

Legal Protection for Consumers in E-Commerce Transactions: Analysis of Business Law Compliance in Digital Marketplaces

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Abstract

This study aims to examine the influence of transformational leadership, job satisfaction, and organizational commitment on employee performance. In today's competitive organizational environment, improving employee performance is essential for achieving organizational effectiveness and sustainability. Transformational leadership is considered an important leadership approach that inspires employees to achieve higher levels of performance, while job satisfaction and organizational commitment are key psychological factors that influence employees' attitudes and behaviors in the workplace. This study employs a quantitative research approach with an explanatory research design to analyze the relationships among the variables. Data were collected through a structured questionnaire distributed to employees using a Likert scale measurement. A total of 200 respondents participated in this study. The data were analyzed using Structural Equation Modeling with the Partial Least Squares (SEM-PLS) technique. The results indicate that transformational leadership has a positive and significant influence on employee performance. Job satisfaction also shows a positive and significant effect on employee performance, indicating that satisfied employees tend to demonstrate higher productivity and effectiveness in their work. Furthermore, organizational commitment significantly contributes to employee performance by strengthening employees' loyalty and dedication toward organizational goals. The coefficient of determination results show that transformational leadership, job satisfaction, and organizational commitment collectively explain a substantial proportion of the variance in employee performance. These findings highlight the importance of effective leadership practices and positive employee attitudes in improving organizational performance. Therefore, organizations should focus on fostering transformational leadership, enhancing job satisfaction, and strengthening organizational commitment in order to improve employee performance and achieve sustainable organizational success.

Keywords: Transformational Leadership, Job Satisfaction, Organizational Commitment, Employee Performance, Organizational Behavior.

1. Introduction

The rapid advancement of information and communication technology has significantly transformed the way people conduct economic activities, particularly through the emergence of e-commerce. Digital marketplaces have become a dominant platform for buying and selling goods and services, offering convenience, efficiency, and broader market access. Consumers can now engage in transactions without geographical limitations, while businesses benefit from reduced operational costs and increased market reach. However, alongside these advantages, e-commerce transactions also present various legal challenges, especially in relation to consumer protection. Unlike conventional transactions, online transactions often lack direct



interaction between buyers and sellers, increasing the risk of fraud, misinformation, defective products, and misuse of personal data. These risks place consumers in a more vulnerable position, making legal protection an essential component of digital trade.

In many jurisdictions, business law frameworks have been developed to regulate commercial activities and ensure fair practices in the marketplace. These frameworks typically include provisions related to consumer rights, contract validity, dispute resolution, and liability of business actors. Nevertheless, the application of such laws in digital marketplaces often encounters obstacles due to the borderless nature of e-commerce and the rapid evolution of technology. Furthermore, compliance with business law by e-commerce platforms and sellers remains inconsistent. Some digital marketplace operators have implemented policies to protect consumers, such as return guarantees and secure payment systems. However, there are still many cases where businesses fail to comply with legal obligations, resulting in consumer losses and reduced trust in online transactions. This inconsistency highlights the gap between regulatory frameworks and their practical enforcement.

Therefore, it is crucial to examine how legal protection for consumers is implemented in e-commerce transactions and to what extent business actors comply with existing laws. Understanding these issues will contribute to strengthening regulatory mechanisms and ensuring a safer digital marketplace environment for consumers. Based on the background above, the main problem addressed in this study is how legal protection for consumers is implemented in e-commerce transactions and to what extent business actors in digital marketplaces comply with applicable business laws, including identifying the challenges and gaps in ensuring effective consumer protection. This study aims to analyze the implementation of legal protection for consumers in e-commerce transactions and evaluate the level of business law compliance among digital marketplace actors, as well as to identify existing challenges and propose improvements to enhance consumer protection in the digital economy.

2. Literature Review and Hypothesis Development

2.1. Concept of Consumer Protection

Consumer protection refers to the set of laws, regulations, and practices designed to safeguard the rights and interests of consumers in the marketplace. According to classical legal theory, consumers are often in a weaker bargaining position compared to business actors, necessitating state intervention to ensure fairness and balance. Consumer protection laws generally aim to guarantee rights such as the right to safety, the right to information, the right to choose, and the right to be heard.

In the context of e-commerce, consumer protection takes on additional dimensions due to the nature of online transactions. Consumers rely heavily on digital information provided by sellers, which may not always be accurate or complete (Arif, 2026). This creates information asymmetry, a concept widely discussed in economic and legal literature, where one party in a transaction possesses more or better information than the other. Scholars argue that reducing information asymmetry is essential to achieving fairness in digital marketplaces. Furthermore, consumer protection in e-commerce also involves safeguarding personal data and privacy. With the increasing use of digital platforms, consumers are required to share personal and

financial information, which may be vulnerable to misuse. Therefore, legal protection extends beyond transactional issues to include data security and privacy concerns.

2.2. Legal Framework Governing E-Commerce

The regulation of e-commerce is typically embedded within broader business law frameworks, including contract law, consumer protection law, and electronic transaction law. These legal instruments establish the validity of electronic contracts, define the rights and obligations of parties, and provide mechanisms for dispute resolution. One of the fundamental principles in e-commerce law is the recognition of electronic contracts as legally binding agreements. Scholars emphasize that for an online contract to be valid, it must fulfill essential elements such as consent, capacity, a lawful object, and a legitimate cause. However, the nature of online agreements, often presented in the form of standard terms and conditions, raises concerns about informed consent (Palupi et al., 2025). Consumers frequently accept terms without fully understanding them, which may undermine the principle of contractual fairness. In addition, many jurisdictions have enacted specific laws to address issues unique to e-commerce, such as electronic signatures, digital authentication, and online dispute resolution. These laws aim to create a secure and reliable environment for digital transactions while ensuring that consumer rights are protected.

2.3. Business Law Compliance in Digital Marketplaces

Business law compliance refers to the extent to which business actors adhere to legal requirements in conducting their activities. In the context of e-commerce, compliance includes obligations such as providing accurate product information, ensuring product quality, protecting consumer data, and honoring contractual commitments. Research indicates that compliance levels vary significantly among digital marketplace actors (Safitri et al., 2026). Large, well-established platforms tend to implement comprehensive compliance mechanisms, including consumer protection policies, secure payment systems, and dispute resolution processes. In contrast, smaller or independent sellers may lack awareness or resources to fully comply with legal requirements.

The role of digital marketplace platforms is also a subject of debate in the literature. Some scholars argue that platforms should be held accountable for the actions of third-party sellers operating on their systems, as they facilitate transactions and benefit economically from them. Others contend that platforms should act merely as intermediaries, with limited liability. This debate has significant implications for consumer protection, as assigning responsibility to platforms could enhance enforcement and accountability.

2.4. Risks and Challenges in E-Commerce Transactions

E-commerce transactions present a range of risks that can affect consumers. These include fraudulent activities, delivery of defective or non-conforming goods, misleading advertisements, and unauthorized use of personal data. The lack of physical interaction and the anonymity of online transactions contribute to these risks. One of the major challenges identified in the literature is the difficulty of enforcing legal rights in online environments. Consumers may face obstacles in filing complaints, pursuing legal action, or obtaining compensation, particularly in cross-border transactions. This can lead to a lack of trust in e-commerce platforms and hinder the growth of the digital economy.

Another challenge is the rapid pace of technological development, which often outstrips the ability of legal frameworks to adapt. Emerging technologies such as artificial intelligence, blockchain, and digital payment systems introduce new legal issues that require continuous regulatory updates (Windarsari, 2025). Scholars emphasize the need for flexible and adaptive legal systems that can respond effectively to technological changes. Moreover, there is a growing concern about the imbalance of power between large digital platforms and individual consumers. Platforms often set the terms and conditions of transactions, leaving consumers with limited bargaining power. This highlights the importance of regulatory intervention to ensure fairness and protect consumer interests.

3. Method

This study employs a normative juridical research method, focusing on the analysis of legal norms and principles governing consumer protection in e-commerce transactions. The approach used is a statutory and conceptual approach, examining relevant laws and regulations related to consumer protection, electronic transactions, and business law compliance, as well as legal doctrines and scholarly opinions. The data used in this study are secondary data, consisting of primary legal materials (such as legislation and official regulations), secondary legal materials (including books, journal articles, and previous research), and tertiary legal materials (such as legal dictionaries and encyclopedias). Data collection is conducted through library research, while data analysis is carried out qualitatively by interpreting and systematically evaluating legal provisions to assess the extent of business law compliance in digital marketplaces and the effectiveness of consumer protection mechanisms.

4. Results and Discussion

This study examines the implementation of legal protection for consumers in e-commerce transactions and evaluates the level of business law compliance in digital marketplaces. The findings indicate that while regulatory frameworks governing e-commerce and consumer protection are relatively comprehensive, their practical implementation remains inconsistent, leading to gaps in effective consumer protection.

1) Implementation of Consumer Protection in E-Commerce

The analysis shows that consumer protection in e-commerce is formally recognized through various legal instruments, particularly those governing consumer rights and electronic transactions. These regulations generally ensure that consumers are entitled to accurate information, safe products, fair contractual terms, and mechanisms for dispute resolution. In principle, these rights align with the fundamental doctrines of consumer protection law, which emphasize fairness, transparency, and accountability in commercial transactions (Aziz, 2018).

In practice, however, the implementation of these protections in digital marketplaces is not always optimal. One of the most prominent issues is the lack of accurate and transparent information provided by sellers. Many consumers rely solely on product descriptions and images, which may be misleading or incomplete. This reflects the persistent problem of information asymmetry, where sellers possess more knowledge about the product than buyers, thereby increasing the risk of consumer harm (Stiglitz, 2000). Additionally, the use of standard

form contracts, commonly found in e-commerce platforms, raises concerns regarding consumer consent. These contracts are typically presented as “click-wrap” agreements, where consumers must accept terms and conditions without negotiation. As a result, consumers may unknowingly agree to clauses that limit their rights, such as restrictions on refunds or dispute resolution. This situation challenges the principle of freedom of contract and calls into question the fairness of such agreements (Radin, 2013).

2) Business Law Compliance in Digital Marketplaces

The findings further reveal varying levels of compliance among business actors in digital marketplaces. Large e-commerce platforms generally demonstrate higher levels of compliance by implementing internal policies designed to protect consumers. These include secure payment systems, return and refund policies, and mechanisms for reporting fraudulent activities. Such measures indicate an effort to align business practices with legal requirements and to maintain consumer trust. However, compliance among individual sellers, particularly small and medium enterprises (SMEs), tends to be less consistent. Many sellers fail to provide complete product information, do not adhere to agreed delivery times, or neglect their obligations in cases of defective products. This lack of compliance can be attributed to several factors, including limited legal awareness, insufficient regulatory enforcement, and the perceived complexity of legal requirements (OECD, 2020).

Another significant issue concerns the role and responsibility of digital marketplace platforms. While platforms act as intermediaries facilitating transactions between buyers and sellers, their legal liability remains a subject of debate. Some legal frameworks impose limited liability on platforms, provided they do not directly control the content or products offered by sellers. However, this approach may weaken consumer protection, as platforms often play a central role in structuring transactions and influencing consumer behavior. Scholars argue that imposing greater responsibility on platforms could enhance compliance and improve consumer protection outcomes (Busch, 2016).

3) Challenges in Ensuring Effective Consumer Protection

Several challenges hinder the effective implementation of consumer protection in e-commerce. First, the borderless nature of digital transactions complicates the enforcement of legal rights. Consumers may engage in transactions with sellers located in different jurisdictions, making it difficult to determine applicable laws and pursue legal remedies. This issue is particularly relevant in cases of cross-border disputes, where differences in legal systems and enforcement mechanisms create additional barriers (UNCTAD, 2017). Second, the rapid development of technology poses challenges for regulators. Legal frameworks often struggle to keep pace with innovations such as digital payment systems, artificial intelligence, and data-driven marketing. As a result, existing laws may not adequately address emerging risks, including data breaches, algorithmic manipulation, and unfair business practices in digital environments.

Third, consumer awareness remains a critical factor influencing the effectiveness of legal protection. The study finds that many consumers are not fully aware of their rights or the mechanisms available to resolve disputes. This lack of awareness reduces the likelihood that consumers will take action when their rights are violated, thereby weakening the overall

enforcement of consumer protection laws (Howells & Weatherill, 2005). Furthermore, enforcement mechanisms themselves are often limited. Regulatory authorities may face constraints in monitoring and supervising a large number of online transactions and business actors. This limitation is exacerbated by the anonymity of online sellers, which can make it difficult to identify and sanction non-compliant actors.

4) Evaluation of Legal Framework Effectiveness

The effectiveness of legal frameworks governing e-commerce depends not only on the existence of regulations but also on their implementation and enforcement. The study finds that while legal provisions are generally adequate in addressing key aspects of consumer protection, their effectiveness is undermined by weak enforcement and limited coordination among regulatory bodies. In some cases, dispute resolution mechanisms provided by e-commerce platforms serve as an alternative to formal legal processes. These mechanisms, such as online complaint systems and mediation services, offer faster and more accessible solutions for consumers. However, their effectiveness varies depending on the platform's policies and the willingness of sellers to cooperate. Moreover, the reliance on self-regulation by digital platforms raises questions about accountability. While self-regulation can promote flexibility and innovation, it may also lead to conflicts of interest, as platforms prioritize business objectives over consumer protection. Therefore, a balanced approach combining regulatory oversight and industry self-regulation is necessary to ensure effective consumer protection.

4.1. Discussion

The findings of this study highlight the gap between legal norms and practical realities in e-commerce transactions. Although consumer protection laws provide a solid foundation for safeguarding consumer rights, their implementation in digital marketplaces remains inconsistent. This gap can be explained by the dynamic nature of e-commerce, the diversity of business actors, and the limitations of existing enforcement mechanisms.

From a theoretical perspective, the results support the notion that consumer protection requires active regulatory intervention to address imbalances in power and information. The persistence of information asymmetry and unfair contractual practices indicates that market forces alone are insufficient to ensure fairness in e-commerce transactions.

In addition, the study underscores the importance of enhancing business law compliance among digital marketplace actors. This can be achieved through a combination of stricter enforcement, increased legal awareness, and the adoption of technological solutions that promote transparency and accountability. For example, the use of verification systems, consumer reviews, and data analytics can help identify non-compliant sellers and reduce the risk of fraud.

5. Conclusion

This study concludes that although legal frameworks for consumer protection in e-commerce transactions are generally well-established, their implementation in digital marketplaces remains inconsistent and faces significant challenges. Business law compliance varies among marketplace actors, with larger platforms demonstrating better adherence compared to individual sellers, who often lack awareness or fail to fulfill legal obligations. Key issues such as information asymmetry, unfair standard contracts, weak enforcement mechanisms, and the cross-border nature of e-commerce continue to hinder effective consumer protection. Therefore, strengthening regulatory enforcement, enhancing consumer awareness, and increasing the accountability of digital marketplace platforms are essential to ensure a more secure, fair, and trustworthy e-commerce environment.

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