

Strategy For Improving Awareness And Legal Compliance In National Legal Guidance

Irwan Triadi¹, Indra Hendrawan², Ahmad Haris Junaidi³, Dimas Yanuarsyah⁴

¹⁻⁴ Master of Law, Faculty of Law, University Pembangunan Nasional “Veteran” Jakarta

Email: ¹irwantriadi1@yahoo.com, ²indra.hukumham@gmail.com, ³haris.bphn@yahoo.com,

⁴dimas.yanuarsyah@gmail.com

*Author's correspondence : dimas.yanuarsyah@gmail.com

Abstract. Legal awareness and compliance are fundamental pillars of national legal development, aimed at establishing a just, effective, and responsive legal system that aligns with societal dynamics and development needs. This study identifies strategies to enhance legal awareness and compliance at individual, institutional, and corporate levels through a normative juridical approach, analyzing key elements of the legal system—legal substance, legal structure, and legal culture—based on Lawrence Friedman's theory. The research highlights the importance of legal audits as a strategic tool for assessing regulatory compliance and ensuring the implementation of Good Corporate Governance in public institutions and business entities. Strengthening the regulatory framework for legal audits, including legitimizing the legal auditor profession, is essential to ensure independent, objective, and credible assessments, fostering public trust, business confidence, and legal system stability. By bridging gaps between legal formulation and implementation, legal audits contribute to a conducive business environment, enhanced national competitiveness, and effective legal development that supports Indonesia's vision as a secure, just, and prosperous state.

Keywords: legal awareness, legal compliance, legal development.

INTRODUCTION

The rule of law is a fundamental concept in law and governance that emphasizes that the state and all individuals, including government officials, are subject to the law and must follow the law. The principles of the rule of law create the basic framework for a country's legal system and ensure that the law applies equally to everyone without exception. Laws should refer to the ideals of Indonesian society, namely the establishment of a democratic and socially just rule of law. Legal development must be aimed at ending an unjust social order so that legal politics must be oriented towards the ideals of the rule of law.¹

The legal system plays a very important role in supporting and implementing the principle of the rule of law in a country. For this reason, a strong and responsive legal system is needed. Efforts to realize this strong and responsive legal system are carried out through the legal development process. With legal development, it can be ensured that the legal system is always relevant, fair and effective in regulating society. Efforts to ensure that the legal system operates properly in accordance with the principles of the rule of law, and meets the legal needs of the community, require national legal development.

¹ Wahyu Nugroho, *Menyusun Undang-Undang yang Responsif dan Partisipatif berdasarkan Cita Hukum Pancasila*, Jurnal Legislasi Indonesia, Vol 10 No: 3 September 2013, hlm: 213.

To realize this goal, the state regulates various aspects of life, both the government and its citizens in the context of legal protection and the realization of a welfare state. However, protection and efforts to promote welfare as outlined in laws, rules or norms do not necessarily guarantee the achievement of these goals. The challenge in achieving this goal is illustrated by the high level of lawlessness and the national crime rate in Indonesia which continues to increase every year.

In 2020, the level of law violations and the crime rate was recorded at 247,218 cases, then decreased to 239,481 cases in 2021. However, this downward trend did not last long, as there was a significant increase in 2022 with the level of law violations and the crime rate reaching 372,965 cases. In addition, in 2023, the level of law violations and the crime rate still increased by 4.3% compared to 2022. As of mid-June 2024, the level of law violations and crime rates recorded had reached 255,489 cases.²

This high level of lawlessness and crime shows the weak effectiveness of the law in providing protection to the community. In addition, the state also continues to strive to improve the welfare of the people, but the results have not been optimal, especially in supporting the business world in Indonesia. This can be seen from BPS data showing that 17.4% of business actors are still involved in the practice of gratification or bribery.³

In addition to the high level of lawlessness and crime rates in the community, lawlessness also still occurs in the government. This can be seen from the data on corruption crimes in Indonesia published by the Corruption Eradication Commission (KPK) which shows that from 2020 to 2024 corruption cases have always increased (2020: 91 cases, 2021: 108 cases, 2022: 120 cases, 2023: 161).⁴ Corruption cases based on data submitted by the KPK in 2023 were carried out by various government agencies with the first rank of district / city local governments with 53 cases, ministries / institutions with 52 cases, BUMN / BUMD with 34 cases, provincial government with 22 cases.⁵

The high number of corruption cases committed in government agencies is not directly proportional to the anti-corruption behavior index which shows a value of 3.92 on a scale of

² Diolah dari berbagai data, Statistik Kriminal 2023, Volume 14, Badan Pusat Statistik, Jakarta, hlm 9 dan EMP Pusiknas Bareskrim Polri.

³ Statistik Kriminal 2023, Volume 14, Badan Pusat Statistik, Jakarta, hlm 73.

⁴ Data diakses di <https://www.kpk.go.id/id/statistik/penindakan/tpk-berdasarkan-jenis-perkara>, pada 12 Agustus 2024.

⁵ Data diakses di <https://www.kpk.go.id/id/statistik/penindakan/tpk-berdasarkan-instansi>, pada 12 Agustus 2024.

5.00 in 2023.⁶ This shows that the level of perception and experience of the law is still not high, so it is necessary to encourage the level of legal awareness and compliance in Indonesia.

The statistical data on the condition of the level of law violations and the crime rate has an impact on the Business Environment, which ultimately leads to the welfare of the people. To be able to increase investment and a good business climate, it is necessary to have certain regulations and good public service delivery.⁷ The World Bank launched the Business Ready (B-Ready) Manual and Guide, in May 2023, as a method of measuring the business environment/climate. There are 10 topics that will be assessed including: Business Entry, Business Location, Utility Services, Labor, Financial Services, International Trade, Taxation, Dispute Resolution, Market Competition, and Business Insolvency. B-Ready will measure these topics against the Community to see the clarity of regulation, ease of procedures, good and fast public services, and community and government compliance with these regulations.⁸ Therefore, the level of legal compliance will directly impact the economic climate conducive to building the nation's image as a global investment-friendly country.

Legal certainty is an essential element of the rule of law that emphasizes that laws should be clear, accessible, and stable so that individuals can understand and rely on them in their actions. At a practical level, although the Indonesian constitution always contains the idea of a state of law that is based on human rights, Indonesian people are still not humanized by law, and the law has not been able to empower people to live in accordance with their dignity.⁹

Through this research, the author will examine the strategy of increasing legal compliance in encouraging the effectiveness of national legal development. Legal compliance is one of the important pillars in national legal development. In this context, legal compliance means that citizens, institutions and government officials carry out their rights and obligations in accordance with applicable regulations. Legal compliance helps create social stability and order. Without compliance, laws are ineffective, and society is vulnerable to conflict, anarchy or vigilantism. Legal compliance ensures a conducive environment for national development.

⁶ Badan Pusat Statistik, Berita resmi statistik Indeks Perilaku Anti Korupsi (IPAK) 2023 No. 78/11/Th. XXVI, Jakarta, 6 November 2023

⁷ Dalam indikator B-Ready yang dikeluarkan oleh world bank, menjelaskan bahwa asesmen terhadap lingkungan bisnis ekonomi terfokus pada regulasi dan penyelenggaraan pelayanan publik. World Bank Group, *Business Ready (B-Ready) Manual and Guide*, May 2023, hlm. 6.

⁸ Data dianalisis dari *World Bank, Business Ready Methodology Handbook May 2023, Chapter I Over View*.

⁹ Hariyono dkk, *Membangun Negara Hukum yang Bermartabat*, Jakarta: Setara Press, 2013, hlm: 7.

METHODS

The research method used in this writing is normative juridical legal research, namely legal research conducted by examining library materials consisting of primary legal materials, secondary legal materials, and tertiary legal materials.¹⁰ Normative research is conducted with a statute approach and conceptual approach. The normative legal research method focuses more on library-based, focusing on reading and analysis of the primary and secondary materials.¹¹ The statutory approach is carried out by reviewing all laws and regulations related to the legal issues being studied. In addition, researchers also see how the practice of implementing the law has been carried out by the government so far in support of increasing the effectiveness and efficiency of legal guidance.

DISCUSSION

1. Theory of Legal Effectiveness

As a system, the law consists of elements, namely institutions (institutional), rules (instrumental), the behavior of legal subjects who have rights and obligations determined by law. The implementation of the legal system includes law making activities (law making), law implementation activities (law administering), and judicial activities for law violations (law adjudicating).¹²

Indonesia's legal system involves legal development efforts that aim to ensure that the law is properly applied. This includes effective law enforcement, oversight of legal institutions, and government accountability. This entire legal system is run with due regard to the principles of the rule of law that have been embedded in the constitution.

Law when viewed as a system according to legal expert Lawrence Friedman, the law has 3 (three) components, namely:

- 1) Legal Substance, namely legislation both written and unwritten
- 2) Legal Structure, which consists of legal institutions and legal human resources as well as legal facilities and infrastructure;
- 3) Legal Culture is reflected in public legal awareness.

The three components mentioned above are aspects that can affect the implementation of law enforcement itself. In line with what Friedman has explained about the legal components that

¹⁰ Johnny Ibrahim, *Teori dan Metodologi Penelitian Hukum Normatif*, Malang: Bayumedia, 2006, hlm. 46

¹¹ Peter Mahmud, *Penelitian Hukum*, Jakarta: Kencana Prenada Media Group, 2013, hlm.133.

¹² M Ali Taher Parasong, *Mencegah Runtuhnya Negara Hukum*, Jakarta: Grafindo Media, 2014, hlm 38

can affect the implementation of law enforcement itself, Prof. Northrop has also given an idea that the law must be sensitive to the development of the community and that the law must be adjusted or with changing circumstances.¹³

Furthermore, Lawrence M. Friedman argues that the effectiveness and success of law enforcement depends on three elements of the legal system, namely the structure of law, the substance of the law and legal culture. Legal structure concerns law enforcement officials, legal substance includes legislation and legal culture is a living law adopted in a society.

The legal substance component refers to the rules, norms and concrete human behavior within the system. The substance of the law is not only defined by what is written in the legislation, but also how the legislation is applied with certain concessions, which creates a living law.

The last component, namely legal culture, is the human attitude towards law and the legal system, beliefs, values, thoughts, and expectations. Perceptions of the legal system and structure are influenced by social mood factors, and social forces that influence how the legal system and structure are applied, avoided or misused.¹⁴

Friedman's legal structure explains:

*“To begin with, the legal system has the structure of a legal system consist of elements of this kind: the number and size of courts; their jurisdiction...Strukture also means how the legislature is organized ...what procedures the police department follow, and so on. Strukture, in way, is a kind of cross section of the legal system...a kind of still photograph, with freezes the action.”*¹⁵

In Indonesia, for example, if we talk about the structure of the Indonesian legal system, it includes the structure of law enforcement institutions such as the police, prosecutors and courts. The substance of law according to Friedman is:¹⁶

“Another aspect of the legal system is its substance. By this is meant the actual rules, norm, and behavioral patterns of people inside the system ...the stress here is on living law, not just rules in law books”.

As for legal culture, Friedman argues:

“The third component of legal system, of legal culture. By this we mean people's attitudes toward law and legal system their belief ...in other word, is the climate of social thought and social force which determines how law is used, avoided, or abused”

¹³ Mochtar Kusumaatmadja, *Konsep-Konsep Hukum Dalam Pembangunan*, Bandung: Alumni, 2006, hlm. 79.

¹⁴ *Ibid*, hlm.45.

¹⁵ Marwan Mas, *Pengantar Ilmu Hukum*, Ghalia Indonesia, Bogor, 2015, hlm. 123.

¹⁶ Achmad Ali, *Keterpurukan Hukum di Indonesia*, Ghalia Indonesia, Jakarta, 2002, hlm 97.

Legal culture is one element of the legal system. Friedman sees that the law should not only be discussed in terms of its structure and substance, but also in terms of the elements of demands derived from the interests of individuals and community groups when dealing with legal institutions. These interests and demands are social forces that are reflected in the attitudes and values that exist in society. This element of social power is referred to by Friedman as legal culture.¹⁷

Friedman further stated that the term legal culture refers to public knowledge, patterns of public attitudes and behavior towards the legal system. Do people feel and behave in accordance with fair court decisions?. When do they want to use the court?. What parts of the law do they consider to have legitimacy? What do they know about the law in general?¹⁸

The conception of legal culture was later used by Lev, among others, in his writing entitled *Judicial Institutions and Legal Culture in Indonesia*.¹⁹ Lev's writing was reviewed by Satjipto Rahardjo, that Lev applied the concept of legal culture to analyze patterns of change in the Indonesian legal system since the revolution. He paid attention to seeking clarity on why and how legal functions in the colonies were served by institutions that were different from those in independent countries. With this perspective, Lev wanted to know the place of these legal institutions in Indonesian society and the state.²⁰ Lev's description revolves around two concepts, namely the legal system and legal culture. The legal system emphasizes procedures, but this concept is unable to explain how people actually solve their problems, in everyday life. To be able to explain the problem, the legal system in carrying out its functions divides its work with other institutions in society. A legal system consists of formal processes that form formal institutions together with the informal processes that surround them. The organization, traditions, and style of the political system found in the nation determine how far the legal processes are or can be used in the context of social management and efforts to achieve common goals. Legal culture is defined as values related to law (substantive) and legal processes (legal adjective). Legal culture includes two main components that are interrelated, namely substantive legal values and adjective legal values (procedural). Substantive legal

¹⁷ Lawrence Friedman, *The Legal System, : A Social Science Perspective*, New York: Russel Sage Fondation, 1975, hlm. 193.

¹⁸ Satjipto Rahardjo, *Ilmu Hukum*, (Bandung: Citra Aditya Bakti, 1991), hlm. 154.

¹⁹ Tulisan tersebut telah diterjemahkan ke dalam bahasa Indonesia oleh Nirwono dan AE Priyono dalam buku Daniel S. Lev, *Hukum dan politik di Indonesia, kesinambungan dan Perubahan*, (Jakarta: LP3ES, 1990).

²⁰ Satjipto Rahardjo, *Hukum dan Masyarakat*, (Bandung: Angkasa, 1980), hlm. 86.

values contain fundamental assumptions about the distribution and use of resources in society, what is socially considered right or wrong, and so on social arrangements and conflict management that occur in society.²¹

Legal culture concerns legal culture which is the human attitude (including the legal culture of law enforcement officials) towards law and the legal system. No matter how well the legal structure is structured to carry out the stipulated legal rules and no matter how good the quality of the legal substance is made without the support of legal culture by the people involved in the system and society, law enforcement will not run effectively. Legal culture concerns legal culture which is a human attitude (including the legal culture of law enforcement officials) towards law and legal systems. No matter how well the legal structure is structured to carry out the stipulated legal rules and no matter how good the quality of the legal substance is made without the support of legal culture by the people involved in the system and society, law enforcement will not run effectively.

Law as a tool to change society or social engineering is nothing but the ideas that the law wants to realize. To ensure the achievement of the function of law as community engineering towards a better direction, it is not only necessary to have the availability of law in the sense of rules or regulations, but also a guarantee of the realization of these legal rules into legal practice, or in other words, a guarantee of good law enforcement. So the operation of the law is not only a function of legislation, but the activities of the implementing bureaucracy.²²

2. The Importance of Increasing Legal Awareness and Compliance

In 2022, the Legal Development Index assessment score on the legal culture pillar was 0.75 with a good category. The variables used in this legal culture pillar assessment consist of 2, namely:

a) the legal propriety of the community

The legal compliance of the community is seen from understanding to legal awareness through behaviors that reflect compliance with the law. This condition can be said to be good because 98.8% of people have understood their rights as citizens and are familiar with the 1945 Constitution that regulates them. The crime rate is also low at 29.5%. In addition, 86.8% of people are compliant in reporting taxes. Another thing is that the IPAK score of 3.93 indicates that people have good anti-corruption behavior. However, on the other hand, when looking at legal awareness through public understanding of the problem-solving mechanism, it appears

²¹ Daniel S. Lev, *opcit*, hlm. 119-120

²² Munir Fuady, *Filsafat dan Teori Hukum Pusat Modern*, (Jakarta: Kencana, 2003), hlm 40.

that it is still low, 43.1% of the public do not know about the settlement mechanism through the Administrative Court, 31.0% of the public do not know how to report to the court to get compensation, and 39.2% do not know about the mobile court mechanism. Furthermore, 28.3% of people have low trust in the police as a legal institution.

b) Legal propriety of legal institutions

The legal compliance of legal institutions is seen at the stage of behavior that reflects awareness and compliance with the law. This condition can be said to be very good, this is because legal institutions (Police, Prosecutors' Office, Courts, and Correctional Institutions) are good at complying with the Public Service Law. In addition, in 2022, 95.5% complied with the LHKPN reporting.

From the variables described above, it can be concluded that the assessment of community legal compliance is assessed from understanding to legal awareness through behavior that reflects compliance with the law. Understanding is seen from the community's understanding as a citizen and familiarity with the 1945 Constitution that regulates it and the community's understanding of the problem-solving mechanism, while legal awareness is seen from the community's legal compliance assessed by the low crime rate and the level of compliance with tax reporting by the community.

However, compliance with the law by incorporated and unincorporated business entities in carrying out business activities has not been included in the Community's legal propriety assessment indicators. Whereas legal compliance of incorporated and unincorporated business entities, large and small scale, in carrying out business activities is one of the important aspects to increase investor confidence in the business climate in Indonesia.

The implementation of governance by legal entities, business entities, and public bodies in carrying out various legal obligations stipulated in laws and regulations has not yet provided a complete picture of the compliance of legal entities, business entities, and public bodies with laws and regulations. This is certainly a gap for irregularities that have a negative impact on society.

So far, the health condition of the business world tends to be measured from a financial perspective only. The parameters for assessing the health of a business entity should not only be seen in terms of the performance of organizing financial conditions but also aspects of compliance with the law which is a manifestation of business entity governance. Business entities, legal entities, and public bodies that comply with applicable laws and regulations will avoid the potential to harm the community, and on the other hand business entities, legal entities, and public bodies will also avoid being sued civilly or complained about and

prosecuted criminally to law enforcement agencies. This will encourage an increase in legal compliance, which will certainly have a good impact on the perception and trust of the community and the business world. Increased business confidence has a good impact on the development of the business climate. A successful economy requires a solid legal foundation, which is able to provide certainty to business people, investors, and the general public.

Compliance and adherence to the Law is one of the manifestations of the responsibility of business entities. Laws in the context of business operations at least regulate the minimum basic obligations of companies to the community, which we can see from at least 5 (five) aspects, namely establishment, employment, consumer protection, food safety and quality, waste and environmental licensing.²³ When business entities carry out their obligations in this aspect, there will be a smooth business, the business is supported by all parties, workers, including the government. Business entities will also obtain litigation as well as legitimacy, both of which determine the smooth running of business activities.²⁴

In relation to business establishment, the current practice is that when legal and non-legal entities want to establish a business, there are legal provisions that must be obeyed, such as in the establishment and processing of business entity licenses. Business entities must meet several requirements, for example, the existence of a company deed drawn up and legalized by a notary, a Decree of Ratification from the Ministry of Law and Human Rights, a Domicile Certificate, a business entity NPWP, processing NIB at the OSS institution and processing a Business License / Commercial License at the OSS institution.

With these legal provisions, business entities are required from the start to comply with the law so that the business entity can be established and obtain a business license / commercial license. However, when the business entity has been running its business, there is no legal provision that regulates that legal examinations or legal audits are routinely carried out to ensure that the business entity has complied with the applicable law or to see if there are any violations of the law / discrepancies between the actions taken by the business entity and the applicable legal rules, such as in the case of:

- a) legal examination or legal audit of labor by examining compliance with aspects of labor such as fulfillment of workers' rights, working hours, minimum wages, occupational safety and health (K3);

²³ Budiana Gomulia dkk, *Perusahaan Bertanggungjawab: Motivasi Kepatuhan Ukm Terhadap Peraturan*, Lembaga Penelitian dan Pengabdian kepada Masyarakat Universitas Katolik Parahyangan, Bandung: 2014, hlm. 11

²⁴ Ibid, hlm. 5

- b) legal examination or legal audit in social and environmental responsibility (TJSL/CSR) by examining the compliance of business entities, especially in the field of and/or related to natural resources and investment companies in implementing TJSL;
- c) compliance examination or environmental law audit by examining the compliance of business entities in the aspects of natural resource management and waste management.

In terms of labor law, the legal compliance of business entities as employers in fulfilling their obligations to workers as stipulated by law will affect the productivity of workers. One example is related to the obligation to ensure the fulfillment of the rights of workers/laborers to obtain social security. Law No. 13/2003 on Manpower in Article 99 stipulates that “every worker/laborer and his/her family has the right to obtain labor social security.”²⁵ In an effort to protect and ensure the fulfillment of workers' rights as intended, the employer is obliged to, among others:

- a) register its business entity and its workers as participants of the Employment BPJS
- b) collect contributions that become the burden of participants from their workers and deposit them with the Employment BPJS. Then the employer is obliged to pay and deposit the contributions that are his responsibility to the Employment BPJS.
- c) provide complete and correct data on himself and his workers and family members to the Employment BPJS. This is to ensure the total protection benefits that will later be received by workers in full and maximally.²⁶

If the obligation is not fulfilled by the employer and there are risks that befall workers at work, the benefits of employment social security protection received by workers as BPJS Ketenagakerjaan participants are reduced or not optimal. This condition will certainly cause concern for workers which can affect productivity. The compliance of employers to fulfill various obligations to their workers will show the level of commitment of business entities in fulfilling the responsibilities that the state imposes on them.

The legal compliance of the business world with its various obligations is part of the picture of the implementation of business entity governance. It needs to be seen as a whole as a part that illustrates the healthy condition of a business entity together with the business processes carried out and the financial statements that illustrate the health condition of the business entity.

²⁵ Indonesia, Undang-Undang Ketenagakerjaan, UU No.13 Tahun 2003, LN No.39 Tahun 2003, TLN No. 4279, Ps. 99 ayat (1).

²⁶ Akmal Lageranna, *Risiko Pemberi Kerja Atas Ketidapatuhan Dalam Program Jaminan Sosial Ketenagakerjaan*, Jurnal Dharmasista, Volume 2, Nomor 3, September 2021, hlm.1123-1124

The compliance of business entities, legal entities, and public bodies in carrying out various obligations stipulated in laws and regulations is part of the overall picture of good governance. Legal compliance checks have an important role so that a business entity, legal entity, and public entity does not exceed its limits and remains in line with applicable legal aspects so as to realize the principles of Good Corporate Governance.²⁷

3. Legal Audit as a Strategy to Improve Legal Compliance

A comprehensive instrument for assessing the legal compliance of every incorporated and unincorporated business entity can be realized in the form of an obligation to participate in a legal audit. Legal Audit is a legal examination and analysis of the application of various legal provisions or provisions of laws and regulations by certain parties that are the target of legal audits.

Currently there is a legal audit practice carried out by the legal auditor profession, one of which is ASAHI, in order to provide legal certainty in business activities. The legal auditor profession has received official recognition from the Director General of Training and Productivity Development of the Ministry of Manpower and Transmigration with Decree No. KEP.242/LATTAS/XI/2014 on November 4, 2014. The contents become a reference in developing a work competency certification scheme for legal auditors. Legal auditor education has been organized by the Indonesian Association of Legal Auditors (ASAHI) based on competency certification according to the standards applied by the National Professional Certification Agency (BNSP) on the basis of the Decree of the Chairman of the National Professional Certification Agency No. Kep.0587/BNSP/V/2016 dated May 27, 2016. The main requirement to become a legal auditor and ASAHI member is a law degree. They can have a career as legal staff in companies or government agencies. Legal Auditor Certification is marked by the recognition of Certified Legal Auditor or commonly abbreviated as CLA. Until now, there is no law regulating the legal auditor profession even though the certification has been going on since 2012. ASAHI members have now reached more than 3,200 people.²⁸

Legal auditors or legal auditors themselves are legal consultants who conduct an examination or assessment of the legal problems of a company or other audit object to see and obtain information which can then describe the condition of a company or audit object whether it meets the criteria and is legally sound or vice versa. According to Jimly Asidiqqie, legal

²⁷ Widodo Eka Tjahjana, *Makalah Quo Vadis Pembinaan Hukum Nasional di Indonesia, disampaikan dalam Kuliah Umum Fakultas Hukum Universitas Udayana*, Bali 28 Agustus 2024.

²⁸ <https://www.hukumonline.com/berita/a/minat-jadi-auditor-hukum-begini-prosedurnya/>, diakses pada tanggal 30 November 2024.

auditors are an effort to improve professionalism standards among legal practitioners. Considering that not everyone, even law graduates, has the skills to analyze legal risks and the suitability of every legal document made in accordance with national law.²⁹

Legal auditors are examiners who have competence in the field of legal auditing, certified, independent, objective, and impartial.³⁰ The main function of legal auditors is to assess the level of legal compliance of the audited party (auditee) and measure how far and how high the laws and regulations are obeyed by the auditee, so it is something that legal auditors are looking for.³¹

Legal auditors are tasked with examining related to legal aspects which include collecting, presenting, analyzing, studying an audit object carefully such as those related to property, legal acts, transactions, and others. In essence, the audit is carried out to compare a true fact and relate it to the applicable law or rules. Therefore, a legal auditor must be someone who has competence in the field of legal auditing marked by a certificate (CLA), is independent, objective, and impartial.

The scope of this auditor is also not only in government, but also in the fields of business, corporations, and others. The purpose of conducting a legal audit by a Legal Auditor in the scope of business depends on the needs of the company itself. The auditor himself has an important role so that a company does not exceed unnecessary limits and remains in line with applicable legal aspects so that the principles of Good Corporate Governance can be realized, risk management can be carried out and can also see whether in running the company there are people who commit fraud or other things which will then be a violation that harms the company itself. In general, legal audits are carried out by companies to:³²

- a) Obtaining legal status or obtaining explanations and legal validity of the documents being audited;
- b) Checking the legality of a business entity
- c) Checking the level of compliance of a business entity
- d) Examine the legal aspects of business contracts or other legal acts
- e) Analyze and provide legal views related to property law objects
- f) Providing legal views or legal certainty in a policy carried out by the company.

²⁹ Boris Tampubolon, Tujuan Legal Audit, <https://konsultanhukum.web.id/>, diakses pada tanggal 5 Desember 2024.

³⁰ <https://fh.unair.ac.id/> alc-fh-unair-kerja-sama-dengan-asahi-adakan-pelatihan-auditor-hukum-angkatan-i/ diakses pada tanggal 1 Desember 2024

³¹ <https://law.ui.ac.id/> fhui-dan-asahi-jalin-letter-of-commitment/ diakses pada tanggal 1 Desember 2024

³² Boris Tampubolon, Tujuan Legal Audit, <https://konsultanhukum.web.id/> , diakses pada tanggal 1 Desember 2024

- g) Managing, analyzing, using legal documents on legal subjects, legal acts and legal issues in order to provide conclusions on legal opinions.

Legal auditors are required in the scope of business law in terms of:³³

- a) When the company will go public or Initial Public Offering (IPO)
- b) Companies that will conduct mergers such as mergers, consolidations, and acquisitions.
- c) When the company will conduct syndicated credit transactions
- d) If the company will be sold and the buyer wants an audit.

Legal audits of business entities have an important role so that a business entity does not exceed its limits and remains in line with applicable legal aspects so as to realize the principles of Good Corporate Governance. In the context of increasing legal awareness and compliance in the implementation of the law, this legal audit effort will ensure that business entities, legal entities, and public bodies comply with applicable laws and regulations so as to avoid the potential to harm the community, and on the other hand business entities, legal entities, and public bodies will also avoid being sued civilly or complained about and prosecuted criminally to law enforcement agencies. This will encourage an increase in legal compliance which certainly has a good impact on the perception and trust of the community and the business world.

Legal audits are conducted to determine the level or quality of legal awareness and compliance or to what extent the law is obeyed and applied by the parties concerned and how far the law is more applied or enforced. The conclusion of the legal audit report (legal opinion) in the form of Clear and Clean, Clear But Not Clean, Not Clear But Clean, Not Clear Not Clean provides an overview of the legal compliance of the audit subject, which has implications for auditee improvements in the application of law, so that quality improvement and achievement of legal civilization are not just dreams and hopes.³⁴

The legal audit process must of course also be maintained so as not to add to the burden on society. Instead, legal audits must prioritize the principle of ease of doing business and encourage the principles of Good Corporate Governance in business entities, legal entities, and public bodies. Increased business confidence has a good impact on the development of the business climate. A successful economy requires a solid legal foundation, which is able to provide certainty to business people, investors, and the general public.

³³ <https://hkalawoffice.com/mengenal-profesi-hukum-dalam-lingkup-hukum-bisnis/> diakses pada tanggal 10 Desember 2024

³⁴ dr. Gregorius Yoga Panji Asmara, SH, MH, CLA, PROSPEK profesi sarjana hukum di Indonesia – legal auditor (auditor hukum) <http://repository.unika.ac.id/33076/1/cla%20unihaz%20gego%20100421.pdf>

4. Legal audit challenges

The implementation of legal audits to encourage the realization of legal compliance in society, especially for the business world, can provide protection for the community. The implementation of legal audits will assist law enforcement and the public in monitoring business actors from attempts to violate the law. However, with the many benefits, the implementation of legal audits also has various challenges in its implementation, including:

a. inadequate legal basis;

The National Law Development Bill has been proposed in the 2025-2029 Mid-Term Prolegnas, and in the Draft Presidential Regulation on Legal Compliance which is encouraged in the 2025 Presidential Regulation Progsun. However, these arrangements are still in draft form and cannot be used as a legal basis.

b. methods that have not been standardized;

The implementation of legal audits needs to be carried out through appropriate methods in order to produce measurable outputs. However, given the absence of clear rules regarding institutions and auditors, the standardization of this method cannot be optimal.

c. inadequate institutional and human resources as legal auditors;

In the implementation of legal audits, it is necessary to have an institution that manages or fosters the legal audit profession. Although the profession can be fostered by organizations such as advocates, the function and role of government institutions as the embodiment of the state present in every need of society needs to be realized. The institution will have the function of regulation and guidance as well as action or follow-up on the results of the output produced.

d. the potential for new financial burdens to arise in the community.

Legal audits carried out by the profession will have a cost impact, as will the performance of other functions carried out by certain professions such as advocates or financial audits. Therefore, to be able to reduce the burden that will be caused, the government needs to regulate the limit of legal audit fees.

By understanding these challenges, it is hoped that the government can mitigate risks and obstacles in the implementation of legal audits.

CONCLUSION

To realize this, a commitment to improve legal compliance is needed, in order to achieve our common goals: A safe, just, and prosperous Indonesia by encouraging the implementation of Legal Compliance Audit as one of the strategic policies to streamline the legal development function in Indonesia.

Until now, arrangements regarding legal audits have not had a legal basis in legislation. Legal compliance audit as part of the legal development function needs to be given a significant place in the Indonesian legal system. Legal compliance audits need to be integrated as an effective form of legal guidance for every element of society.

The state must play an active role in supporting the establishment, development, and supervision of the legal audit profession that has been running in accordance with its duties and authorities. The state must play an active role in the formation, guidance, and legitimization of legal opinions resulting from legal audits with duties and authority to the Minister who organizes government affairs in the field of law. Therefore, it is necessary to encourage legislation that regulates comprehensive instruments regarding the compliance of legal entities, business entities and public bodies with aspects of legal obligations mandated by laws and regulations.

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