

# The Probability of Implementing Restorative Justice in Business Dispute Resolution

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## ABSTRACT

The research analyzes the urgency and success probability of restorative justice implementation in business dispute resolution. The study employs normative legal research methodology through statutory and conceptual approaches. Legal material collection utilizes literature studies by identifying, gathering, and inventorying relevant primary and secondary legal sources. The analysis results demonstrate that restorative justice application becomes essential in business dispute resolution as it provides efficient, economical solutions while preserving business relationships. The mechanism serves as a strategic alternative to rigid and costly litigation, strengthening legal certainty and business climate competitiveness in Indonesia. The success rate of restorative justice in business dispute resolution shows promising potential when supported by parties' willingness, competent facilitators, and clear regulatory frameworks.

## ABSTRAK

Penelitian menganalisis urgensi dan probabilitas keberhasilan penerapan keadilan restoratif pada penyelesaian sengketa bisnis. Metodologi penelitian menggunakan penelitian hukum normatif melalui pendekatan perundang-undangan dan pendekatan konseptual. Pengumpulan bahan hukum dilaksanakan melalui studi kepustakaan dengan mengidentifikasi, mengumpulkan, dan menginventarisasi bahan hukum primer dan sekunder yang relevan. Hasil analisis menunjukkan bahwa penerapan keadilan restoratif pada penyelesaian sengketa bisnis menjadi krusial karena memberikan solusi cepat, ekonomis, serta memelihara hubungan antar pelaku usaha. Mekanisme tersebut berperan sebagai alternatif strategis dibandingkan penyelesaian litigasi yang kaku dan mahal, sekaligus memperkuat kepastian hukum dan daya saing iklim usaha di Indonesia. Tingkat keberhasilan keadilan restoratif pada penyelesaian sengketa bisnis menunjukkan potensi menjanjikan bila didukung kesediaan para pihak, fasilitator berkompeten, dan kerangka regulasi yang jelas.

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## 1. Introduction

Restorative justice mechanisms have historically developed in the context of resolving minor criminal cases, especially those involving perpetrators and victims who have close social relations (D. Ndruru, 2024). The restorative justice approach emphasizes the restoration of losses, reconciliation between disputing parties, and the restoration of social harmony as the main goal, different from the retributive approach which emphasizes punishment (Sofyan & Abdul Syatar, 2020). However, along with the development of a more participatory and recovery-oriented justice paradigm, a discourse has emerged to adapt this approach to the non-criminal realm, including in resolving business disputes. This discourse emerged as a response to the limitations of conventional dispute resolution mechanisms that have been used by business actors. The dispute resolution system in Indonesia generally takes two main paths, namely litigation through the courts and arbitration. Although both of these mechanisms have been regulated normatively and institutionally, both are considered to have a number of weaknesses in the business context.

The litigation process is often considered time-consuming, expensive, and antagonistic, thus potentially damaging previously established cooperative relationships. Formal, hierarchical, and administrative legal procedures make the case resolution process protracted, so that it often disrupts the sustainability of the business activities of the disputing parties (Yuyut Prayuti *et al.*, 2024). Furthermore, concerns about the integrity of the judicial process are also an important reason why some business actors choose to avoid the courts. The potential for corrupt practices in the Indonesian judicial system is not just a figment of the imagination. This is reflected in the various corruption cases that have befallen judicial officials, from clerks to judges. One indication of the seriousness of this problem is the disclosure of major cases that even implicate supreme court judges as parties involved in bribery practices. This condition has created a crisis of trust in the judicial institution and raised the urgency to find alternative dispute resolution that is more transparent, efficient, and oriented towards substantive justice. Arbitration, although more flexible and confidential, is also not always able to answer the need for solutions that restore relationships and ensure the sustainability of business cooperation in the future. The arbitration mechanism, which has so far been seen as an alternative to the conventional litigation process, in practice is not completely free from ties to judicial institutions. One of the fundamental weaknesses in the arbitration system in Indonesia is the fact that the results of arbitration decisions still require ratification or execution from the district court in order to be implemented effectively. This creates a dependency on the formal justice system which is precisely what is being avoided in the context of alternative dispute resolution. On the other hand, the use of arbitration is still relatively limited among domestic business actors. One of the inhibiting factors is the high costs that must be incurred to undergo the arbitration process, especially if it involves international arbitrators or foreign arbitration institutions (Ady Thea DA, 2022). Not only that, the understanding and literacy of business law related to the arbitration mechanism is also still low among MSMEs and regional business actors, so that arbitration tends to be an option that is only accessed by large corporations with adequate resources.

Deficiencies in both the litigation and arbitration channels indirectly affect the broader business environment in Indonesia. Complicated, unpredictable, and expensive conflict resolution makes a comfortable business climate difficult, and there can be no question about that. This has led to Indonesia's ranking in the Ease of Doing Business (EoDB), an international benchmark of the ease of investing and doing business in a country, in the slow increase (Hilda Swandani Prastiti, 2022). Barriers within Indonesia's dispute resolution regime, both in court and through arbitration, have directly led to Indonesia's stagnant performance in the EoDB index. The good of infrastructures Indonesia does not deserve to be proud with infrastructures so far, the distribution and the role of infrastructures in the development so good is not balanced with the issue of a legal certainty. This is reflected in the sub-indicator of enforcing contracts, in which Indonesia is listed at being above 100 among the total number of countries compared. The low placement in legal certainty is a big hit to Indonesia's overall EoDB score, which ended up at 73rd. This static position means that there has been no significant improvement in the structures of the legal system and dispute resolution. In general, most foreign and domestic investors have legal certainty as their top criteria for investing. A business environment that is perceived to have a slow, costly, and less credible dispute resolution mechanism undermines the business climate both regionally and internationally (Ady Thea DA, 2022). A simpler, more efficient and flexible mechanism for the resolution of disputes is urgently required to accompany an inclusive and sustainable economic development. Restorative justice as an alternative to settling commercial disputes can be one such worthy option to look at. The restorative justice model Depressive justice process stresses resolution through open communication and active involvement that enables the parties to make restitution of

voluntary agreement that will promote recovery. These attributes are relevant in situations where a dispute is considered not only as a question of law but also as the interruption of the social and economic relations that have been constructed. As a result, applying restorative justice to business conflicts may be regarded as an attempt to (re)construct relationships and trust, an important factor indeed in an interdependent, long-term oriented business world. Therefore, the pursuit of a more efficient, fair, and inclusive system to resolve disputes becomes a practical necessity. In such relations, the possibility of application of restorative justice in settlement of business disputes is significantly worth being studied and adapted in the reformation of Indonesian business law.

## 2. Methodology

This research is a normative legal research, namely research that focuses on literature studies to examine applicable legal norms and legal principles relevant to the issues raised (Ahamad Rosidi *et al.*, 2024). The approaches used in this study include a legislative approach and a conceptual approach. The legislative approach is carried out by examining legal provisions governing dispute resolution, either through courts, arbitration, or other alternative dispute resolution. Meanwhile, the conceptual approach is used to explore the concept of restorative justice in legal theory and evaluate the possibility of its application in the context of business disputes. The collection of legal materials is carried out through literature studies, namely by identifying, collecting, and inventorying primary and secondary legal materials that are relevant to the problems being studied. Primary legal materials consist of laws and regulations, jurisprudence, and other official legal documents. Secondary legal materials include documents from previous research results, scientific literature, and the opinions of competent legal experts in their fields. All legal materials obtained were analyzed qualitatively using descriptive-analytical methods. The analysis was carried out through the stages of describing the legal problems studied, explaining the aspects that are the root of the problem, evaluating relevant legal provisions and theories, and providing arguments based on the results of normative studies. The results of this analysis were then systematically compiled to draw conclusions on the legal issues that were the focus of the discussion.

## 3. Results

### 3.1 The Urgency of Implementing Restorative Justice in Business Dispute Resolution

The increasingly complex dynamics of the business world require a more flexible dispute resolution mechanism that is oriented towards the sustainability of business relations. So far, formal channels such as litigation and arbitration have been available, but are often considered inadequate. The process tends to be time-consuming, expensive, and risks damaging relationships between business actors that should be maintained (Imam Syaroni & Tuti Widyaningrum, 2024). In practice, even minor criminal cases can take months to years to obtain a final and binding decision. In fact, business disputes are not only about right or wrong legally, but also about maintaining trust, good name, and the sustainability of cooperation. It is in this context that the restorative justice approach is starting to get attention. Different from the confrontational approach, restorative justice places dialogue, recovery, and agreement at the heart of the resolution process. Principles such as listening to each other, acknowledging responsibility, and voluntarily seeking common ground open up space for a resolution that is not only fair, but also humane and sustainable (Andri Kristanto, 2022). One of the business dispute cases that can be analyzed is the case between PT. ABC and PT.

XYZ. In 2016, PT. ABC, a large company engaged in the manufacturing sector, was involved in a business dispute with PT. XYZ, a distribution company that is the main partner in distributing PT. ABC's products in the western part of Indonesia. This dispute began with PT. ABC's claim that PT. XYZ had failed to meet the sales target agreed upon in the distributorship contract, as well as allegations of misuse of distribution rights leading to violations of territorial exclusivity (Hardiyono *et al.*, 2023). This dispute continued to court, PT. ABC sued PT. XYZ on the basis of breach of contract and significant material losses. The litigation process lasted almost two years and involved a number of witness and evidence examinations. The costs incurred by both parties were quite high, and during the process, the working relationship between the two companies became increasingly strained. Although the court finally issued a verdict in favor of PT. ABC, PT. XYZ felt disadvantaged both financially and in terms of reputation (Ayu Ambarwati *et al.*, 2024).

In addition to financial losses, both PT. ABC and PT. XYZ experienced long-term damage to their relationships that hampered their potential for future collaboration. PT. XYZ's reputation was tarnished in the industry, while PT. ABC felt that it did not get an adequate solution to repair the damage that had occurred. The high cost of legal proceedings and the long time, coupled with the uncertainty of the results, made both companies feel a greater loss than the dispute resolution itself (Sun Yuhao & Novina Sri Indiraharti, 2023). The cases of PT. ABC and PT. XYZ illustrate how a long, expensive, and relationship-damaging litigation process can be avoided with a restorative justice approach that is faster, cheaper, and focuses on peaceful resolution. The urgency to apply restorative justice in business disputes is becoming increasingly clear, especially considering the burden on the court system which is already too heavy with many criminal and civil cases still pending. The restorative approach offers an alternative that is more efficient and more suited to the needs of an increasingly dynamic and global business world.

If this case is handled with a restorative justice approach, the process can be faster, cheaper, and prioritize restoring business relationships rather than simply issuing a legal decision. The first step in a restorative approach is mediation involving a neutral third party, which will help the parties open communication to mutually understand the existing problems. Both companies can be more open in discussing the root causes of the dispute, which may be related to miscommunication or differences in expectations between the two parties. The importance of a restorative justice approach cannot be separated from efforts to create a healthier and more competitive business climate in Indonesia. In the EoDB assessment, legal certainty and the effectiveness of dispute resolution are important indicators that greatly influence the perceptions of business actors and investors (Sastra Dinata, 2025). When the legal system is considered slow, expensive, and less transparent, business confidence also decreases. This condition certainly has a direct impact on investment interest and national economic growth. This is where restorative justice has a strategic position as an alternative that can answer the gaps that have not been touched by the litigation and arbitration systems. By prioritizing fast, dialogue-based resolutions and upholding the values of substantive justice, this approach can be a bridge to a dispute resolution system that is more adaptive to the needs of the business world. In addition to being a solution to the weaknesses of the litigation and arbitration systems, the restorative justice approach also reflects a paradigm shift in dispute resolution that is more centered on the interests of the parties (M. A. Anwar, 2020). In practice, restorative justice provides space for business actors to be actively involved in the dispute resolution process, not just as a party waiting for a decision. This active involvement allows for a more open and solution-oriented negotiation process, so that disputes can be resolved without having to go through a long and tense process (Mashuril Anwar *et al.*, 2024). In several countries that have adopted this approach, such as New Zealand and Canada, the

results show that restorative dispute resolution is not only able to reduce the burden of cases in court, but also strengthen relations between business actors and increase satisfaction with the legal process itself.

Furthermore, the application of restorative justice in resolving business disputes is in line with the principle of modern legal efficiency, which places conflict resolution not only at the formal legal level, but also at the pragmatic, fair, and sustainable aspects (M. Anwar & Wijaya, 2020). Rather than focusing on who is wrong and who wins, this approach encourages the parties to work together to find mutually beneficial solutions. In practice, restorative dispute resolution often opens up space for the creation of more innovative and flexible agreements, because it takes into account real business interests and long-term relationships that want to be maintained. Not only does it solve the problem at hand, restorative justice also has the potential to prevent similar disputes in the future through shared understanding and commitment to change. Therefore, the main advantage of this approach is not merely its speed or efficiency, but also its ability to form justice that is more contextual and responsive to the concrete needs of business actors (Enny Kristiani & Binsar Jon Vic S., 2025). The urgency of implementing restorative justice in business disputes is getting stronger along with the business world's need for a conflict resolution system that is more responsive to the dynamics of the modern economy. Amidst the challenges of globalization and tight business competition, business actors are required to be able to resolve conflicts efficiently without having to sacrifice the long-term relationships that have been built. The complicated, expensive, and time-consuming litigation system, as well as arbitration that is not fully inclusive and still requires court intervention, are no longer adequate as the only dispute resolution pathway (Tumanda Tamba & Mukharom, 2023). This is where the restorative justice approach comes in as an urgent alternative to be considered more seriously. The need for this approach is also reinforced by Indonesia's low score in the dispute resolution aspect of the EoDB index. Despite improvements in the infrastructure and licensing regulations sectors, the legal certainty and effectiveness of dispute resolution are still below 100. This condition is one of the main obstacles to increasing Indonesia's overall ranking, which is stagnant at 73. The government's ambitious target to reach 40th place in the EoDB will not be achieved without a more adaptive, efficient, and business-friendly dispute resolution system reform. Therefore, the integration of restorative justice into business legal mechanisms is a strategic step that cannot be postponed (Siswi Wulandari, 2022).

More than just a response to the weaknesses of the existing system, restorative justice reflects the need for a paradigm shift in viewing business conflicts. Disputes should not be viewed as threats, but as opportunities to rebuild trust and improve business relations. In many cases, the root of the problem in business conflicts is not merely a violation of the law, but miscommunication, differences in perception, or misaligned interests. A restorative approach allows the parties to listen to each other, understand each other's positions, and formulate joint solutions voluntarily (I Gusti Ngurah Kadek Juliana Surya Mahendra, 2025). The restorative justice model is not only more humane, but also more in line with the collaborative spirit needed in today's business ecosystem. Another urgency lies in the increasing need for business actors, especially the MSME sector, for access to affordable and fast dispute resolution mechanisms. Many small business actors do not have the capacity to face complicated and expensive litigation or arbitration processes. Restorative justice, with its informal, participatory, and dialogue-based nature, provides space for more inclusive and empowering resolutions. If well managed through regulatory and institutional support, this approach can be an important part of government policy in strengthening legal protection for business actors at all levels.

Thus, the application of restorative justice in the business context is no longer an additional option, but an urgent need. Legal reform that is oriented towards efficiency,

substantive justice, and the sustainability of socio-economic relations demands the courage to open up space for more adaptive and contextual legal approaches. In this case, restorative justice is not present to replace the existing system, but to complement and perfect our perspective on more holistic dispute resolution. Although restorative justice has great potential in resolving business disputes, its implementation in Indonesia does not yet have a legal umbrella that explicitly regulates its use outside the criminal realm. This is a challenge in itself, considering that most regulations governing business dispute resolution still focus on formal mechanisms, such as litigation and arbitration. Therefore, normative steps are needed to open up space for formalizing the restorative approach in the civil realm, especially business law. This effort can begin by developing a regulatory framework that allows parties to legally use restorative mediation as a legitimate alternative in business contracts or agreements.

On the other hand, institutional readiness and human resources are also key factors. The restorative justice approach demands the role of a mediator or facilitator who not only understands the law, but also has the capacity to build equal communication, handle conflicts, and facilitate constructive dialogue. Therefore, existing mediation institutions need to be strengthened, both in terms of professional competence and independence. In addition, business actors' awareness of non-litigative settlement alternatives must also be increased through systematic socialization and education. Furthermore, the implementation of restorative justice must also consider the diversity of business actors in Indonesia. In the context of MSMEs, which are very large in number and spread across various regions, restorative justice has the potential to be a more accessible solution than arbitration, which tends to be expensive and is better known among large business actors. However, the implementation of this model in the MSME sector also requires a contextual approach, including strengthening local dispute resolution institutions based on communities or business associations. In addition, from a theoretical perspective, restorative justice reflects a progressive legal approach that positions law as a means of resolving social problems substantively, not just rigidly enforcing norms (Reynaldi Nursando & Destu Rizky Syahputra, 2024). This is in line with Satjipto Rahardjo's view that law should not be confined to texts, but must live and develop according to the needs of society. In this case, restorative justice can be a middle ground between legal certainty and substantive justice that is more rooted in the needs of the disputing parties (Faishal Taufiqurrahman *et al.*, 2023).

### **3.2 Probability of Success of Restorative Justice in Resolving Business Disputes**

The restorative justice mechanism is a breakthrough that is very feasible to be applied in resolving disputes in the business sector. This approach offers various advantages that cannot be provided by formal dispute resolution mechanisms such as courts and arbitration. One of the main advantages of restorative justice is its ability to avoid prolonged business interruptions. Long-term dispute processes through courts or arbitration often disrupt the continuity of business operations and cause financial and reputational losses for the parties involved. Restorative justice, with a faster and more efficient approach, allows parties to resolve disputes without disrupting their business activities, thereby minimizing the negative impact on business continuity. In addition, restorative justice provides better legal certainty for the disputing parties (Alifianissa Puspaningtyas Nugroho, 2023). Although dispute resolution is carried out outside the courts or arbitration, the agreements reached in this process can still be stated in a legally binding agreement. This provides a sense of security and stability for business actors, because they know that the agreements they make will be recognized and protected by law. On the other hand, although courts or arbitration can produce valid legal decisions, business relationships between parties are often disrupted, even after the settlement process is complete. Success in resolving disputes in court does not always ensure that business relationships are maintained properly. Cost savings are also one of the main advantages of implementing restorative justice in resolving

business disputes. Court and arbitration processes often require a lot of money, whether for lawyers, administrative fees, or other additional costs associated with a long legal process. On the other hand, in restorative justice, the costs incurred are much lower because the process is simpler and facilitated by a neutral mediator who can help the disputing parties reach an agreement. Thus, restorative justice not only saves time but also costs, allowing greater resources to be allocated to productive business activities (Reynold Simandjuntak & Rafael Singkay, 2024).

Restorative justice can also maintain lasting business relationships. Unlike formal dispute resolution which often focuses on severing relationships or differences between disputing parties, restorative justice focuses on dialogue and restoring relationships. This allows the parties to resolve their disputes in a mutually beneficial manner and strengthen their future working relationship. In many cases, even if the parties agree to settle in court or arbitration, the process can damage the relationship and affect their future interactions. Therefore, a more humane and mutually agreed-upon restorative justice approach is more effective in maintaining healthy and sustainable business relationships. Restorative justice offers a more efficient, cost-effective, and sustainable solution in resolving business disputes (Sumirahayu Sulaiman *et al.*, 2025). Therefore, the implementation of this mechanism is very important to be considered and adopted in business dispute resolution regulations in Indonesia, to create a more conducive, efficient, and profitable business climate for all parties involved.

The application of restorative justice in resolving business disputes is not only relevant in Indonesia, but has also been adopted by various countries as an alternative mechanism in resolving disputes in the business sector. Several countries have shown that this approach can be effective and provide more efficient and profitable solutions for the business world. The following is a comparison of the application of restorative justice in resolving business disputes in several countries.

Table 1. Implementation of Restorative Justice in Business Dispute Resolution in Several Countries

Country	Restorative Justice Approach	Advantages	Challenges
Canada	Dispute resolution through mediation and restorative justice practices	Fast, efficient, and maintains long-term business relationships	Not fully integrated across all types of business disputes (Jeff Latimer <i>et al.</i> , 2005)
Australia	Mediation as primary solution, integrating restorative justice principles (Australian Law Reform Commission, 1999)	Reduces dispute costs and accelerates resolution. Prioritizes effective communication between parties	Limited usage in small to medium business disputes
Singapore	Singapore Mediation Centre (SMC) for business dispute resolution (Singapore Mediation Centre (SMC), 2024)	Efficient process, cost-effective, and protects business relationships	Not widely adopted across all business sectors
United Kingdom	Dispute resolution through mediation and restorative justice to avoid court proceedings (Beniharmoni Harefa,	Faster resolution, flexible, and more cost-effective than formal courts	Some companies still prefer arbitration or court proceedings

	2018)			
United States	Mediation frequently included in contract clauses for business dispute resolution (Lileys Glorydei Gratia Gijoh, 2021)	Cost and time savings. Improves relationships between disputing parties	Restorative justice not widely implemented across all states	

Source: Compiled by author from various regulations.

Restorative justice in Canada has long been applied in various sectors, including in business dispute resolution. Canada has a system that allows business actors to resolve their conflicts through mediation and restorative justice, which emphasizes dialogue and relationship building. This more mutually agreed-upon dispute resolution process is considered more efficient and faster, which is important in the fast-paced business world. Another apparent advantage is that this mechanism helps maintain long-term business relationships, which is highly valued in the Canadian business culture that emphasizes ongoing collaboration and networking (Jeff Latimer *et al.*, 2005). Australia has also developed a business dispute resolution system that integrates the principles of restorative justice, although in a more general context related to resolving disputes between individuals or groups. In the business sector, parties involved in a dispute can choose mediation or negotiation facilitated by a neutral mediator. In Australia, restorative justice is more often used in dispute resolution in the form of mediation, where both parties are invited to communicate and find a joint solution. In addition, Australia provides incentives for companies to adopt these alternative mechanisms through supportive legal policies, which can ultimately help expedite dispute resolution and reduce the burden of high legal costs (Australian Law Reform Commission, 1999).

Singapore is an example of a country that has successfully combined formal and informal dispute resolution systems, including restorative justice, in the business world. The country is known for its efficient and progressive legal system. Singapore has mediation institutions such as the Singapore Mediation Centre (SMC) which provides a platform for companies to resolve their disputes through mediation. Restorative justice, although more commonly applied in a criminal context, is also increasingly being used in business disputes to facilitate dialogue and encourage healing between disputing parties. The efficient process and lower costs are among the reasons why many companies in Singapore choose this mechanism, as it can resolve disputes without damaging existing business relationships (Singapore Mediation Centre (SMC), 2024). In the UK, mediation has long been accepted as a cheaper and more efficient alternative to formal court proceedings. The UK government encourages the use of mediation in business dispute resolution, with policies incentivizing parties to choose mediation over taking their cases directly to court. The decision to implement restorative justice in the UK business context reflects a desire to reduce the backlog of cases in the courts and provide more flexible solutions. While not universally used in every business dispute, the success of mediation and restorative approaches in the UK provides a positive illustration of how this can improve the efficiency of dispute resolution (Beniharmoni Harefa, 2018). The use of restorative justice in business dispute resolution in the United States is not as popular as in other countries, but there are a number of states that have adopted mediation and other alternative dispute resolution in the business sector. In some states, mediation and restorative justice dispute resolution are increasingly being introduced into business contracts, particularly in the technology sector and large corporations. Here, the mediation process is often integrated into contractual clauses, allowing parties to resolve disputes more quickly and efficiently. Although not yet fully widespread, the success of this mechanism has been seen in several large companies that have managed to resolve disputes without

damaging their business relationships (Lileys Glorydei Gratia Gijoh, 2021). Overall, countries such as Canada, Australia, Singapore, the United Kingdom, and the United States have shown that the application of restorative justice in resolving business disputes provides various benefits, such as time efficiency, cost savings, and maintaining long-term relationships between business actors. Each country adjusts the application of this mechanism to the needs and characteristics of their legal system and business culture. The success of this model in various countries shows that restorative justice has a high probability of success in resolving business disputes, as long as it is supported by the right policies, a supportive legal system, and the willingness of business actors to adopt it.

Based on successful examples from these countries, Indonesia can consider integrating restorative justice in business dispute resolution to create a more conducive and efficient business climate. The application of restorative justice in business dispute resolution has the potential to succeed if viewed from several key factors that support the effectiveness of this mechanism. Although restorative justice has not been fully accepted as the main model in business dispute resolution in Indonesia, a number of indications show that this approach has great potential to be a better alternative compared to formal mechanisms such as litigation and arbitration. One of the main determining factors for the success of restorative justice is the readiness of the parties involved in the dispute to engage in constructive dialogue (Muh. Wahyudi Nuramin Al Mandari *et al.*, 2024). In the business context, many disputes that occur are not solely due to malicious intent or violations of the law, but rather misunderstandings, miscommunication, or differences in perception between the parties involved. In such cases, the parties tend to be more willing to seek a mutually beneficial resolution, as long as they feel that their interests are respected and accommodated in the process.

Dispute resolution with restorative justice involves a third party who acts as a mediator or facilitator. The role of the mediator is very important in maintaining neutrality and helping the disputing parties to stay focused on resolving the problem without involving negative emotions or acts of revenge (Adhi Putranto Utomo, 2023). Mediators who are experienced in the business context are able to direct both parties to see more pragmatic and sustainable solutions, considering the long-term interests involved in business relationships. For example, in countries with more advanced legal systems, such as Canada or Singapore, the role of mediators in resolving business disputes is often optimized, with results that are very satisfying for both parties. If the Indonesian justice system can facilitate the presence of professional mediators who have a deep understanding of the business world, then the success of restorative justice in resolving business disputes can be ensured to be even higher. The success of restorative justice also depends heavily on the existence of legal certainty and support from clear regulations. In Indonesia, despite efforts to introduce alternative dispute resolution, such as through Government Regulation Number 37 of 2004 concerning Arbitration and Alternative Dispute Resolution, as well as regulations related to mediation, clarity and consistency of implementation remain a challenge. To increase the probability of success, stronger and clearer regulations are needed regarding the application of restorative justice in the business sector, which can provide an adequate legal framework to ensure that decisions taken through the restorative process are respected and can be implemented. If there is a legal guarantee that regulates the agreement reached in the restorative process, then the parties involved in the dispute will feel safer and more confident in following this path. With the existence of supporting regulations, such as the ratification of the mediation agreement by the court or authorized institution, the success of this mechanism is increasingly guaranteed. Restorative justice mechanisms, when compared to litigation or arbitration, are faster and cheaper. In many business disputes, time is a very valuable factor. Every month wasted in the litigation or arbitration process can result in greater losses, either in the

form of high legal costs, lost business opportunities, or damage to the company's reputation. The speed and efficiency offered by restorative justice makes it an attractive option for businesses who want to resume their operations without the burden of a protracted legal process. In addition, restorative justice allows the parties to find more flexible and creative solutions. In business disputes, there is not always a single "right" or "wrong" solution; often, both parties can reach a more mutually beneficial agreement if given the space to negotiate openly and constructively. Given these economic benefits, the probability of restorative justice being successful in resolving business disputes becomes greater.

#### 4. Discussion

Restorative justice in business dispute resolution has rapidly developed as an important alternative to conventional litigation in various jurisdictions. This method has shown great promise for resolving business disputes while saving the relationships that companies have built. According to Imam Syaroni and Tuti Widyaningrum (2024) the complexity of the business environment demands flexibility in the dispute resolution process based on business relationships. A comparative assessment of various country approaches highlights the various approaches and outcomes. To this end, in Canada, restorative justice processes have been applied to business conflicts through mediation and reconciliation processes that take into account dialogue and relationship building (Latimer *et al.*, 2005). Singapore is a good example of the development of mediation services, in particular the Singapore Mediation Centre (SMC) has emerged as a world leader in the field of business dispute resolution. This is based on the compromise of efficiency and economy on the one hand and the preservation of business relationships on the other, in the words of the Singapore Mediation Centre (2024). This model is particularly important for business relationships in Asian countries where maintaining smooth business relationships seems to be a primary concern. Prominent among the success factors identified in this jurisdiction is also the description of factors that, according to Tumanda Tamba and Mukharom (2023), are necessary elements for effective rule-making: professional expertise, a clear regulatory framework, and strong institutional support. These and other factors add to the enabling environment for RJ to thrive as an alternative to litigation. However, some difficulties remain in practicing restorative justice in other business environments. Justice vs. Legal Certainty as a Value Error Tension between the principles of justice and the principle of legal certainty as one of the increasingly significant challenges faced by Alifianissa Puspaningtyas Nugroho (2023). This is especially significant in the context where the law of restorative justice in commercial conflicts has not yet been coagulated in a particular legal system. Sastra Dinata (2025) highlights the importance of conducive dispute resolution in an investment environment and business confidence. This is especially relevant in the context of increasing the ease of doing business ranking and obtaining foreign investment. In the future, the restorative justice model for business conflicts should be elaborated based on local business culture and using best international practices. As recommended by Enny Kristen & Binsar Jon Vic S. (2025) it would be ideal to strengthen the legal basis and jurisdictional authority in resolving commercial disputes through a restorative process. The effectiveness of restorative justice in resolving business conflicts also depends heavily on the quality of the mediator and facilitator. Neutral Party is Key The presence of a neutral third party significantly contributes to constructive dialogue between the disputing parties and helps them find mutually beneficial solutions (Adhi Putranto Utomo (2023). This professional knowledge and cultural relativism have critical implications for restorative justice practice. The emergence of restorative justice in commercial dispute resolution is a welcome change

in the way we manage and negotiate conflict. The experiences of countries show that ADR, when used well, can provide many advantages over traditional litigation – cost-effectiveness, relationship preservation, plus faster time to resolution. In an era characterized by a complex and interconnected business environment, the relevance of restorative justice in maintaining healthy business relationships in the face of genuine disputes cannot be overstated.

## 5. Conclusion

The application of restorative justice in resolving business disputes is important because it offers a more efficient, equitable dispute resolution and maintains long-term relationships. The litigation and arbitration systems have so far required a long process, are expensive, and have the potential to damage business relationships. In the context of modern business that demands speed and stability, the restorative justice approach is present as an alternative solution that prioritizes dialogue, voluntary agreements, and the restoration of relationships and trust between parties. The application of restorative justice in business disputes is also a strategic step to increase legal certainty and the competitiveness of the business climate in Indonesia. When dispute resolution can be carried out quickly and collaboratively without disrupting business operations, this will strengthen investor and business actor confidence in the national legal system. Therefore, the adoption of restorative justice is not only important as an instrument for resolving disputes, but also as a foundation towards a more responsive business law transformation that is oriented towards the sustainability of relationships between business actors.

The probability of success in implementing restorative justice in resolving business disputes is considered quite high, especially when viewed from its ability to accommodate the needs of the business world for a dispute resolution mechanism that is fast, efficient, and maintains good relations between business actors. In contrast to litigation and arbitration pathways that tend to be formal and competitive, restorative justice emphasizes a dialogic, collaborative, and restorative process that can produce more contextual and win-win solutions. The restorative justice approach is increasingly relevant amidst the complexity and dynamics of business relations that demand legal clarity without sacrificing the sustainability of cooperation. The success of implementing restorative justice in resolving business disputes depends on several key factors, including the willingness of the parties to negotiate openly, the role of professional and neutral facilitators or mediators, and adequate institutional and regulatory support. If these three aspects can be optimized, then restorative justice has a great opportunity to become a business dispute resolution mechanism that is not only successful in substance, but also relationally and economically. Therefore, restorative justice deserves to be considered as part of a more adaptive and progressive national business legal system reform.

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