (CCCS) over dominant online platforms, and Thailand’s Trade Competition Act 2017, aligned with Thailand 4.0. These jurisdictions illustrate a functional convergence toward platform regulation, data transparency, and digital market fairness. This research argues that Indonesia must harmonize its competition policy with digital transformation by adopting platform-specific rules, strengthening algorithmic accountability, and integrating MSME-focused digital market protections. By situating business competition law within the broader digital-economy governance discourse, the study contributes a socio-legal and policy-oriented framework for promoting equitable and sustainable market participation for MSMEs in ASEAN’s digitalized economy.

KEYWORDS *MSMEs, Business Competition Law, Digital Economy, ASEAN*

Introduction

Legal protection for Micro, Small, and Medium Enterprises (MSMEs) is a crucial aspect in ensuring sustainable economic growth. One of the main challenges faced by MSMEs is monopolistic practices, which can be detrimental and hinder the development of their business. In this context, it is important to understand the role of business competition law in protecting MSMEs from the negative impacts of monopolistic practices.¹ Monopoly practices can include market domination by one or several large business actors that hinder healthy competition. Therefore, it is necessary to have an adequate legal framework to protect MSMEs from the impact of monopolistic practices, while providing justice and equal opportunities in the market.² A deep understanding of the business competition law perspective will help formulate effective legal solutions to prevent and overcome monopolistic practices that can harm MSMEs and maintain the sustainability of a fair and just business ecosystem.

¹ A. Van Gobel, “Analysis of Monopoly Practices and Business Competition in Traditional Markets (Case Study at Kwardang Market),” *Egalitaire Law Journal* 1, no. 1 (2023): 82–91.

² A. D. Timothy and R. Kemala, “The Relationship between the Concept of Predatory Pricing in the Practice of Price Discounts in the Clothing Convection Industry Through E-Commerce Based on a Business Competition Law Perspective,” *Public Scientific Journal* 10, no. 2 (2022): 314–322.

The aim of Law Number 5 of 1999 is to protect public interests and increase national economic efficiency as part of efforts to improve people's welfare. This law also aims to create a healthy business competition climate by ensuring equal business opportunities for large, medium, and small business actors. According to Article 14 of Law Number 5 of 1999, business actors are prohibited from entering into agreements with other business actors with the aim of controlling the production of a number of products in the production of certain goods and/or services. This includes all series of production, management results, or follow-up processes, either directly or indirectly, which can result in unfair business competition or be detrimental to society.

Industrial Revolution 4.0 is an industrial era that emerged after the first industrial revolution with the invention of the steam engine, followed by the second industrial revolution, which was related to electricity, and the third industrial revolution, which was completely computerized.³ Business competition in the industrial era 4.0 is getting tighter along with the rapid development of science and technology. Companies from various circles are competing to create inventions and innovations by strengthening research and quality. Human resources who have high competence and competitiveness are the key to winning competition in the era of Industrial Revolution 4.0.⁴ Apart from human resources, the main key to increasing the competitiveness of MSMEs in the industrial era 4.0 is the existence of a legal umbrella that can protect MSMEs from unhealthy competition.

Previous research related to legal protection for Micro, Small, and Medium Enterprises (MSMEs) still produces varying findings.⁵ This

³ A. D. Timothy and R. Kemala, "The Relationship between the Concept of Predatory Pricing in the Practice of Price Discounts in the Clothing Convection Industry Through E-Commerce Based on a Business Competition Law Perspective," *Public Scientific Journal* 10, no. 2 (2022): 314–322; V. D. Prahmana and D. Wiradiputra, "Predatory Pricing in E-Commerce According to a Business Competition Law Perspective," *JISIP (Journal of Social Sciences and Education)* 6, no. 3 (2022), doi: <https://doi.org/10.58258/jisip.v6i3.3277>.

⁴ O. S. Matompo and M. Nafri, "Industrial Revolution 4.0 in the Perspective of Business Competition Law in Indonesia," *Maleo Law Journal* 4, no. 2 (2020): 126–136.

⁵ R. Tektona, "Quo Vadis: Legal Certainty of Rules for Monopoly Practices and Unfair Business Competition in Law Number 11 of 2020 concerning Job Creation," *Journal of Business Competition* 2, no. 1 (2022): 43–54, doi: <https://doi.org/10.55869/kppu.v3i-.51>; S. Stevanny and N. L. V. W. S. Putri, "Controlling Monopoly Competition in Civil Law: Efforts to Protect Consumers and Small Entrepreneurs," *Mandub: Journal of Politics, Social, Law and Humanities* 1, no. 3 (2023): 286–298, doi:

research introduces a new concept by exploring legal protection for MSMEs against monopolistic practices, looking at it from the perspective of business competition law in the era of Industrial Revolution 4.0. In this context, the novelty of the research includes an in-depth understanding of the evolution of existing legal regulations and exploring innovative aspects in designing more effective legal protection for MSMEs amidst advances in information and communication technology. This research not only limits itself to conventional legal analysis but also integrates a multidisciplinary approach involving economics, technology, and social aspects to create a more holistic solution. This concept of novelty also refers to efforts to formulate strategies that are adaptive to the development of rapidly changing business and technology trends.

Legal protection for Micro, Small, and Medium Enterprises (MSMEs) against monopolistic practices, seen from the perspective of business competition law, has significant urgency in the context of economic development and business justice.⁶ MSMEs have an important role in driving the local and national economy, but they are often vulnerable to monopolistic practices that can hinder the growth and continuity of their business. In the Industry 4.0 era, the development of information and communication technology is growing very rapidly, causing business competition to become increasingly fierce and prone to unhealthy competition. Therefore, this research is crucial for identifying and analyzing the legal framework that can provide effective protection for MSMEs from the negative impacts of monopolistic practices. The aim of this research is to analyze the form of legal protection for Micro, Small, and Medium Enterprises (MSMEs) related to the occurrence of trade monopoly practices from the perspective of business competition law in the era of Industrial Revolution 4.0 and strategies to deal with it.

<https://doi.org/10.59059/mandub.v1i3.439>; A. D. Timothy and R. Kemala, "The Relationship between the Concept of Predatory Pricing in the Practice of Price Discounts in the Clothing Convection Industry Through E-Commerce Based on a Business Competition Law Perspective," *Public Scientific Journal* 10, no. 2 (2022): 314–322; A. Sudiro, R. D. Fernandha, G. C. Mambo Jr., and R. M. A. H. S., "Socialization of Legal Aspects and Legal Protection of MSMEs in Indramayu Regency," *Serina Abdimas Journal* 1, no. 1 (2023): 329–337, doi: <https://doi.org/10.24912/jsa.v1i1.24527>.

- ⁶ A. Afriana, A. M. Karsona, and S. A. Putri, "Partnership in the Perspective of Business Competition and Dispute Resolution," *ACTA DIURNAL Journal of Notarial Law* 4, no. 1 (2020): 1–17, doi: <https://doi.org/10.23920/acta.v4i1.359>; D. Apriani, "Review of Business Competition Law in Indonesia from the Perspective of Consumer Protection Law," *Legal Panorama Journal* 4, no. 1 (2019): 19–30.

Comparatively, several ASEAN countries have demonstrated significant progress in integrating business competition law with digital economy policies. Malaysia, through the Competition Act 2010 and the Malaysia Digital Economy Blueprint (MyDIGITAL), has established a coherent regulatory framework that promotes inclusive participation and fair competition for MSMEs. The Malaysian Competition Commission (MyCC) plays an active supervisory role to ensure that dominant firms, especially in the digital market, do not engage in anti-competitive behavior. Singapore, meanwhile, has implemented a robust and adaptive system under the Competition and Consumer Commission of Singapore (CCCS), which not only enforces strict competition rules but also anticipates market concentration in digital platforms, data-driven business models, and online consumer protection. This integration between digital governance and fair competition policy has positioned Singapore as a leading model in Southeast Asia. Thailand, under the Trade Competition Act B.E. 2560 (2017) and the Thailand 4.0 policy, has also reinforced legal mechanisms to prevent monopolistic behavior by digital giants while encouraging technological innovation among local enterprises. The Thai Trade Competition Commission (TCC) ensures that fair competition principles are upheld across sectors, providing both deterrence against unfair practices and support for SMEs entering the digital economy.

Drawing lessons from these comparative experiences, Indonesia's legal framework under Law Number 5 of 1999 still requires substantive and institutional strengthening to respond to the dynamics of digital transformation. The comparative perspective with Malaysia, Singapore, and Thailand reveals the need for Indonesia to adopt more adaptive competition law instruments that explicitly address the challenges of the Industrial Revolution 4.0, including digital market concentration, data monopolies, and algorithmic dominance. Strengthening coordination between competition authorities, digital economy regulators, and MSME development agencies will be key to ensuring that Indonesia's business competition law continues to serve its primary purpose—promoting fairness, innovation, and sustainability in a rapidly evolving economic environment.

Previous research on ASEAN legal integration and competition law generally focuses on the harmonization of legal frameworks, economic policy convergence, and compliance mechanisms among member states, but few have examined the issue through the lens of Micro, Small, and Medium Enterprises (MSMEs) in the Industrial Revolution 4.0 era. This study introduces a new dimension by combining a comparative legal

analysis of competition law and MSME protection specifically in Indonesia, Malaysia, Singapore, and Thailand, and contextualizing it within the challenges of the digital economy.

Evi Retnowulan and Anang Setiyawan⁷ in their *Comparative Study on the Use of Legal Instruments in ASEAN Economic Community*, emphasize the importance of legal instrument harmonization within the ASEAN Economic Community, but their study remains focused on institutional integration rather than MSME protection or competition dynamics in the digital era. Similarly, Michael T. Schaper and Cassey Lee's edited volume *Competition Law, Regulation and SMEs in the Asia-Pacific*⁸ provides a comprehensive overview of how SMEs interact with competition law regimes, but does not explore the transformative impact of digitalization and Industry 4.0 technologies on legal protection frameworks.

Makoto Kurita's work, *Economic Law Reforms in the ASEAN Emerging Economies*,⁹ examines law reform trajectories in emerging ASEAN economies, focusing on macroeconomic legal adjustments, yet it lacks a micro-level analysis of how such reforms affect small enterprises in digital markets. In the same vein, the article from Tang Van Nghia et al. titled *Compliance with Competition Law: Related Issues for SMEs in ASEAN Countries*¹⁰ published in the *Journal of Legal, Ethical & Regulatory Issues* discusses SME compliance obligations within ASEAN competition regimes, but it does not provide a comparative analysis of legal protection mechanisms against monopolistic practices.

Furthermore, Sareeya Galasintu and Chanakant Loveera,¹¹ in *The Comparative Study on Consumer Protection Laws in ASEAN*, analyze

⁷ Retnowulan, Evi, and Anang Setiyawan. "Comparative Study on the Use of Legal Instruments in ASEAN Economic Community." *Proceedings of the International Conference on Law, Governance and Globalization (ICLGG 2017)*. Atlantis Press, 2017. <https://doi.org/10.2991/iclgg-17.2018.11>

⁸ Schaper, Michael T., and Cassey Lee, eds. *Competition Law, Regulation and SMEs in the Asia-Pacific: Understanding the Small Business Perspective*. London: Routledge, 2018.

⁹ Kurita, Makoto. "Economic Law Reforms in the ASEAN Emerging Economies." In *Comparative Approach to ASEAN Competition Policy and Law*, 53–77. Singapore: Springer, 2023.

¹⁰ Tang Van Nghia, Pham Thi, and Cam Anh. "Compliance with Competition Law: Related Issues for SMEs in ASEAN Countries." *Journal of Legal, Ethical & Regulatory Issues* 25 (2022): 1-15.

¹¹ Galasintu, Sareeya, and Chanakant Loveera. "The Comparative Study on Consumer Protection Laws in ASEAN." *Journal of Management and Marketing Review* 42, no. 4 (October–December 2021).

comparative consumer law developments but primarily from a consumer rights and fairness perspective, without integrating the competition law dimension or the structural challenges faced by MSMEs in the digital economy.

In contrast to these prior works, the novelty of this research lies in its integrative and forward-looking approach. It bridges the gap between competition law studies and digital transformation policy, focusing specifically on how legal instruments can protect MSMEs from monopolistic practices in the context of Industry 4.0. By comparing Indonesia's legal framework with those of Malaysia, Singapore, and Thailand, this study identifies both regulatory gaps and best practices in the ASEAN region. Moreover, this research expands the analytical framework by combining normative legal methods with comparative and socio-economic perspectives, thus contributing to the evolving discourse on equitable digital market governance and sustainable economic justice for MSMEs.

This research employs a normative legal research approach, which conceptualizes law as a system of norms that governs human behavior and determines what is considered proper and just. The study focuses on analyzing legal provisions and doctrines related to the protection of Micro, Small, and Medium Enterprises (MSMEs) from monopolistic and unfair business competition practices in the Industrial Revolution 4.0 era.

The legal materials used in this study consist of primary, secondary, and tertiary legal sources. Primary legal materials include Law No. 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition, as well as other relevant legislation related to the digital economy and competition policy. Secondary legal materials consist of academic writings, journal articles, and expert opinions discussing business competition law and digital transformation, while tertiary materials include legal dictionaries and encyclopedias.

The research applies two main approaches: the Statutory Approach, which examines laws and regulations governing business competition and MSME protection; and the Conceptual Approach, which analyzes the underlying legal concepts of fair competition and digital market regulation. Additionally, a Comparative Approach is used to evaluate and contrast Indonesia's legal framework with that of Malaysia, Singapore, and Thailand, particularly in the implementation of competition law in the digital economy.

The collection of legal materials is carried out through document and literature study, involving the processes of identification, classification,

systematization, synchronization, and harmonization of relevant legal instruments. The analysis is conducted qualitatively to draw conclusions regarding the similarities, differences, and best practices in ensuring fair business competition and MSME protection in the ASEAN context.

Legal Protection for MSMEs from Monopoly Practices in the Perspective of Business Competition Law in the Era of Industrial Revolution 4.0

Advances in technology and information are developing very quickly in the era of Industrial Revolution 4.0. This development applies to almost all aspects of human life, including in the field of trade in goods and services. Currently, trade in goods and services is not only done face-to-face between sellers and buyers, but can also be done online via the internet.¹² Before the advent of internet technology, business actors used conventional methods to run and support their business activities. As time goes by, humans demand practicality in daily activities.¹³ Business actors are taking advantage of this by switching to electronic commerce or e-commerce. Currently, many businesspeople prefer to use the internet as a means to support their business activities. This business pattern is known as e-commerce.

Industrial Revolution 4.0 has changed the dynamics of the global economy significantly. Without adequate preparation, we risk being left behind in world economic competition.¹⁴ Large, integrated manufacturers are able to optimize and simplify their supply chains. On the other hand, digital-based manufacturing systems open up new market opportunities for SMEs that provide technology such as sensors, robotics, 3D printing, or communication technology between machines. Government intervention in monopoly and oligopoly markets aims to influence prices, production quantities, and the distribution of income from economic

¹² A. D. Timothy and R. Kemala, "The Relationship between the Concept of Predatory Pricing in the Practice of Price Discounts in the Clothing Convection Industry Through E-Commerce Based on a Business Competition Law Perspective," *Public Scientific Journal* 10, no. 2 (2022): 314–322.

¹³ V. D. Prahmana and D. Wiradiputra, "Predatory Pricing in E-Commerce According to a Business Competition Law Perspective," *JISIP (Journal of Social Sciences and Education)* 6, no. 3 (2022), doi: <https://doi.org/10.58258/jisip.v6i3.3277>.

¹⁴ Schwab, Klaus. *The fourth industrial revolution*. Crown Currency, 2017.

activities.¹⁵ This intervention is carried out in two ways: regulation and anti-monopoly law. The internet is becoming an integral part of life, connecting every aspect of human activity.¹⁶ As part of the global telecommunications mechanism, the internet functions as a barrier-free information bridge. The development of cyberspace has created various conveniences in carrying out transactions, education, commerce, banking, and created millions of opportunities to gain economic benefits.

In the Anti-Monopoly Law, articles that are per se illegal can be recognized from the norm, which does not require conditions "that could result in monopolistic practices and/or unfair business competition" as determining violations. Per se illegal refers to actions that are inherently prohibited or illegal. These are prohibited or illegal actions or practices without the need to prove their impact. The articles in question include: Article 6 (discriminatory treatment), Article 7 (price fixing), Article 10 (boycott), Article 15 (closed agreement), Article 24 (barriers to production and marketing), Article 25 (dominant position), and Article 27 (share ownership). The reasons why these articles are categorized as per se illegal and not rules of reason, like other substantive articles, are not explained in the Law Explanation Section or legislative debate notes. However, if viewed from the type of action and the characteristics of the norm, which is an absolute prohibition (*pro habetur*), these articles are basically identical to the Hard Core Cartel Articles. In a scientific view (*Communis Opinio Doctorum*), competition law includes bilateral actions to control the market, such as boycotts, price fixing, market allocation, and bid rigging.

Legal protection for MSMEs from monopolistic practices in the Industrial Revolution 4.0 era is regulated through Law Number 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition. This law aims to ensure the sustainability of MSMEs as an embodiment of economic democracy based on the principles of equality and justice. The current situation provides opportunities for small entrepreneurs to encourage their business activities and increase business opportunities for the Indonesian people in conditions of healthy

¹⁵ Kurt, Resul. "Industry 4.0 in terms of industrial relations and its impacts on labour life." *Procedia computer science* 158 (2019): 590-601.

¹⁶ Graham, Mark, and William H. Dutton, eds. *Society and the internet: How network of information and communication are changing our lives*. Oxford University Press, 2019.

competition, thereby avoiding the centralization of economic power in exclusive entrepreneurs.¹⁷

Business actors, as explained in Article 1 of Law Number 5 of 1999, include every individual or business entity, whether a legal entity or not, which is established and operates or carries out activities within the jurisdiction of Indonesia, either individually or jointly through an agreement. To maintain healthy competition between business actors, Articles 30 to 37 of Law Number 5 of 1999 regulate the duties and authority of a commission tasked with maintaining healthy business competition. The commission, known as the Business Competition Supervisory Commission (KPPU), was established as an independent body based on Presidential Decree Number 75 of 1999.

Business Competition Policy Strategy in Facing the Industrial Revolution 4.0

Loose regulation indicates hidden shocks and dangers from undetected private sector and government constraints. Business practices are faced with perverse incentives to rebuild barriers in the interests of business actors and national goals, and protect fragile national profits. Despite many differences, many countries have the same aspirations, including: improving the economic welfare of their citizens, providing an environment that supports business development as a basis for participating in global markets, and joining the world trading system.¹⁸

¹⁷ D. P. Sari and S. Ismawati, "Analysis of the Obligatory Provisions for Providing Business Space for MSME/IKM Business Actors Based on DKI Jakarta Regional Regulation No. 2 of 2018 concerning Markets from the Perspective of Business Competition Law Objectives," *Jakarta Research Journal* 15, no. 2 (2022): 69–72, doi: <https://doi.org/10.37439/jurnaldrd.v15i2.67>; M. Rompegading, "Implementation of Business Competition Law during the Pandemic for MSMEs in Makassar City," *Journal of Business Competition* 1, no. 1 (2021): 5–15; T. Kartini, "The Impact of Business Competition Between Indomaret and Alfamart on Traditional Traders Viewed from a Business Competition Law Perspective," *Living Law Scientific Journal* 8, no. 1 (2016).

¹⁸ M. P. Hamidi, M. A. Fadli, and Y. W. Wilion, "Overview of the Green Economy in Business Competition Law in Indonesia," *Journal of Business Competition* 2, no. 1 (2022): 5–19, doi: <https://doi.org/10.55869/kppu.v3i-48>; N. Apriani and R. W. Said, "Legal Protection Efforts for the Micro, Small and Medium Enterprises (MSME) Industry in Indonesia," *Al Azhar Indonesian Journal Social Sciences Series* 3, no. 1 (2022): 443234; S. U. Albab, E. Widayanto, and K. B. Sibarani, "Monitoring the Implementation of MSME and Large Business Partnerships: Comparison of Arrangements in Indonesia and Malaysia," *Journal of Business Competition* 3, no. 1 (2023): 74–86.

Industrial Revolution 4.0 brought many changes to human life. Fundamentally, Industry 4.0 has changed the way people do their activities and has had a major impact on the world of work.¹⁹ The positive effects of Industry 4.0 include effectiveness and efficiency in the use of resources and production costs, even though it has an impact on reducing employment opportunities.²⁰ Industry 4.0 requires workers who have skills in digital literacy, technological literacy, and human literacy.

There are several strategies that need to be implemented by the government to increase healthy business competition in the era of Industrial Revolution 4.0. In order to increase healthy business competition in the era of industrial revolution 4.0, the government needs to adopt various comprehensive and proactive policy strategies.²¹ Massive investment in digital infrastructure is required. The government must ensure that fast and affordable internet access is available in all corners of the country, including rural areas. Strong digital infrastructure will enable MSMEs and startups to participate in the digital economy more effectively.²² Second, human resource development is the main key. Training and education programs that focus on technology and digital skills must be expanded, starting from basic education levels to vocational training for adult workers. Partnerships with the private sector and educational institutions can help create curricula that are relevant to industry needs.

The government needs to strengthen regulations that encourage innovation while protecting healthy competition.²³ This includes revising intellectual property rights laws to protect innovators and prevent monopolistic practices that could harm consumers. Supportive fiscal

¹⁹ Xu, Min, Jeanne M. David, and Suk Hi Kim. "The fourth industrial revolution: Opportunities and challenges." *International journal of financial research* 9, no. 2 (2018): 90-95, doi: 10.5430/ijfr.v9n2p90.

²⁰ Bal, Hasan Çebi, and Çisil Erkan. "Industry 4.0 and competitiveness." *Procedia computer science* 158 (2019): 625-631.

²¹ Rodrigues, Thales Volpe, Vitor Hugo dos Santos Filho, Joseane Pontes, Luis Mauricio Martins de Resende, and Rui Tadashi Yoshino. "Government initiatives 4.0: a comparison between industrial innovation policies for industry 4.0." *Revista Gestão e Desenvolvimento* 18, no. 1 (2021): 119-147.

²² Yang, Fengwei, and Sai Gu. "Industry 4.0, a revolution that requires technology and national strategies." *Complex & Intelligent Systems* 7, no. 3 (2021): 1311-1325.

²³ N. F. Artharini, "Protection for MSMEs Against Unfair Business Competition," *Dharmasisya: FHUI Law Masters Program Journal* 2, no. 3 (2023): 27; D. Apriani and S. Syafrinaldi, "Norm Conflict Between Small Business Protection According to Indonesian Business Competition Law and Consumer Protection," *Journal of Indonesian Legal Development* 4, no. 1 (2022): 14-33.

policies, such as tax incentives for companies that invest in research and development (R&D) and the adoption of new technologies, are also critical. In addition, the government needs to ensure that there is an effective monitoring mechanism for unethical and anti-competitive business practices, such as cartels and monopolies.

Developing a startup ecosystem must also be a priority. Governments can provide grant funding, access to venture capital, and mentorship for innovative startups. Business incubators and innovation centers need to be established in various regions to support startup growth. No less important, the government must encourage collaboration between large companies and MSMEs in the context of technology and knowledge transfer. This will accelerate the adoption of new technologies across all economic sectors.

Adaptation of international trade regulations to face the challenges and opportunities of the digital era is also needed. The government must be actively involved in international trade negotiations to ensure that global regulations and standards support national interests and provide fair opportunities for domestic business actors. By implementing this comprehensive policy strategy, the government can create a dynamic and competitive business environment, which will ultimately encourage sustainable economic growth in the era of Industrial Revolution 4.0.

In addition to the policies above, the Government must strive to create a conducive business sector, capable of creating jobs, income, and inviting the public to play a role in building social interactions, economic, and political activities. Therefore, the role of the Central Government and Regional Governments through various public policies is very important in facilitating market mechanisms that run correctly so as to avoid deviations in the market. Legal policies issued by the Central Government and Regional Governments in the form of licensing regulations should be carried out while still paying attention to the balance between interests and the business sector.

Comparative Analysis of Legal Protection for MSMEs in ASEAN Countries

In order to provide a comprehensive understanding of legal protection for Micro, Small, and Medium Enterprises (MSMEs) from the perspective of business competition law, this research includes a comparative study among selected ASEAN countries—Malaysia, Thailand, and Singapore. These three countries were chosen because they

represent different stages of legal and institutional maturity in implementing competition law and promoting MSME development. Malaysia and Thailand reflect evolving legal frameworks that balance state intervention and market freedom, while Singapore demonstrates a more advanced regulatory model emphasizing enforcement efficiency and digital integration. The comparative analysis aims to reveal how variations in competition policy and legal protection mechanisms affect MSME resilience and competitiveness in the context of the Industrial Revolution 4.0.

In Malaysia, the primary legal framework governing business competition is the Competition Act 2010 (Act 712), which aims to promote economic development by prohibiting anti-competitive agreements and the abuse of dominant positions.²⁴ The Malaysia Competition Commission (MyCC) plays a vital role in implementing the law and protecting smaller enterprises from market exclusion.²⁵ Malaysia's approach integrates MSME development policies with digital transformation strategies, as reflected in initiatives like the National Entrepreneurship Policy 2030 and Malaysia Digital Economy Blueprint (MyDIGITAL).²⁶ Malaysia's dual focus on competition law and MSME empowerment provides a hybrid model that balances legal deterrence and developmental support, allowing MSMEs to adapt to technological and market changes.²⁷

Thailand's competition policy has undergone substantial reform through the Trade Competition Act B.E. 2560 (2017), which strengthened the independence of the Office of Trade Competition Commission

²⁴ Editama Joremia Sitepu et al., "Comparison of Indonesian and Malaysian Laws on Prohibition of Monopolistic Practices and Business Competition," *Golden Ratio of Data in Summary* 5, no. 2 (2025): 211, <https://goldenratio.id/index.php/grdis>.

²⁵ Angayar Kanni Ramaiah, "Competition Law and Exemption Policy in Malaysia: When, Why and Why Not?" *International Journal of Business, Economics and Law* 8, no. 4 (December 2015): 80.

²⁶ Azizee Aziz, Mathivannan Jaganathan, and Shamsul Huda Abd. Rani, *Digital Entrepreneurship Adoption among the Small and Medium-Sized Enterprises in Malaysia* (Malaysia: Politeknik Tuanku Syed Sirajuddin and Universiti Utara Malaysia, 2022).

²⁷ Loo, Mei Kay, Sridar Ramachandran, and Raja Nerina Raja Yusof. 2023. "Unleashing the Potential: Enhancing Technology Adoption and Innovation for Micro, Small and Medium-Sized Enterprises (MSMEs)." *Cogent Economics & Finance* 11 (2). doi:10.1080/23322039.2023.2267748.

(OTCC).²⁸ The law emphasizes the prohibition of monopolistic practices and restrictive business agreements that harm fair competition. Thailand's efforts to align its competition regime with ASEAN standards have improved regulatory consistency, but enforcement challenges remain—particularly regarding the protection of small enterprises facing dominant domestic conglomerates.²⁹ Furthermore, the Thai government integrates competition law enforcement with its Thailand 4.0 innovation policy, highlighting how economic modernization and fair competition are mutually reinforcing in fostering MSME growth.³⁰

Singapore presents a unique case as one of the most advanced economies in ASEAN, with a highly developed competition framework under the Competition Act 2004. The Competition and Consumer Commission of Singapore (CCCS) adopts a proactive approach that combines strict enforcement with strong compliance education.³¹ Singapore's legal instruments are characterized by transparency, predictability, and consistency in applying competition principles, fostering a level playing field for all market participants.³² Singapore's comprehensive approach—linking economic law reforms with digital competitiveness—offers valuable lessons for other ASEAN countries,

²⁸ Trade Competition Commission of Thailand (TCCT), Thailand Trade Competition Policy, accessed November 10, 2025, https://www.tcct.or.th/view/1/Thailand_Trade_Competition_Policy/EN-US.

²⁹ United Nations Economic and Social Commission for Asia and the Pacific, Competition Policy and Strengthening MSMEs in ASEAN (Bangkok: UN ESCAP, [n.d.]), accessed November 10, 2025, <https://www.unescap.org/sites/default/d8files/event-documents/Competition%20Policy%20and%20Strengthening%20MSMEs%20in%20ASEAN.pdf>.

³⁰ World Bank Group, Country Private Sector Diagnostic: Creating Markets in Thailand — Rebooting Productivity for Resilient Growth (Washington, DC: World Bank Group, February 2022), accessed November 10, 2025, <https://documents1.worldbank.org/curated/en/468721645451588595/pdf/Country-Private-Sector-Diagnostic-Creating-Markets-in-Thailand-Rebooting-Productivity-for-Resilient-Growth.pdf>.

³¹ Competition and Consumer Commission of Singapore, "Understanding Competition Act," accessed November 10, 2025, <https://www.ccs.gov.sg/anti-competitive-practices/legislation-and-guidelines/understanding-competition-act/>.

³² David Krause, "The Rise of Online Scams and Consumer Protections: A Comparative Analysis of the U.S. and Singapore," SSRN, February 12 2025, <https://ssrn.com/abstract=5134496>.

particularly Indonesia, where MSMEs still face challenges in adapting to the rapidly digitalized economy.³³

Comparatively, these three countries demonstrate differing levels of integration between competition law enforcement and MSME empowerment. Malaysia's approach focuses on balancing protection and promotion through policy synergy, Thailand emphasizes legal reform and institutional strengthening, while Singapore prioritizes regulatory efficiency and compliance culture. Tang, Pham, and Cam (2022) observe that across ASEAN, MSMEs still face structural and informational barriers in complying with competition law, particularly in accessing legal assistance and understanding their rights under the regulatory framework. This underscores the importance of simplifying legal procedures and enhancing capacity-building efforts for MSMEs to participate effectively in a fair and transparent market system.

Indonesia, in comparison, continues to rely on Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition. However, the enforcement mechanisms and institutional capacity of the Business Competition Supervisory Commission (KPPU) still face several limitations in addressing challenges arising from digital transformation. Drawing lessons from Malaysia, Thailand, and Singapore, Indonesia needs to reform its legal framework to strengthen MSME protection—particularly by integrating competition law with digital economy policies and ensuring access to justice for small enterprises. Harmonizing competition laws within the ASEAN Economic Community (AEC) framework is essential to promote equitable regional growth and cross-border fairness in the digital era.³⁴

Thus, the comparative study highlights that effective MSME protection requires not only the existence of comprehensive competition laws but also the harmonization of regulatory institutions, enforcement strategies, and digital adaptation policies. Indonesia's legal reform should therefore move beyond prohibitive measures toward a more facilitative and integrative model that aligns with ASEAN best practices. Such a

³³ Economic Research Institute for ASEAN and East Asia et al., Study on MSMEs Participation in the Digital Economy in ASEAN: Nurturing ASEAN MSMEs to Embrace Digital Adoption (Bangkok: ERIA / Mitsubishi Research Institute / Spire Research & Consulting, 2018), <https://connectivity.asean.org/wp-content/uploads/2018/11/ASEAN-MSME-Full-Report-Final.pdf>.

³⁴ Fathari, Muhammad Reza, and Andi Rifky Maulana Efendy. "Harmonizing Regional Competition Laws and Policies: A Way Forward for ASEAN Economic Growth." *Indonesian Comparative Law Review* 5, no. 2 (2025). <http://dx.doi.org/10.18196/iclr.v5i2.17910>.

transformation would enhance legal certainty, empower MSMEs to compete fairly, and strengthen Indonesia's position within the dynamic landscape of the Industrial Revolution 4.0.

Conclusion

Based on the results and discussion, it can be concluded that legal protection for Micro, Small, and Medium Enterprises (MSMEs) in business competition consists of two forms: preventive and repressive. Preventive protection aims to prevent large business actors from engaging in monopolistic or unfair practices and to provide equal business opportunities for MSMEs as regulated in Articles 5–8 of Law Number 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition. Repressive protection, meanwhile, involves sanctions for violations, including administrative, principal, and additional criminal sanctions as stipulated in Articles 30–37 of the same law. From a comparative perspective, Malaysia emphasizes MSME empowerment within its Competition Act 2010 and MyDIGITAL Blueprint, Thailand strengthens institutional independence and coordination under the Trade Competition Act 2017, while Singapore focuses on regulatory efficiency and digital readiness through the Competition and Consumer Commission of Singapore (CCCS). These approaches offer valuable insights for Indonesia to strengthen the role of the Business Competition Supervisory Commission (KPPU), integrate digital transformation policies, and enhance MSME competitiveness. Therefore, Indonesia needs a more adaptive and comprehensive legal framework that harmonizes business competition law with digital economic policies to ensure fair market dynamics and sustainable MSME growth in the Industrial Revolution 4.0 era.

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