Digitalization of Business Law: Urgency and Orientation of the Industrial Revolution 4.0 and Society 5.0

The digitalization of business law is one of the impacts of the development of technology and information. The development of technology and information is identical to the phenomenon of digitization, especially in the context of legal practice. This research gap is the existence of voids and overlapping legal rules related to technological developments in business where there should be legal rules that are general in nature and can accommodate business developments. This study aims to analyze the urgency and orientation of business law in the midst of the development of technology and information, especially with the development of the industrial revolution 4.0 and society 5.0. This research is a normative legal research. The results of the study confirm that the urgency of digitizing business law is by establishing laws and regulations that are in accordance with the needs of digitizing business law as well as the need for harmonization and revision of various existing regulations so that the law. In this case, the law can meet the demands of digital business practices in society. Laws in this case are regulations made by the central government to regulate and anticipate developments in business law so that one law with another may not overlap which has an impact on legal uncertainty in society. The orientation of business law in treading the era of the industrial revolution 4.0 and society 5.0 is that business law, especially business contracts, will become an instrument that is often used, especially digital business contract instruments. Furthermore, it is necessary to harmonize and even establish various laws and regulations using the omnibus law method to facilitate various overlapping laws and regulations as well as efforts to facilitate business development.

Keywords: Digitalization; business law, industrial revolution 4.0; society 5.0.
INTRODUCTION

The development of law is unavoidable, especially in the face of the times. The development of the times as part of the renewal of civilization is a common thing, especially related to humans’ creative and progressive soul. As creative beings, we always have an orientation to make changes and updates. That is related to the renewal and development of the times in various activities of human life. The development of the times in various activities of human life is no exception to the increasingly massive development of technology and information. In this case, the development of legal science must also adapt to the development of technology and information. That is because, as one of the social-societal subsystems with normative and authoritative characteristics, the law must be able to predict and even facilitate various technological and information developments to be able to provide benefits to the community.

The character of the law to predict and facilitate various technological and information developments is very important as a means to realize laws that provide certainty, benefit, and justice for the community. In the context of the development of technology and information, the role of business law is very important to predict and facilitate various legal developments in society. That is based on the fact that business actions are actions that common humans commonly carry out their needs. In this case, business exists when humans need to fulfill various aspects of their lives. Thus, business exists when humans exist and must fulfill their needs. Business development that is in line with human development, especially in the aspect of technology and information, also demands the role of business law as a facilitator to create a conducive, proportional and fair business climate. That can be seen in the development of business, where there is a match between business practices and the standard of human life. In this case, business law must be able to provide a bridge and means so that business can run in accordance with the values, principles, and objectives of the law.

This study aims to analyze the urgency and orientation of business law during the development of technology and information, especially with the development of the industrial revolution 4.0 and society 5.0. That is because “business law must develop and in accordance with the development of the community” so that every changing times there must be a change in the conception and paradigm of business law. That is so that relevant business law becomes the “rules of the game” that provides a dimension of justice for humans as business actors. Research on business law and technological development has been carried out by Nurul Ula Ulya and Fazal Akmal Musyarri...
(2020) on the Omnibus Law on Information and Communication Technology Regulations, which focuses on the need for future regulation regarding information and communication technology using the omnibus law method so that it can adapt to technological development.\(^8\) Furthermore, Yustina Dhian Novita and Budi Santoso (2021) research concerning the Urgency of Reforming Consumer Protection Regulations in the Digital Business Era focuses on the urgency of revisions regarding regulations in the consumer protection law associated with the development of digital business.\(^9\) Another research conducted by Ahmad Sabirin and Raafid Haidar Herfian (2021) on the Impact of the Digital Ecosystem on Business Competition Law in Indonesia and Optimizing the Role of the Business Competition Supervisory Commission (KPPU) in the Digital Economy Era which focuses on digital business has a significant impact on the business competition, so that requires new arrangements regarding business competition after digital company.\(^10\)

In addition, Misbakhul Munir Mubarok (2022) research on E-Commerce from the Perspective of Sharia Economic Law seeks to capture the development of e-commerce in the legal aspects of Islamic economics\(^11\). Regarding the development of the digital business, which has a negative impact in the form of cyber-based business crimes, Anita Asnawi’s research (2022) on Indonesia’s Readiness to Build a Digital Economy in the Industrial Revolution Era 4.0 emphasizes that the development of the digital business which has an impact on increasing cyber crime must be of particular concern, especially with regulations that anticipate cyber crimes.\(^12\)

The three previous studies focused on discussing the development of technology and information in relation to the law specifically or specifically, such as in aspects of e-commerce, consumer protection, and regulations related to information technology. That is certainly different from this research which focuses on the analysis of business law associated with the development of the industrial revolution 4.0 and society 5.0. Thus, this study is original because it differs from the three previous studies. This study seeks to discuss two problem formulations: (i) How is the urgency of digitizing business law related to technological developments in society? Furthermore, (ii) What is the orientation of business law in treading the era of the industrial revolution 4.0 and society 5.0?

**RESEARCH METHODS**

This research is normative legal research that seeks to see the law from the legal system internally.\(^13\) That includes also looking at the relationship and coherence between various legal rules that aim to regulate the same thing. This study emphasizes the existence of a prescription that

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\(^12\) Anita Asnawi, “Kesiapan Indonesia Membangun Ekonomi Digital Di Era Revolusi Industri 4.0,” Jurnal Ilmiah Indonesia 7, no. 1 (2022).

can be used to resolve a legal issue. This study uses primary legal materials, which include: the 1945 Constitution of the Republic of Indonesia, Law no. 8 of 1999 concerning Consumer Protection (UUPK), Law no. 11 of 2008 concerning Information and Electronic Transactions (UU ITE), Law no. 19 of 2016 concerning Amendments to Law Number 11 of 2008 concerning Information and Electronic Transactions (Amendment to the UU ITE), Law No. 7 of 2014 concerning Trade (Trade Law), as well as Law no. 11 of 2020 concerning Job Creation (UU CK). Secondary legal materials include various research results, comments on the digitization of business law, and non-legal materials covering various writings or research related to the industrial revolution 4.0 and society 5.0. This study uses a conceptual approach and legislation.

ANALYSIS AND DISCUSSION

A New Era of Business Law: The Urgency of Digitization

Businesses that require regulation by the state to protect human and other public interests are what, in the study of legal science, is called business law. According to Peter Mahmud Marzuki, although there are similarities, there are substantive differences between business and economic law. Economic law is actually a part of public law oriented towards the state’s role as the organizer of policies while simultaneously trying to fulfill the goals of the state through the establishment of certain rules. In this case, it can be concluded that the state is active in the context of economic law, especially concerning forming legal products to realize the state’s goals. Business law cannot be equated with economic law because the essence of business is the activities of each individual who are profit-oriented or meet their needs. That also confirms that business law is in the realm of private law. In the context of private law, the state plays a role in enforcing the rule of positive law by giving freedom to each party to conduct business transactions. The freedom to conduct business transactions is identified with the principle of freedom of contract in business law or civil law. Because it is identical to civil law, business law is a branch of private law. In the context of private law, the state functions as a “keeper of positive law enforcement” that regulates existing business processes so that compared to its regulatory character, the state acts more as a facilitator in business law. Thus, in the context of state business law, it comes with a passive character, meaning to make legal products and/or policies to keep business processes running properly and humanely and minimize losses from each party.

Based on the description above, it can be concluded that several characteristics of business law. First, the state plays a more passive role. The passive role of the state in the context of business law must be interpreted that does not mean that the state is “indifferent” to existing business processes, but that the state must be careful to take action against one party in the business

process because the state is more concerned with the agreements and practices that develop in the business process. Business. In this case, the state acts by observing and adapting to business practices that develop as long as business takes place in the right corridor as done properly and humanely and minimizes losses from each party. If the business process does not show the aspect of propriety and humaneness and even tends to harm each party, that is where the state plays a role through regulations and other legal products. Second, the state acts as a facilitator. The purpose of the state as a facilitator is that the state must see developments, needs, and business orientations that develop from time to time. That is necessary so that the state can follow the community’s business needs when making a rule or policy related to business. In this case, the state must follow various developments of business processes so that the state does not seem left behind by business developments.

Third, the state can be the arbiter in business disputes. In this context, as the highest social-social institution, of course, the state can mediate over problems as well as disputes in existing business processes. The state is not the “only” referee in business disputes. That is because business is a private legal domain so the parties can resolve business disputes through alternative dispute resolution through institutions outside the country, such as mediation and arbitration. This confirms that the state only “can” be the arbiter in business disputes and is not “obligated”. That is because business disputes, as long as they are agreed upon by the parties, can be resolved through alternative dispute resolution outside the state court. Fourth, the state is reactive in seeing the development of certain business practices. That means that the main task of the state as a business “facilitator”, the state must see the development of existing businesses so that they can optimally determine policies and make legal products that are following ongoing business developments. In this case, the reactive nature of the state is in the context of making policies and/or legal products that support business development and provide benefits for business people and the community.

Based on the four characteristics of business law above, it can be seen that the state must be able to fulfill these four characteristics. In addition to emphasizing the state aspect, the public must also understand the state’s role and each business actor’s role in business law. That is so businesses can run optimally and the state can protect business processes proportionally. In its development, business processes with the development of information and communication technology then gave birth to business processes through digital aspects. Business people cannot deny business process digitization, considering the development of information and communication technology demands digitalization in business processes. Several laws and regulations in Indonesia that seek to facilitate the development of digital business include: (i) the UU ITE and its amendments which were initially oriented to the need for government support related to the development of information and communication technology to be used wisely and proportionally and based on values. Socio-cultural society, at the same time, refers to and pays attention to the religious values that develop in the community. In this context, of course, the UU ITE and its amendments are also present to facilitate the development of digital business and therefore also use the term “electronic transaction,” which also includes digital business transactions.

That is an attempt to protect the public from the increasingly massive business transactions carried out by the community in the business process. However, in practice, the UU ITE and its

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amendments appear as “monsters” that easily convict the public. The purpose of the UU ITE and its amendments to protect the public is precisely the opposite of the reality, which is a “means” to imprison the community. In the context of business law and business digitization, of course, the UU ITE and its amendments have a good purpose, but there is a decadence between the ideals and reality of the existence of this UU ITE that needs to be rethought, especially concerning the orientation to protect the business transactions of each citizen. Furthermore, (ii) UUPK specifically regulates consumer protection in Indonesia. Even though it was born after the reformation in 1999, the UUPK has not provided any regulation (at least the basic principles of the potential for business digitization), so the UUPK does not yet contain specific provisions that protect consumers from developments in business digitization. The lack of regulation regarding business digitization in the UUPK can be understood because it was ratified in 1999; at that time in Indonesia, there was not yet a massive implementation of business digitization. Even so, there should be a need for basic business principles or certain legal principles to be included as a “guide” for the UUPK in resolving business disputes digitally.

Furthermore, (iii) the Trade Law passed in 2014 has provided orientation regarding the development of business digitization. That can be seen in Article 1, number 24 of the Trade Law, which makes trading through an electronic system. Even so, the regulations related to digital business in the Trade Law still seem partial, especially if you look at Article 115, which only simplifies problems in digital business practices with criminal threats if doing business with electronic systems but not following correct data/information. That, of course, only partially regulates the issue of business digitization because various dispute resolution efforts can be made in the context of business disputes, including non-litigation dispute resolution. Next (iv) is the UU CK which has an orientation to emphasize the importance of business digitization aspects to be facilitated by law. That can be seen in Article 46 of the UU CK, most of the substance of which is to amend several provisions in the Trade Law, such as administrative sanctions for business actors who do not include business information in Indonesian, business and business licensing efforts by utilizing developments in technology and information, including the permit alternative dispute resolution outside the court when there is a business dispute that occurs with the electronic system.

The UU CK does come with one of its orientations to facilitate electronic business practices that apply in the community. Even so, the UU CK must be read harmoniously with various other laws and regulations. Partially reading the UU CK and not linking it to other regulations is a step backward and reduces the ideals of establishing the UU CK. Even so, the Constitutional Court Decision No. 91/PUU-XVIII/2020, which states that the UU CK has a conditional unconstitutional status for two years, is the right momentum to revise various provisions in the UU CK especially substances related to digital business practices. Based on the description above, the urgency of digitizing business law is to establish laws and regulations that follow the needs of digitizing business law as well as the need for harmonization and revision of various existing regulations so that the law, in this case, the law can meet the demands of digital business practices in society.

The Orientation of Business Law in Treading the Era of Industrial Revolution 4.0 and Society 5.0: What’s Next?

The development of technology and information has an impact on various aspects of human life and, of course, also has an impact on the legal aspect. In the legal aspect, the development of technology and information impacts the digitalization aspect of the law. Legal digitization is a phenomenon in which various digital aspects color legal practice. Legal practice is not only synonymous with face-to-face activities but also includes digital-to-digital aspects. That is what causes various legal activities to be carried out online or digitally, such as online courts (e-court), online signatures, and online registration of integrated legal documents. In addition to these phenomena, in business practice, there are developments related to the digital aspect, in this case, the number of business transactions carried out digitally. Digital business practices, on the one hand, are an effort to make it easier for humans to take business steps. However, on the other hand, digital business practices also require relevant legal instruments. In Richard Susskind’s view, the development of digitalization in legal practice, on the one hand, must make law an effective means of social engineering to always see the context of the times while maintaining the relevance of legal principles in their application.

Efforts to maintain legal principles in practice in society are important because, in the study of legal science, the principle is the “heart” of legal science. That means that the development of legal knowledge, both theoretically and practically, must be based on legal principles as the basis for the operation of law. That also confirms that even though there are legal developments in practice, especially with the digitalization of law, legal principles must be maintained, especially if they can be implemented following the context of digital legal developments. In business law, developments in business practices, especially related to the phenomenon of business digitization, demand the role of legal principles so that they can be contextually applied in the digital world. That is to emphasize that there is no discrepancy between the digital world and the real world, where the law must be enforced. In the context of the development of business practices and business law, of course, it cannot be separated from the development of the idea of the industrial revolution 4.0 and the idea of society 5.0. The development of the industrial revolution 4.0 emphasizes the important role of technological development, especially digital technology.

The characteristics of industrial revolution 4.0 include the comprehensive development of

cyber systems, the internet of things (IoT), and the development of the computing world. In its development, the industrial revolution 4.0 emphasizes the existence of smart technology that is increasingly making various fields of human work more effective.\(^{31}\) That is actually in line with the principles of the idea of the industrial revolution 4.0.\(^{32}\) Industrial revolution 4.0 has four main principles, namely: (i) the principle of interoperability or suitability, principles related to the relationship between humans and the internet of things (IoT), including the orientation of artificial intelligence; (2) the principle of information transparency, which is related to efforts to copy something from the information system that can be digitally duplicated as an effort to match everything contained in the information system. This principle also emphasizes the importance of fast and accurate transfer of information; (3) The principle of technical assistance, namely the ability of the system to perform various human tasks from small (simple) to even heavy human tasks; (4) The principle of independent decisions, namely the ability of the information system to determine its attitude related to the existence of data in the form of information or other data collected by humans.

That’s independent decision principle is interesting because it requires information technology to think critically and solve problems like humans. Although in principle, the presence of the industrial revolution 4.0 has a positive impact on humans, but it is also necessary to pay attention to the various negative impacts accompanying the development of the industrial revolution 4.0. The negative impact of the industrial revolution 4.0. That is the potential to replace human resources with certain robots or machines. That is certainly a separate threat to humans. Are humans ready to face the threat of industrial revolution 4.0? If we refer to the views of Klaus Martin Schwab, one of the people who initiated the industrial revolution 4.0, then, in fact, there is an industrial revolution 4.0. not oriented to replace human functions and work completely.\(^{33}\) In this case, aspects and dimensions of humanity such as love, compassion, and belief in God are things that are impossible for robots, machines, and other technologies to do. Even though it must be admitted, the existence of the industrial revolution 4.0. shaped the paradigm and major human changes in the future. Historically, the presence of industrial revolution 4.0., born with various industrial revolutions with certain patterns and characteristics, such as the industrial revolution 1.0, appeared in the 18th century with the presence of steam-based technology, then the industrial revolution 2.0, which made electrical energy and motors as the identity of the birth of the 2.0 industrial revolution.

Furthermore, the industrial revolution 3.0. born with a developmental identity in the form of an electronics-based industry, information technology, and automation, all of which are identical to the role of electronic technology. That was later fulfilled with the birth of the industrial revolution 4.0, which is synonymous with the Internet of Things (IoT).\(^{34}\) In its development, the presence of the industrial revolution 4.0. has changed some people’s behavior, such as being more consumptive

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33 Yusep Mulyana, “Peran Sumber Daya Manusia (Sdm) / Generasi Muda Dalam Menyongsong Revolusi Industri 4.0,” *Prismakom* 16, no. 1 (2020): 36.

in buying goods at online stores (marketplaces), tending to depend on gadgets, and being oriented towards relationships in the digital world/virtual world compared to the real world. The idea of the industrial revolution 4.0. also actually related and intertwined with the concept of Society 5.0. Society 5.0 concept. Originally initiated by the State of Japan to assert as a “solution” to enact the industrial revolution 4.0. Society 5.0 ideas. Its orientation is not much different from the industrial revolution 4.0, which focuses on technology and artificial intelligence to complete various human tasks. In general, five sectors occupy the most important position in optimizing the industrial revolution and Society 5.0. includes the textile, automotive, electronics, chemical, and food and beverage sectors. In the context of Indonesia itself, the five aspects are expected to develop with the industrial revolution 4.0. and Society 5.0. It is also hoped that this will become one of the most important supports for providing employment opportunities for the Indonesian people.

It also requires the government to prepare policy and legal products to support the textile, automotive, electronics, chemical, and food and beverage aspects to compete in the global arena. On a conceptual level, the industrial revolution 4.0 and Society 5.0 can be said as “two twins” or can be identified as “one coin with two currencies,” which means that there is no significant difference between the industrial revolution 4.0 and Society 5.0. Industrial revolution 4.0 emphasizes the artificial intelligence aspect, while Society 5.0 more oriented to the development of human attitudes in dealing with Society 5.0. Society 5.0 concept. A long development from several previous concepts, which include: Society 1.0, which is when humans still fulfill their needs by hunting while expressing ideas and art through simple writing, Society 2.0 is a time when humans optimized agriculture and farming aspects, Society 3.0, is a time when humans know industry and machines, Society 4.0, is a time when humans optimize various jobs with computer equipment, as well as the era of Society 5.0, which is a time when information is not only seen as a means of life that only humans know enough, but information has become a combined human need. With the aspect of digitization.

Referring to the things and descriptions above, the idea of the industrial revolution 4.0 and Society 5.0 is to optimize the role of technology and information, as well as the Internet of Things which has an orientation on artificial intelligence as a means to complete different human lives. Even so, one of the “keys” to understanding the industrial revolution 4.0 and Society 5.0 is in the nature and character of “humans,” which must remain the main reference in facing various developments of the times. The nature and character of the “human” include: innovation, religious and humanitarian spirit, creativity, and human orientation to act according to certain values. Of the four “human” traits and characters, the role of law occupies an important position because the law in Indonesia must pay attention to these four aspects. In this case, to face the industrial revolution 4.0 and Society 5.0, the law in Indonesia must be based on the religious and humanitarian spirit and certain values. In the Indonesian context, it is based on certain values, namely the principles of the rule of law and the values of Pancasila. These values guide the formation and implementation of laws whose implementation is in the form of technological innovations that support the industrial

revolution 4.0 and Society 5.0. In the context of business law, the existence of the industrial revolution 4.0 and Society 5.0 requires the law to be responsive to developments but at the same time so that the law continues to strengthen the principles and harmonization of laws between various laws and regulations.

The era of the industrial revolution 4.0 and Society 5.0, especially in the context of business law, will emphasize the character of business law with written characters such as digital business contracts that will be used massively as well as the existence of many laws and regulations that will be formed to facilitate the industrial revolution 4.0 and Society 5.0. This number of laws and regulations, on the one hand, will cause problems in the form of hyper-regulation and problems in legal harmonization. That has the potential that many laws will be made, but it is not easy to implement because of overlaps. Based on the description above, the orientation of business law in treading the era of the industrial revolution 4.0 and society 5.0 is that business law, especially business contracts, will become an instrument that is often used, especially digital business contract instruments. The problem is that digital business contracts are synonymous with fast characters, so sometimes the legal terms of the agreement in Article 1320 of the Civil Code are ignored, and even various laws and regulations such as the UUPK and the Trade Law are potentially neglected. The most important thing about the industrial revolution 4.0 and society 5.0 in the context of business law is the coherence between the principles of business law and the application of business law in people’s lives. Furthermore, it is necessary to harmonize and even establish various laws and regulations using the omnibus law method to facilitate various overlapping laws and regulations and efforts to facilitate business development.

CONCLUSION

The urgency of digitizing business law is the formation of rules and regulations that follow the needs of digitizing business law as well as the need for harmonization and revision of various existing rules so that the law, in this case, the Act, can meet the demands of digital business practices in society. This is necessary so that the law shows normative aspects both in the text and in practice related to the development of the context in society. The orientation of business law in moving into the era of the industrial revolution 4.0 and society 5.0 is that business law, especially business contracts, will become an often-used instrument, especially digital business contract instruments. The problem is that digital business contracts are synonymous with fast character so sometimes the terms of the agreement’s validity in Article 1320 of the Civil Code are neglected, and even various laws and regulations such as the UUPK and the Trade Law have the potential to be ignored. The most important thing about the industrial revolution 4.0 and society 5.0 in the context of business law is the coherence between the principles of business law and the application of business law in people’s lives. Furthermore, it is necessary to harmonize and even establish various laws and regulations using the omnibus law method to facilitate multiple overlapping laws and regulations and efforts to promote business development. This is strengthened by the Constitutional Court Decision 20/PUU-XIV/2016 and Supreme Court Decision No. 288 K/PID/2017, which implicitly emphasizes that the role of the court is essential in filling the legal vacuum in business practice while waiting for the revision of laws and regulations related to digital business.

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