

Avoiding Lawsuits With an Arbitration Policy

Publication

2.01.08

When an employee is fired, employers often worry the termination decision will end up under the microscope of litigation. Instead of having an employment dispute resolved in court, employers should consider adopting an arbitration policy that substitutes an arbitration hearing for a courtroom trial. From an employer's perspective, litigating an employment dispute in court has distinct disadvantages. The process is expensive, time-consuming and disruptive, and is often an ineffective way to resolve a claim.

An arbitration policy provides a fair and efficient process for resolving legal disputes. For most employers, an arbitration policy can be valuable in helping reduce the costs and risks of employment disputes. The most common way to implement a policy is publishing it in the employee handbook, and having employees either sign or initial their consent. The arbitration process also can be established through individual employment contracts, and some employers include an arbitration agreement in their written application for employment.

This article appeared in the February 2008 issue of *Construction Executive*.

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James R. Holland, II
Regional Managing Partner
816.842.8770
[Email](#)

