

SOCIAL ECONOMIC LAW IN THE DIGITAL ERA: A REVIEW OF THE LITERATURE AND ITS FUTURE IMPLICATIONS

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Abstract

In today's digital era, social economic law is undergoing a significant shift due to the technological revolution that affects all aspects of people's lives. This study aims to review relevant literature to identify how social economic law is adapting to the changes brought about by the digital era and its future implications. The research is conducted through a comprehensive literature review on the concept of social economic law, the impact of digitalisation, and the challenges and opportunities arising from the interaction between the two. The results of this study show that digital technologies, such as artificial intelligence and blockchain, offer opportunities to improve efficiency and transparency in the social economy, but also introduce risks related to data security, privacy, and access gaps. The study concludes that inclusive and responsive policy adaptations from stakeholders are needed to ensure that social economy law can support equitable and sustainable growth in an increasingly digitised environment. Future implications include the importance of digital education, inclusive technological infrastructure development, and reformulation of social economic law policies to suit the dynamics of the digital era.

Keywords: Social Economic Law, Digital Age.

Introduction

As the digital age continues to evolve, the social economy faces unique challenges and new opportunities. Digital transformation has revolutionised the way individuals, communities and organisations interact, transact and build social economy ecosystems.

The changes taking place in the social economy as a result of digitalisation are multifaceted transformations that involve widening reach, increasing accessibility, and developing new models of operation and strategy. In this context, digitalisation has enabled social economy organisations to adopt digital platforms to run their operations, enabling access to wider markets and stakeholders from different parts of the world. (Nenadić et al., 2024).. Digital technologies, such as social media, mobile applications, and cloud-based solutions, have become key tools in strengthening community

engagement, supporting crowdfunding campaigns, and increasing transparency and accountability. This opens up new opportunities for social initiatives to increase their impact and strengthen sustainable business models. (Omlor & Birne, 2023).

Meanwhile, digitalisation is also accelerating innovation in the products and services offered by the social economy, encouraging the development of creative solutions to various social and environmental problems. For example, applications that facilitate the exchange of used goods or resource-sharing services introduce the concept of circular economy in everyday life, supporting efforts to reduce waste and maximise resource utilisation. In addition, using big data and analytics technologies allows social economy organisations to better understand the needs and preferences of their communities, enabling personalisation of services and an enhanced user experience. (Fikri, 2024). This indirectly contributes to greater social value creation and efficient use of resources, pushing towards a more inclusive and sustainable economy. This paradigm shift demands a rethinking of existing legal structures and regulations to adjust to the new dynamics introduced by digitalisation. (Hasibuan, 2023).

Traditionally, the social economy refers to organisations and initiatives that have social, economic, and environmental goals, operating with a business model that aims to generate positive impacts for society and the environment, rather than simply maximising profits. However, with the advancement of digital technology, the social economy is not just about "what" is produced (social products or services), but also about "how" its production and distribution takes place in a more connected, open and innovative way. (Afzal, 2024).

Digitalisation offers opportunities to expand the reach of the social economy through online platforms, e-commerce for social and environmental products, crowdfunding for social projects, and big data modelling to understand and address complex social issues. However, this transition also brings legal challenges, including issues of data security, privacy, intellectual property rights, consumer protection, and regulation of economic activities in the digital realm. (Rahmawati, 2023).

The need for the study of social economy law in the context of the digital era arises from the need to adjust regulations that support innovation and growth of the social economy, while ensuring the protection and empowerment of stakeholders, including workers, consumers, and the wider community. (Robertson, 2022). Reviewing and adapting legal frameworks is critical to facilitate the transition to a more inclusive and sustainable economic system, where digital technology serves as an empowering rather than limiting tool.

This research is intended to fill a knowledge gap by exploring how current literature describes the challenges and opportunities of social economy law in the digital age, as well as what implications can be drawn for forward thinking in organising adaptive legal policy design and implementation. By analysing the current situation and anticipating future changes, this research aims to provide insights and

recommendations for policymakers, legal practitioners, and social economy actors in dealing with the ever-changing digital reality.

Research Methods

The study in this research uses the literature method. The literature research method is a systematic process that involves searching, evaluating, and analysing scholarly publications, such as journals, books, and conference articles, to gain an in-depth understanding of a particular topic. This is done by determining clear research questions, then identifying and selecting relevant sources using appropriate keywords and appropriate databases. (Adlini et al., 2022); (Raco, 2018). After collecting relevant sources, researchers will screen them based on strict inclusion and exclusion criteria, then extract key data and interpret them in the context of the research question. The aim is to bring together findings from different studies in order to form a holistic view that can demonstrate consensus in the literature, identify research gaps, and provide direction for future studies. Literature research methods are essential in establishing the theoretical and contextual foundations for further research, as well as assisting in the development of hypotheses and conceptual frameworks. (Sugiyono, 2010).

Results and Discussion

Changes in Social Economic Law in the Digital Context

Social Economic Law is a branch of law that regulates economic activities that aim not only for profit, but also pay attention to social impacts and benefits. This concept accommodates economic entities such as cooperatives, associations, and social enterprises engaged in various fields, from agriculture to information technology, with the main objective of creating positive social impacts. (Elvira & Susanto, 2024).. Social Economy Law aims to create a legal framework that supports the development and sustainability of these organisations, taking into account aspects of social justice, economic inclusion and sustainable development. This includes regulations related to the establishment, governance, financial accountability, and measurement of the social impact of these organisations. (Kobayakawa, 2023).

Key concepts in Social Economic Law include the principle of economic democracy, where decisions are made with the active participation of members or stakeholders, and social resilience and innovation are prioritised over pure profit. It encompasses shared value formation that emphasises the creation of social and economic benefits, which are mutually beneficial to society and the economy as a whole. Laws and policies in this area are designed to incentivise social investment, facilitate access to finance, and encourage the adoption of responsible and inclusive business practices. (Zatti & Barresi, 2023). As such, Social Economy Law plays a vital role in facilitating the transition to a more equitable and sustainable economic model, by

prioritising efforts to address social and environmental issues through innovative economic approaches. (Puluhulawa & Husain, 2021)..

Changes in Social Economy Law in the digital context have shown how information technology and digitalisation are changing the foundations and practices of social economy organisations. The digital revolution has facilitated the emergence of new forms of social economic activity, including online platforms for social commerce, crowdfunding for social projects, and technology-based initiatives to increase financial inclusion. Social Economy law, which previously focussed on social interactions and traditional economic activities, must now accommodate and support digital innovations that have the potential to increase social impact on a broader scale. (Mattassoglio, 2023).

These changes call for improved policies and regulations that are more adaptive and responsive to technological developments. For example, laws governing cooperatives and NGOs should be updated to introduce and support digital collective ownership models, such as Distributed Autonomous Organizations (DAOs) that operate based on blockchain. The growing number of social economy initiatives utilising digital technologies for their operations demands a flexible legal framework, capable of providing protection and supporting growth, while ensuring transparency, accountability and prevention of abuse. (Rossi, 2023).

In parallel, these changes also require social economy organisations to consider and integrate data security and privacy principles in their operations. In the digital age, data is a valuable yet vulnerable asset. This drives the need to strengthen regulations related to personal data protection and cybersecurity, to protect member and stakeholder data from information leakage and misuse. These regulations must strike a balance between promoting innovation and avoiding excessive surveillance that could limit the potential of the social economy. (Hasan & Pasyah, 2022)..

Going forward, the need for a more harmonious integration of social economy law with digital technology will become more pressing. This will require an ongoing dialogue between policymakers, the tech community, and social economy practitioners to ensure that laws not only support technological innovation, but also nurture core social economy values. This cross-sectoral collaboration will be vital in creating an inclusive and sustainable digital ecosystem, which fosters the growth of the social economy in line with technological development. (Silveira, 2022).

In the journey to create synergies between social economy law and digital innovation, there are significant challenges and opportunities. These include resistance to change, the digital divide, and risks to privacy and data security. Opportunities, on the other hand, include the ability to expand social reach and impact, create more inclusive and sustainable business models, and increase community participation through technology. To optimise these opportunities, collaboration between the

government, private sector and civil society is required to design and implement adequate regulations. (Pietkiewicz, 2021).

In addition, education and training on digital literacy is essential for social economy actors to maximise the benefits of digitalisation. This capacity building will not only improve the effectiveness and efficiency of social economy organisations through technology adoption, but will also ensure that they remain competitive and relevant in a fast-changing ecosystem. It is also important to emphasise that while technology provides new tools and platforms, the fundamental principles of the social economy must be maintained, namely a focus on human needs and well-being over profit. (Andikatama & Turisno, 2024)..

The conclusion of the transformation of social economy law in the digital age is that this ever-evolving world requires dynamic and adaptive legal and policy frameworks. Regulations must be designed to facilitate innovation and technological development, while ensuring that these changes do not deviate from key social objectives. It is time for a reorientation and renewal of social economy law in the face of digital realities, recognising that these changes are not only challenges, but also great opportunities to broaden and deepen the social impact of the social economy in society. Collaboration, innovation and sustainable responsibility are key on the road to a new era of social economy ruled by digitalisation.

Law in Digitisation

Digitalisation has brought about profound transformations in many aspects of life, including in the field of law. This transformation encourages regulatory adjustments and development to address the challenges and capitalise on the opportunities arising from the development of digital technology. The law of digitalisation covers various aspects, ranging from data privacy, cybersecurity, copyright, to e-commerce. Technological advancements not only change the way businesses operate but also how laws are applied and enforced. In this context, the importance of regulatory reform is crucial to maintain a balance between innovation and the protection of individual rights and business entities. (Sidabutar et al., 2024)..

One of the key challenges in digitalisation law is privacy and data protection. With the amount of data generated and collected every day by tech companies, questions arise about who owns the data and how it is used (Fitrianti et al., 2023). Regulations such as the General Data Protection Regulation (GDPR) in the European Union have become a benchmark in data protection, giving individuals more control over their personal data and requiring organisations to manage that data in a transparent and secure manner. However, the implementation of this regulation is not without its challenges, especially for companies operating across borders, demonstrating the importance of a cohesive legal framework that can be implemented globally. (Zatti & Barresi, 2023).

Cybersecurity is another issue that has received great attention in the digital age. As reliance on digital systems increases, security loopholes become a target for cyber criminals. This has forced lawmakers to develop regulations that not only address crimes after they occur but also prevent them. Laws such as the Cybersecurity Information Sharing Act (CISA) in the United States aim to facilitate the sharing of information on cyber threats between the public and private sectors, in an effort to improve collective defence against cyberattacks. While this kind of regulation is a step in the right direction, rapid changes in technology mean that legislation must be constantly updated to stay relevant (Abdullah et al., 2021).

Emerging technologies such as blockchain and artificial intelligence (AI) offer untapped potential in digitalised law. Blockchain, with its characteristic security and transparency, promises new ways of tracking transactions and document authenticity, which could transform traditional legal practices. Meanwhile, AI can support legal decision-making and improve court efficiency. While these technologies bring many opportunities, they also raise new questions about legal and ethical responsibilities like never before. (Sandner et al., 2023). Therefore, it is important for lawmakers to continuously learn and adapt to technological developments, ensuring that regulations support innovation while providing sufficient protection.

Furthermore, digitalisation has forced the legal sector to evolve the way it practices law. Technologies such as cloud-based case management, e-discovery, and automation tools have enabled lawyers and law firms to work more efficiently and effectively. However, the adoption of these technologies also raises new issues around market concurrency, with larger law firms often having the resources to adopt the latest technologies compared to independent legal practitioners or small-scale law firms. Equality in access to these digital legal tools is important to ensure that all parties have a fair opportunity to provide legal services. (Afzal, 2024).

On the other hand, digitalisation is also improving access to justice for the public. Online legal initiatives and platforms that provide virtual legal advice are making legal information more accessible, potentially lowering the cost of legal services and making them more affordable for the general public. However, even this digital access needs to be carefully thought through, given the risk of misleading legal advice due to generalisations of legal issues without considering the specificities of particular cases. (Piliang et al., 2023)..

Digitalisation in the legal system thus creates significant opportunities and challenges as technology evolves. It requires a flexible and dynamic legal framework that can adapt to changes to provide protection against cybercrime, data privacy, and ensure fairness in access to legal services. Regulatory updates must be made on an ongoing basis to maintain a balance between technological innovation and user rights and security. In addition, the role of legal education and awareness is becoming increasingly important to ensure that all parties, including consumers, businesses, and

legal practitioners, understand and are prepared for the changing digital landscape. With collaboration between lawmakers, legal institutions, technology service providers and the public, the law of digitalisation can continue to evolve to provide balanced benefits for social and economic growth and individual protection.

Conclusion

In the digital age, social economy law faces significant new challenges and opportunities. Digital transformation has changed the way businesses operate, making social economy infrastructure more transparent, but also more complex. Technologies such as blockchain and artificial intelligence offer advances in efficiency and accuracy of services, but also raise questions regarding data protection, cybersecurity, and equality of access. In conclusion, adaptation and updating of social economy legal regulations are necessary to maintain the principles of fairness and equality amidst rapid technological advancements.

Looking ahead, the implications of the existence of social economy law in the digital era should focus on strengthening social and economic inclusion through technological innovation. This includes creating policies that favour the development of small and medium enterprises (SMEs) and supporting tech startups to ensure that they can compete fairly in the global market. Furthermore, there needs to be a concerted effort between the government, private sector and civil society to improve digital and legal literacy, so that people can utilise technology safely and responsibly. Responsive and inclusive policy implementation will be key in ensuring that the social economy can develop healthily and sustainably in the digital era.

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