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THE EFFECT OF FINANCIAL TRANSPARENCY ON POTENTIAL DISPUTES IN BUSINESS PARTNERSHIPS

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Abstrak

Financial transparency is one of the main pillars in maintaining the sustainability of healthy and fair business partnerships. This study aims to analyze the influence of the level of financial transparency on the potential for disputes in business partnerships in Indonesia. The research method used is a qualitative approach with literature analysis from various national law and business journals. The results of the study indicate that low transparency and accountability of financial reports are the main factors that cause distrust between business partners, which leads to contractual disputes and litigation (Az'zahra & Wahyuningsih, 2024 ; Amanda et al., 2024). In addition, the application of Good Corporate Governance principles through information disclosure and public accountability has been proven to reduce conflict escalation and increase legal compliance in partnership relationships (Madina & Apriani, 2024 ; Tarigan, 2024). This study also found that business disputes often arise due to information imbalances between major partners and minor partners, especially in the MSME sector and public-private partnerships (Rahayu et al., 2025 ; Wardana, 2025). Thus, increasing financial transparency not only serves as a form of administrative compliance, but also as a preventive mechanism against potential disputes that could disrupt the stability of long-term business relationships

INTRODUCTION

In the dynamics of the modern business world, financial transparency is a key factor in determining the success and sustainability of business partnerships. Healthy partnerships are built on trust, fairness, and openness of information between the parties involved. When financial transparency is not maintained, information imbalances can lead to suspicion, uncertainty, and even conflict, leading to legal disputes. This situation has been a significant concern in various legal and economic studies in Indonesia, which highlight that weak financial reporting and accountability are often at the root of business disputes (Az'zahra & Wahyuningsih, 2024).

According to Amanda, Putri, & Solin (2024) , transparency in financial reports has a dual function: as an internal control tool and a means of ensuring fairness in the distribution of rights and obligations between business partners. In the context of sharia-based partnerships, such as *mudharabah* And *In musyarakah,* the lack of transparency in financial reports can create a perception of unfairness that could potentially create conflict between investors and capital managers. On the other hand, Madina & Apriani (2024) emphasizes that the application of the principle *Good Corporate Governance* (GCG) — especially in the aspects of transparency and accountability — is a preventive strategy in minimizing the potential for business disputes and increasing trust between parties.

However, the reality on the ground shows that many business entities in Indonesia, especially the MSME and digital partnership sectors, still face obstacles in implementing optimal financial transparency. Rahayu, Tanu, & Karo (2025) noted that the lack of transparency regarding revenue sharing, operational costs, and risk management policies often leads to disputes between small businesses and digital platforms. Similar issues are also found in public-private partnerships, where differences in financial reporting mechanisms between institutions lead to data asymmetry and the potential for administrative and legal conflicts (Wardana, 2025).

Based on this phenomenon, this study attempts to examine the influence of financial transparency on the potential for disputes in business partnerships in Indonesia. This research is expected to provide theoretical and practical contributions to strengthening more transparent financial governance and creating a fairer and more sustainable partnership climate.

RESEARCH METHODS

This research uses an approach descriptive qualitative with the method normative and empirical juridical to analyze the influence of financial transparency on potential disputes in business partnerships in Indonesia. This approach was chosen because the issues studied are not only related to normative legal aspects such as regulations and principles. *Good Corporate Governance,* but also involves real practices in partnership relations between business actors.

1. ***Types and Approaches of Research***

   Approach normative juridical used to examine laws and regulations governing financial disclosure and reporting in business partnerships, such as Law Number 40 of 2007 concerning Limited Liability Companies and regulations of the Financial Services Authority (OJK). This analysis was conducted by reviewing literature, legal documents, and court decisions related to partnership disputes due to low financial transparency (Rein & Rokan, 2025 ; Lestari et al., 2025).

   Meanwhile, the approach empirical juridical applied to examine the reality of implementing financial transparency in business partnerships, particularly in the MSME sector and public-private partnerships. This approach emphasizes observation of financial reporting practices and dispute resolution mechanisms between business partners, both through litigation and non-litigation channels such as mediation and negotiation (Saputra, 2025 ; Yuliana & Islami, 2025).

2. ***Data Types and Data Sources***

The data used in this study consists of:

- Primary data, obtained through in-depth interviews with business actors, legal consultants, and parties who have been involved in partnership disputes.
- Secondary data, including academic literature, national law journals, public financial reports, and relevant legal documents such as laws and regulations, partnership agreements, and previous research results.

The main data source comes from national publications accessed through the portal. *Garuda Kemdikbud,* state university journals, and national legal databases to ensure the validity and credibility of information (Az'zahra & Wahyuningsih, 2024 ; Wardoyo & Budimah, 2025).

3. ***Data collection technique***

Data collection techniques are carried out through:

1. Literature study, by examining theories and previous research results related to financial transparency, business partnerships, and dispute resolution.
2. Semi-structured interviews, to gain practical perspectives from business people and business law experts.
3. Analysis of legal documents and partnership agreements, to identify clauses relating to financial transparency obligations and dispute resolution mechanisms.

4. ***Data Analysis Techniques***

Data was analyzed using interactive qualitative analysis, which includes three stages:

1. Data reduction selecting information relevant to the research focus.
2. Data presentation organize data in narrative form and comparative tables.
3. Drawing conclusions connecting the results of normative and empirical analysis to answer the problem formulation.

This approach allows researchers to assess the extent to which financial transparency influences the emergence of potential disputes in business partnerships and to find the most effective and equitable resolution patterns.

RESULTS AND DISCUSSION

Results

Level of Financial Transparency in Business Partnerships in Indonesia

The research results show that the level of financial transparency in business partnerships in Indonesia is still relatively low, particularly in the MSME sector and public-private partnerships. Az'zahra & Wahyuningsih (2024) found that many business entities have not implemented financial reporting systems that meet the principles of accountability and transparency. This results in information asymmetry between dominant and minority partners in cooperation contracts. This situation increases the risk of misunderstandings in profit calculations, profit sharing, and financial obligations, ultimately becoming a major trigger for business disputes.

Besides that, Lestari, Yulia, & Lestari (2025) revealed that weak oversight of the implementation of transparency principles has resulted in many partnership agreements not being implemented according to fairness principles. Some large companies tend to underreport their actual financial condition to their MSME partners, leading to unequal profit distribution and contractual breaches. This phenomenon demonstrates the need for stricter regulatory mechanisms to enforce financial reporting transparency in the partnership sector.

Financial Transparency and Potential Disputes

Analysis of Wardoyo & Budimah (2025) Research shows that approximately 60% of partnership disputes in small and medium-sized businesses stem from unclear bookkeeping and non-transparent financial reporting. For example, in agribusiness and digital partnerships, minority partners often lack direct access to internal financial reports, making it difficult to assess the fairness of profit sharing.

Study Saputra (2025) Studies have shown that negotiation and mediation can be effective mechanisms for resolving disputes arising from low financial transparency. However, the effectiveness of these non-litigation mechanisms depends heavily on the good faith of the parties and the quality of communication established during the resolution process. Rein & Rokan (2025) highlighted that disputes involving financial aspects are often exacerbated by the absence of specific clauses regulating reporting disclosure obligations in partnership agreements, particularly in the plantation and extractive industry sectors.

The Impact of Implementing Good Corporate Governance (GCG) Principles

Implementation of principles *Good Corporate Governance* (GCG) has been proven to play a significant role in reducing the potential for business disputes. Lah (2023) emphasizes that the application of transparency and accountability in financial reporting is a key indicator of the sustainability of ethical and equitable business partnerships. When all parties have equal access to information, the risk of conflicts of interest can be minimized and business efficiency can be increased.

Similar results were also conveyed by Emri, Handoko, & Pangaribuan (2025) found that the level of compliance with transparency principles in partnerships was positively correlated with a lower number of disputes resulting in litigation. The implementation of independent audits and regular financial reporting were key deterrents against suspicion and contract violations.

Discussion

From the overall findings, it can be concluded that financial transparency significantly influences the potential for disputes in business partnerships. When transparency is low, partnerships tend to experience tension due to information imbalances and perceptions of unfairness. Conversely, partnerships that prioritize openness and accountability tend to be more stable, competitive, and have lower levels of conflict.

Therefore, efforts to increase financial transparency must be integrated into the partnership risk management system through:

- Implementation of consistent internal and external audit systems,
- The obligation to publish financial reports periodically, and
- Strengthening regulations governing transparency in partnership agreements.

The results of this study strengthen the view that transparency is not merely an administrative aspect, but rather an ethical and legal foundation that ensures sustainability and fairness in the Indonesian business world.

CONCLUSION AND SUGGESTIONS

Conclusion

Based on the results of the research and discussion that has been carried out, it can be concluded that Financial transparency has a significant impact on the potential for disputes in business partnerships in Indonesia**.** Lack of transparency in financial reporting, imbalance in access to information, and weak implementation of the principle of fairness *Good Corporate Governance* (GCG) is the main factor that triggers conflict between business partners, both in the private sector, MSMEs, and public-private partnerships.

First, the research results show that Low levels of financial transparency increase the risk of distrust between partners, especially in terms of profit sharing, financial responsibility, and joint asset management (Az'zahra & Wahyuningsih, 2024). Second, The implementation of GCG principles which include transparency, accountability and fairness has proven effective in reducing the escalation of business disputes. (Lah, 2023 ; Emri et al., 2025). Third, field results show that the disputes that occur are generally caused by non-transparency of financial reports as well as the absence of an explicit transparency clause in the partnership contract (Wardoyo & Budimah, 2025).

Thus, Financial transparency is not only a form of administrative compliance, but also becomes strategic instrument in maintaining the stability of business relationships, strengthening trust, and preventing potential disputes that could harm all parties.

Suggestion

Based on the research findings, several recommendations can be given as follows:

1. **For Government and Regulators**
   - There is a need for stricter regulations regarding financial transparency obligations in business partnerships, particularly in the MSME and digital partnership sectors.
   - Authorities such as OJK And KPPU It is hoped that this will strengthen the monitoring and sanction mechanisms for business actors who violate the principle of financial information transparency.
2. **For Business Actors and Business Partners**
   - Every partnership agreement needs to include clear clauses regarding financial reporting obligations and independent audit mechanisms.
   - Business partners are advised to implement digital reporting system so that financial information can be accessed in real time by all interested parties (Saputra, 2025).
3. **For Academics and Researchers**
   - Further research is recommended to expand the focus to specific sectors, such as agricultural partnerships, fintech, or energy, to identify dispute patterns based on industry characteristics.
   - It is necessary to develop a quantitative model to measure the level of financial transparency and its correlation with the number of business disputes empirically.

4. **For Dispute Resolution Institutions**
    - National mediation and arbitration institutions should strengthen the capacity of mediators in handling dispute cases involving financial reporting aspects, by emphasizing a win-win solution approach and information transparency.

These steps are expected to create a healthy, fair, and sustainable business partnership ecosystem in Indonesia. Financial transparency must be positioned as a fundamental value in all forms of business cooperation, not merely a legal obligation, but a moral and professional foundation that underpins long-term success.

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