

DOI: <https://doi.org/10.38035/jlph.v4i5>

Received: 19 June 2024, Revised: 10 July 2024, Publish: 12 July 2024

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## Tiktokshop's Acquisition of Tokopedia in Providing Justice for Micro, Small and Medium Enterprises (Study: Tiktokshop E-Commerce Services in Indonesia)

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**Abstract:** The purpose of this study is a study of the protection of law and justice that exists in Indonesia related to the occurrence of actions by a number of Micro, Small and Medium Enterprises actors on the decision to acquire Tokopedia made by Bytedance as the parent of Tiktokshop. This research was conducted using the normative juridical method because it is based on legal norms in legislation and legal principles. The results of this study indicate that the partnership between Tiktokshop and Tokopedia provides problems of justice for business actors where one party benefits from Tiktokshop's innovation and the other party feels disadvantaged because of gaps in business competition. With the existence of laws that regulate legal protection for Micro, Small and Medium Enterprises, especially with the enactment of Regulation of the Minister of Trade Number 31 of 2023 concerning Business Licensing, Advertising, Guidance and Supervision of Business Actors in Trading through Electronic Systems, it can be said that existing regulations if implemented can provide benefits to business actors in providing justice and legal protection for Micro, Small and Medium Enterprises.

**Keyword:** Justice, Legal Protection, MSME, Tiktokshop, E-Commerce.

### INTRODUCTION

In this technology-based era, buying and selling transactions carried out by most Indonesians have shifted from conventional methods to ways that use technology and the internet. The definition of E-Commerce itself is the use of the internet to conduct various business activities. Business activities that can be carried out in the realm of E-Commerce online can be in the form of marketing, promotion, public relations, payment transactions and delivery schedules, and are still very open to the possibility of innovations in other online business activities along with the development of e-commerce technology itself (Arisandi, 2018). Regulations related to E-Commerce in Indonesia are mentioned in Article 65 paragraph 1 of Law Number 7 Year 2014 on Trade which states that "Every Business Actor who trades Goods and/or Services using an electronic system must provide complete and correct data and/or information". E-Commerce platforms in Indonesia in the marketplace

category in 2023 have achieved the most site visits in Indonesia since the establishment of these platforms, As of January-December 2023, the Shopee site cumulatively achieved around 2.3 billion visits, far surpassing its competitors. In the same period, Tokopedia's site received around 1.2 billion visits, and Lazada's site 762.4 million visits. While the BliBli site received 337.4 million visits, and the Bukalapak site 168.2 million visits (Ahdiat, 2024), the level of competition between these E-Commerce Platforms is supported by their own assets and advantages of each platform that make it able to compete with other platforms.

The development of technology also has an influence on people's lifestyles, supported by the existence of various social media such as Instagram, Tiktok, Twitter, and so on, more and more people, especially in Indonesia, are leaving old ways of doing activities such as looking for entertainment, food, goods and needs both primary, secondary, or tertiary and starting to switch to social media, so that the development of social media which was originally only a means of entertainment for young people turned into an innovation in marketing, buying and selling transactions, and activities generally found in e-commerce. Tiktok as one of the social media that has been very endemic and popular in Indonesia since 2020 has also begun to penetrate into the world of online buying and selling through the release of Tiktokshop since September 2021, making it easier for users to shop from their favorite stores or brands through an application called TikTokShop (Oktriwina, 2023). However, with the release of Tiktokshop social commerce, problems arose in buying and selling activities in Indonesia, many conventional traders experienced a drastic decrease in income which was thought to be due to the presence of Tiktokshop. The traders suspect that the presence of Tiktokshop is one of the factors that has resulted in increased competition between conventional traders and e-commerce traders, before the presence of Tiktokshop as social commerce in Indonesia, E-Commerce basically already had several advantages when compared to conventional buying and selling where buyers are made easier and the reach of business actors is expanding, and with the presence of Tiktokshop, which was originally only a social media that was widely used by the public, e-commerce traders could further expand their reach and sales supported by the live feature in the application, attracting people who were originally only social media users and not users of online buying and selling platforms and supported by allegations that sellers through Tiktokshop sold goods below the price circulating in the market, reported based on news in [Republika.co.id](http://Republika.co.id). It is stated that according to several Tanah Abang traders, the sales made in Tiktokshop have irregularities where the prices offered by Tiktokshop are far different from those circulating in the market and in calculation it is difficult for sellers to make a profit from these prices which has resulted in many Tanah Abang sellers experiencing a drastic decrease in turnover (Septyaningsih, 2023), the increasing problems in this situation, several traders in Tanah Abang took action by urging the Minister of Cooperatives and SMEs to close Tiktokshop social commerce (CNNIndonesia, 2023), which in turn invited a variety of positive and negative comments from the community. The Minister of Cooperatives and Small and Medium Enterprises, Teten Masduki, said that for the sake of MSME traders, it is better if Tiktokshop is closed so that business competition and prices of goods in the market return to normal. Small and Medium Enterprises, also known as SMEs, is a term that refers to a type of business established by individuals and has a net worth of at most IDR 200,000,000.00 (excluding land and buildings) (Nayla, 2014), with the passing of Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises, regulations related to SMEs are now broader by regulating micro-entrepreneurs.

Then on 4 October 2023 Tiktokshop in Indonesia was officially closed by the government based on the Minister of Trade Regulation Number 50 of 2020 that social media platforms are prohibited from facilitating trade. Because the licence given to the Tiktok application is only a licence as social media and in terms of conducting trading activities requires its own licence. Even with the closure of Tiktokshop in Indonesia, Bytedance as the

parent company of Tiktok continues to make efforts to reap profits through trading activities in Indonesia. On 11 December 2023, through the application news, Tiktok announced that it would enter into a strategic partnership with Tokopedia with the aim of strengthening digital economic growth in Indonesia which focuses on empowering and expanding the market for national MSME players. In the Tokopedia acquisition decision between PT.GoTo Gojek Tokopedia Tbk and Bytedance, Bytedance invested 75% of shares in Tokopedia or US \$ 1.5 billion as a form of long-term commitment in supporting Tokopedia's operations (newsroom.tiktok.com, 2024). The term "acquisition" which is often also referred to as "take over", is a method of takeover carried out by a company by buying a majority stake in a company so that it takes over capital control of another company (Hariyani et al., 2011). Acquisitions under Indonesian law are regulated in the provisions of the Law on Limited Liability Companies No.40 of 2007 in Article 125, acquisitions are referred to as "takeovers" and include two types of arrangements, namely those that specifically regulate acquisitions and those that regulate acquisitions together with mergers (Irawati, 2017).

With the reopening of Tiktokshop services, the same problem arises for MSME players in trading activities, where previously there was a lack of licensing from Tiktokshop for sellers to carry out trading activities on social media, now the licensing for trading has been fulfilled with the formation of a partnership with Tokopedia in the field of E-Commerce. Then with the development of buying and selling activities in the realm of technology, the position of conventional MSMEs in Indonesia will be increasingly displaced and will require legal protection that can limit the segregation between E-Commerce and MSMEs so that they do not intersect. Therefore, this research is conducted to understand the problems that arise so that it can be used as an effort to compete and maintain justice for MSME entrepreneurs.

Based on the background above, the author concludes the problem formulation as follows, 1) Has Tiktokshop's acquisition of Tokopedia provided justice for micro, small and medium enterprises?, 2) What is the form of legal protection for micro, small and medium enterprises against the Tiktokshop acquisition decision of Tokopedia?

## **METHOD**

This research was conducted using normative legal research methods (juridical normative), namely by examining library materials or secondary data which includes books and legal norms contained in laws and regulations, legal principles, legal systematics, and legal methods as well as examining statutory provisions, court decisions and other legal materials (Ibrahim, 2010). This research uses qualitative descriptive analysis techniques, namely analyzing the data sources obtained and then processed in opinions or responses as well as secondary data obtained from library materials and the internet which are then analyzed so as to obtain data that can answer the problems in this study.

## **RESULTS AND DISCUSSION**

### **Tiktokshop's acquisition of Tokopedia in providing justice for Micro, Small and Medium Enterprises Entrepreneurs**

The decision to make intercompany acquisitions is basically one of the efforts made by companies with the aim of developing market share, increasing efficiency and innovation. By prioritizing efficiency, prices will indirectly decrease and service quality will improve. Acquisitions may also aim to increase firm value or benefit shareholders; in other words, acquisitions will be unproductive. Therefore, the success of an acquisition is measured by the increase in firm value after the acquisition (Nugroho, 2018). In the case of the acquisition action taken by Bytedance on Tokopedia, Bytedance took advantage of the popularity of the high level of Tiktok users in Indonesia in order to increase profitability for both companies from the field of sales through Tiktokshop social commerce. Tiktokshop as a social

commerce has a role in the marketing field by providing exposure to goods to Tiktok users through the features provided such as "*keranjang kuning*", live, and through affiliates and endorsements that help promote sellers' goods to potential buyers, and Tokopedia as a platform where merchants can execute buying and selling transactions, provide goods aggregation facilities, and provide sellers with features that can assist in making sales.

Then for this decision, a conflict arises because there are parties who feel benefited by the presence of Tiktokshop for all its advantages and there are also parties who feel disadvantaged due to the higher level of competition in trade activities, which results in problems in the principle of equal opportunities for MSME actors. In the principle of justice put forward by Thomas Aquinas on equality, it is said that justice is divided into two groups, namely general justice (*justisia generalis*) and special justice (*justisia specialis*). General justice is a form of justice based on laws that must be implemented in the public interest, while special justice is a form of justice based on proportionality or equality, then from special justice it is further elaborated into three forms, namely distributive justice (*justisia distributiva*), namely justice applied to the field of public law in general and carried out proportionally, commutative justice (*justisia commutativa*), namely justice that equates achievement with counterproduction, and indicative justice (*justisia vindicativa*) which is justice relating to criminal law (Melisa et al., 2023). In the problems that occur in this gap, the form of justice that can be applied is distributive justice where the government has an obligation to fulfill justice to all its citizens both in the form of welfare enforcement, subsidies, assistance, and life opportunities for its citizens, and especially to local MSME players such as in Tanah Abang who, to their disappointment, took action because there are still a number of traders who bear their lives with conventional trading activities.

The role of MSMEs in a country is fundamental to economic development and growth, not only in developing countries, but also in developed countries. In developed countries, MSMEs have a role as a business group that can receive more labor when compared to large enterprises.

However, based on a survey conducted by Tokopedia, that merchants involved in the *Beli Lokal* campaign in December 2023, stated that 97% of merchants felt a positive impact from the collaboration between Tiktok and Tokopedia, and 90% also reported an increase in sales through the *Beli Lokal* campaign (Purwanti, 2024). Based on the survey results, more than a few local MSME traders and affiliates also take advantage of the form of cooperation between Tiktok and Tokopedia and can make this collaboration an innovation in using technology in buying and selling activities. From this difference, it can be concluded that the decision to acquire Tokopedia by Bytedance does not entirely have a negative effect on local MSME players, even though with this positive side, the government as the highest state policy holder still has an obligation to fulfill the opportunities and welfare of every citizen.

### **Legal Protection for Micro, Small and Medium Enterprises against Tiktokshop's acquisition decision of Tokopedia**

Legal protection is the state's effort to provide security and welfare in the continuity of life based on law for its citizens, which in other words, legal protection of citizens is the responsibility of the state to ensure justice, security and public safety (Prayoga et al., 2023). Then according to Natsir Asnawi, legal protection can be said to be a fundamental element in law. Protection has a relationship with efforts to enforce and restore the civil rights of certain legal subjects, therefore legal protection can be interpreted as an effort to enforce and / or restore the civil rights of certain legal subjects (Asnawi, 2017). According to Philipus M. Hadjon, there are two kinds of legal protection for the people, namely preventive legal protection, which aims to prevent disputes and repressive legal protection with the aim of resolving disputes. Basically, legal protection has a relationship with how the law can provide justice, namely by providing or regulating rights to legal subjects, and with how the law can

provide justice to legal subjects whose rights are violated (Sugiyono, 2017). Then in the 1945 Constitution Article 28 D paragraph 1, it is stated that everyone is entitled to recognition, guarantees, protection and legal certainty fairly and get equal treatment in the eyes of the law. This legal protection includes all people, including MSME players who trade both conventionally and through e-commerce.

In Law Number 20 of 2008 related to MSMEs in Article 4 discusses the empowerment of an MSME actor who has the right to: fostering the independence, togetherness, and entrepreneurship of Micro, Small, and Medium Enterprises to work on their own initiative; the establishment of transparent, accountable, and equitable public policies business development based on regional potential and market orientation in accordance with the competence of Micro, Small, and Medium Enterprises; increasing the competitiveness of Micro, Small, and Medium Enterprises; and the implementation of integrated planning, implementation, and control.

Then in the next Article, the objectives of empowering MSMEs as referred to in Article 5 are set out as follows:

1. establishing a balanced, developed, and equitable national economic structure;
2. fostering and developing the ability of Micro, Small, and Medium Enterprises to become resilient and independent businesses; and
3. increasing the role of Micro, Small, and Medium Enterprises in regional development, job creation, income distribution, economic growth, and alleviation of people from poverty.

Based on these articles, the right to the welfare of MSME actors is something that is recognised in the eyes of the law, an MSME actor has the right to carry out his activities smoothly, orderly, beneficial for the actors and still aims as a manifestation of the regional economy of MSME actors. With the Tokopedia Acquisition Decision by Tiktokshop, if it is carried out only for one-sided benefits and indirectly creates monopolistic tendencies due to the far level of competition in buying and selling activities, and does not rule out the possibility of eliminating income from local MSMEs. In Law Number 40 of 2007 Limited Liability Companies Article 126 paragraph 1 (c) states that in the event of an acquisition, companies are required to pay attention to fair competition in doing business, with the existence of this article, a limited liability company in terms of taking acquisition actions is still required to prioritize the interests of other trade activity actors and not eliminate their rights. From the existence of these regulations, it can be said that MSMEs have legal protection for their rights.

Because e-commerce is still a fairly common thing for a handful of people, not all MSME players are able and good at competing online either through e-commerce or other ways of trading through electronic systems, the government as a state policyholder must still maintain the stability of all related trade activities. With the enactment of Regulation of the Minister of Trade Number 31 of 2023 concerning Business Licensing, Advertising, Guidance, and Supervision of Business Actors in Trading Through Electronic Systems mentioned in Article 32 which reads that in conducting trade through electronic systems, business actors have an obligation to assist government programmes in the form of:

1. prioritizing trade in domestically produced goods and/or services;
2. increasing the competitiveness of domestically produced goods and/or services; and
3. Organizers of trading through domestic electronic systems must provide promotional space facilities for domestically produced goods and/or services.

With the enactment of this article, business actors are asked to be more supportive and prioritise the sale of domestic goods by reducing the sale of imported goods to the public as a form of support for the country's economy. In order to preventively defend the rights of MSME players, Article 42 states that the Minister of Trade in its guidance has the authority to increase the competitiveness, competence of business actors in trade both electronically and conventionally, by facilitating increased power and promotion so that it is hoped that the

level of competition that exists on e-commerce platforms with conventional traders will become more equal and balanced. Then in the Regulation of the Minister of Trade Number 31 of 2023, as a form of repressive legal protection provided by the state, it is stated in Article 50 paragraph 2 that violators may be subject to administrative sanctions in the form of:

1. written warning;
2. inclusion in the supervision priority list
3. inclusion in the blacklist;
4. temporary blocking of services of trade organizers through domestic electronic systems and/or trade organizers through overseas electronic systems by relevant authorized agencies; and/or
5. revocation of business license.

From all the legal protections provided, every citizen essentially continues to make efforts and endeavors in maintaining and defending their respective rights, every local MSME actor who has the fighting power in trying should continue to learn how developments in electronic commerce considering the rapid development of technology cannot be stopped and can also collaborate or partner with fellow local MSME actors in order to increase competition in trading activities both conventionally and through e-commerce and so on, this can be done as a form of enterprising and efforts so as not to be eroded by the times and in maintaining their business.

## CONCLUSION

A state basically has an obligation to protect the rights of its citizens without eliminating the rights of other parties. The Tiktokshop Acquisition Decision of Tokopedia raises problems and conflicts for various parties, where there are parties who feel disadvantaged by the emergence of competition and parties who feel benefited by innovation in carrying out their business, the state has a role in providing distributive justice in fulfilling welfare, subsidies, assistance, and life opportunities to each party. In its implementation, the enactment of Regulation of the Minister of Trade Number 31 of 2023 concerning Business Licensing, Advertising, Guidance, and Supervision of Business Actors in Trading Through Electronic Systems, especially in Article 32, Article 42 and Article 50 as a form of preventive and repressive legal protection is an effort to reduce and eliminate gaps in business competition considering the existence of Micro, Small and Medium Enterprises in a country has an important role in the country's economy.

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