

Arbitration rewards better than lawsuits

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Individuals who resolve legal disputes through arbitration fare better in terms of monetary awards and time-savings than individuals who go to federal court, according to a recently-published study.

The research studied outcomes from 125 employment discrimination cases filed in the Southern District of New York federal court versus 186 employment arbitrations in the securities industries between 1997 and 2001 and concluded there was “no statistical support” of bias against individual claimants in arbitrations resulting from pre-dispute agreements when compared to federal court.

The study was conducted by Professor Morris Kleiner from the University of Minnesota and attorney Michael Delikat. Prof. Kleiner is the AFL-CIO Professor of Labor Policy and director of the Humphrey Institute’s Center for Labor Policy at the University of Minnesota.

Highlights of the analysis comparing arbitration to federal lawsuits:

- Claimants/Plaintiffs prevailed 46% of the time in arbitration versus 34% in court.
- Median monetary awards for successful claimants/plaintiffs were approximately the same: \$100,000 in arbitration versus \$95,554 in litigation.
- Arbitration results were 33% faster than litigation. The median time from filing to judgment was 16 1/2 months in arbitration while lawsuits took 25 months to conclude.
- Few individuals ever get a jury trial in federal court. Only 3.8% of the federal court cases were concluded by jury trial, providing a “significant counter-point” to the critique that arbitration keeps individuals from having their claims resolved by a jury. □