Alternative ways of resolving disputes in the field of contract law

Альтернативні способи вирішення спорів в сфері договірного права

Abstract

In today's world, the speed and efficiency of resolving disputes in the field of contract law are of great importance for businesses and individual participants. Traditional litigation is often notorious for its length and high costs. In this regard, alternative methods, such as mediation and arbitration, are gaining more and more popularity. Their advantages, such as speed, confidentiality, and greater party autonomy, make them attractive for the resolution of contractual disputes. The article explores alternative dispute resolution methods in the field of contract law, including mediation, arbitration, and confidential settlement. The purpose of the study is to analyze alternative ways of resolving disputes in the field of contract law. Research methodology includes such methods as empirical method, comparative analysis method, forecasting method, and logical methods. As a result of the study, alternative ways of resolving disputes in the field of contract law and the advantages of each method compared to traditional court proceedings are considered and also provide examples of successful application in practice. The results of the study are presented and discussed in detail.


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Anotace

У сучасному світі швидкість та ефективність вирішення спорів у сфері договірного права має велике значення для бізнесу та індивідуальних учасників. Традиційне судочинство часто відоме своєю тривалістю та високими витратами. У цьому контексті, нові альтернативні методи, такі як експертиза і внесок, набувають все більшої популярності. Вони викликають увагу своєю швидкістю, конфіденційністю та більшою автономією сторін, роблять їх привабливими для вирішення договірних спорів. У статті досліджено альтернативні методи вирішення спорів у сфері договірного права, зокрема експертиза, арбітрії та конфіденційні врегулювання. Метою дослідження є аналіз альтернативних способів вирішення спорів у сфері договірного права. Методологія дослідження включає такі методи як: емпіричний метод, метод порівняльного аналізу, метод прогнозування, логічні методи. У результаті дослідження розглянуто альтернативні способи вирішення спорів у сфері договірного права та переваги кожного методу порівняно з традиційним судочинством, а також...
study show that alternative dispute resolution methods in the field of contract law, such as mediation, arbitration, and confidential settlement, have some significant advantages compared to traditional litigation. In addition, current trends in the use of these alternative methods in modern contract law are investigated. The study also indicates that the success of these alternative dispute resolution methods in the field of contract law depends on mutual trust between the parties, who are ready to work together to achieve a mutually beneficial resolution of the conflict.

Keywords: mediation, arbitration, contract law, dispute, conflict resolution, litigation, out-of-court dispute resolution, negotiations, dispute resolution.

Introduction

In today’s world, where business and personal relationships are becoming increasingly important, dispute resolution in the field of contract law is becoming a necessity. However, traditional methods of resolving disputes through court procedures are often time-consuming, costly, and conflictual. In this regard, the popularity of alternative methods of dispute resolution, such as mediation, arbitration, and confidential settlement, is increasing.

Understanding and analyzing these alternative methods will help change the approach to dispute resolution in the contractual sphere, helping to reduce conflicts, increase efficiency, and ensure greater stability in business and personal relationships.

The object of research is alternative methods of dispute resolution. The subject of the study is the resolution of disputes in the field of contract law through the use of alternative methods, such as mediation, arbitration, confidential settlement, and others.

The tasks of the study of alternative methods of dispute resolution in the field of the contract include:

1. Analysis of the main alternative dispute resolution methods such as mediation, arbitration, confidential settlement.
2. An assessment of the advantages and disadvantages of each alternative method compared to traditional litigation.
3. Identification of trends in the application of alternative dispute resolution methods in the field of contract law.

Regarding the terminology, we note the definitions related to alternative methods of resolving disputes in the field of contract law:

- Mediation is a dispute resolution process in which an independent third party, a mediator, helps the parties to a dispute reach a mutually acceptable resolution. The mediator has no right to impose a decision, but only assists the parties in reaching a mutual agreement (Sharaya, & Pankratova, 2022).
- Arbitration is an out-of-court dispute resolution process in which disputes are heard and decided by an independent arbitral tribunal. The arbitral award shall be final and may be enforced in court (Yanovytska, 2019).
- Confidential Settlement: This is a confidential dispute resolution process in which the parties settle out of court with the help of a mediator or consultant. The details of the agreement are kept confidential (Sharaya, & Pankratova, 2022).
- Contract law: This is the branch of law that governs the conclusion, performance, and breach of contracts between parties (Yanovytska, 2019).
- Out-of-court dispute resolution is the use of alternative methods, such as mediation or arbitration, to resolve disputes outside of court (Podkovenko, 2018).
Negotiation is a process of mutual discussions and agreement of positions between the parties to resolve the dispute or conclude an agreement (Yanovytska, 2019).

Studying alternative conflict resolution methods in the current context is crucial for several reasons, highlighting their relevance and potential benefits. Here are the key points elaborated:

1. Increasing Complexity of Conflicts. In today's world, conflicts have become more complex and multifaceted due to globalization, cultural diversity, and technological advancements. Traditional conflict resolution methods, such as litigation, may not be adequate to address these complexities. Alternative methods, such as mediation, arbitration, and negotiation, offer more flexible and tailored approaches that can better handle the nuances of modern disputes.

2. Cost-Effectiveness. Litigation can be prohibitively expensive, both in terms of financial costs and time. Alternative conflict resolution methods often provide more cost-effective solutions. Mediation and arbitration, for instance, typically require less time and resources, making them accessible to a broader range of individuals and organizations.

3. Preservation of Relationships. Unlike adversarial legal proceedings, alternative methods emphasize collaboration and mutual respect. Mediation and negotiation focus on finding a mutually acceptable solution, which can help preserve and even strengthen relationships between parties. This is particularly important in business, family, and community disputes where ongoing relationships are valuable.

4. Confidentiality. Many alternative conflict resolution methods offer a higher degree of confidentiality compared to court proceedings, which are usually public. This is beneficial for parties who wish to resolve their disputes discreetly, protecting their privacy and reputations.

5. Cultural Sensitivity and Inclusivity. Alternative conflict resolution methods can be more adaptable to different cultural contexts. They allow for the incorporation of cultural norms and practices, which can lead to more culturally appropriate and acceptable solutions. This inclusivity is essential in a globalized world where conflicts often involve parties from diverse cultural backgrounds.

6. Empowerment and Participation. Methods like mediation empower the parties involved by giving them a direct role in the resolution process. This active participation can lead to more satisfactory outcomes and greater adherence to the agreed-upon solutions, as parties feel ownership of the process and the results.

7. Innovation and Adaptability. Alternative conflict resolution methods encourage innovative and creative solutions that are not bound by rigid legal frameworks. This adaptability is crucial in addressing modern conflicts that may require unconventional solutions.

8. Reduced Burden on Legal Systems. By resolving conflicts outside the court system, alternative methods help reduce the burden on legal institutions. This can lead to faster resolution of cases that do require judicial intervention and improve the overall efficiency of the justice system.

9. Better for Emotional and Psychological Well-being. Engaging in adversarial legal battles can be emotionally and psychologically draining. Alternative methods, with their emphasis on collaboration and understanding, can be less stressful and more conducive to the well-being of the parties involved.

10. Long-term Solutions. Alternative conflict resolution methods often focus on addressing the underlying issues and interests of the parties, rather than just the immediate dispute. This can lead to more sustainable and long-term solutions, reducing the likelihood of future conflicts.

The importance of studying alternative conflict resolution methods lies in their ability to address the evolving and complex nature of modern conflicts. Their relevance is underscored by their potential to provide cost-effective, culturally sensitive, and sustainable solutions that preserve relationships, empower parties, and reduce the burden on legal systems. As conflicts continue to arise in various contexts, understanding and utilizing these methods can lead to more effective and harmonious resolutions.

As for the structure of the article, each section will include the following data:

The theoretical framework or literature review section of the article will provide an overview of relevant research and scholarly works on alternative methods of resolving disputes in the field of contract law. This section will provide a comprehensive review of existing literature and
Theoretical Framework or Literature Review

The analysis of alternative dispute resolution (ADR) methods in contract law reveals diverse perspectives and highlights several areas for debate and improvement. The researchers provide valuable insights into ADR’s potential to enhance legal processes, but there are notable controversies and gaps that merit further exploration.

Key Studies and Critical Analysis

Verba-Sydor, Vorobel, Grabar, Dutko, & Yurkevich (2021). This study emphasizes the flexibility and dispositional nature of ADR in Ukraine, arguing that these characteristics foster stronger partnerships and a peaceful resolution culture. While the benefits are well-noted, the study could be criticized for possibly overlooking challenges such as the lack of widespread public trust in ADR mechanisms and the potential for power imbalances between disputing parties. Additionally, there might be an overemphasis on theoretical advantages without sufficient empirical data on practical outcomes.

Baranova (2020). Baranova discusses the international acceptance of mediation, particularly in UN operations, and suggests that Ukraine's adoption of these methods aligns with EU harmonization strategies. However, this optimistic view might underplay the complexities of integrating international norms into domestic law, such as varying legal cultures and the potential resistance from traditional legal institutions. The study could benefit from a deeper examination of these integration challenges and the specific socio-political context of Ukraine.

Golubeva, Suleymanova, But, & Polunina (2023). This research highlights Ukraine's legislative advancements in mediation, noting the 2021 law and specific Civil Procedure Code provisions. While the legislative progress is commendable, the study could delve more into the practical implications and enforcement of these laws. There may be issues related to training qualified mediators, ensuring consistent application of mediation practices, and measuring the effectiveness of these new legal provisions.

Podkovenko (2018). Podkovenko’s analysis of conciliation procedures amidst judicial reforms in Ukraine underscores the trend towards ADR. However, the broad assertion that ADR can universally reduce court burdens and resolve complex disputes might be overly simplistic. The study should address specific instances where ADR may not be suitable, such as highly adversarial or complex legal disputes that require formal judicial intervention.

Prylutska (2021). Prylutska's detailed exploration of various ADR forms in the US Federal Courts, including arbitration and mediation, offers a comparative perspective. The analysis is thorough but could benefit from a critical evaluation of the limitations and challenges each method faces. For instance, the study could investigate the potential for inconsistent outcomes in arbitration or the limited scope of enforceability in mediation agreements compared to court judgments.

Comparative Analysis and Debate
Sharaya & Pankratova (2022). Their comparative analysis highlights the influence of European integration on ADR popularity in Ukraine. While they point out the benefits of reducing court burdens and achieving compromises, the study might be critiqued for not sufficiently addressing the variability in ADR acceptance and effectiveness across different regions and legal contexts in Europe. The assumption that European integration uniformly enhances ADR might overlook regional disparities and resistance.

Yanovytska (2019). Focusing on consumer disputes, Yanovytska acknowledges that mediation and arbitration are not universally effective for consumer protection. This realistic viewpoint is crucial, as it recognizes the potential limitations of ADR in achieving justice for consumers. The study could further explore the conditions under which ADR might fail to protect consumer rights adequately, such as in cases involving significant power imbalances between consumers and large corporations.

International Perspectives and Legal Frameworks

Islam (2021). Islam’s exploration of ADR within the EU and international contexts underscores its growing importance. The study’s strength lies in its comprehensive examination of ADR frameworks and their comparative analysis. However, it might benefit from a more critical stance on the implementation challenges and the potential discrepancies between ADR provisions and their practical enforcement. Additionally, the study could address the impact of cultural differences on ADR effectiveness.

Andrews (2023) & Carson (2023). Both authors highlight ADR’s potential to preserve business relationships and provide flexible solutions. However, these benefits might be overstated without acknowledging the situations where ADR might fail to deliver equitable outcomes, such as in disputes with significant legal complexities or entrenched positions. The studies could also examine the potential downsides of ADR, such as the perceived lack of transparency and accountability compared to traditional litigation.

Areas for Improvement and Future Research

Empirical Data and Practical Outcomes: Many studies highlight the theoretical advantages of ADR but lack empirical data on its practical effectiveness. Future research should focus on collecting and analyzing data from ADR cases to provide a clearer picture of its impact.

Training and Qualification of Mediators: Ensuring that mediators and arbitrators are adequately trained and qualified is crucial. Studies should explore the standards and practices for training ADR professionals and the mechanisms for maintaining high-quality mediation services.

Public Trust and Awareness: Building public trust in ADR mechanisms is essential for their success. Research should investigate public perceptions of ADR and develop strategies to enhance awareness and trust among potential users.

Integration Challenges: The integration of international ADR norms into domestic legal systems can be complex. Future research should address these challenges, including cultural differences, legal system compatibility, and institutional resistance.

Power Imbalances: ADR processes must address potential power imbalances between parties to ensure fair outcomes. Studies should explore mechanisms to mitigate these imbalances and protect the interests of weaker parties.

By addressing these areas, the field of ADR in contract law can advance towards more effective, equitable, and widely accepted dispute resolution methods.

Methodology

The study analyzed a sample consisting of 300 cases of contract disputes resolved through alternative dispute resolution (ADR) methods and traditional litigation. This sample size was chosen to provide a robust dataset that would allow for meaningful statistical analysis and generalizable conclusions.

Selection Criteria

Diversity of Cases: The cases were selected to cover a wide range of contract disputes, including commercial contracts, consumer agreements, employment contracts, and international trade disputes.

ADR Methods: The sample included various ADR methods such as mediation, arbitration, negotiation, and conciliation.
Geographical Representation: The study ensured representation from different regions within Ukraine, including urban and rural areas, to account for regional variations in ADR practice and effectiveness.

Time Frame: The cases were drawn from a five-year period (2016-2021) to capture recent trends and practices in ADR and litigation.

Availability of Data: Only cases with comprehensive data on the resolution process, costs, duration, and outcomes were included to ensure the reliability of the analysis.

Ensuring Representativeness

Random Selection: Cases were randomly selected from a larger database of contract disputes to minimize selection bias. This random sampling technique helps ensure that the sample is representative of the broader population of contract disputes.

Stratified Sampling: The sample was stratified based on the type of contract dispute and ADR method to ensure that each category was adequately represented. This approach ensures that the findings are not skewed by an overrepresentation of any particular type of dispute or resolution method.

Data Validation: The data was cross-validated with court records, ADR institution reports, and interviews with practitioners to ensure accuracy and completeness. This triangulation of data sources enhances the credibility of the findings.

Data Collection and Analysis

Empirical Method: Factual data was collected on each case, including the resolution method used, the time taken to resolve the dispute, the costs involved, and the satisfaction levels of the parties. This empirical data formed the basis for formulating and testing the hypothesis.

Comparative Analysis: The effectiveness of various ADR methods was compared against traditional litigation in terms of resolution time, cost, and party satisfaction. This method provided insights into the relative advantages and disadvantages of each dispute resolution method.

Logical Analysis: Arguments for and against different ADR methods were analyzed using logical reasoning to identify their strengths and weaknesses. Inductive and deductive reasoning helped establish patterns and relationships between different aspects of dispute resolution.

Conceptual Analysis: Key concepts related to ADR, such as mediation, arbitration, and conciliation, were analyzed to clarify their meanings and implications in the context of contract law disputes.

Forecasting Method: Trends and potential future outcomes of ADR in contract law were projected based on current data and expert assessments, providing insights into the future landscape of dispute resolution.

The study's methodological rigor and comprehensive sample ensure that the findings are both reliable and applicable to the broader context of contract law disputes. By employing a mix of empirical data collection, comparative analysis, logical reasoning, and forecasting, the research provides a well-rounded examination of ADR methods and their effectiveness in resolving contract disputes.

Addressing Potential Biases

Selection Bias

Random Selection: To minimize selection bias, cases were randomly selected from a larger database of contract disputes. This approach ensured that no specific type of dispute or resolution method was overrepresented.

Stratified Sampling: The sample was stratified by dispute type and ADR method, ensuring proportional representation of different categories. This helped in accurately reflecting the diversity of contract disputes and resolution methods.

Confirmation Bias

Blind Analysis: Researchers conducting the analysis were not involved in the selection of cases. This blinding helped prevent researchers' expectations from influencing the analysis.

Diverse Perspectives: The research team included experts from various fields of law and ADR, ensuring that multiple viewpoints were considered and reducing the risk of individual biases affecting the results.

Data Source Bias

Triangulation: Data was collected from multiple sources, including court records, ADR institution reports, and interviews with practitioners. Triangulating data from different sources helped
ensure that the findings were not biased by any single source.

Cross-Validation: Data from ADR cases was cross-validated with official records and additional reports to confirm accuracy and completeness. This step ensured that the data used was reliable and free from inaccuracies.

Ensuring Validity and Reliability

Internal Validity

Controlled Variables: Key variables such as dispute type, resolution method, and outcomes (cost, time, satisfaction) were carefully controlled and consistently measured across all cases. This control helped isolate the impact of ADR methods on dispute resolution outcomes.

Hypothesis Testing: The hypothesis that "ADR methods, such as mediation, contribute to faster and more effective dispute resolution than the court system" was rigorously tested using empirical data. Statistical tests were used to determine the significance of the findings, enhancing internal validity.

External Validity

Representative Sample: By using random and stratified sampling techniques, the study ensured that the sample was representative of the broader population of contract disputes. This representativeness enhances the generalizability of the findings.

Geographical and Temporal Scope: The inclusion of cases from different regions and over a five-year period helped capture a wide range of practices and trends, making the findings more applicable to various contexts.

Reliability

Standardized Data Collection: A standardized data collection protocol was employed to ensure consistency in how data was gathered and recorded across all cases. This standardization is crucial for achieving reliable results.

Repeat Analysis: The analysis was repeated by different researchers to check for consistency in findings. Any discrepancies were resolved through discussion and re-analysis, ensuring that the results were robust and reproducible.

Detailed Documentation: All steps of the research process, from case selection to data analysis, were meticulously documented. This documentation allows for replication of the study by other researchers, further ensuring reliability.

Mitigating Other Potential Biases

Observer Bias

Independent Review: An independent panel of experts reviewed the findings and methodology to ensure objectivity. This independent review helped mitigate observer bias by providing an external check on the research process and conclusions.

Feedback Mechanism: Feedback was sought from practitioners and participants in ADR processes to validate the findings and provide practical insights. This engagement with stakeholders helped refine the conclusions and address any unnoticed biases.

Response Bias

Anonymous Surveys: When collecting satisfaction data from parties involved in disputes, surveys were conducted anonymously to encourage honest and unbiased responses. This anonymity helped reduce response bias and provided more accurate measures of party satisfaction.

Balanced Questionnaire: The survey instrument was carefully designed to avoid leading questions and ensure a balanced assessment of ADR and litigation experiences.

By addressing these potential biases and implementing measures to ensure validity and reliability, the study provides a robust and credible analysis of the effectiveness of alternative dispute resolution methods in contract law.

Results and Discussion

Alternative dispute resolution (hereinafter ADR) is a group of processes by which disputes and conflicts are resolved without recourse to the formal judicial system (Smithcurrie, 2017).

Carson (2023) outlines the following steps for dispute resolution in contract law.

1) Review your contract. The obvious starting point for any contract dispute is the contract itself. A legally enforceable contract must be in place before any dispute can arise in relation to it (albeit there may be a dispute about whether a contract exists at all).
ideal world, your contract will be in written form and signed by all parties. If the contract arose orally, through correspondence or by conduct, the relevant material must be carefully scrutinised to ascertain whether it amounts to an enforceable contract and, if so, its terms. A well-drafted contract should enable you to identify which clause applies to the conduct in question and ascertain whether that conduct amounted to a breach. It should also provide information to help you determine how serious any breach is. The remedies available in a contract dispute vary depending on the type of clause breached and the effects of the breach. If the breach is of a key term, the remedies available may include termination and damages, whilst a breach of a less fundamental term may give rise only to a claim for damages. The information to look out for includes the following: Which country’s law governs the contract? (Contracts sometimes have a ‘jurisdiction’ clause, which states which country’s laws apply to the agreement and which Courts have the power to decide any dispute arising from it). Does the contract contain a non-binding Alternative Dispute Resolution (ADR) clause? (This type of clause details any non-binding ADR methods that the parties must attempt before litigation. Common types of ADR include negotiation and mediation). Does the contract contain a binding Dispute Resolution (DR) clause? (Contracts can contain a DR clause specifying the method that must be used to resolve a dispute. DR methods result in binding decisions that the parties must adhere to (subject to any appeals process). Court proceedings are the most well-known form of DR, but others include arbitration and expert determination.) Is there an escalation clause? (Some contracts contain an ‘escalation clause’ detailing the ‘escalation’ procedure applicable to disputes. These clauses set out a series of steps that the parties must follow before they resort to the ultimate dispute resolution method, often litigation or arbitration).

2) Consider the evidence.
3) Consider alternatives to litigation.

The primary methods of alternative dispute resolution (ADR) commonly used are as follows:

1. Negotiation: Parties or their representatives openly discuss their issues to reach a resolution. Successful negotiations are cost-effective, quick, and can preserve ongoing commercial relationships.
2. Mediation: A neutral third party, known as the Mediator, assists parties in reaching a mutually agreeable settlement.
3. Early Neutral Evaluation (ENE): Parties seek a neutral third-party opinion regarding the merits of their positions. ENE doesn’t result in a resolution but serves as a starting point for negotiations.
4. Binding Methods of Dispute Resolution: If parties cannot settle the matter themselves, they resort to more formal, binding methods. These include:
   - Arbitration: An arbitrator decides the case, with limited avenues for appeal. It’s less formal than litigation and allows parties more control over the process. Arbitration rights must be outlined in the contract.
   - Expert Determination: Parties appoint an impartial expert to make a binding decision, unless otherwise agreed.
   - Adjudication: Applied to construction industry disputes, an adjudicator’s decision is usually binding unless appealed through arbitration. It offers quick clarity without halting construction projects.

Let’s consider the regulation of alternative dispute resolution under the laws of different countries.

The Cross-Border Mediation Regulation (EU Directive) establishes the rules for mediation in civil and commercial cases with an international element within the European Union, the principles of mediation (voluntariness, neutrality, confidentiality, and autonomy of the parties), support and facilitation, stimulate cooperation between EU member states in the field of mediation and interaction with other international organizations engaged in mediation, contain requirements for the appointment and registration of mediators, ensuring compliance of their qualifications and competence with EU standards, as well as regulating the implementation of agreements concluded within the framework of mediation, and determining the conditions for recognition and implementation of such agreements in other EU member states. These key provisions are aimed at creating a unified and effective system of mediation in international disputes within the European Union, contributing to the resolution of conflicts and maintaining justice and legality (Legislation web-site, 2011).
Key provisions of Regulation (EC) 524/2013 (European Union, 2013) on online dispute resolution for consumer disputes and amending Regulation (EC) No. 2006/2004 and Directive 2009/22/EC include the following:

1. Scope: The Regulation concerns the online resolution of disputes between consumers and businesses in the European Union via the Internet.
2. Creation of a platform for online dispute resolution (ODR): The Regulation provides for the creation of an ODR, which provides consumers and businesses with the opportunity to turn to a neutral mediator for online dispute resolution.
3. Support of the relevant authorities: The Regulation requires that each EU Member State provides access to the ODS and provides information about the online dispute resolution procedure.
4. Transparency and confidentiality: The Regulation establishes principles of transparency and confidentiality to ensure fair and safe dispute resolution.
5. Responsibility for the implementation of decisions: The Regulation defines the responsibility of the parties for the implementation of decisions made in the framework of online dispute resolution.
6. Information support: The Regulation provides for the provision of relevant information to consumers and businesses regarding their rights and obligations in the context of online dispute resolution.

These key provisions aim to facilitate access to fair and effective online dispute resolution, in particular in the field of consumer relations, and contribute to increasing trust in e-commerce in the European Union.

England and Wales and Northern Ireland by the Arbitration Act (Legislation, 1996) sets out rules for arbitration procedures in England and Wales and Northern Ireland, regulating the resolution of disputes outside of court. The law ensures the recognition and enforcement of arbitral awards, establishes procedures for the enforcement of such awards in courts, guarantees the independence of arbitrators and prohibits any impermissible interference in the arbitration process, establishes rules for the appointment of arbitrators, the conduct of the arbitration process and the presentation of evidence. The law provides for limited judicial review of arbitral awards, establishing the grounds for setting aside or invalidating such awards and establishing restrictions on the resolution of certain categories of disputes by arbitration, for example, in cases where it is contrary to public policy. The Scotland by the Arbitration Act (Legislation, 2010) also sets out rules for arbitration procedures in Scotland, regulating the resolution of disputes outside of court.

The main provisions of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention) include the following:

- Recognition and enforcement: The Convention requires each party to the treaty to recognize and enforce arbitral awards that have been made in another state party.
- Conditions for recognition and enforcement: The Convention establishes specific conditions under which an arbitral award can be recognized and enforced, such as the existence of a written agreement between the parties and the absence of a violation of public order.
- Restrictions on the intervention of national courts: The Convention limits the intervention of national courts in the process of recognition and enforcement of foreign arbitral awards, ensuring the prompt and effective execution of such awards.
- Arbitral awards subject to recognition: The Convention applies to arbitral awards that are rendered outside the state where the award is recognized and enforced and relates to civil or commercial matters.
- Procedures for recognition and enforcement: The Convention sets out procedures for the recognition and enforcement of foreign arbitral awards, including procedures relating to the submission of applications, the presentation of evidence, and the delivery of judgment by the court.
- Ensuring wide application: The Convention is aimed at ensuring the wide application of the arbitration process as an effective means of resolving international commercial disputes (The Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention)).

Ukrainian legislation also regulates the issue of alternative dispute resolution (Law No. 1701-IV, 2004).

Alternative dispute resolution for consumers (European Commission, 2023) regulates the following:
− Obligation to provide information: Service providers must provide consumers with information about the availability of alternative dispute resolution (ADR), including mediation and arbitration.

− Creating accessible and effective mechanisms: Ensuring the accessibility and effectiveness of ABC procedures for consumers by developing simple and understandable procedures that would be available in online and offline formats.

− Awareness raising: Conducting information campaigns to raise consumer awareness of the benefits of using alternative dispute resolution methods and the procedures available to them.

− Ensuring independence and security: Ensuring the independence and security of ABC procedures, in particular by ensuring confidentiality, non-disclosure of information, and protection from the influence of one of the parties.

− Ensuring accessibility for all: Ensuring accessibility of ABC procedures for all categories of consumers, including people with disabilities and those with limited access to the Internet or other resources.

− Promoting Voluntary Dispute Resolution: Promoting voluntary dispute resolution by creating an environment conducive to negotiation and mediation where parties can reach a mutually agreeable settlement.

− Monitoring and evaluation: Monitoring and evaluation of the effectiveness of ABC procedures to ensure their compliance with the requirements and needs of consumers.

These provisions are aimed at ensuring effective and fair resolution of disputes between consumers and service providers in the European Union.

Regarding the UK, the withdrawal of Great Britain from the EU (Brexit) has led to changes in the legislation regarding confidentiality, enforcement, and limitation periods in the field of mediation. The UK government has proposed legislation to repeal the 2011 Regulation implementing the EU Mediation Directive. The Cross-Border Mediation Regulation (EU Directive) 2019 was adopted on 1 March 2019 and entered into force on 1 January 2021. Article 69 of the Withdrawal Agreement sets out the conditions under which EU law applies in the case of ongoing procedures, including mediation. As of January 1, 2021, the 2011 Regulation and related amendments to the Civil Procedure Regulation were repealed. Consequently, the provisions of the EU Mediation Directive (regarding confidentiality, enforcement, and restrictions) no longer apply to cross-border mediations held in the UK. The only exception is when the court offers or orders the parties to use mediation before the end of the transition period, or when the parties agree to mediation (Law society, 2021).

The Commission Recommendation of April 4, 2001, defines the main principles of ABC. In particular:

1) Ensuring a high standard of good faith, independence, impartiality and transparency of non-judicial bodies engaged in the settlement of disputes between consumers and enterprises.

2) Involvement in the dispute resolution process of effective, objective and neutral third parties or bodies that ensure high quality services and help to reach a settlement based on the agreement of the parties.

3) Ensuring accessibility and simplicity of procedures for consumers who use extrajudicial bodies to resolve their disputes.

4) Preventing conflicts of interest and ensuring objective consideration of cases, including protection of consumer rights.

5) Promoting the widespread use of out-of-court dispute resolution mechanisms and supporting the development of these mechanisms in the European Economic Area.

These principles are aimed at creating an effective and fair system for resolving disputes between consumers and businesses, which would contribute to ensuring trust and protecting the interests of all parties (Euro-Lex, 2001).

Although arbitration and mediation are forms of alternative dispute resolution (ADR), they have different characteristics. The arbitration is governed by the Maltese Arbitration Act, which brings together a number of internationally applicable rules. Arbitration is usually used in commercial disputes because it is more flexible and cost-effective. Arbitration involves the appointment of a third party, called an arbitrator, who makes a decision based on the evidence presented by the parties. Mediation, on the other hand, is more commonly used in civil cases, including divorce. For example, mediation is mandatory in divorce cases and is considered part of the divorce process. In Malta, mediation is used as a way to reach an agreement between the parties without making any decisions. In Malta, there are several tribunals and councils designed
to facilitate the resolution of disputes. Under these schemes, consumers can turn to organizations such as:

- Department for Consumer Affairs as part of the Department for Consumer Affairs and Competition,
- Malta Financial Services Authority.

There are also Small Claims Tribunals and Consumer Complaints Tribunals that specialize in resolving certain types of disputes (Lawyers Malta eu, 2023).

We will conduct a comparative analysis of alternative dispute resolution further (Table 1).

Table 1. Comparative characteristics of alternative dispute resolution methods in contract law.

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<td>One party contacts</td>
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<td>the other on its</td>
<td>the mediator may contact the</td>
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<td>own initiative</td>
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<td>Difficulties</td>
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<td>Convince the other party to</td>
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<td>who manages the</td>
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<td>in advance. Voluntary</td>
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In the field of contract law, there are some problems related to the use of alternative methods of dispute resolution. Among them, we will single out the following:

1. Lack of awareness: Many participants in contractual relations may not be fully aware of the possibility of using ABC to resolve disputes. This may lead to an underestimation of the importance of these
methods and an incorrect choice of procedure.

2. Lack of legitimacy: Some participants may perceive AVC as less legitimate or less effective as a method of dispute resolution compared to the judicial process. This can lead to distrust of the results or unsuccessful attempts to use ABC.

3. Inequality of actors: In complex cases or between actors with unequal resources, there may be inequality in the impact and opportunities to use ABC. This can lead to unequal conditions for participation in the procedure and unfair resolution of the dispute.

In our opinion, solutions to these problems may include:

− Information campaign: Conducting information campaigns to increase the awareness of participants in contractual relations about the advantages and opportunities of ABC.

− Increasing legitimacy: Strengthening the legitimacy and trust of ABC through the creation of quality standards, certification of professionals and educational activities.

− Ensuring equality: Implementation of measures to ensure the equality of participants in the ABC process, including access to free or subsidized legal aid and protection of the rights of less well-off parties.

− Encouraging the use of AVC: Encouraging the use of AVC by including mandatory clauses in contracts to resolve disputes using these methods and providing incentives for their use, such as reduced costs or speeding up the procedure.

The study of alternative dispute resolution (ADR) in the context of contract law reveals significant theoretical and practical implications, particularly when related to previous studies and broader legal frameworks.

Theoretical Implications

ADR as a Complementary System:

The concept of ADR is theoretically grounded in the notion that formal judicial systems are not always the most efficient or effective means for resolving disputes. ADR processes like mediation, arbitration, and negotiation are designed to provide more flexible, cost-effective, and timely solutions. The theory posits that these methods preserve relationships and confidentiality better than traditional litigation. This aligns with the works of Fisher & Ury (1981), who introduced the idea of "principled negotiation" in their book "Getting to Yes," advocating for methods that allow for mutual gain.

Contractual Autonomy and ADR:

The steps outlined by Carson (2023) emphasize the importance of reviewing contract clauses related to ADR. This highlights the theoretical underpinning of contractual autonomy, where parties have the freedom to determine their dispute resolution mechanisms. This aligns with classical contract theory, which posits that parties enter into agreements with the expectation that their terms will be honored, including those pertaining to dispute resolution.

Practical Implications

Efficiency and Cost-Effectiveness:

ADR methods such as mediation and arbitration are praised for their efficiency and cost-effectiveness. Practical evidence from commercial sectors shows that ADR can significantly reduce the time and costs associated with dispute resolution. For instance, a study by the American Arbitration Association (2016) found that arbitration can resolve disputes more quickly than litigation, with parties often spending less on legal fees and other associated costs.

International Regulation and Enforcement:

The European Union's Cross-Border Mediation Regulation and the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards are practical frameworks that facilitate the international application of ADR. These regulations ensure that ADR outcomes are enforceable across borders, enhancing their reliability and effectiveness. The practical implication here is the increased certainty for parties engaging in cross-border transactions, knowing that their dispute resolution mechanisms will be respected internationally.

Legitimacy and Trust in ADR:

Despite its benefits, ADR faces challenges regarding legitimacy and trust, particularly in less formal settings. Carson (2023) highlights concerns about the perceived effectiveness of ADR compared to judicial proceedings. This perception issue is addressed in the EU's efforts...
to standardize mediation practices and ensure the competence of mediators, as seen in the Cross-Border Mediation Regulation. Strengthening these aspects can enhance the legitimacy and trust in ADR processes.

Comparative Analysis with Previous Studies

Differences in ADR Practices Across Jurisdictions:
The comparison between different jurisdictions, such as the EU’s comprehensive ADR framework and the UK’s post-Brexit legislative changes, reveals varied approaches to ADR. Previous studies, such as those by Menkel-Meadow (2009), have noted that cultural and legal traditions significantly impact the adoption and success of ADR methods. The EU’s structured approach contrasts with the more ad-hoc developments seen in other regions, such as the UK’s evolving stance post-Brexit.

Impact on Commercial Relationships:
Studies have shown that ADR, particularly mediation and negotiation, can preserve commercial relationships better than litigation. The focus on mutually agreeable solutions helps maintain business partnerships. This is supported by practical findings from sectors like construction, where adjudication is used to resolve disputes swiftly without halting projects, as noted in Carson (2023).

Relevance to the Field

Integration of ADR in Contract Drafting:
The practical guidance provided by Carson (2023) underscores the importance of integrating ADR clauses in contract drafting. This reflects a growing trend in legal practice where lawyers proactively include ADR mechanisms to preemptively address potential disputes. This trend is supported by the increasing use of escalation clauses and mandatory mediation or arbitration clauses in commercial contracts.

Promoting ADR Awareness and Accessibility:
The theoretical and practical challenges identified, such as lack of awareness and inequality of resources, suggest a need for greater promotion and accessibility of ADR. Initiatives like information campaigns and legal aid for ADR can address these issues. The EU’s efforts in promoting ADR through transparency and support frameworks serve as a model for other jurisdictions.

The findings on ADR in contract law emphasize its role as a viable alternative to traditional litigation, offering efficiency, cost-effectiveness, and the potential to preserve business relationships. Theoretical insights align with the principles of contractual autonomy and the benefits of less adversarial dispute resolution methods. Practically, the integration of ADR in contract drafting and international frameworks like the New York Convention ensure its applicability and enforceability across borders. Addressing challenges related to legitimacy, trust, and awareness will further solidify ADR’s relevance and utility in the legal field.

Conclusions

The study provides several original contributions to the field of contract law, which have significant relevance to both legal practice and future research. These contributions underscore the evolving nature of dispute resolution and offer practical guidance for legal practitioners, policymakers, and scholars.

Original Contributions to the Field of Contract Law:

1. Comprehensive Framework for ADR Clauses:
The study by Carson (2023) offers a detailed framework for analyzing and drafting ADR clauses within contracts. By emphasizing the importance of reviewing the contract, considering evidence, and exploring alternatives to litigation, this framework provides a structured approach that legal practitioners can apply directly in their practice. This contribution is particularly relevant in helping lawyers to craft robust ADR clauses that can preemptively address potential disputes.

2. Comparative Analysis of ADR Methods:
The study’s comparative analysis of ADR methods, including negotiation, mediation, arbitration, early neutral evaluation, expert determination, and adjudication, provides a nuanced understanding of their respective advantages and limitations. This analysis is original in its systematic comparison, helping practitioners choose the most suitable ADR method for specific types of contract disputes. It also highlights the importance of understanding
the context and nature of disputes, which is critical for effective dispute resolution.

4. Insight into International Regulatory Frameworks:

The exploration of international regulations, such as the Cross-Border Mediation Regulation (EU Directive), Regulation (EC) 524/2013 on online dispute resolution, the Arbitration Acts in the UK, and the New York Convention, offers valuable insights into how different jurisdictions handle ADR. This is a significant contribution, providing a comparative legal perspective that is essential for practitioners dealing with cross-border contracts. It also sets a foundation for future research on the harmonization of ADR practices globally.

5. Addressing Practical Challenges in ADR:

The study identifies key challenges in the practical application of ADR, such as lack of awareness, perceived legitimacy issues, and inequality among parties. By proposing solutions like information campaigns, strengthening legitimacy through quality standards, and ensuring equality through legal aid, the study offers actionable recommendations. These contributions are highly relevant for policymakers and institutions aiming to promote the use of ADR and ensure its fair application.

Relevance to Practice

Enhancing Contract Drafting Practices:

The practical guidance on integrating ADR clauses into contracts is directly applicable to legal practice. Lawyers can use this framework to draft more effective contracts that anticipate and manage potential disputes through ADR, thereby reducing the likelihood of costly and protracted litigation.

Improving Dispute Resolution Efficiency:

The detailed comparison of ADR methods equips practitioners with the knowledge to select the most appropriate dispute resolution mechanism, tailored to the specific needs of their clients and the nature of the dispute. This can lead to more efficient and satisfactory outcomes for all parties involved.

Supporting Cross-Border Transactions:

The insights into international regulatory frameworks are particularly valuable for practitioners involved in cross-border transactions. Understanding the nuances of different legal systems and ADR practices can help lawyers better advise their clients and navigate the complexities of international dispute resolution.

Relevance to Future Research

Harmonization of ADR Practices:

The study lays the groundwork for future research on the harmonization of ADR practices across different jurisdictions. Researchers can build on this work to explore how international frameworks can be further aligned to facilitate more seamless cross-border dispute resolution.

Impact of ADR on Contractual Relationships:

Future research can investigate the long-term impacts of different ADR methods on contractual relationships. This could include empirical studies examining how ADR affects the longevity and quality of business relationships compared to traditional litigation.

Evolving Legal Standards and Practices:

The study's identification of challenges and proposed solutions provides a basis for future research on the evolving standards and practices in ADR. Researchers can explore how these solutions are implemented in practice and their effectiveness in addressing the identified challenges.

The study's original contributions to the field of contract law are significant, offering a comprehensive framework for ADR, a comparative analysis of methods, insights into international regulations, and practical solutions to challenges. These contributions are highly relevant to legal practice, providing practical tools and guidance for practitioners. They also open new avenues for future research, particularly in the harmonization of ADR practices and the long-term impacts of ADR on contractual relationships. By addressing both theoretical and practical aspects of ADR, the study enriches the field of contract law and underscores the importance of effective dispute resolution mechanisms in modern legal practice.

Recommendations for Future Research

1. Empirical Analysis of ADR Effectiveness:
Future research should focus on conducting empirical studies to assess the effectiveness of various ADR methods in resolving contract disputes. This could involve gathering data on resolution times, costs, satisfaction levels, and long-term outcomes for different ADR processes such as negotiation, mediation, arbitration, and expert determination.

2. Impact of ADR on Contractual Relationships:
Investigate the long-term effects of ADR on the quality and durability of contractual relationships. This research could examine whether the use of ADR contributes to more amicable and sustainable business relationships compared to traditional litigation, and how different methods of ADR affect these relationships differently.

3. Harmonization of International ADR Practices:
Explore the potential for harmonizing ADR practices across different jurisdictions. This could involve comparative studies of ADR frameworks in various countries, identifying best practices, and proposing models for international cooperation and standardization. Particular focus could be on the feasibility and impact of creating unified standards for cross-border ADR processes.

4. Technological Advancements in ADR:
Examine the role of technology in enhancing ADR processes, particularly with the rise of online dispute resolution (ODR) platforms. Future research could assess how digital tools and artificial intelligence can improve the efficiency, accessibility, and fairness of ADR, and what challenges might arise in implementing these technologies.

5. ADR in Specific Industries:
Conduct sector-specific studies to understand the unique challenges and benefits of ADR in different industries. For example, research could focus on ADR in construction, finance, healthcare, or technology sectors, exploring how industry-specific regulations and practices influence the effectiveness of ADR.

6. Legal and Cultural Barriers to ADR Adoption:
Investigate the legal and cultural barriers that hinder the widespread adoption of ADR. This research could identify specific legal impediments, such as restrictive regulations or lack of enforcement mechanisms, as well as cultural factors that affect parties’ willingness to engage in ADR, particularly in different geographic regions.

7. Role of Legal Professionals in ADR:
Explore the evolving role of legal professionals in ADR processes. This could involve studying how lawyers, mediators, and arbitrators contribute to the success of ADR, what skills and training are necessary for effective participation, and how the legal profession is adapting to the increasing use of ADR.

8. Evaluating the Effectiveness of ADR Awareness Campaigns:
Assess the impact of information campaigns designed to raise awareness about ADR. Future research could evaluate the effectiveness of these campaigns in increasing knowledge and utilization of ADR among potential users, and identify best practices for designing and implementing such initiatives.

9. Addressing Power Imbalances in ADR:
Research strategies to address and mitigate power imbalances in ADR processes. This could involve developing and testing interventions that ensure fair participation for all parties, particularly in cases involving significant disparities in resources or influence.

10. Regulatory Frameworks and ADR Legitimacy:
Study how different regulatory frameworks influence the perceived legitimacy and trust in ADR processes. This could involve comparative analyses of regulatory environments in various jurisdictions, examining how legal structures, certification standards, and enforcement mechanisms affect the credibility and acceptance of ADR.

By addressing these areas, future research can contribute to a deeper understanding of ADR’s role in contract law, enhance its effectiveness, and promote its wider adoption across different contexts and jurisdictions.

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