

CONNECTION BETWEEN INDUSTRY ASSOCIATION MEDIATION AND ARBITRATION IN THE CHINESE LABOUR DISPUTE

¹Wu Dan*

²Nur Khalidah Dahlan

²Mohamad Rizal bin Abd Rahman

¹Postgraduate student, Faculty of Law, Universiti Kebangsaan Malaysia

²Senior Lecturer, Faculty of Law, Universiti Kebangsaan Malaysia

²Associate Professor, Faculty of Law, Universiti Kebangsaan Malaysia

*Corresponding author: P127390@siswa.ukm.edu.my**

ABSTRACT

The effective resolution of labour disputes is essential for maintaining harmonious labour relations, and industry associations play a crucial role in mediation by offering a faster, more cost-effective alternative to arbitration while improving interpersonal and social relationships. However, a key limitation is that mediation agreements reached through industry associations are not legally enforceable. In China, where labour arbitration is a mandatory pre-litigation procedure, integrating industry association mediation with arbitration is necessary to enhance dispute resolution. Successful mediation agreements can gain legal enforceability after arbitration review, while unsuccessful cases should transition directly to arbitration to prevent delays. This study employs a qualitative research approach to explore strategies for strengthening the connection between industry association mediation and arbitration, which can improve mediation effectiveness, expedite dispute resolution, and foster stable labour-management relations. The study is structured as follows: an overview of the development of industry association mediation organizations, a definition of their mediation role, an analysis of their advantages through case studies and comparative methods, an examination of existing challenges, and recommendations for improvement. Strengthening the integration between mediation and arbitration can address the enforcement limitations of mediation while maintaining its efficiency, ensuring that disputes are resolved fairly and promptly. By enhancing the execution of mediation agreements and facilitating swift arbitration when needed, this study contributes to the diversification and efficiency of labour dispute resolution mechanisms in China, ultimately promoting a more harmonious and effective labour-management framework.

Keywords: Industry Associations; Mediation; Connection Arbitration; Mediation Agreement

INTRODUCTION

In China, the stability of labour relations is the foundation of social stability, and the improper handling of labour disputes may lead to more intense confrontations, such as strikes, which may disrupt the social order. (Stadtfeld, Károly & Vörös, 2020). Article 5 of Chinese Labour Dispute Mediation and Arbitration Law stipulates that labour arbitration is a pre-litigation procedure for labour dispute cases. Labour dispute cases must first go through labour arbitration

procedures before entering litigation, unless otherwise provided by law. Article 10 of Chinese Civil Procedure Law stipulates that the people's courts shall try cases and implement a two-instance final judgment system. The two-instance final judgment system refers to a system in which a case is concluded after being tried by two levels of people's courts (Hu, 2020). Therefore, the official labour dispute resolution procedure of 'One Arbitration and Two Trials System' was constructed. The current 'One Arbitration and Two Trials System' has been

in practice for more than 20 years. Although it has been accepted by society, there are many problems in practice. On the one hand, arbitration and litigation procedures waste time, manpower, and judicial resources. On the other hand, arbitration and litigation procedures tend to aggravate the relationship between labour and management, which tends to escalate the conflict and cause a negative social impact (Li, 2024).

March 12, 2024, by checking ‘China Statistical Yearbook 2023’ on the official website of the National Bureau of Statistics, from 2017-2022, the number of labour dispute cases arbitrated in the last six years has increased quickly. From 2017 to 2022, the number of cases rose from 785,323 to 1,421,670. With the increasing number of labour disputes in China, the official settlement mechanism can no longer fully meet the current needs. If we want to build harmonious labour relations, we must adopt more effective solutions. Moreover, these new methods can make up for the shortcomings of the existing mechanisms and maintain social stability (Guo, 2024).

In ancient China, Confucianism emphasized reconciliation and harmony, and this Confucianism has led to a traditional Chinese judicial culture that is based on non-litigation and mediation (Mohammad Jahangir, 2023). This culture is particularly important in resolving labour disputes. Mediation is a swift and inexpensive form of

dispute resolution (Nur Khalidah, Muhamad Helmi & Ramalinggam, 2021). In 2015, the Ministry of Human Resources and Social Security issued Opinions on Strengthening Professional Mediation of Labour Disputes which in Article 3 emphasized that industry associations should build professional mediation organizations. Hence, many regions in China have reached a consensus to develop their regional policy documents to build mediation organizations in industry associations (Zhao & Wu, 2024). These policies promote the establishment of an industry association mediation system and emphasize specialized mediation procedures. This helps to promote smooth communication between labour and management and quickly resolve disputes. In this way, workers’ dissatisfaction can be reduced, which in turn helps to build a harmonious labour-capital relationship (Tanxiao, 2021). In 2023, the Ministry of Human Resources and Social Security issued Notice on Launching Action for Establishing Grassroots Labour Dispute Mediation Organizations, which emphasized the importance of promoting the construction of the association’s mediation organization. According to Article 2 of the Notice, the head of the association will serve as the head of the mediation organization. In addition, the mediators are composed of the association’s staff, hired legal workers, and volunteers to ensure the professionalism and fairness of the mediation.

TABLE 1. The Number of Labour Dispute Cases Accepted in the Past Six Years

Year	Number of cases received by Arbitration (Number of pieces)	Number of cases received by industry association mediation organisations (Number of pieces)
2017	785323	93228
2018	894053	162039
2019	1069638	151003
2020	1094788	106034
2021	1252045	74740

2022	1421670	67852
------	---------	-------

Source: National Bureau of Statistics of China, China Statistical Yearbook 2023

From the data analysis in Table 1, it is concluded that from 2017 to 2022, the number of cases accepted by arbitration institutions has been increasing year by year, and the number of cases accepted by industry association mediation organizations has been on a downward trend in the last four years. With the strong support of state policies, the number of cases accepted by industry association mediation organizations is far less than that of arbitration institutions. The data on the number of cases received showed that its function of diverting cases had not yet been fully realized.

The efficient resolution of labour disputes is crucial to harmonious labour relations. The existing arbitration and litigation procedures are costly and time-consuming (Nga Pham Thanh, 2022). Industry associations have advantages in mediation, but their agreements lack legal force, which affects the actual effect. Therefore, it is of great significance to study how to connect industry association mediation with labour arbitration and improve the efficiency of dispute resolution. This article aims to bridge the gap between current policy design and actual needs and contribute theoretical basis and practical guidance to improve Chinese diversified labour dispute resolution mechanism.

The qualitative approach is used in this article. Primary and secondary data are used in qualitative research to collect study information (Nasri, 2023). Through data collection, this study explores the connection between industry association mediation and arbitration in labour disputes to promote the effectiveness of mediation in practical applications. First, it clarifies how to make mediation agreements legally enforceable through arbitration review and confirmation when mediation is successful. At the same time, it examines how to simplify the process

to allow disputes to go directly to arbitration when mediation fails, reducing time delays from process transitions and improving the efficiency of labour dispute resolution.

This study first identified the advantages of industry association mediation in labour dispute resolution through case analysis, especially its positive role in reducing dispute costs and improving resolution efficiency. Subsequently, through critical analysis and comparative analysis of the collected data. The results show that in order to achieve a seamless connection between mediation and arbitration, it is necessary to connect in time, refine mediation recommendations, expand the scope of those responsible for fulfilling notification obligations, and unify the review standards. Based on these findings, this study puts forward optimization suggestions to promote the effective connection between mediation and arbitration. (Ren, Ji, Xu & Zhu, 2024).

DEFINITION

INDUSTRY ASSOCIATION

At present, China does not have a special legislation on mediation of industry associations. Related administrative regulations and policies are only scattered in some legal texts. Because of differences in education, science and technology, economy, religion and beliefs, the concept of industry associations is described differently in different countries (Sun, 2024).

The Japanese economist believes that: industry association is a union or association of businessmen formed for the main purpose of promoting common interests (Zhai, 2003). The American Encyclopedia of Economics defines it: A number of groups of peers or businessmen

organized voluntarily to achieve a common goal (Jia et al., 2004). The People's Organization Law of Taiwan, China, believes that industry associations in a broad sense are organizations whose purpose is to promote social and economic development and coordinate industry relations, and they also have the function of communicating with the government. This type of social organization mainly includes professional groups and social groups (Xu, 2013).

Chinese scholars Xu Zhongzheng and Chen Xian believe that the role of industry associations in economic development is to prevent vicious competition in the same industry. It is a social intermediary organization for industry self-coordination, restraint, and management, and it is also a non-governmental organization for industry self-management (Wang, 2013). This study agrees with this viewpoint.

This article believes that industry associations are social autonomous organizations established by member enterprises in the same industry through voluntary and legal means, in order to serve enterprise members and seek the overall interests of the industry, promote the rapid development of member enterprises, and promote harmonious and stable business relationships between enterprises.

INDUSTRY ASSOCIATION MEDIATION

This study considers that in China, the mediation of labour disputes by industry associations refers to the use of their professional knowledge and influence in relevant fields, the comprehensive application of national laws, industry rules, and industry practices, by certain procedures, to encourage the parties involved in labour disputes to voluntarily consult and reach an agreement to resolve the dispute (Zhang, 2016).

ADVANTAGES OF LABOUR DISPUTE INDUSTRY ASSOCIATION MEDIATION ORGANIZATIONS

POLICY ADVANTAGES

Under the great mediation environment, regions have responded to the overall national deployment and continuously launched policy documents since 2017. Aiming to encourage the establishment and improvement of labour dispute industry association mediation organizations that have sufficient policy support (Zhou, 2019). Table 2 shows the guiding policies for the development of industry association mediation organizations launched by various regions from 2017 to the present.

TABLE 2. Policies to encourage the development of mediation organizations of industry associations in various regions

Region	Policy Document	Content
Guangdong Province	Labour and Personnel Dispute Resolution Measures (2017)	Article 16(1), Labour dispute mediation organizations set up by enterprise federations, federations of industry and commerce, and industry associations by law may carry out labour dispute prevention and mediation work.
Beijing	Working Methods of Labour Dispute Mediation Organization (2017)	Article 9(2), Industry associations can establish labour dispute mediation centers.
Jiangxi Province	Opinions on Further Strengthening Mediation and Arbitration of Labour Disputes, Improving the	Article 7, The focus is on establishing mediation organizations in industries such as manufacturing, catering, construction, commercial services, and private high-tech that are prone to disputes.

	Diversified Handling Mechanism (2018)	
Jilin Province	Diversified Dispute Resolution Promotion Regulations (2020)	Article 18, Industry associations can establish mediation organizations in relevant fields by the law that can mediate civil and commercial disputes within their respective industries.
Shanghai	Regulations on Promoting Diversified Dispute Resolution (2021)	Article 18, Industry regulatory authorities should guide and support industry associations with conditions to establish mediation organizations to mediate disputes.
Jiangsu Province	Regulations on Diversified Resolution of Contradictions and Disputes (2021)	Article 19, Encourage industry associations to set up commercial mediation organizations to mediate civil and commercial disputes.

Source: Chinese People's Government Website: One Key Search of Policy Documents

From Table 2, it can be seen that China has formed a consensus on establishing and developing labour dispute industry associations for mediation from the central to local levels. The six regions in the table are all pilot areas determined by China during the implementation of mediation work in 2020. The Chinese government aims to promote this mediation work nationwide after the success of pilot areas. This reform, carried out through a point to area approach, is in line with Chinese national conditions.

ADVANTAGES OF MEDIATION OVER ARBITRATION

In labour cases, the most concerning factors for the parties involved are time costs and economic costs (Zhang, 2024). Using these two factors as indicators, a comparative analysis will be conducted between industry association mediation organizations and arbitration.

1. Advantage of Time Cost

The time required for industry association mediation and arbitration to handle labour disputes is confirmed through relevant laws

in China. (Halegua, Aaron & Xiaohui, 2020). In 2012, the Ministry of Human Resources and Social Security issued the Provisions on the Negotiation and Mediation of Enterprise Labour Disputes, which unified and standardized the procedures for labour dispute mediation, and industry association mediation can also be applied as a reference. According to Section 3(22), the mediation organization shall decide whether to accept the application within three days from the date of receipt. Section 3(29) further stipulates that mediation should end within 15 days from the date of receiving the application, but if the parties involved agree to an extension, it can be extended. According to Section 3(29) of the Labour Dispute Mediation and Arbitration Law implemented in 2008, the Labour Dispute Arbitration Commission shall decide whether to accept the arbitration application within five days from the date of receipt. The case hearing shall be concluded within 45 days from the date of acceptance of the arbitration application. Section 3(43) further provides that if the case is complex and requires an extension, the extension period shall not exceed fifteen days.

TABLE 3. A Compared Analysis of the Time Cost of Industry Association Mediation and Arbitration

Labour Dispute Settlement Method	Time to Accept the Application (days)	Process Limited (days)	Total Time Limit (days)	Instruction
industry association mediation	≤ 3	≤ 15	≤ 15	/
arbitration	≤ 5	common : ≤ 45 ; postponed : ≤ 60	common : ≤ 45 ; postponed : ≤ 60	The time spent due to suspension is not included.

Source: the Labour Dispute Mediation and Arbitration Law 2008; Provisions on the Negotiation and Mediation of Enterprise Labour Disputes 2012

Table 3 compares the respective processing times between industry association mediation and arbitration in labour dispute cases. It can be found that industry association mediation has an absolute advantage in terms of time cost. It can resolve disputes quickly in a short time.

2. Advantage of Economic Cost

Section 4(53) of the Chinese Labour Dispute Mediation and Arbitration Law stipulates that labour dispute arbitration is free of charge. However, the issue of fees for industry association mediation organizations has not been clarified. In China, many industry associations obtain daily expenses by collecting membership fees. The collection of membership fees varies in each region. According to Section 2(2) Sui Bar Association Notice 2023 (Regulations38), the Guangzhou Lawyers Association charges an annual individual lawyer membership fee of 1200RMB and a law firm membership fee of 7500RMB, whereas under Section3(14), Constitution of Guang Dong Textile Association 2023, the Guangdong Textile Association charges an annual membership fee of 1000 RMB for enterprises. When the enterprise joins the association, various industry associations have already collected membership fees. If an enterprise does not pay fees, it cannot become a member of an industry association. Once disputes arise, it cannot obtain mediation from the industry association's mediation organization.

Because the initiation of arbitration proceedings is free, industry association mediation organizations may not necessarily have a comparative advantage in terms of the cost required for the initiation proceeding. However, its advantages are reflected throughout the entire case-handling process. Industry association mediation is limited to disputed parties only, and unrelated personnel do not need to participate, so parties do not need to hire lawyers to be present (Zhang, 2024). The mediation process focuses on getting both parties to reach a consensual agreement and does not incur any appraisal fees. In China, appraisal costs are an expensive expense. If the parties can consult on a standard for a specific case (perhaps an amount standard, a disability level standard, or a loss level standard), the appraisal cost is greatly saved. However, arbitration is different, the results of the arbitral award are required to have a statutory basis, its procedures are stricter, so many parties will hire a lawyer to represent the whole process. According to Section 3(37) Chinese Labour Dispute Mediation and Arbitration Law 2008, if it involves specialised issues, it can be referred to an appraisal body agreed by the parties or appointed by the arbitral tribunal. The fees paid to the appraisal agency shall be borne by the parties themselves. The specific comparative analysis is summarized in Table 4.

TABLE 4. A Compared Analysis of the Economic Cost of Industry Association Mediation and Arbitration

Labour Dispute Settlement Method	Ancillary Cost	Auxiliary Expenses	Instruction
industry association mediation	No regulation	The process is flexible, without lawyer intervention, and no agency fees, no appraisal fees.	Application cost are uniform, but no auxiliary expenses
arbitration	free of charge	The process is strict, most of the parties are not familiar with the process need to hire a lawyer, according to the needs of the case, may produce appraisal fee	No application cost, but may produce lawyer agency fee, appraisal fee

Source: The Labour Dispute Mediation and Arbitration Law 2008; Industry Association Fee Compliance Guidelines 2023

The mediation organization of labour dispute industry associations definitely has obvious advantages (Folberg, et al., 2021). Firstly, it is reflected in policies. Various regions have successively introduced policies to encourage the establishment of mediation organizations for labour dispute industry associations, providing sufficient policy support for their development. Secondly, it has significant advantages in both time and economic costs, thus better meeting the needs of the parties involved.

Despite the many advantages of mediation, the number of cases accepted is not satisfactory. The reasons for this phenomenon may be multifaceted, which will be further explored in the next part of the article to find solutions.

THE DEVELOPMENT CHALLENGES OF MEDIATION ORGANISATIONS OF INDUSTRY ASSOCIATIONS

TYPICAL CASE DETAILS

In July 2023, the All-China Federation of Industry and Commerce announced ‘Typical Cases of Industry Association Mediation’ on its official website. One of the typical cases is the labour dispute handled by the Garment Processing Association. In 2022, a clothing processing factory in Yishui County, Shandong Province was facing bankruptcy due to the impact of the COVID-19, resulting

in poor business operations and a broken funding chain. The boss of the processing factory owed worker Zhang 60000 RMB in wages, and Zhang had a conflict with the boss. After learning about this matter, Li Wenjun, the president of the local clothing processing association, took the initiative to mediate. Li Wenjun has visited the processing factory and Zhang’s home multiple times to work, patiently explaining the law. Finally, both parties reached a mediation agreement.

Subsequently, the owner of the processing factory learned that the mediation agreement was not enforceable and that non-compliance would not result in any legal liability, so he began to refuse to fulfill the mediation agreement. Li Wenjun once again found the owner of the processing factory and decided to completely help the factory out of its difficulties. Li Wenjun used an association to arrange an interest-free loan of 700,000 RMB to this factory to assist the business in upgrading and changing. He called on the whole county to order protective clothing from the processing factory, saved the factory from facing bankruptcy, and ultimately paid the salary and interest owed to Zhang.

CASE STUDY

Mediation is another key component of alternative dispute resolution, involving a

voluntary process in which a neutral third party (mediator) helps the conflicting parties reach a mutually agreed solution (Nur Khalidah & Adib, 2024). In this case, the president of the industry association played the role of mediator and fulfilled his social responsibility, which is the key to the successful mediation of this case. It also reflects the shortcomings of mediation agreements reached through industry association mediation.

In China, industry association mediation is a type of civil mediation, and the agreements reached have contractual binding force but lack compulsory enforcement. If one party fails to fulfill the mediation agreement, the other party cannot apply for execution based on the agreement. This leads to natural shortcomings in the mediation agreements formed through industry associations. From this point of view, it is easy to understand why the number of cases accepted by industry association mediation organizations is not high. In addition, arbitration is a pre-procedure for labour cases in China. Therefore, the existence of this shortcoming is essentially that the industry association mediation organization is not connected with labour arbitration, and the two institutions are independent of each other (Zhao & Wu, 2024). This means that if the industry association mediation fails, the case will have to start the process again from arbitration. Of course, once the industry association mediation is successful, giving the mediation agreement the power of compulsory execution becomes the most critical step. Hence, if the shortcomings cannot be made up through effective measures, more and more parties will give up this way of resolving disputes (Zhang, 2024).

THE CONNECTION ISSUE OF INDUSTRY ASSOCIATIONS MEDIATION AND ARBITRATION

In practice, to alleviate the pressure of arbitration institutions and fill the shortcoming of industry association

mediation organizations, various regions have successively introduced systems. For example, the issuance of mediation recommendations, notification of the recognition system, and review of mediation agreements. But the effect is not good. The specific analysis is as follows:

1. The Opinions of the Mediation Recommendation are Unclear

For the mediation recommendation, the Ministry of Human Resources and Social Security issued an Opinion on Strengthening the Mediation of Labour and Personnel Disputes in 2009, which did not provide specific provisions: if a case directly applies for labour arbitration without going through mediation procedures, the labour dispute arbitration commission can guide the parties to mediate, issue mediation recommendations to the parties, and resolve the labour dispute nearby. According to Article 7, those who fail to reach a mediation agreement within the prescribed time limit may apply for labour arbitration under the law. The Opinions on Strengthening Professional Mediation of Labour Disputes in 2015, the Opinions on Strengthening Mediation and Arbitration of Labour and Personnel Disputes and Enhancing Diverse Resolution Mechanisms in 2017 both once again proposed, respectively in Article 3 and 12, that arbitration institutions should implement the mediation recommendation system, but they did not provide specific implementation rules.

However, when reading these clauses carefully, one will find that there is a lack of specific operational guidance and only a vague framework is provided. For example, these opinions clarify that the arbitration commission's issuance of a mediation recommendation to the parties is 'possible', not 'necessary'. This makes this system optional. Without necessary mediation guidance, the parties involved are even less likely to choose mediation. Meanwhile, these opinions also lack follow-

up measures after the mediation recommendation is issued. Have the parties carefully read and adopted the mediation recommendation after it was issued? These issues have not been followed up by a third party. Based on the above two reasons, these opinions have significant shortcomings in practical operation, and the function of mediation recommendations is severely weakened. In the end, the system of mediation recommendations became an empty paper and was essentially non-existent.

2. Labour Arbitration Review System Lacks an Information Component

The 2012 Provisions on the Negotiation and Mediation of Enterprise Labour Disputes propose that the arbitration commission should review the mediation agreement and make a mediation record. The Opinions on Strengthening Professional Mediation of Labour Disputes in 2015, the Opinions on Strengthening Mediation and Arbitration of Labour and Personnel Disputes and Enhancing Diverse Resolution Mechanisms in 2017 both once again proposed that arbitration institutions should implement the mediation agreement review system. However, these regulations and opinions limit the implementation of the mediation agreement review system to only the arbitration commission. In practice, reaching a mediation agreement is during the mediation stage of the mediation organization, rather than the arbitration stage. To implement the review system of mediation agreements, the arbitration commission must first establish a notification system before the review. However, China has a vast territory and a large population, and during the mediation stage, the arbitration commission is unable to proactively inform the parties of the labour arbitration confirmation system. Because the arbitration commission is unable to know which cases are being conducted within the mediation organization. In reality, only when the parties actively go to the arbitration

commission, otherwise the arbitration commission cannot obtain the contact information and address of the parties. This passive delivery method and the lack of notification process ultimately make it impossible for the labour arbitration review and confirmation system to truly carry out and fail to achieve the expected effect.

3. Lack of Uniformity in Review Standards

The mediation agreement formed by the industry association after mediation needs to be submitted by both parties to the arbitration commission for review. After confirmation, it is enforceable. This involves the issue of the review standards for mediation agreements by the arbitration commission. Due to the lack of unified definition of review standards in relevant laws and regulations, the standards in different regions are inconsistent in practice. The main ones are summarised as follows: Firstly, the facts confirmed in the mediation agreement will not be reviewed, and only the applicable laws will be reviewed for that fact. Secondly, the object of review is the facts confirmed in the mediation agreement and the applicable law. Thirdly, only examine whether the materials submitted by the parties meet the legal requirements. Fourthly, both examine whether the materials submitted by the parties comply with the legal form and whether the mediation agreement is legitimate (Stephen et al., 2020).

In summary, there is no unified review standard for labour arbitration confirmation in Chinese laws. So, the parties are unwilling to review and confirm the mediation agreement. Ultimately, this has led to a lack of credibility in the mediation agreements formed by many industry associations. This is also an important factor why the parties are unwilling to choose mediation and arbitration.

RECOMMENDATIONS

A CONNECTION IN TIME

At present, there is no legal provision on how to enter the arbitration procedure for labour dispute cases after mediation by industry associations fails. In practice, the parties themselves apply for arbitration and restart the process. The time and effort spent on early mediation are useless. This has led many parties to choose to enter arbitration proceedings from the very beginning and abandon mediation in order to save time.

To this end, we can refer to the practices in Taiwan, China. The development of industry associations in Taiwan is relatively mature, with public law status, half official and half civilian functions (Fan, 2007). When the industry association fails to resolve the labour dispute through mediation, it will automatically transfer to the arbitration procedure. The time for accepting the case does not need to be recalculated, and the mediation time is directly recognized as the time for accepting the arbitration case. Taiwan belongs to the civil law system, which is consistent with Chinese Mainland. It is very appropriate to transplant this practice to Chinese Mainland (Al Banna, 2024).

REFINE THE MEDIATION RECOMMENDATION SYSTEM

Firstly, clarify the types of cases that apply to mediation recommendations. Current Chinese law stipulates that the arbitration committee may issue a recommendation for mediation when a labour dispute case is directly arbitrated without mediation. Therefore, this study believes that to define this provision, it is necessary to specify the types of mediation recommendations that should be made. For example, in cases where the disputed facts are simple, the parties have little disagreement, the subject matter of the case is small, and the evidence is sufficient, a mediation recommendation should be issued to guide the parties to choose industry

associations for mediation. This can speed up the process of handling labour dispute cases and reduce the pressure on arbitration commissions. It will enable them to devote more energy to dealing with difficult and unmediated cases and achieve social stability.

Secondly, establish a full process tracking system for cases. After the arbitration commission issues a mediation recommendation, it should promptly leave the contact information of the parties and conduct follow-up visits. Once it is confirmed that both parties have reached a mediation agreement, the arbitration commission can promptly inform both parties to apply for review and confirmation of the mediation agreement. This approach can enhance the credibility of industry association mediation.

Finally, leverage the role of legal aid lawyers in arbitration institutions. In 2020, the Ministry of Human Resources and Social Security of China issued the Opinions on Further Strengthening Legal Aid for Mediation and Arbitration of Labour and Personnel Disputes. According to Article 1 of the Opinions, regions all over the nation are gradually pushing for the establishment of legal aid workstations for arbitration institutions, which are created in partnership with judicial bureaus. The Judicial Bureau assigns a lawyer to be on duty at the workstation every day, providing free legal consultation services to the parties involved. In the case tracking system, the on duty lawyer at the workstation can participate in the entire process of industry association mediation. Once a mediation agreement is reached, the on-duty lawyer shall promptly report to the arbitration commission. The arbitration commission can promptly inform the parties to apply for review and confirmation of the mediation agreement. Due to the lawyer coming from the arbitration institution's workstation, both parties have a natural sense of trust, which will better play the role of the full process tracking system for the case.

EXPAND THE ENTITIES OF FULFILLING THE NOTIFICATION OBLIGATION

As mentioned earlier, the arbitration institution is unable to obtain the contact information of the parties involved promptly, so they cannot inform the parties about the review and confirmation system of the mediation agreement. To address this issue, this article suggests adding a program to practice. The mediation organization will notify the parties about the arbitration review and confirmation system following the industry association's successful mediation. By this particular approach, one entity under departmental regulations must also be changed to two notification entities, i.e., an arbitration commission and a mediation organization. The mediation organization is more familiar with the contact details of the parties than the arbitration commission, because they are directly involved in the mediation process. Therefore, it would be more operational for the mediation organization to fulfill the notification obligation. Of course, it is necessary to take a long-term view when amending departmental regulation. At present, there are not only industry association mediation organizations but also other specialized mediation organizations. Therefore, when determining the main body, it should not be limited to industry association mediation organizations. When modifying specific terms, mediation organizations should be used uniformly. The scope of the subject can be expanded only in this way, and any organization with mediation functions can fulfill the notification obligation.

DEVELOP STANDARDS FOR REVIEWING MEDIATION AGREEMENTS

The industry association formulates a mediation agreement, and after both parties sign and confirm it, the labour arbitration commission only needs to conduct a legality review because the industry association has already reviewed the facts and obtained confirmation from both parties. The legality review is to examine whether the agreement

complies with legal provisions. If legal, the arbitration commission confirms that the agreement is enforceable.

The standards for legality review can be determined from the following three aspects in this study. Firstly, a review should be conducted on whether the mediation agreement was voluntarily reached. A mediation agreement is an understanding that the parties have reached about how to handle their rights when industry associations mediate disputes. As long as it does not harm national interests, collective interests, or the legitimate rights and interests of others, such disposing actions should be allowed. Secondly, it is necessary to review whether the content of the mediation agreement is legal. The mediation agreement itself is a civil contract between labour and management. It should be reviewed according to the standards of Chinese Civil Code and Labour Law. Ensure that the subject and content of the contract do not violate mandatory provisions of laws and regulations. Finally, the authenticity of labour disputes should be examined to prevent false litigation. The arbitration review procedure is simple and convenient, which can easily lead to false litigation. In this regard, the authenticity and legality of the evidence involved in the mediation agreement should be reviewed. The application shall be rejected by the law if any false evidence is found.

CONCLUSION

Due to the significant increase in labour dispute cases, the use of alternative dispute resolution methods has become a global trend (Mehnaz, Shabir & Muhammad Zubair, 2022). Industry associations play a crucial role in economic development. It has unique professional advantages and can effectively resolve industry disputes. As a subject of alternative dispute resolution mechanisms, it has enormous potential (Wang, 2013). In response to the limitations of industry associations as the main subject

of mediation, this study proposes four reform suggestions, including temporal connection, refining the mediation recommendation system, expanding the subject of fulfilling the disclosure obligation, and developing standards for reviewing mediation agreements. Through reform, the aim is to fully leverage the advantages of industry association mediation so that the mediation of industry associations and labour arbitration can be connected and coordinated. This is conducive to improving the efficiency of resolving labour disputes, saving judicial resources, and stabilizing the market economy.

CONFLICT OF INTEREST

The authors declare that they have no competing interests.

AUTHORS' CONTRIBUTION

The first author developed the research framework, conducted the primary analysis, and prepared the initial manuscript draft. The second and third authors contributed critical insights, helped refine the study, and approved the manuscript. All authors reviewed and collectively approved the final version to confirm its accuracy and thoroughness.

REFERENCES

- Al Banna, Mahir. (2024). Chinese Taiwan International legal standing: Navigating the fragile status quo. *Journal of Liberty and International Affairs*, 10, 1, 149-172.
- Chinese Civil Procedure Law 1991.
- Chinese Labour Dispute Mediation and Arbitration Law 2008.
- Chinese Labour Dispute Mediation and Arbitration Law 2008.
- Constitution of Guang Dong Textile Association 2023, <https://www.gdtextiles.cn/nd.jsp?id=132>. [18 March 2024]
- Fan Li Zhu. (2007). The development models of the overseas Trade Associations. *Journal of Yunnan University*, 3, 74.
- Folberg, J., Golann, D., Stipanowich, T. J., Reynolds, J., & Schmitz, A. J. (2021). *Resolving disputes: Theory, practice, and law*. Aspen Publishing.
- Goldberg, S. B., Sander, F. E. A., Rogers, N. H., & Cole, S. R. (2020). *Dispute Resolution: Negotiation, mediation, arbitration, and other processes*. Aspen Publishing, 2020.
- Guo Yingga. (2024). Analysis on the importance of labour arbitration mediation to solve labour disputes. *Market Weekly*, 18, 168-171.
- Halegua, Aaron, & Xiaohui Ban. (2020). Labour protections for overseas Chinese workers: Legal framework and judicial practice. *The Chinese Journal of Comparative Law*, 8(2), 304-330.
- Hu Xiaoxia. (2020). On challenges to Chinese hierarchical trial system for civil cases and the responses. *Political Science and Law*, 4, 99-100.
- Li Gan. (2022). The legal explanation and solution of work-stoppage—From the perspective of Collective Labour Law and Individual Labour Law. *SJTU Law Review*, 5, 138-153.
- Li Yinhong. (2024). Labour Dispute Resolution Mechanism: From arbitration to litigation. *Legality Vision*, 22, 133-135.
- Malaysian Journal of Social Sciences and Humanities (MJSSH)*, 9, 9.
- Mehnaz Begum, Shabir Ahmed Khan, & Muhammad Zubair Khan. (2022). Alternative Dispute Resolution in the contemporary world. *Global International Relations Review*, 11-16.
- Mohammad Jahangir Alam. (2023). A harmonious synthesis of Taoism, Confucianism and Buddhism in the matrix of Chinese culture: An overview. *Journal of the Asiatic*

- Society of Bangladesh, Humanities*, 68(2), 207-218.
- Nasri Ulyan. (2023). Exploring qualitative research: A comprehensive guide to case study methodology. *Al-Hikmah: Jurnal Studi Islam*, 4(3), 72-85.
- National Bureau of Statistics of China. (2023). China Statistical Yearbook 2023, 24-22, Arbitration of Labour Disputes. <http://www.stats.gov.cn/sj/ndsj/2022/indexch.htm>
- Nga, Pham Thanh. (2022). Alternative Dispute Resolution (ADR): A new trend of economic conflicts settlement. *ADR Strategies: Navigating Conflict Resolution in the Modern Legal World*, 70.
- Notice on Launching Action for Establishing Grassroots Labour Dispute Mediation Organizations by the Ministry of Human Resources and Social Security 2023.
- Nur Khalidah Dahlan, & Adib Haikal Idris. (2024). Problem solving for cases related to tourism.
- Nur Khalidah Dahlan, Muhamad Helmi Md Said, & Ramalinggam Rajamanickam. (2021). Mediation: Practice in the corporate world. *UUM Journal of Legal Studies*, 12(1), 51-67.
- Opinions of Implementing the Pilot Program of Diversified Resolution of Labour Disputes in Several Regions 2020.
- Opinions of the Ministry of Human Resources and Social Security of China on Strengthening Professional Mediation of Labour Disputes 2015.
- Opinions of the Ministry of Human Resources and Social Security of China on Strengthening the Mediation of Labour and Personnel Disputes 2009.
- Opinions of the Ministry of Human Resources and Social Security of China on Strengthening Professional Mediation of Labour Disputes 2015.
- Opinions on Further Strengthening Legal Aid for Mediation and Arbitration of Labour and Personnel Disputes by Ministry of Human Resources and Social Security of China 2020.
- Opinions on Strengthening Mediation and Arbitration of Labour and Personnel Disputes, and Enhancing Diverse Resolution Mechanisms in China 2017.
- Provisions on the Negotiation and Mediation of Chinese Enterprise Labour Disputes.
- Provisions on the Negotiation and Mediation of Enterprise Labour Disputes by the Ministry of Human Resources and Social Security 2012.
- Ren Hongxiang, Ji Tailei, Xu Jun, & Zhu Hongju. (August 8, 2024). Mediation in advance, deep integration. *Shenzhen Special Economic Zone Newspaper*, A05.
- Shi Xiao Bo, & Lu Bingquan. (2024). The inheritance and innovation of traditional legal culture by the mediation system in the new era. <https://www.chinacourt.org/article/detail/2024/02/id/7793825.shtml>
- Stadtfeld, C., Takács, K., & Vörös, A. (2020). The emergence and stability of groups in social networks. *Social Networks*, 60, 129-145.
- Sui Bar Association Notice 2023 (Regulations 38).
- Sun Wei. (2024). Discussion on the application of Industry Association Mediation in international engineering dispute resolution. *International Project Contracting & Labour Service*, 9, 28-32.
- Tan Xiao. (2021). *Empirical study on industrial mediation of labour dispute*. Wuhan University Publications.
- Typical cases of mediation by industry associations. <https://baijiahao.baidu.com/s?id=1772583245846097392&wfr=spider&for=pc>
- Wang Wenting. (2013). *On the mediation function and practical approach of the trade association in China*

- [Master's thesis, University of Xiangtan].
- Xu Xi. (2013). Development of Industry Association of Taiwan and its implications for Mainland. *Asia-Pacific Economic Review*, 2, 138.
- Zhai Hongxiang. (2003). *Industry association development theory and practice*. Economic Science Publications.
- Zhang Hongjiao. (2016). *Study on the dispute mediation system of China Trade Association* [Master's thesis, Hebei University of Economics and Business].
- Zhou Hande. (2019). On the legal mechanism of guilds' intervention in resolving labour disputes in the context of social governance. *Law-Based Society*, 1, 110-117.
- Zhang Shihan. (2024). Evaluation of the legal framework and practical effectiveness of labour dispute mediation mechanisms. *Hans*, 12(3), 1718-1723.
- Zhang Nan. (2024). Analysis on the advantages and practical application of international engineering mediation. *International Project Contracting & Labour Service*, 9, 38-43.
- Zhao Xi & Wu Libin. (2024). a preliminary study on the coordination of commercial mediation rules in the Guangdong-Hong Kong-Macao greater bay area. *Henan Social Sciences*, 9, 97-108.
- Zhang Xiheng. (2024). On the professional characteristics of specialized social mediation in China. *Political Science and Law*, 7, 44-59.