

Arbitration Agreements Help Avoid Negative Publicity

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Business owners who include arbitration agreements in employee contracts can head off potentially damaging publicity should an employee's tenure end bitterly and result in litigation.

Arbitration is the process of resolving disputes in a private setting where the evidence and testimony are unlikely to become part of the public record. Under the Federal Arbitration Act, parties can voluntarily agree to settle all disputes out of court.

Arbitration differs from a traditional courtroom process as there is no jury, and the proceedings usually take place in a private conference room. Unlike a jury award that can be reviewed, an arbitrator's decision is usually final.

Before entering into arbitration agreements, companies should ask if arbitrating claims will save them money, reduce the risk of an unreasonable jury award or be easier for the company to administer. Factoring into the equation is the jurisdiction where an employer is located or the nature of the employer's business.

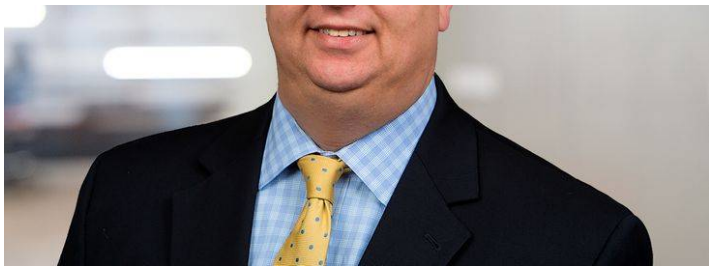
The downside of the arbitration process is that the arbitrator's fee can actually be more expensive than litigating in court. And because arbitration has little appellate review, having a bad arbitration decision overturned is extremely unlikely.

Whether arbitration agreements are the right choice for your business is a case-by-case call. But if a business wants to avoid the bad publicity and potential embarrassment that can come with employment claims, it should strongly consider arbitration agreements as a potential solution.

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Edward F. Harold
Regional Managing Partner
504.592.3801
[Email](#)