

Dynamics of Building Agreement in the Mediation Process

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Article Info	ABSTRACT
<p>Keywords: Mediation, Breach of Contract, Debt, Dispute Resolution, Civil Law</p>	<p>The background of this study is based on the fact that mediation as a non-litigation dispute resolution mechanism is increasingly relevant and needed in the modern legal system. Mediation offers a more participatory, flexible, and deliberation-oriented approach and restorative justice. Debt default cases are common examples that often arise in society, where emotional and social relationships between parties are often disrupted due to legal disputes. This study uses a qualitative method with an empirical legal approach and case studies. Data were obtained through interviews, observations, and reviews of legal documents and academic literature. The analysis was carried out using the Miles and Huberman interactive model to understand the dynamics of communication and negotiation in the mediation process. This study aims to analyze the effectiveness of mediation in resolving default disputes on debt agreements, and to identify factors that influence the success or failure of the process. The problem raised is the high dependence of society on litigation which often results in a long process, high costs, and rifts in social relations between the disputing parties. The results of the study indicate that mediation is effective in reducing conflict escalation and producing a legally binding peace agreement through a peace deed. Key success factors include the competence of the mediator, the openness of the parties, and an empathetic communicative approach. Despite obstacles such as ego, the presence of rigid legal counsel, and technical obstacles, mediation remains a viable peaceful solution and is in line with responsive legal reform.</p>
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INTRODUCTION

Civil dispute resolution in Indonesia is still dominated by litigation mechanisms, namely formal legal processes through the courts. Although litigation provides binding legal certainty, this process is often considered time-consuming, expensive, and confrontational. As a result, instead of resolving the problem, the court process can actually exacerbate the conflict, especially in cases involving previous social relationships. This phenomenon shows an urgent need to design a dispute resolution mechanism that is more efficient, humane, and oriented towards restorative justice. In line with the development of the modern legal system, non-litigation dispute resolution has become an increasingly popular alternative. One prominent form is mediation, because of its flexible, participatory nature, and prioritizes

dialogue between the disputing parties with the assistance of a neutral third party. In Indonesia, the existence of mediation has obtained a strong legal basis through Supreme Court Regulation (PERMA) No. 1 of 2016 concerning Mediation Procedures in Court. This regulation requires the parties to undergo mediation first before entering the stage of case examination by the judge, as a reflection of the spirit of peaceful resolution in national civil procedural law (H.Hanif & N.H.Ulya,2023)

One of the most common forms of civil disputes that arise in society is default in debt agreements. Although this relationship is contractual, it often involves a strong social dimension, such as family relationships, friendships, or business partnerships. When there is a violation of the contents of the agreement, the conflict that arises not only has an impact on the legal aspect, but also damages trust and social relations between the parties. In this context, mediation becomes very relevant because it not only offers a legal solution, but also opens up space for restoring disturbed social relations (Riski Maharani & Fauziah Lubis, 2025).

However, the reality on the ground shows that not all mediation processes are effective. The level of success of mediation in resolving disputes still varies greatly. Several factors that influence the effectiveness of mediation include: the quality and neutrality of the mediator, the willingness of the parties to be open and compromise, and the socio-cultural conditions surrounding the mediation process (A. H. Kara & M. N. Taufiq, 2021). The gap in public understanding of the benefits of mediation, as well as limited resources, including the number of competent mediators, are also challenges in implementing mediation optimally. Unfortunately, although mediation has become part of the justice system, empirical studies that examine the factors of its success or failure in the context of debt disputes are still limited. Most previous studies still focus on normative aspects or general reviews of mediation, without delving further into the dynamics of practice in the field, including effective mediation strategies. This creates a research gap that needs to be filled through a more contextual approach based on concrete experiences. Therefore, this article aims to explore in depth the role of mediation in resolving debt default disputes, analyze the dynamics of the mediation process, and identify key factors that influence the success or failure of mediation. Thus, this study is expected to provide theoretical contributions to the development of more responsive civil procedural law, while also offering practical solutions in encouraging peaceful, fast, and just dispute resolution.

RESEARCH METHODS

Considering this background, this article aims to explore the role of mediation in resolving debt disputes, analyze the dynamics of the process, and identify factors that influence the success or failure of mediation. It is hoped that this study will contribute both theoretically and practically to the development of alternative dispute resolution methods that are fairer, faster, and focused on mutual resolution.

This study uses a qualitative method with an empirical legal approach, namely an approach that examines law not only as a written norm, but also as a social practice in real life. This study is descriptive, aiming to provide a factual and systematic description of the dynamics of the implementation of mediation in resolving debt default disputes.

The case study approach is used to explore in depth the mediation process in several specific dispute cases. This approach allows researchers to trace the stages of mediation chronologically, starting from the background of the dispute, the role of the mediator, the dynamics of negotiation, to the final results of mediation and the perceptions of the parties towards a peaceful settlement. Data collection techniques are carried out through:

1. Semi-structured interviews with parties directly involved in the mediation process, such as debtors, creditors, mediators, and mediator judges.
2. Participatory observation of the mediation process, to capture the dynamics of communication and interaction between parties.

The data sources in this study consist of:

1. Primary data, obtained from interviews and direct observation.
2. Secondary data, derived from legal documents such as the Civil Code, PERMA No. 1 of 2016, jurisprudence, textbooks, scientific journals, and relevant theses.

With this method, it is hoped that the study can accurately describe the practice of mediation in default disputes, as well as identify the factors that influence its success or failure.

RESULTS AND DISCUSSION

Priatna Abdurrasyid describes mediation as a peace process, in which one or more disputing parties submit their problem solving to a mediator, a third party who organizes meetings and acts as a companion and advisor with the aim of achieving a fair, effective, and cost-free final result, which is fully agreed by all parties to the dispute. Mediated settlement in the context of default of a debt and credit agreement such as this case reflects how non-litigative dispute resolution is able to bring about results that are more humane, efficient, and oriented towards restoring social relations. In the context of procedural law, mediation mechanisms are not just administrative instruments, but an important part of a modern justice system that emphasizes restorative justice (Priatna Abdurrasyid, 2002). The success of mediation in this case was determined by three main pillars: the psychological readiness of the parties, the mediation capacity of the mediator, and the effectiveness of communication between the parties. As emphasized by Rahardjo, the success of conflict resolution through alternative channels is determined by an approach that is not merely legalistic, but also empathetic and communicative (Satjipto Rahardjo, 2010)

Furthermore, this process shows that the mediation approach opens up room for compromise without eliminating aspects of liability. The granting of installment periods and the submission of vehicle collateral by the debtor (Party B) shows good faith, a fundamental principle in Indonesian civil law that stems from the principle of trust between parties. This is in line with the principle of “win-win solution” which is the main foundation of mediation, in contrast to the “winner takes all” principle that often occurs in litigation. The mediator also plays a quasi-judicial role, not in the sense of rendering a decision, but in structuring fair lines of communication, maintaining a balance of power, and avoiding domination of one party over another (Yahya Harahap, 2016). In this regard, the mediator's background in psychology and law is a strategic plus, as stated in PERMA No. 1 Year 2016 which encourages mediators to understand the social and legal dynamics in civil conflicts. From a

legal perspective, the resulting peace agreement has permanent legal force (in kracht), and can be executed as a court decision in the event of a default in the future. This means that although mediation is amicable, the results are legally binding (Mahkamah Agung Republik Indonesia, 2016). This shows that mediation has obtained a position equivalent to a judge's decision, but without burdening the judicial process with lengthy time and costs. Socially, this process shows that personal and economic reconciliation can be achieved if communication is properly bridged. In the context of Indonesian society which upholds family values, the mediation process is a form of local cultural adaptation in resolving legal conflicts, From the above argumentation (Soetandyo Wignjosoebroto, 2001), we conclude the results of our findings as follows:

This case stems from a business relationship between two parties, whom we refer to as Party A (the lender) and Party B (the borrower), who previously had a close personal relationship as small and medium-sized business colleagues. In early 2022, Party A provided a cash loan of Rp250,000,000 to Party B to support Party B's business activities in distributing goods, which were facing liquidity issues. This loan was formalized in a debt agreement signed on stamp paper, with repayment terms of six months at a low interest rate of 3% per month (M. H. Aswar & N. T. Kara, 2021).

However, by the due date at the end of 2022, Party B had only paid a portion of the debt, amounting to IDR 50,000,000. The remainder was not paid due to business losses and financial inability. Party A felt wronged and subsequently filed a breach of contract lawsuit with the District Court, but before the main hearing began, the judge suggested mediation proceedings in accordance with the provisions of Article 130 of the HIR and Perma No. 1 of 2016 on Mediation Procedures in Court.

The dispute value of Rp200,000,000 plus immaterial losses made this case highly sensitive. Party A demanded full payment plus late fees, while Party B requested leniency due to poor financial conditions. The positions of the two parties were starkly contrasting: Party A feels betrayed, while Party B feels it had no malicious intent but was trapped in business failure.

Mediation Process

a. Preparation and Appointment of Mediator

The District Court appointed a certified mediator from the court's official list, Mr. R, a senior mediator with a background in psychology and law. The mediator held separate initial meetings with both parties to identify their respective interests and positions. The mediator emphasized that mediation is a voluntary and confidential process and prepared a mediation agreement signed by both parties.

This preparation took one week, including rescheduling due to the absence of Party B's legal representative. The mediator also requested supporting data such as transfer evidence, debt agreements, and financial reports from Party B to assess their ability to pay.

b. Initial Meeting and Problem Mapping

In the first joint meeting, the mediator explained the rules of mediation and asked each party to present their views in turn. Party A expressed disappointment and psychological pressure because they felt deceived by someone they trusted. Meanwhile, Party B apologized, acknowledged the debt, but requested not to be sued because of their inability

to pay in full. The mediator successfully identified that the main issue was not merely financial but also involved emotional concerns, broken trust, and worries about reputation and business sustainability. The mediator also noted that their previous social relationship could serve as a foundation for reconciliation if handled carefully (F.Sugianto,et.al,2020).

c. Negotiation and Solution Proposals

The mediator suggested separate meetings (caucuses) to reduce tension. In the caucus with Party A, the mediator explored the main objective: whether they wanted full repayment or at least a partial settlement with certain guarantees. Party A was open to installments as long as there were guarantees and a written commitment.

With Party B, the mediator explored potential assets that could be used as collateral or alternative payments. It turns out that Party B has one operational vehicle and several unpaid invoices from clients. In this case, to function as a mediator, the advocate must have a license as a mediator. If they do not represent either of the disputing parties, they are considered unqualified as a neutral mediator (Hania Astuti dan Fauziah Lubis, 2025).

The mediator then proposed an alternative solution: a one-year installment payment of IDR 10,000,000 per month, accompanied by the surrender of vehicle collateral and a new debt acknowledgment deed signed before a notary. Both parties were given three days to consider the proposal (A. Yusnita, 2021).

d. Final Outcome (Agreement or Not)

After two additional meetings and adjustments to several clauses, an agreement was reached. Party A agreed to accept the installment payments and the four-wheeled vehicle as collateral. The agreement was documented in a peace agreement and recorded in the mediation report submitted to the court. With this agreement, the case in court was declared closed.

Dynamics of Agreement Development

a. Relationship between Parties

Initially, the emotional relationship between the two parties was very tense. Party A carried the psychological burden of feeling betrayed, while Party B felt cornered and defensive. Communication was rigid and full of suspicion.

However, thanks to the mediator's empathetic and structured approach, the communication dynamics gradually improved. The mediator created a safe space where both parties felt heard without judgment. When the mediator validated Party A's feelings while also explaining Party B's difficulties, a sense of mutual understanding emerged, marking a turning point toward a solution.

b. The Role of the Mediator

The mediator plays a key role in maintaining the balance of power. When Party A dominates with legal threats, the mediator reminds them of the importance of long-term solutions and bridges the greater interests: a resolution without prolonged conflict. The mediator uses a win-win approach and reframing techniques to defuse the egos of each party.

The mediator also acts as a facilitator of productive communication and neutralizes negative emotions. In this process, the mediator's personal qualities, such as patience, empathy, and analytical acumen, are highly influential.

c. Challenges

Several challenges arise, such as power imbalances: Party A has access to legal power and social pressure, while Party B has minimal representation. Distrust is also a major challenge, especially when it comes to payment guarantees. The mediator must work extra hard to convince Party A to give non-litigation resolution a chance. External pressure also arises when Party B's family gets involved and pushes to avoid legal responsibility. The mediator must ensure that third-party intervention does not distort the neutral process (A. Alexander, 2021).

Analysis of the Success or Failure of Mediation

a. Supporting Factors

The success of this mediation cannot be separated from the mental readiness of both parties. Party B showed goodwill by acknowledging their mistakes and demonstrating a willingness to take responsibility, despite their financial limitations. Party A was also flexible enough to consider options other than litigation, as long as they were accompanied by guarantees.

The role of a competent and experienced mediator was a crucial factor. With a background in law and psychology, the mediator was able to manage the conflict strategically and humanely. A communicative and empathetic approach proved effective in defusing emotional tension (I.Talib, 2013).

b. Inhibiting factors

Despite its success, this process was not without obstacles. The egos of each party dominated the initial process. The presence of Party A's legal counsel made the communication dynamic formal and defensive. Technical issues such as rescheduling and supporting documents also delayed the process.

If this mediation fails, the case will return to litigation, which is certainly more expensive, lengthy, and damaging to social relationships. In litigation, Party B's position may be more pressured due to financial limitations and the potential for asset seizure, as well as the possibility of execution, which adds to the psychological and social burden.

Legal and Social Implications

a. Legal Effects of Mediation Agreements

Mediation agreements are recorded in a settlement agreement that is approved by the court. Legally, this agreement has the same enforceability as a court ruling. This means that if Party B subsequently defaults on the new agreement, Party A can immediately file for enforcement with the court without having to file a new lawsuit. This shows that mediation is not only a peaceful solution, but also has strong legal enforceability. The legality of the mediation outcome adds a sense of security for the parties.

b. Social Implications

From a social perspective, the mediation process helps restore damaged relationships. Although harmony may not be fully restored, both parties can understand each other and maintain their dignity. Party A feels satisfied because justice is served without having to imprison or humiliate Party B. Party B also feels valued and has the opportunity to correct their mistakes (T.S.Muchsin & S.S. Saliro, 2020).

CONCLUSION

This research shows that mediation is an effective and responsive dispute resolution mechanism in cases of default of debt and credit agreements. Compared to litigation, mediation offers a more participatory, flexible approach, and is able to restore social relationships fractured by legal conflict. Through a case study between a creditor (Party A) and a debtor (Party B), it was shown that mediation not only resulted in a legally valid settlement, but also created a space for compromise that prioritized justice and dignity for both parties. The success of mediation in this case was determined by three main factors: the mental readiness of the parties, the capacity and communication strategy of the mediator, and the flexibility in formulating mutually acceptable solutions. A competent mediator is able to bridge emotional tensions, map out the issues objectively, and offer realistic payment schemes and guarantees. However, challenges such as power imbalances, mistrust, the rigid presence of legal counsel, and external pressures remain obstacles that must be carefully managed. This process also shows that mediation agreements have permanent legal force (in kracht van gewijsde), thus providing legal certainty and protection without the need to go through lengthy and costly judicial channels. Socially, mediation plays a role in restoring relations between individuals and maintaining the honor of the disputing parties, in line with the local values of Indonesian society that prioritize deliberation and consensus. Thus, mediation can be considered as a form of transformation of civil procedural law that is more adaptive to the needs of society and the principles of restorative justice.

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