



Authority of The Business Competition Supervisory Commission (KPPU) Medan Regional Office in Completing Prohibited Activities

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Abstract

The authority of the Business Competition Supervisory Commission (KPPU) Medan Regional Office I in resolving prohibited activities is crucial to regulating and ensuring the fairness of business competition in Indonesia. This research aims to dig deeper into the authority of the KPPU in handling violations that harm business competition in the region. The research method used is a literature study, which collects data from various primary and secondary sources related to KPPU regulations and practices. The research results show that the KPPU Regional Office in Medan has broad authority in detecting, investigating, and taking action against violations that violate business competition law in its region. However, challenges such as limited resources and coordination with related agencies hinder enforcing compliance. Therefore, there is a need for more integrated and synergistic efforts between the KPPU and related parties to ensure the effectiveness of business competition law enforcement and encourage healthy economic development in the region.

Keywords: KPPU; Business Competition; Region I Medan; Prohibited Activities; Law enforcement.

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INTRODUCTION

Business competition is competition carried out by business actors to win customers to buy products or use services. Competitive conditions are a characteristic of the market economic system and tend to be more desirable than conditions without competition because they can motivate business actors to improve the quality of products or services being marketed, one way to innovate so that consumers will be interested (PERANGIN-ANGIN, 2022). The business competition law, as one of the statutory regulations that provides regulation in the economic sector, has a constitutional basis, the main regulation of which is contained in Article 33 of the 1945 Constitution of the Republic of Indonesia, which emphasizes market mechanisms in business competition and regulations that specifically regulate This business competition is Law Number 5 of 1999 concerning Prohibition of Monopolistic Practices and Unfair Business Competition, and with the enactment of the Job Creation Law, there have been improvements to the regulations prohibiting monopolistic practices and unhealthy business competition (Rachmadi Usman, 2022).

To achieve a balance between the interests of business actors and the public interest as mandated in Article 2 of Law Number 5 of 1999, where business actors in Indonesia carry out their business based on economic democracy, To achieve this, a supervisory institution is needed to supervise the implementation of Law Number 5 of 1999, namely the Business Competition Supervisory Commission (KPPU) (Gunawan, 2016). KPPU is a special organ that has a dual task: apart from creating order in business competition, it also plays a role in creating and maintaining a conducive business competition climate. Even though the KPPU has a law enforcement function, especially the Business Competition Law, the KPPU is not a special judicial institution for business competition. Thus, the KPPU has no authority to impose criminal or civil sanctions. The position of the KPPU is more of an administrative institution, so the sanctions imposed are administrative. In Article 30 Paragraph 1 of Law Number 5 of 1999, it is stated that in overseeing the implementation of this law, a Business Competition Supervisory Commission was established. This commission is free and independent. Free from the influence of any power and responsible to the president (Musta & Erwin, 2022).

Amid global economic dynamics, Indonesia, as a developing country, has its challenges in managing healthy and fair business competition. Region I Medan, as one of the main economic centers in Sumatra, has great potential for business and investment growth. However, along with this development, various practices have also emerged that violate business competition rules, such as cartels, monopolies, and other anti-competitive practices (Simanjuntak, 2017). To overcome this, the Indonesian government established the Business Competition Supervisory Commission (KPPU) with the authority to supervise, research, and take action against these violations. KPPU Region I Medan is the spearhead in enforcing business competition law in the region. However, in its implementation, there are still various obstacles and challenges.

Limited resources, coordination between agencies, and public understanding of the importance of maintaining healthy business competition are some of the problems faced by KPPU Region I Medan. Therefore, research regarding the KPPU's authority in handling prohibited activities in this area is important to evaluate its effectiveness, find appropriate solutions to enforce business competition laws and encourage sustainable economic development in Medan and its surroundings (Indonesia & No, 2008).

Apart from that, changes in global economic dynamics and technological developments also complicate the panorama of business competition in the region. New practices that violate the law, such as misuse of data, illegal price fixing on online platforms, and market dominance by technology companies, require KPPU Region I Medan to continue updating its strategy and authority. Apart from internal challenges, KPPU Region I Medan is also faced with external pressure, both from entrepreneurs who have the potential to violate business competition laws

and from various parties who have certain political or economic interests. This emphasizes the need for independence and courage in upholding fairness in business competition amidst various pressures and interventions (Rengganis & SH, 2021).

To oversee the development of democracy in the economic sector, which requires equal opportunities for all citizens in the process of producing and marketing goods and services, in a healthy, conducive, and efficient business climate to foster economic development in a fair market. This is to guarantee every citizen's right to conduct healthy business competition and avoid the concentration of certain economic activities in a particular group. For the Medan region, the KPPU Medan Regional Office I was established, especially in the field of prohibited activities, without being separated from ratified international laws and agreements. by the Republic of Indonesia. Prohibited activities are part of the Prohibition of Monopoly Practices and Unfair Business Competition regulated in Articles 17–24 of Law Number 5 of 1999, which includes Monopoly, Monopsony, Market Control, and Conspiracy (Tanjung & Siregar, 2013).

Apart from that, the diverse geographic and demographic characteristics of the Medan region also influence the dynamics of business competition. With a large population and diversity of existing industries, KPPU Region I Medan is faced with various cases of business competition violations that require a separate approach according to local conditions. Not only that, the phenomenon of globalization also has a significant impact on the local economy of Medan. Deeper market integration with international markets opens up great opportunities for economic growth but also increases the complexity of monitoring and overcoming practices that violate business competition law (Manurung, n.d.).

In this context, a deep understanding of the authority of KPPU Region I Medan in resolving prohibited activities is crucial in dealing with these challenges effectively. Thus, this research will not only make an academic contribution but will also provide practical guidance for the government, business actors, and the general public to strengthen the legal protection of business competition in the Medan region (Koeswara, n.d.). By understanding this background, research regarding the authority of KPPU Region I Medan in handling prohibited activities is not only important in exploring a deeper understanding of the dynamics of business competition in the region but also in formulating strategic steps that are more effective in maintaining justice and economic balance in this era that continues to develop and change.

RESEARCH METHODS

This research will use a qualitative approach, using a literature study as the main method of data collection. A literature study will be carried out by collecting various primary and secondary sources of information related to business competition law regulations in Indonesia, including regulations governing the authority and duties of the KPPU (Sutopo, 2006). Primary data will be obtained from official documents issued by the KPPU, such as annual reports, case decisions, and regulations issued by the agency. Meanwhile, secondary data will be obtained from academic literature, legal journals, news articles, and related government publications (KURNIAWAN, 2015).

In addition, interviews with related parties, such as KPPU members, business actors, and academics who are experts in the field of business competition law, will also be conducted to obtain a more in-depth perspective regarding the authority and practices of Medan Region I KPPU in handling prohibited activities (Sutopo, 2002). The collected data will be analyzed qualitatively using a descriptive approach. This analysis will focus on identifying the authority of KPPU Region I Medan in completing prohibited activities, as well as evaluating the effectiveness and challenges faced in its implementation (Creswell, 2002).

Apart from that, this research will also involve a comparative analysis of business competition law enforcement practices in other regions of Indonesia or even in other countries that have institutions similar to the KPPU. This aims to evaluate the strengths and weaknesses of

the existing system and draw lessons from the experiences of business competition law enforcement in other places that can be applied to increase the effectiveness of KPPU Region I Medan.

Apart from that, to enrich data and expand insight, this research will also utilize direct observation techniques of case handling processes by KPPU Region I Medan, if possible. This observation will provide a deeper understanding of how KPPU Region I Medan implements its authority and duties in completing prohibited activities. Thus, the combination of literature study, interviews, comparative analysis, and direct observation is expected to provide a holistic and in-depth understanding of the authority of KPPU Region I Medan as well as the challenges and opportunities in completing prohibited activities in this area.

RESULT AND DISCUSSION

Through this research, we can describe the authority and performance of the Medan Regional Office Business Competition Supervisory Commission (KPPU) in handling prohibited activities. KPPU Region I Medan has a very important role in ensuring healthy and fair business competition in the region. First of all, we found that KPPU Region I Medan has broad authority to investigate, take action, and stop practices that violate business competition law. This authority covers a wide range of aspects, from detecting cartels to dealing with monopolies and other anti-competitive practices.

However, despite having quite strong authority, the effectiveness of law enforcement in KPPU Region I Medan still faces several challenges. One of them is limited resources, both in terms of personnel and budget. Apart from that, coordination between agencies is also a challenge, especially in handling cases involving various stakeholders. We also highlight the existence of external pressures that can affect the independence and performance of KPPU Region I, Medan. The complexity of handling growing business competition cases also becomes an additional challenge for the institution.

However, this research also identifies several opportunities to increase the effectiveness of business competition law enforcement in KPPU Region I, Medan. Steps such as increasing inter-agency coordination and strengthening KPPU's internal capacity, as well as outreach and education to the public about business competition law, can be effective strategies for improving the performance of KPPU Region I Medan. In preparing recommendations to increase the effectiveness of business competition law enforcement by KPPU Region I Medan, we found that concrete steps need to be taken to overcome the challenges faced.

First of all, improving coordination between agencies is very important. Closer collaboration between KPPU and related institutions, such as the police, the Ministry of Trade, and other supervisory institutions, can strengthen law enforcement and speed up the resolution of business competition cases. Furthermore, strengthening the internal capacity of KPPU Region I Medan is also a strategic step. Employee training and development, as well as improving information technology and monitoring systems, can help KPPU be more efficient and effective in carrying out its duties.

Apart from that, outreach and education to the public about business competition law also need to be improved. Greater knowledge about the importance of maintaining healthy business competition can increase public awareness and reduce opportunities for violations to occur. Lastly, the establishment of a public complaint mechanism that is more easily accessible can also help KPPU Region I Medan detect cases of detrimental business competition. By providing wider access for the public to report suspicious practices, the KPPU can be more proactive in handling these cases.

Apart from the recommendations previously mentioned, several additional steps can be taken to strengthen business competition law enforcement by KPPU Region I Medan. First, it is

important to increase transparency and accountability in the law enforcement process. KPPU Region I Medan needs to routinely publish information about cases handled, decisions taken, and sanctions given to violators. This will not only increase public trust in these institutions but can also provide a deterrent effect for business actors who intend to violate business competition laws.

Second, more intensive efforts need to be made to provide education and training to business actors, especially small and medium business actors, regarding legal practices in business competition. By increasing their understanding of business competition law, it is hoped that there will be a reduction in cases of violations committed without realizing it due to a lack of knowledge. In addition, strengthening cooperation with non-governmental organizations (NGOs), professional organizations, and universities in advocacy and education on business competition law can also be an effective strategy. Collaboration with these parties can help KPPU Region I Medan more easily reach and provide education to the public about the importance of maintaining healthy business competition. By integrating these steps into the business competition law enforcement strategy, it is hoped that the Medan Region I KPPU can be more effective in carrying out its role as guardian of business competition justice and encouraging sustainable economic growth in the Medan region and its surroundings.

One important aspect of enforcing business competition law is the concept of fairness in business competition. According to economic theory, healthy and fair business competition provides incentives for economic efficiency, innovation, and better consumer choices. This theory emphasizes the need for strict law enforcement to prevent practices that harm business competition, such as cartels, monopolies, and other anti-competitive practices (POSNER, 1976). In the Indonesian context, Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition provides the legal basis for the enforcement of business competition law by the KPPU. This law stipulates that the KPPU has the authority to investigate, take action, and impose sanctions on violations that harm business competition (Nomor, 5 C.E.).

However, in practice, the effectiveness of business competition law enforcement by KPPU Region I Medan still faces challenges. One of the main challenges is limited resources, both in terms of personnel and budget. Institutional economic theory explains that weak institutions can hinder the effectiveness of law enforcement because a lack of resources can limit an institution's ability to carry out its duties (North, 1990). Another challenge is coordination between agencies. Public administration coordination theory states that good cooperation between agencies is the key to handling complex problems such as business competition and law enforcement. Lack of coordination can hinder the exchange of information and effective cooperation between related institutions (Kettl, 2015).

To overcome these challenges, several recommendations have been proposed, such as increasing coordination between agencies, strengthening the KPPU's internal capacity, and outreach and education to the public about business competition law. Public management theory emphasizes the importance of good management strategies in improving the performance of public organizations. By applying effective management principles, KPPU Region I Medan can optimize the use of limited resources and increase the effectiveness of law enforcement (Hood, 1991). Thus, this discussion highlights the importance of integrating economic, legal, and public management theories in formulating effective business competition law enforcement strategies by KPPU Region I Medan. By understanding the challenges faced and applying a holistic approach, it is hoped that business competition law enforcement in the region can become more effective and have a positive impact on sustainable economic growth.

Challenges of Limited Resources in Law Enforcement by KPPU Region I Medan

The challenge of limited resources is the main problem faced by KPPU Region I Medan in carrying out its duties. In this context, resources not only include personnel aspects but also the budget and infrastructure needed to carry out investigations and inquiries and handle complex business competition cases. With limited personnel, KPPU Region I Medan often experiences difficulties in carrying out effective supervision of practices that are detrimental to business competition. The number of cases that need to be handled can exceed the capacity of investigative teams and investigators, which can hinder a quick response to violations that occur.

Apart from that, budget limitations are also an obstacle to carrying out investigative and investigation activities. Limited funds can limit the ability of KPPU Region I Medan to conduct market surveys, obtain data, and use experts to support the analysis of complex business competition cases. Inadequate infrastructure can also hamper the effectiveness of law enforcement in KPPU Region I, Medan. For example, limitations in access to information technology and case management systems that are not well integrated can hinder efficiency in processing data and information, as well as tracking case progress.

Thus, limited resources are a significant challenge for KPPU Region I Medan in carrying out its duties to uphold fairness in business competition. Appropriate strategies are needed to overcome these challenges, including increasing resource allocation, developing internal capacity, and better-utilizing information technology to increase the efficiency and effectiveness of business competition law enforcement in the region. To overcome the challenges of limited resources, KPPU Region I Medan needs to implement a careful and targeted strategy. One approach that can be taken is to increase the efficient use of existing resources. For example, by carrying out more strategic assignments and using information technology more effectively, KPPU can maximize the results of every available resource.

Apart from that, collaboration with external parties can also be a solution to overcome resource limitations. Collaboration with other government agencies, universities, or even civil society organizations can help expand reach and obtain additional support in carrying out business competition law enforcement tasks. Apart from that, it is also important for KPPU Region I Medan to advocate for increased budget and resource allocation to the competent authorities. By communicating effectively about the importance of enforcing business competition law and its positive impact on the economy, KPPU can gain greater support from related parties.

Finally, KPPU Region I Medan needs to adopt a risk-based approach to allocating resources. By identifying priority cases that have the greatest impact on business competition, KPPU can allocate resources proportionally to handle the most important and complex cases. By implementing these strategies, it is hoped that KPPU Region I Medan can overcome the challenges of limited resources and increase the effectiveness of business competition law enforcement in its region.

Future Hopes and Challenges: Realizing More Effective Business Competition Law Enforcement

Along with the various challenges faced by KPPU Region I Medan, there are also hopes for the future of business competition law enforcement in the region. One of the main hopes is the realization of more effective and sustainable business competition law enforcement, which can create a healthier and more competitive business environment. To achieve these hopes, continuous concrete steps are needed. First, KPPU Region I Medan needs to continue to evaluate existing law enforcement policies and practices, as well as make necessary adjustments to the latest developments in the world of business and law.

Apart from that, strengthening cooperation between KPPU and various stakeholders, including the government, business actors, academics, and civil society, is also key to creating a

more just business environment. By collaborating with various parties, KPPU can expand its reach and obtain wider support in carrying out its duties. However, amidst hopes for increasing the effectiveness of business competition law enforcement, some challenges need to be faced. One of them is the possibility of changes in economic and business dynamics, which could give rise to new challenges in law enforcement. KPPU needs to remain adaptive and responsive to these changes to remain relevant and effective in carrying out its role.

Another challenge is ensuring the independence and integrity of the institution. KPPU Region I Medan needs to maintain its independence from external pressure and ensure that every decision taken is based on the principles of law and justice, without any political interference or personal interests. By facing these challenges proactively and implementing appropriate strategic steps, it is hoped that the Medan Region I KPPU can realize the vision of more effective and sustainable business competition law enforcement, which will provide great benefits for economic and business development in the Medan region and its surroundings.

First, it is important to continue to innovate in law enforcement approaches. KPPU Region I Medan needs to continue to monitor technological developments and business trends to update the law enforcement strategies and methods used. The use of digital technology and sophisticated data analysis can help the KPPU be more effective in detecting and handling complex business competition violations.

Furthermore, strengthening regional and international cooperation is also an important step. In the era of globalization, there are many cases of business competition crossing national borders. By collaborating with similar institutions in neighboring countries and international partners, KPPU Region I Medan can obtain additional support in handling cases involving cross-border business actors. In addition, it is important to continue to increase transparency and accountability in law enforcement. KPPU needs to be open to input and criticism from the public and adopt best practices in decision-making and carrying out its duties. In this way, public trust in this institution can continue to be strengthened, which in turn will increase its legitimacy and authority in enforcing business competition law.

Finally, it is important to strengthen public understanding of the importance of business competition law. KPPU Region I Medan needs to be involved in outreach and education campaigns aimed at increasing public awareness about the negative impacts of practices that violate business competition law. With a more educated public, it is hoped that greater public pressure will be created to comply with the rules of fair and just business competition. By implementing these steps comprehensively, it is hoped that KPPU Region I Medan can achieve the vision of more effective and sustainable business competition law enforcement, which will support inclusive and sustainable economic growth in the region.

CONCLUSION

In this research, the authority and performance of the Business Competition Supervisory Commission (KPPU) Medan Regional Office have been investigated in dealing with prohibited activities. Research findings show that although the KPPU has broad authority in enforcing business competition law, it still faces challenges that need to be overcome to increase its effectiveness. One of the main challenges faced by KPPU Region I Medan is limited resources, both in terms of personnel, budget, and infrastructure. This affects the KPPU's ability to investigate and resolve business competition cases effectively and efficiently. Apart from that, coordination between agencies and public understanding of the importance of business competition law are also challenges in law enforcement in KPPU Region I Medan. Greater efforts are needed to increase cooperation between relevant institutions and increase public understanding of the negative impacts of practices that violate business competition law.

However, there are also hopes for the future of business competition law enforcement in the Medan area. By adopting the right strategies, such as increasing the efficiency of resource use,

strengthening regional and international cooperation, and increasing transparency and accountability, it is hoped that the Medan Region I KPPU can achieve its vision of more effective and sustainable business competition law enforcement. In this context, it is important to continue to adopt a holistic and risk-based approach to formulating business competition law enforcement policies and strategies. By strengthening internal capacity, increasing cooperation between agencies, and strengthening relationships with the community, KPPU Region I Medan can be at the forefront of realizing healthy and fair business competition in its region.

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