

BUSINESS COMPETITION COMPLIANCE PROGRAM AS AN EFFORT TO BUILD A CULTURE OF OBEYING THE LAW

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Abstract

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This study investigates implementing a business competition compliance program as a mechanism to foster a culture of lawfulness among corporate entities. Legal development comprises three interrelated subsystems: legal structure, legal substance, and legal culture, all of which play a pivotal role in achieving the objectives of law enforcement. In contemporary legal systems, particularly in democratic states, a paradigm has shifted towards preventive and humanistic approaches rather than repressive measures. Reflecting this global trend, Indonesian legal politics now emphasize preventive strategies in law enforcement, with case handling serving as a last resort. The Indonesian Competition Commission (*Komisi Pengawas Persaingan Usaha*, KPPU) has introduced the Business Competition Compliance Program to encourage businesses to align their operations with the principles of fair competition. This normative juridical study highlights that successful compliance requires structured corporate commitment, fostering leadership engagement, and instilling sustainable legal culture. Findings reveal that effective compliance initiatives enhance organizational resilience, reduce regulatory conflicts, and ensure adherence to fair competition principles. This study also contributes to the growing discourse on integrating regulatory frameworks into corporate governance, providing actionable insights for policymakers and business leaders.

Keywords: Compliance, Competition, Legal Culture

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1. INTRODUCTION

The quote by US lawyer Paul McNulty, “If you think that compliance is expensive, try non-compliance” (Schönborn, 2021, p. 13). aptly highlights the significance of legal compliance for businesses.

Compliance prevents costly lawsuits, prolonged case handling, and reputational damage, although preventive measures may initially seem burdensome (Heriani, 2022). In contemporary legal systems, particularly in democratic states, there has been a paradigm shift towards preventive and humanistic

approaches rather than repressive measures (Organisation for Economic Co-operation and Development [OECD], 2021). Reflecting this global trend, the Indonesian Competition Commission (*Komisi Pengawas Persaingan Usaha*, KPPU) has introduced the Business Competition Compliance Program to encourage businesses to align their operations with the principles of fair competition (Oktaviano & Dewi, 2018). This administrative approach is more appropriate for handling fair and transparent business competition as a prerequisite for creating democratic economic development (Sunaryo & Hariyanto, 2023).

Compliance programs have evolved globally, reflecting shifts in regulatory priorities and business practices, particularly in jurisdictions emphasizing preventive enforcement mechanisms. Law, in its myriad forms, regulates the relationship between individuals and society. To achieve legal objectives, enforcement must ensure adherence to laws and prevent self-administered justice (*eigenrichting is verboden*). While traditionally repressive, modern legal systems have embraced more humanistic approaches. For instance, the Netherlands significantly reduced crime rates through alternative punishments, such as rehabilitation, a model emulated by other Nordic countries (Firdaus et al., 2023; Maradona, 2018).

In Indonesia, Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition grants KPPU authority to supervise competition and impose sanctions. Recent efforts, such as Republic of Indonesia Business Competition Supervisory Commission Regulation No. 1 of 2022 concerning Business Competition Compliance Program (Regulation No. 1 of 2022), focus on fostering voluntary compliance through administrative rather than criminal sanctions. However, despite the global emphasis on compliance programs, limited studies address their role in shaping legal culture, particularly in Indonesia. This study bridges this gap by evaluating KPPU compliance initiative and its potential to cultivate a sustainable legal culture.

Understanding compliance dynamics is vital for policymakers and business leaders to promote fair competition and economic sustainability. This paper investigates how compliance programs contribute to adherence to competition laws, offering recommendations for enhancing their implementation.

The rest of the paper is structured as follows. Section 2 reviews relevant literature. Section 3 discusses the methodology. Section 4 presents findings and discussion. Section 5 concludes with key insights, recommendations, and implications for future research.

2. LITERATURE REVIEW

The effectiveness of law enforcement depends on the functionality of all components within a legal system, as outlined by L. M. Friedman. This includes three interrelated elements: legal substance, legal structure, and legal culture, each playing a pivotal role in achieving the objectives of a robust legal framework (Ginsburg, 2011; Horwitz, 1977; Rajagukguk, 1997). These components provide the foundation for understanding the dynamics of compliance programs and their impact on fostering a culture of adherence to the law.

2.1. Legal substance

Legal substance encompasses all written and unwritten rules, including material and formal laws. Effective laws must be stable, providing certainty and predictability, while also being dynamic enough to adapt to societal changes (Muttaqin, 2021). For instance, family law and property law are often static, contrasting with business law, which evolves rapidly to align with societal and economic developments (As-Suvi & Zainullah, 2022). According to Pound (1959), legal substance acts as a tool of social engineering shape societal behavior by abolishing inappropriate practices and fostering desirable norms (as cited in Mastinelli et al., 2023; Szpojankowski, 2019). However, for laws to be effective, they must align with the living laws of society, ensuring acceptance and enforceability.

2.2. Legal structure

The legal structure includes institutions, apparatus, and enforcement systems responsible for implementing the law. This sub-system directly influences compliance, as ineffective enforcement can foster neglect and misuse of legal norms. Soekanto (2019) highlights four critical aspects for evaluating enforcement effectiveness: adherence to regulations by officials, the level of discretion permitted, exemplary behavior by enforcers, and coherence in task execution. A robust legal structure, therefore, not only ensures compliance but also promotes societal stability and trust in the legal system.

2.3. Legal culture

Legal culture reflects the habits, opinions, and behaviors that define societal interactions with the law. Friedman (1969) categorizes it into external culture (broader societal interactions) and internal culture (specific to law enforcers). A positive legal culture supports the development of a healthy legal system, while a negative culture can lead to its deterioration. Darmodiharjo and Shidarta (2006) equate legal culture with legal consciousness, emphasizing factors such as knowledge of regulations, attitudes toward compliance, and behaviors aligned with the law. High legal awareness fosters compliance, influenced by societal norms, education, and leadership within organizations.

2.4. Compliance program and legal culture

Theoretical frameworks suggest that fostering compliance requires an integration of substance, structure, and culture (Halim et al., 2023). Programs that promote legal awareness and voluntary adherence are particularly effective in shaping a positive legal culture (Soekanto, 2019). Recent studies highlight that successful compliance programs balance theoretical principles with practical challenges, aligning with societal values and business realities. In the context of Indonesian competition law, such programs are instrumental in cultivating a culture of fair competition and minimizing regulatory conflicts (Heriani, 2022). This study underscores the importance of aligning compliance programs with both regulatory requirements and cultural norms to ensure sustainable adherence. Recent studies, such as Ostrom (2005), highlight that regulatory frameworks

must resonate with community values to foster voluntary compliance while mitigating resistance. In Indonesia, the integration of compliance programs with local cultural values, such as “*gotong royong*” (cooperation), may further enhance acceptance and implementation among business actors. By leveraging these insights, compliance programs can serve as effective tools for legal and cultural integration within business practices.

In conclusion, the interplay between legal substance, structure, and culture serves as a framework for evaluating the effectiveness of compliance programs (Horwitz, 1977). This study builds upon these theoretical foundations to assess the KPPU’s initiatives and their role in fostering a sustainable legal culture in the business sector.

3. RESEARCH METHODOLOGY

This research employs a normative juridical approach, focusing on the analysis and evaluation of the business competition compliance program (Halim et al., 2023). The study is descriptive-analytical, aiming to describe existing legal conditions and evaluate the implementation of compliance programs (OECD, 2021). Legal documents, such as Law No. 5 of 1999 and KPPU Regulation No. 1 of 2022, form the primary foundation of this study (Republic of Indonesia Business Competition Supervisory Commission Regulation No. 1 of 2022 concerning Business Competition Compliance Program, 2022).

Secondary data is sourced from books, journal articles, reports, and studies related to competition law and compliance programs (Kaplow, 2018). Data collection is conducted through a literature review, analyzing legal documents, and academic literature (Heriani, 2022). The collected data is analyzed using qualitative methods, including data reduction, data presentation, and conclusion drawing (Elias & Levinkind, 2007; Langbroek et al., 2017). The analysis emphasizes the effectiveness of compliance programs and their impact on the legal culture of companies (OECD, 2021). A comparative evaluation of compliance program implementations in Indonesia with practices in OECD and Association of Southeast Asian Nations (ASEAN) member states further enriches the findings (Pertiwi & Burhan, 2023). This methodological approach contributes to fostering a sustainable legal culture in Indonesia’s business sector (Sunaryo & Hariyanto, 2023).

4. RESULTS AND DISCUSSION

Regulation No. 1 of 2022 is still a new rule that has not been tested for success. KPPU certainly wants the business competition compliance program to succeed in becoming a tool to encourage the creation of compliance with competition law so that the goals desired by Law No. 5 of 1999 are achieved. As the theory of the legal system proposed by Friedman (Halim et al., 2023), the success of the compliance program will later be determined by three legal sub-systems, namely legal substance, legal structure, and legal culture, which will be described as follows.

4.1. Legal substance

The implementation of compliance programs is an essential aspect of preventing violations of competition law. Globally, the OECD has noted

significant growth in compliance initiatives. As of 2011, only a few competition supervisory authorities, such as those in the United Kingdom, Canada, and Australia, had introduced compliance programs. However, by 2021, over 26 authorities, including KPPU, had established compliance guidelines aimed at fostering adherence to competition laws (Republic of Indonesia Business Competition Supervisory Commission Regulation No. 1 of 2022 concerning Business Competition Compliance Program, 2022).

In Indonesia, the Compliance Guidelines published in 2016 provide non-binding guidance to businesses. These guidelines help companies identify potential violations, assess internal risks, and implement training and mitigation measures. However, the guidelines lack mechanisms for reporting or auditing, limiting KPPU’s ability to evaluate their effectiveness. Additionally, no explicit incentives are provided for businesses to adopt these programs.

Recent regulatory updates, such as Law No. 11 of 2020 on Job Creation, introduced significant changes to Indonesia’s legal framework. This law replaces criminal sanctions in Law No. 5 of 1999 with administrative and civil penalties, removing the previous maximum fine of IDR 25 billion. Instead, Government Regulation No. 44 of 2021 concerning Implementation of Prohibitions on Monopoly Practices and Unfair Business Competition stipulates fines of up to 50% of a company’s net sales or 10% of its net profits. This regulatory shift aims to encourage compliance while maintaining proportionality in enforcement.

The ASEAN Competition Compliance Toolkit, published in collaboration with member states, also advocates for incentive-based compliance programs. This approach aligns with OECD practices, where some countries, such as Australia, Italy, and Singapore, provide fine reductions for companies demonstrating genuine compliance efforts. However, the OECD warns of the risk of superficial programs aimed solely at securing leniency, emphasizing the need for rigorous evaluation mechanisms.

Italy’s compliance framework offers an illustrative example. Since 2012, its competition authority has evaluated over 10,000 compliance programs, granting fine reductions ranging from 5% to 15% based on the program’s effectiveness (McDermott Will & Emery, 2017). Such programs include robust measures for early detection and prevention of violations, along with a formal registration process. Indonesia could adopt similar strategies, as Regulation No. 1 of 2022 now allows fine relief for businesses that register compliance programs with KPPU.

To ensure compliance programs are genuine and impactful, KPPU has introduced a formal evaluation process. Business actors must register their compliance programs, which are reviewed in commission hearings. These hearings determine whether the programs meet the criteria for fine relief and provide opportunities for improvement if necessary. This approach mirrors international best practices while addressing Indonesia’s specific regulatory challenges.

Regulation No. 1 of 2022 introduces a forward-looking compliance framework aimed at aligning business practices with competition law. By adopting these guidelines, businesses can proactively mitigate risks associated with non-compliance, such as regulatory sanctions or reputational harm.

The ASEAN Compliance Toolkit also highlights the importance of integrating compliance initiatives with corporate governance strategies, emphasizing training and awareness programs to ensure sustained adherence.

However, the success of Regulation No. 1 of 2022 relies heavily on consistent enforcement and its ability to adapt to the unique needs of different industries. For example, while larger corporations may have the resources to implement comprehensive compliance programs, small and medium enterprises (SMEs) may face challenges in terms of cost and capacity. Addressing these gaps requires tailored support, such as simplified compliance guidelines or government incentives to encourage adoption.

The financial implications of these changes are evident in the updated regulatory framework under Government Regulation No. 44 of 2021. To illustrate, a simulation of fines using the SMS Cartel case shows a dramatic increase in potential penalties under the new regulations (Table 1).

Table 1. Simulation of fines in the SMS Cartel case

Operator	Old fine (IDR)	New fine (IDR)
Telkomsel	25,000,000,000	1,096,550,000,000
XL	25,000,000,000	173,000,000,000
Mobile-8	5,000,000,000	25,150,000,000
Telkom	18,300,000,000	86,650,000,000
Bakrie	4,000,000,000	31,450,000,000
Total	77,300,000,000	1,413,815,000,000

Source: Widyantari et al. (n.d.) and Government Regulation No. 44 of 2021 (processed data).

This simulation underscores the increased authority of KPPU under Government Regulation No. 44 of 2021, reinforcing the importance of compliance programs as a preventative measure (KPPU Decision No. 26/KPPU-L/2007 and Government Regulation No. 44 of 2021). Businesses that fail to comply face significant financial risks, which can jeopardize their operations and market positions. Therefore, compliance programs, when effectively implemented, serve as critical tools to ensure legal conformity and operational sustainability.

4.2. Legal structure

The enforcement of competition law has undergone significant evolution, marked by the increasing authority of competition supervisory bodies. Globally, the European Commission imposed a record EUR 4.34 billion fine on Google in 2018, and the United States Federal Trade Commission sanctioned Facebook, Inc. USD 5 billion in 2019 (European Commission, 2018; Phillips et al., 2019; Reuters, 2021). While these fines demonstrate the growing assertiveness of regulatory bodies, a majority of cases in jurisdictions like the United States (93% annually) are resolved through consent decrees. However, challenges in interpretation, such as in the Facebook, Inc. case, highlight the complexities of such settlements.

In Indonesia, KPPU has enforced Law No. 5 of 1999 for over 20 years. Initially perceived as a “fierce” institution, KPPU now seeks to adopt a more persuasive approach, emphasizing compliance over punitive measures (Zakiah & Nailufar, 2022). This transition requires strategic communication, including the use of fear appeal methods, to highlight the consequences of non-compliance. For instance, under Law No. 11 of 2020 and

Government Regulation No. 44 of 2021, fines can now reach 50% of net sales or 10% of net profit, a significant increase from the previous maximum fine of IDR 25 billion (Republic of Indonesia Business Competition Supervisory Commission Regulation No. 1 of 2022 concerning Business Competition Compliance Program, 2022).

4.2.1. Case study: SMS Cartel case

The SMS Cartel case (2004–2007) illustrates the implications of regulatory changes. Under Law No. 5 of 1999, KPPU imposed fines totaling IDR 77.3 billion, significantly lower than consumer losses of IDR 2.83 trillion (Fanny & Buana, 2021). A simulation using Government Regulation No. 44 of 2021, updated fine structure shows that fines could now exceed IDR 1.4 trillion. Additionally, business actors pursuing objections must provide bank guarantees amounting to 20% of the fine, creating substantial financial pressures.

4.2.2. Case of PT Jambi Primal Coal by PT PLN Batubara (Decision No. 23/KPPU-M/2019)

This case involved a notification delay by PT PLN Batubara after acquiring PT Jambi Primal Coal (Hendra & Mangkusubroto, 2022; Rahayu & Yetniwati, 2021). The delay resulted in administrative violations, with KPPU imposing a fine. However, inconsistencies in determining the fine amount raised criticisms regarding the transparency and predictability of enforcement.

4.2.3. Case of PT Nabati Agro Subur by PT Lestari Gemilang Intisawit (Decision No. 05/KPPU-M/2022)

This case occurred during the COVID-19 pandemic when regulatory relaxation policies under KPPU Regulation No. 3 of 2020 concerning Relaxation of Law Enforcement of Monopoly Practices and Unfair Business Competition and Supervision of Partnership Implementation in the Context of Supporting the National Economic Recovery Program were implemented. These policies allowed businesses to delay reporting transactions without facing sanctions. While this provision offered flexibility, it also posed risks of weaker oversight over transactions, potentially leading to market concentration (Sianturi, 2024).

During the COVID-19 pandemic, KPPU issued Regulation No. 3 of 2020, providing relaxation in merger and acquisition (M&A) reporting obligations. This regulation extended reporting deadlines, allowing businesses to delay notifications until operational conditions stabilized. The relaxation aimed to support business stability during the crisis without compromising compliance with competition laws (Siburian & Hutahaean, 2021; Yusuf et al., 2022).

4.2.4. Implications of relaxation in the PT Nabati Agro Subur Case

First, postponed notification without administrative sanctions, businesses were allowed to delay notifications without the threat of fines, supporting operational stability during the pandemic. Second, reduced immediate oversight, the delay created a time gap during which KPPU could not directly assess the merger’s impact on market structure,

potentially allowing market concentration or anti-competitive effects to go unnoticed. Third, uncertainty in compliance, delayed reporting raised uncertainties about businesses' adherence to competition rules, limiting KPPU's control over completed transactions during the relaxation period.

While Regulation No. 3 of 2020 aimed to provide relief during the pandemic, it revealed several weaknesses. First, companies could exploit lenient oversight to complete transactions with potential market dominance risks. Second, reporting delays reduced KPPU's available time to analyze merger impacts, diminishing oversight effectiveness. Third, the policy highlighted the need to strengthen KPPU's framework, including adopting pre-merger notification elements to ensure transactions are evaluated before significantly impacting the market (Pertiwi & Burhan, 2023).

Regulatory relaxation during the pandemic was a responsive measure supporting businesses, but posed risks of weakened oversight. The PT Nabati Agro Subur case underscores the need for a balance between flexibility and effective supervision. Moving forward, KPPU could consider adopting a risk-based approach to enhance merger oversight during crises.

4.2.5. *Grab case*

The acquisition of assets by Grab has garnered attention due to discrepancies in Indonesia's legal framework compared to other ASEAN countries. Unlike Singapore, Vietnam, and the Philippines, which have clear regulations on asset acquisitions, Indonesia exempted Grab because Law No. 5 of 1999 only governs share acquisitions (Jang & Kang, 2021; Lagarde, 2018; Putri et al., 2018; Setiawan et al., 2024). This lack of clarity highlights a gap in Indonesia's regulations, enabling potential market control without adequate oversight.

Indonesia's regulatory framework for asset acquisitions, as viewed under Law No. 5 of 1999, focuses only on monitoring share acquisitions, leaving asset acquisitions unregulated. In the Grab case, asset acquisition was not considered a violation since such transactions are not covered by existing regulations. This creates a legal loophole allowing businesses to evade oversight by engaging in asset-based acquisitions (Ezzatul et al., 2019; Park & Kim, 2022).

In contrast, Singapore's Competition Act includes oversight of asset acquisitions. The Competition and Consumer Commission of Singapore (CCCS) actively evaluates the competitive impact of asset acquisitions, including those by Grab. In similar cases, CCCS has imposed sanctions and structural requirements to maintain competition. Vietnam's Law on Competition also regulates asset acquisitions, requiring prior notification and approval regardless of whether the transaction involves shares or assets. The Philippine Competition Act mandates notification for asset acquisitions exceeding specific value thresholds. The Philippine Competition Commission (PCC) is authorized to analyze the transaction's impact before approval. Malaysia, on the other hand, lacks explicit regulations on M&A in its Competition Act but evaluates the competitive effects of transactions on a case-by-case basis (Ratnaningtyas et al., 2017; Setiawan et al., 2024; Tarigan, 2016).

In various M&A cases, KPPU often imposes inconsistent fines without clear justification, leading to legal uncertainty. For instance, in the late

notification cases of PT Jambi Primal Coal and PT Nabati Agro Subur, fines differed significantly despite similar delays. This inconsistency demonstrates the lack of standardized penalties.

KPPU rarely conducts in-depth economic analyses of the impacts of M&A, which should be central to transaction evaluations. Comparatively, countries like Singapore and Vietnam adopt an economics-based approach to determine whether transactions could result in anti-competitive effects (Putri et al., 2018; Setiawan et al., 2024).

Indonesia's regulations need to include asset acquisitions to prevent potential market control without oversight. This can be achieved by revising Law No. 5 of 1999 or introducing explicit regulations for asset acquisitions. KPPU must enhance its capacity to conduct in-depth economic analyses, including data-driven evaluations of the competitive impact of M&A. Standardizing fines is also necessary to ensure consistency and transparency in law enforcement. Mandatory notifications before transactions would enable KPPU to analyze transaction impacts earlier and prevent detrimental market concentration.

The Grab case underscores the urgent need for harmonizing Indonesia's regulations with ASEAN best practices. By expanding regulatory coverage and strengthening KPPU's analytical capacity, Indonesia can enhance its competition oversight effectiveness and ensure that transactions do not harm markets and consumers (Lin & Dula, 2016; Park & Kim, 2022; Piccolo & Boero, 2023).

4.2.6. *Global comparisons*

Compared to international practices, Indonesia's fine structure aligns with trends seen in OECD and ASEAN countries. However, challenges persist in ensuring that compliance programs are genuine. Italy offers a model for evaluating and incentivizing compliance, granting fine reductions of 5–15% based on program effectiveness. This approach could serve as a benchmark for KPPU, which is now required to assess compliance program registrations to ensure their legitimacy (OECD, 2021).

4.2.7. *Implications*

The expanded authority granted to KPPU under Government Regulation No. 44 of 2021 underscores the importance of robust enforcement mechanisms. However, to build trust and foster a culture of compliance, KPPU must balance its punitive powers with incentives and transparency. This dual approach could encourage businesses to adopt proactive compliance measures, reducing the need for enforcement while promoting fair competition.

The transition from a punitive to a persuasive approach represents a paradigm shift in regulatory enforcement. KPPU's efforts to promote compliance programs under Regulation No. 1 of 2022 aim to reshape its image from a "fierce" institution to a collaborative partner for business actors. To achieve this, KPPU utilizes persuasive communication strategies, including fear appeal, to highlight the consequences of non-compliance. For instance, simulations of fines based on cases such as the SMS Cartel case illustrate the significant financial risks businesses face under updated regulations.

Table 2 demonstrates the impact of the new bank guarantee requirement under Government

Regulation No. 44 of 2021, which mandates business actors to provide guarantees worth 20% of the imposed fine before filing objections.

Table 2. Bank guarantee simulation (20% of fine value)

<i>Operator</i>	<i>Old guarantee (IDR)</i>	<i>New guarantee (IDR)</i>
Telkomsel	5,000,000,000	219,310,000,000
XL	5,000,000,000	34,600,000,000
Mobile-8	1,000,000,000	5,030,000,000
Telkom	3,660,000,000	17,330,000,000
Bakrie	800,000,000	6,290,000,000
Total	15,460,000,000	282,570,000,000

Source: Widyantari et al. (n.d.) and Government Regulation No. 44 of 2021 (processed data).

These financial requirements serve as a deterrent against frivolous objections while ensuring that only serious and well-prepared cases proceed to higher courts. However, they also present challenges, particularly for smaller businesses that may lack the financial resources to meet these obligations.

Furthermore, KPPU must differentiate between compliance program hearings and traditional case-handling trials to build trust among business actors. While trials are often associated with punitive measures, compliance program hearings should emphasize cooperation and mutual understanding. This distinction can help foster a positive perception of KPPU and encourage wider adoption of compliance initiatives.

The expanded authority granted to KPPU under Government Regulation No. 44 of 2021 underscores the importance of effective enforcement mechanisms. However, the long-term success of these mechanisms depends on KPPU's ability to balance its punitive powers with collaborative strategies that align with the interests of business actors.

4.3. Legal culture

Legal culture represents one of the most challenging aspects of the legal system to develop, as it requires a long-term process of value internalization (Soekanto, 2019). Building a strong legal culture demands legal awareness, where individuals understand and integrate legal principles into their daily behavior. Without such awareness, legal compliance becomes sporadic and superficial, often leading to widespread violations (Heriani, 2022). For society to adopt new values, these must connect to existing cultural frameworks to ensure smooth integration.

Currently, the reluctance of business actors to comply with competition laws presents a significant challenge for KPPU. This reluctance is often rooted in two factors: a lack of legal awareness and the perception of KPPU as a "fierce" regulatory body (Oktaviano & Dewi, 2018). To address these challenges, KPPU must take proactive steps to shift perceptions by demonstrating firmness in enforcement while fostering a collaborative approach to compliance (Zakiah & Nailufar, 2022).

One concrete measure is reframing the term "trial" in the context of Regulation No. 1 of 2022. Historically, business actors associate trials with lengthy, costly legal proceedings. However, the term "trial" also has broader meanings, such as a meeting or consultation (Republic of Indonesia Business Competition Supervisory Commission Regulation No. 1

of 2022 concerning Business Competition Compliance Program, 2022). Compliance program hearings under Regulation No. 1 of 2022 should emphasize their distinct nature compared to case-handling trials. By focusing on cooperation and mutual understanding, KPPU can gradually cultivate a new legal culture where businesses view compliance as a shared responsibility rather than an imposed obligation (OECD, 2021).

Data security is another critical factor in gaining the trust of business actors. Regulation No. 1 of 2022 provides guarantees for the confidentiality of company data, ensuring that information submitted during compliance program evaluations is used exclusively for compliance purposes. This assurance must be upheld rigorously, especially during the early stages of implementing Regulation No. 1 of 2022, to build trust and encourage broader participation.

By aligning legal culture with the goals of Regulation No. 1 of 2022, KPPU can foster a more collaborative environment. This approach not only increases compliance rates but also strengthens the foundation for fair competition in Indonesia's business ecosystem (Heriani, 2022; OECD, 2021).

Building a strong legal culture is perhaps the most challenging aspect of legal system reform, as it requires changing deeply ingrained behaviors and perceptions. Legal culture reflects the collective values, beliefs, and practices that influence compliance with laws. For businesses, this involves shifting perspectives from viewing regulatory requirements as burdens to seeing them as opportunities for growth and improved governance.

The reluctance of business actors to comply with competition law is often driven by a perception of enforcement agencies like KPPU as adversarial. To address this, KPPU has introduced measures under Regulation No. 1 of 2022 to reshape its image and foster trust among business actors. For example, guaranteeing data confidentiality and ensuring that information provided during compliance program evaluations is used solely for compliance purposes are critical steps in building this trust. These measures encourage businesses to participate in compliance initiatives without fear of negative repercussions.

Cultural alignment is also essential for fostering compliance. In Indonesia, integrating compliance programs with local cultural values, such as "*gotong royong*" (cooperation), can enhance their acceptance and implementation. This cultural alignment underscores the importance of collaboration and shared responsibility in achieving regulatory goals.

Furthermore, compliance program hearings under Regulation No. 1 of 2022 represent a significant departure from traditional case handling trials. Unlike adversarial trials, these hearings are designed to evaluate and validate compliance programs in a cooperative setting. By demonstrating a commitment to fairness and collaboration, KPPU can cultivate a new legal culture where businesses view compliance as a shared goal rather than an imposed obligation.

Table 3 summarizes key differences between compliance hearings and case-handling trials, highlighting the more collaborative approach adopted under Regulation No. 1 of 2022.

Table 3. Comparison of compliance program hearings and case-handling trials

Aspect	Compliance program hearings	Case-handling trials
Objective	Evaluation of compliance programs	Law enforcement
Interaction with KPPU	Collaborative	Adversarial
Duration	Short (15–30 working days)	Long (months to years)
Cost for businesses	Minimal	High
Outcome	Program approval	Legal ruling

Source: Adapted from Republic of Indonesia Business Competition Supervisory Commission Regulation No. 1 of 2022 concerning Business Competition Compliance Program (2022) and KPPU procedural guidelines.

By consistently implementing these measures, KPPU can gradually transform the legal culture among business actors, encouraging them to embrace compliance as an integral part of their operational strategies. This shift is crucial for fostering a sustainable, fair competition environment in Indonesia's business ecosystem.

5. CONCLUSION

The compliance program outlined in Regulation No. 1 of 2022 presents a significant opportunity to transform the legal culture of business actors, fostering greater adherence to competition laws. This transformation requires an integrated approach that aligns legal substance, structure, and culture. For compliance to become a norm in Indonesia's business practices, the positive values embedded in Regulation No. 1 of 2022 must be effectively communicated and embraced by business actors.

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KPPU plays a crucial role in this process by consistently implementing Regulation No. 1 of 2022 and emphasizing its benefits to businesses. This involves trust-building measures, such as guaranteeing data confidentiality and demonstrating a collaborative approach through compliance program hearings.

This study highlights the interplay between legal frameworks and cultural norms as a foundation for fostering compliance. By aligning compliance initiatives with the cultural and operational realities of Indonesian businesses, KPPU can ensure that these programs are not only adopted but also internalized. The findings of this study provide significant implications for policy-making and theoretical development. For policy-making, the results underscore the importance of combining firm enforcement with collaborative strategies to enhance regulatory effectiveness while building trust among business actors. Theoretically, this study contributes to the discourse on legal culture by demonstrating how integrating compliance initiatives with local cultural values, such as “*gotong royong*” (cooperation), can foster sustainable adherence to competition law.

Future research should explore the practical outcomes of Regulation No. 1 of 2022 through empirical analysis, assessing its impact on compliance rates and the overall business ecosystem in Indonesia. These findings offer a replicable framework for other jurisdictions facing similar challenges, particularly in developing economies with diverse socio-cultural dynamics. This study provides actionable insights for regulatory authorities to enhance compliance frameworks and build trust among business actors.

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