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The Existence of Small Claims Court in Settling Business Disputes in Indonesia: A Comparative Study with Singapore and the Netherlands

Efa Laela Fakhriah[a], Anita Afriana[b], [a,b]Faculty of Law, Padjadjaran University, Bandung, Indonesia, Email: [a]efa@unpad.ac.id, [b]anita.afriana@unpad.ac.id

Business disputes require an expeditious, simple and amicable settlement which is cost-effective. Settling business disputes through courts is not considered an appropriate option. Nevertheless, settlement of disputes through other alternatives often times are not final and binding. Therefore, Small Claims Courts can act as one of the strategies to resolve business disputes. There are differences in disputes settlement and law enforcement through Small Claims Court in Singapore, the Netherlands and Indonesia. This is based on the legal system adopted by the respective countries. In Indonesia, the Small Claims Court is stipulated by the Supreme Court Regulation. The Small Claims Court has jurisdiction to hear civil disputes that involve no more than 500 million Indonesian Rupiah (IDR), both due to default law and unlawful acts. In the Netherlands, the establishment of Small Claims Court is included in the implementation Act of the European Small Claims Procedure meanwhile, in Singapore, the regulation on Small Claims Court is stipulated in the Small Claims Tribunal Act. In Singapore and the Netherlands, the Small Claims Court is only authorised to settle and decide upon a lawsuit with a relatively small amount of value arising out of breaching of contract or default.

Key words: *Business dispute; court; Small Claims Court.*

Introduction

As social beings, humans require interaction with each other in their lives. This interaction will involve the personal interest of the interacting parties. Due to these personal interests, which often times are different, conflict of interest is inevitable. Unsettled conflicts that turn

into disputes need to be resolved. Moreover, in the age of globalisation and free trade, disputes often arise in business activities.

In short, business disputes can be interpreted as a dispute arising from the commercial interaction/transaction, which can occur due to a breach of agreement/understanding/contract (default) or unlawful acts. Currently, business activities involve hundreds of transactions every day. From these transactions, it is rather impossible to avoid disputes or differences between the parties involved. Every type of dispute that occurs always requires timely solutions and settlement. The wider and more extensive the trading activities are, the higher the frequency of possible disputes that may arise; which means more disputes to resolve by the court.

Unsettled or overdue business disputes will hamper project development programmes and decrease productivity in a company/enterprise. This will lead to business crises that increase production costs. Therefore, the settlement of such business disputes is a mechanism deemed necessary, especially amicable settlement that is favourable in the interests of both disputing parties.

In the Indonesian legal system, there are two types of dispute settlement mechanisms, namely litigation and non-litigation. Conventionally, a dispute is settled through a court hearing (litigation process). Moreover, in Indonesia, there is an alternative mechanism that is known as non-court dispute settlement through a means of discussion and negotiation. This mechanism is referred to as a non-litigation mechanism. The two types of dispute settlement mechanisms have different characteristics with their own advantage and disadvantage points.

In principle, the settlement of civil disputes is carried out in an amicable manner through interpersonal negotiation. This is because both parties decide whether or not the disputes need to be settled through litigation or only interpersonal negotiation. Even if the dispute is being heard, both parties can still negotiate and make a decision to settle the dispute outside the courtroom.

In practice, dispute settlement without involving the court (non-litigation) is often seen as ineffective and inconclusive. Even though there are clear regulations on the jurisdiction and power of the courts and arbitration, the disputing parties often re-file their cases to the court to be re-examined and decided. Therefore, the dispute settlement turns out ineffective and inefficient (Fakhriah, 2013). Along with increasing business activities in Indonesia, there is a tendency of dispute arising in business. According to Fulton, a business dispute arises during the course of the exchange or transaction process that is central to the market economy (Fulton, 1989).

Business disputes require expeditious and simple settlement so that both parties only spend a small cost (cost-effective) in the litigation process with amicable settlement that is favourable by both disputing parties. Also, it requires confidentiality and a win-win solution that will not cause new problems or extended disputes (benefit principle).

In relation to court dispute settlements, the courts must not only be independent and of integrity, but must also be able to provide fair and just services to all people. For such purpose, the Indonesian Justice System should adopt the principles of being simple, quick and cost effective (Nevey, 2018). In practice, however, there are courts that hear the cases in a relatively long procedure. Such circumstances cause the parties to ultimately choose non-litigation as a mechanism to resolve their business disputes.

Therefore, through the blueprint, the Supreme Court Judicial Update of 2010-2035, there are several matters that become the focus of attention for the improvement of the judiciary due to:

1. the length of the litigation process, which causes unpredictable expenses required to be spent (by both parties) in the court;
2. the lack of understanding of both the Plaintiff and Defendant regarding necessary procedures, documents and requirements; as well as
3. the lack of public trust in the judiciary institution.

Based on the blueprint of the aforementioned 2010-2035 Supreme Court Judicial Update, it seems that there should be a renewal in the judicial system in Indonesia; one of which is in the civil justice system. The relatively-long duration of the litigation in court results in the failure to access to justice for all parties. Through Supreme Court Regulation No. 4 of 2019 on the Procedures for Settlement of Simple Claims stipulated and enforced for the first time, is an expeditious civil dispute settlement which is limited to 25 days to resolve simple cases that involve no more than 500 million IDR. Philosophically, this mechanism is expected to achieve “access to justice”. Moreover, legal reformation is required to satisfy the needs of the community, namely the model of dispute settlement through the courts based on the good will of the parties and court decisions that can provide legal certainty expeditiously. The examination of a simple-claim lawsuit has its own procedures that are different from those in general civil lawsuits[3].

Based on the Annual Report of the Supreme Court of 2013, the policy of “access to justice” includes the following (http://www.mahkamahagung.go.id/Annual):

1. Reformation in legal service policies for disadvantaged people in court: exemption of court fees, legal aids, hearing outside the court, etc.;
2. Mediation;
3. Integrated service of the right for legal identity; and

4. Simple mechanism to file a lawsuit on small claims.

The mechanism of the Small Claims Court, as it has long been adopted in many countries, is used to resolve simple lawsuits with relatively small demands. The common lawsuit settled by court is concerning consumer disputes as has long been applied in Singapore and the Netherlands. Consumer disputes, in principle, are business disputes because they occur between businesspersons. The disputes are generally in the form of a relatively small lawsuit, hence, these simple disputes can be resolved in a short period of time. As cited in Fakhriah (2013), the Small Claims Court is the mechanism of a consumers' dispute resolution to get compensation in a relatively immaterial amount, due to any goods and services selling and buying transactions (Fakhriah, 2013). This paper covers the Small Claims Court both in regulation and institution as well as its implementation in settling business dispute in Indonesia as well as a discussion about the mechanism of business dispute settlement in Indonesia that is considered efficient and effective.

Discussion

Effective and Efficient Business Dispute Settlement Mechanism

In this global era, where the world is, in a sense, borderless, people can work and start business as long as they can overcome their competitors. With the establishment of many businesses, the emergence of disputes is inevitable. Disputes have been an inseparable part of human life. Disputes in the business world are prevalent mainly due to a breach of contract by either party. Business disputes can arise involving not only large corporations, but also small and medium-sized enterprises (SMEs). The emergence of SMEs in Indonesia has been proven to be positive and able to survive. The SMEs have the potential and strategic role to support the strength and growth of the national economy (pro-growth). The empowerment of the SMEs sector directly influences the life and welfare positively for most Indonesian people (pro-poor). This is due to the fact that many of the larger private companies emerge from small household businesses (Pham). The growing SMEs as business actors in Indonesia needs to be balanced with adequate law enforcements as one of them is through an effective and efficient business dispute settlement mechanism.

One of the most common type of disputes encountered daily is a dispute in the business context that must be resolved in a timely manner. The easiest and most simple way of resolving a dispute is that if the disputing parties settle their dispute themselves. Another procedure to select in an attempt to resolve a dispute is by means of conventional mechanisms through litigation (by court) or non-litigation dispute resolution mechanisms. Dispute settlement outside the judiciary is often referred to as Alternative Dispute Resolution (ADR). In Indonesia the term is translated into *Alternatif Penyelesaian Sengketa* (APS) (Nugroho, 2009).

Business disputes require a simple and expeditious settlement thus, the process will not incur greater loss of finance and time that will disrupt the business activities. In addition, the settlement mechanism must be agreed on by all parties. Therefore, the mechanism will ensure a win-win solution so that the business relations between the two parties can remain in place after the dispute has been settled.

Dispute settlement through the courts takes a relatively longer time as there are several stages in the litigation process, ranging from filing a lawsuit, examination of the parties' identity, mediating efforts, hearing defendant's objection (if mediation is unsuccessful), replying, giving a rejoinder, making first conclusions, examining evidences provided by the plaintiff and the defendant, making second conclusions and settling the judgment. The required time for all the aforementioned processes can take between 3 to 6 months. Moreover, if there is a party who is not satisfied with the judge's decision, then, an appeal can be filed to the High Court. This process would take a very long time to get legal certainty over the settlement of a civil dispute. The result, however, is a verdict with binding power for the parties.

The process of dispute settlement through the courts takes a long time and is very complicated, therefore it is unpopular to business people; especially as the decision would position one party as the “loser”. Thus, it is detrimental from many aspects that will disrupt business activities, even if the result of a judge ruling has a binding power. Business people prefer a faster, simpler dispute resolution process that will ensure cost-effectivity.

Non-litigation alternative dispute settlement mechanisms through negotiation, mediation, conciliation and arbitration are preferred by business people because they are perceived to be simpler, faster and cost-effective. In addition, the result is an agreement that does not place either party as the loser or the winner, but where all parties are satisfied (win-win solution).

Negotiation is an efficient and effective way of dispute resolution as long as the disputing parties are committed to abide to the agreement to settle the dispute. If a dispute settlement agreement is reached through negotiations made directly by the parties, then, the problem will be resolved in an expeditious and cost-effective way. In addition, the business relationship can continue because it is well maintained. The results of the agreements reached through negotiations should be set forth in a written deed, either in the form of a privately made, duly stamped and signed deed or an authentic deed, but such agreements have no binding force for the parties. The strength of binding is based on the goodwill of the parties to be committed and abide to what has been agreed upon.

Mediation, as a matter of fact, is a re-negotiation of the parties' direct negotiating efforts that have not reached agreement. Since the parties cannot solve it directly by themselves, it is

deemed necessary to involve an impartial party (non-partisan) to help the parties renegotiate to reach an agreement. This third party is called a mediator who only serves as a facilitator to help mediate the parties to negotiate for an amicable settlement of certain dispute.

The mediator does not decide or determine what decision is agreed to by the parties. Rather, he/she assists the parties to arrive at the settled agreement. It is the parties who negotiate and set the agreement in an amicable manner. If the negotiation process starts to beat around the bush and become convoluted, the mediator can interrupt and then direct or even advocate a choice of problem-solving agreement. At that time, the function of the mediator has shifted into a conciliator; the process also turns into a conciliation process. In conciliation, the role of the third party is more active in directing and advocating the choice of dispute settlement, although the final decision and agreement remains within the hand of the parties involved.

Dispute resolution through negotiation and mediation is considered effective and efficient to resolve business disputes as long as the parties are committed to comply with the agreement they set. Unlike the court decision, the agreement that should be written in the form of a written document has no binding power. Nevertheless, in dispute settlement through the courts, the judge's verdict has the binding power for the parties, but the procedure takes a longer time and is more costly. The two forms of dispute settlement mechanisms have their own advantages and disadvantages so that the disputing parties have to choose wisely.

In several cases, business persons in disputes opt for arbitration institution as a mechanism to settle their dispute since it is considered better in meeting their needs. The arbitration is chosen because it provides a relatively simpler legal procedure and requires shorter periods of time than the litigation process; it also has a final and binding power similar to the judge's decision (Abbas, 2009). Therefore, the decision is strong as no legal remedy can be made against it. Thus business dispute settlement through arbitration is considered more efficient and effective because the decision results meet both the characters of litigation and non-litigation mechanisms.

In practice, however, the parties are often disobedient to the arbitration verdict which will ultimately end in court. As stated in the Law, the dissatisfied party of the arbitration decision may file an objection to the District Court. Naturally, the filling to the District Court for the arbitration decision is limited only if there is an objection to the verdict. However, it is often the case that the appeal to the court is a re-filing of a dispute that has been previously settled in the arbitration. Whereas according to the provisions, if the dispute arises based on the existence of an arbitration clause or arbitration agreement, it is an absolute competence of arbitration, in other words, the District Court has no authority to try the case.

As described above, it is necessary to think of a business dispute settlement mechanism that is expeditious and simple as well as cost-effective. Besides, the mechanism should result in an amicable settlement agreed by both parties so that it will not cause new problems or extend the dispute. There is a litigation dispute settlement mechanism with a simple, expeditious and cost-effective process as available in some developed countries of the world: the Small Claims Court mechanism.

Based on Black's Law Dictionary (Gardner, 2004), a Small Claims Court is defined as an informal court (outside of the court mechanism in general) with a quick check to make decisions on claims for debts that are small in term of value.

Small Claims Court has long developed both in countries adopting Common Law and the Civil Law legal systems. It even grows and develops rapidly not only in developed countries like the United States, England, Canada, Germany, or the Netherlands but also in developing countries such as in Latin America, Africa and Asia. This is because the business court dispute settlement forum, with characteristics of being efficient, simple, expeditious and cost-effective with a small case value, is required in the business world. The establishment of such a forum is necessary, especially for developing countries like Indonesia, to increase the confidence of domestic and foreign investors.

Considering the large number of business disputes filling the courts and appeals that indicates dissatisfaction of the court's ruling, it is necessary to have an effective mechanism on the first level courts. Therefore, it is appropriate that Indonesia currently has a Small Claims Court mechanism set out in the Supreme Court Regulation to resolve business disputes. Small Claims Courts primarily put forward the pace of completion with different stages from the usual procedures. Hence, the civil justice system in Indonesia empowers the Small Claims Court to examine and settle simple civil disputes as set forth in Supreme Court Regulation No. 4 of 2019.

The National Five-Year Development Plan of 2015-2019 mandates simple and prompt reform of the civil law system to manage and settle economic issues or disputes through the Small Claims Court. In the last three years (2011-2014) the Supreme Court has received cases of between 12,000 and 13,000 cases annually (http://www.pembaruanperadilan.net/v2/2014/04). Therefore, the Supreme Court Regulation on the Settlement of Simple Claims stipulates that there is only one appeal called "objections" in which the objection is examined and decided at the District Court. The first level court decision is a final court decision. The existence of the Small Claims Court, indirectly, is a solution to limit the flow of the number of cases and to reduce the case burden on the Higher and Supreme Court through appeal from High Courts.

Simple lawsuit arrangements are based on the concept of Small Claims Court adopted from the judicial system in the United States and Australia. The concept of this judicial model is a small court that is under a separate court structure, but is in the jurisdiction of the first level courts. The procedural law of this court is expeditious with a simple proof process.

The existence of a simple lawsuit procedure aims to welcome the ASEAN free trade era starting in 2015. This free trade scheme is expected to arise many business and commerce conflicts on a small scale that leads to the courts. This Supreme Court ruling is issued to accelerate the settlement of proceedings according to the principles of being simple, expeditious and cost-efficient, because the justice seekers, so far, are still complaining about the length of court proceedings. Therefore, it is necessary to accelerate the trial process with the Small Claims Court judicial system which is very important for the trade sector and for investment. Chairman of the Court, Hatta Ali, said that in the era of free trade, Indonesia is now in the spotlight of the world's economic community because it does not have a Small Claims Court. Therefore, the Supreme Court publishes a Regulation on Settlement of Simple Claims in an effort to realise a modern democratic state and improve the best services for justice seekers and communities in general (Statement from Hatta Ali, 2015).

Small Claims Court In Indonesia: Comparatison between the Netherlands and Singapore

The results of this research suggest that the implementation of the Small Claims Court in different countries has different characteristics. Different from the implementation of the Small Claims Court in Australia, in Singapore, Japan, and the Netherlands, the Small Claims Court has the absolute jurisdiction of this matter. In Japan and the Netherlands, case investigations are formally conducted in accordance with the characteristics of dispute settlements in court. In Singapore and Australia, however, the dispute settlement is conducted by combining litigation and non-litigation mechanisms. As for the similarities, in Singapore, Japan, the Netherlands and Australia, naturally, the Small Claims Court is intended to settle a lawsuit with a relatively small amount of money, although in this case there is no similarity in terms of the nominal limit of the lawsuit. We concluded that the implementation of the Small Claims Court in a country is in accordance with the legal characteristics in that particular country. For example, in Indonesia, the judges are bound by the principles of procedural laws such as open hearings, passive judges, etc. so that simple lawsuit investigations are not conducted in private as applied in Singapore (Anita dan Isis, 2016). Through the following table, we compared how the Small Claims Court is organised and implemented in Singapore and the Netherlands:

Table 1: Resume of the Application of Small Claims Court in Other Countries (Afriana, 2017)

No.	Small Claims Court	Countries	
		The Netherlands	**Singapore**
1.	Authority to Judge	Subdistrict Court	Small Claims Tribunal (State Court)
2.	Regulation	Implementation Act in alignment with the European SCP	Small Claims Tribunal Act
3.	Type of Case	Default Lawsuit (Including consumer disputes)	• Lawsuit on a breach of contract related to sale, purchasing and services • Consumer Dispute
4.	Proceedings	• a single judge • no recognition of reconvention • simple proof • no appeal procedure (except for a reason)	Not using a legal counsel, the examination is informal with the method of mediation and adjudication.

Based on the above table, it can be concluded that the implementation of Small Claims Court in the Netherlands and Singapore is the authority of the judiciary. The Small Claims Court applied in Singapore is more informal with mediation and adjudication methods, even though the procedure is held in Small Claims Tribunals. The comparable countries have been implementing the Small Claims Court for a long time and regulate it either in the form of separate or integrated law in the civil procedure law.

The Small Claims Tribunal (SCT) in Singapore was established on 1 February 1985 under the Small Claims Tribunals Act[1], which was created with the aim of providing a fast, efficient, and inexpensive service to resolve disputes arising from small claims[2]. A lawsuit can be filed by an individual, company, business person, part of a partnership, department of a government, state institution, public policy maker and consumer. The parties must be domiciled in Singapore. This is for the effectiveness of binding and prompt litigation

[1] Statutes of The Republic of Singapore (the Act), 1998 Revised Edition, Chapter 308
[2] https://www.statecourts.gov.sg/Smallclaims/Pages/GeneralInformation.aspx. [2/06/2016]

processes, namely consultations conducted in 7 (seven) days for consumers and 10-14 days for claims from companies counted as filing a lawsuit, as well as conducting hearings within 7 (seven) days from the last day of consultation if an agreement has not been achieved (Anne, 2002).

There are two methods used in the SCT, namely mediation and adjudication with an assistance of judges who are usually called referees[3]. The main function of the SCT is to position the disputing parties to agree and resolve the problem; even though in the end, it is the clerk or referee who will assist the parties in the settlement process. If it is not possible to approve the agreement in a timely manner/under the time that has been determined, the tribunal will determine the settlement by considering the goodness and fairness for both parties, whether the agreement is reached by the parties themselves or determined by the SCT, the tribunal will make binding decisions and can be imposed on the parties in dispute (Billy and Jessica, 1994).

Settlement through the tribunal is conducted in an informal way. When a claim is registered, the clerk will call the parties to the tribunal to discuss a suitable way to resolve the dispute. The Registrar, in this case, is referred to as a consultant.

If the clerk does not succeed in facilitating the parties to reach an agreement, the clerk will determine the right date so that the claim can be settled through adjudication by the referee. Adjudicators acting as judges during hearings in the tribunal are called referees. The ambience of the consultations and hearings are informal and closed. Unlike in courts, clerks and referees may not sit higher than the parties. The Tribunal does not rigidly follow the procedures in the court and it has its own policy to assess evidence, such as witnesses without swearing and written evidence without being legalised.

A lawsuit can be filed either personally, by fax (Rule 11G, Small Claims Tribunals Rules, 1998) or by electronic means (for certain authorised users)[4]. Subsequent to submission, this issue will be resolved by consultation with a time span of 10 to 14 days from the date of filing a lawsuit from the company and seven days for a lawsuit from the consumer.

The method used in SCT is negotiation and mediation carried out continuously. If no settlement is reached with consultation, then the mediation will be carried out by the clerk or assistant court clerk. Mediation is mandatory for all claims filed.[5] Mediation is conducted privately and informally. Parties are not permitted to delegate lawyers to represent them. If

[3] Section 12 (1) *of The Small Claims Tribunals Act*, cap 308, *The Statutes of The Republic of Singapore, Revised Edition*, 1985.
[4] Rule 11A to 11F of the Rules.
[5] . Section 17 of the Act.

parties can come, the clerk or assistant clerk will check the consent order. If one of the parties is not present, the clerk or assistant clerk can consider or even reject the claim. The clerk or assistant clerk also has the right to refuse a claim if it is filed outside the jurisdiction of the Tribunal.

If the parties do not reach an agreement in the consultation, the lawsuit continues at the hearing stage prior to being brought to the judge (referee). During the hearing, the judge will first try to assist the parties to reach an agreement. If an agreement is reached, the judge will record the consent order which reflects the agreement in the form of the wishes of the parties. If no agreement is reached, the judge will then adjudicate the claim. In the final stage, the judge will make a decision, but the judge at this stage may or may not reject the claim due to the absence of one of the parties, and to stop the claim if it is outside the SCT jurisdiction.[6] If the decision is not implemented voluntarily by the losing party, then the tribunal's decision can be implemented or forced through the subordinate court as ordered by the judge.[7]

If one of the parties is not satisfied with the court's decision, he/she can submit an appeal to the High Court. The reason for the appeal is limited to the issue of legal considerations and jurisdiction. During hearings at the appeal level, the high court can reject the appeal or ask the tribunal to conduct a re-hearing.[8]

Based on the aforementioned description, it appears that the resolution of consumer disputes in Singapore does not overlap between the authority of one institution and another. Consumer disputes in Singapore are classified as simple disputes with small losses that can be classified as small claims disputes. The background of a country that totally upholds the Common Law legal system, is known as an adversary system in the judicial process. In this system, the disputing parties use lawyers when dealing with each other in court. Judges are referees who lead and process the proceedings and who may ask for jury considerations to declare win or lose, right or wrong. The jury statement is a decision that must be accepted by the judge, regardless of whether he/she agrees or not.

In Indonesia, the Small Claims Court is regulated through the Supreme Court Regulation No. 4 of 2019 which authorises the national judiciary to settle the lawsuit; this involves no more than 500 Million IDR. Procedure and settlement mechanisms are a simple matter, one based on character. To see a simple character from the cases, it can be seen in two criteria based on money losses and is one basic criteria to define the jurisdiction of the simple lawsuit (Benny and Hapsari, 2019). The disputes criteria settled by simple lawsuit mechanisms are cases involving a breach of contract (default) and/or unlawful action with the maximum lawsuit of

[6] Section 29 of the Act
[7] Section 36 (1) of the Act
[8] Section 39 (1) of the Act

the aforementioned amount. This is what distinguishes Small Claims Court in Indonesia and other countries. In Indonesia, the mechanism of Small Claims Court can be used not only to resolve simple lawsuits arising either because of a breach of contract (default) but also because of unlawful acts.

As for the period, Supreme Court Regulation on the Settlement of Simple Claims stipulates that the Small Claims Court lasts no more than twenty-five days. With such short periods of time, Supreme Court Regulation 'prohibits' parties to bring charges for provision, exception, reconvention, intervention, reply, rejoinder or conclusion. The stages are registration, file completion, judge and clerk appointment, preliminary examination, stipulation of the day of the trial, summons of the parties, trial, verification and verdict.

The Small Claims Court is deemed very consistent with the principles of expeditious, simple and cost-efficient judicial proceedings. The Court is characterised as the formal court proceedings that settle cases based on the value of the disputed object or compensation with the binding as strong as other courts' decision.

The existence of such mechanisms is suitable to settle business disputes, particularly in small business. The adoption of the mechanism of Small Claims Court in Indonesia is appropriate to resolve a simple business dispute in the form of consumer disputes. This is to realise dispute settlement institutions in Indonesia with simple procedures. Therefore, any business disputes involving lawsuits of an amount not more than 500 Million IDR is required to be filed and registered by the plaintiffs in Small Claims Court through a simple lawsuit. Then, the next clerks will check whether the case is a simple lawsuit that can be resolved by a timely mechanism or not.

Conclusion

Business disputes require an expeditious, simple and cost-effective settlement with an amicable settlement for both disputing parties without causing any new problems or extending the dispute in the future. There are various ways to settle business disputes, either through the court (litigation) or through outside the courtroom (non-litigation) processes. However, it is acknowledged that preferable business dispute settlement is through non-litigation processes, even though in some cases, this process is unable to solve the problem thoroughly. Thus, non-litigation is also not an appropriate mechanism to settle business dispute.

Similarly, dispute resolution through the courts (litigation) is considered ineffective and inefficient because it will disrupt or hamper business activities. Because the litigation process must follow the procedure of law which has been established and should not be interrupted, it

takes a relatively long time. In addition, litigation mechanisms cannot ensure confidentiality, rather, they make sure that there are always losers and winners, so that they will extend the dispute because it is possible to continue the case to the High Court.

By analysing both aforementioned mechanisms, it is necessary to have a form of business dispute settlement procedure. In countries that adopt the Common Law system, there is a court specialised to solve business disputes based on the value of the object of dispute. That court can settle business disputes in an expeditious, simple and cost- efficient manner through a mechanism called the Small Claims Court.

The Small Claims Court has been implemented in Singapore and the Netherlands as an inseparable unit from their legal systems. In Singapore, the Small Claims Court is under the authority of the Small Claims Tribunal that puts forward a jury system. In the Netherlands, moreover, the Small Claims Court is in the sub-district court with formal legal procedures. The Small Claims Court establishments in Singapore and the Netherlands are stipulated in the Special Law. The authority granted to the Small Claims Court is limited only to examine and decide disputes arising from default (a breach of contract). The Small Claims Court in Indonesia, with an expeditious and simple mechanism, is very appropriate to settle business disputes that prioritise the expeditious in the settlement of disputes. Several provisions of the Small Claims Court are adopted from the Supreme Court Regulation to settle a simple lawsuit in the District Court. Indonesian Small Claims Court is different to the one in Singapore and the Netherlands. In Indonesia, the Court has a jurisdiction to hear a lawsuit involving not more than 500 million IDR and with a time limit of twenty-five days for the settlement. Therefore, the implementation of the Small Claims Court in Indonesia is effective to settle business disputes.

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