COMPLIANCE WITH COMPETITION LAW: RELATED ISSUES FOR SMES IN ASEAN COUNTRIES

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ABSTRACT

Compliance is mandatory, not optional for enterprises, even for small and medium sized enterprises (SMEs). However, many enterprises have been detrimentally affected by risks of non-compliance with competition law such as severe sanctions and loss of reputation. In terms of anti-competitive aspects, there is a misunderstanding that SMEs may not face the same compliance risks as larger enterprises because anti-competitive regulations often set thresholds for control of violations. In fact, the risks of non-compliance are quite similar for every enterprise, especially when the misconduct involves unfair business practices.

Thus, the paper aims to explore issues around SMEs compliance with competition law in ASEAN. This paper begins with defining SMEs in ASEAN context and focuses on the challenges faced by these firms in terms of compliance with competition law. It then discusses the importance of SMEs' compliance with competition law, and finally the emerging issues raised by the enforcement of competition law that need to be carefully considered in the ASEAN. Our findings suggest that that developing a compliance program with reference to competition law can help SMEs do "the right thing" for customers and ensure that they compete fairly and safely in the marketplace.

Keywords: SMEs, ASEAN, Competition Law, Compliance.

INTRODUCTION

For the purpose of protecting consumers and businesses, many nations today have developed a system of competition laws which ensures an open marketplace where all businesses can fairly compete with each other, regardless of their size.

SMEs play a critically important role in the economic development of many countries, in terms of employment and income generation, contribution to production and trade, contribution to GDP, innovation, and more. SMEs are well recognized as the backbone of ASEAN growing economy. Over recent years, the rise of e-commerce, e-marketing or digital economy has been regarded as a new area where SMEs may be particularly affected by anti-competitive behaviors.

Due to limitations of size, resources and expertise, most SMEs do not have a common compliance program or that program with reference to competition law and are therefore more dependent on collaboration with other firms to get a better competitive advantage. Except for behaviors such as holding significant market power in a narrow geographic area or possessing an incentive for restrictive competition, SMEs in the saturation phase of markets with uncontested structures and low degrees of innovation may feel threatened by resourceful newcomers or new

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business models. As a result, they can easily participate in hub-and-spoke cartels in some special markets, particularly in markets such as high-end entertainment systems, transportation market, which exposes these SMEs to legal claims and lawsuits. An interesting instance is the decision of the German Federal Cartel Office (Bundeskartellamt, 2014) against a cartel of 21 manufacturers of sausages, some of which clearly fall into the SME category (Bundeskartellamt, 2014). The Bundeskartellamt found that the sausage manufacturers had coordinated price increases and negotiated strategies vis-a-vis the retail industry on several occasions as part of an almost traditionally cooperative industry climate. Another instance is the case of 19 insurance firms agreed to increase car insurance premium from 1.3% to 1.56% in 2008 in Vietnam due to their lack of awareness of competition law (Rosenau & Tang, 2014). In spite of the possible benefits, this kind of collaboration promotes dependence of SMEs on other firms which may violate competition law. A sensible solution for SMEs to escape from infringing competition law is to engage in competition compliance and in a compliance program, which makes good business sense.

SMEs in Asean Context

Generally, SMEs are economic, independent entities which are usually managed and funded by their owners. They are comparatively small in terms of financial resources and assets but significant for business activities and employ personnel numbers falling below certain limits (Schaper & Volery, 2007).

The importance of SMEs is well recognized in both developed and developing countries due to their significant contribution to economic empowerment, achievement of socio-economic objectives, employment, poverty reduction and fostering entrepreneurship. In developing countries, SMEs contribute to job creation for a large part of the population as well as in absorbing economic shocks. SMEs can provide on-the-job training to the poor people who are unable to access formal education. They supply goods and services to marginalized populations and are becoming increasingly important for generating financial income (Altenburg & Eckhardt, 2006) The importance of SMEs is well recognized in both developed and developing countries due to their significant contribution to economic empowerment, achievement of socio-economic objectives, employment, poverty reduction and fostering entrepreneurship. In developing countries, SMEs contribute to job creation for a large part of the population as well as in absorbing economic shocks. SMEs can provide on-the-job training to the poor people who are unable to access formal education. They supply goods and services to marginalized populations and are becoming increasingly important for generating financial income (Altenburg & Eckhardt 2006).

SMEs are well recognized as the backbone of Asia's growing economy. In ASEAN (Association of Southeast Asian Nations), SMEs constitute about 89% to 99% of all business enterprises across ASEAN Member States (AMS) economy. They also contribute between 52% and 97% of total employment, 30% and 53% of GDP, 10% and 30% of export value. SMEs account for over 97% of a country's total business on average for the period of 2010-2019. They mostly dominate the service sectors (except banking, finance and telecommunications) such as E-commerce, construction sector, accommodation, logistics and food services. Informal enterprises make up a large proportion of SMEs in ASEAN, especially in lower-income

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countries (OECD, 2019). SMEs exhibit a number of characteristics that separate them from large firms such as geographical distribution, market share, customer base, knowledge of and access to regulatory and market information, compliance cost burden, and more (Schaper, 2010). These differences are mostly disadvantage of SMEs when competing with large enterprises.

Among ten AMS, due to the differences in laws, policy frameworks as well as in a region with politically, socially and economically diverse, each adopts its own definition of SME. Most AMS have adopted the criterion definition of SME as employment and total assets, while the rest have developed a multi-criteria definition being more or all of the factors. Meanwhile, in some AMS, the definitions of SMEs even depend on business sectors (e.g. agriculture vs. industry and construction vs. trade and service sectors). Therefore, the definition of SMEs and their threshold criteria for defining them has always been the subject of controversy due to the lack of a standardized definition. However, in general, the classification of SMEs (including microenterprises) is based on a combination of four criteria: number of employees, net or total assets, annual sales and capital investment.

The AMS all use employment thresholds to classify SMEs, either by law or for statistical purposes - seven using sales revenue, five using assets and two using investment capital (Table 1). The levels of employment, assets, revenue and capital vary depending on the country's regulation and industry sector (Cambodia, Lao PDR, Malaysia, Myanmar, Thailand and Vietnam). The Table 1 below summarizes different criteria used to designate SMEs throughout ASEAN.

MSME=micro, small, and medium-sized enterprise; SME=small and medium-sized enterprise.

Recently, the emergence of the COVID-19 pandemic has created great negative effects on global, regional, and national economies. Accordingly, the development of enterprises in general and of SMEs in particular in the region faces great challenges due to domestic and foreign demand as well as investment of foreign investment in products of SMEs decreased. SMEs are fragile entities and vulnerable to external shocks - such as economic and financial crises, natural disasters, and sudden changes in the business environment such as in response to pandemic. These are not small challenges for the development of SMEs in the ASEAN region in the coming time.

When entering the market, SMEs also have to compete with other competitors to survive and develop. Competition is also the path of business development through innovation because competitive pressure forces SMEs to be dynamic, innovative and efficient, bringing more choices to consumers. However, there can be some significant differences between large and SME with regard to the competitive advantage they use. SMEs often have a lower advantage than large enterprises, especially compared to enterprises with foreign elements.

ASEAN is a region that has attracted a lot of FDI from abroad over the past decades. When in the economy with the participation of foreign-invested enterprises, SMEs are under greater competitive pressure from this group of enterprises because they often have outstanding competitive advantages. Domestic SMEs find it difficult to compete against these foreign-invested enterprises, which are leading some of these domestic businesses to connect to unfair business practices. Not only exploiting economies of scale, FDI enterprises also own superior major resources such as finance, technology, modern management system, and competition strategy that make them have more competitive advantages than domestic SMEs in the relevant market.

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Table 1
SME DEFINITIONS IN SOUTHEAST ASIA

Definition									
Country	Category	Employee	Asset	Turnover	Capital	By sector	Others	Legal Basis	Remarks
Brunei Darussalam	MSME	√							Utilized by statistics office
		√							
		√	√	√			√ (loan size)		Utilized by financial Regulatory authority.
Cambodia	MSME	√	√			√			SME Development Policy and Five-year Implementation Plan 2020-2024 [Forthcoming]
Indonesia	MSME		√	√				√	Law No.20/2008 on MSME
		√							Utilized by statistics Office.
Laos	MSME	√	√	√		√		√	Decree No.25/GOL/2017/on SME Classification
Malaysia	MSME	√		√		√		√	National SME Development Council Directive 2005
Myanmar	MSME	√			√	√		√	SME Development Law No.23/2015
Philippines	MSME		√					√	SME Development Council Resolution No.01 Series of 2003
		√							Utilized by statistics Office.
Singapore	MSME	√		√					Utilized by statistics Office.
Thailand	MSME	√		√		√		√	Ministerial Regulation on SME Definition/ B.E.2562 (2019)
Viet Nam	MSME	√		√	√	√		√	Law No.04/2017/QH14 on Support for MSME; Decree No.39/2018/ND-CP

Introduction to Competition Law in Asean

Essentially, competition law is designed to protect competition process, also businesses and consumers from anti-competitive behaviors and unfair business practices conducted by competitors. By doing so, competition law ensures primarily that the market operates more

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efficiently. Effective competition law contributes significantly to economic efficiency, economic growth and development and consumer welfare.

Competition law can be defined in a number of different ways, but its broadest can be conceived of as a set of laws and regulations that seek to protect process of competition by promoting or maintaining competition in the market, thereby ensuring economic efficiency and promoting certain socially-desirable outcomes, such as increased choice and benefits to consumers. To achieve the purposes of competition law, its regulation and enforcement will often include measures such as preventing agreements or practices that restrict free trading and competition between businesses; prohibiting abusive behaviors made by dominance or anti-competitive practices that tend to lead to such a dominant position; and controlling the mergers and acquisitions of large corporations or prohibiting unfair business practices.

In ASEAN, AMS have a history of building and developing competition law quite late compared to other countries around the world. In 2007, the ASEAN Economic Ministers declared the public approval of ASEAN Experts Group on Competition (AEGC). The AEGC works as a regional forum which focuses on strengthening competition-related policy capabilities and facilitates the cooperation on competition law among AMS.

Creating a highly competitive environment is clearly one of the important tasks in the economic integration goal of the ASEAN region. With establishing the ASEAN Economic Community (AEC) in 2015, competition policy and law are identified as top priorities area to realize the AEC goal. Accordingly, each AMS has to develop and implement its own competition policy through the formulation and implementation of industrial policies and industry policies. The promulgation of competition law is one of the preconditions set to serve as a premise for the establishment of the AEC in 2015.

In fact, Thailand and Indonesia had enacted the first Competition Law since 1999. After that, Singapore, Vietnam had jointly enacted the Competition Law in 2004 and Malaysia in 2010. If Singapore's competition law promulgation is based on legal obligations stipulated in the bilateral FTA signed with the US, the promulgation of competition law in Vietnam is due to the requirements set during the negotiation process by Vietnam to join the World Trade Organization (WTO). Up to now, with the exception of Cambodia, nine AMS have introduced competition laws that cover all business actors. Most competition laws of ASEAN countries are aimed at ensuring a fair competition environment, enhancing the efficiency of the economy, protecting consumers and ensuring compliance with competition laws of competitors including SMEs. There is a general framework guide for the AMS that the competition law includes legislation, judicial decisions and regulations specifically aimed at prohibiting anti-competitive business behaviors such as anti-competitive agreements and abuse of a dominant position and anti-competitive mergers and may also include provisions on unfair business practices (ASEAN Secretariat, 2010; UNESCAP, 2021).

Main Anti-Competitive Practices that SMEs Might Indulge

Because SMEs have many limitations and competitive disadvantages as mentioned and analyzed above, it is easy for SMEs to engage in several business activities that may potentially violate competition laws in order to improve their status and gain competitive advantages. Past economic development in ASEAN particularly relied on state planning and industrial policy,

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which also results in the lack of competition (Michael, 2015 & 2010). Harmful forms of anti-competitive conduct (Cartel) include probably price fixing, market sharing, bid-rigging and some other sorts of practices that often distort competition. In Malaysia, agreements between competitors regardless of their size (including SMEs) are prohibited if it has a significant anti-competitive effect (Ramaiah & Young, 2017).

A key anti-competitive practice (agreement) performed among SMEs is price fixing or predatory pricing - associated with large enterprises to get advantages in the market. SMEs usually seek ways to avoid low-price outcomes by promoting coordinated behavior. Formal arrangements for such coordinated behavior involve the creation of a cartel, which is designed to overcome uncertainty of actions by rivals and to maximize profits for cartel members. Meanwhile, customers have to experience higher prices and restricted choices.

Another anti-competitive conduct that SMEs might use is market sharing, which is perceived as a strategic alliance of SMEs in order to compete effectively. With market sharing agreement, competitors agree to divide the geographically relevant market or markets among themselves by agreeing not to compete for each other's customers, or not to enter or expand into a competitor's geographically relevant market. Therefore, they face less competitive pressure and are even able to enjoy market power in their respective allotted markets. Though the impact of market sharing strategy is not as obvious as price fixing, the conduct is still perceived as immoral since market sharing cartels do not need to compete vigorously for customers. As a result, respective customers might have to experience higher prices and restricted choices. Market sharing, thus, is considered inherently harmful to competition.

Bid rigging is another serious illegal form of anti-competitive conduct which is also based on trust and close relationship between competitors (contractors). This practice is considered to have the object of harming competition since it results in higher prices, higher procurement costs, and less choice for investors. Competing SMEs collude to choose the winner of a bidding process while others take turns submitting noncompetitive bids or sitting out of a bidding round. Since rigger price will be higher than what might have resulted from a competitive bidding process, bid rigging conduct is often associated with bribery.

Some other sorts of anti-competitive practices such as retail price maintenance (RPM) conducted by most SMEs and are engaged in more by large enterprises. RPM includes maximum or recommended retail pricing which is very common for retail partners being SMEs (Ramaiah & Young, 2017). However, SMEs might have to accept the recommended resale price set by their suppliers due to the fear of losing contracts if they sell at lower price. As a result, consumers have to face higher prices.

Another anti-competitive practice is sharing sensitive information. Exchanges of sensitive information are by its cartel-like behavior that may generate efficiency gains (Whish & Bailey, 2018; Law, 2015). Exchanges of sensitive information can be relating to determining prices, limiting or controlling supply or production, allocating markets or customers. This exchange of services and information to a certain degree might help SMEs to know the markets of their competitors. However, SMEs often fail to consider what qualifies as sensitive information and the limit of how much information should be shared. They also do not consider sharing sensitive information as something which should be subjected to any rules or regulations. Therefore, though this information sharing conduct is not perceived to be illegal, it is unethical if the shared

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information reveals too much confidential business information such as business strategy, initial innovation and patents, and future markets and intentions (ICC, 2017).

In addition, some anti-competitive agreements are broadly defined and do not include formal arrangements such as concerted practices in which SMEs easily participate to enhance their competitiveness. These practices involve typically some form of informal cooperation or collusion in which firms imitate or adhere to prices set by other competitors without being unilateral and independent. This practice is more related to services performed by ASEAN SMEs or in conjunction with large enterprises such as barber business, coffee shops ((Ramaiah & Young, 2017; Tan, 2015), logistics, transportation services even price settings.

Compliance with Competition Law

Over the decades, compliance with all applicable laws and regulations is a requirement of the new era of corporate management. Corporations in modern societies are subject to a lot of regulations that standardize substantial aspects of their business activities. Such regulations including environment, health and safety, antitrust, employment, and securities, are aimed at controlling corporate behaviors in order to achieve desirable social ends. The fallouts such as from Enron, Word Com, and Lehman Brothers… had triggered public demands for both increased regulation of corporations and assurances of corporate compliance with these regulations (Kennedy & Schulz, 2005).

Complying with the laws and regulations is not optional but required for every firm (Rubenstahl et al., 2020). Enterprises, including SMEs, are required to comply with the laws of the jurisdictions in which they operate. In the field of competition, enterprises have an obligation to respect the rules that maintain fair competition among competitors in terms of prohibition of anti-competitive behaviors and unfair business practices. Compliance is a broad concept with many different connotations depending on the conceptual approach. Corporate compliance is the process of ensuring that a firm, its employees, and all its stakeholders comply with the laws, regulations, standards and ethical practices applicable to its organization and operations. Moreover, very undertaking, regardless of its size, must comply with their standards, code of conduct, particularly self-regulation set out by entity. To avoid the risk of non- compliance, all of their stakeholders, employees and managers, need to comply with up-to-date legal requirements.

Complying with competition law, enterprises reduce the risk of non-compliance and get benefit in a variety of ways. The risk of non-compliance with competition laws can be costly for a business as it can lead to financial penalties, liability for compensation as well as other potential immaterial impacts, such as loss of reputation, forced to participate in lawsuits, etc. (Stakheyeva, 2015). So non-compliance practices can be sanctioned by competition authority or by court (Rubenstahl et al., 2020) in administrative, civil and criminal sanctions form. Therefore, a competitive compliance strategy is important preventive measures that will help enterprises, including SMEs, avoid adverse risks that may arise from practices caused by anti-competitive behaviors.

Complying with competition law brings great benefits to enterprises, including SMEs, even greater benefits beyond commonly legal compliance practices. This improves firm performance, increases its reputational capital, and helps companies to recruit talent and increase their competitiveness. When there are compliance policies and programs, enterprises will be

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more appreciated in terms of professional corporate governance, compliance culture and operational safety. In order to effectively comply with the provisions of competition law, SMEs need to develop a competition compliance strategy because this strategy will increase the awareness of management personnel and employees about the nature competition as well as law on competition (UNESCAP, 2021), aware of the nature of the risks that enterprises may face due to non-compliance with competition law.

To implement the competition compliance strategy, developing and operating a competition compliance program, even code of conducts (Rubenstahl et al., 2020) plays a central role. A common compliance program that includes competition compliance reflects the specificity of the company, the environment in which it operates, and risks it faces in its day-to-day operations (OECD, 2021). In fact, most corporate compliance programs make reference to competition law and in particular to three fundamental rules: do not enter into anti- competitive agreements; do not use abuse when one firm is dominating the market (Lachnit, 2014) (in terms of collective dominance, in which SMEs participate); and do not conduct unfair business practices. This program also provides a formal internal framework to ensure that managers and employees comply with competition rules. By implementing proper and effective compliance programs, SMEs can significantly reduce the risks of violating the laws and regulations, and help to avoid disruptive and costly investigations. Because compliance programs are often publicly available, they serve an external communication function to convey the message that a firm is knowledgeable about the law and willing to comply with it (Lachnit, 2014).

Compliance programs are often associated with in-company training on compliance for employees. Compliance training is the process of ensuring employees understanding all the relevant laws, regulations, and internal policies of an enterprise. Furthermore, this creates a compliance culture that greatly influences the compliance behavior of everyone in the company. A compliance program together with a compliance department is a formal system to help a SME maintain compliance in all areas of operation, especially in competition. Such compliance program will generally focus on upholding policies and procedures that prevent the organization and employees from infringement of laws and regulations.

Operating the compliance program ensures that all management elements of SMEs are functioning in a unified process legally and safely. This program is crucial to good governance and risk management in all aspects of SMEs. To achieve these goals, SMEs need to adopt an organization, designate personnel for compliance programs, set up an appropriate mechanism, and train their staff in order to ensure legal compliance with all activities being legal. In detail, SMEs need to plan steps, such as establishing and adopting written policies, procedures, and standards of conduct; creating program oversight; designating staff; training and education; establishing two-way communication at all levels; developing monitoring and auditing systems; and enforcing consistent discipline. Through running an effective compliance program, SMEs can inspect and monitor the compliance process of the entire system.

Compliance Program with Competition Law-do SMEs Need it?

Competition law is designed to protect competition process because societal benefits from competitive environments numerous (Banks & Jalabert-Doury, 2012). Why does competition law need to be compliance by enterprises, even SMEs? For doing business,

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enterprises conduct many business behaviors and strategic decisions which may involve competition regulations. Respecting competition regulations is fundamental to a fair, well-functioning market and contrastingly violations of competition law will be severely sanctioned. That's why competition compliance programs are an important part of a business's risk management, including taking precautions to reduce the risk of liability due to violations. It is also why so many enterprises are establishing competition compliance programs as part of their overall risk management plan (Business Europe, 2017).

Because a compliance program is designed to ensure that an undertaking complies with any law or regulation, the objective of compliance with competition law can only be achieved in the framework of credible compliance programs run effectively by this enterprise. Most corporate compliance programs have references to competition law and especially its basic rules: do not enter into anti-competitive agreements (Lachnit, 2014). In this context, a credible and effective compliance program in terms of competition law is necessary for SMEs. Without a compliance program with competition law, SMEs are unable to detect automatically non-compliance and furthermore improve their governance system as well as avoid risks of infringements of competition law.

Although SMEs have small resources and will have difficulty implementing compliance policies compared to large enterprises, this does not help them avoid the risk of non-compliance with competition laws. Essentially, the threshold for imposing sanctions on certain anti-competitive practices is applicable mainly to large corporations. However, if participating in anti-competitive agreements, jointly implementing the interaction with large enterprises in dominating the market or unfair business practices, SMEs still have to bear the legal responsibility of the violation.

Employees, managers, leaders and all stakeholders of SMEs can only avoid the risk of infringements of competition law if an appropriate compliance program is developed and effectively implemented by SMEs. The compliance program may help SMEs to ensure compliance with the law by informing them about competition infringements beforehand, thus preventing them from financial and reputational damage (Stakheyeva, 2015). SMEs need to establish some sort of formal compliance program with content of competition law in order to ensure that they are adequately and responsibly carrying out their competition regulations and various ethical business activities. At the same time, by doing so, they can appropriately safeguard the enterprise against the risks and liabilities inherent in business conduct.

When operating in the market, SMEs must also comply with competition regulations. Because, violating competition law can lead to sanctions such as fines, damages, even imprisonment. For SMEs, this becomes relatively costly than for large enterprises.

In terms of operation of an appropriate compliance program, SMEs need to focus on antitrust law and law against unfair business practices. In fact, SMEs can unintentionally ignore these laws because they are in several cases not subjected to anti-trust law, unless SMEs make a deal with large corporations (to become cartelist) to gain competitive advantage or benefits unduly, or violate unfair business regulations.

Because of resource constraints, most SMEs don’t have their own compliance department or a separate competition compliance program. In terms of having compliance guidelines, SMEs have significantly lagged behind large corporations with 91% of the large companies in comparison with 66% of SMEs. Regarding the adoption of an enterprise-wide compliance

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management system, large companies also have heavily outnumbered SMEs by almost three to one with 73% of the large companies in comparison with 27% of SMEs (Stolz & Bachem, 2016). Furthermore, a comprehensive compliance management system is not necessarily required for every SME because it is very costly for a small firm. A tailored competition compliance program may be feasible a small business. The costs of implementation compliance program must be kept in mind (ASEAN Secretariat, 2010).

In terms of competition law enforcement, SMEs cannot probably be treated in the same manner as a large corporation. It raises some significant practical enforcement issues for competition authorities. For example, a relatively minor, accidental or inadvertent infringement of the law (which often occurs in small firms with limited knowledge of competition law) may be met with a simple warning, whereas a deliberate, large-scale breach may lead to a prosecution that seeks the maximum available penalty. As above mentioned, the case of 19 insurance firms, which agreed to increase car insurance premium from 1.3% to 1.56% in 2008 in Vietnam. Although the fine imposed is low of 0.025% on the revenue of each firm, plus administrative fees, it is a warning to related SMEs to be aware of and to compliance with Vietnam's Competition Law.

Furthermore, the level of penalties imposed on SMEs can be problematic for bodies responsible for enforcing antitrust law or law against unfair business practices. Should all firms be subject to equal penalties for the same offence, or should there be a level of proportionality. This requires competition regulators (and, occasionally, the courts) to consider whether penalties should take into account the highly marginal nature of many SMEs, and the high likelihood that they may have had little (if any) access to prior legal advice.

The detection of competition law violations for SMEs will be much more difficult for the competition agency. Meanwhile, large corporations often have metrics, a high public ledger, and a large customer base, making it easy to identify non-compliant activities. Furthermore, in many cases of non-compliance, a market share or volume threshold is required, which makes non-compliance detection for SMEs more difficult. Therefore, a compliance program with reference to competition regulations, which is introduced in SMEs play a curial role in ensuring compliance with competition regulations. A self-perceived compliance system run by SMEs would be more effective than the system through administrative procedures of competition law enforcement authorities in ASEAN countries. On the road to competition compliance, the ASEAN Secretariat had developed Competition Compliance Toolkit for enterprises including SMEs (ASEAN Secretariat, 2010) with the target to be aware of the benefits of competition and risks of infringing competition law.

DISCUSSION AND CONCLUSION

In ASEAN countries where average development level is still low, the effective corporate compliance with reference to competition regulations play a crucial role to contribute to the appropriate competition regime which supports all market participants to compete with each other in a fair and safely manner.

Corporate compliance with reference to competition regulations has greater benefits for SMEs beyond legal compliance. The importance of the competition compliance combined with a compliance program which help enterprises, including SMEs to recognize the boundaries of

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permissible conducts and prohibited behaviors in the competition market have to be recognized clearly.

Competition compliance and a functioning compliance program are essential to help SMEs to not only improve its corporate governance system towards modern governance but also avoid risk of non-compliance in terms of competition law. Non-compliance will undermine reputation and value in business and markets SMEs had to collect longer than large corporations did. Creating an effective corporate compliance is the unique way that helps all of SMEs requirements will prove to be of huge value to the business.

The functioning compliance program will facilitate SMEs to overcome challenges that they have been facing and to be qualified for a new business world where compliance with laws, regulations and business ethics must be strictly obeyed. The overcome of challenges include improvement of corporate governance; strengthening competitiveness in comparison to foreign firms, and integration in global value chains are crucial for development of SMEs in ASEAN.

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