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The Role of Arbitrators in Settling the Jabodebek LRT Project Construction Dispute

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Abstract

Large-scale infrastructure projects, such as the Jabodebek Light Rail Transit (LRT) development, involve complex contractual relationships that increase the likelihood of disputes among project stakeholders. Delays, contract modifications, technical issues, and financial disagreements frequently arise during project implementation, making efficient dispute resolution essential to ensure project continuity. Arbitration has emerged as a preferred alternative dispute resolution (ADR) mechanism due to its efficiency, confidentiality, and finality. This study aims to examine the role of arbitrators in resolving construction disputes arising from the Jabodebek LRT project and to analyze the advantages and limitations of arbitration in infrastructure development disputes. The research employed a qualitative approach using descriptive analysis. Data were collected through library research by reviewing legislation, legal literature, journal articles, and relevant case studies concerning construction arbitration in Indonesia. The findings indicate that arbitrators play a significant role in providing fair, efficient, and legally binding dispute resolution while maintaining the confidentiality of the parties involved. Arbitration also enables disputing parties to appoint arbitrators with specialized expertise in construction law and engineering, resulting in more informed and practical decisions. However, arbitration presents several challenges, including relatively high costs, the absence of an appeal mechanism due to the final and binding nature of arbitral awards, and the dependence of dispute resolution quality on the competence and integrity of arbitrators. The study concludes that arbitration remains an effective mechanism for resolving construction disputes in large-scale infrastructure projects, provided that competent arbitrators are appointed and the arbitration process is conducted in accordance with applicable legal principles to ensure legal certainty, fairness, and project sustainability.

I. INTRODUCTION

In large-scale infrastructure projects, such as the construction of the Jabodebek LRT, the risk of disputes between the parties involved is very high. The human need for land is a very basic and absolute need.

Every activity carried out, whether by an individual or a group of people, legal entities or the government, must involve land resources. In carrying out their lives, human beings as individual living beings and as social living beings always need land to meet their living needs.

Interaction in social life produces dynamics among members of society as a reflection of the diversity of human interests in living their lives. In this context, there is a possibility of conflicts, differences of opinion, and disputes among these individuals due to the variation in interests that exist.

Generally, all parties hope that social life runs in harmony and protects the interests of all its members. Therefore, efforts are made to find solutions in resolving conflicts and disputes that arise due to differences of opinion and interests. Looking at the origins of disputes, it can be seen how the law has evolved over time, with the aim of creating a structure that allows a fair and effective settlement of the dispute. These conflicts can be caused by technical problems, financial problems, contract changes, or project delays.

The function of the law is not only limited to the protection of weaker individuals from actions committed by stronger individuals, but also provides a means for individuals who have suffered losses to obtain compensation, if

necessary and in accordance with the provisions of applicable law. Efforts to achieve this are generally carried out through court processes in accordance with the country's legal system. In general, individual dispute resolution efforts will take place through the courts, where each party must prove the truth of its claims and the wrongfulness of the law committed by the opposing party Quick and proper dispute resolution is essential for the project to continue as planned.

Arbitration as an alternative dispute resolution (ADR) mechanism plays a significant role in avoiding further delays. In Indonesia, progress in Alternative Dispute Resolution (ADR) only began in the mid-1990s, initiated by Bappepam RI with assistance from the World Bank (IDF Grant Number 28557) through the "Diagnostic Assessment of Legal Development in Indonesia" project which covers several areas of research, such as legal human resources, legal institutions (including alternative dispute resolution), and the judicial system. This article explores the role of arbitrators as a key figure in resolving disputes over the construction of the Jabodebek LRT.

II. RESEARCH METHODS

This study employed a qualitative research method with a descriptive approach. Data were collected through library research by examining legislation, legal literature, scientific journals, and relevant case studies concerning arbitration and construction dispute resolution in Indonesia. The study adopted statutory and conceptual approaches to analyze the legal framework governing arbitration and the role of arbitrators in resolving construction disputes. The collected data were analyzed qualitatively using descriptive and analytical methods to evaluate the effectiveness of arbitration in resolving disputes arising from the Jabodebek LRT construction project.

III.RESULTS AND DISCUSSION

A. The Role of Arbitration Law in Dispute Resolution

Arbitration is an out-of-court dispute resolution method in which the disputing parties submit their issues to an independent third party, namely an arbitrator. In the context of infrastructure project construction, arbitration is often chosen because of its efficiency in time and cost compared to court proceedings (Yulianti, 2022, p. 95).

Arbitration law has an important role in resolving national business disputes. Arbitration can provide legal certainty and fairness for the parties involved in a business dispute. Additionally, arbitration can also provide advantages in terms of the time and cost required to resolve business disputes. In arbitration, the parties involved may choose an arbitrator or panel of arbitrators who have expertise and experience in the field related to the business dispute being disputed (Muhammad Yasril Ananta Baharuddin, 2023, p. 316).

In essence, the goal of the parties in resolving disputes through Arbitration is to find a solution that is beneficial to all parties, maintain the confidentiality of their disputes, and achieve a fast, efficient, and time-consuming resolution. The parties who resolve these disputes usually have expertise in their field and their integrity has been tested, and they maintain neutrality. Thus, the ultimate goal of dispute resolution through Arbitration is to achieve justice for all parties involved in the dispute.

The role of arbitration in carrying out its legal functions and ensuring justice is seen in its authority, such as its ability to make decisions and promote peace. (Hidayat, 2021, pp. 66–68)

B. Advantages and Disadvantages of Arbitrators in the Role of Settlement of Development Disputes.

The advantages are:

1. Fast and Efficient Settlement Process; The arbitration process is generally faster as compared to the settlement of disputes in court. In a large project like the Jabodebek LRT, a quick dispute resolution time is essential so that the project does not stall for too long. Arbitration provides a binding decision in a short time, so that dispute resolution does not hinder the continuation of the project (Indradewi & Sugianto, 2024, p. 88).
2. Guaranteed Confidentiality; Arbitrage is usually conducted behind closed doors, so there is no risk of the company's sensitive or confidential information being exposed to the public.
3. Authority to Select Arbitrators with Special Expertise; In arbitration cases, the parties can choose an arbitrator who has technical

competence or experience in the field of construction, so that the decision taken is more relevant to the context of the dispute.

While the disadvantages are:

1. Relatively High Cost; Although the arbitration process is faster, the cost of arbitration is often higher compared to resolving disputes through mediation or negotiation (Jaang, 2023, p. 355).
2. lack of an appeal mechanism; Because the arbitrator's decision is final and binding, the party who is dissatisfied with the decision does not have an adequate appeal mechanism.
3. Reliance on the Quality of the Arbitrator; The quality of dispute resolution is highly dependent on the expertise and integrity of the arbitrator

IV. CONCLUSIONS AND SUGGESTIONS

A. Conclusion

Dispute resolution through arbitration in large development projects such as the Jabodebek LRT has a very significant role. As an alternative dispute resolution (ADR) mechanism, arbitration offers a faster, more efficient, and more flexible solution than litigation through the courts. In large-scale infrastructure projects, arbitrators have the relevant expertise to handle complex technical and contractual issues. The decision issued by the arbitrator is final and binding, which provides legal certainty for the parties.

While arbitration has many advantages, such as a faster and confidential process, there are also drawbacks, such as high fees and the inability to appeal. Therefore, the selection of a competent arbitrator and a transparent arbitration process are essential to ensure that disputes are resolved fairly and effectively.

Arbitrators play a very important role in dispute resolution in major development projects such as the Jabodebek LRT. The decisions taken by the arbitrator often have a major impact on the smooth running of the project, so dispute resolution through arbitration is the preferred option. In the context of infrastructure development in Indonesia, arbitration is increasingly developing as an effective dispute resolution method (Zahra, 2021).

B. Suggestions

To achieve an optimal arbitration outcome, parties to infrastructure development projects such as the Jabodebek LRT need to ensure that the arbitrators selected have adequate technical and legal experience and expertise. Arbitrators who have a deep understanding of the construction and infrastructure industry will provide more precise and fair decisions.

While arbitration offers advantages in terms of confidentiality, increased transparency in the process is also worth considering. It is important to ensure that the arbitrator's decision is based on a fair and open process, in the absence of potential conflicts of interest.

Arbitration in Indonesia is regulated by Law No. 30 of 1999 concerning Arbitration and Alternative Dispute Resolution. Arbitration in Indonesia serves as a means of dispute resolution that is considered more effective in the context of large projects such as the LRT.

From the results of this study, the researcher obtained the results of the literature that the author conducted regarding the role of arbitrators in resolving disputes that occurred in the construction of the Jabodebek LRT project, namely:

1. Dispute over the Construction of the Jabodebek LRT.

   The construction of the Jabodebek LRT involves many contractors and sub-contractors, which often leads to potential disputes. Some of the disputes that have arisen involve delays in implementation times, budget changes, and technical issues in the implementation of the project.
2. The Role of Arbitrators in Dispute Resolution of the Jabodebek LRT.

   Arbitrators play an important role in resolving various types of disputes that arise, ranging from disputes regarding contracts, execution times, to claims for additional costs. An arbitrator's decision is often based on a thorough evaluation of the project contract and the factual circumstances that arise during construction.
3. The Impact of the Arbitration Decision on the Jabodebek LRT Project.

   The decisions issued by arbitrators in several disputes over the Jabodebek LRT project have had a significant impact on the project's progress. In some cases,

settlement through arbitration helps prevent further delays and ensures the continuity of the project.

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