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Mediation - a Peaceful Solution to Settle Business Conflicts

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Abstract. Conflicts have been around for as long as society has existed. In business, the presumptive risk of disputes should always be evaluated. Promptness in business is a great value, as any suspension can provoke great damage and a legal person can incur relevant losses. By using legal measures, the aim is to create the most favourable terms for mediation to be more obtainable and more constantly applied as a tool for resolving disputes between business entities. In European countries, there is no unequivocal opinion about what the mediation process itself should be, the procedure for appointing and accrediting mediators, what is allowed. The article discusses how Lithuania, and the world are succeeding in moving towards mediation, the practice in Lithuania is analysed, conclusions are made, and suggestions are made for measures that could encourage a more business-friendly attitude to the peaceful solution of conflicts and the formation of mediation.

Keywords: Mediation; business dispute resolution; judicial process; business conflicts.

1. Introduction

Mediation style and strategies should be used, the mediator's importance in the process, and other things. The whole problem is that there is no specific legal regulation of mediation, which forces us to follow the rule. Impartial time contemplation, productivity, income, and profit are important for all companies. Every business entity knows that legal disputes and litigation are not the most acceptable way to resolve relationships, but it is much easier to find solutions where both parties can find an effective solution in difficult situations. Therefore, when resolving disputes, it is useful for them to be moderated by a third independent person, who could help to reach a peaceful dispute resolution method and thus allow for faster, more efficient, and cheaper resolution of disagreements. Therefore, mediation is becoming an increasingly attractive means of resolving disputes for business enterprises that are following the principles of promptness and efficiency in their activities. Mediation is the best option in this case because, compared to litigation, it costs less, requires less time, and helps meet the needs of both parties.

It should be emphasized that mediation can be divided into judicial mediation, which is carried out after the filing of a case in court proceedings, and non-judicial mediation, which is carried out voluntarily by the parties themselves choosing a negotiator without a dispute in court. In the article, we will discuss the aspects and problems of the application of extrajudicial mediation. In sources of foreign law, mediation is often referred to as assisted negotiations, where the process itself basically corresponds to the features characteristic of negotiations and assisting means the mediator's help and full participation in resolving the dispute between the parties (Richbell D. 2009, Mnookin R. 2010). Looking at the national doctrine of Lithuania, it can be said that mediation is not comparable to the concept of facilitated negotiations. F. Petrauskas points out that mediation is a non-judicial process, during which communication between the parties is facilitated by a qualified and impartial third party, who is not authorized to make a decision in the mediation (Petrauskas F. 2011). According to F. Petrauskas, mediation can be defined as "a process during which a neutral third party is used to resolve the dispute and find a better way to resolve it so that the parties remain satisfied" The universality of mediation means that the decision process itself does not change, depending on the area in which it originates. As in any other mediation, the mediator, helping to resolve a business dispute, accompanies the parties on a journey that begins by explaining past events, defining the current situation and projecting the future. From the initial positions of the parties that came to resolve the dispute, the interests of the parties and their underlying needs are looked for. Paradoxically, despite the fact that the positions (demands) of the parties do not always coincide when a dispute arises, and are often even opposite, there are always commonalities at the level of interests and needs, which encourage the parties to negotiate and find a suitable peaceful solution to the dispute through mutual concessions.

In an article in the Dispute Resolution Journal of the American Arbitration Association, Johnson examined the conditions for effective mediation of business disputes. Several of these have the willingness and ability of mediators to identify the demands and anxieties of each party, also to understand not only mediation procedures, but as well the potency to delve into specific business areas and parties' personalities (Johnson L.M. 2011). Stipanowich examined why businesses need mediation and pointed in his analysis that companies use mediation more often than other alternative dispute resolution methods when resolving disputes arising from business legal relationships (Stipanowich T. 2004). The article analyzes the characteristics that define what constitutes mediation of business disputes and what disputes are considered business disputes and provides arguments why there must be a place for mediation of business conflicts in the Lithuanian legal system.

2. Categories of Business Disputes

Mediation is one of the tools of successful business management that can help ensure business success. We start thinking about solving problems when the problem has already happened and the conflict has developed. Business conflicts can be distributed into few different categories according to their characteristics:

- Partnership conflicts. Those disputes may involve malfunctions between shareholders or managers on various issues, starting with business strategy planning and ending with various violations of conditions and obligations.
- Conflicts regarding patents and intellectual property. For example, copyright and patent infringement.
- Contractual issues. Misunderstanding can be from disputes arising from conflicting or unclear requirements to disputes over non-payment for services and goods.
- Labour conflicts. Such as breach of employment agreements, safety-working conditions, equal opportunities questions and discrimination in the workplace (Fortune Law 2020; Gaslowitz Frankel 2014; Jacoby J. 2020).

In the Republic of Lithuania, a model of monistic private law has been chosen, where business legal relations are not considered as an object of a separate branch of law but belong to civil law. Thus, Lithuanian business law is dominated by private law norms, and the extraordinarily of business conflicts is determined by the origin of the dispute itself (a dispute arising from a relationship governed by private law).

According to Norton Rose Fulbright's annual litigation trends study, the most common business disputes in US in 2020 were contractual disputes and labour disputes as evidenced by the graph below:

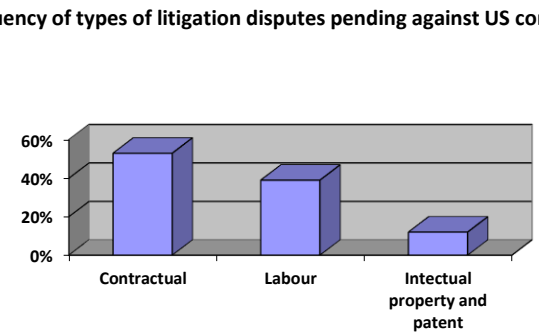

Fig. 1: Frequency of types of litigation disputes (in percent) pending against US companies in 2020

The legal regulation in force in Lithuanian law also establishes the possibility for interested parties to apply mediation for the resolution of business disputes between themselves. In Lithuania, efforts are being made to create wider and more effective opportunities for the application of business mediation: in 2016. May 26 registered under the Law on Conciliation of Civil Disputes of the Republic of Lithuania no. Amendment Law X-1702 (Law on Mediation of Conciliation of Civil Disputes of the Republic of Lithuania, 2016), which stipulated the obligation of the disputing parties to settle business disputes over small amounts first through mediation. However, later the idea of establishing mandatory mediation in disputes over small amounts, examined according the procedure described by the Republic of Lithuania Code of Civil Procedure, was abandoned (Law of the Republic of Lithuania on Mediation of Civil Disputes 2017).

The application of mediation in resolving commercial disputes is promoted not only by people authorized by the state, but also by such world-renowned public legal entities as the World Bank, the International Finance Corporation, the United Nations Commission on International Trade Law (UNCITRAL).

In Lithuanian law, a qualitative study of how often parties to a business dispute use mediation to resolve a dispute between them has not been conducted, and entities providing mediation services do not provide official statistics on the use of mediation. Given that mediation is a confidential process, there are no legal sources that summarize and publish practical cases of mediation or their number. Representatives of the country, when asked to estimate how many mediation processes take place in Lithuania each year, indicate only general information that there are less than 500 cases of dispute mediation per year, with an average value of less than 25,000 euros (Rebooting the Mediation Directive: Assessing the Limited Impact of Its Implementation and Proposing Measures to Increase the EU 2014.)

3. Mediation in Business Conflicts

3.1. Differences between mediation and judicial processes

Mediation can be specified as an agreement procedure that involves the use of a neutral additional party, a mediator. Mediator purpose is to disclose and assist two or more acting parties to resolve a dispute and reach a common decision that is acceptable to all parties (Wall J. A., Stark J. B., Standifer R. L. 2001; Menkel-Meadow 1995, Trinkūnienė E., Trinkūnas V., Bublienė R. 2022).

Mediation process usually has a clear structure which involves planning, the opening statements given by the mediator and disputing parties, discussion and negotiation sessions and a closing stage (Cara O'Neill 2019, Make the most of mediation in negotiations and Dispute Resolution 2016).

It is really interesting and useful to get to know the differences between mediation and court processes, since they are key when deciding which dispute resolution method to select. Those differences are shown in the schemes below:

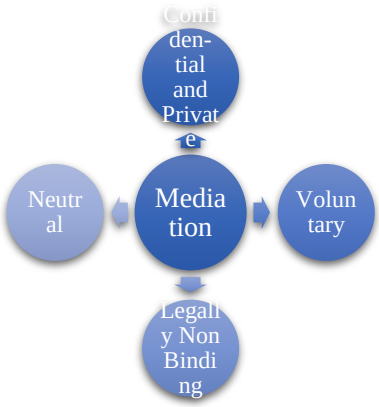

Fig. 2: Properties of Mediation Process

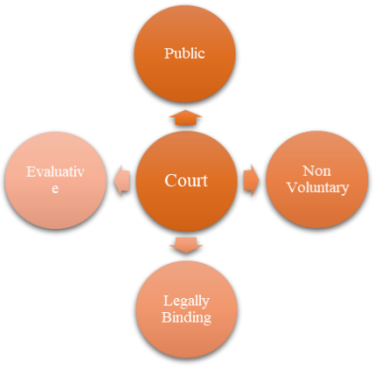

Fig. 3: Properties of Judicial Process

Seeing those key irregularities between mediation and judicial processes it is possible to explore them further and compare how both processes differ in Lithuania.

3.2. Development of business mediation: Comparison between the world and Lithuania

Mediation itself has been used in some countries for over several years. China is one of these countries. In ancient China, mediation was the main means of dispute resolution. Confucianism describe, that the best decision to resolve disputes follows moral confidence together with mutual acceptance rather than compulsion. Mediation as the process followed in the People's Republic of China, according People's Conciliation Committees provide the possibilities agreement between parties in various disputes (Folberg J. 1983).

MEDIATION	COURT
Confidential and Private No information provided to the mediator in confidence by either party to the dispute may be disclosed to the other parties without prior authorization. In addition, all information and the mediation agreement cannot be made public under any circumstances and must remain confidential. The court mediator cannot be called to testify about the circumstances that he learned during the conciliation mediation procedure (Judicial Council. 2014). Privacy is ensured during the mediator's private meetings with the disputing parties, where the parties can safely disclose information. This provides an opportunity to recognize the shortcomings of the disputing party's position, reveal business goals, share ideas about possible dispute resolution methods and highly confidential information, including trade secrets. All this information can be significant for the mediator to guide the dispute resolution process in the right direction.	**Public** The European Court of Human Rights has repeatedly identified the principle of the public nature of the court process as a fundamental principle in its practice, noting that "The Court reminds that the public nature of the process protects cases from the administration of justice in secret and inaccessible to public knowledge; it is also one of the means to maintain confidence in the judiciary" Procedural legal norms regulate publicity in two aspects: publicity of court proceedings and publicity of case materials.
Voluntary According to the European Parliament and the Council of the European Union, "agreements reached through mediation are generally more voluntary and help to preserve friendly and sustainable relations between the parties" (European Parliament and the Council 2008) This is undoubtedly important for business entities conducting independent and systematic activities. The principle of voluntariness includes two significant rights of the parties. First, voluntary involvement in the mediation process, which may be limited, and second, withdrawal from the mediation process at any time, which is absolute.	**Non Voluntary** The dispute is decided by a judge on behalf of the state. The judicial process is characterized by an imperative. Participation in the court process is not free for both parties to the dispute. The defendant is brought to participate in the court proceedings against his will, and the court, when making a decision in the case, is guided not by the parties, but by its own internal conviction, based on a comprehensive and objective examination of the circumstances that were proven during the trial, based on the law. However, procedural measures similar to the mediation procedure are also applied in the court process - for example, the court must take measures to reconcile the disputing parties, and when submitting a lawsuit or pleading to the court, the parties must agree on the conclusion of a settlement agreement. It should be noted that such a role of the court is usually only a formality.
Not Legally Binding This provides an opportunity to preserve friendly	**Legally Binding** The decision is made by the court (judge) based

relations between the countries and achieve not only legal, but also social peace. Infringement of the arrangement concluded at the ending of the mediation procedure should not be considered as acts of crimes.	on legal acts, court practice and personal conviction. The decision is binding and enforceable. The enforcement of court decisions is ensured by the state coercive apparatus.
Neutrality In the national law of Lithuania, a mediator is required to be impartial, established in the legal norm establishing the definition of a mediator, according to which a mediator is "a third impartial natural person who is registered in the list of mediators of the Republic of Lithuania and helps the disputing parties to resolve the dispute peacefully" (Law on Mediation of the Republic of Lithuania 2017). Article 4 of the Mediation Law of the Republic of Lithuania 2 part formulates a rule of conduct, which obliges the mediator to act impartially towards the parties to the dispute. In international law, the concepts of mediator neutrality and impartiality are not used as synonyms.	**Evaluative** The judge examining the case must be impartial and administer justice in accordance with legal acts. The party defends its interests in court by itself or through lawyers. The principle of competition dominates the court.

Important player in the global market, the United States, has newer brokerage practices. This practice became significantly popular only in the 1960s. Until then, mediators were not members of any professional mediation organization, as none existed and they mostly regulated themselves. The 1970s saw the formation of mediation regulations and the formation of the Society for Professional Dispute Resolution (SPIDR), as well as the American Bar Association's Special Committee on Small Dispute Resolution (later the Standing Committee on Dispute Resolution). Today, mediation is provided by large private organizations, court systems and a wide range of private providers (Birke and Teitz, 2002).

In addition, important influential global player is European Union in the market. Its significant trait is the presence of many various countries with different practices and cultural traditions, also the local laws every country. This seen in the laws and use of mediation in various EU Member States. Mediation regulation deifiers in every European country. For example in Italy, has practices related to Alternative Dispute Resolution but application of it and opinion regarding compulsory application of mediation exchanged. According a law in 2009 that was implementing the Directive of European Union on following requirements of mediation application for commercial, civil issues transferred to local law by creating the reform for civil judicial cases in Italy providing compulsory mediation process use for commercial, civil issues. Italian Constitutional Court later on in 2012 has adopted that the law's specification on mandatory mediation in many disputes for civil issues is illegal.

Older EU member states have clear traditions and well regulated legal framework.

Actually, the younger members of EU do not operate very well developed legal practices. Major challenge faced in making the conflict resolution frame sufficiently appropriate and usable. Lithuania as the quite new EU member state that is prompt going towards a well-developed economy and market in the sense of globalization realizes however local court system does not always effectively resolve disputes.

The EU legal regulation and Code of Conduct for Mediators (http.//ec.europa.eu), that regulates main principles for mediators in the EU, does not establishing compulsory or not obligatory mediation, but establishes the main principles and person performing the mediation may choose to undertake duties. The Republic of Lithuania legal regulation for Civil Dispute Conciliation counts mediation to implement not as obligatory process according it each party decision to apply and participate in it or not.

Process of mediation is a novelty in Lithuanian and does not form traditions. Judicial mediation has started being applied in Lithuania only since 2005.

A conclusion can be drawn about the application of mediation in business disputes in Lithuania after examining the activity report of the Judicial Mediation Commission. In the presented analysis of changes in judicial mediation with statistical information, a specific category of business cases is not distinguished. However, after analyzing all the 2020 examined categories of judicial mediation cases, we can assume that judicial mediation processes related to business legal relations were carried out. Out of 553 cases transferred to judicial mediation (Lithuanian Courts 2020):

- 164 cases were related to compulsory legal relationships,
- with real property rights,
- with the investigation of the activity of a legal entity.

Innovations have also appeared in the Code of Civil Procedure. One of them is the possibility for a judge to order mandatory judicial mediation in any civil case. Paragraph 1 of Article 2311 states, among other things, that "the judge (panel of judges) hearing the case, having determined (has determined) a high probability of a peaceful settlement of the dispute, may refer the dispute to mandatory judicial mediation".

However, even if all or most of the civil cases listed above and referred to judicial mediation were related to business legal relations, this still represents only a very small part of the civil cases that reach the courts of first instance each year. The fact that mediation is not widely known and applied in the practice of some countries is an understandable problem, which is determined by several factors. First of all, it is a lack of information about mediation practice and mediation as an object of scientific research, which has a direct impact on the application of mediation. Another problem with the application of mediation in business is that mediation is less formal and more versatile process. During mediation, an agreement resulting from a business dispute creates binding legal effects only for the parties to the agreement and the execution of the agreement can only be implemented by the good will of the parties, while the

court decision is implemented by the state coercive apparatus.

It should be noted that the issues of the legal validity of the agreement on mediation and its execution are not regulated by international legal acts and documents. This is a matter for each country's national legal regulation. Article 16 of the Law on Mediation provides that the settlement agreement concluded during mediation has the force of law for the disputing parties. The law also provides that "at the joint request of the parties to the dispute or at the request of one of the parties to the dispute, when the written consent of the other party to the dispute has been obtained, the settlement agreement may be submitted to the court for approval <...> a settlement agreement approved by a court order becomes final for the parties to the dispute the power of the decision (res judicata) and can be enforced" (Mediation Law of the Republic of Lithuania 2017).

3.3. Business Mediation: positives and negatives

When entering into business transactions and signing contracts, the parties usually rely on the honesty of the other party and usually do not doubt that the assumed obligations will be fulfilled by both parties at the agreed time, in the established order, exactly according to the conditions agreed upon by the parties. Despite the fact that when concluding a transaction, it is always expected to benefit from it, but not infrequently, problems arise in the execution of transactions, which lead to business disputes.

Mediation is gradually becoming an increasingly attractive tool for resolving business disputes. This is not surprising if you pay attention for remaining reasons that contribute to its appeal:

- Maintaining satisfied relations. Mediation in contrast to traditional approach of dispute solution, does not try to realize and penalize one of party that considered guilty. Vice versa, it is based on cooperation, negotiation, and the joint point of reaching a mutually valuable contract. This conditions the maintenance of complete relationships and allows conflicting parties be more inclined to manage trade affairs for the further cooperation. Mediation in Lithuania is recommended for disputing parties having ralions, the collapse of which could have a significant not positive impact in the future, for further avoiding of them. Nobody wins or lose in mediation, so each party of conflict continue a normal relationship and can extend cooperation.
- Operability. In business, time has long been measured in monetary terms, therefore the operative management of conflict situations, which is what the mediation process is characterized by, is an important circumstance that should be evaluated when considering which dispute resolution path to choose. Mediation as the process considered faster than the process of litigation.
- About 50 percent cases examined in courts, when the parties to the dispute were legal entities, lasted longer than a year. It is impossible to determine the

exact duration of judicial business cases on the basis of general statistical data, because after the courts have resolved them, the parties to the dispute can initiate new legal proceedings in accordance with the procedure established by law. In this way, the duration of the resolution of business disputes increases, and the parties experience more negative consequences of an economic nature.

- Mediation in Lithuania can last from 3 weeks to 3 months. Mediation is a faster, less expensive, easier and more effective method of conflict resolution that covers the broader interests of the participants and creates a mutually acceptable agreement that is not necessary state forcing. However, attorneys at law often object to have mediation process because the case is heard by three instances of courts and attorneys at law profit depend on the length of the proceedings (Kaminskiene N., Tvaronavičienė A., Čiulaitė G, Žalienė I. 2016).
- Effective communication. Mediation facilitates openness between disputing parties in discussing their views and concerns.
- In the mediation process, the mediator facilitates the process of communication between the parties, helps the parties understand each other's positions, focuses the attention of the parties on their interests and encourages the search for a productive solution. In this process, mediators often apply specific mediation styles or a combination of styles, which are related to their professional preparation as well as to the type of dispute or even to the parties to the dispute themselves.
- In Lithuania, the vast majority of parties to business disputes give priority to mediators who use an evaluative style (Atutienė E. 2020). A distinctive feature of the evaluative style of mediation is making formal or informal proposals in the dispute resolution process. This style of mediation is associated with the use of certain special knowledge of the mediator in resolving disputes. Some authors claim that the evaluative style of mediation was formed and mostly applied by mediators with legal education (Sondaitė J. 2004).
- However, evaluative style is not the only applicable mediation style. There are two major groups of mediation styles: first of them being problem-solving and the second relational, under which fall six more well known and most often used mediation types:

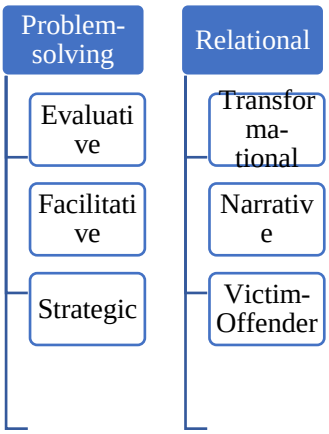

Fig. 4: Mediation Styles (Kressel K. 2006)

- To pay attention for the requirements of the parties. Instead of importance of legal issue and dispute of conflicting parties, mediation focuses on the solution findings interests of parties. It is this assessment of parties' preferences that mediation facilitates that meets the needs of companies. Lawyers who have completed special training lasting 32 hours can become mediators in Lithuania. Despite that, person performing mediation needs legal approach and psychological points and a developed diplomacy together with empathic abilities - to convince and perceive (Carnevalle P. J. & Choi D.W. 2000). A mediator in Lithuania always lawyer who does not necessarily have to have psychological abilities. However, the parties not obliged to show legal language as well to indicate the position complying with the law, for mediator is not necessary to understand the argumentation, expectations and requests of the parties.
- Confidentiality. In business, confidentiality, and discretion in resolving disputes are considered values that are rarely preserved when a dispute ends up in court. For example, a dispute between the company's shareholders that ended up in court can be harmful to the company's future operations - the mere fact that the company's shareholders disagree and argue can give potential investors the impression that the company is not capable of resolving disputes by internal means, thus deterring them from any intentions to invest in the company , and in the event of a public trial, confidential company information may be revealed which can be used by competitors.
- Autonomy of parties. The parties are free to decide what rules and procedures will be followed during the mediation, who will be the mediator and when to leave the mediation process. The parties may also choose whether to participate directly or informally in the resolution of the dispute. Mediation in Lithuania gives the parties the opportunity to develop their own solutions

procedures, taking into account the changing circumstances. Mediation can be a flexible process, in contrast to court proceedings, which require adherence to procedural requirements. The resolution of the dispute depends only on the will of the parties, giving them the opportunity to look at the dispute from different perspectives, expanding the range of reconciliation alternatives. All of this makes it more likely that the parties will act in accordance with the mutual agreement that was confirmed during the process of mediation.

Freedom of decision in Lithuania is vested to each of the party of the dispute. Final conclusions for mediation in business disputes vested for parties participating in dispute, the procedure monitoring regarding mediation is done by themselves, and the decision in not compulsory to follow according the legal regulation of the Republic of Lithuania. During a court case, the parties cannot have much influence on the course of the proceedings, and the decision is often unpredictable, one party loses, and sometimes both parties. The purpose of mediation is to look to the future - to resolve the conflict peacefully, maintaining good relations, without finding fault, and to focus on how to build relationships in the future. Mediation seeks to bring the disputing parties together, emphasizing that they are ultimately in control of the process and outcome.

When evaluating the appropriateness of the dispute through the prism of the specifics of the parties to the dispute, the following criteria are important for business mediation, since they condition the suitability of mediation:

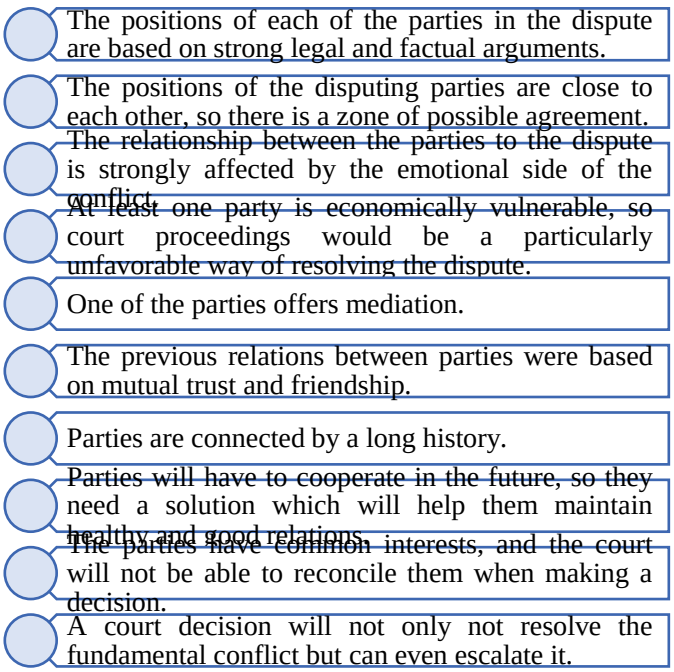

Fig. 5: Important criteria for business mediation in assessing the appropriateness of the

dispute through the prism of the specifics of the parties to the dispute

When evaluating the suitability of a dispute for mediation according to the characteristics of the object of the dispute, it is possible to identify cases where the dispute should be recognized as suitable for mediation and for which mediation is recommended, and those in which the application of mediation may be difficult or even undesirable, and therefore not recommended.

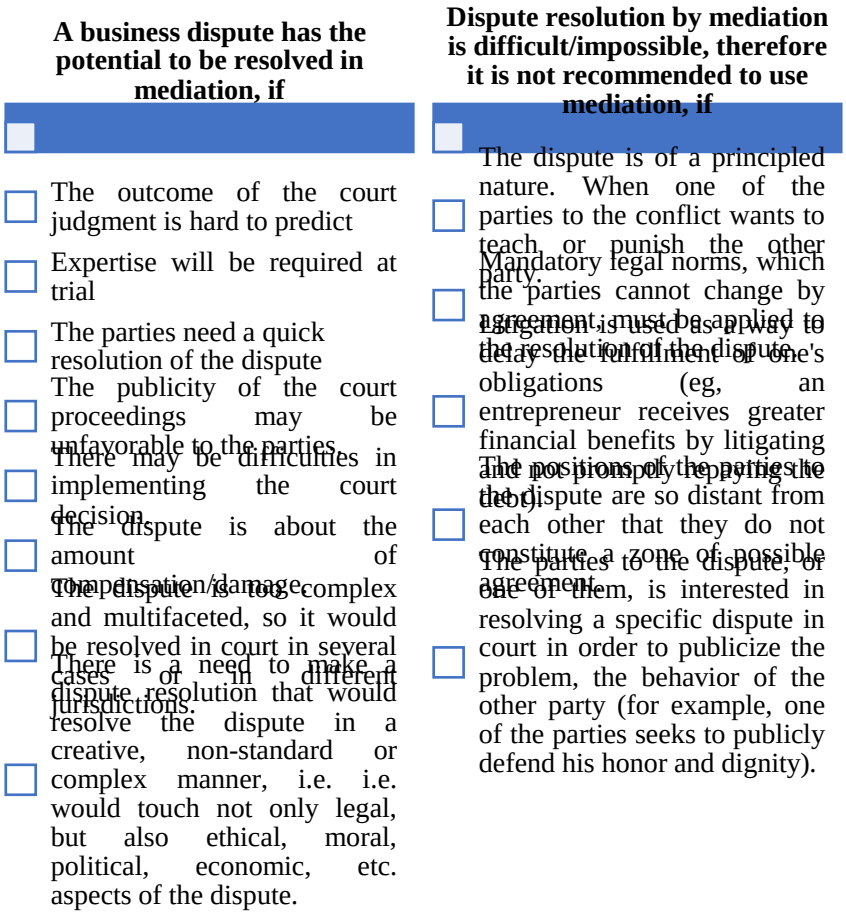

Fig. 6: Important criteria for business mediation in assessing the appropriateness of the dispute through the prism of the specifics of the parties to the dispute

When evaluating an argument, mark pluses and minuses in the table above whether a particular statement is specific to the argument. If more pluses are collected in the column according to which mediation has the potential for a dispute - it is appropriate to move to the second stage of assessing the suitability of the dispute for mediation - according to the characteristics of the parties to the dispute. And vice versa - if the

column, according to which mediation is not recommended for the dispute, collects more pluses, it can be estimated that the resolution of such a dispute through mediation will be difficult or impossible.

Talking about the mediation not being recommended for some disputes, some disadvantages that can discourage companies from choosing mediation when considering the appropriate way to resolve a conflict may now be looked over. Here are some main drawbacks which one can encounter if chosen mediation:

- Final agreements non-binding. The non-binding nature of mediation agreements can be a strong deterrent to parties who believe their case is important. The courts in Republic of Lithuania pay a lot of attention for mediation process, fearing to make a mistake, receive criticism and possibly complicate courts procedures. Judges have lots of unanswered matters, for example how will the mediated case be considered in a workload scheme? Is it possible to delay the case? To increase the attractiveness of mediation, the relevant procedures have been developed. Initially, when a final arrangement is agreed, the parties will sign a "No Harm Mediation Agreement." The mediator will witness this signing. The "Harmless Arbitration Agreement" is non-binding. Its purpose is to review batches for weaknesses, flaws, and other minor fixes. After this review, the mediator and the parties will enter into a "Mediation Agreement" which, once signed by the disputing parties, will become a legally binding contract.
- Fear about compromises being mandatory. Parties often choose not to mediate because they fear being forced to compromise. In fact, the mediation process is completely voluntary, and the mediator has no power to force an agreement because of his favourable attitude. The way to clear the mediation process is to increase public awareness of mediation and to create a clear evaluation scheme for mediators, as well as to encourage their continuous development as high evaluated mediators in their specialization.
- The problem in Lithuania is that each party to the dispute has its own goals and expectations, and the business has to consider many aspects, such as directors, customers, supply chains, employers, etc. For example, one of the most significant factors in businesses is human factor, which is very much unpredictable and can be a cause for major disputes (Lojanica J. 2019). Any of that can lead to and be a part of a conflict, and each party to the dispute often claims the dispute having arisen because of the fault of the third party. However, mediation does not allow other interested parties to be involved in the process, unlike a court.
- The neutrality and impartiality of mediators can become a drawback. If one party cannot negotiate effectively with another party, mediators are usually faced with a difficult choice: committing to helping all parties and ensuring that everyone can pursue their interests fairly and effectively. Sometimes the

unsuccessful party consults an attorney outside of mediation sessions, which does not necessarily ensure that the party's interests are adequately protected if the other party is particularly persistent in seeking an advantage and it causes the mediator not being able to effectively resolve the conflict. (Lande and Herman 2004).

- Additional costs if the conflict is not resolved. In the event that an agreement cannot be reached even after several mediation sessions, the parties may have to go to court. If this were to happen, the parties would have to cover not only the costs of mediation, but also the costs of the legislative process (Radulescu M. 2012).
- The public sector will usually not choose mediation. Public sector officials often do not want to be responsible for the agreement that will be reached. They also often do not have sufficient authority to agree on a full resolution of the dispute.

In the Republic of Lithuania, mediation is not popular innovation. The public is reluctant to try mediation because insufficient attention was paid to informing the public when creating the institute. The public was informed only by separate announcements on various websites intended not only for a legal audience (Simaitis R. 2007), as well as information distributed in courts (LR Ministry of Justice, 2010). Due to the lack of information regarding the mediation procedure, it regularly stays in the shadow of other means of conflicts solution, such as arbitration procedure and courts. In order to experience the use of mediation in Lithuania, increased knowledge about mediation and the collaboration of scientific and private institutions are required.

4. Conclusion

Mediation, as an alternative method of dispute resolution, in the recent decades has become more and more popular and increasingly widespread. Although it has existed for a long time in some countries, it was not considered a valuable alternative to the courts until recently. There was a lack of regulation and definition of practice, and a lack of organizations that could train mediators. However, even though mediation has only recently become more widely accepted, mediation has been seen to be successful in resolving business disputes.

Perhaps the most important factor in the success of mediation is a positive business attitude towards mediation. The business must believe in it, and such belief can only be achieved by actively informing the public about alternative dispute resolution methods and by getting to know the good practices of other countries (for example, the Kingdom of Norway, etc.). Changing the approach to mediation requires the involvement and support of lawyers. Because when a disagreement occurs in business, companies first turn to law firms for help. Therefore, the lawyer is the first to propose a peaceful settlement of the dispute, so the benefits of mediation for the parties to the

business dispute, the court system and society must be emphasized. However, not all lawyers in Lithuania have a favourable attitude towards mediation, because they believe that the popularity of this process negatively affects their income.

This article focused on the main features of business area mediation, such as undisclosed and personal, freewill, neutral and non-legally binding. The stages of the development of business mediation in several countries of the world, including China, the USA and various European countries, is explored, with particular attention to Lithuania. Impact and comparison of mediation for business and ways to improve it were drawn. It was found that mediation of business helps to stay in good relations, offers operability, promotes arrangements, focuses on the expectations of the parties, maintains privacy, and encourages independence of parties.

In comparison, business mediation is not without its own drawbacks, such as the final agreement being non-binding, the widespread fear that compromises will be required, the fact that mediation does not allow other interested parties to be involved in the process, sometimes disadvantageous neutrality and impartiality of mediators, occurrence of extra costs when there is no drown the solution of conflict. The fact that the public sector will rarely choose to consider mediation. As well, these dealings with challenges in the future will be resolved.

Analysing the problems why Lithuanian business is so slow to apply mediation, it becomes clear that it is a problem of inefficient enforcement of the agreement reached during mediation. The analysis of national legal acts allows us to state that the mediation agreement on the substance of the dispute is carried out exclusively by the good will of the parties. Considering the fact that a settlement agreement approved by a court ruling, which has become legal in Lithuanian law, acquires the power of a final court decision for the disputing parties and can be enforced, the court process often becomes a more attractive method of dispute resolution. In order to more efficiently implement the peaceful agreement reached during mediation, it is suggested that the parties to a business dispute include a contractual clause in their mutual agreement, which would establish their mutual consent to submit the peace agreement to the court for approval at the initiative of any of the parties.

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