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Juridical Analysis of Default in Building Construction Agreements in Limited Liability Companies in Batam, Indonesia

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ABSTRACT

Building construction agreements are one of the agreements that often occur in Batam, Indonesia. This agreement is usually carried out by a limited liability company (PT) as a contractor with another party as the project owner. Default is one of the problems that often occurs in building construction agreements. This research aims to analyze the juridical aspects of default in building construction agreements at PT in Batam, Indonesia. This research uses normative juridical research methods. Data was obtained through literature study and interviews with sources who are experts in the fields of law and construction. The research results show that defaults in building construction agreements can occur due to various factors, including errors in carrying out work, delays in completing work, damage to work, and violation of the terms of the agreement. Default in a building construction agreement can cause losses for the injured party. Therefore, there are various efforts that can be made by the aggrieved party to resolve the issue of default, including termination of the agreement, claims for compensation, and demands for work to be reworked.

1. Introduction

Building construction agreements are one of the agreements that often occur in Batam, Indonesia. This agreement is usually carried out by a limited liability company (PT) as a contractor with another party as the project owner. The building construction agreement aims to regulate the rights and obligations of each party in carrying out the construction of a building. This agreement is complex because it involves various parties, such as contractors, project owners, consultants, and others. This agreement has a long term, namely from the start of construction to completion of the project. These agreements usually involve substantial costs. In its implementation, building construction agreements can experience various problems, one of which is default. Default is a

situation where one of the parties to an agreement does not fulfill its obligations under the agreement. Default in a building construction agreement can cause losses for the injured party, both the contractor and the project owner. Therefore, it is important for parties involved in a building construction agreement to understand the legal aspects of breach of contract. This is important to prevent defaults and to resolve default issues if they occur.¹⁻³

The human factor is the factor that most often causes default. This factor can be negligence, deliberate, or inability of one of the parties to fulfill its obligations. Technical factors can cause default, for example, due to design changes or field conditions that do not match the plan. Non-technical factors can cause default, for example, weather, economic, or

political factors. If there is a breach of contract in the building construction agreement, the aggrieved party can take legal action to resolve the problem. The aggrieved party can file a lawsuit in court to request unilateral termination of the agreement. The injured party can file a lawsuit in court to ask for compensation for the losses they have experienced. The aggrieved party can file a lawsuit in court to ask the party in default to rework the work that has been defaulted on. The legal action that will be taken by the injured party will depend on the existing conditions and situation.^{4,5} This research aims to analyze the juridical aspects of default in building construction agreements at PT in Batam, Indonesia.

2. Methods

This research uses normative juridical research methods. The normative juridical research method is a legal research method carried out by examining legal materials or secondary data. Secondary data was obtained through literature study and interviews with sources who are experts in the fields of law and construction. Literature study is carried out by reading and studying legal materials, such as statutory regulations, books, journals, and scientific articles. These legal materials are used to obtain a comprehensive understanding of the juridical aspects of default in building construction agreements. Interviews were conducted with sources who are experts in the fields of law and construction. The interviewees were academics, legal practitioners, and construction experts. Interviews were conducted to obtain more in-depth information about the juridical aspects of default in building construction agreements, especially in Batam, Indonesia. Data obtained from literature studies and interviews were analyzed qualitatively. Qualitative analysis is carried out by reviewing and interpreting data to obtain meaningful conclusions.

3. Results and Discussion

Based on research results, default in building construction agreements can occur due to various factors, including the human factor, which is the factor that most often causes default. Where this

factor can be negligence, deliberate, or the inability of one of the parties to fulfill its obligations. Technical factors can cause default, for example, due to design changes or field conditions that do not match the plan. Non-technical factors can cause default, for example, due to weather factors, economic factors, or political factors.^{6,7}

The human factor is the factor that most often causes default in building construction agreements. This factor can be negligence, deliberate, or inability of one of the parties to fulfill its obligations. Negligence is an act that is not done intentionally but because of carelessness or carelessness. Negligence can result in default, for example, because the contractor does not pay attention to the quality of the materials used or does not use skilled labor. A deliberation is an act carried out intentionally with the intention of not fulfilling an obligation. Deliberation can cause default, for example, because the contractor does not complete the work according to schedule or uses materials that do not comply with specifications. Inability is a situation where one party is unable to fulfill its obligations. The inability can be caused by various factors, for example, due to a lack of funds, equipment, or manpower.^{8,9}

Technical factors can cause defaults in building construction agreements, for example, due to design changes or site conditions that do not match the plan. Design changes can cause default, for example, because the contractor must change the previously agreed design. Design changes may cause contractors to work longer hours or use more expensive materials. Field conditions that are not in accordance with the plan can cause default, for example, due to unstable soil conditions or the discovery of dangerous objects underground. Field conditions that do not match the plan can cause the contractor to have to carry out unexpected additional work.^{10,11}

Non-technical factors can cause default in building construction agreements, for example, due to weather, economic, or political factors. Weather factors can cause defaults, for example, because projects are delayed due to rain or strong winds. Weather factors can cause contractors to be unable to complete work on time or use more expensive materials. Economic

factors can cause default, for example, because the price of building materials rises or an economic crisis occurs. Economic factors can cause contractors to not have sufficient funds to complete the work. Political factors can cause default, for example, due to changes in government regulations or riots. Political factors may cause contractors to be unable to continue work.^{12,13}

If there is a breach of contract in the building construction agreement, the aggrieved party can take legal action to resolve the problem. The aggrieved party can file a lawsuit in court to request unilateral termination of the agreement. The injured party can file a lawsuit in court to ask for compensation for the losses they have experienced. Work rework lawsuit: The aggrieved party can file a lawsuit in court to ask the defaulting party to rework the work that has been defaulted. Termination of an agreement is a legal effort taken by the aggrieved party to terminate the agreement unilaterally. Termination of the agreement can be carried out if the breach of contract committed by the other party is serious and causes significant losses to the aggrieved party. A claim for compensation is a legal effort made by the injured party to request compensation for the losses they have experienced. Compensation can be in the form of material or immaterial compensation. A demand for work to be reworked is a legal effort made by the aggrieved party to ask the party in default to rework the work that has been defaulted on. This claim can be made if the injured party still wants the work to be completed. The legal action that will be taken by the injured party will depend on the existing conditions and situation. For example, if the default committed by another party is minor and does not cause significant loss, then the injured party can resolve the problem amicably. However, if the breach of contract committed by the other party is serious and causes significant losses, then the injured party can take legal action in court.^{14,15}

4. Conclusion

Default in a building construction agreement is a problem that can cause losses for the injured party. Therefore, efforts need to be made to prevent default.

These efforts can be made by improving the quality of the implementation of building construction agreements.

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