

## **FUTURE COMPETITION LAW IN INDONESIA: ANALYSIS OF THE PHENOMENON OF DISRUPTIVE INNOVATION**

**Izzy Al Kautsar**

Master of Law, Universitas Muhammadiyah Yogyakarta

Email: izzy.kautsar.psc19@mail.umy.ac.id

**Abstrak:** Tujuan dari penelitian ini adalah untuk menganalisa status hukum dari ada nya *disruptive innovation* terhadap penerapan hukum persaingan usaha dan untuk menentukan arah kebijakan hukum persaingan usaha di Indonesia pada masa yang akan datang. Penelitian ini menggunakan metode penelitian normatif dengan pendekatan konsep dan pendekatan Undang-Undang serta memanfaatkan data sekunder. Dewasa ini, permasalahan terkait penerapan hukum persaingan usaha mulai memuncak dikarenakan hadirnya *disruptive innovation*, inovasi yang merusak ini mampu merubah paradigma produsen dan konsumen terhadap aktivitas bisnis, yang mana terbiasa melakukan transaksi secara langsung atau tradisonal. Muncul nya teknologi modern akibat ada nya revolusi industri 4.0, mampu mengkombinasikan automisasi dan komputerisasi produk dengan internet, berdampak pada hadirnya inovasi-inovasi yang merusak produk pendahulu. *Disruptive innovation* memberikan kesempatan bagi produsen untuk menawarkan produk nya secara efisien dan tepat sasaran melalui *online-based offerings* untuk memfasilitasi konsumen dengan berbagai pilihan produk. Hasil penelitian ini menunjukkan bahwa ada nya konsep *disruptive innovation* justru mampu merangsang sikap berkompetisi para produsen menjadi lebih intensif, dan bagi konsumen dapat memberikan kemudahan dalam menentukan pilihan produk berdasarkan kebutuhan dan kesanggupan secara ekonomi. Dalam hubungan nya dengan politik hukum Undang-Undang persaingan usaha, perlu diperhatikan bahwa hukum persaingan usaha seharusnya dirujuk sebagai *social control* dan *social engineering* untuk menciptakan pasar yang efisien dan efektif dengan menggunakan Pasal 33 UUD 1945 sebagai dasar menentukan arah kebijakan pasar.

**Kata Kunci:** Hukum Persaingan Usaha; Inovasi yang Merusak; Politik Hukum

**Abstract:** This research aims to analyze the legal status of disruptive innovation concerning the competition act and outline the policy direction of business competition regulations. In conducting this research, the author uses normative research methods by utilizing secondary data. In recent years, legal issues related to business competition have culminated in the presence of innovations that can change the paradigm of producers and consumers towards market activity habits, which are accustomed to conducting direct

transactions. The emergence of modern technology has created a new, fourth industrial revolution that combines automation and computing with the internet of things. Disruptive innovation enables producers to offer their products and services efficiently and effectively through online-based offerings to provide consumers with various product choices to determine their needs efficiently and according to economic capacity. This paradigm shift must be balanced with regulations that can limit the legal corridors that have been adjusted to create prosperity for consumers and producers. It can be concluded that disruptive innovation has made the competition very intensive for consumers, making it easier for them to make choices according to economic capacity. In connection with the legal politics of business competition regulation, the law must be directed as a means of social control and social engineering to make business competition effective and efficient by still paying attention to Article 33 of the 1945 Constitution as the basis for market policy direction.

**Keywords:** Competition Act; Disruptive Innovation; Politic of Laws

## INTRODUCTION

It cannot be denied that trade and business activities are extraordinary aspects of national development, achieving economic and people welfare. A trade aspect is also a form of a nation's struggle to carry out its economic interests. The business aspect of a country will keep the economy stable.<sup>1</sup> Now there are many kinds of business activities, and their development is very significant. The development is in line with the rapid pace of technology, making it easier for all human activities. Human life, side by side with artificial intelligence, in the business world has resulted in an economic era based on knowledge and information society, and the implication is that the availability and ease of accessing

information cause business activities to emerge from various sources and in various forms. As one of the results of technological innovation, information technology plays an essential role in stimulating national economic growth. The introduction of the smartphone is a classic example of innovative developments in mobile communication. It replaced the existing mobile handsets of the time and brought tremendous changes in our lives today.

Innovation is a necessity in a business; without innovation, the business will be eliminated and defeated by competitors who have innovations for their better products. This innovation will be a crucial aspect for business actors to survive the swift flow of competition business. Innovations in products and services from business actors will always be needed and

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<sup>1</sup> Rosdiana Saleh, "Kebijakan hukum untuk meningkatkan daya saing produk UKM Unggulan Indonesia dalam rangka ASEN Economic Community" (2015) 5:1 *Prioris* 1–18. 2

sought after by consumers; this is related to the nature of consumptive humans, which are never satisfied with what they already have. There has been a change in the slogan in world business, especially for business actors, who used to be different or dead, with the development of human needs and facilities that are increasingly complex, business actors must keep pace with it, so that the slogan becomes innovation or dies. So innovation is essential for business actors to offer their products and services.

The offers provided by these business actors are the best opportunities for consumers to match their needs with their economic capabilities. When viewed through the above statistics, the emergence of a marketplace implies a disruptive innovation technology. In the past, when consumers wanted to see product variations, they had to come to a retail business location. However, with the innovation related to online-based startups, consumers only need to look at the cellphone screen. Data shows that in 2020, from February to September, approximately 240 million people have been accessing the marketplace to see various product variations compared to coming directly to the retail business. The concept of these two things is the same, namely inviting goods producers or MSMEs to offer their goods, which

distinguishes that this online-based marketplace does not need a place. Innovation is the reality in disruptive innovation, making it easy for producers and consumers without having to create new markets.

The current pattern of changes in innovation is a natural phenomenon in various world nations; it is impossible to stop it as long as technology is still developing. The disruptive innovation that has occurred is destroying the business order that has been maintained for so long. There could even be some overlap between this innovation pattern and the existing laws in national law. There is only one way to prevent this: the government to supervise and prioritize the community's basic needs. At the same time, digitization and globalization of the economy present new challenges; many are not antitrust concerns because they do not derive from a lack of competition but, at least in some cases, from an intensification of competition from online business models and more efficient, global producers.<sup>2</sup>

This disruptive innovation is a breakthrough for business actors to increase profit and productivity, improve consumer welfare, and assist national development.<sup>3</sup> However, on the other

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<sup>2</sup> Maurits Dolmans & Tobia Pesch, "Should we disrupt antitrust law?" (2019) 5:2 *Compet Law Policy Debate*. 13

<sup>3</sup> Hsin-Fang Wei, "Does Disruptive Innovation 'Disrupt' Competition Law

hand, government policies are losing fast in the face of this disruptive innovation. As the existing regulations regarding business competition were out of step and behind "the train," many of the rules in law No. 5 of 1999 have not covered every line of new things that arise in business competition. Disruptive innovation spearheaded by Clayton M. Christensen in an article in the journal *fit in the Harvard Business Review* in 1995. Disruptive Innovation refers to "A process in which a product or service is rooted initially in simple applications at the bottom of the market and then without stopping moving into the market, eventually displacing established competitors."<sup>4</sup>

Government intervention must uphold the principle of justice, no harm. If it is related to the economic system, a government role is needed to create a healthy and fair market, provided that the government does not fully regulate. Under certain conditions, the government must intervene; on the other hand, in other situations, the government is expected not to interfere, the government must be able to determine a win-win solution for the disputing parties in a market economy.

## METHOD

The prescriptive theory guides the analysis by assessing the findings of facts or legal events that exist following the theory. In this study, the authors use normative juridical legal research, legal principles, namely research focused on examining the application of norms in positive law.<sup>5</sup>

This study uses a conceptual approach and a law approach, aiming to describe legal issues following the phenomena that occur in detail and thoroughly, as well as data collection by utilizing multidisciplinary studies of law and economics. The researcher uses a qualitative approach as a research process that produces descriptive data in written or spoken words from people or observed behavior.

This study utilizes secondary data with legal materials consisting of the Business Competition Law, the 1945 Constitution, and articles that have discussed the phenomenon of destructive innovation.

Based on this description, it can be stated that this qualitative approach seeks to describe disruptive innovation to competition law, as analyze it based on concepts that have been developed previously to make it easier for researchers to solve problems. From the analysis of these concepts, it can be determined the

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Enforcement ? The Review and Reflection" (2017) 25:2 1–27. 2

<sup>4</sup> See Maryanto & Latifah Hanim, "Application of Competition Law Against Business Communities Using Disruptive Innovation" (2019) 1:1 Sultan Agung Notary Law Rev 33–45. 33

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<sup>5</sup> Mukti Fajar & Ahmad Yulianto, *Dualisme Penelitian Hukum Normative dan Empiris*, cet. ke 4 ed (Yogyakarta: Pustaka Pelajar, 2017). 45-46

direction of market policy towards disruptive innovation in Indonesia's future.

## RESULTS AND DISCUSSION

### 1. Analysis of the Legal Status of Disruptive Innovation in Competition Law

In the context of world development, currently, it has entered very advanced development. This is evidenced by the reliance of human activities on artificial intelligence. In the development of industrial revolution 4.0, everything depends on a feature. The change must be a more complex power pattern; it can no longer be calculated with a pattern of addition or multiplication, following the mathematical concept of exposing a number. This 4.0 industrial revolution emphasizes transaction speed and big data, thus making innovation change so fast.

Before the arrival of industrial revolution 4.0, business actors were only required to improve existing products and services without creating new markets. Maximization of existing products is a feature of the sustainable innovation model or Sustaining Innovation. An example of this innovation model is the telephone; previously, the telephone used a cable and then innovated sustainably to become a mobile phone. However, the changes in sustaining change from a wired telephone to a wireless telephone, the function and use are the same, not

changing the product functionally. Another example is a shop or merchant, who used to have a traditional stall, which is now turning into a modern store; if we look at the development of a modern store or mart, it is swift. It is still the same; conceptually, it is a shop, the function is the same between a mart and a traditional store, namely selling goods needed by the community, it is just that there are innovations, namely being more comfortable, becoming more precise in prices and computerized services.

With the rapid development towards industrial revolution 4.0, there have also been changes in the pattern of technological innovation in the era of information technology, as today, business actors are no longer required to improve their products and services. Nevertheless, the role of technology included in the innovation model has damaged the conventional business order; in other words, the introduction of technology harms the business continuity of old business actors. This situation is currently being experienced by the State of Indonesia, where the pattern of innovation change, which was previously a sustaining innovation model, has turned into a disruptive innovation model or a leaping innovation pattern.

Today, so many incumbent business actors take turns to cover the deficiencies

in incumbent products and services. This causes consumers to turn from incumbent business to new business, arguing that the incumbent's products and services are more attractive and better than those of the incumbents. Of course, the incumbent innovations that are present and able to attract consumers' attention make the incumbent disturbed. Indeed, in principle, these new competitors have unique advantages when compared to incumbent actors.

Business to business relationships, from this point of view,<sup>6</sup> the business world must prioritize the creation and maintenance of a healthy business competition climate. There should be no barriers for new players to concentrated enter (no entry-barrier) in the Indonesian business world, resulting in market control by one or a group of business actors. The emergence of disruptive innovation should not be faced with a negative attitude, namely defensively prohibiting it just like that; instead, it must be wise to accommodate it so that conventional business actors (incumbent business actors) can take advantage of this development as optimally as possible. For business actors who are not ready, it is the government's job to prepare them. In this context, a state strategy is needed in

dealing with this disruptive innovation. On the consumer protection side, this site focuses more on the business-to-consumer relationship.

Disruptive innovation departs from the perspective of consumers' concrete needs.<sup>7</sup> So, from the consumer's point of view, this innovation is not considered disturbing. Consumers find it helpful because services have become more efficient and effective. Consumer support for the existence of such an innovative business should not make consumers even complacent. In the end, there is an accumulation of losses to consumers due to fraudulent practices in the business world by utilizing information and communication technology as the medium. Therefore, consumer protection must be a point of concern. The task of the State is to continuously educate consumers because innovation in this field has never stopped. These two main sides then have tremendous implications, especially in intellectual property protection and social issues.

In analyzing the legal status of disruptive innovation, whether it is against the law of business competition law, it must first be understood about the concept of competition and the concept of a free market. Business competition law is a law that regulates a free economic system, almost every country that uses a

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<sup>6</sup> Ibnu Rusydi, "Disruptive Innovation Dalam Kajian Hukum Persaingan Usaha" (2017) 5:2 J Ilm Galuh Justisi 192–205. 195

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<sup>7</sup> *Ibid.* 196

free market system has a business competition law. This business competition prevents and regulates so that the market is not regulated. A condition is needed in an economy based on market mechanisms when the market must be in a free state. The freedom in this market is intended to safeguard the intervention of business actors and the government. Business competition law is obliged to provide full access to business actors to enter the market and compete fairly, and this freedom of access is also given to customers to enter and select available commodities. Joko Priyono stated that the free-market system also would create equitable economic welfare.<sup>8</sup>

The world has several economic solid systems from a conceptual perspective, including a liberal economic system and a communist-socialist economic system. However, history shows that the socialist economic system cannot survive, marked by the collapse of the UniSoviet. With this incident, many countries that previously adopted a socialist economic system began to switch to a liberal economic system. During its development, this liberal economic system is also referred to as a free-market economic system. However, the existence of a negative character from the existence of a capitalist and liberal

<sup>8</sup> FX Joko Priyono, *Hukum Perdagangan Jasa (GATS/WTO), Filosofi, Teori dan Implikasi bagi Profesi Hukum di Indonesia* (Semarang: Diponegoro Press, 2010). 70

economic system has been seen in many cases of fraudulent competition and monopoly, business actors who already own the market, even have controlled the market, the majority do not give a caring attitude towards local small and medium businesses.<sup>9</sup> Rawls explains the imperfection of the free market, in which it fails to guarantee a just economic equality. Therefore, the free market creates injustice. As Sony said, the free market system opens up opportunities for the strong to eat the weak (Monopoly), the rich get richer (conglomerate).<sup>10</sup>

In the context of a free-market economy, it is teaching that the market must be free, there should be no intervention by the State. The essence of a free-market economy is that the market determines the welfare of a country, so this market is crucial for the welfare of society. A good market is free and provides an opportunity for everyone to make transactions without any interference from any party. This free market concept gave birth to the idea of making a regulation on business competition law so that countries that use a free market economic system are required to have related regulations.

In theory, this free market is not restrained by anyone but controlled by the

<sup>9</sup> Romli Atmasasmita, *Teori Hukum Integratif, Rekonstruksi terhadap Teori Hukum Pembangunan dan Teori Hukum Progresif* (Yogyakarta: Genta Publishing, 2012). 36

<sup>10</sup> ASony Keraf, *Etika Bisnis: Tuntutan dan Relevansinya* (Yogyakarta: PT Kanisius, 1998). 142

invisible hand, which regulates market dynamics based on supply and demand. The invisible hand wants to say that the economy will run independently without any intervention, in the sense that consumers can buy anything with their ability and freedom of access to these goods. The free market system, which is developed based on the laissez-faire argument, basically wants members of society to be given complete freedom to determine the economic activities they want to carry out by minimizing, even eliminating, state interference. This laissez-faire proposition is used as a conceptual basis for world capitalists (Multi-National corporations) to dominate the world economy.<sup>11</sup>

What is meant by regulating business competition is to ensure that the public has many choices; by giving complete freedom to the market, every business actor has the most excellent possible access to enter the market so that people with various levels of economic capacity can access their basic needs, to create consumer welfare. Providing business actors with opportunities to enter the market, in principle, in the free market must not prohibit the entry of competitors. Then the elimination of the accumulated wealth of certain groups, in a free market, does not require the accumulation of wealth in just a

few people because all of them must get a captured market, because if there is a conglomeration, there will be market control so that it will be contrary to the principles of the free market. So the law of business competition prohibits monopolistic. This is what then made anti-monopoly laws in various countries such as the Antitrust Law (USA), Antimonopoly Law (Japan), Restrictive Trade Practice Law (Australia), Competition Law (Europa). It must be understood that this business competition law regulates that the market is not regulated, so it is guaranteed that the free market system will run well, there is no control and control as well as control from certain groups, the market is in a condition of fair competition.

Then the question arises, why should there be a competition? Competitiveness is a concept commonly used in economics which usually refers to a commitment to market competition in the case of firms and success in international competition,<sup>12</sup> The competition will force companies to reduce costs to produce quality goods at lower prices; business actors are required to create innovations in products and services that are getting better, creating excellent and profitable services for consumers.

<sup>11</sup> Saleh, *supra* note 1. 3

<sup>12</sup> Tulus Tambunan, *UMKM Indonesia-Rangkuman Hasil Sejumlah Penelitian* (Jakarta: Universitas Trisakti, 2014). 82



One method for companies to remain competitive is to embrace the latest technologies. The role of business actors is essential in accepting the existence of technology, as long as it is profitable. If technology can improve conditions conducive to business actors, it is necessary to maintain a competitive nature.<sup>13</sup>

For example, in Indonesia, when it was still adhering to a controlled economy system, not everyone was allowed to open a business because the government regulated the market; in the realm of transportation, only two airlines were allowed; what happened? Flights have become very expensive, and only certain people can enjoy the flight. However, when Indonesia switched to a free market system for the world of aviation, many opened new airlines, many choices made every airline compete to attract consumers, so flight ticket prices fell. With the competition, it will reduce costs. The free market system is very beneficial for consumers, with more products and facilities at various prices. This is per the welfare state theory, which does not make the entire society rich, but people can get their basic needs with their respective

economic capabilities.<sup>14</sup> There are competitive conditions (the State of competition) in the domestic market is a vital aspect of a public policy (public policy), in particular, to measure the nation's ability to compete in the international market, as well as to convince foreign investors and exporters to compete in the domestic market. Thus, the national competition policy aims to create and ensure that the concept of competition can be implemented within a pluralistic economic framework.<sup>15</sup>

## 2. Determine The Direction of Competition Law in Indonesia

With the arrival of the globalization process through the 4.0 industrial revolution, which is manifested in various kinds of innovations and variations in various types of technology and information, it is impossible to be held accountable for the nation's socio-cultural conditions based on the concept of economic law, that business competition is value loaded. Because the concept of economic law feels very bland when applied in a disruptive condition of innovation, which does not pay attention to various aspects, including the socio-culture of a nation. Muladi stated that this

<sup>13</sup> Laura Garland, Balasundram Maniam & Geetha Subramaniam, "Implications of disruptive technology in the fourth industrial revolution" (2019) 28:8 Special Issue Int J Adv Sci Technol 839–848.

<sup>14</sup> Lutfi J Kurniawan & Mustafa Lutfi, *Perihal Negara, Hukum dan Kebijakan Publik* (Semarang: Setara, 2011). 57

<sup>15</sup> Wafiya, "Politik Hukum Pembentukan Undang-Undang Larangan Praktek Monopoli Dan Persaingan Usaha Tidak Sehat" (2015) 8:4 Fiat Justisia 657–680.

destructive innovation will not be indiscriminate and will always bypass non-progressive legal concepts or principles.<sup>16</sup>

Technology has developed very rapidly in the last few decades. However, its development raises legal problems. The fast pace of technology makes it difficult for the legal system to catch up. There has been a change in the doctrine of business competition. These changes provide a wider area of business competition aspects to the interests of consumers, no longer paying attention to the interests of producers or a healthy market; thus, business competition will create competition for business actors to attract consumer interest.<sup>17</sup>

As it is known that many innovations that have entered Indonesia are the application of innovations obtained from other countries, then, Indonesia as one of the developing countries has to do many ratifications of international conventions, it is even obligatory to adopt foreign regulations. Disruptive innovation is intensive and moves quickly, so it is necessary to harmonize national law with international law due to the emergence of various dynamic and volatile market internationalization phenomena.

The law of business competition does not regulate the market because if a law hinders market transaction activities and the entry of investors to invest, legal efficiency will not be realized<sup>18</sup>. Returning to Posner's view, the essence of efficient law is that economic resources are distributed to the market. Even a reduction in expenditure and an increase in the income of business actors is a form of efficiency in the legal system.

The disruptive innovation that can offer consumers a wide variety of products and services at varying prices creates various problems. Competition law in Indonesia that emerged in 1999 is considered outdated. This follows Nanik Prasetyo Ningsih's view, which states that applying a legal rule will be more effective if a legal regulation renewal is renewed every five years. So in this chapter, the author tries to analyze the political concept of business competition law in the future associated with the many destructive technological and information innovations.

The law in the 4.0 industrial revolution must balance the fast technology against the law in a broad sense because the legal phenomena that will be faced in the future by legal practitioners will be more difficult

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<sup>16</sup> Muladi, "Menyongsong Keberadaan UU Persaingan Sehat di Indonesia", dalam *UU Anti monopoli Seperti Apakah yang Sesungguhnya Kita Butuhkan?* (Jakarta: Yayasan Pusat Pengkajian Hukum), 33-34

<sup>17</sup> Lina M Khan, "Amazon 's Antitrust Paradox" (2016) 126:3 Yale Law J 710-805.

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<sup>18</sup> Mukti Fajar & Ahmad Yulianto, *Dualisme Penelitian Hukum Normative dan Empiris*, cet. ke 4 ed (Yogyakarta: Pustaka Pelajar, 2017). 45-46

and complex.<sup>19</sup> Therefore, the law regulating business competition tends to be sufficient to determine which institution has the authority to supervise business competition. This regulation oversees business conduct by business actors and enforces the criminal aspects of business actors engaging in unfair business competition. This process appears to be detrimental to the market, but in fact, it is hoped that it will create a free and healthy market by directing such competition regulations.<sup>20</sup>

Legal politics in Indonesia must direct business competition not to be centered on the majority of economic power holders so that healthy competition will emerge. This can be found in the Indonesian economic democracy system, which has provided the opportunity for every citizen to carry out economic activities that the Constitution has guaranteed. It is hoped that this democracy will create an efficient market.

The Business Competition Law in Indonesia does not exist to regulate the market. However, the existence of the regulation is a means of social control in the context of wanting healthy business competition and avoiding monopolistic

practices. Business competition regulations do not stop there; these regulations are also used as a social engineering tool to create an efficient national economy and create a conducive business climate.<sup>21</sup>

In a national development in Indonesia, various aspects are very chair. Therefore, such aspects are expected to direct effective and efficient national development, including the economic aspect of business activities carried out in Indonesia. Business activities carried out by business actors are not regulated by Law Number 5 of 1999, but the existence of such regulations will lead to the desired goal so that it is deemed necessary.

This is where the existence of law is seen as a means of development, which places the law as a means of reforming society so that the law on business competition is expected to initiate development and renewal in society, especially for business activities in Indonesia. In the business competition law, it is also aspired to change a situation to the desired direction so that the existence of law is active in changing the condition of society; this is what W. Friedman stated.<sup>22</sup>

The concept of law as social control has been fulfilled by Law Number 5 of 1999,

<sup>19</sup> Terry Hutchinson, "Legal Research in the Fourth Industrial Revolution" (2017) 43:2 Monash Univ Law Rev 567–590.

<sup>20</sup> Mukti Fajar, Dyah Mutiarin & Reni Budi Setianingrum, "Disruptive Innovation on Competition Law: Regulation Issues of Online Transportation in Indonesia" (2019) 5:2 Eur J Econ Bus Stud 23–37.

<sup>21</sup> Ayudha D Prayoga, *Persaingan Usaha dan Hukum yang Mengaturinya di Indonesia* (Jakarta: Proyek ELIPS, 2000). 53

<sup>22</sup> W. Friedman, *Legal Theory* (London: Steven & sons limited, 1960). 293

which strives for business actors to achieve efficiency in the management of their business activities. So that business actors who are inefficient will be marginalized by efficient business actors. From this, there will not be a monopolistic practice. The Indonesian State is currently going through disruptive innovations that can create efficient business actors without creating new economic markets. With so many products and services offered by new business actors through disruptive innovation will force old business actors to optimize the efficiency of their business management.

Law No. 5/1999 has also created a market that is not centered on a solid majority of business actors because it has provided and mandated freedom. This freedom has indirectly provided opportunities for new business actors to create innovations in their products and services. This is where the urgency of law is as a means of social engineering. Concerning disruptive innovation, such circumstances will force business actors to market products and services that can attract consumers; as explained above, consumers are more inclined to make product choices in cheap and good products.

If the author relates to the spread of the Covid 19 virus that occurred in 2020, the existence of disruptive innovation plays an

essential role in eliminating ineffective and inefficient business actors. The trend is that business actors who cannot take advantage of modern technology will experience difficulties marketing their products. Moreover, the social restriction policy, which obliges everyone to work from home, stay at home, and maintain a distance of 1.5 meters, has further marginalized these business actors. Business actors who can take advantage of technology online make it easier for consumers to use products and services.

Economic democracy, which is a manifestation of articles 27 and 33 of the 1945 Constitution to provide social welfare for the Indonesian people, needs to be considered in the legal politics of the Law on Business Competition in Indonesia in the future. In addition, it also needs to be considered in Law Number 17 of 2007, which in essence provides directions in the long-term development of 2005-2025.

The Indonesian government needs to prioritize quality and competitive human resources to create a competitive advantage in the domestic economy by utilizing knowledge and infrastructure. In addition, sustainable economic growth must be supported by legal development so that the law itself can answer all problems related to the economy, and it is necessary if to carry out reforms in the field of law.

## CONCLUSION

Monopoly and business competition are commonplace in economic activity. As long as the activity is legal, the implications of applying monopoly and business competition cannot be avoided in the market economy mechanism. Disruptive innovation provides an excellent opportunity for newcomers to enter the market by providing a variety of products and services to compete and compete with incumbents.

The competition is not prohibited by Law No. 5 of 1999; it will produce a healthy market and prevent monopolies from creating an effective and efficient economic market due to eliminating business actors who cannot develop. Legal politics regarding the regulation of business competition in the future must direct and place the law as a means of social control and social engineering so that people's welfare will be implemented according to Article 33 of the 1945 constitution.

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