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Business Law Policy in Socio-Political Perspective: Analysis of Implementation and Impact in Society

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Abstract

This study analyses the implementation of business law policies in the socio-political context in Indonesia, focusing on their impact on society. Business law policies play an essential role in driving economic growth and public welfare but also face challenges in harmonisation between the central and regional governments and responses from various social groups. This study uses a descriptive-analytical approach with qualitative methods, involving in-depth interviews with policymakers, business actors, and the public and analysis of related documents. The study results indicate that effective business law policies can increase people's purchasing power, encourage investment, and increase exports. The involvement of various socio-political actors and local political dynamics dramatically influences the success of policy implementation. This study emphasises the importance of coordination between government institutions and active community participation in the legislative process to achieve the desired goals. Business law policies designed with socio-political context in mind can sustain sustainable positive impacts on Indonesia's economy and public welfare.

Keywords: *Business Legal Policy, Socio-Political Context, Policy Implementation, Economic Growth, Public Welfare*

INTRODUCTION

Business law is essential for maintaining stability and fairness in a country's economic activities. Business law policies include various regulations that govern the interaction between business actors, consumers, and the government (Casanovas et al., 2022; Churski et al., 2021). These policies ensure business transactions are conducted fairly and transparently, providing legal protection for all parties involved. Business law also serves as a mechanism to resolve disputes, prevent unethical business practices, and support a competitive and healthy business environment. With a firm business law policy, a country can create a conducive investment climate, encourage economic growth, and reduce uncertainty for business actors (Feber & Christover, 2021).

Business law policies also play an essential role in protecting the interests of consumers and society. Strict regulation of monopolistic practices, fraud, and exploitation ensures that markets remain competitive and consumers are not harmed (Acar & Temiz, 2020; Natalia et al., 2020). Protection of consumer rights, such as the right to receive clear and accurate information about products and services, increases public confidence in the prevailing economic and legal systems, and business law policies help create an environment where individuals and business entities can operate with a sense of security and confidence (Hossain et al., 2024; Röell et al., 2022a).

Effective business law policies are also crucial in supporting innovation and economic development. By providing a clear framework for intellectual property rights, patents and trademarks, business law encourages companies to invest in research and development, and this not only increases national competitiveness but also creates new jobs and economic opportunities; good business law policies also enable countries to compete in international markets, attract foreign investment and increase exports.

Fair and transparent business law policies can reduce corruption and strengthen public trust in government in the socio-political context because business actors and the public feel that the law is applied consistently. Without discrimination, they are more likely to comply with regulations and support government efforts to create economic stability. Inclusive business law policies can help address economic and social inequality by ensuring that all levels of society feel the benefits of economic growth, not just a handful of elites (Gutierrez-Huerter O, 2024; Suastika, 2021). The implications of business law policies can affect various aspects of society's

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social and political life. These policies regulate economic interactions and affect social relations among different societal groups. For example, regulations that support healthy business competition can prevent monopolies and detrimental business practices, thereby increasing economic opportunities for small and medium-sized entrepreneurs, as this, in turn, can reduce social disparities and encourage economic inclusion, contributing to social stability (Kreiss et al., 2020).

Fair and transparent business law policies can strengthen government legitimacy. When citizens see that laws are applied consistently and without discrimination, trust in government institutions increases, which is essential in a democracy where public trust is a cornerstone of political stability (Mazepus et al., 2021; Saha et al., 2021). Good policies can also reduce opportunities for corruption, as clear and transparent rules make it more difficult for individuals or groups to abuse power for personal gain. Business law policies that reflect fairness and human rights values can influence public perceptions of ethical and moral issues. For example, regulations that protect workers from exploitation and ensure decent working conditions not only improve worker welfare but also create a more ethical and responsible business culture, which can encourage companies to commit to sustainable and social business practices, ultimately positively impacting society at large. These policies also directly impact economic stability, which is closely linked to social and political stability. Policies that create a safe and predictable business environment attract domestic and foreign investment, create jobs, and drive economic growth. Inclusive economic growth helps reduce poverty and raise living standards, contributing to social harmony. On the other hand, bad policies can cause dissatisfaction, social protests and political instability because people feel disadvantaged or ignored by the existing system (Hamon et al., 2021; Nugmanovna, 2022).

Indonesia, with a population of over 270 million and diverse ethnic and cultural groups spread across more than 17,000 islands, faces complex social and political dynamics. Politically, Indonesia is a democratic country that adheres to a presidential system. Since the 1998 Reformation, the democratisation process has brought significant changes in governance, where regular general elections determine national and regional leaders. Corruption, political oligarchy, and tensions between national and local interests have also marked this process. Indonesia is a rich cultural mosaic with more than 300 ethnic groups living side by side in relative social harmony. Still, the country also faces challenges in terms of economic and social disparities between urban and rural areas, as well as between ethnic and religious groups. Issues such as equal access to education, gender inequality, and environmental protection are the focus of attention in building a just and inclusive society.

Social dynamics in Indonesia are reflected in changes in people's values and behaviour, especially in the current era of globalisation and digitalisation, as Indonesian society becomes increasingly involved in the political and economic spheres through social media and civil movements, which influence public narratives and government policies. At the same time, religious and cultural plurality creates challenges and opportunities for building strong national unity.

The political system in Indonesia has a significant influence on the formation and implementation of business law policies. As a country with a democratic presidential system, Indonesia's legislative process involves the executive and legislative branches, which have essential roles in formulating policies. The president and related ministries often propose laws that must then be approved by the House of Representatives (DPR). Political dynamics between the executive and legislative branches can affect this process, especially when the two parties have differences of opinion or interests (Suastika, 2021).

The role of political parties in the Indonesian political system also influences business law policy. Political parties with a majority of seats in the DPR can determine the legislative agenda and greatly influence the decision-making process. Business law policy often reflects the interests and ideologies of these parties, which can range from pro-business to more social welfare-oriented. Coalitions and negotiations between parties are essential in ensuring policies are approved and implemented. The implementation of business law policy is also influenced by political decentralisation in Indonesia. Since the Reformation era, regional autonomy has given regional governments greater power to regulate their affairs, including in business and economic matters, and this has created variations in the application of business law policy in different regions, depending on local policies and the capacity of regional governments. However, decentralisation can also challenge the consistency and harmonisation of regulations between the centre and the provinces. The influence of the political system is also seen in the response to international pressure and globalisation. As part of the global community, Indonesia must adjust its legal policies to align with international standards and trade agreements, and this often requires changes in business law policies that must be approved through existing political mechanisms. The stability and efficiency of the political system are essential in determining the success of the formation and implementation of effective and sustainable business legal policies, as shown in the following data:

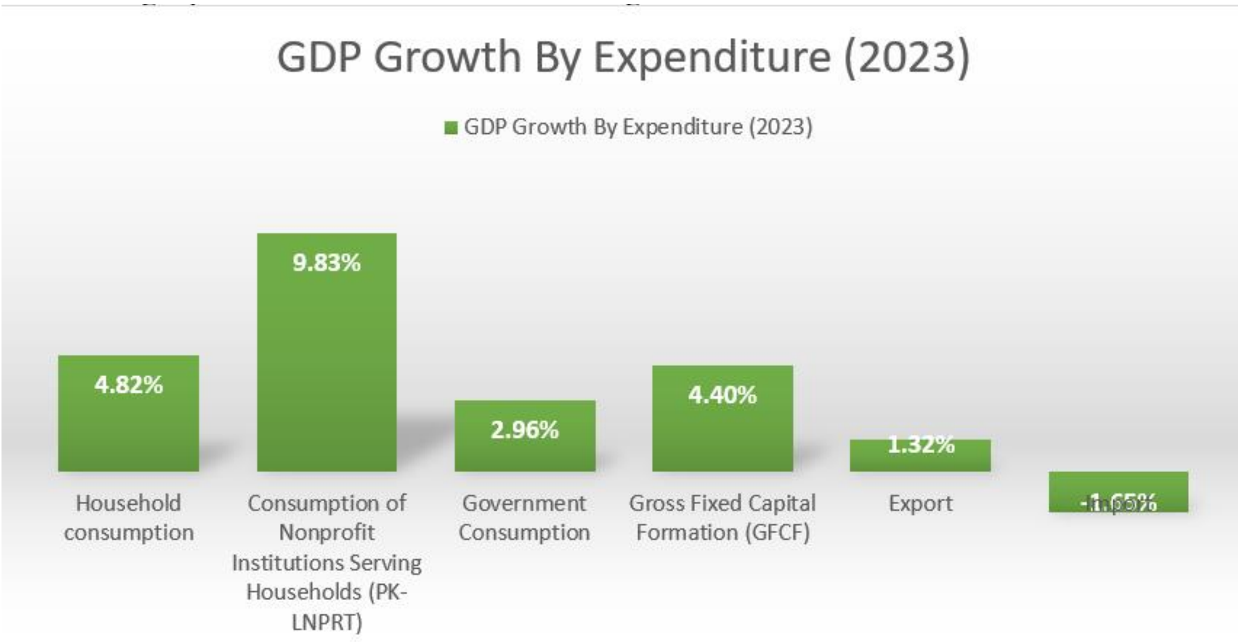

Figure 1. GDP Growth by Expenditure (2023).

Source: Central Bureau of Statistics (2023)

Indonesia's economic growth shows several significant trends on the expenditure side, with consumption expenditure of non-profit institutions serving households (PK-LNPRT) reaching the highest growth of 9.83 per cent. This was followed by household consumption expenditure (PK-RT) of 4.82 per cent, gross fixed capital formation (PMTB) of 4.40 per cent, government consumption expenditure (PK-P) of 2.95 per cent, and exports of goods and services of 1.32 per cent. Imports of goods and services contracted by 1.65 per cent. These data illustrate the dynamics of expenditure driven by various business law policies implemented in Indonesia. Business law policies play an essential role in driving these expenditure components. The growth in PK-LNPRT reflects the role of non-profit institutions supported by regulations governing their existence and operations, such as Law No. 17 of 2013 concerning Community Organizations. The increasing household consumption expenditure shows the effectiveness of consumer protection policies and fair taxation policies. Growth in PMTB indicates a conducive investment climate driven by investment policies and limited liability companies, providing legal certainty and incentives for investors. Fiscal policies and transparency of budget management regulated by Law No. 17 of 2003 concerning State Finance are also essential to ensure effective government spending.

The impact of business law policies on exports and imports is also significant. Growth in exports of goods and services indicates supportive trade policies, such as Law No. 7 of 2014 concerning Trade, which increases the competitiveness of Indonesian products in the international market. Import contraction reflects import substitution policies or decreased domestic demand for imported goods. Previous studies, such as those conducted by (Derwort et al., 2022) and (Banso et al., 2023) show that effective business law policies and coordination between the central and regional governments can improve tax compliance, encourage investment, and ensure successful policy implementation.

Business law policies well integrated into the socio-political context can create a conducive economic climate, increase people's purchasing power, encourage investment, and increase exports. Integrating business law policies with the needs of Indonesia's heterogeneous society is a significant challenge. Indonesia is diverse, with more than 300 ethnic groups, various religions, and varying economic levels. The needs and interests of these groups are often different and even conflicting with each other. For example, policies that support the growth of big business in urban areas may be inappropriate or even detrimental to small businesses in rural areas. Differences in culture and social norms between regions can affect public perception and acceptance of nationally implemented business law policies; designed policies must balance the interests of these various groups, ensuring that no party feels marginalised or disadvantaged (Mak et al., 2021; Sowman & Sunde, 2021).

Another complexity faced in forming and implementing business law policies in Indonesia is the ever-changing political dynamics, both at the national and local levels. At the national level, changes in government or cabinet are often accompanied by changes in priorities and policies. Different political parties have different agendas and interests, which can influence the direction of business law policies. At the local level, regional autonomy allows local governments to have policies and regulations that may differ from national policies. This can lead to inconsistencies in the implementation of business law policies, which can ultimately hinder the effectiveness and efficiency of these policies.

The interaction between central and local governments is often complex, with differing interests and priorities. Local governments may focus more on specific regional issues, while the central government has a broader view; this tension can hinder effective policy coordination and implementation. The influence of non-governmental actors such as NGOs, civil society organisations, and the private sector also adds a layer of complexity to the decision-making process. This suggests that business law policy in Indonesia must be flexible and sensitive to the ever-changing political dynamics while maintaining the primary objective of supporting inclusive and sustainable economic growth.

This study aims to explore the relationship between business law policy and the socio-political context in Indonesia, hoping to provide a deeper understanding of the interaction between the two aspects. First, this study will analyse the process of designing business law policy in Indonesia, identifying factors that influence policy formation and the roles of various political and social actors in the process. Second, this study aims to assess the implementation of business law policy, including the challenges and obstacles faced in its implementation and its impacts on society. Finally, this study will discuss the public's response and perceptions of existing business law policies, evaluate how various community groups receive and perceive these policies, and identify areas that may require improvement or adjustment. This study is expected to significantly contribute to the understanding and development of more effective and responsive business law policies to the needs of society.

LITERATURE REVIEW

Definition and Scope of Business Law

Business law is a branch of law that regulates commercial activities and business transactions carried out by individuals, companies, and other organisations. The basic concepts of business law include the rules and principles that govern how a business is run, from company establishment to day-to-day transactions. Business law aims to ensure that all business activities occur within a fair, transparent, and structured legal framework to prevent disputes, protect the rights of the parties involved, and facilitate economic growth. One of the main areas of business law is the regulation regarding the formation and management of business entities. This includes various business entities such as limited liability companies (LLCs), limited partnerships, and sole proprietorships (Sekaringtias et al., 2023; Zaleśny & Goncharov, 2020). Business law sets out rules regarding company registration, share allocation, legal liability, and organisational structure, these regulations are essential to ensure business entities operate accountable and comply with applicable laws.

Business contracts are a significant area of business law. A contract is a formal agreement between parties involved in a business transaction, such as a sale, lease, or loan agreement. Business law regulates the creation, execution, and enforcement of contracts to ensure that each party's obligations and rights are met. A valid and binding business contract helps reduce the risk of disputes and provides a mechanism for resolving disputes if they arise. Business law also includes regulations on consumer protection and intellectual property rights. Consumer protection includes regulations that ensure the safety and quality of goods and services sold in the market and consumers' rights to accurate and transparent information. Intellectual property rights, including copyright, patents, and trademarks, protect their owners' creative and innovative works from unauthorised use (Carbajo & Cabeza, 2022; Suryani et al., 2023).

These regulations encourage innovation and investment by providing legal protection for new ideas and products. Dispute resolution and litigation are essential parts of business law. When a dispute arises between parties to a business transaction, business law provides a mechanism for resolving the dispute through arbitration, mediation, or the courts. This process ensures that disputes are resolved fairly and efficiently and allows parties to obtain compensation or solutions by applicable law. Business law is the main foundation for carrying out organised and fair commercial activities and contributes to the stability and growth of this vast and diverse economy.

Relevant Socio-Political Theories

Socio-political theory provides a framework for understanding the interactions between law, politics, and society. One relevant theory is the Structuration Theory developed by Anthony Giddens. This theory explains how social structures and individual agents influence each other in the policy-making process. Social structures, such as laws and institutions, provide the framework for personal action, while individual action can also change these structures. This theory helps explain how existing political and social structures influence business legal policy and how these policies can influence social structures and business practices (Wedayanti et al., 2022).

The Social Constructivism Theory pioneered by Peter Berger and Thomas Luckmann is also relevant in this context; this theory argues that social reality is formed through social interaction and co-construction, and business legal policy is seen as the result of social construction involving various actors, such as government, business actors, and society. This theory helps us understand how different norms, values, and interests influence business legal policy design and acceptance. Antonio Gramsci's Theory of Power and Hegemony provides an essential perspective in analysing how political power and dominance influence business legal policy. Gramsci focused on how dominant groups use their power to regulate and shape social norms and policies that support their interests. In business law, this theory explains how policies may reflect the interests of certain groups and how political processes can reinforce or change such dominance (Isanova & Samad, 2020; Vinnyk et al., 2021).

Public Interest Theory also provides essential insights into the organisation of business law policy. It argues that policy should be designed to meet the needs and interests of society as a whole, not just the interests of a particular group. It emphasises the importance of transparency, public participation, and social justice in the policy-making process, as well as ensuring that policies benefit a select few and support the welfare of society at large in the context of business law. Together, these theories provide a comprehensive perspective on how business law policy is influenced by and affects social and political dynamics and how the interaction between social structure, power, and social construction shapes existing policy (Khmyz et al., 2023; Kotnik et al., 2020).

Previous Studies

Previous studies provide relevant insights to understand the relationship between business legal policies and socio-political contexts. One critical study is the research by (Wedayanti et al., 2022), which examines the impact of business regulatory policies on MSMEs in Indonesia. This study found that although business regulations aim to create a better business climate, their implementation often pays little attention to the specific needs of MSMEs, resulting in market access and funding challenges. This study shows the importance of understanding how business policies can be tailored to local conditions and the specific needs of particular business sectors.

Another study by (Sekaringtias et al., 2023) discusses the interaction between business law policy and local politics in Indonesia. They observe how changes in political leadership at the regional level affect business policy and local regulations. The results of this study indicate that local political dynamics can result in inconsistencies in policy implementation, which impacts the sustainability and legal certainty of business actors. This finding is relevant to this study because it highlights how political variability can affect the effectiveness of business law policy. (Suryani et al., 2023) studied public responses to consumer protection policies in Indonesia. Their study revealed that despite government efforts to protect consumers, policy implementation often does not meet public expectations; this finding provides insight into the importance of public involvement in forming business law policies to ensure that the policies effectively meet the needs and expectations of the public.

(Röell et al., 2022a) explore the relationship between intellectual property rights policies and innovation in the creative industry sector in Indonesia. This study shows that despite legal regulations supporting the protection of intellectual property rights, creative industry players still face challenges in enforcing their rights, especially amidst legal uncertainty and lack of consistent law enforcement. This study highlights the importance of effective law enforcement in supporting innovation and business development.

A critical study at the international level is the study by (Röell et al., 2022b), which examines the relationship between legal policies and innovation in the context of the global economy. This study shows that legal policies that support protecting intellectual property rights and effective market regulation contribute to increased innovation and economic growth. These findings are relevant to understanding how business legal policies affect economic dynamics and innovation in Indonesia.

(Fröhlich & Knobloch, 2021) study on the role of institutions in economics provides an essential perspective on how business legal policies interact with social and political structures. North argues that formal institutions, including laws and regulations, are crucial in shaping economic behaviour and facilitating economic development. This study is relevant in explaining how business legal policies in Indonesia can influence and be influenced by existing institutional structures and how policy changes can change economic dynamics. (S. G. Ibrahim, 2020), in his study on "Institutions and Economic Performance", discusses how economic policies and institutions contribute to economic performance in developing countries. Rodrik argues that good institutions, including influential business legal policies, can help address development challenges and improve economic welfare. This study provides insight into the importance of responsive and inclusive business legal policies in the socio-political context to support sustainable economic development.

Research by (Parsa et al., 2021) on the relationship between politics and economics in Southeast Asian countries also provides a relevant perspective. They examine how political dynamics influence the region's economic policies and institutional reforms. Their findings suggest that political changes can affect the direction and effectiveness of financial policies, including business law policies. This is important for understanding how local and national political dynamics in Indonesia can influence the implementation of business law policies. The World Bank (2020) in (Pinnegar et al., 2021), in its "Doing Business 2020" report, provides a comparative analysis of business regulations in various countries, including Indonesia. This report assesses how business law policies and regulatory reforms can affect the ease of doing business and how countries respond to challenges and opportunities in the global business environment. This study provides an essential context for assessing how Indonesia's business law policies compare to international standards and how policy changes can improve economic competitiveness. These studies provide a necessary foundation for this research by identifying factors influencing business law policies and their impacts across contexts. By considering these findings, this research can better understand the dynamics and challenges in integrating business law policies with the socio-political context in Indonesia.

METHOD

This study uses a descriptive-analytical approach with a qualitative approach. The descriptive analytical approach aims to describe and analyse phenomena related to business legal policies and socio-political contexts in depth. This study explores how business legal policies are designed, implemented, and accepted within the socio-political framework in Indonesia. A qualitative approach was chosen because it allows for a deeper understanding of individual views, experiences, and perceptions related to the policy, and the study can reveal nuances and dynamics that cannot be expressed through quantitative methods alone.

This study will use primary and secondary data as sources of information. Primary data will be obtained through in-depth interviews with three key informants: policymakers, business actors, and the community. Interviews with policymakers will provide insight into designing and implementing business law policies. Business actors will provide perspectives on how the policies affect their business practices. Interviews with the community will help understand the community's response and perceptions of existing policies. Secondary data include policy documents, research reports, and journal articles. Policy documents provide context about applicable regulations and rules. Research reports and journal articles offer relevant previous analyses, data and findings that can support an understanding how business law policies interact with socio-political factors.

The data collection techniques that will be used are: 1) In-depth interviews: This technique will be used to gather detailed information from key informants. In-depth interviews allow the researcher to thoroughly explore individual views and experiences and understand the nuances in the relationship between business law policies and socio-political contexts. Interviews will be semi-structured to allow flexibility in exploring relevant topics that emerge during the conversation; and 2) Document study: This technique involves the analysis of relevant policy documents, research reports, and journal articles. Document study will help obtain contextual information and support the analysis with existing data. It also allows the researcher to compare policies and findings with data obtained from interviews.

The collected data will be analysed using content and thematic analysis: 1) Content analysis will be used to identify patterns and themes in the data related to business legal policy and socio-political context. This technique allows the researcher to categorise information and find key elements that emerge from documents and interview transcripts, and 2) Thematic analysis will be applied to explore the main themes that arise from the qualitative data. This includes identifying relevant themes and sub-themes and analysing how these themes relate to the research questions. Thematic analysis will assist in organising and presenting the research findings systematically and provide in-depth insights into how business legal policy influences and is influenced by the socio-political context in Indonesia.

RESULT AND DISCUSSION

Business Law Policy in the Socio-Political Context in Indonesia

Business law policy in Indonesia has evolved significantly since the colonial era. During the Dutch colonial period, the legal system applied was primarily based on European law, especially Dutch law, which was introduced through the Civil Code (Burgerlijk Wetboek) and the Commercial Code (Wetboek van Koophandel). Indonesia began to develop a business law system more suited to the local context and national needs. In 1951, the Provisional Constitution introduced several significant changes in business law, including nationalising foreign companies after independence in 1945. The New Order period under President Soeharto (1966-1998) they marked a significant era in developing business law policy in Indonesia. The New Order government introduced various economic and legal reforms to attract foreign investment and encourage economic growth. In 1967, the Foreign Investment Law (Law No. 1/1967) and the Domestic Investment Law (Law No. 6/1968) were implemented to provide investors with a more transparent legal framework. In addition, establishing the Investment Coordinating Board (BKPM) helped coordinate and facilitate investment in Indonesia.

Business law reform continued after the fall of the New Order 1998, which was marked by economic and political crises. The Reformation Era brought significant changes in law and governance, including business law. The government began introducing decentralisation policies that gave greater autonomy to local governments. At the same time, various new rules were introduced to improve the business climate and support economic development, such as the Limited Liability Company Law (Law No. 40/2007) and the Capital Market Law (Law No. 8/1995).

Since the 2000s, business law policies in Indonesia have adjusted to face the challenges of globalisation and the dynamics of the digital economy. The government has issued various regulations that support innovation and technological development, such as the Electronic Information and Transactions Law (Law No. 11/2008). Regulatory reforms have continued to be carried out to improve the ease of doing business, as reflected in the World Bank's "Doing Business" report, which assesses and compares business regulations in various countries. The evolution of business law policies in Indonesia reflects the government's efforts to create a legal environment that supports economic growth and investment while adapting to social, political, and economic changes. This transformation shows a long journey in integrating business law principles with evolving local needs and conditions, as interviews with policymakers explain:

> *"The main background to designing this policy is to increase transparency and accountability in business practices, as well as to encourage foreign investment; I feel this policy supports business growth by providing legal clarity, although there are additional costs for compliance, and We have increased employee training and invested in technology to ensure compliance with the new regulations".*

Political dynamics in Indonesia significantly influence the formation of business law policies. Since the Reformation era in the late 1990s, Indonesia has experienced significant political changes, including the transition to democracy and decentralisation of power. These changes have opened up space for broader participation of various groups in the political and legislative processes. These diverse political dynamics also bring challenges to policy consistency and stability. Changes in government and political coalitions often result in changes in policy direction that can affect the business and investment climate. For example, policies made by one government may be revised or revoked by the next government, creating uncertainty for business actors.

Corruption and patronage politics remain significant challenges in policy-making in Indonesia. Political interests often dominate the legislative process, where policy decisions can be influenced by the interests of particular groups or political elites, and this can result in policies that do not fully reflect the needs of the wider community or the business sector in general but benefit specific groups. Still, there are ongoing efforts by the government and civil society to improve governance and strengthen transparency and accountability in policy-making. The formation of business law policy in Indonesia involves various socio-political actors who play essential roles in the legislative process. As the leading policy maker, the government can propose and implement laws and regulations governing business activities. Relevant ministries and institutions, such as the Ministry of Trade, the Ministry of Finance, and the Investment Coordinating Board (BKPM), are directly involved in formulating business, investment, and trade regulations policies.

The House of Representatives (DPR) also plays a crucial role in the legislative process. As a legislative institution, the DPR has the task of discussing, approving, or rejecting draft laws proposed by the government. This process often involves negotiation and compromise between the various political factions in the DPR, each with a specific political agenda and interests. The influence of political parties in the DPR can determine the direction and content of the resulting business law policies. Other socio-political actors, such as business organisations, trade unions, and civil society groups, also play a role in the legislative process. Business organisations, such as the Indonesian Chamber of Commerce and Industry (KADIN) and the Indonesian Employers' Association (APINDO), often provide input and pressure on the government to create policies that support a conducive business climate. On the other hand, trade unions and civil society groups play a role in advocating for policies that protect the rights of workers and the community, as well as ensuring that the policies made take into account aspects of social justice. The active participation of these various socio-political actors creates complex dynamics in forming business law policies. While this process can enrich perspectives and strengthen policy legitimacy, it can also challenge achieving consensus and balance between the various interests involved.

Implementation of Business Law Policy

Implementing business law policies in Indonesia involves several vital stages that must be passed to ensure that the policy is implemented effectively and efficiently. The first stage is policy socialisation, where the government and related institutions communicate the contents and objectives of the policy to stakeholders, including business actors, the community, and government institutions at the regional level. This socialisation is essential to increase the understanding and readiness of all parties involved in implementing the policy. The second stage is the creation of implementing regulations; after the primary policy is passed, more detailed technical regulations are needed to regulate how the policy should be implemented. These regulations can include operational procedures, implementation standards, monitoring mechanisms and sanctions for violators. At this stage, cooperation between the central and regional governments is crucial to ensure that implementing regulations are prepared according to local conditions and can be implemented well in the field.

The third stage is the provision of resources, be it human resources, finance, or technology needed to support policy implementation. Resources include training for government officials and business actors, budget allocation for programs that support the policy, and provision of adequate infrastructure. Policy implementation can be hampered without adequate resource support and not achieve the expected results. The fourth stage is monitoring and evaluation. The government and related institutions must continuously monitor the implementation of the policy to ensure that the policy is running according to the initial plan and objectives. Evaluation is carried out to assess the effectiveness of the policy, identify problems or obstacles that arise, and determine the necessary corrective actions. Monitoring and evaluation also involve collecting data and feedback from stakeholders to measure the impact of the policy on society and the business sector.

The implementation of business law policies in Indonesia faces various challenges and obstacles that can affect the effectiveness of their implementation. One of the main challenges is the lack of coordination between the central and regional governments. Decentralisation of government that provides greater autonomy to regions often results in differences in the interpretation and implementation of policies at the local level, and this can lead to inconsistencies in policy implementation and difficulties in supervision. Another challenge is limited resources, both in terms of budget, workforce, and infrastructure. Budget constraints often limit the government's ability to provide the support needed for policy implementation, such as training and supervision. In addition, the lack of skilled and experienced workers in business law is also an obstacle to implementing policies effectively. Corruption and non-transparent practices are also significant obstacles to implementing business law policies. Corruption can affect all stages of implementation, from the creation of implementing regulations to supervision and law enforcement. These practices reduce the effectiveness of policies and create distrust among business actors and the public towards government efforts to improve the business climate. Resistance from business actors and the public to policy changes can also be an obstacle. New policies often require adjustments in business practices and community behaviour, which are not always easy or well-received. This resistance can arise due to a lack of understanding, fear of change, or disagreement with the content of the policy itself.

Indonesia's central and regional governments have complementary roles in forming and implementing business legal policies. The central government is responsible for formulating macro policies that govern business's legal and regulatory framework nationally. This includes formulating laws, government regulations, and strategic policies to create a conducive business climate and attract investment. National ministries and institutions, such as the Ministry of Trade, the Ministry of Finance, and the Investment Coordinating Board (BKPM), play a key role in setting these policies and ensuring they align with national economic development goals.

Local governments have an essential role in implementing business law policies at the local level. The decentralisation of government in Indonesia provides greater autonomy to local governments to adjust and implement policies according to local conditions and needs. Local governments are responsible for issuing local regulations that support national policies, supervising the implementation of rules, and providing services and infrastructure that support business activities. Cooperation between the central and local governments is essential to ensure that business law policies can be implemented effectively and harmoniously throughout Indonesia. However, coordination between the two levels of government is often a challenge, especially in ensuring consistency and alignment of policies.

The private and public sectors also have a crucial role in formulating and implementing business law policies in Indonesia. The participation of the private sector, which includes large companies, small and medium enterprises (SMEs), and business associations, such as the Indonesian Chamber of Commerce and Industry

(KADIN) and the Indonesian Employers' Association (APINDO), is essential to creating practical and relevant policies. The private sector often provides input and recommendations to the government on policies needed to support business growth and sustainability. They can also play an active role in the public consultation process held by the government to obtain perspectives from the business world on the impact of proposed policies; the results of interviews with the public show that:

> *"I believe this policy is good because it encourages companies to be more transparent and responsible. I feel that it has an impact, especially in terms of the price of goods, which may increase slightly because companies have to comply with new regulations, and this policy has several advantages. The advantage is better consumer protection, but the disadvantage is the lack of comprehensive socialisation."*

Civil society also plays a critical role in ensuring that business law policies reflect the public interest and protect the rights of the wider community. Civil society groups, trade unions, and non-governmental organisations often act as watchdogs and advocates, monitoring policy implementation and advocating for changes needed to achieve social and economic justice. Active participation of the community in the policy-making process can increase the resulting policies' transparency, accountability, and legitimacy. Collaboration between government, the private sector, and the community is essential to creating comprehensive and inclusive business law policies. This process allows for various perspectives and interests to be considered so that the resulting policies can be more effective in supporting economic growth, protecting community rights, and creating a fair and sustainable business climate. While challenges such as power imbalances and differing interests remain, this collaborative effort is essential to inclusive and equitable economic development in Indonesia.

Impact of Business Law Policy on Society

To explain the impact of business law policies on society comprehensively, a table covering the economic, social and political implications of implementing business law policies will be presented as follows:

Table 1. Effects of Business Law Policy on Society

Aspect	Legal Basis	Explanation
Economic Aspects	Legal policies can influence economic growth through regulations that facilitate investment, simplify business processes, and reduce excessive bureaucracy. Changes in tax policy, investment protection, and legal stability can also increase investor confidence and encourage growth in specific economic sectors.	Investment Law (Law No. 25/2007), Limited Liability Company Law (Law No. 40/2007)
Social Impact	The implementation of business law policies can have an impact on the welfare of society by creating new jobs, improving living standards, and reducing economic inequality. Protection of consumer rights, better job security, and environmental sustainability are also part of the positive social impacts that can be generated.	Employment Law (Law No. 13/2003), Consumer Protection Law (Law No. 8/1999)
Political Impact	The political impact of business law policies includes their influence on political stability through job creation, poverty reduction, and a more equitable distribution of the country's wealth. Transparent and accountable policies can increase the government's legitimacy in the public's eyes, while unfair or corrupt policies can trigger political tension and instability.	Regional Government Law (Law No. 23/2014), Government Administration Law (Law No. 30/2014)

Source: Data proceed

Legal policies not only affect the economic aspect but also significantly impact social welfare and political stability. Economically, policies that support investment and simplify business processes tend to increase economic growth by creating new job opportunities and increasing productivity. For example, the Investment Law (Law No. 25/2007) and the Limited Liability Company Law (Law No. 40/2007) aim to provide legal certainty for investors and regulate the establishment and management of companies efficiently. This has the potential to reduce unemployment rates and increase per capita income. Business legal policies can better protect consumer and employee rights, ensure a safe working environment, and encourage environmentally responsible business practices in the Social Aspects. The Manpower Law (Law No. 13/2003) and the Consumer Protection Law (Law No. 8/1999) are the legal basis that ensures the rights of workers and consumers are protected, which ultimately improves the quality of life of society as a whole and reduces socio-economic disparities between groups in society.

Transparent and accountable business law policies can strengthen the government's legitimacy by demonstrating a commitment to justice and inclusive economic development in the Political Aspect. The Regional Government Law (Law No. 23/2014) and the State Administration Law (Law No. 30/2014) are essential in ensuring that the principles of transparency and accountability make policies. However, unfair or corrupt policies can trigger political discontent and threaten the country's political stability. It is essential to consider the multidimensional impacts of business law policies in designing and implementing policies that support sustainable and inclusive economic growth and broader social welfare for the community. Collaborative efforts involving various stakeholders, including the central and local governments, the private sector, and the community, are essential to achieve these goals (Y. Ibrahim et al., 2021; Wingfield et al., 2021).

Case Study

One example of a case that shows the relationship between business law policy and the socio-political context in Indonesia is the taxation policy targeting micro, small, and medium enterprises (MSMEs). This policy is regulated in Government Regulation (PP) No. 23 of 2018 concerning Income Tax from Business Received or Obtained by Taxpayers with a Certain Gross Turnover. This policy aims to encourage the growth of the MSME sector by setting a lower tax rate, namely 0.5% of turnover, than the average tax rate. The concept of this policy arose from the need to increase tax compliance among MSMEs, which previously tended to be reluctant to register and report their income because they felt burdened by high tax rates and complicated administrative procedures. This policy is expected to integrate MSMEs into the formal taxation system, increase state revenues, and incentivise small business actors to develop their businesses.

In implementing this policy, challenges show the complexity of the relationship between business law and the socio-political context. One of the main challenges is the lack of socialisation and understanding among MSMEs about this new policy. Many small business actors do not understand the mechanisms and benefits of the policy, so the level of compliance is still low. In addition, there are also concerns that the 0.5% tax rate of turnover is still too heavy for some MSMEs, especially those who are just starting and have small profit margins. The socio-political context at the local level also affects the implementation of this policy. In some areas, support from local governments in training, counselling, and technical assistance is minimal. This is due to various factors, including budget constraints, lack of human resource capacity, and different regional policy priorities; the disharmony between central policies and implementation in the regions often results in suboptimal results.

Resistance from some MSMEs to this policy can also be linked to socio-political dynamics in society, for example, distrust of the government and the tax system, which may be triggered by issues of corruption and non-transparency, making some business actors reluctant to register and comply with the new tax regulations. The role of socio-political actors is vital. Organisations such as MSME associations, non-governmental organisations (NGOs), and trade unions can play a role in socialising policies, providing education and training to business actors, and advocating for policy improvements based on feedback from the field. This case illustrates that the success of implementing business law policies depends on the regulations made and how the policies are integrated with the existing socio-political context. Effective collaboration between the central and regional governments and active participation from the private sector and the community is essential to ensure that policies can be appropriately implemented and provide the expected benefits for economic growth and social welfare.

One clear example of the relationship between business law policy and the socio-political context in Indonesia is the tax policy targeting micro, small, and medium enterprises (MSMEs). This policy is regulated in Government Regulation (PP) No. 23 of 2018 concerning Income Tax from Business Received or Obtained by Taxpayers with a Certain Gross Turnover. The aim is to encourage the growth of the MSME sector by setting a lower tax rate, namely 0.5% of turnover, compared to the average tax rate. In the context of this socio-political theory, the findings of this study on MSME tax policy can be analysed through several perspectives. Pluralism

Theory emphasises the importance of various interest groups in influencing public policy. In this case, MSME associations, non-governmental organisations (NGOs), and trade unions can be considered interest groups that play a role in the policy-making process; the resulting policy results from negotiations between these various actors and the government.

Neo-institutionalism theory highlights the role of institutions and norms in shaping behaviour and policies. The implementation of PP No. 23 of 2018 shows how formal institutions (government) try to change the economic behaviour of MSMEs through tax incentives. However, resistance from MSME actors indicates that formal incentives, social norms, and trust in government institutions influence behavioural changes. Dependency Theory is also relevant in understanding the relationship between policy and socio-political context. The dependence of local governments on the centre in terms of budget and policy can affect the effectiveness of policy implementation at the regional level. Local governments may have fewer resources or different priorities, so policy implementation does not always match the centre's expectations (Y. Chen & Rowlands, 2022; Fedotova & Tazikhina, 2022).

Several previous studies support this analysis. A survey by (Aluchna et al., 2023; Hoque & Tama, 2021) found that the lack of socialisation and understanding among MSMEs about this new tax policy is one of the main obstacles to increasing tax compliance. This study shows the importance of education and socialisation in the success of policy implementation. Research by (Röell et al., 2022b) shows that coordination between the central and regional governments is often a significant challenge in implementing business law policies. This study highlights the importance of policy harmonisation and increasing the capacity of regional governments to implement central policies effectively. From an international perspective, a survey by (Certoma, 2022; Chembessi et al., 2021) on fiscal decentralisation in developing countries shows that disharmony between central policies and implementation in the regions often results in suboptimal results. This study is relevant to the Indonesian context, where decentralisation has given greater autonomy to regional governments but has also posed coordination challenges.

The case of MSME taxation policy in Indonesia reflects complex socio-political dynamics. The implementation of this policy depends not only on existing regulations but also on the socio-political context, including trust in the government, the capacity of local institutions, and the role of interest groups. Through the perspective of socio-political theory, we can understand that business law policies like this require strong support from various socio-political actors to succeed. In addition, previous studies have shown that education, socialisation, and harmonisation of policies between the central and regional governments are crucial to overcoming challenges in implementing business law policies (W.-K. Chen et al., 2021; Herrfahrdt-Pähle et al., 2020). Effective collaboration between the government, the private sector, and the community and integration between existing policies and social norms are essential to ensure that policies can be appropriately implemented and provide the expected benefits for Indonesia's economic growth and social welfare.

CONCLUSION

Based on the analysis of the implementation of business law policies from a socio-political perspective in Indonesia, it can be concluded that business law policies play a crucial role in shaping the country's economic, social, and political dynamics. Effective policy implementation affects economic growth by stimulating investment and consumption and people's welfare through increasing consumption expenditure and capital formation. The positive response from the community to this policy shows that reasonable and transparent regulations can increase trust and participation in economic activities. In contrast, coordination between the central and regional governments helps optimise policy outcomes. There are challenges in integrating the heterogeneous needs of society, and the complexity of political dynamics shows the need to adjust policies continuously to achieve sustainable and inclusive impacts for all levels of society.

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