

Digital Balance: Strategies for Building Empowered Platform Policies

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Many businesses now operate through digital platforms, which have become central to the current era. As the number of users on a platform increases, the platform's control over the business ecosystem also strengthens. Sellers become increasingly dependent on the platform's algorithms and policies. In this context, platforms are no longer merely facilitators, but have also begun to act as powerful actors in shaping competition.¹ Therefore, the need for policies that not only regulate but also empower small businesses has become increasingly crucial. This is to ensure that small enterprises are not constantly trapped in dependency on platform algorithms that often act arbitrarily.

The platform's dominance over its users is explained by Junic Kim and Shanghe Ahn as a form of excessive standardization, where success no longer depends solely on product quality or innovation, but rather on the ability to comply with systems set by the platform. One example is the algorithm's tendency to prioritize products from sellers who conduct long-duration live streaming and use the platform consistently over time.² Small businesses are disadvantaged in this context, as they are forced to adapt despite possibly lacking sufficient resources. As a result, platforms hold significant control in shaping patterns of competition and tend to benefit larger businesses that have greater resources to align with the platform's strategies.

¹ Kim, J., & Ahn, S. (2024). The platform policy matrix: Promotion and regulation. *Policy & Internet*, 16(1). <https://doi.org/10.1002/poi3.414>

² Muzamaroh, Z., & Aestetika, N. M. (2024). Menghidupkan kembali strategi pemasaran melalui siaran langsung TikTok Shop. *INTELEKTUALITAS: Jurnal Penelitian Lintas Keilmuan*, 1(2), 90–101.

Ambivalence of Business Platform

Digital platforms have an ambivalent nature. On one hand, they drive innovation and open access to markets, on the other hand, they have the potential to create dominance, monopolies, and inequality. Economic transactions that occur within digital platforms operate in a two-sided market, meaning they serve two types of users (sellers and buyers). This differs from traditional businesses, which typically involve only a single interaction channel, such as direct sales from product owners to buyers (one-sided market). What makes two-sided markets complex is the presence of network effects, where the value of the platform increases as the number of users on one side grows, attracting users from the other side. By leveraging network effects, platforms are able to accommodate new business models, create jobs based on the gig economy, and stimulate the growth of new industries such as Online to Offline (O2O) delivery mechanisms, e-commerce, digital marketing, influencers, affiliators, and many others.

Unfortunately, the larger a platform becomes, the stronger its grip on the market, often making it more difficult for small businesses to compete. Platforms also tend to extract a significant portion of the value created by their users, such as through application fees or commission cuts from creators, and they operate algorithms that are often opaque. This further weakens the bargaining position of small enterprises and digital workers who depend on such closed systems. Therefore, platforms can be seen as both empowering and exploitative. They provide spaces for interaction, yet also reinforce social fragmentation through echo chambers.

To illustrate the fundamental characteristics of digital platforms more clearly, the following table presents the dual nature of their strengths and weaknesses.

Table 1. The Duality of Digital Platforms

Advantages	Disadvantages
Value creation Platforms create value (e.g., job opportunities).	Value extraction However, platforms also extract user value (e.g., collecting personal data for advertising and taking fees from creators).
Democratization M Enables wider public participation.	Monopolization A small number of major businesses/users dominate market trends.

Advantages	Disadvantages
Transparency Opens access to visible processes (e.g., tracking order status).	Opacity However, algorithms and system mechanisms are often difficult for users to understand.
Empowerment Empowers users (e.g., affiliates, ride-hailing drivers, MSMEs in e-commerce).	Exploitation Low wages, lack of labor protections, and income determined by unpredictable algorithms.
Community building Strengthens social connections and builds online communities.	Fragmentation Divides society into “echo chambers,” deepening polarization and reinforcing social fragmentation.

Source: Compiled by author based on the article by Kim & Ahn (2024), "The platform policy matrix: Promotion and regulation," *Internet Policy Review*.

The ambivalent nature of digital platforms, as illustrated in Table 1, is not only normative but also has direct implications for economic and regulatory contexts. Drawing on Kim and Ahn’s analysis, Table 2 complements the framework by outlining how the fundamental nature of platforms generates both opportunities and challenges.³

Table 2. Opportunities and Challenges Created by Digital Platforms

Opportunities	Challenges
The use of digital technologies and data investment (e.g., Google, Meta driving AI adoption and large-scale data collection)	Misuse of digital technologies and algorithms (risks of algorithmic bias, privacy violations by Meta, TikTok, and others)
Formation of new business ecosystems and startup globalization (e.g., Shopee, Tokopedia enabling digital entrepreneurship)	Industry conflicts and regulatory uncertainty (e.g., Gojek vs. traditional motorcycle taxis (ojek), overlapping regulations)

³ Kim, J., & Ahn, S. (2024). The platform policy matrix: Promotion and regulation. *Policy & Internet*, 16(1). <https://doi.org/10.1002/poi3.414>

Opportunities	Challenges
Increased innovation and cross-sector competitiveness (e.g., Grab's collaborations with banking, education, and other sectors)	Market dominance and potential monopolies (e.g., Google controlling markets and crowding out smaller competitors)
Job creation through the gig/platform economy (e.g., Gojek, Uber, Upwork offering flexible work opportunities)	Worker vulnerability and challenges to labor protection regulations (e.g., drivers without social security, ambiguous employment status)

Source: Adapted from Kim & Ahn (2024),
"The platform policy matrix: Promotion and regulation," *Internet Policy Review*.

This table illustrates how flexible work and global expansion, which are often perceived as "opportunities" in the digital economy, frequently come hand in hand with their respective challenges. In platform logic, innovation for one party can mean disruption for another. In other words, the opportunities and challenges brought by digital platforms are interrelated and inseparable. Therefore, policy responses cannot be one-dimensional or sectoral alone, but must instead adopt a cross-cutting approach such as the policy mix.⁴

The Importance of Policy Mix

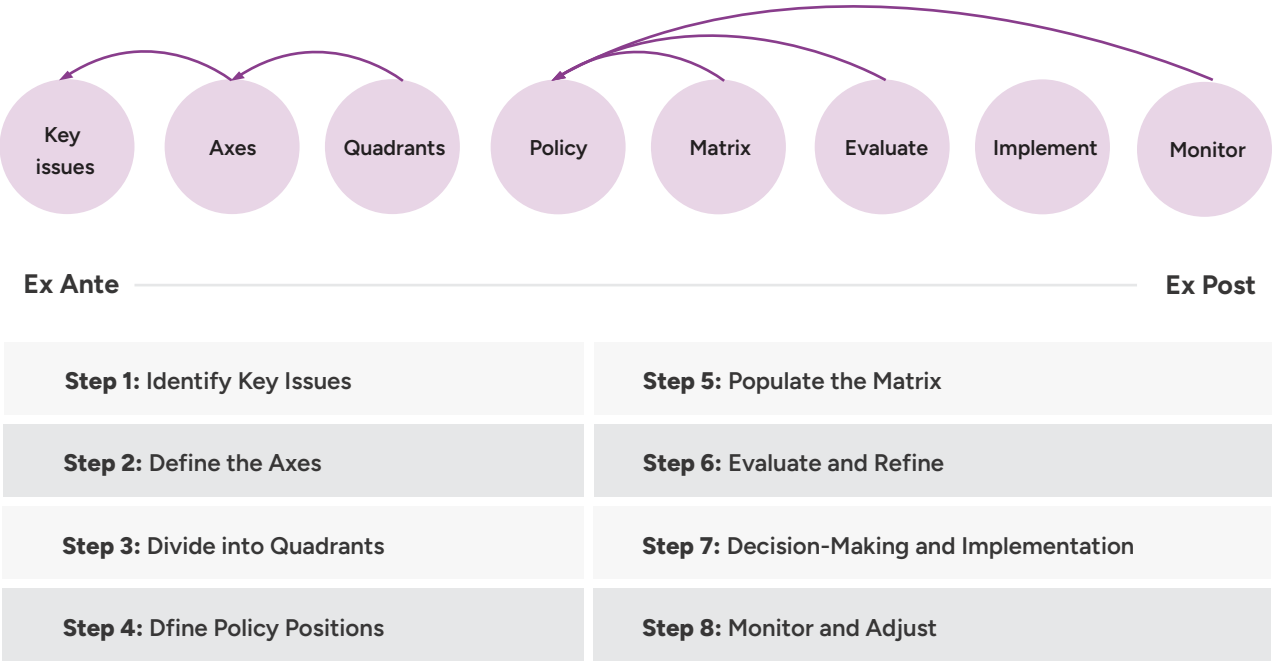
In rapidly evolving digital ecosystem, policy approaches that are singular or sector-specific often prove inadequate. Digital platforms have complex characteristics and often give rise to dilemmas in policymaking. When a platform dominates the market, it can pose significant risks to competition, innovation, and consumer welfare. In such situations, narrowly focused responses are rarely adequate.

The concept of a 'policy mix' provides a more holistic understanding of how policy interactions and developments can stay relevant and effective over time. This approach enables countries to craft policies that are flexible, responsive, and sustainable. A policy mix allows policymakers to simultaneously limit the power of dominant platforms, support innovation among small businesses, and protect consumer rights. As a result, policy interventions become more comprehensive and responsive to the complexity of the digital platform ecosystem.

⁴ Ibid.

To address this complexity, Kim and Ahn developed a policy mix framework that not only brings together diverse policy instruments, but also follows a systematic process of analysis. The conceptual framework (Figure 2) proposed by Kim and Ahn is not merely a theoretical explanation, but the result of a structured analysis, making it applicable for adaptation across different countries in developing their own policy matrix. The process of developing the matrix is presented in Figure 1 below.

Figure 1. The Policy Matrix Development Process



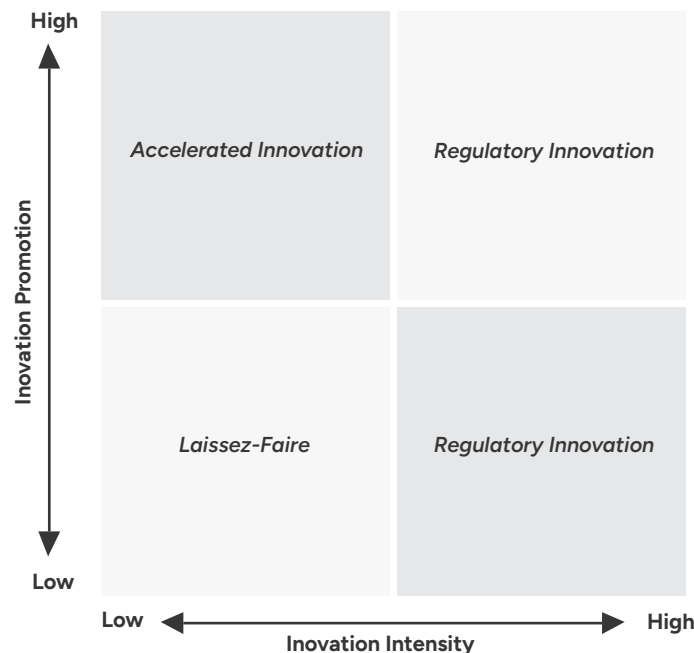
Source: Kim & Ahn (2024).

The chart above outlines the eight stages of the matrix development process, divided into ex-ante and ex-post phases. The first three stages serve to frame the problem and visualize the interrelations between issues. The subsequent stages (starting from the formulation of policy positions) ensure that the framework is filled with actual policies that remain relevant over time. This process is dynamic, as indicated by the curved line at the top of the chart, which signifies that each stage is interconnected and may be revisited repeatedly. This allows policymakers to review, adjust, and update the matrix in response to changing contexts..

Platform Policy Matrix and Countries' Positions

Kim and Ahn also developed a matrix for the context of digital platform regulation. The Platform Policy Matrix they proposed classifies policy approaches into four quadrants, based on the combination of innovation promotion and regulatory intensity. This matrix helps policymakers choose strategies that align with the local context and the platform's stage of development.

Figure 2. Platform Policy Matrix



Source: Kim & Ahn (2024).

The matrix above divides policy approaches into four quadrants: Accelerated Innovation (high innovation promotion, low regulation), Regulatory Innovation (high innovation promotion, high regulation), Laissez-Faire (low innovation promotion, low regulation), and Stringent Regulation (low innovation promotion, high regulation).⁵ Placement of policies within each quadrant helps policymakers understand the relationship between promoting digital economic growth and ensuring market fairness.

Within the context of a policy mix, this matrix serves as a tool for designing a balanced combination of policy instruments, enabling policymakers to move beyond a single-strategy approach. It allows them to adjust policy positions according to needs, market conditions, and the evolving dynamics of digital platform ecosystems. The matrix proposed by Kim and Ahn is a flexible framework, not a rigid formula, giving policymakers room to tailor both content and strategies as needed.

⁵ Ibid.

Several countries have attempted to respond to the ambivalent nature of digital platforms, although their focus varies depending on their own domestic conditions. The United States, which is home to global tech giants, has tended to favor policies that support companies such as Google, Apple, Facebook, and Amazon (GAFA). Initially, the United States was categorized as part of Regulatory Innovation due to concerns over market dominance by these platforms, as reflected in its antitrust policies. However, as competition in the digital industry intensified and the country sought to strengthen its economic and political position against China, the approach shifted to Accelerated Innovation.⁶

In contrast, the European Union, which does not have its own global digital giants, has taken a different approach. The EU places greater emphasis on strengthening regulation of foreign platforms and is positioned within the quadrant of Stringent Regulation. Through policies such as the Digital Markets Act (DMA) and the Digital Services Act (DSA), the EU has adopted a proactive stance on user protection.

China, Japan, and South Korea have taken yet another approach. These countries each have their own domestic digital giants, such as Alibaba in China, Rakuten in Japan, and Naver or Kakao in South Korea. These East Asian countries are positioned within the Regulatory Innovation quadrant.

China initially took a firm stance against monopolistic practices in the tech market through its antitrust laws. The country strictly prohibited the use of data, algorithms, and technology to abuse dominant positions in the market. However, since 2023, China's strategy has begun to shift, no longer focused solely on regulatory restrictions, the state has started to take a more active role. Through the China's National Internet Information Office, the government acquired a minority stake (1%) in an Alibaba subsidiary. This allows innovation to proceed without being immediately constrained by strict regulations, as the state now also holds partial ownership in the platform.⁷

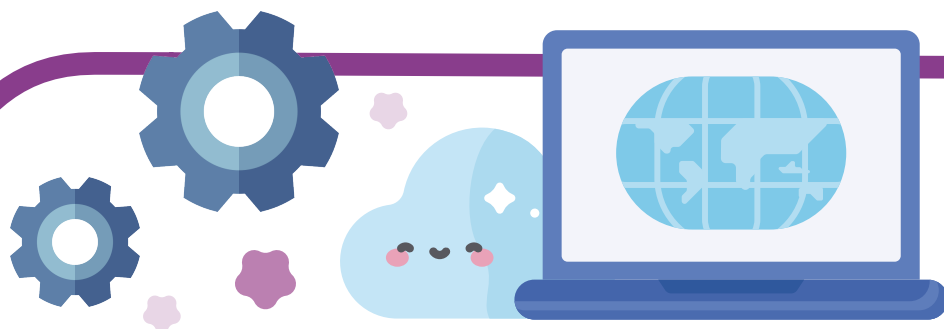
Regulatory approaches that emphasize communication are also found in Japan. The country focuses more on transparency and fairness through the Act on Improving Transparency and Fairness of Digital Platforms (TFDPA). Instead of imposing strict prohibitions, the system encourages large platforms to comply voluntarily while remaining under supervision, following a co-regulatory model. Meanwhile, South Korea has drafted several bills covering user protection, platform worker rights, and fairness in business contracts. However, most of these bills have not been passed due to opposition from industry players and concerns about hindering innovation. One of the drafts is called the Platform Competition Promotion Act. This law aims to prevent large platforms from unfairly promoting their own products (self-preferencing) and from restricting users from using other platforms (multi-homing). However, the draft has faced significant opposition because it is feared to hinder foreign investment and has also been criticized by the United States for being seen as targeting foreign companies.⁸



⁶ Ibid.

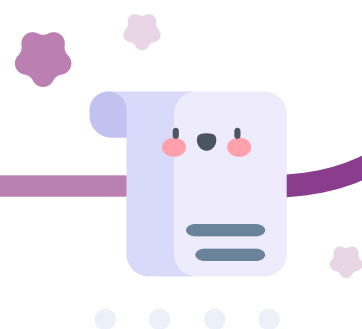
⁷ Ibid.

⁸ Ibid.



The differences in regulatory approaches across countries reflect diverse strategic considerations. Some countries prioritize protecting their domestic ecosystems, while others emphasize market balance and consumer protection. Through the matrix framework developed by Kim and Ahn, these differences should not be viewed as a binary contest between innovation and regulation, but rather as a middle ground aligned with each country's specific needs. Within this framework, digital platform policies are not understood in binary terms, but rather as part of a broader implementation of the policy mix.

Potential Policy Strategies for Indonesia



The Platform Policy Matrix shows that some countries are able to promote innovation while also implementing regulation, depending on their respective needs, capacities, and priorities. In this context, Indonesia occupies a unique position. On one hand, the government has begun to recognize the importance of regulating digital platforms, especially regarding issues such as data protection and fair competition.⁹ On the other hand, practices on the ground show how dominant platforms are in shaping the behavior of economic actors, particularly in the e-commerce sector. The phenomenon of livestream shopping, for instance, illustrates how creators and sellers are forced to follow algorithms that are determined unilaterally by the platform. On TikTok Shop, sellers who go live for twelve to twenty-four hours a day have a greater chance of gaining exposure because the algorithm boosts stores considered to be more active (benefiting the platform's value for network effects).¹⁰ This means that success in the market is not only determined by the quality of products, but also by how obedient users are to the logic of the platform.

This kind of practice reflects an imbalance of power relations between platforms and users, while also showing that the absence of regulation actually strengthens the monopoly position of the platform. At this point, a regulatory approach that is too market oriented (prioritizing platform innovation) can trap digital economy actors, including small business, in an exploitative work model that is entirely controlled by the logic of platform algorithms. The lack of adequate regulation in Indonesia causes digital power relations to tend to be unequal, while the government has not been sufficiently present to protect small actors or to ensure fairness in digital platforms.¹¹

⁹ Suwana, F. (2018). Indonesia urgently needs personal data protection law. The Conversation. <https://theconversation.com/indonesia-urgently-needs-personal-data-protection-law-91929>

¹⁰ Muzamaroh, Z., & Aestetika, N. M. (2024). Menghidupkan kembali strategi pemasaran melalui siaran langsung TikTok Shop. INTELEKTUALITAS: Jurnal Penelitian Lintas Keilmuan, 1(2), 90–101.

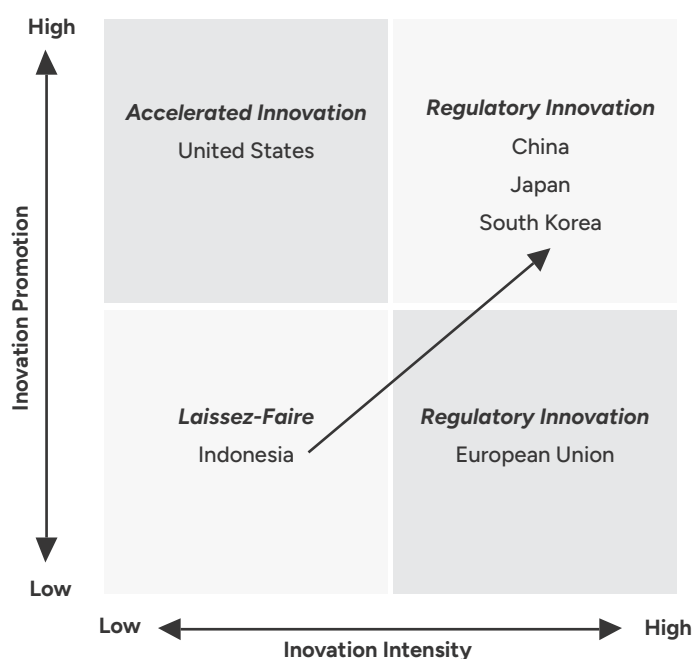
¹¹ Kramadibrata, R. (2021). Digital policy in Indonesia: The missing public sector link. World Economic Forum.

If Indonesia wants to directly adopt the strict approach used in Europe, it is also not yet at that level of readiness. Europe is already in a more mature economic phase, with legal strength, institutional capacity, and global political power that enable it to directly challenge the dominance of global technology companies (GAFA). In contrast, Indonesia is still in the stage of pursuing economic growth. The main priority of the government is still in the phase of expanding digital inclusion and attracting investment. In this context, digital platforms, both local and foreign, are more often positioned as strategic development partners rather than threats that need to be controlled.

Then, when compared to large domestic platform ownership like in China, Japan, and Korea, Indonesia already has local platforms such as Gojek or Tokopedia (GoTo). However, because Indonesia's position in the global digital ecosystem is still vulnerable, local platforms still rely on foreign investment and external digital infrastructure. Therefore, if Indonesia wants to change its regulatory strategy, it needs to be done more gradually and carefully.

Following the logic of the Platform Policy Matrix, Indonesia still appears to be in the Laissez-faire quadrant, where regulatory intensity remains low, as does the support for domestic innovation. Although various initiatives such as the development of Smart Cities, digitalization of MSMEs, the growth of startups, and the digital payment systems like QRIS indicate a progressive direction of innovation, Indonesia's position is still not comparable to countries with giant platform power. Government intervention in platforms also remains reactive, responding only when there is public pressure or particular incidents (for example, data breaches and commission issues in ride-hailing applications). The following image illustrates Indonesia's current position and the ideal quadrant for the future.

Figure 3. Illustration of Indonesia's Present and Ideal Positions



Source: Analyzed by author based on the article by Kim and Ahn (2024)
 "The platform policy matrix: Promotion and regulation, Internet Policy Review."

It is very possible for Indonesia to direct its policy position toward the Regulatory Innovation quadrant, as achieved by advanced East Asian countries (Figure 3). However, this does not mean copying exactly the regulations of countries with more established digital ecosystems. Instead, the focus should first be on building a more independent digital foundation (not entirely reliant on foreign investment) and gradually strengthening consumer protection and the safety of other digital economy actors.

For instance, in the real issue of exploitative 24 hours livestreams by small businesses, it becomes clear that without state intervention, the relationship between business actors and digital platforms will become increasingly unequal. Starting with the formulation of algorithm transparency regulations and protection for small business actors, Indonesia is already taking one step toward the more ideal Regulatory Innovation quadrant. In other words, Indonesia’s policy approach needs to be developed gradually and not only be reactive, but also responsive to changes in the global digital market ecosystem.

Table 3. Critical Review: Strengths and Weaknesses of the Article

Aspects	Strengths	Weaknesses
Conceptual Framework	The policy matrix provides a practical analytical tool for mapping countries’ positions, even for those beyond the developed nations used as examples.	The structure of the conceptual framework is fairly inclusive, but it does not explicitly address micro-level actors in the digital platform ecosystem. Yet actors such as affiliates, individual creators, and micro workers are highly relevant in regulatory discussions.
Comparative Approach	The report offers a rich cross-country mapping (US, EU, Korea, China, Japan) and highlights policy variations in response to digital platforms.	The comparative approach tends to focus on state-level entities and macro policies, making it potentially biased and limited in capturing the experiences of micro-level groups (grassroots, digital communities, and others).
Regulation vs Innovation	The article successfully addresses the complex policy dilemma in the digital economy by emphasizing the importance of digital balance and policy mix between encouraging innovation and regulating platforms.	The analytical approach tends to be abstract, with limited discussion on the real impacts of policies at the ground level. The analysis leans more toward comparisons among developed countries rather than focusing on the socio-economic effects on more micro-level actors.

Source: Analyzed by author based on the article by Kim and Ahn (2024)
“The platform policy matrix: Promotion and regulation, Internet Policy Review.”

Considering the ambivalence of platforms, the need for policies that are both innovative and safe is becoming increasingly urgent. The right policies can not only promote the growth of the digital economy, but also balance social benefits and reduce monopoly and the dominance of a few giant platforms.¹² Therefore, policy directions should not be merely reactive, but must be adaptive to industry dynamics and inclusive of various types of actors, including micro-level actors.

¹²Kim, J., & Ahn, S. (2024). The platform policy matrix: Promotion and regulation. Policy & Internet, 16(1). <https://doi.org/10.1002/poi3.414>

Conclusion

The framework proposed by Kim and Ahn successfully opens discussion to reflect on Indonesia's position within the global digital platform policy landscape. Currently, Indonesia still tends to be in the Laissez-faire quadrant, that prioritizes market growth with minimal intervention. Indonesia's shift toward the Regulatory Innovation quadrant (encouraging innovation alongside control and protection) should not rely on simply replicating the policies of more developed countries. A more context-aware and adaptive approach to local realities is needed. For example, algorithm transparency regulations and protection for small business actors can serve as concrete responses to exploitative practices such as the trend of 24 live streaming, which increasingly burdens small businesses. In this way, the digital economy can grow in a healthy manner, and the wider society can gain optimal benefits from a digital ecosystem that develops properly in a positive direction.

