Announcer: The Missouri State Journal, a weekly program keeping you in touch with Missouri State University.

Nicki Donnelson: Not seeing eye to eye with someone? Need to find a solution without going to the courts? Dr. Stan Leasure, business law professor at Missouri State University says alternative dispute methods might be your best bet. I'm Nicki Donnelson. Leasure is my guest today on the Missouri State Journal. He gives us an example.

Stan Leasure: If you and I are, say, going to enter into a contract, you're going to build me a house. We might realize that house building is something that involves a lot of money. It's complicated, and you and I might agree before you ever start the house that if we do find ourselves in some sort of a dispute, we're going to go to arbitration. We can sign an arbitration agreement before there is a dispute. Everything is fine. Nobody expects anything to happen. Nobody hopes anything will happen. But if it does, we've already decided what we're going to do. We're going to go to arbitration.

Nicki Donnelson: You can also make the decision to use arbitration when the need arises as long as the other party agrees, but what exactly is arbitration? He tells us more.

Stan Leasure: What we do is we hire an arbitrator, one or more arbitrators, to decide the case for us. We present our evidence in a sort of a adversary process like we would in court, and the arbitrator decides our case for us. The arbitrator makes the decision of who wins, who loses, makes a decision as to what the remedies are going to be. And this arbitration system is binding. It's binding because we've agreed that it will be binding.

Nicki Donnelson: Pre dispute arbitration agreements show up most often in business transactions according to Leasure. When you signed an employment contract, you might have already signed one. He says...

Stan Leasure: Following up with my scenario in the building trades, we can hire an expert that knows all about what it is you were supposed to do, and what it was I was supposed to pay. Expert decision makers is a really important part of it. We get a more informal process with the arbitration proceeding. We move much quicker. As we know, courts take a long time to decide. Arbitrators, the decision can be in as little as six months, maybe from start to finish, which is a great thing.

One of the most important parts of arbitration is that it's cheaper. Why is it cheaper? Because lawyers are expensive, and the more engagement you have with a lawyer during the course of your dispute, the more expensive it's going to be. Since arbitration is streamlined, it's going to be quicker, and you're going to pay less in attorney's fees.

Almost always in the arbitration agreement, we agree that what we do in the arbitration and our dispute generally is confidential. It is something that businesses want. If two businesses get into dispute, neither one of them want it in the public record, and court proceedings are absolutely public. The best way to end a business relationship is to get involved in a lawsuit. When you get finished with a lawsuit, both parties typically hate each other. The arbitration is much simpler, much quicker, much cleaner, much cheaper, and it is possible for two businesses with a dispute to preserve their relationship in an arbitration setting. It's not always possible, but it's much, much more likely than if we get involved in a litigation.

Nicki Donnelson: Arbitration may be conducted by a panel rather than a singular person. This is especially the case when an expert is called upon. Either way, the arbitration decision is legal, final and binding. Leasure explains there are few very rare exceptions.

Stan Leasure: There are a few, very, very few times when an arbitrator's decision can be taken to court and can be overturned. And I must emphasize this is extremely rare. If the arbitrator has committed some sort of misconduct, has some relationship with one of the parties that they did not disclose, that's one possibility. Arbitrator fraud, if the arbitrator has accepted a payoff from one of the parties. That's fraud. Clearly that would be reviewable, and the arbitration agreement could be set aside. And along with that and almost indistinguishable is arbitrator corruption is basically the same wrongdoing. And the other one that is a little bit more ambiguous is abuse of power by the arbitrator, and that would come up if the arbitrator put something in the decision that was not part of the referral to the arbitrator. If the arbitrator went totally out of bounds and abused the power that he or she had been given, that would be appealable.

Nicki Donnelson: That was Dr. Stan Leasure. I'm Nicki Donnelson for the Missouri State Journal.

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