



Dispute Prevention in Culinary Business Transactions: An Introduction to ADR/Arbitration Clauses for MSMEs

Ahmad Widad Muntazhor^{1*}, M. Arief Noer Wibowo², Farah Aurelia³

¹ Program Studi Hukum Ekonomi Syariah, Universitas Indo Global Mandiri, Palembang, Indonesia.

² Program Studi Manajemen Bisnis Syariah, Universitas Indo Global Mandiri, Palembang, Indonesia.

³ Program Studi Hukum Ekonomi Syariah, Universitas Indo Global Mandiri, Palembang, Indonesia.

Received: October 25, 2025

Revised: November 26, 2025

Accepted: December 1, 2025

Published: December 31, 2025

Corresponding Author:

Ahmad Widad Muntazhor

ahmad_widad@uigm.ac.id

DOI: [10.29303/ujcs.v6i4.1267](https://doi.org/10.29303/ujcs.v6i4.1267)

© 2025 The Authors. This open access article is distributed under a (CC-BY License)



Abstrak: This Community Service Program aimed to introduce the concept of Alternative Dispute Resolution (ADR), particularly arbitration, as a preventive approach in managing business dispute risks within micro, small, and medium-scale culinary enterprises. Culinary-based MSMEs generally rely on trust and informal communication in their commercial transactions, making them vulnerable to conflicts arising from differences in interpretation, delayed payments, price changes, or contract breaches. Through this program, participants were provided with knowledge of the legal position of arbitration as a dispute-resolution forum outside the state court system, the final and binding nature of arbitral awards, and the importance of incorporating simple arbitration clauses into business agreements as a tool for dispute prevention. The activity was implemented using a combination of lecture, discussion, and question-and-answer methods. The results show that participants demonstrated a high level of interest due to limited access to information related to non-litigation dispute resolution mechanisms. Participants also acknowledged that inserting simple arbitration clauses—even in order forms commonly used in day-to-day operations—constitutes a realistic approach. This program has encouraged an increased awareness of the need for more structured contractual practices as part of improving business governance among MSMEs. It is expected that this knowledge could stimulate MSMEs to develop transactional systems that not only rely on trust but are also equipped with adequate preventive instruments, thereby strengthening the stability, security, and competitiveness of their business practices.

Keywords: Arbitration, MSMEs, Dispute Prevention, Legal Awareness.

Introduction

Micro, small, and medium-sized culinary enterprises (MSMEs) are a very dynamic business sector, growing rapidly, and playing a significant role in driving the national economy. Culinary MSME activities involve various forms of business transactions that are recurring, both B2C (business to customer) and B2B (business to business), such as relationships with raw material suppliers, resellers, shopping center tenants, and collaborations for sales at events and exhibitions. However, this development dynamic is not always

matched by good transaction governance. Transactions in culinary SMEs tend to be informal, trust-based, and minimally documented. The processes of ordering goods, setting prices, cutting margins, consignment systems, return mechanisms, and payment schemes are often not clearly and formally documented in an agreement (Moertiono, 2023). As a result, when there is a difference in interpretation or a breach of promise (default), MSMEs are in a vulnerable position and do not have adequate dispute prevention instruments. Reality in the field shows that SMEs tend to resolve issues verbally and personally, even though disputes often

How to Cite:

Muntazhor, A. W., Wibowo, M. A. N., & Aurelia, F. (2025). Dispute Prevention in Culinary Business Transactions: An Introduction to ADR/Arbitration Clauses for MSMEs. *Unram Journal of Community Service*, 6(4), 861–865. <https://doi.org/10.29303/ujcs.v6i4.1267>

have a direct impact on cash flow, business continuity, and long-term business relationships. Meanwhile, if disputes are taken to court litigation, the process requires a long time, high costs, and rigid procedures—making it unsuitable for the characteristics of SMEs, which need certainty and a simple, fast resolution to maintain the continuity of their business.

The transaction character of MSMEs tends to be informal and relies on trust, whether in ordering goods, setting prices, consignment systems, or payment mechanisms. When differences in interpretation or breach of contract arise, SMEs usually do not have adequate dispute prevention instruments, because business agreements are often not put in writing. This situation puts SMEs in a weak position if a conflict occurs, while the process of resolving disputes through the courts tends to be time-consuming, costly, and unresponsive to the needs of SMEs.

The lack of understanding about mechanisms for preventing and resolving disputes outside of court causes MSMEs to be unaware that they can actually include alternative dispute resolution (ADR) clauses, particularly arbitration, in cooperation documents or simple business agreements. Thus, dispute prevention should not only be carried out after conflicts escalate, but from the very beginning of drafting a business agreement. Strengthening understanding of ADR and arbitration becomes important so that SMEs can protect their interests and avoid the consequences of disputes that could weaken the sustainability of their business (Meher et al., 2024).

Alternative Dispute Resolution (ADR), particularly arbitration, is very relevant to introduce to culinary MSME actors. Arbitration is a forum for dispute resolution outside of court, the decisions of which are final and binding, and it is generally considered faster, more efficient, flexible, and confidential compared to litigation in court (Abdurrasyid, 2002). Through the arbitration mechanism, the parties can choose a simpler trial procedure, select arbitrators who understand the nature of their business, and maintain a conducive commercial relationship after the dispute is resolved. Not only does it serve as an exit route when a dispute has occurred, arbitration also has strategic value as a preventive instrument to minimize the escalation of conflict from the outset (Muksibah, 2018).

Strengthening understanding of ADR and the application of simple arbitration clauses in MSME business agreement documents—whether in supply agreements, consignment sales, event collaborations, or raw material trading schemes—is important. The formulation of an arbitration clause in an agreement is not only aimed at regulating the method of dispute resolution in case of differences in interpretation or breach of contract, but also at providing a sense of

security and certainty for both parties in carrying out their cooperation. On the other hand, the ability of MSMEs to adopt this more modern contractual approach also promotes the development of a more orderly, transparent, and professional business culture. Thus, introducing arbitration to MSMEs means providing them with concrete, adaptive legal protection tools that suit the needs of their business sector. Education about ADR, particularly arbitration, can help MSMEs reduce potential costs and wasted time due to disputes, strengthen the sustainability of their businesses, and at the same time increase legal literacy among micro and small business actors within the national business ecosystem (Wardoyo & Budimah, 2025).

This service was conducted at the Small Medium Enterprises Exhibition (SMEXPO) PT Pertamina Patra Niaga Regional Sumbagsel 2025 and was directed at the Culinary UMKM Tenant Pempek Syamil, which is a concrete example of a micro-entrepreneur operating independently based on family skills and traditional recipes. Pempek, as a traditional dish from Palembang, has a wide market and stable demand, which is why many MSME players choose this field because it is considered economically promising. However, the business transaction patterns of pempek are generally still carried out in a simple manner, such as through consignment sales in shops, deposits in coffee stalls, ordering raw materials verbally, and selling in bulk to resellers without written agreements. This condition often causes problems when there are price discrepancies, payment delays, product returns, or unilateral purchase cancellations.

UMKM culinary tenant Pempek Syamil usually resolves such issues in a family-like manner. However, when disputes start to involve greater material losses, UMKM actors often do not know what to do, because they lack protection instruments or legal safeguards in business contracts. In this context, it is important to introduce the mechanism of Alternative Dispute Resolution (ADR) and simple arbitration clauses, as an effort to build awareness that dispute prevention must start from the most fundamental point: having a clear written agreement between the parties in every business transaction.

This community service activity aims to provide education and capacity building to culinary MSME actors regarding the importance of formulating ADR/Arbitration clauses in their business agreements, even in the simplest form. So far, contract practices at the MSME level tend to be oral and based on trust, so dispute prevention is rarely a concern. In fact, business conflicts can arise at any time, for example, related to prices, payment delays, product quality, profit sharing, or unilateral cancellations. Through this activity, MSME

actors are introduced to the fact that arbitration clauses not only serve to resolve disputes, but also act as instruments of protection and prevention from the very beginning of a transaction.

With this understanding, MSMEs are encouraged to start drafting explicit dispute resolution clauses in their cooperation contracts, so that the position of business actors is more legally protected. In addition to equipping with theoretical knowledge, this community service activity also guides SMEs in cultivating a more organized, safe business culture with better professionalism standards. The hope is that SME actors can run their culinary businesses more calmly, avoid detrimental conflicts, and develop a business mindset that is more oriented towards prevention and business sustainability. Thus, this service is not only a transfer of knowledge but also a strategic intervention to improve legal literacy and the quality of business governance for culinary MSMEs in Indonesia.

Method

Community Service activities with the theme of Dispute Prevention in Culinary Business Transactions through the Introduction of ADR/Arbitration Clauses for MSMEs were held on Saturday, October 18, 2025, at Palembang Square Mall, Palembang. This community service activity is one of the agendas at the Small Medium Enterprises Exhibition (SMEXPO) of PT Pertamina Patra Niaga Regional Sumbagsel 2025. The material delivery method is carried out through lectures, discussions, and interactive question-and-answer sessions on the urgency of dispute resolution clauses in simple contracts for MSME business transactions.

The lecture method is used because it is effective for providing an initial understanding in a systematic and structured manner (Latifah et al., 2023). The question-and-answer method is applied to explore real problems experienced by SMEs in their daily business practices. Meanwhile, the discussion method allows participants to analyze case scenarios and assess the most relevant forms of dispute resolution clauses to apply in their transactions. These three methods were chosen because they are considered quite effective in legal outreach activities, especially for MSME audiences who need explanations that are direct, practical, and applicable (Aravik et al., 2023).

The author, together with the organizers of the Small Medium Enterprises Exhibition (SMEXPO), agreed to contribute to building a more orderly and legally secure MSME ecosystem through this outreach activity. The partner party is very open and provides support in supplying the venue, participants, and assistance throughout the activity.

Before implementation, the author formed an activity team involving lecturers from the Sharia Economic Law Study Program and students from the Sharia Economic Law Study Program (Undergraduate) at UIGM. This team was tasked with preparing materials, organizing administrative requirements, and documenting the entire series of activities.

The material provided includes:

1. Basic understanding of ADR and arbitration;
2. The legal position of arbitration clauses in business contracts;
3. An example of drafting a simple arbitration clause that is realistically applied by SMEs.

After all activities are completed, an evaluation process is carried out with the aim of assessing participant engagement, the number of questions that arise, and the improvement in participants' understanding of the urgency of ADR/arbitration clauses in MSME business contracts. Another success indicator is evaluated through partner responses regarding the potential implementation of dispute resolution clauses into the transaction models they conduct in the future. Thus, this activity not only provides education but also encourages a shift in mindset among MSME players towards safer and more preventive business management against potential disputes.

Results and Discussion

The results of this community service activity show that culinary MSME actors, especially pempek vendors involved in the activity, have a very high enthusiasm for understanding ways to prevent disputes more systematically in their daily business activities. Some participants even mentioned that they had only realized that dispute prevention can be done from the early stages of a transaction, not just when problems arise. Until now, participants tend to rely on personal relationship closeness, trust, and informal communication in every business transaction, whether with raw material suppliers (eggs, mackerel, flour, and others) or with regular customers.

The transaction methods commonly used by MSME actors tend to be based on habits and mutual "silent" understanding. Most participants even admitted that they have never put agreements in writing, except in simple forms such as ordinary receipts/bills or manual invoices when placing large orders. This causes understanding between parties to often be based only on words, which then becomes vulnerable to differences in interpretation. For example, delays in the delivery of raw materials, fish quality that does not meet standards, or customer order returns.

Through open discussions during the activity, many participants then realized that this pattern has the potential to cause minor conflicts that have so far been considered "normal" in their business world, but could actually be minimized if there had been a clause from the beginning clarifying how to resolve disagreements. This awareness becomes an important point because it shows that culinary SMEs do not reject a more formal dispute resolution system, but so far they have simply not accessed information that is simple, practical, and relevant to their daily business context. In other words, proper education can open up a new perspective that dispute prevention can start with a very simple small step: writing dispute resolution clauses (ADR/Arbitration) in a format that is easy to understand and can be implemented without disrupting the flexibility of micro-enterprises.

Through an interactive discussion, participants began to understand that including ADR/Arbitration clauses in simple agreements can actually serve as an effective preventive tool to minimize the potential for disputes. MSME actors realized that such clauses are not only applicable in large-scale business contracts but can also be implemented in everyday MSME transactions, as long as they are drafted simply and can be understood by the parties involved.

When participants were given an example of a simple arbitration clause tailored to the context of pempek transactions, they showed high interest because it turned out that drafting it was not as complicated as they had imagined all this time. Participants saw that the clause could even be applied in the order forms or manual invoices they had been using, by adding one or two standard sentences regarding the out-of-court dispute resolution mechanism.

Furthermore, participants were also actively asking about the implementation of the arbitration clause in business practice, such as the possibility of printing the arbitration clause in the form of a stamp so that every transaction document issued automatically contains the clause. The discussion also expanded to other practical aspects, such as choosing the right arbitration institution for SMEs, and how to explain the clause to other parties who may not yet have legal understanding.

The questions that arose and the participants' enthusiasm show that culinary SMEs are basically open to the implementation of preventive legal instruments, as long as they are presented in an easily understandable language and can be directly applied to their business activities. This also serves as an indicator that a practical and contextual extension approach can significantly increase business actors' legal awareness.

Other obstacles include limited legal literacy and limited access to simple and easily understood

information regarding dispute resolution mechanisms outside the court. However, participants concluded that knowledge about ADR and arbitration is very relevant to be applied in the MSME sector, as long as it is delivered in simple language and with examples that are close to their business reality.

In addition, this activity also identifies other obstacles still faced by participants in accessing non-litigation dispute resolution instruments, including limited legal literacy and minimal access to concise, simple, and easily understood information regarding out-of-court dispute resolution mechanisms. MSME actors generally assume that the concept of arbitration is identical to a complicated and expensive legal process, so they tend to avoid using it or even discussing it in business agreements. In fact, the reality is that the arbitration mechanism can be formulated in a very simple clause and does not require a complex administrative procedure. This finding indicates a gap between the potential use of ADR/Arbitration and the perception of MSMEs so far.

Through the process of dialogue and guidance during the activities, the participants concluded that knowledge about ADR and arbitration is very relevant and has great potential to be applied in the MSME sector, especially for culinary business operators. As long as the material is delivered using practical language and illustrations directly related to their daily transaction practices, participants consider that arbitration can be a more effective dispute resolution alternative for MSMEs compared to conventional judicial channels. These findings also reinforce the urgency of law education based on practical applications at the MSME level.

Thus, this activity not only provides participants with additional insights into the urgency of including arbitration clauses in business contracts, but also encourages a shift in the way MSME actors view relational patterns and business practices that have so far tended to be informal. Participants began to understand that drafting a written agreement containing dispute prevention instruments is not something "overly legalistic," but rather a form of effort to organize transactions more professionally, maintain business continuity, and provide preventive protection against potential disputes in the future.

For MSME actors, the presence of new understanding encourages MSMEs to build a more orderly, transparent, and interest-protecting contractual culture for all parties involved. The subsequent impact of these activities is the growing awareness that good business practices are built not only on trust but also through clear, measurable agreements that include dispute resolution mechanisms agreed upon from the outset. This ultimately helps strengthen the bargaining

position of MSMEs and supports the improvement of business governance quality at the grassroots level.



Figure 1. Implementation of the Discussion
Source: Widad



Figure 2. Visit to MSME Actors
Source: Widad

Conclusion

This Community Service activity shows that culinary MSMEs have a very limited understanding of non-litigation dispute resolution instruments, yet their enthusiasm and need for this knowledge are very high. The introduction to ADR and simple arbitration clauses has opened up a new perspective for participants, demonstrating that dispute prevention can be designed from the very beginning of a transaction through written agreements, without having to wait for a dispute to occur first. Thus, this activity not only adds knowledge, but also stimulates a change in the perspective of MSME actors in developing a business culture that is more orderly, structured, and oriented towards protecting business interests preventively.

In the future, further development activities are needed in the form of practical training on drafting arbitration clauses according to the type of MSME transactions and technical assistance so that MSMEs not only understand the concept of arbitration, but are also able to implement it concretely in cooperation contract documents, order notes, or sales agreements. In addition, broader involvement from local governments, SME associations, and dispute resolution institutions is needed to provide standard clause models that are easy to understand and use by SMEs so that efforts to prevent disputes can be more widely adopted in the culinary business sector.

Acknowledgments

The author expresses gratitude to the MSME partners who have been willing to participate in this Community Service activity and provide space for the implementation of outreach activities regarding dispute prevention through understanding ADR/Arbitration. The author also extends

appreciation to the participants who actively discussed, asked questions, and shared experiences during the activities, thereby providing perspectives that enriched the implementation of this program. The author would also like to thank the heads of the Study Program and the related academic community who have provided both administrative and moral support for the implementation of this activity. Hopefully, this program can provide lasting benefits for strengthening business governance at the MSME level, particularly in the culinary sector.

References

- Abdurasyid, P. (2002). *Arbitrase dan Alternatif Penyelesaian Sengketa*. Fikahati.
- Aravik, H., Sopian, A., & Tohir, A. (2023). Pemanfaatan Aplikasi ResearchGate Sebagai Sumber Literasi Karya Ilmiah. *Karya Ilmiah. AKM: Aksi Kepada Masyarakat*, 3(2), 187–206.
- Latifah, D., Sulistia, D., Sajiwo, B., & Iestari br Ginting, A. (2023). Penerapan Metode Ceramah dan Tanya Jawab pada Pembelajaran Al-Qur'an Hadis dalam Memahami Tujuan dan Fungsi Al-Qur'an. *Jurnal Pendidikan Islam*, 2(1). <https://jurnal.islahiyah.ac.id/index.php/jgt>
- Meher, M., Ramadhan, M. C., Suharyanto, A., Silviana, D., Ardhana, S. N., & Putri, A. (2024). Eksistensi Penyelesaian Sengketa UMKM Secara Non Litigasi di Desa Bandar Labuhan. *Pelita Masyarakat*, 5(2), 126–140. <https://doi.org/10.31289/pelitamasyarakat.v5i2.11323>
- Moertiono, R. J. (2023). Perlindungan Hukum Terhadap Izin Usaha Umkm Pasca Lahirnya UU No. 11 Tahun 2020 Tentang Cipta Kerja. *Jurnal Ilmiah Metadata*, 5(1).
- Muksibah. (2018). Arbitrase Sebagai Alternatif Penyelesaian Sengketa. *Jurnal Komunikasi Hukum (JKH)*, 4(2).
- Wardoyo, H., & Budimah. (2025). Efektivitas Klausul Kontrak pada Hubungan Bisnis antara UMKM dan Mitra Usaha di Indonesia. *Jurnal Serambi Hukum*, 18(2).