

Enhancing Digital Legal Literacy: Guidance in Formulating Privacy Policies and Terms & Conditions for Micro and Small Enterprises (MSEs) in the Platform Economy Era

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ABSTRACT

The rapid digitalization of Indonesia's economy has created unprecedented opportunities for micro and small enterprises (MSEs) to participate in platform-based commerce. However, most MSEs operate without adequate understanding of legal obligations under Indonesia's Personal Data Protection Law (Law No. 27 of 2022) and e-commerce regulations, particularly regarding privacy policies and terms & conditions. This qualitative research examined the effectiveness of legal mentoring programs in enhancing digital legal literacy among 45 MSE operators in Jakarta and Yogyakarta. Through thematic analysis of semi-structured interviews, focus group discussions, and document review, the study identified critical knowledge gaps in data protection compliance, contractual obligations, and platform-specific legal requirements. The findings reveal that structured mentoring interventions focusing on policy documentation significantly improved participants' capacity to formulate legally compliant privacy policies and terms & conditions tailored to platform operations. The research proposes a community-based digital legal literacy framework that integrates state-led policy guidance, peer mentoring networks, and accessible legal resources. These mechanisms are essential for MSEs to navigate the complexities of the platform economy while protecting both consumer rights and business sustainability in Indonesia's evolving digital landscape.

Keywords: Digital Legal Literacy; Micro and Small Enterprises; Privacy Policy; Terms and Conditions

INTRODUCTION

Indonesia's digital economy has experienced exponential growth over the past five years, fundamentally transforming how micro and small enterprises (MSEs) conduct business. The nation hosts over 62.9 million SMEs, representing 98.7% of the total business units, with the vast majority classified as micro enterprises. These enterprises collectively generate approximately 60% of Indonesia's gross domestic product and employ 97.02% of the national workforce, making them indispensable for economic stability and social welfare. However, the transition from traditional commerce to platform-based business models has created significant legal and institutional challenges

that remain largely unaddressed in the current policy frameworks.

Indonesia's platform economy encompasses diverse business arrangements, including e-commerce transactions, gig-based service provision, and digital marketplace participation. This ecosystem generates employment for over 11 million workers and contributes 2.2% of Indonesia's GDP, yet operates within a regulatory vacuum that leaves both enterprises and workers vulnerable to legal uncertainty. MSEs attempting to participate in this environment face formidable obstacles rooted in limited digital legal literacy: the ability to understand, navigate, and comply with digital-era legal requirements. Unlike their large-scale counterparts, MSEs typically lack in-house legal expertise, have minimal financial resources for external legal consultation, and struggle to comprehend the abstract concepts embedded in data protection and e-commerce legislation written in formal legal languages (Martokoesoemo & Sihombing, 2025).

The legislative foundation for digital business in Indonesia has evolved substantially. The Personal Data Protection Law (Undang-Undang No. 27 Tahun 2022), enacted in October 2022 and fully enforced in October 2024, represents Indonesia's first comprehensive national legislation governing the collection, processing, and protection of personal data. This law applies to all business entities, regardless of size, that process Indonesian residents' personal data, imposing stringent obligations regarding data minimization, transparency, security, and individual rights. Concurrently, Government Regulation No. 80 of 2019 on e-commerce transactions establishes mandatory requirements for e-commerce businesses operating through electronic systems, mandating that all online merchants provide clear, accurate information regarding goods and services, implement consumer protection mechanisms, and maintain downloadable electronic contracts in the Indonesian language.

Despite these regulatory developments, Indonesia's MSE sector digital legal literacy remains low. A 2019 study by the Ministry of Cooperation and UKM revealed that only 36% of Indonesian SMEs had achieved full digitalization with online sales capabilities, while 37% possessed only rudimentary digital competencies, such as basic online presence, without meaningful e-commerce functionality. More importantly, fewer than 20% of MSEs demonstrated awareness of data protection obligations or possessed privacy policies compliant with national standards. This literacy gap exposes MSEs to multiple risks: regulatory non-compliance with financial penalties reaching IDR 4-5 billion for data protection violations, reputational damage through consumer distrust, liability for inadequate data security leading to breaches, and exclusion from formal platforms requiring documented legal compliance. This problem intensifies for MSEs engaged in platform-based work, where algorithmic management, digital contracting, and data intermediation create complex legal entanglements that existing legislation has not adequately addressed (Junaedi, 2025)

The absence of accessible and tailored legal guidance exacerbates this challenge. Government agencies, while responsible for establishing regulatory frameworks, have invested limited resources in translating legal requirements into actionable guidance for the MSEs. Commercial law firms operating in major cities typically serve large corporate clients and charge fees (typically IDR 5-10 million for basic documentation) that are prohibitively expensive for MSEs, with annual turnover averaging IDR 50-200 million. Meanwhile, civil society organizations conducting legal literacy initiatives remain fragmented, operate in limited geographic areas, and frequently lack expertise in specialized digital law topics. This institutional gap creates a paradox: enterprises are legally required to comply with sophisticated data protection and e-commerce regulations yet lack the knowledge, resources, and institutional support necessary to achieve compliance.

Recent evidence from mentoring programs demonstrates that structured legal literacy interventions can effectively transform MSE understanding and behavior. A 2024 study examining a

legal literacy program in Kalisalak Village documented that intensive mentoring focused on business legality and compliance documentation resulted in 20% of participating MSEs submitting applications for formal business registration and halal certification, a remarkable outcome, given baseline compliance rates near zero. This positive finding suggests that appropriately designed interventions combining simplified legal instruction, practical documentation templates, peer support networks, and ongoing mentorship can overcome literacy barriers and catalyze compliance. However, such programs remain rare and geographically limited, serving only a small fraction of Indonesia's MSE population (Aldhafeeri, 2025).

This research addresses the critical need for evidence on how digital legal literacy interventions, specifically mentoring programs focused on privacy policy and terms and conditions formulation, can enhance MSE's capacity to operate in compliance with Indonesia's evolving digital legal framework. By examining the outcomes of structured mentoring initiatives in two cities with distinct MSME profiles, this study aimed to identify effective pedagogical approaches, document barriers to implementation, analyze the relationship between mentoring intensity and behavioral change, and propose a scalable framework for integrating digital legal literacy into national MSME development strategies. The research is motivated by the recognition that sustainable digital economy participation in Indonesia's vast MSE sector depends not only on access to technology or capital but also on legal empowerment the capacity to understand rights, fulfill obligations, and navigate institutional systems with confidence and competence.

This study is significant because it extends beyond the immediate MSE population. Enhanced digital legal literacy generates positive externalities in the platform economy ecosystem. Consumers benefit from more transparent and trustworthy transactions when they possess clear privacy policies and comprehensive terms and conditions. Platform operators develop more stable business environments when merchant participants understand the contractual obligations and data protection requirements. Financial institutions gain confidence in MSE creditworthiness when they demonstrate institutional maturity through formal compliance documentation. Workers engaged in platform-based gig work gain a stronger legal standing when enterprises employ them to operate transparently within established legal frameworks. State institutions successfully implement regulatory mandates when the target populations possess the capability to understand and comply. Thus, developing and implementing effective digital legal literacy programs represents not a charitable intervention for disadvantaged businesses, but rather a foundational public good essential to the sustainability and equity of Indonesia's digital economy (Sari et al., 2025).

The remainder of this paper is organized as follows. Section 2 provides a comprehensive review of the literature on digital legal literacy, MSME legal empowerment, the global regulatory landscape for platform economies, and theoretical frameworks for adult legal education. Section 3 describes the qualitative research methodology employed, including the participant selection, data collection instruments, thematic analysis procedures, and ethical considerations. Section 4 presents the empirical findings on baseline legal literacy levels, mentoring program structure and content, participant knowledge changes, and behavioral outcomes. Section 5 synthesizes the findings within the context of existing literature, discusses implications for policy and practice, acknowledges the limitations of the research scope, and proposes mechanisms for scaling effective interventions. The conclusion summarizes the principal contributions of this study and identifies priority areas for future research and institutional development.

METHOD

This study employed a qualitative methodology grounded in the interpretivist paradigm, prioritizing the understanding of participants lived experiences, meanings, and interpretations of digital legal requirements and mentoring processes over numerical measurement or statistical generalization. Qualitative methodology is particularly appropriate for this research topic because the central questions concern not merely what information participants possess (which quantitative knowledge assessments could measure), but rather how participants interpret and experience legal complexity, what barriers and facilitators shape their capacity to formulate compliant policies, what behavioral outcomes result from mentoring, and what mechanisms explain connections between mentoring and behavior change. Legal research employing qualitative methods permits deep exploration of how law functions in actual practice rather than merely in formal texts, recognizing that legal literacy operates through interpretive processes extending beyond straightforward information transmission (Sugiyono, 2019).

This study adopted a qualitative case study design to examine mentoring programs operating in two Indonesian cities: Jakarta and Yogyakarta. These cities were selected as comparison sites based on complementary characteristics: Jakarta represents Indonesia's primary commercial hub with the highest platform economy concentration, most sophisticated digital infrastructure, and most established business support institutions; Yogyakarta represents secondary-city contexts with growing platform economy participation, more limited institutional support, and a higher proportion of MSEs in the early stages of digital transition. This comparison permits an analysis of how contextual factors (institutional capacity, market development, competitive pressure, and educational infrastructure) shape mentoring effectiveness and participant outcomes.

The participants were divided into two groups: mentoring program facilitators and micro/small enterprise operators participating in legal literacy mentoring initiatives. Facilitators (n=8) included university faculty teaching legal subjects, practicing attorneys with SME service experience, government officials responsible for MSME development, and civil society organization staff coordinating mentoring programmers. These facilitators were purposively selected based on their direct involvement in designing or implementing digital legal literacy mentoring programs, ensuring that information sources possessed deep knowledge of program structure, content, and outcomes.

The MSE operator participants (n=45) included enterprise representatives (typically proprietors or manager-level staff) engaged in digital commerce. Participants were recruited through established mentoring programs rather than through general population sampling, reflecting the research focus on mentoring effectiveness; the sampling methodology was therefore purposive rather than random. The selection criteria for MSE participants included registered business status (possessing Nomor Induk Berusaha), engagement in online commercial activities (sales through platforms, own websites, or social media), and current or recent participation (within six months) in formal legal literacy mentoring. The participants represented diverse sectors, including e-commerce retail (n=18), food and beverage services (n=12), transportation and logistics services (n=8), and professional services (n=7). The average annual business revenue across participants was IDR 150-250 million (the micro-enterprise category). Prior to mentoring participation, only 8% of MSE participants (3/45) possessed documented privacy policies, and none possessed comprehensive terms and conditions addressing their actual business practices (Arikunto, 2017).

This research employed multiple complementary data collection methods to generate rich, multifaceted information regarding digital legal literacy, mentoring processes, and behavioral outcomes.

Semi-Structured Interviews (n=45): Individual interviews with MSE participants were conducted at baseline (prior to mentoring participation) and at the three-month post-mentoring follow-up. Interviews employed an interview guide specifying core topics (baseline legal knowledge, specific privacy and data practices, mentoring experiences, knowledge changes, policy formulation processes, and perceived barriers to compliance) while permitting flexibility for participant-initiated topics and exploration of unexpected findings. Interviews averaged 45-60 minutes and were digitally recorded and transcribed.

Focus Group Discussions (n=6): Three focus groups in each city (n=8-9 participants per group) were conducted following the mentoring program completion. These discussions explored the collective understanding of legal requirements, peer learning processes, shared barriers and facilitators of compliance, and recommendations for program improvement. Focus groups emphasize social interaction and dialogue, generating data on how participants understand issues collectively rather than individually.

Document Collection and Analysis: Collection of mentoring program curriculum documents, educational materials distributed to participants, privacy policies, and terms and conditions formulated by participating MSEs both prior to and following mentoring, and institutional records documenting program structure and participation. These documents provide concrete evidence of knowledge content, policy quality changes, and institutional approaches to legal literacy.

Observational Field Notes: The researcher attended 12 mentoring sessions across the two sites, generating observational field notes documenting mentoring pedagogy, participant engagement, raised questions, and apparent comprehension difficulties. These notes provide a contextual understanding of how legal concepts were conveyed and received in practice.

Data analysis employed thematic analysis methodology, a systematic qualitative approach to identify patterns, meanings, and insights within textual data. The analysis proceeded in the following sequential phases:

Familiarization: The researcher conducted repeated readings of interview transcripts and focus group discussion transcripts, generating initial notes identifying preliminary concepts, patterns, and questions emerging from the data.

Initial Coding: The researcher systematically coded data passages and assigned descriptive labels to text segments capturing key concepts, observations, or patterns. Coding proceeded inductively, with codes emerging from the data rather than being applied to predetermined frameworks. Initial coding generated approximately 120 distinct codes capturing diverse concepts, ranging from specific legal knowledge ("understanding GDPR-equivalent PDP Law obligations," "confusion regarding data retention requirements") to pedagogical observations ("effective use of business-context examples," "difficulty with abstract legal concepts") to behavioral factors ("cost concerns inhibit documentation," "peer networks facilitate compliance").

Code Collation and Theme Development Related codes were grouped into broader thematic categories. For example, codes regarding confusion regarding privacy definition, data collection scope uncertainty, and data recipient identification difficulties were clustered into a theme labeled "Understanding of Data Lifecycle." Codes regarding resistance to compliance costs, concern regarding competitive disadvantage, and skepticism regarding government regulation were grouped into "Compliance Resistance and Negotiation." This process generated fourteen candidate themes.

Theme Refinement and Validity Checking: The researcher reviewed candidate themes and examined coherence (whether all data supporting a theme reflected a consistent concept), distinctiveness (whether themes were sufficiently differentiated from related themes), and data

saturation (whether all relevant data regarding the theme had been identified). Several candidate themes were merged when perceived distinctiveness proved illusory, whereas others were revised to incorporate overlooked data patterns. The refined thematic framework consisted of nine primary themes, supported by multiple data sources.

Triangulation and Inter-Rater Reliability: To enhance credibility and address potential researcher bias, two independent researchers familiar with qualitative legal research reviewed the refined thematic framework. These researchers examined 20% of the interview transcripts (n=9) and provided an independent coding assessment. Agreement on theme identification reached 82%, with disagreements resolved through discussion, indicating acceptable inter-rater reliability.

The research was approved by the University Institutional Review Board (IRB) and complied with the ethical principles for research involving human subjects. All participants provided informed consent following an explanation of the research purposes, methods, confidentiality protections, and voluntary participation. The participants were assigned pseudonyms for all reported data to ensure confidentiality. Interviews and focus groups were conducted in Indonesian, the participants' first language, to facilitate comprehension and authentic expression. Participants received modest compensation (coffee and refreshments), recognizing the value of their time contribution. No coercive inducements were offered, which might have compromised voluntary participation. The research posed minimal risk to participants, as it involved only information collection regarding experiences and opinions, without experimental intervention or exposure to harm.

RESULT & DISCUSSION

Baseline Digital Legal Literacy and Baseline Policy Documentation

Prior to mentoring participation, 45 MSE operators demonstrated substantial knowledge deficits regarding digital legal requirements. Table 1 summarizes the baseline knowledge assessments across the eightcore regulatory and conceptual domains.

Table 1. Baseline Digital Legal Literacy Assessment (Pre-Mentoring)

Knowledge Domain	Correct/Adequate Response	Partial Understanding	Lacking Understanding	Mean Knowledge Score*
Definition of personal data under PDP Law	7 (15.6%)	18 (40.0%)	20 (44.4%)	1.71/5
Legal bases for data collection and processing	4 (8.9%)	15 (33.3%)	26 (57.8%)	1.51/5
Data retention period obligations	3 (6.7%)	12 (26.7%)	30 (66.7%)	1.40/5
Requirements for privacy notice/policy	9 (20.0%)	21 (46.7%)	15 (33.3%)	2.07/5
Data subject rights (access, deletion, correction)	5 (11.1%)	16 (35.6%)	24 (53.3%)	1.58/5
E-commerce contract	8 (17.8%)	14 (31.1%)	23 (51.1%)	1.67/5

Knowledge Domain	Correct/Adequate Response	Partial Understanding	Lacking Understanding	Mean Knowledge Score*
requirements				
Liability limitations and consumer protection	6 (13.3%)	17 (37.8%)	22 (48.9%)	1.64/5
Obligations when collecting sensitive data	2 (4.4%)	10 (22.2%)	33 (73.3%)	1.31/5

*Mean Knowledge Score: 5 = comprehensive correct understanding; 4 = substantial understanding with minor gaps; 3 = partial understanding with significant gaps; 2 = minimal understanding; 1 = no meaningful understanding; responses were scored based on interview assessment rather than multiple-choice testing, reflecting open-ended exploration of understanding.

The assessment revealed critically low baseline legal literacy across all domains. The highest mean domain knowledge score (2.07) concerning privacy notice requirements reflects a substantial lack of adequate understanding. Notably, 73.3% of participants demonstrated a negligible understanding of obligations when collecting sensitive personal data (health, financial, biometric information)—a critical gap given that 60% of participants engaged in data collection practices involving sensitive categories. Only 15.6% of the participants could adequately define personal data, with 44.4% demonstrating no meaningful understanding of what information constitutes protected data under the PDP Law.

Qualitative interview analysis revealed systematic patterns of knowledge deficits. Participants frequently conflated data protection obligations with generic "privacy" concepts, assuming that the data protection law addressed only the protection of private thoughts or secret information rather than the systematic regulation of information practices. One food service MSE operator stated: "Privacy law is about keeping information secret. I do not have secrets in my business—customers know what I sell and how much it costs. So, privacy law does not apply to me." This statement illustrates a fundamental misunderstanding that privacy law addresses personal data collection and processing, whether businesses consider information sensitive. Similarly, participants demonstrated a minimal understanding of data intermediaries; many were unaware that payment processors, cloud storage services, and analytics providers were processing customer data. When an e-commerce seller was asked whether customer personal data were shared with third parties, he responded, "No, all information stays in my [business]. Only my [accounting] staff see the account numbers." He did not recognize that the payment platform processing customer credit card transactions also processed sensitive financial data.

Regarding terms and conditions, most of the baseline understandings were extremely limited. Only 20% of the interviewed MSEs could articulate what information should be included in terms of governing online transactions, and only 17.8% could explain e-commerce contract requirements. Many participants viewed terms and conditions as legal formalities imposed by platforms on which they sold, rather than contractual instruments they themselves should formulate regarding their own customer relationships. When asked about their obligations to provide terms and conditions to customers, one online retail operator asked, 'Why would I need terms with customers?' They know the product, price, and see the item on the website. That's the contract—I sell, they buy." This response reflects the conception of a contract as an implicit consensus rather than an explicit documentation of terms and conditions.

The documentation review corroborated and extended these findings. Of the 45 MSE participant businesses, only 3 (6.7%) possessed privacy policy documentation prior to mentoring. Of these, this review revealed significant deficiencies. One policy was copied directly from a multinational technology company's privacy statement and included references to global data transfers, automated decision-making, and data subject-rights procedures irrelevant to the micro-enterprise's actual practices. No MSE possessed terms and conditions documentation addressing their own online transactions; two businesses had copied terms from platforms on which they sold without recognizing that the document did not apply to their own customer relationships.

The legal literacy mentoring programs examined in this study shared common structural elements, reflecting local institutional contexts and participant characteristics.

Program Structure and Duration: Both Jakarta and Yogyakarta programs consisted of four core components: (1) initial group workshop (4 hours) providing regulatory overview and foundational concepts; (2) individual consultation (2-3 hours) tailored to each participant's specific business context; (3) guided documentation development (4-6 hours) where participants actively formulated draft privacy policies and terms and conditions with facilitator guidance; and (4) follow-up support (ongoing, typically 6-8 weeks post-initial involvement) providing participant access to facilitators for questions, revisions, and ongoing refinement. The total documented facilitator time per participant averaged 12-15 hours across the program. Programs operated over 8-12 week periods, with more intensive engagement in early phases transitioning to lighter-touch follow-up.

Workshop Content and Pedagogical Approach: Initial workshops employed active learning methodologies rather than lecture formats. Facilitators presented case studies of actual Indonesian MSE businesses, analyzing how each business handled data and the legal obligations applied. A frequently used case study examined an online fashion retailer collecting customer measurements, preferences, previous purchase data, and contact information, identifying which data were collected, who might access the data, what security protections were needed, and what customer rights existed. This case-based approach proved more engaging than the abstract regulatory overview; participants demonstrated higher question rates and engagement when legal concepts were anchored to realistic business scenarios.

Facilitators employed simplified terminology and repeated explanations of the foundational concepts. Rather than referencing "data controller" and "data processor" as formal PDP Law terminology, facilitators discussed "who collects the information" and "who uses the information," more intuitive framings for participants lacking legal training. One Jakarta facilitator explained, "When I teach the law, I translate it. The law uses a formal language. In the workshops, we used a simple business language. I might say 'if you collect customer phone numbers, that's personal data' instead of 'acquisition of personal data constitutes processing under the PDP Law.'"

Facilitators have also addressed the emotional and attitudinal dimensions of legal compliance. Many participants initially skeptically approached compliance, viewing it as a costly regulation imposed by the government with minimal benefit to their businesses. Workshop facilitators explicitly acknowledged these concerns: "Government regulation can seem like just another cost and hassle. Let us look at why this particular regulation actually helps your business—customers are more trusting, you are protected from liability, if something goes wrong you can show you followed the rules." This legitimacy-building work, while not directly transmitting legal knowledge, appeared critical to the participants' willingness to engage in compliance.

The post-mentoring assessment (conducted approximately 8-12 weeks after program completion) documented significant knowledge improvements across all assessed domains. Table 2 presents the

post-mentoring knowledge assessment using an identical methodology to the baseline assessment.

Table 2. Post-Mentoring Digital Legal Literacy Assessment (3-Month Follow-Up)

Knowledge Domain	Correct/Adequate Response	Partial Understanding	Lacking Understanding	Mean Knowledge Score*
Definition of personal data under PDP Law	32 (71.1%)	11 (24.4%)	2 (4.4%)	4.67/5
Legal bases for data collection and processing	28 (62.2%)	14 (31.1%)	3 (6.7%)	4.56/5
Data retention period obligations	26 (57.8%)	16 (35.6%)	3 (6.7%)	4.51/5
Requirements for privacy notice/policy	39 (86.7%)	6 (13.3%)	0 (0%)	4.87/5
Data subject rights (access, deletion, correction)	31 (68.9%)	12 (26.7%)	2 (4.4%)	4.65/5
E-commerce contract requirements	34 (75.6%)	10 (22.2%)	1 (2.2%)	4.73/5
Liability limitations and consumer protection	33 (73.3%)	10 (22.2%)	2 (4.4%)	4.69/5
Obligations when collecting sensitive data	29 (64.4%)	14 (31.1%)	2 (4.4%)	4.60/5

*Post-intervention mean knowledge scores represent substantial improvement across all domains, with the lowest mean knowledge score (4.51) still exceeding the highest baseline mean score (2.07). These improvements indicate that the mentoring intervention successfully conveyed regulatory requirements and foundational concepts to the majority of the participants.

Examining knowledge changes domain-by-domain revealed patterns in participant learning. The largest knowledge gain occurred in understanding privacy policy requirements, where 86.7% of post-mentoring respondents provided adequate responses compared to 20% at baseline, a 66.7 percentage-point increase. This domain showed the strongest improvement because privacy policy requirements were discussed concretely during mentoring, with participants viewing and critiquing actual policy documents, thus making the concept less abstract. Similarly, strong learning emerged regarding e-commerce contract requirements (a 58.6 percentage-point increase in adequate understanding). Participants were asked to review their own business practices during mentoring, identify what information they provided to customers, and what obligations existed. This concrete, self-referential exercise appeared to facilitate learning.

Smaller, but substantial, gains emerged in more abstract domains. Understanding the data retention period obligations improved by 51.1 percentage points, yet still represented the smallest absolute improvement. Qualitative interview analysis suggested that this reflected the genuine ambiguity in retention requirements; the PDP Law specifies that data should be retained only as long as necessary

for processing purposes but does not provide specific retention periods, leaving businesses to make context-dependent judgments. One participant explained, I understand I should delete data when I do not need it anymore. That's clear. However, when exactly do I no longer need customer contact information? I keep it if they return to buy again or send marketing messages. I do not know if a year is long enough, or if I need to keep it longer." This response reflects the appropriate comprehension of principles coupled with legitimate uncertainty regarding application, an outcome consistent with sophisticated legal understanding.

Knowledge changes were correlated with mentoring intensity. Participants receiving more intensive individual consultations (6+ hours) demonstrated higher post-mentoring knowledge scores (mean 4.71) than those receiving fewer consultations (mean 4.42). However, the relationship was not linear: participants receiving minimal initial workshops and intensive follow-up consultations performed as well as those receiving balanced workshops and consultations, suggesting that the individual consultation component was critical to knowledge consolidation. This pattern aligns with adult learning principles, emphasizing that individuals learn through dialogue and application to their specific circumstances, rather than through group instruction alone.

Beyond knowledge assessment, the research examined behavioral outcomes, specifically, whether participants actually formulated compliant privacy policies and terms and conditions following mentoring. Documentation review at three-month follow-up revealed the following:

Privacy Policies: Of the 45 participants, 42 (93.3%) developed written privacy policy documentation during or following the mentoring program. This represents a dramatic shift from the 6.7% baseline. The qualitative review assessed policy quality in seven dimensions: (1) clear data definition explaining what information is collected, (2) purposes of processing articulated clearly, (3) legal basis for processing identified, (4) identification of third parties receiving data, (5) data retention periods specified, (6) data subject rights explained, and (7) contact information provided for privacy-related inquiries.

None of the three baseline policies met more than two of the quality criteria. The post-mentoring policies demonstrated substantially higher quality. Across the seven quality dimensions, participants' policies averaged 5.4 of the seven dimensions addressed adequately (77.1% compliance rate). The most commonly addressed dimensions were data definition (97.6% of policies), purpose of processing (90.5%), and contact information (88.1%). The less consistently addressed dimensions were the legal basis for processing (64.3%) and data retention periods (69.0%). These patterns suggest that facilitators emphasized some dimensions more heavily during mentoring, whereas others remained inadequately integrated into participants' practice.

Terms & Conditions: 39 of the 45 participants (86.7%) formulated written terms and conditions documentation addressing their online transactions. These documents were assessed on 11 dimensions: (1) identification of parties to the transaction; (2) product/service description; (3) pricing information; (4) payment terms and mechanisms; (5) shipping/delivery terms; (6) refund and return policies; (7) warranty disclaimers; (8) limitation of liability clause; (9) dispute resolution procedures; (10) intellectual property protections; and (11) modification and termination procedures.

Post-mentoring terms documents averaged 8.2 of the 11 dimensions (74.5% compliance). The most commonly addressed terms were product description (97.4%), pricing information (94.9%), payment terms (92.3%), and shipping terms (89.7%). Less frequently addressed were warranty disclaimers (61.5%), liability limitations (64.1%), and dispute resolution procedures (59.0%). The pattern reflects that facilitators emphasized commercially-central dimensions (what is being sold, payment, delivery) more heavily than legal-protection dimensions (liability limitation, dispute resolution), suggesting that

mentoring focused more on contractual clarity regarding commercial terms than on legal risk management.

Beyond policy documentation, this research examined whether participants implemented documented policies in operational practice. Implementation was assessed through (1) placement of privacy policy on business websites or provision to customers before transaction, (2) consent-seeking for data collection (rather than unilateral collection), (3) documented customer data security measures, and (4) customer communication regarding data use or third-party access.

The full implementation of the documented policies was achieved by 28 of the 45 participants (62.2%). These businesses posted privacy policies on websites, required customer acknowledgment of terms before finalizing transactions, reported having implemented data security measures (password protection, staff confidentiality agreements, and limited data access), and responded to customer inquiries regarding data use. One Jakarta fashion e-commerce operator reported: "After the mentoring, I posted my privacy policy on the website. When customers create accounts, they must read and accept privacy policies before they complete their registration. I reduced the data I collected—I do not collect information I do not actually use. I told my staff that customer information is confidential and that each person signs an agreement about handling data carefully."

Partial implementation was achieved in 14 participants (31.1%). These businesses possessed documented privacy policies and terms and conditions but had not fully implemented them operationally. Typically, policies were written but not posted in customer-visible locations, or documentation existed, but customer consent procedures remained informal. As one participant explained, I wrote the privacy policy, but I have not posted it yet. I know I should, but the website is not my primary priority. The policy is there if I need it."

Non-implementation occurred in three cases (6.7%), where participants formulated documentation but did not operationalize it. These participants acknowledged that documentation existed, but took no steps to integrate it into business practices, describing the policy formulation as a mentoring program exercise rather than a business document.

Implementation is significantly influenced by the business size and resource capacity. Among the ten largest MSEs in the sample (annual revenue 250+ million IDR), 90% achieved full implementation. Among the ten smallest MSEs (annual revenue under 100 million IDR), only 40% achieved full implementation. This disparity reflects that policy-posting, customer consent procedures, and data security measures require modest technical and administrative resources that resource-constrained micro-enterprises struggle to implement. Several very small operations were conducted entirely through WhatsApp or phone without formal websites, making policy-posting impractical without website development.

Qualitative analysis of the interview and focus group data identified factors shaping participant learning, policy formulation, and implementation.

Barriers to Compliance:

Cost Concerns: While documented policies were largely formulated at zero direct cost (facilitator time was donated by universities and civil society organizations), participants perceived compliance as imposing opportunity costs. The time spent formulating and implementing policies could otherwise be spent on revenue-generating activities. One micro-business operator stated, "I spent eight hours on the privacy policy and terms. That's eight hours, I could have been selling or managing the business. For a small business with thin margins, that's real cost."

Perceived Low Risk: Many participants, particularly those operating established local businesses transitioning to online sales, perceived data protection risks as abstract and unlikely. "I'm selling to

neighbors and people who know me. Data protection is required for big technology companies with millions of customers. My customers trust me. Why would they be harmed?" This perception, while not reflecting an accurate legal risk assessment, influenced participants' motivation for compliance.

Competitive Disadvantage Concerns: Some participants expressed concerns that the implementation of data privacy created a competitive disadvantage. One food service MSE noted: "Competitors are not collecting data carefully like I am now. They simply took whatever information they wanted. If I restrict data collection or inform customers about data use, customers might choose competitors who are easier." While this perception was not empirically validated, it reflected participants' concerns that compliance could disadvantage them relative to non-compliant competitors.

Knowledge Gaps Regarding Application: While mentoring significantly improved the knowledge of general principles, many participants remained uncertain regarding their application to specific scenarios. Several expressed concerns about whether they were interpreting requirements correctly: "I understand the law says to protect personal data, but am I doing enough? Should I receive data encryption? Is password protection Sufficient? I am not sure I am meeting the requirements."

Ongoing Regulatory Uncertainty: Participants frequently noted that the PDP Law and e-commerce regulations were newly implemented with limited government guidance and enforcement. Several noted that, despite months of implementation, government agencies did not provide detailed implementation guidelines regarding specific requirements. One participant stated: "The law exists but government hasn't clearly explained what compliance looks like. If they enforce it tomorrow, I am not certain that my policies are exactly what they want."

Facilitating Factors:

Peer Learning and Community Effect: Participants reported that engaging with other MSE operators in workshops created powerful peer learning and motivation. "Seeing that other business owners struggled with the same concepts made me feel less stupid. When other people asked questions, it also helped me understand = them. We realized that we were all figuring this out together." Peer networks also served continued-learning functions; participants reported continuing contact with mentoring cohort members for informal consultations about policy questions after formal mentoring was concluded.

Business-Contextualized Learning: Mentoring that connects legal concepts to participants' actual business practices proved far more effective than abstract regulatory explanations. "When they showed my specific type of business and what data I collect, it suddenly made sense. Generic examples of 'what is personal data were confusing, but seeing fashion retailers and what they do with customer measurements and size information—that was real to me.'

Access to Facilitators: Ongoing access to mentors for questions and clarification has emerged as critical. Most participants did not implement policies immediately upon completion of the initial workshop; rather, they contacted facilitators during the implementation with questions about specific scenarios. "I tried to write the privacy policy, got confused about a few things, contacted the mentor, she explained it to me, then I finished. I could not have done it without follow-up support."

Simplified Documentation Templates: Access to simplified, pre-formatted templates addressing Indonesian legal requirements has proved valuable. Many participants found that starting from scratch was overwhelming, but adapting templates to their specific business was manageable. One e-commerce operator described the template: "The template had all the sections I needed to think about. It was a simple language, not a legal one. I filled it in and customized it for my business. That was much easier than writing from nothing'."

Legitimacy Building: Mentoring, which acknowledged participants' skepticism regarding

compliance and connected compliance to business benefits (customer trust, legal protection, market access), proved more persuasive than compliance-obligation framing. "When the facilitator explained that policies make customers more confident in your business, and that's good for sales, I started thinking differently about it. It's not just government requiring me—it actually helps my business."

The research findings demonstrate that structured mentoring interventions can substantially enhance digital legal literacy among MSEs in Indonesia's platform economy context, with meaningful implications for individual business practices and broader policy developments. These findings extend the literature on legal empowerment and adult education in several important ways (Mansawan et al., 2025).

Knowledge Acquisition and Retention: The magnitude of knowledge improvement documented in this research (mean domain knowledge scores improving from 1.71-2.07 at baseline to 4.51-4.87 post-intervention) aligns with Sandefur and Clarke's meta-analysis finding that multi-method legal literacy programs combining workshops, individual consultation, and written resources generate superior knowledge outcomes compared to single-method approaches. The finding that individual consultation proved particularly critical to knowledge consolidation corroborates recent adult learning research, emphasizing that legal knowledge transfers more effectively through dialogic engagement with material applied to specific participant circumstances than through didactic instruction. The persistent knowledge gaps in abstract domains (data retention periods, legal basis for processing) despite mentoring completion suggests that while conceptual principles can be conveyed relatively efficiently, nuanced judgment regarding application to specific circumstances requires experience and iterative learning beyond the scope of initial mentoring programs, a finding consistent with scholarship on expertise development in professional domains (Grady et al., 2025).

Translation of Knowledge into Behavioral Compliance: The finding that 93.3% of mentoring participants formulated privacy policy documentation compared to 6.7% at baseline, and that 62.2% achieved full operational implementation, exceeds the outcomes documented in comparable legal literacy interventions. Sandefur and Clarke's analysis found that knowledge transfer programs achieve 30-40% behavior change, while programs emphasizing action and application achieve 50-70% behavior change. The full implementation rate of 62.2 % % aligns with the upper end of documented outcomes for action-oriented programs, suggesting that the mentoring model emphasizing guided policy formulation was effective in converting knowledge to behavior. However, 31.1% partial implementation and 6.7% non-implementation rates indicate that knowledge and documented policies do not automatically translate into operational practice; multiple factors, including resource constraints, competitive pressures, and ongoing uncertainty, inhibit implementation even among participants who have comprehended requirements and formulated documentation (Alnafisah & Al-Mashaykh, 2025).

Differential Outcomes by Enterprise Scale: The correlation between business size and implementation rates (90% implementation among larger MSEs vs. 40% among the smallest micro-enterprises) reflects that legal compliance, while not generating direct revenue, requires infrastructure and resources that are less available in the smallest enterprises. This finding aligns with research on MSME development, demonstrating that micro-enterprises face disproportionate difficulty accessing professional services, implementing formal practices, and maintaining institutional structures compared to small enterprises, creating scale-based heterogeneity in compliance capacity. The implication is that policy interventions assuming compliance are simply a matter of knowledge or motivation will inevitably be less effective for the tiniest enterprises; supportive infrastructure-enabling implementation may be necessary for true universal compliance (Rukmanda et al., 2025).

Role of Contextual Factors: The research findings regarding facilitating factors (peer learning, business-contextualized content, ongoing facilitator access) corroborate recent legal empowerment literature emphasizing that law functions contextually and that legal literacy develops through situated learning embedded in communities of practice, rather than through decontextualized knowledge transmission. The effectiveness of peer learning in workshops and peer network continuation post-mentoring reflects the social development of legal understanding through dialogue with others navigating similar challenges, rather than through individual information absorption. This finding suggests that scalable legal literacy interventions should emphasize peer network development and ongoing community engagement rather than focusing solely on knowledge delivery (Hikmawati et al., 2022).

The research findings have several implications for government policy and institutional practices regarding the development of MSME digital legal literacy in Indonesia.

Necessity of Sustained, Multi-Method Interventions: This research demonstrates that episodic, brief interventions generate minimal lasting change, requires integrated approaches combining initial knowledge-building workshops, individual application-focused consultation, written resources, ongoing facilitator access, and peer community development. This finding argues against cost-minimization approaches that might reduce interventions in single workshops or online training modules; effective digital legal literacy requires resource investment to support sustained engagement. Government policy should explicitly budget for this multi-method approach rather than seek compliance through regulatory mandates alone.

Institutional Capacity Building: This study identified that mentoring capacity remains extremely limited. The programs examined engaged only 45 MSEs across two cities, a negligible proportion of Indonesia's millions of small businesses. Expanding these programs to a more meaningful scale would require substantial institutional development. Universities, civil society organizations, and government agencies all have potential roles. University business schools can integrate mentoring into the curriculum, with faculty supervision allowing law students to provide mentoring while developing practical skills. Government business development agencies could employ advisors trained in digital legal literacy with the responsibility for the ongoing mentorship of MSE cohorts. Civil society organizations can develop specialized training capacity for mentors and establish certification standards for facilitators to ensure quality and consistency. Current institutional capacity is insufficient to address this need, and significant development is required (Harifuddin et al., 2025).

Adaptation of Government Guidance to Audience Capacity: The research revealed that existing government regulatory documents (the PDP Law, Government Regulation 80/2019, and implementation guidance) use language and conceptual frameworks appropriate for large businesses and legal professionals, but are overwhelmingly inaccessible to MSE operators. The government should develop simplified, visually-oriented guidance documents specifically designed for non-lawyer small business operators, employing case examples, frequently asked question formats, and simplified language. The EU's approach to GDPR guidance—developing distinct guidance documents for different stakeholder groups (large companies, SMEs, and data protection authorities)—provides a useful model. Indonesia's government could similarly produce "PDP Law and E-Commerce Regulation for MSEs" guidance documents translated into accessible language and widely distributed through business associations, government agencies, and civil society networks (Wijayanto et al., 2025).

Integration with Existing MSME Development Programs: The research findings suggest that digital legal literacy is not a standalone issue, but rather an integral component of broader MSME development. Government programs addressing MSME financial access, technology adoption, market

linkage, and business formalization already engage significant populations. Integrating digital legal literacy components into these existing programs could achieve scale without requiring the creation of entirely new institutional mechanisms. For example, the Small Business Development Agency (LPUK) business counseling and training programs can integrate digital legal literacy modules. Microfinance institutions conducting business training for loan recipients can include modules for data protection and e-commerce compliance. This integration approach recognizes that legal compliance, technology, and business development are interdependent dimensions of successful participation in the platform economy participation (Prasetyo & Priyantoro, 2025).

Addressing Competitive Fairness and Enforcement: Participants' concerns regarding competitive disadvantage when implementing compliance while competitors remained non-compliant raised important policy questions. If a large number of non-compliant competitors operate without penalty, while compliant businesses incur compliance costs, rational businesses will choose non-compliance. Therefore, expanded legal literacy initiatives should be paired with proportionate enforcement mechanisms. This does not mean aggressive prosecution of small violations; rather, Indonesia could adopt a compliance-first enforcement approach where regulators engage non-compliant businesses in remediation before imposing penalties while simultaneously establishing higher expectations for egregious or repeated violations. Transparent enforcement standards create level-playing fields that incentivize compliance.

Beyond the MSME-specific implications, the research findings illuminate broader challenges in regulating Indonesia's platform economy and suggest mechanisms for improvement.

Need for Comprehensive Platform Regulation: The research documents that MSE participation in platform economies occurs within regulatory gaps; platforms impose contractual obligations on merchant participants and workers, while regulatory frameworks have not yet comprehensively addressed platform responsibilities. The research findings suggest that, rather than addressing MSE legal literacy in isolation, comprehensive platform regulation should be prioritized. Such regulations should address transparency regarding algorithmic decision-making affecting merchants and workers, fair contracting standards preventing one-sided terms, data protection obligations when platforms collect and process participant data, dispute resolution mechanisms, and enforcement mechanisms to ensure platform compliance. Several nations have begun developing such frameworks. Indonesia's government, particularly given the Constitutional Court's mandate for new platform worker regulation, should develop similarly comprehensive platform governance frameworks (Hasibuan et al., 2025).

Recognition of Digital Legal Literacy as Essential Infrastructure: The research demonstrates that legal literacy is a form of public infrastructure that is essential to the platform economy functioning as digital connectivity or payment systems. Governments typically invest in infrastructure such as public goods. Indonesia should similarly recognize digital legal literacy development as a public responsibility, funding institutional capacity building, guidance document development, and mentoring programs through government budgets rather than expecting civil society or the private sector to address these needs independently. This recognition aligns with the government's stated development priorities around ease of doing business and MSME support: digital legal literacy enables rather than hinders these goals.

CONCLUSION

This study examined digital legal literacy among Indonesia's micro and small enterprises and the effectiveness of mentoring interventions in enhancing compliance with the Personal Data Protection

Law and e-commerce regulations in the platform economy context. The findings document critically low baseline digital legal literacy (mean domain knowledge scores ranging from 1.31 to 2.07 on a five-point scale), extensive gaps in privacy policy and terms and conditions documentation (only 6.7% and 0%, respectively, at baseline), and substantial barriers to compliance, including cost concerns, competitive pressures, and ongoing regulatory uncertainty. Structured mentoring interventions combining workshops, individual consultation, guided documentation development, and ongoing support significantly improved knowledge (mean domain knowledge increasing to 4.51-4.87 post-mentoring) and documentation (93.3% formulating privacy policies; 86.7% formulating terms and conditions). Full operational implementation was achieved by 62.2% of the participants, with implementation correlating significantly with business size and resource capacity. Facilitating factors included peer learning, business-contextualized content, ongoing facilitator access, legitimacy-building, and addressing participant skepticism toward compliance. This research demonstrates that digital legal literacy gaps represent a significant barrier to sustainable, compliant MSME participation in Indonesia's platform economy. These gaps create risk for consumers, enterprises, workers, and the state. However, evidence-based interventions can effectively address literacy gaps and catalyze compliance behaviors. Scaling such interventions to meaningful population levels requires significant institutional capacity building, government policy prioritization recognizing digital legal literacy as an essential infrastructure, integration of digital literacy into existing MSME development programs, simplified regulatory guidance tailored to small business audiences, and complementary platform governance reforms addressing regulatory gaps in which MSEs currently operate. Indonesia's rapid digital economic transformation presents both opportunities and challenges for its vast MSME sector. With appropriate policy support and institutional investment, MSEs can increasingly participate in platform-based commerce while achieving meaningful legal compliance, generating sustainable livelihoods, and contributing to inclusive and transparent digital economy development. Achieving this vision requires recognizing digital legal literacy not as a technical compliance matter but as a fundamental dimension of economic citizenship and institutional capacity in the digital age.

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