PATTIMURA Legal Journal

Volume 5 Issue 3, December 2026: p. 220-248
https://ojs3.unpatti.ac.id/index.php/pela//issue/view/1321

E-ISSN: 2830-2435
10.47268/pela.v5i3.27447

# Reconstructing Indonesian Contract Law for Long-Term Commercial Relationships: A Relational Contract Theory Framework

**Fatihani Baso[a*], Sayidah Asma Basir[b], Andi Novita Mudriani Djaoe[a], Suriani[a]**

[a] Faculty of Sharia, Universitas Islam Negeri Kendari, Kendari, Indonesia.
[b] Faculty of Law, Universiti Teknologi MARA, Shah Alam, Malaysia.
: fatihanibaso@uinkendari.ac.id
Corresponding Author*

***Abstract***

***Introduction:*** *Long-term commercial relationships such as supply, distribution, franchising, outsourcing, licensing, and strategic partnerships cannot be fully governed through contractual terms determined at the time of formation. Indonesian contract law, primarily rooted in the Civil Code, continues to emphasise contractual autonomy, pacta sunt servanda, and legal certainty, but provides limited conceptual guidance for managing contractual incompleteness, continuing cooperation, and adaptation to unforeseen circumstances.*

***Purposes of the Research:*** *This study examines whether the classical framework of Indonesian contract law adequately governs long-term commercial relationships and develops a relational framework for addressing contractual incompleteness while preserving contractual autonomy and legal certainty.*

***Methods of the Research:*** *This study employs prescriptive normative legal research using statutory, conceptual, and historical approaches. Primary legal materials include the Indonesian Civil Code and relevant legal instruments, while secondary materials comprise scholarly literature on Relational Contract Theory, contractual incompleteness, good faith, and relational governance. The materials are analysed through legal interpretation, comparative analysis, and conceptual synthesis.*

***Results Main Findings of the Research:*** *The study demonstrates that the principal limitation of the classical paradigm is not contractual autonomy or pacta sunt servanda, but the assumption that long-term contractual obligations can be exhaustively determined ex ante. It proposes a three-dimensional framework comprising formal-protective, relational-procedural, and adaptive dimensions. The framework integrates substantive certainty with procedural mechanisms for cooperation, information sharing, review, renegotiation, adaptation, and dispute prevention. Conclusion: Relational Contract Theory can therefore serve as a normative framework for reconstructing Indonesian contract law without abandoning contractual certainty. The proposed model provides a basis for legislative development, judicial interpretation, and contract drafting that preserves enforceability while enabling long-term commercial relationships to adapt to changing circumstances.*

***Keywords: Indonesian Contract Law; Relational Contract Theory; Contractual Incompleteness; Long-Term Commercial Relationships; Relational Governance.***

*Submitted: 2026-08-04* *Revised: 2026-10-11* *Accepted: 2026-10-12* *Published: 2026-10-31*

How To Cite: Fatihani Baso, Sayidah Asma Basir, Andi Novita Mudriani Djaoe, and Suriani. "Reconstructing Indonesian Contract Law for Long-Term Commercial Relationships: A Relational Contract Theory Framework." *PATTIMURA Legal Journal* 5 no. 3 (2026): 220-248.https://doi.org/10.47268/pela.v5i3.27447

Copyright © 2026 Author(s) Creative Commons Attribution-NonCommercial 4.0 International License

## INTRODUCTION

The development of contemporary commercial practice has transformed contractual relationships from discrete exchanges into long-term arrangements such as distribution,

franchising, joint ventures, supply agreements, outsourcing, technology licensing, and digital-economy cooperation. These relationships are characterised not only by the exchange of rights and obligations but also by repeated interaction, mutual dependence, coordination, trust, and continuous adaptation to changing circumstances. At the same time, contractual disputes remain significant in Indonesia. In 2024, the Supreme Court recorded 31,112 business-dispute cases, consisting of 30,965 new cases and 147 cases carried over from the previous year, with 30,763 cases decided.[1]

Although these figures indicate the substantial volume of business-related disputes handled by Indonesian courts, they do not distinguish disputes arising from long-term commercial relationships from those involving discrete transactions. Accordingly, the statistics provide a general indication of the continuing significance of commercial disputes rather than direct empirical evidence of contractual incompleteness. The specific concern of this study is therefore doctrinal: whether the existing principles of Indonesian contract law provide an adequate framework for governing continuing contractual obligations, cooperation, and adaptation when circumstances change during long-term performance. The problem lies in the growing tension between modern business practice and the classical paradigm of Indonesian contract law, which remains rooted in the Civil Code and emphasises freedom of contract, party autonomy, *pacta sunt servanda*, and the assumption that contractual rights and obligations can be sufficiently determined at the time of formation. Although this model may remain suitable for short-term and clearly defined transactions, it is increasingly inadequate for long-term relationships exposed to technological change, regulatory developments, market uncertainty, and evolving business expectations. In such situations, parties cannot reasonably anticipate every future contingency or formulate complete solutions in advance. Contractual sustainability therefore depends not only on written provisions, but also on communication, cooperation, flexibility, information sharing, and the ability to adapt performance while preserving the agreement's commercial purpose throughout the entire duration of the relationship.

[1] Azwar Amiruddin, "Kontrak Ambigu : Bahan Bakar Utama Sengketa Bisnis Di Badan Peradilan," *Kendari Pos*, June 13, 2025, https://kendaripos.fajar.co.id/2025/06/13/kontrak-ambigu-bahan-bakar-utama-sengketa-bisnis-di-badan-peradilan/.



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

Recent international scholarship has recognized the importance of relational mechanisms, but it has not fully addressed the normative problem examined in this study. The normative problem concerns the legal status and enforceability of relational obligations within the existing Indonesian contractual framework. Article 1338 of the Indonesian Civil Code recognises both the binding force of valid agreements and the requirement of good-faith performance, while Article 1339 provides that contractual obligations may extend beyond expressly agreed terms to matters required by propriety, custom, or law. These provisions offer potential doctrinal foundations for relational obligations. Nevertheless, their existence does not, by itself, establish a systematic legal framework defining when parties to long-term commercial contracts must cooperate, disclose relevant information, initiate renegotiation, or respond reasonably to unforeseen changes. The central issue is therefore not the complete absence of normative foundations, but the need to clarify how existing legal principles can accommodate continuing procedural duties without undermining contractual autonomy, enforceability, and legal certainty. Mouzas and Naidu demonstrate that incompleteness is inherent in long-term supply contracts and that it is managed through recurrent interaction, relational framing, and non legal enforceability rather than through exhaustive drafting alone.[2] Li et al. develop an integrated model connecting relational situations, relational norms, and relational behavior with project-management performance, thereby showing that contractual outcomes depend on a combination of contextual and behavioural factors.[3] Singh, Bhattacharya, and Nand further identify solidarity, flexibility, and power as interacting relational norms affecting buyer–supplier performance.[4] Rosander and Kadefors examine the implementation of relational contracting within a public-client organisation and demonstrate that its effectiveness is affected by policy conflicts, organisational resources, and project autonomy.[5] Meanwhile, Klijn,

[2] Stefanos Mouzas and N T Sudarshan Naidu, "Overcoming Contract Incompleteness: Evidence from Long-Term Supply Relationships," *Production Planning & Control* 36, no. 9 (2025): 1155–74, https://doi.org/10.1080/09537287.2024.2348518.

[3] Xiaolin Li et al., "Re-Examining the Link between Relational Governance and Project Management Performance: An Integrated Framework," *Journal of Asian Architecture and Building Engineering* 23, no. 4 (2024): 1407–27, https://doi.org/10.1080/13467581.2023.2270012.

[4] Prakash J Singh, Ananya Bhattacharya, and Alka Ashwini Nand, "Impact of Relational Norms on Performance: Interaction between Solidarity, Power and Flexibility in Buyer-Supplier Relationships," *Production Planning & Control* 36, no. 12 (2025): 1623–36, https://doi.org/10.1080/09537287.2024.2389894.

[5] Lilly Rosander and Anna Kadefors, "Implementing Relational Contracting in A Public Client Organization: The Influence of Policy Clashes, Resources and Project Autonomy," *Construction Management and Economics* 41, no. 8 (2023): 651–69, https://doi.org/10.1080/01446193.2023.2190992.

Metselaar, and Warsen find that strict contract management is not significantly associated with collaboration and performance, whereas network management contributes positively to collaborative processes and project outcomes.[6]

Although these studies substantially advance the understanding of relational governance, they are predominantly empirical, managerial, and sector-specific, focusing on supply chains, construction projects, buyer–supplier relationships, public organisations, and infrastructure governance. They do not critically examine whether the normative foundations of Indonesian contract law adequately recognise relational obligations, nor do they formulate a doctrinal model for incorporating cooperation, adaptation, renegotiation, and relational good faith into the Indonesian legal framework. This leaves a significant gap between the international development of Relational Contract Theory and the need for a systematic reconstruction of Indonesian contract law.

This study aims to evaluate the adequacy of Indonesian contract law in governing long-term commercial relationships and to formulate a relational model for its reconstruction through Relational Contract Theory. It argues that the principal weakness of the classical contract paradigm lies not in contractual autonomy or *pacta sunt servanda*, but in the assumption that contractual obligations can be completely determined at the time of formation despite the uncertainty, interdependence, and continuing adaptation inherent in long-term agreements. Accordingly, this study contributes a three-dimensional framework comprising formal-protective, relational-procedural, and adaptive dimensions to integrate legal certainty, cooperation, relational good faith, renegotiation, and contractual flexibility within Indonesian contract law.

## METHODS OF THE RESEARCH

This research constitutes prescriptive normative legal research, or doctrinal legal research, employing statutory, conceptual, and historical approaches. The statutory approach is used to examine the construction of contractual obligations under the Indonesian Civil Code,

[6] Erik Hans Klijn, Samantha Metselaar, and Rianne Warsen, "The Effect of Contract- and Network Management on Performance and Innovation in Infrastructure Projects," *Public Money & Management* 44, no. 5 (2024): 428–37, https://doi.org/10.1080/09540962.2023.2204533.



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

particularly the principles governing the validity, binding force, performance, interpretation, and good-faith implementation of agreements. The conceptual approach is employed to analyse Relational Contract Theory, contractual incompleteness, relational governance, adaptive performance, relational good faith, and renegotiation as possible foundations for reform. The historical approach is used to explain the formation and continuing influence of the classical contract paradigm within Indonesian private law. The research is conducted through library research using primary legal materials, especially the Civil Code and other relevant legal instruments, as well as secondary materials comprising legal books and recent national and international journal articles. The collected legal materials are analyzed qualitatively through inventory, classification, legal interpretation, comparison, and conceptual synthesis. The analysis is directed towards assessing the adequacy of Indonesian contract law in governing long-term commercial relationships and formulating a relational model of contractual reconstruction that remains consistent with legal certainty, contractual autonomy, and the rule of law.

## RESULTS AND DISCUSSION

### A. The Inadequacy of Classical Contract Law in Governing Long-Term Commercial Relationships

The inadequacy of classical contract law should not be understood as suggesting that written agreements, contractual autonomy, or the principle of *pacta sunt servanda* have become obsolete. Rather, the inadequacy arises when the written contract is treated as a complete and self-executing representation of the parties' relationship. The classical model generally assumes that the parties can identify their respective interests, allocate foreseeable risks, and formulate their rights and obligations comprehensively at the time of contract formation. Once the agreement has been concluded, legal certainty is expected to result primarily from strict adherence to its written provisions. Such an assumption may remain workable for discrete and short-term transactions. However, it becomes increasingly problematic when applied to commercial relationships that extend over a considerable period, involve repeated performance, and operate within changing economic, technological, and institutional environments.



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

The limitations of reducing contractual governance to the existence and completeness of written provisions are demonstrated by Zhang, Ding, and Fu. Their meta-analysis of 141 studies involving 32,763 interorganisational relationships shows that contractual governance is a multidimensional phenomenon whose effects are influenced by how it is measured and perceived. Subjective and objective measurements of contractual governance are not necessarily interchangeable, while multidimensional and multi-item measurements tend to reveal stronger relationships between contractual governance and other organisational variables.[7] These findings indicate that contractual governance cannot be assessed solely by examining whether a contract exists or how detailed its provisions appear. The implementation, interpretation, and perception of those provisions by the parties are equally important. Although this study does not directly establish a legal doctrine, it demonstrates that the effectiveness of contractual governance cannot be presumed merely from the formal completeness of the contractual instrument. In the Indonesian context, this means that compliance with formal requirements and recognition of the binding force of agreements do not automatically guarantee that a contract will effectively govern a complex and evolving commercial relationship.

A more direct challenge to the assumption of contractual completeness is provided by Mouzas and Naidu. Their study of long-term supply relationships begins from the proposition that firms are practically unable to assess every future contingency, prepare fully contingent contractual terms, or completely observe and verify contractual performance. Their empirical investigation demonstrates that parties do not overcome incompleteness by attempting to draft an infinitely detailed contract. Instead, they employ formalised contractual clauses that regulate three relational mechanisms: recurrent interaction, a relational frame, and nonlegal enforceability.[8] Recurrent interaction creates opportunities for continuous coordination and adjustment; the relational frame preserves the shared understanding through which the parties interpret their cooperation; and nonlegal enforceability relies on reputational, commercial, and

[7] Lihan Zhang, Tianhuan Ding, and Yongcheng Fu, "Do Measurement Methods Matter? A Meta-Analysis of Antecedents and Outcomes of Contractual Governance in Interorganisational Relationships," *Production Planning & Control* 36, no. 1 (2025): 110–26, https://doi.org/10.1080/09537287.2023.2255869.

[8] Mouzas and Naidu, "Overcoming Contract Incompleteness: Evidence from Long-Term Supply Relationships."



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

relational consequences that operate alongside formal legal sanctions. These mechanisms allow the parties to preserve the substance of their long-term relationship while remaining sufficiently flexible to respond to new opportunities and changing circumstances. Contract incompleteness, therefore, is not merely a drafting defect that can be eliminated through additional clauses. It is a structural characteristic of long-term commercial relationships that must be governed through a combination of formal provisions and relational processes.

The inability of static contractual arrangements to respond to unexpected circumstances is further illustrated by Grandia and Warsen's study of personal protective equipment procurement during the COVID-19 crisis in the Netherlands. Their findings show that intense external pressure initially produced a shift from contractual governance to relational governance, particularly through informal communication, information sharing, and joint problem-solving. This was followed by an attempt to return to contractual governance, although with modified procedures and highly incomplete contracts. In some stages, the absence of adequate contractual and relational mechanisms resulted in what the authors describe as laissez-faire governance.[9] The study is particularly important because it shows that neither formal contracts nor relational mechanisms are automatically sufficient. Contractual governance may be too inflexible when unforeseen circumstances demand immediate adjustment, whereas relational governance may also fail when the parties have not previously established trust, communication channels, or a history of cooperation. The relevant lesson for long-term commercial contracts is that adaptability cannot be improvised only after disruption occurs. Contracts should establish in advance the processes through which the parties will communicate, prioritise obligations, manage uncertainty, and make adjustments when ordinary performance becomes impracticable.

The distinction between possessing a formal contract and effectively managing a contractual relationship is also confirmed by Klijn, Metselaar, and Warsen. Based on survey and interview data from public infrastructure projects, the authors find that strict contract management—understood as closely monitoring performance criteria and adhering rigidly to contractual

[9] Catharine MacMillan, "Covid-19 and the Problem of Frustrated Contracts," *King's Law Journal* 32, no. 1 (2021): 60–70, https://doi.org/10.1080/09615768.2021.1885328.



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

provisions—does not have a significant relationship with project performance or innovation. By contrast, network management, which involves connecting the relevant parties, facilitating interaction, exploring alternative solutions, and coordinating collaborative processes, has a positive relationship with collaboration and performance.[10] The authors do not suggest that contracts are irrelevant. Rather, they conclude that formal contracts cannot independently generate satisfactory outcomes without active management of the relationship. They consequently recommend the adoption of process agreements at the beginning of a contractual relationship to regulate how the parties will address unforeseen problems. This finding directly challenges the classical assumption that detailed substantive obligations are sufficient to secure contractual performance. In complex projects, legal certainty must also encompass certainty regarding procedures for communication, coordination, adaptation, and joint problem-solving.

Nevertheless, criticism of classical contract law should not lead to the opposite conclusion that detailed contractual provisions are unnecessary. FitzGerald, Tan, Carter, and Airoldi demonstrate the continuing importance of formal specification in their examination of 34 outcome-based contracts in the United Kingdom. Their analysis shows that contractual features defining the intended participant cohorts and incorporating methods for estimating outcomes that would have occurred without the intervention can restrict suppliers' ability to appropriate value and reduce the possibility that public authorities pay for outcomes of questionable value.[11] At the same time, the authors characterise outcome-based contracts as complex and incomplete because the contracted services concern multifaceted social problems whose performance and long-term consequences cannot be specified or verified fully in advance. Their findings reveal a fundamental contractual trade-off: excessive prescription may undermine flexibility and innovation, whereas insufficient specification may facilitate opportunism, overpayment, or the prioritisation of short-term measurable outputs over long-term objectives. The implication is that formal contractual specificity remains necessary for identifiable risks, measurable obligations, and accountability. However, it must be

[10] Klijn, Metselaar, and Warsen, "The Effect of Contract- and Network Management on Performance and Innovation in Infrastructure Projects."

[11] Clare FitzGerald et al., "Contractual Acrobatics: A Configurational Analysis of Outcome Specifications and Payment in Outcome-Based Contracts," *Public Management Review* 25, no. 9 (2023): 1796–1814, https://doi.org/10.1080/14719037.2023.2244501.



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

accompanied by adaptive governance for those aspects of performance that cannot be completely determined at the time of formation.

The interaction between contractual design and relational performance is also evident in Koppenjan et al.'s evaluation of Dutch Design-Build-Finance-Maintain (DBFM) projects. Their research compares integrated DBFM contracts with conventional Design and Construct contracts by examining cost, time, quality, innovation, risk allocation, financing, and collaboration. The findings indicate that DBFM projects generally performed similarly to or better than conventional projects and that contractual bundling had a positive relationship with innovation. However, collaboration proved to be a strong driver of both performance and innovation regardless of the contractual model employed. The authors further observe that collaboration and performance improved over time, suggesting that contractual outcomes are influenced not only by the formal structure selected at the beginning of the project but also by how the parties subsequently deal with the contract and gradually learn to cooperate.[12] Thus, the performance of a long-term contract cannot be attributed exclusively to its formal design. A sophisticated contractual model may provide appropriate incentives and allocate risks, but its effectiveness ultimately depends on continuing interaction, institutional learning, and the quality of collaboration during implementation.

Taken together, these studies reveal several structural weaknesses in the classical contract paradigm. First, contractual governance is more complex than the written allocation of rights and obligations because it also includes the parties' perceptions, implementation practices, and continuing interaction. Second, contractual incompleteness is an inherent feature of long-term relationships rather than an exceptional defect caused solely by inadequate drafting. Third, strict contractual enforcement does not necessarily produce collaboration, innovation, or satisfactory performance, particularly when unexpected circumstances require coordinated responses. Fourth, abandoning formal specification is equally problematic because clearly formulated terms remain necessary to control opportunism, ensure accountability, and protect

[12] Joop Koppenjan et al., "The Performance of Public–Private Partnerships: An Evaluation of 15 Years DBFM in Dutch Infrastructure Governance," *Public Performance & Management Review* 45, no. 5 (2022): 998–1028, https://doi.org/10.1080/15309576.2022.2062399.



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

the legitimate interests of the parties. Formal and relational governance should therefore be understood as complementary rather than mutually exclusive mechanisms.

Although the six studies arise from different sectors and jurisdictions and do not directly examine the Indonesian Civil Code, their conceptual relevance lies in the recurring governance problems they identify. Long-term supply arrangements, public procurement, outcome-based contracts, and infrastructure partnerships all demonstrate that continuing commercial relationships cannot be governed adequately through ex ante specification alone. On this basis, this study argues that the principal weakness of Indonesian classical contract law is not its recognition of contractual freedom or binding force, but its insufficient recognition of obligations and procedures that emerge during contractual performance. A long-term contract should be understood not merely as a fixed exchange of predetermined promises but as a legally structured relationship in which the parties remain responsible for maintaining cooperation and responding reasonably to changes affecting their shared commercial purpose.

Accordingly, the concept of legal certainty in long-term commercial relationships must be reconsidered. Legal certainty should not be confined to the certainty that every original term will be applied literally regardless of subsequent developments. It should also encompass procedural certainty regarding how the parties must communicate, share relevant information, review performance, initiate renegotiation, adjust obligations, and resolve unforeseen difficulties. This study therefore infers that Indonesian contract law should give greater recognition to continuing duties of cooperation, relational good faith, reasonable adaptation, information sharing, and renegotiation when fundamental changes threaten the sustainability of the contractual relationship. Such mechanisms do not weaken *pacta sunt servanda*. Instead, they preserve the binding character and commercial purpose of the agreement by preventing rigid enforcement from destroying the relationship that the contract was originally intended to sustain.

The inadequacy of classical contract law consequently lies in its predominantly static conception of contractual certainty. Modern long-term commercial relationships require a combination of substantive certainty, derived from clearly formulated rights, obligations, risk



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

allocations, and accountability mechanisms, and relational certainty, derived from agreed procedures for interaction, adaptation, and collaborative problem-solving. A reconstructed contractual framework should retain formal rules for matters that can reasonably be anticipated while simultaneously providing relational mechanisms for circumstances that cannot be exhaustively regulated in advance. In this sense, relational contracting does not replace classical contract law; it corrects its claim to completeness and expands its capacity to govern the dynamic realities of contemporary commercial cooperation.

**B. Relational Contract Theory as a New Analytical Framework**

Relational Contract Theory provides a more comprehensive analytical framework for understanding long-term commercial relationships because it rejects the assumption that a contract can be fully understood solely through its written provisions. Under the classical model, the contract is generally treated as a completed legal instrument whose meaning, rights, obligations, and remedies are determined primarily at the moment of formation. Relational Contract Theory, by contrast, understands a contract as a continuing relationship that develops through repeated interaction, shared expectations, institutional conditions, and adjustments made during performance. This approach does not deny the legal significance of written terms. Rather, it explains that the actual operation of a long-term contract also depends on relational norms and governance processes that cannot always be exhaustively formulated in advance. Accordingly, contractual analysis must extend beyond the text of the agreement to examine the institutional environment, the quality of interaction between the parties, the distribution of power, and the mechanisms through which the relationship adapts to changing circumstances.

This multidimensional understanding is supported by Li et al., who divide relational governance into three connected elements: relational situation, relational norm, and relational behavior. They subsequently construct an integrated framework linking those elements to project management performance.[13] A relational situation refers to the broader circumstances in which cooperation takes place, including interdependence, environmental conditions, and the structure of the relationship. Relational norms represent the shared expectations that guide

[13] Li et al., "Re-Examining the Link between Relational Governance and Project Management Performance: An Integrated Framework."



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

the parties, while relational behavior concerns the actions through which those expectations are implemented. The importance of this framework lies in its rejection of the idea that trust, cooperation, or flexibility operate as isolated personal attitudes. Instead, relational norms emerge from particular circumstances, shape the parties' conduct, and ultimately influence the results of their cooperation. Relational Contract Theory can therefore be employed to analyse not only what the parties have formally promised, but also how the surrounding situation generates expectations and how those expectations are translated into contractual behavior.

The framework developed by Li et al. is particularly relevant to long-term commercial contracts because such agreements are continually affected by circumstances that may not have existed when the contract was formed. Changes in market conditions, technology, regulatory policy, resource availability, or the parties' organisational structure can alter the original context of performance. Under a strictly classical approach, those developments may be treated only as external events whose legal relevance depends on whether they fall within specifically recognised doctrines, such as force majeure or hardship. A relational approach goes further by examining how changing circumstances affect the parties' expectations, patterns of interaction, and willingness to continue performing the agreement. The contract is therefore interpreted as a structured but evolving relationship rather than a closed exchange frozen at the date of formation.

The substantive content of relational norms is further clarified by Singh, Bhattacharya, and Nand, who examine the interaction between solidarity, flexibility, and power in buyer–supplier relationships. Their study emphasises that solidarity and flexibility are especially important for preserving the long-term benefits obtained by both buyers and suppliers.[14] Solidarity reflects the parties' expectation that the relationship will be maintained as a joint undertaking rather than treated exclusively as a series of individual claims. Flexibility enables them to adjust their conduct when circumstances change, while the distribution and exercise of power influence whether such adjustments occur through cooperation or domination. These findings indicate that relational contracting is not merely based on general trust. It involves

[14] Singh, Bhattacharya, and Nand, "Impact of Relational Norms on Performance: Interaction between Solidarity, Power and Flexibility in Buyer-Supplier Relationships."



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

identifiable norms that influence how the parties respond to uncertainty, competing interests, and demands for contractual adjustment.

Solidarity and flexibility have important implications for the legal understanding of contractual good faith. In a relational contract, good faith should not be confined to honesty at the stages of negotiation and performance. It should also require the parties to consider the continuity and shared commercial purpose of the relationship. Solidarity does not mean that each party must abandon its individual interests, but it limits the pursuit of those interests when opportunistic conduct would destroy the cooperative foundation of the agreement. Similarly, flexibility does not permit unrestricted modification of contractual obligations. It requires a structured willingness to discuss and reasonably accommodate changes that were not fully anticipated when the contract was concluded. The interaction between solidarity, flexibility, and power thus provides a more precise analytical basis for developing the concepts of relational good faith, cooperation, and reasonable adaptation.

The relationship between formal and informal dimensions of contractual governance is examined by af Hällström, Bosch-Sijtsema, and Poblete. Based on two infrastructure projects, they find that formal and informal ties interact cyclically: formal ties provide the foundation on which informal relations develop, whereas informal ties subsequently influence how formal ties are understood and implemented.[15] Their research also cautions that strong formal and informal ties may produce both beneficial and dysfunctional consequences. Formal mechanisms can establish roles, responsibilities, and procedures, while informal ties can support communication and rapid problem-solving. However, informal relationships may also exclude particular participants or distribute influence unevenly, and strong formal structures may become rigid or obstructive.

This finding prevents Relational Contract Theory from being reduced to the romantic assumption that informal cooperation is necessarily superior to formal law. Relational governance does not require the abandonment of written obligations in favour of trust or

[15] Anna af Hällström, Petra Bosch-Sijtsema, and León Poblete, "Challenges with Collaboration: The Interaction of Formal and Informal Ties in Infrastructure Construction," *Construction Management and Economics* 43, no. 1 (2025): 7–25, https://doi.org/10.1080/01446193.2024.2371153.



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

personal relationships. Instead, it recognises the reciprocal influence between the formal structure of the contract and the social relationship through which that structure is implemented. The written contract creates a legally recognised framework for cooperation, but its provisions acquire practical meaning through communication, interpretation, and repeated performance. Conversely, informal understandings should not be allowed to operate without legal safeguards where they produce unequal treatment, exclusion, or abuse of bargaining power. A relational analytical framework must therefore evaluate both the productive and potentially harmful consequences of the formal–informal interaction.

The importance of contextual conditions is further demonstrated by Chao's study of inter-firm relational adaptation in emerging markets with different institutional arrangements. The study combines transactional, relational, and institutional perspectives and finds that institutional variations influence how firms adapt their relationships. In particular, the effect of asset specificity and volume uncertainty on relational adaptability differs according to the institutional structure of the market.[16] This suggests that relational adaptation does not occur uniformly across all jurisdictions or commercial sectors. The willingness and ability of parties to adjust their relationship are influenced by regulatory systems, market organisation, institutional stability, and the availability of formal enforcement mechanisms.

Chao's findings are significant for applying Relational Contract Theory to Indonesian contract law. Relational contracting cannot simply be transplanted from one jurisdiction to another as a universal collection of cooperative values. Its operation must be examined within the specific institutional environment of Indonesian commerce, including the Civil Code, judicial interpretation of good faith, regulatory fragmentation, disparities in bargaining power, and the enforcement of commercial agreements. A relational reconstruction of Indonesian contract law must consequently combine universal relational principles—such as cooperation, reciprocity, and adaptation—with safeguards responsive to the characteristics of the national legal and commercial system. The theory should function as a context-sensitive framework rather than an abstract justification for judicial discretion.

[16] Emmanuel Chao, "Inter-Firm Relational Adaptation: Analysis of Dynamics from an International Perspective," *Cogent Social Sciences* 10, no. 1 (2024): 2330162, https://doi.org/10.1080/23311886.2024.2330162.



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

The implementation of relational contracting is also affected by organisational and policy conditions. Rosander and Kadefors demonstrate that the introduction of a relational contracting model may be disrupted by conflicts between the new relational policy and existing organisational policies. In the projects they examined, an earlier market-oriented policy prescribing limited client involvement conflicted with the cooperative requirements of relational contracting. The conflict produced confusion and frustration and became visible through problems relating to resource allocation and managerial attention. The authors conclude that policy ambiguities and project-based implementation can generate local variations in the meaning and application of relational contracting.[17]

Relational contracting, therefore, cannot be implemented merely by inserting terms such as "partnership," "cooperation," or "good faith" into an agreement. Its effectiveness depends on whether the parties possess the organisational resources, decision-making authority, managerial commitment, and institutional support required to practise cooperation. A contract may formally demand collaboration while the parties' internal policies continue to reward adversarial conduct, strict departmental separation, or short-term financial outcomes. Relational Contract Theory consequently extends contractual analysis beyond the behavior of the immediate signatories. It requires consideration of the organisational systems and institutional policies that facilitate or obstruct relational performance. This is particularly relevant to corporate contracts in which the individuals negotiating the agreement may differ from those responsible for its implementation.

The need to move beyond transactional governance is expressly addressed by Sandoval et al. Their research observes that the dominance of Transaction Cost Economics in inter-organisational projects has encouraged one-off transactions, short-termism, and relationships primarily designed to control opportunism. To address these limitations, they operationalise a seven-dimensional framework based on Relational Exchange Theory and examine strategic relationships in four major projects in the United Kingdom. The study proposes that relationships should be managed as strategic partnerships rather than temporary transactional

[17] Rosander and Kadefors, "Implementing Relational Contracting in A Public Client Organization: The Influence of Policy Clashes, Resources and Project Autonomy."



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

arrangements.[18] Although Relational Exchange Theory and Relational Contract Theory are not identical, they share the proposition that exchange cannot be understood independently of the relationship in which it occurs.

This perspective is especially valuable for explaining the distinction between discrete and relational contracts. A discrete transaction is generally directed towards a clearly defined exchange and concludes when the promised performances have been completed. A strategic commercial relationship, however, may involve shared resources, repeated investments, accumulated knowledge, interdependent operations, and risks that develop over time. The value of such a relationship cannot be adequately protected by legal rules concerned only with individual instances of performance and breach. Relational Contract Theory permits the legal analysis to consider the continuing value of the relationship, including investments made in reliance on future cooperation, knowledge shared between the parties, and the economic consequences of destroying an established commercial network.

Nevertheless, relational governance does not automatically generate improved performance. Tukamuhabwa et al., in their study of water and sanitation projects in Uganda, find positive relationships between contractual governance and project performance, relational governance and risk-management practices, and risk-management practices and project performance. However, their hypothesised direct relationship between relational governance and performance was not supported. Instead, risk-management practices fully mediated the relationship between relational governance and project performance.[19] These findings are important because they demonstrate that relational norms must be translated into identifiable governance practices before they can produce concrete results.

Accordingly, trust and cooperation should not remain abstract moral expectations. They must be operationalised through mechanisms for identifying, assessing, allocating, mitigating, and reviewing risks. Relational Contract Theory should therefore direct attention to the

[18] Juan Sandoval et al., "Managing Strategic Relationships in Inter-Organisational Projects," *Production Planning & Control* 37, no. 5 (2026): 463–80, https://doi.org/10.1080/09537287.2025.2554161.

[19] Benjamin R Tukamuhabwa et al., "Enhancing Water and Sanitation Project Performance in a Developing Economy: Role of Governance Mechanisms and Risk Management Practices," *Cogent Business & Management* 10, no. 3 (2023): 2263994, https://doi.org/10.1080/23311975.2023.2263994.



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

procedures through which relational values are transformed into contractual practice. Such procedures may include periodic performance reviews, joint risk committees, duties to disclose relevant information, early-warning mechanisms, staged renegotiation, and escalation procedures. The theory is analytically useful not because it assumes that good relationships automatically produce good outcomes, but because it helps identify the institutional processes needed to convert relational commitments into effective performance.

The behavioral effects of relational governance are further explained by Lv et al., who integrate fairness perception into their analysis of contractual governance, relational governance, and contractor behavior. Their findings indicate that both contractual and relational governance can enhance contractors' perceptions of fairness. Those perceptions, in turn, promote positive performance behavior and inhibit opportunistic conduct.[20] The study therefore identifies fairness perception as a mediating mechanism through which governance arrangements influence contractual behavior.

The relevance of fairness to Relational Contract Theory extends beyond the requirement that contractual terms should be substantively balanced. In long-term relationships, the parties continuously evaluate whether decisions are made transparently, whether their interests are given reasonable consideration, and whether contractual powers are exercised consistently. A party may formally possess a right to supervise performance, change specifications, withhold payment, or terminate the agreement. However, the manner in which that right is exercised affects the other party's willingness to cooperate. Relational fairness therefore includes procedural fairness in communication, decision-making, risk allocation, and contractual adjustment. This does not eliminate legally granted rights, but it allows their exercise to be evaluated in light of the relationship's legitimate expectations and continuing commercial purpose.

Carter et al. similarly show that the use of performance information in outcome-based contracts exists on a spectrum between formal and relational approaches. Their comparison reveals tensions between highly formalised and rigid contractual designs and relational

[20] Antoon Spithoven, "Theory and Reality of Cryptocurrency Governance," *Journal of Economic Issues* 53, no. 2 (2019): 385–93, https://doi.org/10.1080/00213624.2019.1594518.



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

governance structures intended to cultivate trust-based use of performance information. Under a predominantly formal approach, metrics may operate mainly as instruments of monitoring, sanctions, and compliance. In a more relational arrangement, the same information may support learning, dialogue, and adjustment over the duration of the contract.[21]

The distinction between information as a means of control and information as a means of learning illustrates an important contribution of Relational Contract Theory. Classical contractual governance frequently emphasises retrospective assessment: whether a party complied with a predetermined standard and what remedy should follow from noncompliance. Relational governance adds a prospective function by using performance information to identify emerging difficulties, improve coordination, and revise methods of performance before failure occurs. Monitoring is thus not abandoned, but its purpose is expanded. It serves both accountability and adaptive learning, enabling the parties to protect the long-term objectives of the agreement rather than merely document violations after they have occurred.

Taken together, the nine studies demonstrate that relational contracting consists of several interconnected dimensions. It is shaped by the circumstances surrounding the relationship; sustained through norms of solidarity, flexibility, reciprocity, and fairness; expressed through communication and cooperative behavior; supported or obstructed by organisational and institutional policies; and operationalised through risk management, information sharing, performance review, and adaptive decision-making. At the same time, these studies show that relational governance cannot function effectively without formal structures. Written provisions remain necessary to allocate authority, establish accountability, prevent opportunism, and provide remedies when cooperation fails.

Relational Contract Theory should therefore not be positioned as an alternative that replaces contract law, but as an analytical framework that explains how formal contractual rules interact with the continuing relationship between the parties. It must also be acknowledged that the foregoing studies primarily concern construction projects, supply relationships, public

[21] Eleanor Carter et al., "A Tyranny of Metrics vs. a Tool for Learning: Exploring Performance Information Use on the Spectrum of Formal to Relational in Outcomes-Based Contracts," *Public Management Review*, 17, 2026, 1–26, https://doi.org/10.1080/14719037.2026.2630985.



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

procurement, and outcome-based contracts rather than the doctrinal interpretation of the Indonesian Civil Code. Their application to Indonesian contract law is therefore a normative and comparative inference rather than a direct statement of Indonesian positive law. Nevertheless, the recurring patterns identified across different sectors and jurisdictions provide a strong analytical basis for questioning whether a contract can be treated as an autonomous and complete legal instrument. These studies consistently demonstrate that contractual outcomes depend on institutional context, relational norms, procedural fairness, adaptive capacity, and the interaction between formal and informal governance.

On this basis, Relational Contract Theory offers a new analytical framework for Indonesian contract law through at least five connected inquiries. First, contractual analysis should examine the relational and institutional situation in which the agreement operates. Second, it should identify the relational norms legitimately arising from the nature, duration, and purpose of the relationship. Third, it should evaluate whether the parties' conduct reflects cooperation, fairness, reciprocity, and reasonable flexibility. Fourth, it should assess whether the agreement provides procedures for managing risk, sharing information, reviewing performance, and adapting to change. Finally, it should preserve formal safeguards capable of controlling opportunism and protecting parties affected by unequal bargaining power.

Relational Contract Theory thus reconstructs the meaning of contractual obligation without rejecting contractual autonomy or *pacta sunt servanda*. The binding force of a long-term contract encompasses not only the duty to perform obligations formulated at the time of formation, but also the responsibility to maintain the processes necessary for achieving the agreement's continuing commercial purpose. Contractual certainty is maintained through clearly formulated rights and safeguards, while relational continuity is protected through cooperation, procedural fairness, risk management, and reasonable adaptation. The theory therefore provides a bridge between legal certainty and commercial flexibility and offers a more responsive foundation for governing contemporary long-term commercial relationships in Indonesia.

## C. Towards a Relational Reconstruction of Indonesian Contract Law



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

The relational reconstruction of Indonesian contract law should not be understood as replacing written agreements, contractual autonomy, or the principle of *pacta sunt servanda*. Its purpose is to overcome the assumption that long-term commercial relationships can be governed entirely through obligations fixed at the moment of contract formation. As proposed in this study, reconstruction should integrate cooperation, adaptive performance, renegotiation, and relational good faith into the existing legal framework while maintaining legal certainty. Mouzas and Naidu demonstrate that contractual incompleteness is an inherent feature of long-term supply relationships because parties cannot anticipate, observe, or verify every future contingency. Their research identifies recurrent interaction, a relational frame, and nonlegal enforceability as mechanisms through which parties manage such incompleteness. These findings suggest that Indonesian contract law should distinguish between poor contractual drafting and unavoidable incompleteness.[22] When a future development could not reasonably have been anticipated, the law should not automatically treat the contractual gap as a failure of drafting or mechanically apply rules that disregard the agreement's commercial purpose. Instead, long-term contracts should provide structured procedures for periodic review, information exchange, joint assessment of changed circumstances, and renegotiation. Such procedures would not undermine legal certainty because certainty would arise not only from predetermined outcomes but also from clearly established processes for managing future uncertainty.

Nevertheless, relational reconstruction must retain the protective and coordinating functions of formal contractual provisions. Luo and Chen show that contractual governance affects performance by influencing contractor behaviour, including compliance, value-creating conduct, and opportunism. Their findings indicate that contractual rules are most effective when they encourage cooperative behaviour rather than merely threaten sanctions.[23] Consequently, the reconstruction of Indonesian contract law should preserve clear provisions concerning contractual purpose, essential obligations, performance standards, authority,

[22] Mouzas and Naidu, "Overcoming Contract Incompleteness: Evidence from Long-Term Supply Relationships."

[23] Yazhuo Luo and Yuanze Chen, "How Does Contractual Governance Affect Construction Project Performance? The Mediating Role of the Contractor's Behavior," *Journal of Asian Architecture and Building Engineering* 24, no. 5 (2025): 3879–97, https://doi.org/10.1080/13467581.2024.2396606.



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

remedies, and risk allocation. However, formal risk allocation should be accompanied by duties of disclosure, early warning, mitigation, and consultation. Risks should be assigned to the party best able to control, prevent, insure against, or absorb them, rather than transferred mechanically to the party with weaker bargaining power. This position is supported by Klijn, Metselaar, and Warsen, who found that strict contract management and rigid adherence to performance criteria were not significantly related to collaboration, innovation, or project performance. By contrast, network management—connecting actors, facilitating interaction, and exploring alternative solutions—was positively associated with collaboration and performance. Their recommendation to establish process agreements at the beginning of a contractual relationship is particularly relevant to Indonesia. Long-term commercial contracts should specify how parties must communicate, what information must be disclosed, who has authority to decide, how disagreements are escalated, and what procedures must occur before termination or litigation.[24]

A relational reconstruction must also institutionalise cooperation rather than leaving it dependent on personal goodwill. Satheesh et al. demonstrate that boundary-spanning activities improve collaboration and, through collaboration, enhance project performance. Boundary spanners coordinate information, decisions, and relationships across organisational divisions and participating institutions. In commercial contracts, such functions may be performed by contract managers, liaison officers, joint committees, or authorised representatives who connect legal, technical, financial, and operational units. Indonesian long-term contracts should therefore identify responsible representatives, establish regular coordination mechanisms, and clarify their decision-making authority. This institutional arrangement is important because contractual difficulties often result not from deliberate bad faith but from delayed communication, fragmented internal authority, or failures to share relevant information.[25] Van Meerkerk, Warsen, and Klijn further show that boundary-spanning activities strengthen contractual fairness, performance, and innovation. Contractual fairness in this context concerns

[24] Klijn, Metselaar, and Warsen, "The Effect of Contract- and Network Management on Performance and Innovation in Infrastructure Projects."

[25] Shreya Anna Satheesh et al., "The Impact of Boundary Spanning by Public Managers on Collaboration and Infrastructure Project Performance," *Public Performance & Management Review* 46, no. 2 (2023): 418–44, https://doi.org/10.1080/15309576.2022.2137212.



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

not only the balance of the original terms but also the manner in which contractual powers are exercised during performance. This provides a basis for developing relational good faith in Indonesian law. A party exercising discretion to change specifications, evaluate performance, withhold payment, or terminate an agreement should act transparently, consistently, proportionately, and with reasonable regard for the legitimate interests and shared commercial purpose of the relationship.[26] Relational good faith would not require a party to abandon its own interests, but it would prevent the opportunistic exercise of contractual rights in circumstances where reasonable cooperation could preserve the agreement.

Performance monitoring should likewise be reconstructed from a purely controlling mechanism into a combined instrument of accountability and learning. Carter et al. distinguish between formal and relational uses of performance information in outcome-based contracts. In highly formalised arrangements, metrics primarily operate as tools of supervision, compliance, and sanctions. In relational arrangements, the same information supports dialogue, organisational learning, corrective action, and adaptation. This distinction is valuable for Indonesian contract law because performance indicators should not merely document breach after failure has occurred. They should also enable parties to identify emerging risks, examine whether original assumptions remain valid, and revise methods of performance before problems become irreversible. Long-term contracts should consequently provide staged review mechanisms involving measurement, explanation, corrective planning, implementation, and reassessment. Sanctions and termination should remain available when a party refuses to cooperate or persistently fails to perform, but they should not always constitute the first response to every deviation.[27] This adaptive orientation is increasingly necessary in digitally integrated commercial relationships. Gratzke, Zimmer, and Drews show that digital transformation has shifted information-technology outsourcing from transactional arrangements towards ecosystem partnerships involving interconnected providers and shared

[26] Ingmar van Meerkerk, Rianne Warsen, and Erik-Hans Klijn, "Boundary Spanning for Contractual Fairness in Public Infrastructure Projects: Its Impact on Performance and Innovation," *Public Management Review* 26, no. 7 (2024): 2122–43, https://doi.org/10.1080/14719037.2023.2262474.

[27] Carter et al., "A Tyranny of Metrics vs. a Tool for Learning: Exploring Performance Information Use on the Spectrum of Formal to Relational in Outcomes-Based Contracts."



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

technological infrastructures. Indonesian contract law must therefore recognise that modern contractual performance may depend on networks of platform operators, cloud providers, software developers, data processors, and cybersecurity specialists.[28] Contracts in such ecosystems require mechanisms governing interoperability, data access, information security, technological changes, intellectual property, and coordination among related contractual relationships.

The theoretical basis for integrating these mechanisms into law is provided by Colombi Ciacchi and von der Pfordten, who distinguish between governance as law, governance in law, governance through law, and governance against law.[29] Applied to Indonesian contract law, relational procedures may become binding when incorporated into agreements as governance as law; cooperation, good faith, and renegotiation may receive legislative or judicial recognition as governance in law; legal rules may facilitate joint committees, disclosure duties, review mechanisms, and staged dispute resolution as governance through law; and mandatory legal protections must continue to limit informal arrangements that conflict with public policy, consumer protection, competition law, or safeguards against unequal bargaining power as governance against law. Based on these studies, Indonesian contract law may be reconstructed through three interconnected layers. The first is a formal-protective layer containing essential obligations, risk allocation, authority, accountability, remedies, and termination. The second is a relational-procedural layer encompassing communication, cooperation, information sharing, early warning, coordination, and fair exercise of contractual powers. The third is an adaptive layer consisting of periodic review, joint risk assessment, change-control mechanisms, renegotiation, hardship procedures, and graduated dispute resolution. This model combines substantive certainty with procedural certainty parties know both the obligations that must be performed and the processes that must be followed when circumstances change. Relational reconstruction therefore does not replace classical contract law with informal expectations of

[28] Lennart Gratzke, Markus Philipp Zimmer, and Paul Drews, "IT Outsourcing Relationships in the Context of Digital Transformation: From Transactional Relationships to Ecosystem Partnerships," *Information Systems Management* 43, no. 1 (2026): 65–84, https://doi.org/10.1080/10580530.2025.2575172.

[29] Aurelia Colombi Ciacchi and Dietmar von der Pfordten, "Exploring the Relationship between Law and Governance: A Proposal," *The Theory and Practice of Legislation* 11, no. 2 (2023): 151–67, https://doi.org/10.1080/20508840.2023.2215657.



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

cooperation. It strengthens the binding force of long-term contracts by ensuring that formal enforceability, relational governance, and structured adaptation operate together to preserve the legitimate commercial purpose of the agreement.

The proposed three-dimensional model can be operationalised through distinct but complementary legal mechanisms. The formal-protective dimension concerns the enforceable structure of the agreement, including essential contractual obligations, performance standards, risk allocation, remedies, and termination conditions. Its principal doctrinal foundation lies in the binding force of valid agreements under Article 1338 of the Indonesian Civil Code. The relational-procedural dimension concerns the parties' continuing responsibilities during contractual performance, including timely communication, relevant information disclosure, cooperative problem-solving, and fair exercise of contractual discretion. Articles 1338 and 1339 provide potential legal foundations for developing these obligations through good-faith performance and the recognition of obligations arising from propriety, custom, or law. The adaptive dimension concerns the procedures through which parties respond to material changes affecting contractual performance, including periodic review, early warning, renegotiation, and agreed mechanisms for contractual adjustment. Unlike the formal-protective dimension, which primarily establishes what the parties are legally required to perform, the relational-procedural and adaptive dimensions regulate how the parties should maintain and adjust their contractual relationship over time. Their integration provides a normative basis for contractual continuity without presuming that every commercial difficulty authorises unilateral modification or judicial rewriting of agreed obligations.

**Table 1. Operationalisation of the Proposed Three-Dimensional Relational Contract Model**

| Dimension | Normative orientation | Contractual mechanisms | Expected legal function |
|---|---|---|---|
| **Formal-protective** | Binding force of agreements, autonomy, and enforceability | Essential terms, defined obligations, risk allocation, remedies, termination provisions | Preserving substantive legal certainty |
| **Relational-procedural** | Good-faith performance and recognition of implied obligations within applicable legal limits | Disclosure, regular consultation, coordination, early-warning notices, cooperation procedures | Establishing predictable procedures for continuing performance |



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

| | | | |
|---|---|---|---|
| **Adaptive** | Agreed adjustment procedures and reasonable responses to unforeseen changes | Periodic review, renegotiation clauses, change-control procedures, staged dispute resolution | Facilitating structured adaptation while limiting unilateral modification |

*Source: Authors' conceptual synthesis based on Relational Contract Theory and the Indonesian Civil Code.*

Procedural certainty should not be understood as an alternative to legal certainty, but as one of its operational dimensions in long-term commercial relationships. Traditional contractual certainty primarily concerns the validity, binding force, and enforceability of predetermined rights and obligations. Procedural certainty, by contrast, concerns the predictability of the processes through which contractual difficulties are identified, communicated, assessed, and addressed during performance. It does not guarantee that renegotiation will produce an agreement or that contractual obligations will necessarily be modified. Instead, it establishes whether the parties have agreed upon identifiable procedural requirements, including notification periods, information-sharing responsibilities, consultation stages, decision-making authority, and dispute-resolution mechanisms. The distinction is therefore between certainty regarding substantive contractual commitments and certainty regarding the procedures for managing circumstances that cannot be fully specified in advance. Both forms of certainty are complementary: substantive obligations remain binding, while procedural commitments provide an orderly framework for responding to uncertainty without permitting unrestricted unilateral adjustment.

The renegotiation of long-term power purchase agreements between Indonesia's state electricity company, State Electricity Company, Ltd, and independent power producers following the 1997–1998 Asian financial crisis provides a concrete illustration of the relevance of the proposed relational framework. Paterson (2006) documents that the crisis generated contractual disputes and arbitration proceedings involving private power projects in Indonesia. Rather than resolving all contractual difficulties exclusively through litigation or strict enforcement of the original agreements, the Indonesian government announced in 2002 that most existing agreements with independent power producers had been renegotiated or addressed through interim arrangements involving reductions in electricity purchase prices. Viewed through the proposed three-dimensional framework, the original contractual



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

commitments illustrate the formal-protective dimension, while the renegotiation process demonstrates the practical importance of communication and coordinated responses to changed economic circumstances. The resulting contractual adjustments illustrate the adaptive dimension, in which parties may preserve commercial arrangements by mutually revising performance obligations. This case does not establish that Indonesian law already imposes a general duty to renegotiate, nor does it demonstrate that the parties explicitly adopted Relational Contract Theory. Rather, it shows how the proposed framework can be used to analyse actual contractual responses to economic disruption. The central normative implication is that long-term agreements may benefit from clearly defined procedures for consultation, information exchange, renegotiation, and adjustment while preserving their binding force and the legal safeguards protecting both parties.

The significance of this reconstruction lies in its capacity to connect relational contract scholarship with the doctrinal structure and practical operation of Indonesian contract law. Theoretically, the proposed model extends the understanding of contractual obligations beyond predetermined substantive commitments by identifying the normative relevance of continuing cooperation and structured adaptation. Doctrinally, it offers a framework for interpreting contractual good faith and supplementary obligations in relation to the duration, interdependence, and commercial purpose of long-term agreements, while recognising the limits imposed by contractual autonomy and enforceability. Practically, it provides contracting parties and legal practitioners with a structured basis for drafting communication, risk-review, renegotiation, and dispute-prevention procedures. The contribution is therefore not the replacement of classical contract principles, but their integration with relational mechanisms capable of supporting contractual continuity under changing commercial conditions.

## CONCLUSION

This study concludes that the principal limitation of the classical paradigm of Indonesian contract law does not lie in contractual autonomy or the binding force of agreements, but in its predominantly static conception of contractual obligations. Long-term commercial relationships involve uncertainty, interdependence, repeated interaction, and changing



***PATTIMURA Legal Journal***, 5 (3) December 2026: 220 - 248
E-ISSN: 2830-2435
Published by: Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia

circumstances that cannot be exhaustively determined at the time of contract formation. Relational Contract Theory provides a normative basis for addressing this limitation without abandoning pacta sunt servanda. The study proposes a three-dimensional framework consisting of formal-protective, relational-procedural, and adaptive dimensions. The formal-protective dimension preserves essential obligations, risk allocation, accountability, remedies, and enforceability. The relational-procedural dimension institutionalises cooperation, communication, information sharing, fairness, and relational good faith. The adaptive dimension establishes procedures for periodic review, renegotiation, hardship management, contractual adjustment, and graduated dispute resolution. The principal contribution of this study is therefore not to replace classical contract law with informal relational norms, but to reconceptualise contractual certainty as encompassing both substantive and procedural certainty. Parties should have certainty not only regarding their predetermined rights and obligations but also regarding the procedures applicable when circumstances materially change. For Indonesian contract law, the proposed framework provides a normative basis for legislative development, judicial interpretation, and contract drafting. Nevertheless, because this study is doctrinal and conceptual, the proposed framework requires further testing through Indonesian judicial decisions, sector-specific contracts, and empirical research involving long-term commercial relationships.

## ACKNOWLEDGMENTS

This research was supported by the 2026 DIPA Research Fund of the State Islamic Institute (IAIN) Kendari, awarded through the Litapdimas Research Program (SBK Research Scheme).

## REFERENCES

Af Hällström, Anna, Petra Bosch-Sijtsema, and León Poblete. "Challenges with Collaboration: The Interaction of Formal and Informal Ties in Infrastructure Construction." *Construction Management and Economics* 43, no. 1 (2025): 7–25. https://doi.org/10.1080/01446193.2024.2371153.

Amiruddin, Azwar. "Kontrak Ambigu : Bahan Bakar Utama Sengketa Bisnis Di Badan Peradilan." *Kendari Pos*. June 13, 2025. https://kendaripos.fajar.co.id/2025/06/13/kontrak-ambigu-bahan-bakar-utama-sengketa-bisnis-di-badan-peradilan/.

Carter, Eleanor, Michael Gibson, Carolyn J Heinrich, and Deanna Malatesta. "A Tyranny of Metrics vs. a Tool for Learning: Exploring Performance Information Use on the Spectrum of Formal to Relational in Outcomes-Based Contracts." *Public Management Review* 17, 2026, 1–26. https://doi.org/10.1080/14719037.2026.2630985.

Chao, Emmanuel. "Inter-Firm Relational Adaptation: Analysis of Dynamics from an International Perspective." *Cogent Social Sciences* 10, no. 1 (2024): 2330162. https://doi.org/10.1080/23311886.2024.2330162.

Colombi Ciacchi, Aurelia, and Dietmar von der Pfordten. "Exploring the Relationship between Law and Governance: A Proposal." *The Theory and Practice of Legislation* 11, no. 2 (2023): 151–67. https://doi.org/10.1080/20508840.2023.2215657.

FitzGerald, Clare, Stefanie Tan, Eleanor Carter, and Mara Airoldi. "Contractual Acrobatics: A Configurational Analysis of Outcome Specifications and Payment in Outcome-Based Contracts." *Public Management Review* 25, no. 9 (2023): 1796–1814. https://doi.org/10.1080/14719037.2023.2244501.

Gratzke, Lennart, Markus Philipp Zimmer, and Paul Drews. "IT Outsourcing Relationships in the Context of Digital Transformation: From Transactional Relationships to Ecosystem Partnerships." *Information Systems Management* 43, no. 1 (2026): 65–84. https://doi.org/10.1080/10580530.2025.2575172.

Klijn, Erik Hans, Samantha Metselaar, and Rianne Warsen. "The Effect of Contract- and Network Management on Performance and Innovation in Infrastructure Projects." *Public Money & Management* 44, no. 5 (2024): 428–37. https://doi.org/10.1080/09540962.2023.2204533.

Koppenjan, Joop, Erik-Hans Klijn, Stefan Verweij, Mike Duijn, Ingmar van Meerkerk, Samantha Metselaar, and Rianne Warsen. "The Performance of Public–Private Partnerships: An Evaluation of 15 Years DBFM in Dutch Infrastructure Governance." *Public Performance & Management Review* 45, no. 5 (2022): 998–1028. https://doi.org/10.1080/15309576.2022.2062399.

Li, Xiaolin, Yilin Yin, Wenqing Mu, Huimin Li, Ruihua Liu, and Ruirui Zhang. "Re-Examining the Link between Relational Governance and Project Management Performance: An Integrated Framework." *Journal of Asian Architecture and Building Engineering* 23, no. 4 (2024): 1407–27. https://doi.org/10.1080/13467581.2023.2270012.

Luo, Yazhuo, and Yuanze Chen. "How Does Contractual Governance Affect Construction Project Performance? The Mediating Role of the Contractor's Behavior." *Journal of Asian Architecture and Building Engineering* 24, no. 5 (2025): 3879–97. https://doi.org/10.1080/13467581.2024.2396606.

MacMillan, Catharine. "Covid-19 and the Problem of Frustrated Contracts." *King's Law Journal* 32, no. 1 (2021): 60–70. https://doi.org/10.1080/09615768.2021.1885328.

Meerkerk, Ingmar van, Rianne Warsen, and Erik-Hans Klijn. "Boundary Spanning for

Contractual Fairness in Public Infrastructure Projects: Its Impact on Performance and Innovation." *Public Management Review* 26, no. 7 (2024): 2122–43. https://doi.org/10.1080/14719037.2023.2262474.

Mouzas, Stefanos, and N T Sudarshan Naidu. "Overcoming Contract Incompleteness: Evidence from Long-Term Supply Relationships." *Production Planning & Control* 36, no. 9 (2025): 1155–74. https://doi.org/10.1080/09537287.2024.2348518.

Rosander, Lilly, and Anna Kadefors. "Implementing Relational Contracting in A Public Client Organization: The Influence of Policy Clashes, Resources and Project Autonomy." *Construction Management and Economics* 41, no. 8 (2023): 651–69. https://doi.org/10.1080/01446193.2023.2190992.

Sandoval, Juan, Ilias Krystallis, David Whitmore, and Martina Huemann. "Managing Strategic Relationships in Inter-Organisational Projects." *Production Planning & Control* 37, no. 5 (2026): 463–80. https://doi.org/10.1080/09537287.2025.2554161.

Satheesh, Shreya Anna, Stefan Verweij, Ingmar van Meerkerk, Tim Busscher, and Jos Arts. "The Impact of Boundary Spanning by Public Managers on Collaboration and Infrastructure Project Performance." *Public Performance & Management Review* 46, no. 2 (2023): 418–44. https://doi.org/10.1080/15309576.2022.2137212.

Singh, Prakash J, Ananya Bhattacharya, and Alka Ashwini Nand. "Impact of Relational Norms on Performance: Interaction between Solidarity, Power and Flexibility in Buyer-Supplier Relationships." *Production Planning & Control* 36, no. 12 (2025): 1623–36. https://doi.org/10.1080/09537287.2024.2389894.

Spithoven, Antoon. "Theory and Reality of Cryptocurrency Governance." *Journal of Economic Issues* 53, no. 2 (2019): 385–93. https://doi.org/10.1080/00213624.2019.1594518.

Tukamuhabwa, Benjamin R, Henry Mutebi, Enoth Akandwanaho, Levi Kabagambe, and Ivan Tumukunde. "Enhancing Water and Sanitation Project Performance in a Developing Economy: Role of Governance Mechanisms and Risk Management Practices." *Cogent Business & Management* 10, no. 3 (2023): 2263994. https://doi.org/10.1080/23311975.2023.2263994.

Zhang, Lihan, Tianhuan Ding, and Yongcheng Fu. "Do Measurement Methods Matter? A Meta-Analysis of Antecedents and Outcomes of Contractual Governance in Interorganisational Relationships." *Production Planning & Control* 36, no. 1 (2025): 110–26. https://doi.org/10.1080/09537287.2023.2255869.

Conflict of Interest Statement: The author(s) declares that research was conducted in the absence of any commercial or financial relationship that could be construed as a potential conflict of interest,

**Copyright:** © **AUTHOR.** This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License. (CC-BY NC), which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

**PATTIMURA Legal Journal** (Pela) is an open acces and peer-reviewed journal published by Postgraduate Program Doctoral of Law, Universitas Pattimura, Ambon, Indonesia.

OPEN ACCESS