

DEVELOPMENT OF BUSINESS LAW IN THE PERSPECTIVE OF PANCASILA IN THE ERA OF INDUSTRIAL REVOLUTION 4.0

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Abstract

This article aims to explore the development of business law in the context of Pancasila during the era of the Industrial Revolution 4.0. The research methodology used is normative juridical, which examines the implementation of positive legal provisions in business law. The data used includes primary and secondary sources, obtained from legal products related to business and trade. The rapid globalization brought by the 21st century industrial revolution has resulted in significant changes in various aspects of law, politics, economics, technology, and culture. As the Industrial Revolution 4.0 relies heavily on telematics (telecommunications, media, and information), it is essential to adjust regulations in the field of business law to accommodate these changes. The Indonesian government must engage in legal development, legal harmonization, and legal reconstruction to update legal products in line with the global situation. This includes building a legal system that reflects Pancasila and the 1945 Constitution to adapt to the industrial era 4.0. As the development of business law in the Industrial 4.0 era must be consistent with Pancasila's values and the 1945 Constitution, it is crucial to prioritize these values in legal development.

Keywords: Business Law, Industrial Revolution 4.0, Legal Development, Pancasila

1. INTRODUCTION

Arnold Toynbee is credited with coining the term "industrial revolution" in his book, *Lectures on the Industrial Revolution* (Wilson, 2014). The term, which is now commonplace, refers to the current era known as the fourth industrial revolution or industrial era 4.0. This latest revolution has surpassed the previous ones that began with James Watt's discovery of the steam engine in 1784, which triggered the first industrial revolution (Jones, 2020). The second industrial revolution was pioneered by the discovery of electricity in 1870, and the third was sparked by the emergence of computer technology (Olaitan et al., 2021). In the early 21st century, globalization, along with the widespread use of the internet and information technology, has become a driving force behind the industrial revolution 4.0 (Lee et al., 2018).

Telecommunications is a driving force that is creating a truly global economy, allowing businesses to compete in a cosmopolitan market. In the current era of the fourth industrial revolution, which began in the 21st century, significant changes are taking place that are breaking down barriers between the physical, digital, and biological worlds (World Economic Forum, 2016). Today, we have at our fingertips all the communication capabilities that we could ever need.

As communication technology has developed, it has become a crucial element of trade and business, both domestically and internationally. Modern society, sometimes referred to as the "disruption era" or the industrial revolution 4.0, is characterized by information technology, which has transformed the business landscape. This has created a borderless trade environment throughout the world, facilitated by the internet and other technological advancements.

However, these rapid technological changes, which are both positive and negative, also pose a threat to human life. The legal system must adapt to regulate this new world effectively. The progress made by the business world and supported by information technology has significant implications for the laws that govern it, both directly and indirectly (Sanusi, 2010).

Erni R Ernawan argues that ethical principles should underlie business practices, which include autonomy, honesty, justice, mutual benefit, and moral integrity (Ernawan, 2007). In contrast, the Caux Round Table's Principles for Business includes seven principles: responsibility, economic and social impact of business, innovation, justice and the world community, business behavior, respect for regulations, support for multilateral trade, respect for the environment, and avoiding dirty practices (Curtin, 1996; Phillip, 2014).

Indonesia's development has been spurred by advances in science and technology, particularly in the era of the fourth industrial revolution, which has allowed for electronic trade through digital electronics, artificial intelligence, big data, and robotics. However, this technological development is a double-edged sword, with positive contributions to welfare, progress, and borderless world relations, but also potential negative social, economic, and cultural changes. Increased investment, productivity, and quality can be offset by shifts in conventional roles in the market, disputes, unlawful acts by business actors, and a lack of government regulation of new business models.

While the industrial revolution 4.0 cannot be resisted or avoided, the government must carry out legal development in response to global demands and face international contradictions and dilemmas in trade and business. The challenge for the government is to build national laws with an Indonesian personality based on the basic philosophy and ideology of Pancasila. Legal development based on Pancasila and the 1945 Constitution should aim for a civilized society with dignity, but is challenged by foreign ideologies.

As the world becomes increasingly interconnected, businesses need to adapt to new technologies and market demands, and the legal framework needs to keep up with these changes. The principles of Pancasila provide a solid foundation for the development of laws that promote ethical and responsible business practices, while also protecting the rights and interests of all stakeholders. However, there are also challenges and potential negative impacts that need to be addressed, such as the potential for social fragmentation and economic inequality. It is important for the government to ensure that legal development is a dynamic process that responds to the changing needs of the business environment, while also upholding the values and principles of Pancasila and the Indonesian Constitution (Edelia & Aslami, 2022). By doing so, Indonesia can continue to grow and prosper in the era of the Industrial Revolution 4.0, while also maintaining its unique identity and cultural heritage. Therefore, this article aims to explore the development of business law in the context of Pancasila during the era of the Industrial Revolution 4.0.

2. RESEARCH METHODS

The research methodology utilized in this study is the normative juridical research method (Ibrahim, 2005), which focuses on examining the implementation of positive legal provisions in action within the context of business law during the Industrial Revolution 4.0 era. The primary and secondary sources of data used in this study include

legal products related to business and trade. The primary data were obtained through primary legal sources, while the secondary data were gathered from various other sources, such as academic publications, government reports, and online databases. The utilization of this research methodology allows for an in-depth analysis of the legal framework governing business activities in the era of the Industrial Revolution 4.0, thereby providing insights into the implications of such legal developments for businesses and society as a whole.

3. RESULTS AND DISCUSSION

3.1. The Positive and Negative Effects of Globalization

Globalization is a cultural process that has brought significant changes in various fields, including the economy (Devi, 2017). The expansion of markets, both in developed and developing countries, is one of the outcomes of globalization. However, this expansion is a double-edged sword. While it provides material abundance, it also creates numerous problems that are of concern to human civilization (Okoro et al., 2017).

Excessive consumptive behavior resulting from market expansion can lead to various social problems in society, such as extravagance, corruption, and higher crime rates. These problems affect all generations and layers of society, regardless of age or social status.

In the current industrial era 4.0, globalization is characterized by the formation of regional joint marketing such as AFTA (Asean Free Trade Area), NAFTA (North American Free Trade), and APEC (Asia Pacific Economic Cooperation), among others. These organizations aim to promote economic growth, encourage free trade, and strengthen communities throughout the world.

The formation of these organizations brings major changes to the international economic landscape, but it also poses challenges for countries, particularly those in the developing world. To benefit from these changes, countries need to adapt to the new economic environment, ensure that their legal systems are up to date, and create policies that are in line with their national interests.

The industrial era has given rise to an industrial society characterized by high levels of consumption. This consumption can create contradictory and dilemma-filled traits, leading to a society that can only exist in such conditions. The rapid progress of the globalization process, driven by the impact of technology on industry, has resulted in the Internet becoming the main pillar of national and international trade. The industrial revolution 4.0 era will usher in a world that some call "tangible virtuality," fundamentally changing the way of life and work on a national and international scale. Today, it's hard to imagine modern life without the largest internet network in the world connecting over 1000 countries, with individuals in these countries interconnecting. In the national industrial sector, the industrial revolution presents an opportunity to accelerate technological mastery as a key determinant of competitiveness in the national and international trade arena. In the era of industrial revolution 4.0, with its emphasis on the digital economy, artificial intelligence, big data, robotics, and disruptive innovation, businesses can sustain development and growth.

The fourth industrial revolution, which fosters increased connectivity and interaction, and the removal of boundaries between people, machines, and other resources, represents a technological shift that will change the way people live, work, and

entertain themselves. Bill Gates, the president of Microsoft Corp, has called it the creation of a "new digital world order," which promises to improve our lives. In early April 2018, the government unveiled a strategy for national industry that focuses on innovation in the food and beverage, electronics, automotive, textile, and chemical industries, while also declaring "10 New Bali" to increase the contributions of the handicraft industry, creative industries, and tourism to the global economy. The fourth industrial revolution, accompanied by the widespread use of science and information technology (IT), will bring changes to the mindset, work patterns, and lifestyles of people in different countries (Choi, 2020). Furthermore, humans will remain at the forefront of the development of a new civilization based on the fourth industrial revolution, which he identifies as having four characteristics: simplicity, speed, affordability, and accessibility.

3.2. The Challenges and Opportunities of the Fourth Industrial Revolution

The fourth industrial revolution, also known as the industrial era 4.0, has led to the development of smart factories that use the internet of things (IoT) (Murofushi & Tavares, 2017; Shrouf et al., 2014). These factories rely on electronic systems that are safe, reliable, and responsible to prevent illegal acts that could cause harm. The main goal is to provide legal certainty and benefits based on the principles of prudence and good faith.

Electronic transactions in the industrial era 4.0 are a modern business model that differs from conventional business practices. Agreements with other parties can now be made without physical meetings, signatures, and paper, making them more practical and efficient. These transactions can drive business activities and improve the economic sector. However, they can also lead to security issues, fraud, and legal problems that could harm consumers.

The government recognizes the need to regulate the use of information technology to create legal certainty for business activities and to prevent the misuse of technology for committing cyber crimes. Law No. 11/2008 on Electronic Information and Technology (ITE) acknowledges that the development of information and communication technology has caused significant changes in social, economic, and cultural activities, creating a borderless world (Dhadha et al., 2021). The changing dynamics triggered by global trends significantly impact the legal system, requiring a critical and innovative examination of legal development.

3.3. The Role of Law in the Digital Age

In the current legal reality, it is essential to evaluate how effective the ITE law and other Indonesian national legal regulations governing business law are in defending against activities in cyberspace. Activities in cyberspace differ significantly from those in the real world, raising questions about whether conventional laws governing real-world relationships can regulate activities in cyberspace, especially when crossing national jurisdictions (Ryter, 2020). The changing atmosphere, becoming a global trend, significantly affects the development of national law, giving rise to several questions, such as how the field of law is increasingly internationalized, how transnational arenas influence the practice of law creation, and how forces and logics at work in the economic field can provide a logic in the legal field of a larger phenomenon.

Law can be a powerful driver of development, as it involves not only reviewing and improving existing laws, but also systematically organizing a new legal system that reflects the ideals of the Constitution and Pancasila (Ibraheem, 2018). According to Putra

& Rasjidi (1993), legal development is crucial for Indonesia to become a key player in the global economy, through legal reforms such as legal reconstruction, intensification, and development of legal functions by improving legal structures and management.

The ultimate goal of legal development is to promote justice and order, and to ensure equity, growth, and expansion of national and international economic activities (Brown, 2019). This can be achieved by implementing effective business policies that foster a healthy business competition and improve the trade business climate. As Indonesia becomes more integrated into the global economy, it needs to adjust to the dynamic and abstract nature of global markets. This requires a shift from the traditional role of law as a controller of society to a greater function that is more responsive and adaptable to global demands.

In this context, two important factors come into play. Firstly, the moral relationship between citizens and the law (the state) must be strengthened. Secondly, our legal and political systems need to be able to fulfill people's demands for justice, by creating a legal framework that is fair and efficient. These factors are essential for the future development of Indonesia's legal system, and for ensuring the prosperity and happiness of its citizens.

The industrial revolution marked a significant turning point in human history, bringing about profound changes in various areas of society, including economics, law, and social organization. In particular, the social and industrial changes brought about by the revolution have transformed the way we live and work, leading to new forms of national and global organizations in the fields of law and business.

However, globalization has also brought about significant changes in people's values and attitudes, which require regulation through effective laws and law enforcement. Therefore, it is essential to continue developing and implementing effective legal frameworks to meet the challenges of the changing social, economic, and technological landscape.

The development of legal materials to address the challenges posed by Industry 4.0 aims to update and create new legal products that reflect the values of Pancasila and the 1945 Constitution, based on the needs of the community. This is necessary to keep pace with the evolving demands of the present and future, and to support the era of the Fourth Industrial Revolution. The importance of legal substance cannot be overstated, and includes:

Firstly, the law should not only be a tool for achieving rationality, but the legal product itself must be rational. A rational law is one that is truly able to fulfill its purpose, which is to act in the interests of the Indonesian people, in accordance with the mandate of the 1945 Constitution. The purpose of the law is to protect the entire Indonesian nation and to realize social justice for all.

Secondly, it is important to ensure that rational legal products can achieve their intended objectives, with the support of legal implementation tools. Thirdly, substance is crucial in the process of law formation, particularly in relation to the influence of the social structure of society. Legal products should aim to achieve their goals within the context of the prevailing social structures of society.

Legal development must aim to realize the ideals of the nation, which include building a just and prosperous society based on Pancasila. The values of Pancasila are based on religious morals, respect for human rights without discrimination, the unification of all elements of the nation, and the establishment of social justice in the economic and social fields. In order to achieve people's sovereignty and legal sovereignty

in building national and international legal development concepts, legal development must be guided by the perspective of Pancasila.

In the development of international law, particularly in the field of trade/business, which is multidisciplinary and comprehensive, the aim is to increase competitiveness in the international trade arena for the benefit of public welfare. The development of national law in the perspective of Pancasila will face various challenges and the influence of foreign ideologies. Therefore, the development of national law must be able to overcome these challenges and meet the demands of globalization and regionalization while increasing the competitiveness of Indonesian products. The government must continuously evaluate all laws and regulations related to the field of trade.

In the perspective of Pancasila, the development of law must guide the conduct of transactions or cooperation between national capital and foreign capital, which must meet the following aspects: (a) the presence of foreign/international elements in the cooperation, (b) the use of legal language to provide the same interpretation, and (c) clauses that are different from the international legal system.

To realize the policy direction mentioned above, legislative reform in the field of trade is expected to create legal harmonization in accordance with the aspirations of the community and the needs of legal development. Many factors influence legal changes in a country in this industrial era, both internal and external. Internal factors bring rapid and radical changes that affect the ongoing legal system, while external factors involve the process of adjusting national law to international law.

As part of the ongoing economic globalization in the era of Industry 4.0, Indonesia must be fully prepared to face the challenges of the global economy, especially in terms of global economic restructuring. The government must work to address weaknesses in both exports and imports, and develop the country's economic potential to enhance export potential and reduce reliance on imports. The government must also strengthen the resilience of the domestic economy against new foreign economic attacks.

To improve the competitiveness of Indonesian products, the government has a responsibility to immediately carry out legal arrangements that facilitate the global reform process without compromising the country's interests. Legal development and reform should be carried out wholeheartedly to provide legal protection against trade practices that are detrimental to the state and consumers, and to create greater prosperity for all Indonesian people. It is essential that legal development is based on the 1945 Constitution and Pancasila to ensure that all trade activities comply with the law.

Pancasila-based legal development should serve as a guide for conducting transactions in the global market, and all countries should work towards formulating a common legal product that benefits all parties involved. This will help to ensure that no one is harmed in trade and business activities that take place across the world.

In summary, Indonesia must prioritize legal development and reform to strengthen its position in the global economy. This can be achieved by enhancing the country's economic potential, improving competitiveness, and ensuring that legal development is guided by Pancasila and the 1945 Constitution, in order to protect the interests of the state and its citizens.

4. CONCLUSION

The legal framework plays a significant role in regulating trade and business activities, ensuring the legal protection of both consumers and business actors. It is necessary to undertake legal development through the reconstruction and harmonization of existing and future regulations in line with technological advancements. This legal development must adhere to the values of Pancasila and aim to provide positive benefits by framing it in law, which offers protection against harmful trade practices and safeguards consumer rights. Thus, legal development should be a continuous process that ensures the protection of all parties involved in trade and business activities.

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