



# INDIAN JOURNAL OF LEGAL REVIEW

VOLUME 5 AND ISSUE 4 OF 2025

INSTITUTE OF LEGAL EDUCATION



## INDIAN JOURNAL OF LEGAL REVIEW

APIS – 3920 – 0001 | ISSN – 2583-2344

(Open Access Journal)

Journal's Home Page – <https://ijlr.iledu.in/>

Journal's Editorial Page – <https://ijlr.iledu.in/editorial-board/>

Volume 5 and Issue 4 of 2025 (Access Full Issue on – <https://ijlr.iledu.in/volume-5-and-issue-4-of-2025/>)

### Publisher

Prasanna S,

Chairman of Institute of Legal Education

No. 08, Arul Nagar, Seera Thoppu,

Maudhanda Kurichi, Srirangam,

Tiruchirappalli – 620102

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## THE EFFECTIVENESS OF MEDIATION IN RESOLVING CORPORATE DISPUTES

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**BEST CITATION** – MUSKAAN HOSSAIN & PRITHWISH GANGULI, THE EFFECTIVENESS OF MEDIATION IN RESOLVING CORPORATE DISPUTES, *INDIAN JOURNAL OF LEGAL REVIEW (IJLR)*, 5 (4) OF 2025, PG. 1053-1058, APIS – 3920 – 0001 & ISSN – 2583-2344

### Abstract:

*In Business world the corporate disputes are very common and it can be arising to issue like contract breaches, partnership disagreement or competition disputes. In Olden days the businesses depend on litigation to settling their disputes because the court cases are a very expensive, time consuming and it also get harming the business relationships.*

*Mediation really dates back thousands of years and is one of the oldest methods for resolving conflict. Across different cultures, mediation is a great way to bring people together peacefully so they don't have to resort to fights, violence or months of court proceedings. It's quite timeless how the same themes resonate. It is referring to a different way of settling the disputes without going to a court.*

*This research aims to explore how mediation works well to resolve important business disagreements. Mediation is important because it is a cost- effective, faster than litigation, confidential and help to maintain the business relationship. Unlike court judgments, mediation allows companies to work out and get what is really convenient and one of the best creative ways to solve their problems, and it also brings less stress compared to litigation. Mediation is thus a practical choice for companies because the process stresses less.*

*However, the mediation has some of limitations. Both parties must have to agree participating in the voluntarily and the mediator is only to assist the parties and don't have to be decide who is right or also they do not have any authority to impose a decision. If mediation doesn't work mediation, simply turns into a court case and that usually ends up costing more and taking longer.*

*Mediation has been gained so much popular in india because it settling disputes quickly, and it maintain positive working in the working relationships. In the case of a technology company disputes over intellectual property rights and it showing that how the mediation helped both the parties to reach a legal agreement without going to legal battle.*

*This is highlighted that the mediation is very effectively in protecting the individual business interest while avoided the court related issues.*

**Key words:** Corporate disputes, Mediation, Alternative Dispute Resolution, Negotiation, Legal Enforceability.

## Introduction:

Mediation is one of the legal process It is a philosophy a way of thinking that emphasizes peace over the disputes, discussion over disputes and understanding over the aggression. In this bustling business world, disputes are practically part of everyday life. The mediation is offer to helps peoples to find a solution common of the reconciliation between the different perspective by creating a chance for resolving the disputes without resentment of the lengthy disputes.

This is not just about the settle disputes. It is also all about the restoration their relationships. At its core, mediation speaks to the idea of reaching resolutions that are peaceful and harmonious. It bases its power around the idea that every conflict has the possibility to be solved. If handled with patience, transparency and readiness to listen. Unlike courtroom cases where one side comes out successful and the other side loses.

Mediation strives a balanced to a point common foundation, where the both sides move forward with a honour and a feeling of integrity. This really stands out as one of the best strategies for resolving conflicts with such deep heart and empathy. Mediation has been followed for dating back of thousands of years and it is very important part of different culture.

In olden days' communities appreciated negotiation and want a peaceful way to resolve their disputes long before a traditional legal system was established. In villages in India, the wise elders who have seen so much of life work sometimes as mediators and upholders of integrity. Integrity itself, ensuring it's not fractured or misdirected, is pursued through an engaged intelligence and fair justice. Instead of a strict law. Eventually, mediation is not just a way to solve legal problems It is providing that the belief legal system.

It signifies optimism in the face of dispute, a conviction that even the most complicated disputes can be solved with compassion and

insight. It guides us on harmony is not a lack of disputes but have the capacity to manage its with insight, endurance and admiration.

## Objectives of this Research:

The objective of this research is to analyses the efficiency of mediation in resolving corporate disputes by examining its efficiency, cost savings, and impact on business relationships.

<sup>1680</sup>Mediation is an alternative dispute resolution (ADR) method that provides a cooperative approach to dispute settlement, reducing litigation costs and maintaining business relationships. This study aims to analyses how mediation promotes impartial outcomes while preserving privacy and minimizing the strain on the judicial system.

Moreover, the research will analyse the role of the mediator, the consent between companies to participate in mediation, and the high success rate of mediated settlements in reaching fair agreements compared to conventional litigation. It will also identify both the benefits and shortfalls of mediation for business conflicts.

This research aims to better understand practical utility, legal identification, and also to improve capabilities pretty good. The outcomes will offer better insight into how mediation functions as an applicable and sustainable solution for business dispute resolution. This research includes a combined - process framework to determine the efficiency of mediation in resolving corporate disputes. By merging both descriptive and statistical methods, the research ensures that a complete analysis of mediation's role in corporate dispute resolution.

## Methodology:

This research includes a combined - process framework to determine the efficiency of mediation in resolving corporate disputes. By merging both descriptive and statistical

<sup>1680</sup> Henry J. Brown & Arthur L. Marriott, ADR Principles and Practice 45 (3rd ed. 2011).



methods, the research ensures that a complete analysis of mediation's role in corporate dispute resolution.

This research sets out to <sup>1681</sup>understand mediation results through a deep dive with case studies, survey results, and also crunches statistics. Working out this approach allows us to totally understand how mediation impacts corporate disputes.

We'll have some open conversations with mediators for big companies, experts in the law, and people who have the decision-making power. We'll tap into their input on how effective mediation is, what's involved and the challenges that come up solving disputes via mediation.

Learning from previous disputes and mediation cases can help us see common patterns and also what works and what doesn't so well. Insight like that allows us to learn and improve in this area faster. Analysing documents, official records, and corporate resolution principles will provide context and support the findings.

**Descriptive Assessment** – The focus is on studying interview responses to identify ongoing issues related to mediation effectiveness, fairness, and affordability.

**Statistical Assessment** – Survey based instruments, such as SPSS or Excel, will be used to examine survey responses, determine mediation success rates, and assess cost savings and time efficiency.

**Judgement Guidelines-**

1. **Success rate** – The ratio of disputes resolved successfully through mediation verse litigation.
2. **Cost Efficiency** – Analysis of mediation costs compared to traditional litigation expenses.
3. **Time Effectiveness** – Examination of the time span of mediation cases compared to court proceedings.

4. **Stakeholder contentment** – Review of fairness, impartiality, and enforceability of resolution agreements.

5. **Confidentially plus relationship preservation** – Investigation into how mediation handles working relationships and keeps business secrets safe.

This investigation targets how mediation facilitates working relationships among companies and simultaneously maintains the security and safety of sensitive information.

**Restrictions –**

1. One constraint I've run into is there just aren't enough corporate folks on the team who are willing to talk about those tricky issues related to dispute resolution.
2. <sup>1682</sup>When dealing with qualitative data, we're always very conscious and careful because personal opinions can introduce this pesky bias.
3. **Data Accessibility Restricted** access to privileged information in some corporate mediation cases.

This process provides an organised strategy for analysing mediation's efficiency, highlighting its benefits, and identifying opportunity for improvement.

**Advantages of mediation in corporate disputes:**

The mediation has been providing various types advantages in resolving the corporate disputes, creating it an effective alternative to traditional litigation.

1. One cool advantages of mediation are that it usually costs less than going to court, especially for smaller businesses. Litigation can take a pretty serious financial toll for companies – think big waves of fees and legal labor – and mediations from start to finish almost always charge much less. Mediations are more like small calm waves

<sup>1681</sup> Carrie Menkel-Meadow, Mediation, Arbitration, and Alternative Dispute Resolution (ADR): An Overview, 3 Harv. Negotiation L. Rev. 1, 5 (1998).

<sup>1682</sup> The Arbitration and Conciliation Act, No. 26 of 1996, § 89, India Code (1996).

compared to those larger crashing waves of courtroom battles. Mediation definitely cuts time way down and that usually means when most disputes are settled within days or weeks, not dragging on for months or years if someone takes them to court.

2. Another benefit is the protection of information it ensures that protecting a business information remain private which is frequently an issue in corporate disputes. This promotes to a transparent communication and builds their trust between a parties.
3. Flexibility is another major benefits as mediation allows parties to develop their own solution and adapted to their particular business requirements, unlike strict court required resolutions.
4. Mediation is also helps in maintaining relationship which is crucial in the business world by providing an impartial platform for discussion. It allows to the parties to resolve issues harmoniously, reducing the likelihood for future disputes.
5. Neutrality, in mediation assures that the mediator guides on impartial resolution without showing bias approaching other party bringing about more equitable resolution.

#### Challenges of mediation:

Mediation has lots of advantages but it also comes with quit a few challenges. One key issues are validity as mediated agreements depend on the voluntary compliance, unlike court judgement with legal authority. If on side doesn't want to carry out a deal, it can really complicate things.

Further challenges are power imbalance where one party may over power negotiation, leading to unfair settlements. This is especially related corporate dispute involving large corporation and smaller businesses.

A lack of cooperative can hamper mediation as successful resolution requires the voluntary

participation of both parties. If the other side refuses any kind of mutual agreement, mediation might not succeed. Thing is, this is how some disagreements end up not resolving.

Sometimes privacy hurts too – closed secrets mean we're not as transparent or as accountable to each other. Some businesses may misuse mediation to delay legal consequences without authentic purpose to resolve disputes.

At the end of the day, mediator bias whether real or perceived is very damaging because the whole point of mediation is to promote neutrality and fairness in the process in order to make sure good results happen. Without fairness and impartiality on the mediator's part no one believes what happens.

#### Case Study:

##### 1. **Afcons infrastructure Ltd. Vs Cherian Varkey Construction Co. (2010)**

<sup>1683</sup>The Afcons infrastructure Ltd. Vs Cherian Varkey Construction Co. (2010) case outlined the role of Alternative Dispute Resolution (ADR) in civil cases. The supreme court of india allows disputes related to problems like money, business, arguments, and real estate matter to be handled through arbitration or mediation by courts no matter if one individual is upset about that.

However, serious cases like fraud or constitutional issues cannot be forced into ADR. This judgement advocated settlement outside court, reducing the burden on courts and ensuring faster, cost-effective dispute resolution, It also cost-effective dispute resolution. It also reaffirmed India's belief in good laws by continuing to beef up Alternative Dispute Resolution (ADR) and making justice quicker and easier access for those who need it.

<sup>1683</sup> Afcons Infrastructure Ltd. v. Cherian Varkey Construction Co. (P) Ltd., (2010) 8 SCC 24 (India).

## 2. **Salem Advocate Bar Association Vs Union of India (2005)**

The Salem Advocate Bar Association vs. Union of India (2005) case dealt with the effectiveness of the 2002 amendments to the Civil Procedure Code (CPC), which target to make civil court proceedings faster and more efficient.

Lawyers challenged these changes, arguing they were unworkable and affected litigants' rights. The Supreme Court upheld the amendments, stating they were necessary to reduce delays in civil cases.

But the court also saw that there are problems to work out and they directed forming a committee for practical solution too. A key highlighted of the ruling was the prom<sup>1684</sup>otion of Alternative Dispute Resolution (ADR) methods like arbitration, mediation, and conciliation to resolve cases outside court efficiently.

This judgment played an important role in balancing judicial efficiency and fairness, ensuring that the procedural laws help in delivering justice quickly while remaining practical for litigants and lawyers. It strengthened ADR methods, is to reducing the burden on Indian courts and promoting faster dispute resolution.

### **Recommendation:**

Mediation are a wonderful way to settle conflict right at the table instead of dragging it through court. It's got to be one of the most straightforward ways to avoid litigation disputes. On the flip side, this area is really not growing much in India. Here, there are some of the recommendation to improve mediation the country.

1. **Before using the litigation to make sure that a mediation is compulsory** – Before filing any lawsuits specifically for family

and business disputes the court has been need to ask a people to try mediation because it help to reduce the burden on a courts.

2. **To increase the knowledge about mediation** – Most of a people where don't know about the mediation or its process. The government and their legal organization should be need to improve their efforts to educate the public
3. **To required more trained experienced mediators** – Mediation required more trained and experienced mediators because they can help a people resolve disputes fairly. Law schools, bar associations, and courts have to give some of the proper training and certification for mediators.
4. **To create a more mediation centre network** – We need to have one in each district, to make accessing this service a whole lot more convenient for people. Distance long and travel time has been a big hassle, and centres would mean that people don't need to worry about anymore if they have mediation centres in their neighbourhood. That way they will have quick access to resolving disputes and conflicts.
5. **Use mediation to promote a business** – Mediation can really shine a light on tough spots in a business partnership really easily. When contracts mandate the inclusion of a mediation clause, it ensures disputes will be sorted out much faster and a lot more privately too. Compared to the long drawn litigation that can drag on for a months and get a lot uglier this way, negotiation and resolution happens faster and in a much nicer settling. Its private, and efficient too.
6. **To verified by the government** – The government is checking something and they have realised they need to create a formal guideline. They feel really strongly that this guideline should definitely be

<sup>1684</sup> UN Mediation Support Unit, United Nations Guidance for Effective Mediation (2012), <https://peacemaker.un.org/guidance-mediation>.



*for helping people solve disputes in a friendly way so that everyone complies and deals with matter seriously.*

*By creating these kinds of changes would really help India speed up the courts, save money, and keep tension out of the legal process. Smoothing the reckoning pave, the way for calm resolution of disputes*

### **Conclusion:**

*Mediation is a gentle manner to solve disputes without going to court. In mediation, a neutral third person (mediator) that helps both parties to communicate and find a fair solution.*

*The process is voluntary, confidential, and flexible, allowing both sides to express their concerns freely. If an agreement is reached, it is written down and can be legally enforced.*

*Mediation is much quicker, it saves money too, and it also eases stress compared to those long court fights. Even if no agreement is reached, mediation helps improve understanding between the parties.*

*Overall, it promotes fair, quick, and cooperative dispute resolution, benefitting everyone involved.*

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