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# Strengthening ADR System in Indonesia: Learning from ADR Practices in Hungary

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**Abstract**
*Integrating Alternative Dispute Resolution (ADR) into legal systems is essential for improving access to justice, decreasing litigation expenses, and promoting enforced outcomes. This article examines the ADR practices in Hungary, a country that has successfully integrated ADR into its legal system, to gain significant insights for Indonesia, as both countries share the same sociocultural practices for communal dispute resolution. This normative legal research examines Hungary's extensive legal framework, the roles of institutional support structures, and the enforcement of ADR awards. The study employs comparative analysis that systematically evaluates pertinent legal documents, institutional reports, and scholarly literature from Hungary and Indonesia. The study found fundamental factors that contribute to the effectiveness of alternative dispute resolution (ADR) in Hungary including the existence of a clearly established legislative framework, sufficient institutional infrastructure, and effective regulation to enforce ADR decisions. Indonesia can adopt these techniques to improve its Alternative Dispute Resolution (ADR) system, resulting in more streamlined, cost-efficient, and fair processes for resolving disputes and to establish a more unified and efficient ADR system.*

**Keywords:** Alternative Dispute Resolution (ADR); Hungary; Indonesia

## 1. Introduction

Despite the geographical distance between Hungary and Indonesia, it is a reality that both countries have comparable socio-cultural aspects. Hungary and Indonesia have traditions of communal and amicable dispute resolution, which align well with ADR principles. In Indonesia, customary practices like "*musyawarah*" (deliberation) and "*mufakat*" (consensus) reflect a cultural preference for resolving disputes through dialogue and mutual agreement.[1] ADR methods such as mediation can build on these cultural practices, making ADR more acceptable and effective in the Indonesian context. As with Indonesia, Hungary has a historical tradition of collective decision-making and communal dispute resolution.[2] This cultural predisposition towards resolving conflicts through dialogue and mutual agreement aligns well with the principles of ADR. The historical use of local councils and community leaders to mediate disputes has paved the way for modern ADR methods to be accepted and integrated into Hungarian society.

It is emphasized that alternative dispute resolution (ADR) has long been viewed as a faster, less expensive alternative to litigation.[3] Parties have greater control and autonomy in the ADR process. Also, it is commonly used to settle disputes in a variety of contexts, including family and neighborhood disputes and small business and civil disputes. On the contrary,

[1] Citra Anggita and Tsuyoshi Hatori, 'Customary Practices of Musyawarah Mufakat: An Indonesian Style of Consensus Building', *IOP Conference Series: Earth and Environmental Science*, 589.1 (2020), p. 012027, doi:10.1088/1755-1315/589/1/012027.
[2] Andrea Fejős and Ágnes Herczeg, 'Hungary-Report in State of Collective Redress in the EU in the Context of the Implementation of the Commission Recommendation', 2017 <https://api.semanticscholar.org/CorpusID:158964652>.
[3] Jay Folberg and others, *Resolving Disputes* (Aspen Publishing, 2021).

businesses and industry players have typically used ADR to settle international and domestic commercial disputes. However, it is recently gaining more popularity.

As one of the most successful countries in using and developing ADR, the Hungarian experience could give a better understanding of ADR. Hungary, as a member of the European Union with a population of nearly 10 million and a continental legal system following the civil law tradition, has a highly open economy oriented towards exports that play a key role in its economic growth, leading to numerous domestic and international business activities and the possibility of commercial disputes. ADR regulation is integrated and recognized as one of the important law supremacies. However, administrative and court litigation may not always be the most efficient or cost-effective methods for resolving these disputes, underscoring the importance of promoting awareness of Alternative Dispute Resolution (ADR) among business players and legal practitioners in Hungary while also understanding the diverse landscape of ADR practices.

An interesting fact about ADR practice in Hungary is the country's strong emphasis on mandatory mediation in certain civil and commercial disputes. Since the introduction of the Mediation Act (Act LV of 2002 on Mediation), Hungary has made significant strides in institutionalizing mediation as a preferred method of dispute resolution. One notable aspect is that Hungarian courts actively encourage mediation and can even mandate parties to attempt mediation before proceeding with litigation in specific types of cases. This proactive approach by the judiciary has helped to alleviate the burden on courts, promote amicable settlements, and increase public trust in ADR processes. The integration of mandatory mediation within the legal system is a distinctive feature of Hungary's ADR framework, highlighting its commitment to fostering a culture of dialogue and conciliation.

In 2015, 78% of civil cases registered with the courts in Hungary involved at least one party that is a non-Hungarian European Union ("EU") citizen or entity.[4] It is therefore mandatory to use ADR procedures in such cases and the rate of using ADR has increased to 93% according to the data of EU Justice Scoreboard.[5] It is also foreseen that ADR will gain even greater significance due to the United Kingdom's withdrawal from the EU as it could lose its popularity among the international community and the process of litigating a case may become even longer and more expensive with the possibility of the need to resolve more jurisdictional challenges. The Hungarian government is making significant efforts to modernize its legal and regulatory systems. There has been a notable uptake of ADR in Hungary over the last ten years, and there is evidence of a conscious drive to promote awareness and to create a body of formally trained and qualified ADR professionals. This has led to a legal framework that is starting to recognize and support ADR initiatives, if they are regulated and conducted in a professional and impartial manner.

In Indonesia, the integration of Alternative Dispute Resolution (ADR) into Indonesia's legal system is a complex process that requires a shift in the legal community's mindset.[6] This integration can be further enhanced by the use of Online Dispute Resolution (ODR) to resolve disputes effectively and efficiently.[7] However, the implementation of ADR in tax and customs disputes in Indonesia is still underdeveloped, despite its potential for efficiency and

[4] Zsolt Körtvélyesi, 'Nation, Nationality, and National Identity: Uses, Misuses, and the Hungarian Case of External Ethnic Citizenship', *International Journal for the Semiotics of Law - Revue Internationale de Sémiotique Juridique*, 33.3 (2020), pp. 771–98, doi:https://doi.org/10.1007/s11196-020-09731-8.

[5] 'EU Justice Scoreboard', 2023.

[6] Herliana Herliana and others, 'Optimizing Clinical Legal Education for Enhanced Alternative Dispute Resolution: A Collaborative Approach between Law Schools and the Indonesian Arbitration Institution (BANI)', *The Indonesian Journal of International Clinical Legal Education*, 5.2 (2023), doi:10.15294/ijicle.v5i2.67001.

[7] S Yuniarti, 'Online Dispute Resolution as Future Dispute Settlement in Indonesia', in *Proceedings of the Proceedings of The 1st Workshop Multimedia Education, Learning, Assessment and Its Implementation in Game and Gamification, Medan Indonesia, 26th January 2019, WOMELA-GG* (EAI, 2019), doi:10.4108/eai.26-1-2019.2283268.

effectiveness.[8] Indonesia's formal legal framework for ADR sets it apart from other countries, even from country like Timor Leste which is ironic due to fact the Timor Leste was formerly part of Indonesia and consider as a *new country*, which rely more on custom and society.[9]

Amidst a growingly intricate legal environment, Alternative Dispute Resolution (ADR) has become a crucial element in swiftly and harmoniously resolving issues. ADR includes techniques such as mediation, arbitration, and conciliation, which provide efficient and economical alternatives to conventional litigation. Although Indonesia has started incorporating Alternative Dispute Resolution (ADR) into its legal system, the complete benefits of this system are not fully utilized. On the other hand, Hungary has effectively integrated Alternative Dispute Resolution (ADR) methods into its legal framework, leading to popular acceptance and successful outcomes in resolving disputes. Hungary, known for its successful application and development of alternative dispute resolution (ADR), possesses valuable knowledge regarding the operational structures, the jurisdiction institution's role, and the enforcement of award decisions. These factors significantly impact ADR and can offer valuable lessons to improve ADR practices in other nations.

The main objective of this research is to gain a thorough comprehension of Hungary's Alternative Dispute Resolution (ADR) system, by identifying crucial components that contribute to its effectiveness. The aims of this research are threefold: firstly, to analyze Hungary's legal framework for alternative dispute resolution (ADR), comprehending the laws, regulations, and structures that facilitate its efficient implementation; secondly, to evaluate the role of the jurisdiction institution of ADR in Hungary, investigating approaches that encourage ADR and guarantee its accessibility; and thirdly, to assess the process of enforcement award decision of the ADR in Hungary. The research aims to accomplish these objectives to offer practical recommendations for Indonesia to improve its ADR system. This analysis highlights the significance of a comprehensive ADR system in enhancing access to justice and ensuring fair conflict settlement. Hungary's exemplary methods serve as a guide for Indonesia to develop a stronger and more efficient ADR system.

## 2. Method

The type of research is normative legal research that examines academic journals, government papers, legal documents, and institutional publications that are specifically relevant to Alternative Dispute Resolution (ADR) in Hungary and Indonesia. This normative legal research utilizes a comparative approach that explores the actual applications of Alternative Dispute Resolution (ADR) in both nations.[10] The study clarifies the similarities, differences, strengths, and flaws in the alternative dispute resolution (ADR) systems of Hungary and Indonesia. Based on the best practice of ADR system in Hungary, then the author extracts findings that might be applied to Indonesia.

## 3. Discussion and Analysis

### 3.1 Overview of Alternative Dispute Resolution (ADR)

Alternative Dispute Resolution (ADR) is one of the most significant legal reforms in the late 21st century.[11] It is an alternative way to resolve disputes, rather than using litigation or

[8] Ardiansyah, Ardiansyah, 'Comparative Study of the Implementation of Alternative Disputes Resolution (ADR) in Tax and Customs Disputes in Indonesia', *Journal Evidence Of Law*, 1.1 (2022), pp. 55–69, doi:https://doi.org/10.59066/jel.v1i1.15.

[9] Salsabila Fakhriyyah Ar Raidah, 'Comparative Study of Alternative Settlements in Indonesia and Timor Leste', *Journal of Private and Commercial Law*, 5.2 (2021), doi:10.15294/jpcl.v5i2.30339.

[10] Mathias M Siems, 'Comparative Law', *SSRN Electronic Journal*, 2014, doi:https://doi.org/10.2139/ssrn.2512938.

[11] María Elena Reyes-Monjaras and others, 'Alternative Means of Dispute Resolution in the 21st Century', *ECORFAN Journal Mexico*, 2020, pp. 24–35, doi:https://doi.org/10.35429/ejm.2020.25.11.24.35.

court and ADR appears to be most successful in resolving ambiguous and complex disputes.[12] Driven by the inefficiency of the court system in handling micro or routine cases, and the complex and costly procedures of litigation, ADR offers simpler, cheaper, and more efficient procedures to resolve disputes. ADR also offers a more creative way to solve problems, in which it is not necessarily offering a win-lose solution, but more of a mutual and beneficial agreement for all parties. This alternative setting for solving disputes results in a different type of procedures and several benefits compared to litigation.[13]

The concept of "alternative dispute resolution" (ADR) has become very popular within the last decade. It is an approach to dispute resolution which aims to find a solution that both parties can agree to. ADR can simply be defined to settle disputes outside the courtroom and as modes are supplementary components in legal domains.[14] Throughout the recent development of ADR, there are many different definitions and understanding of the concept. This is clearly seen when cross-referencing different books. One of the most specific definitions is from Black's Law Dictionary. It defines ADR as: "*A procedure for settling disputes by means other than litigation, e.g., by arbitration, mediation, or mini trial*".[15]The American Arbitration Association defines ADR as: "*Approaches and techniques that resolve disputes without a trial*". By compiling together various definitions it is evident that ADR is a method used to resolve disputes in an informal manner, as opposed to a structured courtroom setting. This is often used as a solution to reduce the cost and time taken to resolve a dispute through the courts.

It is notable that in Hungary, some ADR methods have traditions that go back several centuries.[16] This deeply rooted culture of ADR could provide a fertile ground for the varieties of ADR practices and types. Also, the Hungarian laws themselves facilitate the ADR practices. For example, Act XXXV of 2009 on arbitration provides that the tribunal shall decide the case according to the rules of law, unless otherwise requested by the parties.[17] This does allow the tribunal and disputing parties to depart from the strict application of the law, which gives maximum autonomy to the parties involved. As a result, ADR has been recognized to be an attractive yet competitive alternative to the traditional court litigation and it is developing continuously. Almost all the legal agreements have a clause which enables the use of arbitration or mediation in case of a dispute.[18] There is no specific legislation which forces parties to utilize ADR; nevertheless, there are certain instances, for example in case of collective labor disputes or with the office of the ombudsman, where there's an alternate dispute resolution process provided for by legislation.[19]

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[12] J Purcell, 'Individual Disputes at the Workplace: Alternative Disputes Resolution', 2010, doi:https://api.semanticscholar.org/CorpusID:155736213.

[13] I M C S Illankoon and others, 'Causes of Disputes, Factors Affecting Dispute Resolution and Effective Alternative Dispute Resolution for Sri Lankan Construction Industry', *International Journal of Construction Management*, 22.2 (2019), pp. 218–28, doi:https://doi.org/10.1080/15623599.2019.1616415.

[14] Mehnaz Begum, Shabir Ahmed Khan, and Muhammad Zubair Khan, 'Alternative Dispute Resolution in the Contemporary World', *Global International Relations Review*, V (2022), pp. 11–16, doi:https://doi.org/10.31703/girr.2022(v-iii).02.

[15] 'Black's Law Dictionary - Free Online Legal Dictionary', 2022.

[16] ACERIS LAW LLC, 'Arbitration in Hungary', 2022.

[17] Aceris Law Llc, 'Arbitration in Hungary', 2023.

[18] Cvetan Kovač and Ivana Krišto, 'Mediation - Alternative Dispute Resolution', *Safety Engineering*, 9.1 (2019), doi:https://doi.org/10.7562/se2019.9.01.04.

[19] Chris Gill and others, 'Models of Alternative Dispute Resolution (ADR): A Report for the Legal Ombudsman', 2014 <https://api.semanticscholar.org/CorpusID:153118970>.

### 3.2 Alternative Dispute Resolution (ADR) Practice in Hungary

Alternative dispute resolution (will refer further as ADR) is a well-known concept in Hungary and is not limited to private dispute resolution.[20] Hungary applied low litigation culture, that exhibits a low litigation culture, with a significant preference for Alternative Dispute Resolution (ADR) methods over traditional court proceedings ADR has been well received by the state and has been incorporated in ADR techniques for both public and private legal disputes. Public law is an area where ADR mechanisms have been widely used in Hungary. A new system of administrative courts was established in 1989 that set out to simplify procedure and shorten the often-lengthy trials. The intention behind the new system was to promote settlement of administrative disputes through both the courts and ADR techniques. If a case brought before the administrative courts is not resolved within two months, the courts are required to give a ruling on the case. This relatively short period before a decision, compared to the sometimes years-long trials in the past, gives an incentive to litigants to reach a negotiated settlement of their case. In some instances, the courts themselves have tried to promote settlement by using techniques such as mediation and conciliation. This has been seen in cases regarding claims for damages against the state. The Hungarian Legal Defense and Aid Bureau has used mediation to resolve these types of cases to avoid lengthy trials which are often won by the claimant, but enforcement of judgment is difficult due to changes in the law or the state being unable to pay.

#### 3.2.1 Legal Framework

The historical antecedents of the system are the conciliation boards which were set up in each local authority in 1961 and continued to function until the early 90s. These boards had a limited jurisdiction in that they could only deal with disputes between employees and employers. A Conciliation Act was passed in 1987 which established the framework for a more general system of conciliation. Unfortunately, because of opposition from various interest groups, and inconsistent government support, the machinery provided by the Act was never fully implemented.

During the 90s there were numerous legislative initiatives designed to provide a more formal system of ADR. The first of these was an extensive amendment to the Civil Procedure Code in 1991 which provided for a system of court annexed conciliation. The conciliation process was to be conducted by a judge at the request of the parties. Unfortunately, this provision has never been implemented due to lack of support from the judiciary.

The Hungarian Conciliation Act of 1994 entailed the establishment of a Council of Conciliators, composed of eminent jurists. Its task is to initiate the establishment and improvement of conciliation institutions in Hungary, to contribute to their effective functioning, and to oversee the activity of conciliators. This act remains in force to the present day, and according to various sources the conciliation provided for the act has been successful in resolving disputes in many different areas, even though the act was not fully implemented, because of a lack of interest on the part of the judiciary who are needed to refer cases to conciliation.

The Act LXXVIII of 1994 on Arbitration (the Arbitration Act) in Hungary adopted its pro-arbitration status with the NCIT as well as the UNCITRAL Model Law.[21] The Act on Arbitration Court of the Economic Chamber and Agricultural Chamber (Act No. CXXXII of 2009) applies to arbitral procedures implemented within the permanent arbitration court or

[20] Parth Raman and others, 'Alternative Dispute Resolution (ADR) with Human Rights through European Legislation', *Journal of Legal Studies & Research*, 08.05 (2022), pp. 137–45, doi:https://doi.org/10.55662/jlsr.2022.8503.

[21] Michael Hwang, 'The New York Convention and the UNCITRAL Model Law on International Commercial Arbitration: Existing Models for Legal Convergence in Asia?', in *Convergence and Divergence of Private Law in Asia*, ed. by Gary Low (Cambridge University Press, 2022), pp. 62–80, doi:DOI: 10.1017/9781108566391.004.

by express arbitration agreement in the private interest of the parties. Both Acts have essentially embraced Article V of the New York Convention, consequently voiding restrictions upon international arbitral agreements, for foreign arbitral awards, and to stress the competence of the Arbitral Tribunal to decide upon its own jurisdiction.

In 2010, Hungary acceded to the European Union and accordingly a new Civil Procedure Act and the Code of Civil Procedure has come into force, significantly altering the process and support available for ADR and arbitral procedure whilst augmenting the competence of the Hungarian Courts. The Civil Procedure Act repealed the Hungarian Arbitration Act of 1994; however, it did not expressly annul the 1994 Act, rather it is to be used in harmony with the New York Convention and the UNCITRAL Model Law. It is important for parties to note the severability of the new Civil Procedure Act and Arbitration Act decided by the Constitutional Court, for the Arbitration Act shall always take precedence where there is a jurisdiction conflict and will not have bearing upon arbitration jurisdiction at that time.

In 2017, The Act LX of 2017 on Arbitration provides the main regulatory framework for ADR in Hungary.[22] This Act, which came into effect on January 1, 2018, replaced the previous Act No. LXXI of 1994 on Arbitration, aligning Hungary's arbitration laws with international standards and best practices. One key aspect of this new legislation is the emphasis on providing a robust legal framework for arbitration proceedings, ensuring clarity, efficiency, and enforceability in resolving disputes through arbitration. By harmonizing with the UNCITRAL Model Law (2006), the Act LX of 2017 on Arbitration reflects Hungary's commitment to modernizing its arbitration regime to meet international expectations and facilitate smoother cross-border dispute resolution processes.

According to Section 1(4) of the Act, ADR is defined as a procedure different from court procedures, in which the ADR assisting organization assists the parties in reaching an agreement or the parties turn to conciliation, mediation, or arbitration. This is a narrow definition, which limits ADR to cases where an ADR assisting organization is involved and does not cover procedures in which parties themselves attempt to negotiate a settlement. The Act does not differentiate between domestic and international arbitration; even so, it contains specific provisions in relation to the territorial scope of judicial control and effect of arbitration agreements in each case.

The New Civil Procedure Code, which entered into force on January 1, 2018, also contains some relevant provisions on ADR. Section 32 of the New Civil Procedure Code, in line with the EU Mediation Directive, establishes a general duty for the judges to inform the parties of the possibility to use ADR at the case management conference. Section 33 enables the court to consider that parties refused to take part in ADR proceedings without good reasons when deciding cost allocations. Section 52 and 53 contain special rules on the court's suspensive powers and interim measures in aid of arbitration respectively. In addition, the New Civil Procedure Code provides that from January 1, 2018, all statements of claim submitted electronically to the courts must include a declaration by the claimant that he/she has been informed of the possibility to use ADR and about the different couples of the procedure; according to Section 15(2) of the Act V of 2003 on electronic administration and document management in the course of court and administrative procedures. These provisions, together with the court's power to invite parties to use ADR, are intended to promote the use of ADR in Hungary.

The scope of application outlined in the Act LX of 2017 on Arbitration is comprehensive, covering both ad hoc and institutional arbitral tribunals when the place of arbitration is in Hungary. This broad application underscores Hungary's intent to provide a conducive environment for various forms of arbitration, promoting flexibility and accessibility in resolving civil disputes. Moreover, the Act defines clear rules regarding arbitration

[22] 'Act LX of 2017 on Arbitration' <https://mkik.hu/en/act-lx-of-2017-on-arbitration> [accessed 26 March 2024].

agreements, formal requirements, composition of arbitral tribunals, jurisdictional tests, and enforcement of arbitral awards. These detailed provisions within the legislation aim to enhance transparency, predictability, and effectiveness in arbitration proceedings, offering parties a reliable mechanism for resolving conflicts outside traditional court litigation.

The judicial system is the third and last instance in Hungary, which is in line with the idea of uniformity of case law. The ADR mechanisms and its framework are provided for by Act III on the civil procedure, which came into force on 1 January 2018. The first section of the act contains some general provisions, giving a concise definition of ADR and pointing out that trying at ADR is a legal obligation for the parties in certain disputes. The definition of ADR given by the act is identical with the one that is used by the World Bank. However, it includes the ombudsman, which is not always on the World Bank's list of ADR methods.

It is important to note that mediation is explicitly separated from the rest of ADR methods and there is a dedicated chapter of the act - dealing with different aspects of the mediation procedure - just for mediation. This need for categorical differentiations evidences the well-established role that mediation has in the Hungarian system. ADR is also mentioned by Act LIII on the court registration of non-final judicial settlements. Such settlement can be registered by the notary public of Hungary, which is the only method to make these settlements enforceable in the absence of a final or non-appealable judicial decision.

These settlements take effect after being registered and they can only be challenged if a party raises a question of forgery, lack of legal capacity of a signatory, a mistake, coercion etc. based on which entry would be rejected. The court examines and decides on the allegations without making any further analysis of the substantive issues that have been subject to the judicial settlement. However, it is notable that non-final judicial settlements can only be reached in legal proceedings that are not public, because the lack of a dedicated private procedural form makes non-final judicial settlements impossible to be delivered in a public court procedure.

### 3.2.2 ADR Method within Act LX of 2017 on Arbitration Framework

In 2017, the Hungarian Parliament adopted a new act on arbitration. The act is based on the UNCITRAL Model Law with amendments as adopted in 2006. The act is a modern law aimed at promoting arbitration as an efficient and last alternative to resolve disputes, considering the interests of international business communities. The act provides for a friendly legal environment to ensure that the parties act in good faith and with full autonomy in resolving disputes and maintaining party autonomy, limit the role of courts to support arbitration, recognition and enforcement of arbitration agreements and awards, inclusive of providing evidence and preliminary orders and awards, and ensure effective and efficient procedures. The act binds arbitration to these principles of the law throughout its chapters, which are reflected in various levels of control it exercises upon arbitration in various stages of dispute resolution. Success of the act would mean strengthening the rule of law in Hungary and the integrity in the legal system of the country, and thus promoting Hungary as an attractive site for international arbitration.

To create these above-mentioned conditions and promote arbitration, the act applies to all international arbitral proceedings and to any arbitral award to arbitral proceedings. Arbitral proceedings are said to be international if the parties to an arbitration agreement have their places of business in different states at the time of conclusion of the agreement or at any time one of the following 3 types of places has its central administration or its substantial business activities: and arbitral agreement or dispute itself has connection with more than one country. The act will also apply if parties have chosen the law of Hungary to govern arbitration agreement or if principles of Hungarian law are chosen to resolve any question of procedure, if not excluded by agreement of parties. This broad ambit of jurisdiction will allow many different businesses from various fields to use Hungary as the common seat of dispute

resolution, which is a positive reflection of the increasingly international business environment of today.

The purpose of the new Hungarian Arbitration Act, as defined by Section 1(1), is to promote arbitration as a means of resolving disputes that are comparable to the methods used in international commerce. This is done by providing a fair and efficient regime for the enforcement of arbitral agreements and awards. The Act also aims to enable arbitration to be conducted in a manner that is facilitative of the enforcement of arbitral agreements and awards, considering the characteristics of international trade and the desirability of expeditious resolution of disputes.

The Hungarian legal framework recognizes several ADR methods, which include mediation, conciliation, and arbitration. All these methods have become highly appreciated and acknowledged in the Hungarian jurisdiction and continue to improve the existing laws and regulations and try to integrate new ADR practices.

a. Mediation

Mediation is an informal dispute settlement process.[23] The aim of mediation is to assist two opposing parties in reaching an agreement over the disputed matter. The process is facilitated by a third neutral party known as the mediator. The mediator does not have the power to impose a decision; he/she merely assists the parties in reaching their own agreement. Mediation is a flexible process where the mediator controls the structure. Mediation can be used in any type of dispute, public or private. It is a voluntary process where either party has the right to withdraw from the mediation at any stage. The mediator must be independent from the parties, and the nature of the mediation and information disclosed during the process must remain confidential. There is no general presumption with mediation to keep the parties open, and the legal requirements are kept to a minimum. Both parties must act in good faith and attempt to reach an agreement.

2.3(4) An arbitration agreement shall be in writing in the sense that it shall be contained in a document signed by the parties, or in an exchange of letters, telex, telegrams, or other means of telecommunication which provide a record of the agreement, or failing any evidence of an oral agreement, it shall be an agreement by the consent of both parties.

Subsection (3) of section 2 provides that an arbitration agreement may take the form of a separate agreement between the parties, or it may even take the form of a clause within a contract between the parties. Both are equally valid as an arbitration agreement with equal effectiveness between the parties to the agreement or to the contract, with the intention to resolve any disputes if they arise only through arbitration.

Subsection (2) of section 2 provides that only a single party to a contract shall have the option to enter into an arbitration agreement. An agreement by a single party to a contract shall be valid if it is done through written consent by the other party, and it shall have the same validity as an agreement which is between both parties, though it shall be considered severable from the contract.

2.3(2) The agreement referred to in subsection (1) may be in the form of a separate agreement or in the form of a clause within a contract.

The act provides that the written agreement between the parties is also considered as an arbitration agreement if it is executed after the dispute has arisen between the parties. This provision is related to the earlier provision.

b. Arbitration

Arbitration is a method of dispute resolution in which the disputants agree to submit their disagreements to a third party, usually one or three arbitrators, for a final and binding decision. Arbitration can be conducted under the aegis of the state courts or pursuant to

[23] Charlie Irvine, Bryan Clark, and Rachel Katrina Robertson, 'Alternative Mechanisms for Resolving Disputes: A Literature Review', *SSRN Electronic Journal*, 2011, doi:https://doi.org/10.2139/ssrn.1816743.

other procedural rules agreed by the parties. In the later case, the arbitration may be governed by an ad hoc agreement between the parties, or more commonly by a pre-existing agreement, such as a clause in a contract providing for the arbitration of future disputes arising under the contract. The framework of arbitral procedure is usually agreed between the disputants and arbitrators and may be quite informal or relatively complex.
All in all, the arbitration procedure is more flexible and less formal than the judicial process. The decision of arbitration is final and easier to check than the decision of a judge because the arbitration award is always in writing. Arbitration is a procedure chosen by parties to a dispute which keeps it out of the courts. The agreement must be made by the parties themselves and not the result of undue influence by one party on the other. All arbitral awards, whether made in international or non-international commercial arbitration, are enforceable in the same way. An award shall be enforced upon application in writing to "the competent court" by the party relying on it. The party shall supply the original award or a copy thereof and the original arbitration agreement or a copy thereof. Execution of automatic or involuntary enforcement of the award and agreement is prohibited under severe penalty relating to contempt of court. These provisions comply with the obligations of Hungary under the New York Convention of 1958, and High courts are also granted power to make the same orders for security of costs as they have power to make in connection with legal proceedings. This addresses the uncertainty surrounding the issue of security that had existed prior. Simulation with legal process may occur when an arbitration agreement is treated as if it were a statement of claim; however, it must be ensured that tribunals have the authority to decide on their own jurisdiction and are doing more than merely replicating courts. Step by step, these provisions provide for a more effective method of enforcement with little need for further recourse to the courts.

c. Conciliation and Negotiation

Difference between conciliation and negotiation is becoming more and more blurred. Very often it is not possible to categorically state where method ends and the other starts. The same techniques may be used in both processes and the same people may act as conciliators in one case and negotiators in another. Furthermore, because conciliation and negotiation are private, flexible, and informal methods of dispute resolution, it is up to the parties involved in the dispute to determine which course the process will take. In view of these factors, we will discuss the techniques and process of conciliation and negotiation together.
Both conciliation and negotiation are discussions between the parties aimed at reaching an agreement to resolve their dispute. If conciliation is a process where a third party facilitates the discussion, negotiation is a method where the parties are left to communicate on their own. In each case, the objective is to reach a consensual settlement, which is a positive alternative to a judgment, or a decision imposed by a third party, and which the parties believe will resolve the dispute in a satisfactory manner. There are vast benefits to the parties if they can resolve their disputes by agreement and avoid litigation. This is true even if the negotiations fail and the parties eventually take their case to court. An agreement reached between the parties during conciliation or negotiation may enable them to narrow the issues in dispute and therefore save time and costs in the litigation process. An out of court settlement often avoids the need for enforcement of a judgment and it may preserve or even improve the business or personal relationship between the parties.

In Hungary, the arbitration method is the most popular form of ADR.[24] The reason is that arbitration awards are final and as enforceable as a judgment of the court.[25] The most

[24] 'Home - Hungarian Arbitartion Association' <https://www.arbitrationhungary.com> [accessed 20 March 2024].
[25] Zoltan Faludi, 'New Arbitration Regime in Hungary', 2020.

common arbitration case is corporate disputes, that often resolve a shareholders' conflict. Mediation is the second most prevalent form of ADR. It is an informal, quick, and inexpensive way to resolve various types of disputes. After the introduction of compulsory information and assessment meeting in family law, the number of family mediation has grown significantly.

The conciliation bodies are also often utilized to resolve consumer-business disputes. The chairman of the conciliation body makes a recommendation; however, the parties are not bound to accept it. The most significant benefit in such procedure is that consumers are not asked to cover the costs of conciliation if the value of the recommendation does not exceed the value of the court fees. Conciliation procedures are commonly used in property and labor matters.

Finally, the number of cases resolved by private experts is still low. This is the method in which the parties present their case to an independent expert, who finally issues a statement, presenting the possible solution of the dispute. There are other types of ADR methods, such as ombudsman, where the key is the influence of the ombudsman's recommendation on the respondent, or the infant settlement. Mediation in cross-border civil and commercial case is regulated by Regulation (EC) NO 2201/2003 of the Council. From 10 January 2015, Mediation Act has come into force in Hungary. This act is largely based on the successfulness of the country's first two comprehensive mediation regulations introduced in 2009. Therefore, according to the official site of the Ministry of Public Administration and Justice, the main rationale of having an autonomous act for mediation is to give a considerable momentum to the spreading of the use of mediation in Hungary.

### 3.2.3 Role of the Judicial Institution

ADR institutions play an important role in facilitating the ADR practice in Hungary. In general, there are two types of ADR institutions in Hungary, namely professional and sectoral institutions. Professional ADR institutions are standalone bodies which focus on the provision of ADR services across different areas. On the other hand, sectoral ADR institutions are integrated within state authorities. These institutions are responsible for the resolution of disputes arising in specific sectors, such as health care, education, or consumer protection.

The Act LX of 2017 on Arbitration introduces important changes to Hungary's arbitration landscape by giving a more prominent role to the Permanent Court of Arbitration under the Hungarian Chamber of Commerce. This institutional framework enhances the administration of commercial arbitration cases in Hungary, ensuring specialized expertise and efficient management of disputes. By establishing a modern structure for institutional arbitral tribunals while retaining key principles from previous legislation, such as those based on the UNCITRAL Model Law (1985), Hungary's Act LX of 2017 on Arbitration signifies a significant step towards strengthening its arbitration system and aligning it with international standards to foster a conducive environment for dispute resolution.

It seems that the sectoral ADR institutions are more popular in terms of the number of cases. According to the statistics of Ministry of Justice, the three most active ADR institutions in 2015 were all sectoral institutions attached to the Central state district. Although these institutions are specialized in different sectors, they share same principles in executing the ADR processes. First, the parties are free to choose an ADR institution and they should be provided with sufficient information about the institution. Then, the operation of ADR cases shall be started by a formal request submitted by one of the parties.

The ADR institution responsible for the given case shall examine whether the case can be dealt with in accordance with the agreed procedural regulations.[26] The involved parties must have consented to submit their dispute to a particular ADR procedure or to a specific solution, albeit such clauses are not extremely popular in legal practice. If no agreement can be reached or no amicable resolution can be found at the end, the dispute will be referred to a competent Hungarian court by the ADR institution's decision.

The decision of the ADR can be challenged by the parties and at the same time, the right of the parties to have recourse to legal proceedings is reserved. It is worth noting that a similarly large proportion of cases go through the state court system after attempts of ADR. Contrarily, if a case initiated in a state court shows the possibility of an amicable resolution, the judicial bodies are obliged by Act CXXX of 2016 on the Code of Civil Procedure to advise the parties of such opportunity and to suspend the procedure for a period of maximum 120 days to give time for the parties to start an ADR process. However, if the parties fail to comply with the recommendation and the case is returned from suspension, the judgment will be delivered based on normal civil procedures. In other words, incentives have been introduced to encourage parties to utilize ADR, the lack of compliance may lead to legal consequences. These provisions strengthen the authority of ADR institutions' decision and may enhance the efficiency of the whole ADR procedure.

It must be emphasized that the courts in Hungary have had a significant effect on alternative dispute resolution, decisively positive in the case of arbitration and mixed in the case of mediation. This is because it is the legal environment and legal policy which is a determining factor in the feasibility of ADR methods. The judicial attitude towards both arbitration and mediation has changed over time. In the case of arbitration, the view was traditionally negative due to a misunderstanding of its role, with the courts seeing it as an attempt to exclude the jurisdiction of the state. It was only following the collapse of socialism and the move towards a market economy that the 1984 UNCITRAL Model Law was adopted, followed seven years later by the UNCITRAL Arbitration Rules. These instruments involved a major reform of the legal framework of arbitration and were aimed at achieving a unified and modern law in the field of international commercial arbitration as well as a global legislative model that can be adopted in both developed and developing countries. These laws were received by the judiciary in Hungary, as arbitration was given its own chapter in the legal code.

Arbitral decisions would only be enforceable if there was a positive statement giving jurisdiction to the court, as it was at this time a non-contentious issue. This did lead to increased support for arbitration from the judiciary as they saw that with time it was a vital method of relieving their own caseload and a more economic mechanism for private settlement enforcement. At the present time, it is accepted that the Hungarian judiciary considers arbitration to be a method of dispute resolution that is to be supported and assisted considering recent decisions to move certain cases from the state courts to the Curia.

### 3.2.4 Enforcement of the ADR Award

The parties to an arbitration in Hungary often request a court to enforce an arbitration award. The question which arises is whether they need to take this step and if the award may effectively be enforced without turning to the court. Participating in the court's process to enforce an award is beneficial as although arbitration awards are binding and enforceable on the parties, a party may need to enforce the award against a non-complying party in the same

[26] 'Mediation as a Remedy in Trust and Probate Disputes: A Review of the Comparative Approach for International Lawyers', *Journal of Mediation & Applied Conflict Analysis*, 6.1 (2019), pp. 728–42, doi:https://doi.org/10.33232/jmaca.6.1.10944.

way that a judgment of court. Arbitration award, however, is not directly enforceable in Hungary.

The first step to enforcing an award in Hungary is for the arbitration panel itself or the party in whose favor the award was made to send the agreement to the counterparty by way of the enforcement order. As set out by Article IV (1) of the New York Convention, the sending of a certified copy of the award and the arbitration agreement is the first step to enforcement of the award. This is the equivalent of a judgment in default and does not equate to actual enforcement. The idea is to start a perimeter of potential enforcement to a point where the subject matter cannot be challenged by the debtor. This step is provided by Article 36 of the Hungarian Arbitration Act.

The agreement only becomes enforceable if the other party contests or does not comply within 30 days, in which case the arbitration panel can then ask for the agreement to be enforced by a judgment or court order. This would be the case under Article IV (2) of the New York Convention and Article 32 (2). If a judgment or court order is made, this may also be challenged by the debtor under the same article and Article V (1) (e) of the New York Convention, and if this is challenged, it will mean the agreement is still not directly enforceable. To prevent this, the party in whose favor the award was made should request the court that the enforcement order be direct and official, not merely for peripheral enforcement. This will mean that the subject matter may not be challenged by the debtor and can be enforced.

"The Civil Procedure Act provides the general framework for the enforcement of decisions. Specific rules about enforcement procedure are contained in Chapter 23 of Act LX of 1997 on Public Notaries. The most significant enforcement tool is the notarial act. If the ADR decision can be declared immediately enforceable as a court judgment, the winning party may proceed directly to notarial enforcement under the ADR law. If the decision is not immediately enforceable, the winning party must file a request for a declaration of enforceability with a regional court. After the decision is declared enforceable, it can be enforced through the general rules for enforcement of the notarial act, or, on the request of the winning party, through the specific enforcement rules in the ADR law. Since the notarial act is not cost effective for small claims, the ADR law provides simplified enforcement procedures for decisions of arbitration courts constituted under the aegis of the state arbitration authority, and for decisions of other ADR bodies if the winning party can show that notarial act enforcement would be demonstrably unpromising. Under a recent amendment, arbitration court decisions that are exequatur orders in family law cases are enforced through the family law notaries.

Special rules are contained in Act LIII of 1994 on the enforcement of work performed and work contracts." This sounds like quite a complex structure, but the government and non-governmental bodies implementing ADR on consumer disputes have been wary of using ADR methods because they fear the cost and complexity of enforcement. The provisions of the ADR law and specific enforcement rules are designed to respond to these concerns by making the enforcement of an ADR decision more predictable and efficient than the enforcement of a state court judgment.

The principal tool for ADR enforcement is a recent amendment to the ADR law, which creates a right to obtain a payment order from the notary executor based on the ADR decision. The winning party must make an *ex parte* application to the same notary before whom the notarial act enforcement would take place.[27] He must accompany his application with a copy of the ADR decision and proof that the decision is enforceable. If the notary is satisfied that the application is in order, he will issue a payment order directly, without a separate

[27] Benjamin Balzer and Johannes Schneider, 'Managing a Conflict: Optimal Alternative Dispute Resolution', *The RAND Journal of Economics*, 52.2 (2021), pp. 415–45, doi:https://doi.org/10.1111/1756-2171.12374.

examination of the underlying rights." This procedural alternative is clearly advantageous for winning parties in terms of cost, speed, and efficiency.

### 3.3 Integration of Alternative Dispute Resolution (ADR) into Indonesia's Legal System

Consider Indonesia share common socio-cultural values with Hungary, Hungarian ADR practices suitable in Indonesia socio culture, as both countries maintaining social harmony is a significant value in both Hungarian and Indonesian societies. Both cultures prioritize peaceful coexistence and the resolution of conflicts in ways that preserve relationships and community cohesion. ADR methods, which focus on mediation and reconciliation rather than adversarial litigation, align well with this emphasis on social harmony, making ADR practices culturally compatible and more likely to be accepted.

Both countries have traditions of resolving disputes at the community level before escalating to formal legal proceedings. In Hungary, this is reflected in the historical use of local councils for mediation, while in Indonesia, village heads and local leaders often mediate disputes. This community-based approach to conflict resolution is a common cultural trait that supports the implementation of ADR, as both societies are accustomed to resolving issues through community involvement and local authority.

However, in Indonesia, ADR is still a relatively new concept. The use of ADR was first introduced with the passing of the Legal Consultation Act of 2001. This Act provided a noble effort to change the legal culture in Indonesia, which is very judicial in nature, to become more conciliatory. Along with this Act, the establishment of a National Team for ADR by Presidential Decree in 2004 aimed to create a framework for ADR that could be used in many different conflicts, such as business disputes, land disputes, and community conflicts. This Act and the Presidential Decree are part of a top-down approach in the implementation of ADR in Indonesia. Unfortunately, this effort has not been very successful as the rate of ADR usage is still very low. Problems created by the top-down approach include lack of education and the high level of ADR practice that remains informal and/or traditional. There are also problems of perception that ADR is only suited for types of disputes and that it is only the losing party that wishes to avoid a court process. The success of ADR is heavily reliant on the type of process and the skills of the facilitator in determining whether a resolution will be reached and how beneficial it will be. ADR is also not limited to one dispute and is most successful when both parties wish to find an acceptable solution.

The implementation of Alternative Dispute Resolution (ADR) in Indonesia, particularly in tax and customs disputes, is an area of potential improvement.[28] While mediation is a well-established form of dispute resolution in Indonesia, its application in court-connected mediation is limited to civil disputes [29] (The need for a more diverse range of ADR mechanisms, including online arbitration, is also highlighted.[30] Furthermore, the distinction between disputes and conflicts, and the role of ADR in resolving both, is a key consideration in the Indonesian context.[31]

The practice of ADR in Hungary offers useful insights that can help enhance the Indonesian ADR system, as elaborated below:

[28] Ardiansyah, Ardiansyah, 'Comparative Study of the Implementation of Alternative Disputes Resolution (ADR) in Tax and Customs Disputes in Indonesia', Journal Evidence of Law, 1.1 (2022), 55–69.
[29] Rika Lestari, 'Perbandingan Hukum Penyelesaian Sengketa secara Mediasi di Pengadilan dan di Luar Pengadilan di Indonesia', *Jurnal Ilmu Hukum*, 4.2 (2013), p. 217, doi:https://doi.org/10.30652/jih.v3i2.1819.
[30] Andi Ardillah Albar, 'Dinamika Mekanisme Alternatif Penyelesaian Sengketa dalam Konteks Hukum Bisnis Internasional', 2019 <https://api.semanticscholar.org/CorpusID:204429091>.
[31] Rusli Subrata, 'Mechanisms of Alternative Dispute Resolution in Conflict and Dispute Resolution in Indonesia', *Vol. 24 No. 1 (2023)*, 24, 2023, doi:https://doi.org/10.23969/litigasi.v24i1.7198.

a. Clear Legal Framework

Both Hungary and Indonesia have long-standing traditions of settling issues through communal and collaborative decision-making. In Hungary, the resolution of conflicts has traditionally involved the participation of local councils and community leaders. In Indonesia, the cultural practices of "*musyawarah*" (deliberation) and "*mufakat*" (consensus) prioritize the use of conversation and communal decision-making to achieve solutions. The similar ideals between these two countries establish a cultural basis that promotes the acceptance and adoption of Alternative Dispute Resolution (ADR) procedures.

The effectiveness and availability of alternative dispute resolution (ADR) methods in Hungary have been greatly enhanced by the country's clearly defined legal framework. The availability of thorough legislation and specialized institutions provides stakeholders with a dependable framework for participating in ADR practices, which in turn promotes confidence and trust in the process.

Indonesia can learn valuable lessons from Hungary's strategy by focusing on the establishment of an established legal to promote alternative dispute resolution (ADR) efforts and Indonesia should consider enacting a dedicated ADR law or amending existing laws to provide a clear and unified legal framework with draft a new ADR legislation or amend existing laws such as the Arbitration Law (Law No. 30 of 1999) to include detailed provisions on mediation and other ADR processes. This law should outline the procedures, standards, and legal validity of mediation, arbitration, and other ADR methods. This requires careful and detailed creation of ADR law, along with the formation of capable regulatory authorities and appropriate distribution of resources. Implementing such methods can reduce uncertainty and improve the trustworthiness of alternative dispute resolution procedures in Indonesia's legal system.

b. Establishment Judicial Institutions for ADR

Both Indonesia and Hungary cultures exhibit a strong respect for authority and legal institutions, which can be leveraged to strengthen the role of judicial institutions in ADR. In Hungary, judicial support for ADR has been crucial in its integration and success. Courts often encourage or mandate mediation, reinforcing its legitimacy. Indonesia, with its respect for authority, can similarly enhance the role of judicial institutions in promoting ADR by having courts endorse and refer cases to mediation or arbitration. This judicial endorsement can increase public trust and participation in ADR processes.

Hungary's establishment of specialized ADR courts, such as the Budapest Arbitration Court, demonstrates the importance of creating dedicated judicial bodies to oversee and administer ADR processes. These courts play a crucial role in providing a structured framework for resolving disputes outside traditional court systems, ensuring efficiency, expertise, and impartiality in the resolution process. Indonesia can learn from Hungary's approach by investing in the development of similar specialized ADR courts to enhance the credibility and effectiveness of ADR mechanisms in the country.

Hungary's emphasis on judicial training and capacity building for ADR judges is a key aspect that Indonesia can adopt to strengthen its ADR landscape. By investing in the education and certification of ADR judges, Hungary has ensured a high standard of professionalism and expertise in its dispute resolution processes. Indonesia can benefit from implementing similar training programs to enhance the skills and competencies of ADR judges, thereby improving the quality and reliability of ADR services offered in the country.

Hungary's integration of ADR into the judicial system, with clear guidelines and regulations for ADR procedures, serves as a model for Indonesia to follow. By establishing a clear legal framework for ADR, Hungary has ensured that ADR processes are transparent, efficient, and effective. Indonesia can replicate this approach by developing

and implementing similar guidelines and regulations to govern ADR practices, thereby providing a solid foundation for the growth and development of ADR in the country.

To enhance its Alternative Dispute Resolution (ADR) judicial institutions, Indonesia should prioritize the establishment of specialized ADR courts, drawing inspiration from Hungary's successful model. The creation of dedicated ADR courts, such as Hungary's Budapest Arbitration Court, will provide a structured framework for resolving disputes outside the traditional court system. These specialized courts can ensure efficiency, expertise, and impartiality in the resolution process, thereby improving the overall effectiveness of ADR mechanisms in Indonesia.

The establishment of specialized ADR courts in Indonesia will require a concerted effort to develop a clear legal framework and guidelines governing their operations. Indonesia can learn from Hungary's approach of integrating ADR into its judicial system through well-defined regulations and procedures. By creating a solid foundation for ADR courts, Indonesia can ensure transparency, consistency, and reliability in the resolution of disputes. Moreover, the presence of specialized ADR courts will help raise awareness about the benefits of ADR among the public and legal professionals, ultimately leading to greater adoption and acceptance of these alternative dispute resolution methods in Indonesia.

c. Ensuring Legal Certainty of the ADR Award

One of the crucial areas where Indonesia can learn from Hungary is the legal certainty and enforceability of ADR awards. In Hungary, the legal framework provides robust mechanisms to ensure that decisions made through ADR processes, such as mediation and arbitration, are legally binding and enforceable. This legal certainty is established through comprehensive legislation that integrates ADR awards within the formal judicial system, thereby granting them the same enforceability as court judgments. Indonesia can benefit from adopting similar legislative measures to enhance the legal certainty of ADR awards, ensuring that they are recognized and enforced by the courts without unnecessary delays or complications.

Hungary's approach includes clear procedures for the recognition and enforcement of ADR awards. For instance, arbitral awards are recognized under the Hungarian Arbitration Act, which aligns with international standards such as the New York Convention. This alignment ensures that ADR awards are not only enforceable domestically but also internationally. Indonesia can strengthen its legal framework by harmonizing its ADR laws with international conventions and standards, providing greater assurance that ADR awards will be upheld both within the country and abroad. This harmonization would increase the attractiveness of Indonesia as a venue for international arbitration and boost confidence in its ADR system.

In concrete step Indonesia should draft and enact comprehensive ADR legislation that explicitly recognizes the binding nature of ADR awards. This legislation should align with international conventions, such as the New York Convention, to ensure that arbitral awards are enforceable both domestically and internationally. The legislation should also outline clear procedures for the recognition and enforcement of ADR awards, ensuring that they have the same legal standing as court judgments. Additionally, integrating provisions that limit judicial interference in ADR awards to instances of procedural irregularities or violations of public policy will help maintain the integrity of the ADR process and provide parties with confidence in the finality of ADR decisions.

Emphasize the significance of establishing a conducive environment for Alternative Dispute Resolution (ADR) in Indonesia. Implementing ADR necessitates unwavering and resolute commitment from the government. Until now, several Indonesian policy leaders and officials have shown varying levels of support for the implementation of Alternative Dispute Resolution (ADR), but their stance has been inconsistent and lacking clear direction. The

development of a comprehensive and unified framework for Alternative Dispute Resolution (ADR) in Hungary was greatly facilitated by the strong backing of the government. Legislation was implemented in various domains, such as civil procedure and family law, with the aim of promoting the use of Alternative Dispute Resolution (ADR) and providing clarity on its interaction with the judicial system. Financial resources were allocated for the purpose of both creating and managing ADR systems. To promote government commitment in Indonesia, it is necessary to increase awareness about the potential advantages of Alternative Dispute Resolution (ADR) and to get encouragement from dedicated individuals within the government. This can be derived from an understanding of successful experiences in other nations and the potential benefits in terms of improved efficiency and effectiveness within the legal system. Academic study examining the overall societal and financial expenses associated with conflicts and the legal system has, for instance, played a role in persuading legislators in certain nations to implement changes that support alternative dispute resolution (ADR). Public demand for reform can also generate awareness. This can be particularly potent when disagreements involve corporations, as they have significant influence in setting government policies. In Indonesia, there is already awareness of the potential of Alternative Dispute Resolution (ADR) to alleviate the burden of disputes involving international investors.

## 4. Conclusion

Indonesia and Hungary share the same common Socio-cultural values such us traditions of communal and consensual decision-making, emphasis on social harmony, respect for authority and legal institutions, community-based conflict resolution, flexibility and adaptability in dispute resolution, and focus on practical and efficient solutions. These values possess Indonesia to get some insightful act from Hungary to integrate the Alternative Dispute Resolution (ADR) into Indonesia's Legal System as Hungary legislation.

To integrate ADR into Indonesia legal system, First, Indonesia can propose revisions to current legislation to establish a concise and cohesive legal structure by either drafting new legislation specifically for Alternative Dispute Resolution (ADR) or modifying existing laws, such as the Arbitration Law (Law No. 30 of 1999), to incorporate comprehensive provisions about mediation and other ADR methods. Second, to strengthen its Alternative Dispute Resolution (ADR) judicial institutions, Indonesia should give priority in creating dedicated ADR courts, taking inspiration from Hungary's effective model. The establishment of specialized Alternative Dispute Resolution (ADR) tribunals, like the Budapest Arbitration Court in Hungary, will offer a well-organized framework for resolving conflicts outside the conventional judicial system. These specialized courts can enhance the efficiency, expertise, and impartiality of the settlement process, hence enhancing the overall effectiveness of alternative dispute resolution procedures in Indonesia. Third, Indonesia should create and implement a comprehensive Alternative Dispute Resolution (ADR) legislation that explicitly acknowledges the legally enforceable nature of ADR awards. This legislation should be in accordance with international norms, such as the New York Convention, to guarantee the enforceability of arbitral rulings both within the country and internationally. The legislation should additionally delineate explicit processes for the acknowledgment and implementation of ADR awards, guaranteeing their equivalent legal status to that of court judgements. Incorporating clauses that restrict court intervention in ADR awards to cases involving procedural flaws or violations of public policy will uphold the integrity of the ADR process and instill trust in the finality of ADR decisions.

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