

Product Liability, Defective Goods, and Consumer Compensation in Business Law

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ABSTRACT– This study discusses product liability in Indonesian business law, analysed through qualitative literature review. The legal framework is based on a combination of the Consumer Protection Law, the Civil Code, and various sectoral regulations such as those in the fields of health, food, and the environment. In this system, product defects including design, manufacturing, and information defects form the basis of a business's obligation to provide compensation in the form of refunds, replacement of goods or services, health care, or damages, with liability remaining even if the fault lies with another party in the distribution chain. While the Consumer Protection Law and the Civil Code provide the basis for lawsuits, sectoral regulations reinforce obligations in high-risk areas, supported by technical standards such as SNI and waste management regulations. Dispute resolution can be carried out directly, through the BPSK, or in court, including class action lawsuits. The effectiveness of this regime is highly dependent on the clarity of the definition of product defects, the integration of legal regulations, and the accessibility of compensation channels. Therefore, the study recommends strengthening the guidelines for evidence, increasing the capacity of dispute resolution institutions, and developing corporate risk management policies that are oriented towards product safety and consumer loss recovery.

Keywords: product liability, product defects, compensation, businesses, consumers, business law, consumer protection.

A. INTRODUCTION

The development of modern business activities is characterized by long production chains, the use of high technology, and the mass distribution of goods across countries.

Consumers are faced with technically complex products, making it difficult to assess their safety and inherent risks. Consumers' bargaining position is weakened when information about product characteristics is completely controlled by businesses (Barkhatov, 2024). In this situation, the relationship between producers and consumers can no longer be understood solely as an individual contractual relationship, but rather as a structural relationship that requires special regulation through consumer protection laws and product liability regimes (Pribadi et al., 2024). Consumer law literature emphasizes that complex market models tend to produce serious information asymmetries that place consumers in a vulnerable position to physical, material, and non-material losses due to unsafe products (Howells & Weatherill, 2005). Contemporary business law has therefore developed normative instruments that seek to correct these imbalances through regulations on product liability.

In private law, especially contract law, the liability of businesses was initially largely based on the principles of fault and breach of contract. This model assumes that consumers have the real capacity to negotiate contract clauses and understand the nature of the goods they purchase (Widiarty & Tehupeiory, 2024). In practice, the majority of retail transactions take place through standard agreements drafted unilaterally by manufacturers or distributors, leaving consumers with little room to negotiate terms. This raises questions about fairness when the burden of proof and risk is placed entirely on consumers. Within this framework, the product liability regime emerged as a response to the limitations of traditional mechanisms for addressing losses arising from product defects that threaten health and safety (Fairgrieve, 2005; Salminen, 2019).

In many jurisdictions, the emergence of specific regulations regarding product liability

reflects the recognition that manufacturers are the parties best able to control the design, production process, and distribution of goods (Pribadi et al., 2024). Manufacturers also have the best opportunity to internalize the costs of risk management into pricing structures, insurance, and quality improvement (Daoud et al., 2023). This paradigm shifts the emphasis from proving individual fault to focusing on product defects as the basis for liability. These defects can take the form of design defects, manufacturing defects, or information defects when warnings and instructions for use are inadequate. Within the framework of business law, this shift results in a new configuration of the relationship between businesses and consumers, where liability is no longer understood solely as a consequence of breach of contract, but as a legal obligation inherent in the circulation of goods in the market (Cartwright, 2007).

In the Indonesian law system, the issue of product liability is intertwined with regulations in the Consumer Protection Law, general civil law, and sectoral legislation that sets standards for product safety. The development of e-commerce, digital platforms, and multi-level distribution models adds to the complexity of identifying the party that should be held liable when product defects cause losses to consumers. This complexity is also evident in the physical distribution services sector, where the application of the Consumer Protection Law to handle cases of lost goods by domestic logistics service providers presents challenges in determining liability and effective compensation mechanisms (Supriyanto et al., 2023).

Challenges in digital products, such as the difficulty of applying the concept of product defects and determining the responsible party (developer, publisher, or platform) in cases of consumer losses from mobile applications, demonstrate an increasingly abstract complexity (Rofiqi et al., 2025). Clarity of the concept of defects, allocation of the burden of proof, and business defence mechanisms are key to effective compensation.

The first prominent issue relates to conceptual limitations regarding what constitutes a product defect and how these standards are applied in practice. Comparative literature shows that the definition of defect often depends on an assessment of whether the product meets a reasonable level of safety that can be expected by the general public

(Fairgrieve, 2005). The application of this measure to specific cases, however, requires complex assessments covering design, production processes, and accompanying information. In the realm of business law, the vagueness of the definition of defect has the potential to create uncertainty for businesses in designing quality management systems, making it difficult for them to estimate the potential lawsuits that may arise.

The construction of business liability for consumer losses has evolved from a fault-based model, in which consumers bear the difficult burden of proof due to a lack of access to technical information (Howells & Weatherill, 2005), towards stricter liability mechanisms such as the no-fault approach (Pribadi et al., 2024). Although effective, this model has significant economic and legal consequences for businesses. Therefore, a proactive approach through consumer-needs-based product innovation and cross-functional collaboration to identify safety risks from the development phase has become an integral part of corporate risk management (Mardikaningsih & Essa, 2025).

Buiten (2024) determining defects in product liability law is central to the division of responsibility between manufacturers and users, and in the context of high-tech products such as AI, AI systems disrupt the traditional balance between control and risk awareness between users and manufacturers. This complexity is further exacerbated in competitive digital ecosystems, where rapid innovation in digital products and platform-based services can pose new challenges in tracing the origin of defects and assigning responsibility (Mustafa et al., 2025).

In addition to liability challenges, the dynamics of this competitive digital market also demand compliance with the principles of fair business competition to ensure a fair economy, in which the role of institutions such as the Business Competition Supervisory Commission (KPPU) becomes crucial (Firmansyah et al., 2023; Sudiruddin et al., 2023). Faced with this complexity, businesses need to develop adaptive internal capacities. Digital-based human resource development policies that encourage collaborative and sustainable product and service innovation can serve as a strategic foundation for companies to be more proactive in identifying potential risks, improving quality control, and

ultimately mitigating legal liabilities (Mardikaningsih et al., 2024).

The third issue concerns the effectiveness of compensation mechanisms for consumers who suffer losses due to product defects. In theory, indemnification through civil compensation aims to restore victims to the position they would have been in had the loss not occurred. In practice, litigation costs, the length of the dispute resolution process, and consumers' limited understanding of their legal rights often undermine the compensatory function (Cartwright, 2007). In many cases, the losses are spread across a large number of consumers with relatively small individual losses, making individual claims unrealistic. Before losses occur, a preventive approach through clear and effective contractual instruments in business-consumer transactions can be an important foundation for creating legal certainty and reducing the potential for disputes, although it does not replace the need for accessible compensation mechanisms (Wibowo et al., 2021). This situation raises questions about how the business law system can ensure the accountability of businesses while also ensuring that consumers receive adequate compensation when they suffer losses due to defective products.

First, the dynamics of the goods and services market are undergoing rapid changes in line with the globalization of supply chains, technological advances, and the digitization of transactions. This fundamental change is also evident in the shift in business models from purely physical product sales to integrated or outcome-based service offerings (Oluwatoyin & Mardikaningsih, 2024). Products circulating in the national market are often produced using components from various countries, with varying technical standards. In this situation, provisions regarding product liability become an important instrument for regulating the relationship between businesses and consumers. The demand to review the adequacy of product liability regulations is in line with the broader discourse on the need to adapt the legal framework, including constitutional law, to respond to the impacts of globalisation and rapid socio-economic transformation (Rizky et al., 2022). A critical review of the concepts of product defects, compensation, and the limits of business liability helps to evaluate whether the existing law is still adequate to deal with new forms of risk that arise in modern business practices.

Second, this topic is significant for the development of business law because it is directly related to law certainty and the business climate. Business actors need clarity regarding the standards of obligations that must be met in order to plan investments, risk management, and compliance strategies rationally. At the same time, the public demands effective protection against losses arising from unsafe products. Mechanisms for obtaining information directly from consumers, such as through product reviews, can actually be part of a company's proactive risk management strategy to identify potential defects and improve safety standards, thereby aligning with efforts to fulfil its legal obligations (Negara et al., 2021). Research on product liability, consumer compensation claims, and the construction of businesses' liability can provide a strong basis for the development of regulations, judicial guidelines, and internal company policies that are in line with the principles of prudence and contractual fairness.

This research aims to systematically analyze how the concept of product defects shapes the construction of businesses' liability in business-consumer law relationships, as well as to examine the design and implementation of compensation mechanisms available to consumers under product liability regimes. Theoretically, this research is expected to enrich business law research on the relationship between product safety, liability structures, and consumer protection. Practically, the results of the analysis are expected to provide an argumentative basis for policy formulation, judicial interpretation, and the development of compliance guidelines for businesses in managing product liability risks.

B. METHOD

This research uses a qualitative literature study design that focuses on a systematic review of academic books, journal articles, and regulations related to product liability, product defects, and consumer protection in the field of business law. The literature study is positioned as a means of building conceptual and normative understanding, with structured steps ranging from formulating research questions, searching for sources, selecting them, to synthesizing findings. This approach is in line with the view that literature review is not merely a summary, but a scientific activity that assesses, organizes, and connects previous works with the focus of the research design (Snyder, 2019). This

research is based on mapping theoretical and regulatory thinking about product liability to create a coherent analysis of the relationship between product defects, business liability, and consumer compensation.

The source search strategy was conducted using scientific databases such as Google Scholar. Inclusion criteria included publications from the last 20 years, particularly works discussing product liability structures, product defect categories, and compensation mechanisms. Exclusion criteria were applied to popular writings, non-peer-reviewed articles, and sources that did not provide bibliographic data that allowed for DOI or ISBN verification. This procedure followed general guidelines for conducting literature reviews that emphasize the importance of transparency in search strategies and source selection (Booth, Sutton, & Papaioannou, 2016; Snyder, 2019).

After the selection stage, law materials and literature were analyzed through thematic synthesis. Articles and books were read repeatedly to identify main themes, such as product defect classification, liability principles, burden of proof distribution, and compensation models for consumers. These themes were then coded and grouped into categories relevant to the problem formulation. This approach is in line with thematic analysis techniques that emphasize the identification of patterns of meaning in qualitative data through a process of layered coding and theme grouping (Braun & Clarke, 2006). For laws, case law, and other official documents, document analysis was used, focusing on the normative content and argument structure developed by lawmakers and courts (Bowen, 2009). Quality assurance is carried out by cross-checking sources, comparing different doctrinal views, and ensuring that each citation is supported by verifiable references.

C. RESULTS AND DISCUSSION

The Concept of Product Defects and the Construction of a Business's Liability

Understanding product defects is the starting point for explaining how the law establishes the responsibility of business actors towards consumers. In modern private law literature, product defects are generally understood as a situation in which goods in circulation do not provide a reasonable level of safety as might be expected by a reasonable public, taking into account the way the product is marketed, its

reasonable use, and the time it has been in circulation (Amato, 2019). In European studies, this reasonable expectation standard is used to assess whether the risks posed by a product are within the limits that consumers should bear or should instead be transferred to producers and other businesses in the distribution chain (Reich et al., 2014). The concept of defect is not limited to physical damage to an object but encompasses design, production quality, and information quality, meaning that deficiencies in any of these elements can form the basis for liability. As Tennant and Van Heerden (2024) note, product liability law has developed as a specialized field within tort law to provide protection against losses caused by defective or unsafe products, making it important to determine who should bear the risk when defective products are distributed in the market.

Product defects are commonly classified into design defects, manufacturing defects, and information defects (Luzak, 2020). Design defects occur when the product design is inherently dangerous from the outset, even though each unit is manufactured according to specifications. Manufacturing defects arise when there are deviations from the intended design, for example due to machine errors or substandard materials. Information defects relate to the absence or lack of warnings and instructions for use, so that consumers do not receive sufficient guidance to avoid certain risks (Oktaviani, 2019). European literature shows that courts often focus on whether businesses have anticipated predictable risks and provided adequate information to consumers (Reich et al., 2014). This division facilitates analysis of the point in the business process that causes failure to fulfill product safety obligations.

The construction of businesses' liability has evolved from a fault-based model to a stricter form of liability (Salsabila, 2025). In the traditional fault-based model, victims must prove that manufacturers were not as careful as they should have been, for example, by failing to adequately test products or ignoring applicable technical standards (Kefianto & Tarina, 2025). This burden of proof is often considered too heavy for consumers who do not have access to internal company data. A number of law systems have therefore adopted a form of liability that is closer to strict liability, where the main focus is on the existence of a defect and a causal link to the damage, rather than on proving the individual fault of the businesses

(Reimann & Zimmermann, 2006). A similar paradigm shift that places greater responsibility on those with technical control and access to information can also be observed in other areas of law (Baraja et al., 2023). This shift is intended to align the distribution of risk with the businesses' ability to control the production and distribution processes.

The experience of law harmonization in Europe shows that product liability regulations tend to position manufacturers as the main subjects responsible for product defects, but do not rule out the possibility of extending liability to importers, suppliers, and other businesses that put their names on the products. The background to this is the fact that consumers often find it difficult to identify the actual manufacturer, especially when the product comes from abroad or is marketed under a private label. By designating several business actors as parties that can be sued alternatively, the law seeks to ensure that there is a clear point of responsibility in the eyes of consumers (Reich et al., 2014). The recourse relationship between businesses in the distribution chain is regulated through contracts and general civil provisions, so that the final burden of loss can be redistributed according to each party's actual role.

The development of contract law and consumer protection shows that clauses limiting or transferring liability for product defects are viewed with great suspicion (Oktaviani, 2019). Many law systems limit or even prohibit clauses that aim to free businesses from liability for losses resulting from defects that threaten life and health (Twigg-Flesner, 2013). Such restrictions are based on the consideration that businesses are in a much stronger position when drafting standard agreements, so that the enforcement of liability exemption clauses has the potential to undermine the protective function of the product liability regime. In the realm of business law, this encourages companies to internalize the risk of accidents caused by product defects into their quality management and insurance policies (Kefianto & Tarina, 2025).

The dimension of proof plays an important role in the effectiveness of product liability regimes. Even if a system formally adheres to the principle of strict liability, consumers must still demonstrate that the product is defective and that the defect caused the damage. A number of comparative analyses show that courts often apply a form of reversal of the factual burden of

proof or a softer standard of proof when consumers face real technical difficulties, for example due to the complexity of the production process (Reimann & Zimmermann, 2006). In some jurisdictions, there is also a tendency to use the rule of inference, whereby unusual losses are used to infer the existence of a defect, unless the business can provide a convincing alternative explanation (Oktaviani, 2019).

The link between product liability and corporate law is evident in how corporate structure influences risk distribution. Corporate governance literature discusses how directors and top management are responsible for designing adequate internal control systems to ensure compliance with product safety standards derived from public and private law (Reich et al., 2014). Failure to establish quality testing procedures, product tracking, and product recalls can result in an increased risk of costly product liability lawsuits. Conversely, companies that develop a culture of compliance and encourage early reporting of potential defects can reduce the likelihood of mass losses and minimize lawsuit exposure (Salsabila, 2025).

Product liability regulations influence the design of compensation mechanisms, both individually and collectively, where access to collective redress and alternative mechanisms strengthens consumers' bargaining position (Hodges et al., 2012). From a comparative perspective, there are variations in the use of product liability as a risk allocation instrument, with some countries relying on a combination of private liability and compulsory insurance, while others place greater emphasis on social insurance and administrative mechanisms (Reimann & Zimmermann, 2006). Although these approaches affect the intensity of litigation and incentives for businesses, there is a uniform pattern in which manufacturers are still seen as the most appropriate party to bear the largest share of the risk of loss due to product defects (Oktaviani, 2019).

Conceptually, the above description shows that product defects serve as a link between technical facts about the condition of goods and the law of businesses. The assessment of defects, whether in terms of design, production, or information, will determine whether businesses are liable for compensation (Kefianto & Tarina, 2025). This means that the construction of businesses' liability does not stand alone, but always follows the way the law

defines and proves product defects. When reasonable safety expectations are raised, the space for businesses to evade liability narrows, and vice versa (Salsabila, 2025).

In business practice, the concept of strict product liability encourages businesses to establish quality management systems that comply with the law. Companies operating in high-risk sectors, such as pharmaceuticals, food and beverages, or electronic goods, must integrate product liability considerations into all stages of the product life cycle, from design, material procurement, production processes, distribution, to after-sales service. This is not only a matter of law compliance, but also relates to reputation protection and business continuity. A minor defect overlooked in the design stage can develop into a major lawsuit with serious financial and reputational consequences if it results in consumer injury. The concept of product defects and the construction of businesses' liability thus reflects the close relationship between juridical analysis and risk management practices in the field of business law.

Consumer Compensation Mechanism in the Product Liability Regime

The design of compensation mechanisms in product liability regimes is based on the principle that consumer losses resulting from product defects must be proportionally compensated through effective and accessible instruments. In the Indonesian system, the general framework is outlined in Article 19 of the Consumer Protection Law (Law No. 8 of 1999), which requires businesses to provide compensation for damage, contamination, or consumer losses resulting from the use of goods and/or services, without precluding the possibility of criminal sanctions (Pribadi et al., 2024). This norm is in line with thinking in global literature that views consumer compensation as the main objective of consumer protection law, in addition to the functions of prevention and education of market actors (Howells et al., 2017). Efforts to create a fair market are also realised through other legal instruments, such as the enforcement of competition law to prevent business practices that are detrimental to both other businesses and consumers (Karmono et al., 2023). The compensation mechanism in the product liability regime is thus positioned as part of a fair market design, where the costs of

losses are not borne by consumers who are structurally in a weak position.

The provisions of Article 19 of the Consumer Protection Law are clarified by Articles 22 and 23, which regulate the concrete forms of compensation, including refunds, replacement of goods and/or services of a similar or equivalent value, medical treatment, or compensation payments. The explicit regulation of forms of compensation expands the scope of recovery, not only restoring the economic value of the product, but also extending to the recovery of physical and health losses (Oktaviani, 2019). In consumer law theory, this variation in forms of compensation is considered important to address the diversity of losses arising from dangerous products, especially when it comes to life safety (Weatherill, 2013). Indonesian normative drafting thus follows the international trend of placing comprehensive consumer recovery as a key element of the product liability regime, although its implementation is highly dependent on enforcement mechanisms.

Another important dimension is the provision of Article 28 of the Consumer Protection Law, which states that business actors remain responsible for the products they sell even if the fault lies with another party in the distribution chain. This norm is closely related to the structure of product liability, whereby consumers are given the convenience of claiming compensation from the party they deal with directly without having to trace in detail who committed the technical error (Salsabila, 2025). Comparative literature shows that this approach is similar to the "apparent producer" principle and the expansion of distributor liability that has developed in Europe to overcome the difficulty of identifying the actual producer (Howells et al., 2017). Within the framework of business law, this provision encourages contractual recourse arrangements between businesses along the supply chain, while the relationship with consumers remains simple through a clear point of responsibility.

The compensation mechanism in Indonesia's product liability regime is inseparable from the general principles of the Civil Code (KUH Perdata). Article 1365 of the Civil Code provides the basis for lawsuits based on unlawful acts, which require the existence of an unlawful act, loss, fault, and a causal relationship. In cases of product defects, this provision allows consumers to sue businesses

that are negligent in the design, production, or distribution of goods. In addition, Article 1243 of the Civil Code opens up the possibility of compensation based on breach of contract if the relationship between the consumer and the business is framed as a breached contract. Comparative literature confirms that a combination of tort and breach of contract instruments is commonly used to strengthen the position of consumers, depending on the form of legal relationship that can be proven (Cartwright, 2016). The Indonesian compensation framework thus combines a special consumer protection regime with general principles of civil law, which together underpin product liability.

Specifically for health-related products, the Health Law (Law No. 36 of 2009) emphasizes the obligations of pharmaceutical and medical device businesses. Articles 190 and 191 provide the basis for imposing criminal sanctions and claims for compensation if health products that are manufactured or distributed pose a danger to consumers. The integration of criminal and civil instruments within a single normative framework shows that the risk of product defects in the health sector is viewed as very serious, given the potential for life-threatening harm. Health policy literature emphasizes that combining criminal sanctions with compensation obligations aims to create a deterrent effect and motivate businesses to uphold maximum safety standards (Rothstein, 2002). For consumers, this framework expands the channels for recovery, as compensation claims can run concurrently with public law enforcement proceedings against negligent businesses.

In the food sector, the Food Law (Law No. 18 of 2012) through Articles 97 to 99 stipulates that food producers are responsible for the safety and quality of food produced, distributed, and traded. This provision includes the obligation to recall food products that do not meet safety standards and to provide compensation to consumers who have suffered losses. In food safety literature, the regulation of producer responsibility accompanied by the obligation to recall products is seen as a key pillar of a food quality assurance system based on the precautionary principle (Van der Meulen & Van der Velde, 2008). The compensation mechanism here serves as a strong incentive for business actors to conduct rigorous product testing and labeling, as negligence has the potential to lead to mass compensation claims and serious damage to reputation (Kefianto & Tarina, 2025).

The environmental dimension expands the scope of product liability regimes through the Environmental Protection and Management Law (Law No. 32 of 2009). Article 87 stipulates that those responsible for businesses and/or activities are obliged to provide compensation and take certain actions for pollution and/or environmental damage caused, including those that directly impact the community as consumers. Products containing hazardous and toxic substances, or producing hazardous waste, link product liability with environmental liability (Salsabila, 2025). Environmental law literature emphasizes that environmental compensation obligations often use the principle of strict liability, especially when it comes to hazardous materials, so that the burden of proving the fault of the business operator is lighter for the victim (Richardson & Wood, 2006). In the realm of business law, this requires companies to take into account the potential costs of environmental compensation in the management of their product life cycle.

Compensation mechanisms in product liability regimes are closely linked to technical standards such as SNI and hazardous waste management regulations (e.g., Government Regulation No. 58 of 2001), where violations of these mandatory standards strengthen claims of product defects requiring compensation and serve as a bridge between engineering and law (Howells et al., 2017). From an institutional perspective, consumer access to compensation in Indonesia is available through three channels, namely direct settlement with business actors, the Consumer Dispute Settlement Agency (BPSK) as a faster and cheaper non-litigation forum which, according to comparative studies, plays an important role for consumers with limited claims (Ramsay, 2012) and the court system through civil lawsuits or class action mechanisms.

At the global level, the principles that color consumer compensation mechanisms are reflected in the OECD Guidelines for Consumer Protection, which emphasize consumers' rights to effective compensation and easy and affordable dispute resolution procedures. In Europe, the EU Product Liability Directive 85/374/EEC is an important reference regarding the structure of no-fault liability for manufacturers, which covers the scope of compensable losses and the time limit for filing claims. Academic literature on European consumer law shows that the combination of product liability regimes and collective dispute

resolution instruments strengthens consumers' bargaining position when dealing with multinational companies (Howells et al., 2017). This experience is often used as a reference in discussions on consumer law reform in other countries, including Indonesia, particularly on the issues of strengthening class actions and collective appeal mechanisms.

In relation to enforcement policies, compensation mechanisms are integrated with administrative and criminal sanctions that can be imposed on businesses. The Consumer Protection Law, Health Law, Food Law, and Environmental Law all contain threats of sanctions ranging from revocation of business licenses, administrative fines, to imprisonment for business actors who negligently or intentionally distribute dangerous products. The regulatory policy literature emphasizes that the combination of criminal, administrative, and civil sanctions serve to create a layered incentive structure that encourages business operators to comply with product safety standards (Ramsay, 2012). Compensation to consumers under the product liability regime cannot be separated from other sanctions that reinforce the coercive power of the law.

From this description, it is clear that the compensation mechanism in Indonesia's product liability regime is designed with a layered logic. At one level, there are general principles in the Civil Code that regulate compensation through unlawful acts and breach of contract. At the next level, the Consumer Protection Law provides specific provisions on the form of compensation and distribution of liability in the product distribution chain. Another layer comes from sectoral laws that deal with high-risk areas, such as health, food, and the environment, which reinforce compensation obligations and add criminal and administrative dimensions. The integration of these layers allows consumers to seek redress through various channels, while sending a strong signal to businesses that neglecting product safety carries broad legal consequences.

In business practice, the effectiveness of compensation mechanisms is largely determined by the willingness and ability of businesses to manage claims quickly and transparently. Companies that develop internal complaint handling procedures, provide easy complaint channels, and proactively recall products and provide compensation tend to

reduce the escalation of disputes to the courts. In addition, a good understanding of the provisions of the Consumer Protection Law, the Civil Code, and sectoral regulations enables business actors to design adequate product liability insurance schemes. Ultimately, compensation mechanisms do not merely serve as sanctions, but as part of rational risk management, where prevention and compensation costs are considered from the product design and distribution stages.

D. CONCLUSIONS

Kajian ini menunjukkan bahwa tanggung jawab Product liability in business law is a normative construct based on the concept of product defects and is directly linked to the obligation to compensate consumers. Product defects, which include design defects, manufacturing defects, and information defects, serve as a link between the technical facts regarding the condition of the goods and the legal consequences imposed on businesses. In Indonesia, the normative framework for compensation is based on a combination of the Consumer Protection Law, the Civil Code, and sectoral laws in the fields of health, food, and the environment, which together regulate the form of recovery, the responsible parties, and the types of sanctions that can be imposed. In practice, the existence of institutions such as the BPSK, civil litigation channels, and the potential for class action lawsuits provide a spectrum of means for consumers to seek compensation. Overall, this research confirms that the effectiveness of the product liability regime in protecting consumers is highly dependent on the clarity of the concept of product defects, the division of responsibility among businesses, and real access to compensation mechanisms.

The theoretical implication of this research is the need for a more structured understanding of the relationship between consumer protection law, general civil law, and sectoral regulations when formulating product liability. The concept of product defects cannot be separated from technical standards, information obligations, and standards of care established by positive law and industry practices. The practical implication for businesses is the need to develop a risk management system that integrates quality control, regulatory compliance, and claims handling procedures as a single set of company policies. For policymakers, the results of this study provide an argumentative basis for strengthening class

action mechanisms, increasing the capacity of the BPSK, and harmonizing compensation regulations between high-risk sectors, such as food, pharmaceuticals, and products that impact the environment.

First, regulatory improvements are needed to provide more detailed guidelines on the standards for proving product defects and causal relationships in compensation claims, including through consistent judicial guidelines. Second, the government, together with business associations and professional institutions, should encourage the development of codes of conduct and internal compliance guidelines that focus on preventing product defects and handling consumer complaints quickly and transparently. Third, consumer law literacy needs to be strengthened through public education programs so that consumers understand their rights to compensation and how to access the BPSK and the courts. Fourth, further research is recommended to map court decisions and the performance of the BPSK in product defect cases, so that the extent to which existing normative instruments have been implemented effectively and fairly for consumers and businesses can be ascertained.

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