Al-Tatawur : International journal of Social Science (TIJOSC)

E-ISSN: 3005-5342
P-ISSN: 3005-5334

The Basis for the Authority to Resolve Disputes through Mediation and Arbitration (At the Dispute Council in Indonesia)

Alie Imron Alfarisy [1*], Achmad Rifai [2], Adriana Pakendek [3]

[1] Master of Laws, Universitas Madura, Indonesia; email: aia.furj@yahoo.co.id
[2] Master of Laws, Universitas Madura, Indonesia; email: riflaw94@unira.ac.id
[3] Master of Laws, Universitas Madura, Indonesia; email: adriana.pakendek@unira.ac.id
Author correspondence: Alie Imron Alfarisy

Abstract. This study explores the authority and role of the Indonesian Dispute Council (DSI), with a specific focus on its East Java provincial branch, in resolving civil and commercial disputes through mediation and arbitration. As a non-litigation body, DSI offers alternative dispute resolution (ADR) mechanisms that serve as effective, accessible, and pragmatic substitutes for conventional court proceedings. The objective of the research is to analyze how these mechanisms contribute to efficient dispute resolution, particularly in the context of growing caseloads in the formal judicial system. Employing a qualitative empirical approach, the study collects data through in-depth interviews with DSI officers, disputing parties, and legal experts, alongside direct observation and document analysis. The findings demonstrate that mediation and arbitration conducted by DSI are marked by several advantages: they are faster and more cost-effective than court processes, conducted in a confidential manner, and encourage voluntary compliance through mutually agreed outcomes. These attributes make DSI an appealing forum for both individuals and businesses, especially those seeking flexible and informal resolution options. Furthermore, the study notes the increasing reliance on DSI for resolving a wide range of civil and commercial cases, with arbitration outcomes deemed final and binding, giving them a similar legal weight to court judgments. However, some challenges persist, such as limited public awareness, lack of widespread understanding of ADR, and insufficient regulatory support to strengthen DSI's institutional role. The research emphasizes the urgent need to improve public legal literacy, enhance the visibility and credibility of DSI, and develop a stronger legal framework to support non-litigation pathways. These efforts are crucial to making ADR more accessible, trusted, and integrated into Indonesia's broader legal system, ultimately promoting justice through peaceful, cooperative, and efficient means.

Keywords: Arbitration, Dispute Resolution, DSI, Indonesia, Mediation

Received: May, 10 2025
Revised: May, 24 2025
Accepted: June, 15 2025
Published: June, 30 2025
Curr. Ver.: June, 30 2025

1. Introduction

In recent years, the Indonesian legal system has faced increasing challenges in handling the growing complexity and volume of disputes, particularly in the domains of civil and commercial law. As society evolves and economic activities intensify, the traditional litigation process—characterized by formal procedures, prolonged timelines, and adversarial dynamics—has proven to be inadequate in meeting the need for fast, cost-effective, and mutually beneficial dispute resolution. Courts in Indonesia are often overloaded with cases, leading to delays, increased expenses, and outcomes that may not fully satisfy the interests of all parties involved (Dewi, 2022; Widjaya & Yani, 2000). In this context, the promotion and institutionalization of Alternative Dispute Resolution (ADR) mechanisms such as mediation and arbitration have become a vital reform agenda.

The central purpose of this study is to analyze the legal foundation and operational practices of the Indonesian Dispute Council (DSI), with a particular focus on its East Java provincial branch. The study investigates how the DSI implements mediation and arbitration as tools for out-of-court dispute resolution, and assesses their effectiveness, legitimacy, and alignment with both legal norms and cultural values. Specifically, the study seeks to understand the basis of authority for DSI's actions, the mechanisms it employs, and the extent to which it addresses the shortcomings of conventional court-based litigation. This inquiry is motivated by the need to support institutional reform in Indonesia's justice sector and to encourage the development of credible, accessible, and culturally attuned ADR systems that reflect the nation's pluralistic legal heritage.

Mediation and arbitration are not new to Indonesia. Historically, Indonesian communities have long practiced local dispute resolution through deliberation and consensus (musyawarah dan mufakat), reflecting the communal and familial nature of society. These methods are consistent with the fourth principle of Pancasila: "Democracy guided by the inner wisdom in the unanimity arising out of deliberations among representatives." However, despite the cultural compatibility of mediation and arbitration, their formal institutionalization and integration within Indonesia's legal framework have been uneven. Law No. 30 of 1999 concerning Arbitration and Alternative Dispute Resolution marks a significant milestone, granting legal recognition and procedural structure to non-litigation pathways. Yet, the implementation of this law remains underdeveloped in many regions due to limited awareness, insufficient infrastructure, and lack of trained professionals (Putra, 2021; Kusuma, 2024).

The Indonesian Dispute Council (DSI), established in 2020, has emerged as a unique institution attempting to bridge this gap. Operating independently, the DSI offers mediation and arbitration services across 47 specialized chambers, including those dealing with business, insurance, property, medical, construction, and intellectual property disputes. Unlike conventional litigation, which is rigid and adversarial, DSI's model promotes a collaborative and confidential process that seeks win-win outcomes while reducing the burden on the judiciary (Sudjana, 2018). The East Java branch of DSI has gained prominence due to its ability to resolve cases within short timeframes—often within 180 days for arbitration—and has recorded an increasing number of successful mediations, including eight concluded cases in 2023 alone. This regional performance offers a compelling case study for understanding how ADR can be effectively deployed in practice.

Methodologically, this research adopts a qualitative empirical approach, involving fieldwork at the DSI East Java branch. Data collection methods include in-depth interviews with DSI administrators and arbitrators, participant observation of mediation and arbitration proceedings, and analysis of institutional documents. These sources

provide a rich, multi-dimensional understanding of how DSI functions in real-life settings. The empirical data is then interpreted using a legal-sociological lens to capture not only the juridical framework but also the socio-cultural context in which dispute resolution takes place.

The expected findings of this study will demonstrate that mediation and arbitration, when implemented through credible institutions like DSI, offer significant advantages: faster resolution times, reduced legal costs, confidentiality, flexibility, and preservation of relationships between disputing parties. Moreover, the study will reveal how the DSI's legitimacy is rooted in both statutory provisions—such as Law No. 30 of 1999 and Supreme Court Regulation No. 1 of 2016—and in the voluntary consent of parties formalized through arbitration agreements. At the same time, this research does not ignore the challenges facing ADR in Indonesia, including limited public understanding, uneven regulatory support, and the need for standardized training and certification for mediators and arbitrators (Afrik Yunari, 2017; Rengga, 2024).

By focusing on the East Java provincial branch of the DSI, this paper makes a substantial contribution to the literature on ADR in Indonesia. It bridges the gap between normative legal texts and their practical application, offering insights into how localized institutions can operationalize national legal frameworks to resolve disputes effectively. The findings have broader implications for judicial reform, legal access, and institutional innovation within Indonesia's justice system. In doing so, this research supports the argument that empowering alternative legal institutions, rooted in both legal authority and cultural legitimacy, is essential for ensuring a more responsive and equitable legal system in Indonesia.

2. Literature Review

Dispute resolution occupies a central role in the structure of a legal system, and the choice between litigation and alternative mechanisms such as mediation and arbitration has become a pivotal issue in legal scholarship. The inadequacies of litigation—namely its high cost, lengthy process, and adversarial nature—have spurred a global reevaluation of traditional judicial approaches. This shift has triggered scholarly exploration of non-litigation alternatives, especially in jurisdictions like Indonesia where cultural traditions and modern legal reforms intersect. Within this context, the literature offers both theoretical foundations and empirical evaluations that are vital for understanding the current study.

Widjaya and Yani (2000) assert that arbitration serves as a flexible and pragmatic tool for dispute resolution, especially in commercial and civil domains. Their seminal work emphasizes that arbitration, as enshrined in Law No. 30 of 1999, provides an independent, neutral, and legally enforceable mechanism to resolve disputes outside the judiciary. Yet, while their contribution effectively establishes the legal scaffolding of arbitration in Indonesia, it lacks a critical assessment of how these laws are implemented across different

provinces or within institutional frameworks such as the Indonesian Dispute Council (DSI). The current study addresses this lacuna by evaluating the operational application of those legal principles in the East Java DSI context.

Dewi (2022), in her examination of non-litigation business dispute resolution, echoes this sentiment by highlighting that arbitration is increasingly perceived as a preferred mode of conflict resolution due to its confidentiality, finality, and procedural efficiency. However, her research remains largely normative and theoretical, without empirical validation through fieldwork or institutional case studies. Furthermore, Dewi does not interrogate the variability of arbitration's effectiveness across different sectors or regions, nor does she account for community-level perceptions, thus limiting the transferability of her findings.

Similarly, Putra (2021) explores the benefits of mediation as a civil settlement mechanism during the COVID-19 pandemic. He presents mediation as a human-centered alternative that promotes reconciliation and preserves relationships between parties. However, while Putra succeeds in portraying mediation as a more empathetic and time-efficient process, his analysis does not extend to institutionalized mediation frameworks such as those facilitated by DSI. The present research builds on this gap by focusing on the structural, legal, and operational dimensions of DSI-mediated settlements and examining their consistency with national regulatory standards such as Supreme Court Regulation No. 1 of 2016.

A more critical empirical contribution is found in the work of Kusuma (2024), who analyzes the effectiveness of non-litigation resolution mechanisms across several Indonesian regions. His findings confirm that while arbitration and mediation theoretically offer expediency and lower costs, in practice, these benefits are often undermined by institutional fragmentation, regulatory ambiguities, and insufficient public trust. Kusuma's study is significant in identifying systemic barriers to effective ADR implementation. Nonetheless, it treats ADR institutions generically, without delineating the unique contributions or structural mechanisms of organizations like DSI. Thus, the current study's focus on the East Java DSI offers a needed institutional lens, which is largely absent from Kusuma's otherwise valuable regional analysis.

In contrast, Sudjana (2018) conducts a focused legal evaluation on intellectual property dispute resolution via arbitration and mediation. His findings validate the procedural efficiency of arbitration, especially in disputes requiring technical expertise. However, Sudjana confines his study to intellectual property rights and fails to explore broader categories such as construction, labor, or corporate disputes. Moreover, the role of institutional actors in shaping arbitration outcomes is notably absent. The East Java DSI's chamber-based arbitration model—which divides disputes into thematic domains—is precisely the type of institutional specificity that could enhance the utility of Sudjana's framework if more comprehensively addressed.

Another critical perspective is offered by Yunari (2017), who questions the accessibility of arbitration for small and medium-sized enterprises (SMEs), citing cost concerns and legal literacy as key deterrents. His skepticism is particularly important in the Indonesian context, where uneven access to legal resources persists. While he provides an important counterpoint to overly optimistic portrayals of arbitration, his analysis does not adequately engage with reform efforts undertaken by institutions such as DSI to promote inclusivity, such as reducing procedural costs and simplifying filing requirements. The current research attempts to reconcile these viewpoints by assessing how the DSI has addressed (or failed to address) issues of access and equity.

Despite these valuable contributions, the literature remains fragmented and often fails to integrate socio-legal perspectives with institutional analysis. Most existing research treats ADR mechanisms as either abstract legal norms or isolated practices, neglecting their embeddedness in legal culture, regulatory environments, and public perceptions. There is also a noticeable lack of empirical studies that examine ADR institutions holistically—from their legal mandate to their procedural execution and user satisfaction.

Furthermore, while international legal doctrines such as Competenz-Competenz and principles from the UNCITRAL Model Law are occasionally referenced (Arifin, 2020), few scholars examine how global norms interact with local legal cultures and institutions. The Indonesian DSI, for example, adopts hybrid procedural standards that draw from both national and international arbitration models. The legal pluralism inherent in this arrangement warrants deeper scholarly attention, particularly in a multicultural society like Indonesia, where customary dispute resolution practices still hold sway.

In summary, existing literature provides a foundational understanding of the legal framework and theoretical benefits of ADR in Indonesia but reveals significant gaps in empirical validation, institutional focus, and contextual specificity. Contradictions exist between the normative aspirations of ADR and its practical execution. While some scholars celebrate its efficiency and fairness, others question its accessibility and consistency. These unresolved issues create a fertile ground for the current research, which seeks to bridge normative, empirical, and institutional dimensions of mediation and arbitration through an in-depth case study of the Indonesian Dispute Council's East Java branch.

3. Methods

This study employed a qualitative empirical research design to explore the legal authority, operational procedures, and institutional performance of the Indonesian Dispute Council (DSI), specifically its East Java provincial branch, in conducting dispute resolution through mediation and arbitration. The choice of a qualitative empirical method was grounded in the need to investigate not only the legal framework but also the *lived institutional practices*, stakeholder perceptions, and contextual influences that shape the

execution of Alternative Dispute Resolution (ADR) in Indonesia. As noted by Creswell (2013), qualitative approaches are particularly suitable for exploring complex social phenomena where the boundaries between legal norms, institutional behavior, and cultural practices are fluid and overlapping.

3.1. Research Type

The study is categorized as empirical legal research**,** which seeks to bridge the normative elements of legal doctrine with real-world implementation (Yin, 2018). Rather than merely analyzing statutory texts or judicial decisions, this research interrogates how dispute resolution mechanisms operate *in practice*, offering a grounded account of how DSI interprets and applies its authority under Law No. 30 of 1999 on Arbitration and Alternative Dispute Resolution.

3.2. Research Approach

A qualitative descriptive approach was adopted to capture the richness and specificity of the institutional setting. According to Miles, Huberman, and Saldaña (2014), descriptive qualitative research is essential for understanding institutional processes, stakeholder roles, and procedural dynamics that cannot be adequately captured through quantitative instruments. This approach enabled the researcher to analyze both formal rules and informal routines within the DSI's dispute resolution practices.

3.3. Research Location and Subject

The research was conducted at the East Java Provincial Branch of the Indonesian Dispute Council (DSI)**,** an autonomous body that facilitates mediation and arbitration in various civil, commercial, and administrative domains. This particular branch was selected due to its increasing caseload, reputation for procedural efficiency, and documented history of successful dispute settlements (DSI Annual Report, 2023). The institution serves as a strategic case study for examining how ADR mechanisms are institutionalized within Indonesia's decentralized legal infrastructure.

3.4. Data Sources

The study utilized multiple data sources to ensure the validity and triangulation of findings. These included:

a. Primary data**,** gathered through:
   1) In-depth interviews with DSI officials, registered arbitrators, mediators, and disputing parties;
   2) Participant observations of ongoing mediation and arbitration sessions;
   3) Institutional documents such as case files, procedural guidelines, and annual reports.

b. Secondary data**,** derived from:
   1) Relevant statutes (e.g., Law No. 30 of 1999, Supreme Court Regulation No. 1 of 2016);
   2) Academic literature on ADR and arbitration in Indonesia;

3) Previous research and journal articles (Widjaya & Yani, 2000; Dewi, 2022; Kusuma, 2024).

By combining these sources, the research followed Yin's (2018) principle of data triangulation to strengthen the credibility and depth of the analysis.

3.5. Data Collection Techniques

Three primary techniques were employed to collect empirical data:

a. Semi-Structured Interviews

Interviews were conducted with 10 key informants**,** including:

1) DSI arbitrators and mediators;
2) Administrative staff;
3) Disputing parties who had undergone arbitration or mediation within the last 12 months.

The interviews were designed using open-ended questions to allow for depth and flexibility while focusing on key themes such as legal legitimacy, procedural clarity, decision-making processes, and user satisfaction. All interviews were audio-recorded with participant consent and later transcribed verbatim for thematic analysis.

b. Participant Observation

The researcher conducted non-intrusive observation of four mediation and arbitration proceedings with permission from DSI and involved parties. The observations aimed to record procedural adherence, communication patterns, mediator/arbitrator neutrality, and overall institutional behavior during dispute resolution.

c. Document Analysis

Institutional documents such as arbitration agreements, mediation reports, internal guidelines, training materials, and case outcomes were systematically analyzed. Document analysis focused on the alignment between official procedures and actual practice, a method supported by Bowen (2009) for uncovering patterns and contradictions in institutional behavior.

3.6. Data Analysis Techniques

Data analysis followed a descriptive-interpretive model, employing thematic coding to extract meaning from interviews, observations, and documents. Braun and Clarke's (2006) six-phase thematic analysis was used:

a. Familiarization with data
b. Generation of initial codes
c. Searching for themes
d. Reviewing themes
e. Defining and naming themes
f. Producing the report

Themes such as "authority legitimacy," "procedural flexibility," "confidentiality," and "accessibility barriers" emerged consistently across data sources. NVivo software was used to manage and organize coding, ensuring transparency and consistency throughout the analytic process.

3.7. Validity and Reliability

To ensure trustworthiness**,** the study applied Lincoln and Guba's (1985) criteria for qualitative rigor:

a. Credibility**:** Achieved through triangulation of interview, observation, and document data;
b. Transferability**:** Detailed contextual description of the East Java DSI was provided to enable applicability to similar institutions;
c. Dependability: An audit trail of the research process was maintained, including coded transcripts and methodological memos;
d. Confirmability**:** Reflexive journaling and member checks were employed to reduce researcher bias.

3.8. Ethical Considerations

This study adhered to strict ethical guidelines. Informed consent was obtained from all participants. Interviews and observations were conducted with full confidentiality and anonymity. No data was disclosed without express written permission. The research received ethical clearance from the University of Madura's Legal Research Ethics Committee in March 2025.

4. Results

This section presents the findings of the field-based qualitative research conducted at the East Java Provincial Branch of the Indonesian Dispute Council (DSI). The results are organized thematically, based on the core dimensions emerging from interviews, observations, and document analysis. Although no inferential statistics were employed due to the qualitative nature of the study, the research applied systematic thematic coding (Braun & Clarke, 2006) to categorize recurring patterns and extract insights. The results not only validate certain expectations grounded in prior literature but also uncover contradictions and areas of institutional tension that deserve critical attention.

4.1. Legal Legitimacy and Authority

All ten key informants consistently affirmed that DSI East Java operates under the authority of Law No. 30 of 1999 on Arbitration and Alternative Dispute Resolution, and its establishment is further legitimized through Deed Number 02/2020 and the Ministerial Decree AHU-0008416.AH.01.07.Year 2020. These documents form the legal backbone for the Council's arbitration and mediation functions. However, field data reveal that the legal understanding among disputing parties is varied, especially among SMEs. While DSI officials exhibited a clear grasp of the enabling statutes, several informants admitted that

parties often consent to arbitration or mediation without fully understanding the binding nature of the outcomes.

This finding highlights a gap in legal literacy, echoing earlier observations by Yunari (2017) that many disputants enter arbitration unaware of its finality and non-appealability. This lack of informed consent could have implications for procedural fairness and post-resolution compliance.

4.2. Effectiveness of Mediation

Observation of four mediation cases revealed that three disputes were successfully resolved within three weeks, consistent with the efficiency claims in Supreme Court Regulation No. 1 of 2016. Interviews with mediators confirmed that most sessions last 60–90 minutes and typically involve two to three meetings. Mediators facilitated interest-based negotiation, guiding parties to identify shared goals and compromise zones.

One case study involved a payment dispute between two local contractors. Within two sessions, the parties reached a settlement involving staggered payments and service adjustments—demonstrating the flexibility of mediation compared to litigation. This outcome supports previous findings by Putra (2021) that mediation preserves relationships and reduces adversarial conflict.

However, one case failed due to deep-rooted distrust and lack of willingness to compromise. The mediator noted that power imbalances and emotional hostility obstructed progress, echoing Kusuma's (2024) critique that mediation success is contingent on mutual respect and willingness to negotiate. This reinforces the argument that mediation is not universally applicable and must be carefully matched to the dispute type and party dynamics.

4.3. Arbitration Implementation and Timeframe

The arbitration process conducted by DSI East Java generally complies with the statutory 180-day deadline stipulated in Article 48 of Law No. 30 of 1999. An in-depth document analysis of eight arbitration cases handled between 2022 and 2023 reveals a consistent pattern of procedural efficiency: five cases were concluded within 120 days, two were resolved between 160 and 175 days, and only one—an intellectually complex dispute involving intellectual property (IP) rights—exceeded the legal time limit, requiring 210 days to reach a decision. While this overall performance suggests commendable adherence to procedural timelines, further examination indicates that the lack of sector-specific arbitrators contributed to delays, particularly in disputes requiring specialized technical expertise. A case in point was a construction-related arbitration, which faced prolonged deliberation due to challenges in appointing an arbitrator with the necessary engineering background. This finding is consistent with Sudjana's (2018) assertion that sectoral expertise is essential for ensuring both the efficiency and perceived credibility of arbitration outcomes. Additionally, although all arbitral awards in the reviewed cases were formally finalized and registered for legal execution, two parties failed to comply promptly,

necessitating enforcement through the district court. This outcome underlines a critical institutional gap: legal enforceability, while necessary, is not always sufficient to guarantee compliance. Instead, it highlights the importance of post-award follow-up mechanisms and trust-building strategies within the ADR framework to ensure that arbitration decisions are not only binding in law but also respected in practice.

4.4. Procedural Transparency and Confidentiality

Observation and interview data confirmed that DSI East Java ensures procedural transparency for involved parties while maintaining external confidentiality. Arbitration hearings are closed to the public, and mediators do not disclose case details without consent. Internal SOPs require that all parties are informed of procedural stages, and written agreements are prepared post-mediation or arbitration.

One interviewee noted:

"We receive a clear explanation about our rights, the rules, and what happens if we don't comply. Everything is recorded and signed." (Interviewee 7, Business Owner)

This procedural consistency validates the regulatory framework and supports findings by Dewi (2022) that confidentiality and clarity are key reasons why businesses choose ADR over litigation.

4.5. Accessibility and Public Engagement

Despite its procedural success, DSI East Java still faces challenges in public outreach and accessibility. Half of the disputants interviewed learned about DSI only after being referred by legal advisors or peers, suggesting limited institutional visibility. Informants from SMEs expressed uncertainty about filing procedures, costs, and available services.

This reflects broader concerns raised by Kusuma (2024) and Widjaya & Yani (2000), who argue that ADR accessibility is hampered by weak public engagement and lack of grassroots legal education. Although DSI has conducted seminars and partnered with universities, these efforts have not yet translated into widespread awareness, especially in rural or peripheral areas.

4.6. Institutional Capacity and Challenges

The DSI East Java branch operates with a lean staff structure and relies heavily on external mediators and arbitrators. While this allows flexibility and cost savings, it also limits scalability. Interviews revealed that the branch has only four core administrators and depends on a network of part-time certified practitioners, who are not always available when needed.

Moreover, the absence of standardized evaluation metrics for dispute resolution success (beyond resolution rate and compliance) hinders institutional learning. While the branch tracks the number of cases, it does not systematically assess user satisfaction or long-term compliance outcomes.

This operational weakness reflects findings by Arifin (2020), who emphasizes that ADR institutions must develop internal monitoring and evaluation mechanisms to ensure continuous improvement and accountability.

Table 1. Summary of Key Findings

Thematic Category	Findings
Legal Authority	DSI operates legally, but party legal literacy remains low
Mediation Effectiveness	75% success rate; emotionally charged disputes less likely to resolve
Arbitration Timeliness	Most cases resolved within 180 days; complex cases exceed timeframe
Confidentiality & Transparency	Maintained through written SOPs and participant feedback
Accessibility	Limited public awareness and outreach, especially among SMEs
Institutional Challenges	Limited staff and evaluative capacity; reliance on external professionals

5. Discussion

The primary aim of this study was to investigate the legal authority, procedural implementation, and practical impact of mediation and arbitration conducted by the Indonesian Dispute Council (DSI), particularly the East Java provincial branch. By employing a qualitative empirical methodology, the study has contributed not only to the institutional understanding of ADR in Indonesia but also to the broader discourse on dispute resolution in developing legal systems. This section reflects on the findings in light of the original research questions, synthesizes them with existing literature, interprets their theoretical and practical implications, and suggests avenues for further inquiry.

5.1. Reaffirming the Importance of the Study

This research is significant in two key respects. First, it fills a notable gap in the existing literature by providing an institutionally grounded analysis of a relatively new but increasingly prominent ADR body in Indonesia. While previous studies (e.g., Dewi, 2022; Kusuma, 2024) have addressed the conceptual and normative frameworks of mediation and arbitration, few have critically examined how these frameworks are operationalized within decentralized, practice-based institutions like DSI. Second, the study sheds light on the micro-dynamics of dispute resolution—such as user comprehension, procedural flexibility, and mediator/arbitrator behavior—that often escape legal or doctrinal analysis.

5.2. Interpreting the Findings in Light of Research Objectives

The first research objective was to examine the legal authority of DSI. The findings reaffirmed that DSI operates under a solid statutory and institutional foundation, as outlined in Law No. 30 of 1999 and its subsequent implementing regulations. However, the practical legitimacy of DSI's decisions is undermined by varying levels of legal literacy among users. This reflects the concern raised by Yunari (2017), who noted that many disputants enter arbitration unaware of the finality of awards, thus potentially undermining the perceived fairness of the process.

The second objective involved evaluating the procedural efficacy of DSI's mediation and arbitration practices. The data revealed that DSI East Java generally resolves disputes within the mandated timeframe, and mediations have a success rate exceeding 70%. These outcomes validate the efficiency and flexibility promised by ADR literature (Putra, 2021; Sudjana, 2018). However, exceptions—such as emotionally charged or complex technical disputes—highlight the conditional nature of ADR's success, echoing Kusuma's (2024) caution that not all disputes are suitable for out-of-court resolution.

5.3. Relating the Findings to the Literature

This study affirms the claims of Dewi (2022) and Widjaya and Yani (2000) regarding the advantages of ADR mechanisms, particularly in terms of time savings, cost efficiency, and confidentiality. Yet, it also nuances these claims by demonstrating that institutional capacity—including availability of trained arbitrators, enforcement mechanisms, and public outreach—significantly influences actual performance. Furthermore, while many studies have praised ADR for enhancing access to justice, this study finds that accessibility remains uneven, particularly among small and medium-sized enterprises (SMEs) unfamiliar with ADR procedures. This limitation reinforces the arguments of Arifin (2020), who noted that the full democratization of arbitration requires not only legal reform but also civic legal empowerment.

Notably, this study offers new empirical insight into the role of informal practices and cultural norms in shaping the mediation process. The use of language such as "musyawarah" (deliberation) and the mediators' efforts to build interpersonal trust before addressing legal matters reflect a uniquely Indonesian hybridization of modern ADR with traditional conflict resolution. Such findings align with the sociocultural analysis advanced by local legal scholars but are rarely documented in international ADR literature, which tends to universalize procedural norms (Arifin, 2020).

5.4. Unexpected Findings and Interpretations

While this study initially assumed that all parties engaging in Alternative Dispute Resolution (ADR) through DSI would benefit uniformly from its hallmark features—confidentiality, procedural flexibility, and efficiency—it became evident that the reality is far more complex. First, the research uncovered that voluntary participation in arbitration was not always fully informed. Several parties entered into arbitration agreements or accepted standard contract clauses without a clear understanding of their legal implications, particularly regarding the binding nature and limited recourse to appeal, which in turn created resistance to accepting final decisions. Second, although arbitral awards were binding by law, compliance was not consistently immediate. In at least two documented instances, enforcement through district courts became necessary, highlighting that legal enforceability alone is insufficient in the absence of institutional trust and normative legitimacy. This aligns with the concerns raised by Arifin (2020), who emphasized that arbitration requires not only legal authority but also social acceptance to

function effectively. Third, while DSI tracks basic resolution metrics such as timeframes and settlement rates, it lacks comprehensive tools to measure parties' satisfaction, the durability of mediated agreements, or long-term compliance—revealing a critical gap in institutional monitoring and evaluation. These findings challenge the widely held belief that ADR is a universal panacea for judicial backlog and inefficiency. Rather, they suggest that the effectiveness of ADR is highly contingent upon institutional maturity, user comprehension, and socio-legal context.

From a policy and managerial perspective, several implications arise. There is an urgent need for capacity building through the development of mediator and arbitrator expertise, especially in technically demanding sectors such as construction and intellectual property, where delays often stem from knowledge gaps. Legal literacy campaigns are also imperative; collaboration between DSI, local governments, academic institutions, and civil society organizations could help disseminate accurate information about the rights, obligations, and expectations of parties engaging in ADR, particularly in rural and SME-dominated regions. Moreover, DSI must prioritize the creation of monitoring and evaluation systems, including post-resolution feedback tools and mechanisms for tracking enforcement outcomes, to enhance institutional transparency and credibility. Lastly, simplification of procedural requirements and transparency in cost structures could significantly improve accessibility and public trust in the institution, particularly for first-time or marginalized users. Taken together, these recommendations underscore the need for systemic, multi-level reforms to ensure that DSI's promise of fast, fair, and cost-effective dispute resolution is both realized and sustained.

6. Conclusion

This study set out to explore, analyze, and critically assess the legal foundation, institutional execution, and real-world impact of mediation and arbitration practices conducted by the Indonesian Dispute Council (DSI), with a specific focus on its East Java Provincial Branch. Against the backdrop of Indonesia's shifting legal infrastructure and the persistent challenges of judicial congestion, high litigation costs, and public dissatisfaction with formal courts, this research aimed to determine whether DSI's model of alternative dispute resolution (ADR) offers a truly functional, efficient, and accessible alternative for civil and commercial disputes.

The results of this empirical-qualitative investigation affirm that DSI—though a relatively young institution—is capable of executing mediation and arbitration processes that are procedurally sound, time-sensitive, and legally enforceable. Its foundation in Law No. 30 of 1999 provides not only formal legitimacy but also statutory clarity in terms of authority, procedural scope, and award enforcement. At the operational level, the DSI East Java branch demonstrated notable efficiency, resolving the majority of arbitration cases within the 180-day legal mandate, and achieving a mediation success rate exceeding

70%, particularly in contract-based disputes. This supports the literature affirming the institutional advantages of ADR over litigation, including lower costs, confidentiality, faster resolution, and the preservation of business relationships.

However, this conclusion must be tempered by the identification of critical institutional, procedural, and conceptual limitations, which collectively shape the effectiveness, equity, and sustainability of DSI-led dispute resolution.

6.1 Limitation

This study, while offering valuable insights into the role of the Indonesian Dispute Council (DSI) in resolving disputes through mediation and arbitration, is subject to several important limitations that affect the scope, depth, and generalizability of its findings. First, the research is geographically limited to the East Java Provincial Branch of DSI, which may not reflect the operational realities of other branches across Indonesia, thereby restricting external validity. Second, the exclusive use of qualitative methods, without quantitative triangulation, introduces potential biases, including subjectivity and lack of statistical generalizability. Third, the cross-sectional design precludes analysis of long-term outcomes such as compliance sustainability and relational reconciliation. Moreover, the participant pool lacked diverse perspectives, particularly those of disputants dissatisfied with or excluded from the DSI process, which may skew the interpretive balance. Additionally, the study did not incorporate the viewpoints of judicial enforcement actors, leaving gaps in understanding post-award enforceability. Finally, the sectoral focus on civil and commercial disputes limits the applicability of findings to other conflict domains such as labor, land, or family law. These limitations call for cautious interpretation of the results and highlight the need for broader, longitudinal, and multi-method research in future studies.

References

[1] S. Arikunto, *Research procedures*, Jakarta: PT Rineka Cipta, 2013.
[2] Emzir, *Qualitative research methodology*, Jakarta: PT Raja Grafindo Persada, 2010.
[3] Muhaimin, *Legal research methods*, Mataram: UNRAM Press, 2020.
[4] T. Nita, *Alternative dispute resolution*, Yogyakarta: Kaizen Sarana Education, 2019.
[5] S. A. Nugroho, *Arbitration dispute resolution and its legal implementation*, Jakarta: Pranadamedia Group, 2015.
[6] G. Widjaya and A. Yani, *Arbitration law*, Jakarta: PT Raja Grafindo Persada, 2000.
[7] K. Wati, *Alternative dispute resolution outside the courts*, Bekasi: CV Elvaretta Buana, 2019.
[8] Dewan Sengketa Indonesia, *Indonesian Dispute Resolution Board regulations on mediation and arbitration*.
[9] Republik Indonesia, *Undang-Undang Nomor 30 Tahun 1999 tentang Arbitrase dan Alternatif Penyelesaian Sengketa*, 1999.
[10] Republik Indonesia, *Undang-Undang Nomor 48 Tahun 2009 tentang Kekuasaan Kehakiman*, 2009.
[11] A. Yunari, "Arbitration as a dispute resolution institution according to Law No. 30 of 1999," *Ahkam Journal*, vol. 3, no. 2, Apr. 2017. [Accessed: Mar. 12, 2025].
[12] Sudjana, "Effectiveness and efficiency of intellectual property dispute resolution through arbitration and mediation based on Law No. 30 of 1999," *Journal of Legal Studies*, vol. 2, no. 1, Jun. 2018. [Accessed: Mar. 14, 2025].
[13] D. R. Putra, "The advantages of mediation as a civil settlement during the Covid-19 pandemic," *Journal of Legal Studies*, vol. 12, no. 2, Oct. 2021. Justice Media. [Accessed: Mar. 12, 2025].
[14] Dewi, "Resolving business disputes outside the court (non-litigation) through arbitration," *Kertha Negara Journal*, vol. 10, no. 8, Apr. 2022. [Accessed: Mar. 13, 2025].
[15] R. Kusuma, "The effectiveness of non-litigation dispute resolution," *Collaborative Science Journal*, vol. 7, no. 6, Jun. 2024. [Accessed: Mar. 13, 2025].