Contracting Employment Disputes Out of the Jury System: An Analysis of the Implementation of Binding Arbitration in the Non-Union Workplace and Proposals to Reduce the Harsh Effects of a Non-Appealable Award

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An Analysis of the Implementation of Binding Arbitration in the Non-Union Workplace and Proposals to Reduce the Harsh Effects of a Non-Appealable Award

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I. INTRODUCTION

The scenario is not difficult to foresee: as a prospective employee signs her employment agreement with a new employer she notices a clause mentioning arbitration. Arbitration? Some may have a vague idea of what arbitration is—an alternative dispute resolution (ADR) method used to resolve disputes in lieu of going to trial. Others have no idea what it is. Either way, most prospective employees do not care. First and foremost, employees want a job and leave the concept of arbitration to be dealt with if and when it arises. Whether individuals know a little about arbitration, know nothing about arbitration, or are fairly well-versed in the concept of arbitration, most probably do not know that signing an employment contract with an arbitration clause is not merely an agreement to forego litigation of job related disputes. Rather, under such a clause, a person forfeits valuable rights, such as the ability to appeal the final decision in all but the most oppressive circumstances.

This Comment discusses this concern, and others, regarding arbitration in the employment context. Part II focuses on the growing trend toward utilizing arbitration to settle employment related disputes. Part III examines some of the concerns resulting from this expanding use of ADR and the resulting need for caution by employees, employers, and the legal system as a whole. Part IV analyzes methods used to deter-
mine whether the arbitration clauses are valid, given the inequality of bargaining power often present in the employment context. To prevent dissatisfaction with the arbitration process after the fact, Part V proposes more effective procedures for ensuring that arbitration agreements are truly bargained for at the implementation stage. In addition, since most courts are willing to uphold arbitration clauses even when an inequality of bargaining power is present between employees and employers, Part VI proposes methods to reduce the bias and harsh effects of binding arbitration as currently practiced. Recognizing that arbitration is fast becoming a necessary procedure for resolving employment related disputes, Part VII concludes by acknowledging that this process is beneficial for all participants when properly implemented and regulated.

II. TRENDS TOWARD SELECTING ARBITRATION FOR EMPLOYMENT DISPUTES

A. Increased Use of ADR in General

The employment sector is one of many groups joining the national trend toward using alternative dispute resolution processes to resolve disputes. Following the re-enactment of the Federal Arbitration Act (FAA) in 1947, the federal government advocated a public policy favoring arbitration. The FAA applies to contracts that are both signed


by employees who do not fall within the contracts of employment exclusion and relate to transactions in interstate or international commerce.

Like the federal government, the states have enacted similar policies favoring arbitration by either adopting the Uniform Arbitration Act (UAA) or drafting their own arbitration provisions. While the state statutes generally have provisions suggesting guidelines for conducting arbitration proceedings, the federal statute does not. As the federal arbitration statute preempts state law, arbitration proceedings man-

18. 9 U.S.C. § 1 (1988). Most agreements containing arbitration clauses will be subject to the FAA as commerce is broadly construed. Green, supra note 1, at WL 9.

The FAA states in pertinent part: "A written provision in any . . . contract . . . to settle by arbitration a controversy thereafter arising out of such contract . . . or the refusal to perform the whole or any part thereof, or an agreement in writing to submit to arbitration an existing controversy arising out of such a contract, . . . or refusal, shall be valid, irrevocable, and enforceable, save upon such grounds as exist at law or in equity for the revocation of any contract."

dated by the FAA will not be subject to any procedural guidelines. Therefore, when the FAA controls, one of the state's standardized procedures or the rules of an institutional provider of dispute resolution services should be consulted to provide structure while safeguarding the arbitration proceeding from abuse.23

Other events that have triggered the growing use of ADR to resolve disputes are the 1991 Executive Order on Civil Justice Reform24 and the ADR Act of 1990.25 Largely as a result of this government recognition of ADR, forty-six states and approximately 1200 courts currently have ADR programs in place.26 The growing trend of using ADR in lieu of the courts cannot be disputed.27

B. Appeal of ADR to the Employment Sector

The concept of ADR appeals to the employment sector for three main reasons. First, the increasing number of employment related disputes is burdening the court system.28 Second, statutory rights relating to employment encourage the use of ADR.29 Third, many advantages result from resolving disputes through arbitration rather than traditional litigation.30

23. See Mathiason & Uppal, supra note 16, at 886. Institutional providers of dispute resolution services have their own procedural rules for conducting the arbitration process and panels of arbitrators from which disputants may select an arbitrator. These rules, however, are not set in stone. If the disputants do not wish to follow them, they can amend the rules so that they are mutually agreeable or adopt another institution's rules while still using the original service's arbitrators. Examples of institutional providers of dispute resolution services are the American Arbitration Association (AAA), Judicial Arbitration and Mediation Services (JAMS), Endispute, and the Center for Public Resources (CPR). Evan J. Spelfogel, Legal and Practical Implications of ADR and Arbitration in Employment Disputes, 11 Hofstra Lab. L.J. 247, 265 (1993)


26. Dick, supra note 14, at 50.

27. See supra notes 14-27 and accompanying text.

28. See infra notes 31-53 and accompanying text.

29. See infra notes 54-57 and accompanying text.

30. See infra notes 58-98 and accompanying text.
1. Employment Related Disputes are Increasing in Number

The national trend toward the use of ADR, and arbitration in particular, is viewed as a positive development by the employment sector primarily because the number of employment related cases is growing so rapidly that the courts cannot accommodate them. Employment disputes are on the rise due to three main forces: the erosion of the concept of at-will employment, the creation of new statutory rights for employees, and decreased participation in labor unions.

   a. Erosion of the concept of at-will employment

The transformation of the traditional at-will employment scheme into one with a preference for a more stable job atmosphere has resulted in an increased number of employment related claims. This trend toward promulgating employee stability is the result of three major forces. First, courts are restricting an employer's right to terminate employees when the employee refuses to act against public policy. See infra notes 35-41 and accompanying text. Second, there is an increasing number of employment-related cases requiring juries waiting to be heard in the state and federal courts. See infra notes 42-51 and accompanying text. Third, the number of age discrimination cases tripled between 1980 and 1985, adding to already crowded court dockets. See infra notes 52-53 and accompanying text.

31. Spelfogel, supra note 23, at 247. "Employment litigation has grown at a rate many times greater than litigation in general." Id. Furthermore, there are over 25,000 wrongful discharge cases requiring juries waiting to be heard in the state and federal courts. Id. at 249; see also Mark Berger, Can Employment Law Arbitration Work?, 61 UMKC L. Rev. 693, 695 (1993) (as a result of approximately three million terminations each year, employees challenging such decisions will impose a huge burden on the courts); James A. King, Jr. et al., Agreeing to Disagree on EEO Disputes, 9 LAB. L. 97 (1993) (stating that there has been a 2166% increase in employment discrimination cases since the 1970s); Stephen W. Skrainka, The Utility of Arbitration Agreements in Employment Manuals and Collective Bargaining Agreements for Resolving Civil Rights, Age and ADA Claims, 37 St. Louis U. L.J. 985, 992 (1993) (stating that the number of age discrimination cases tripled between 1980 and 1985, adding to already crowded court dockets); Even J. Spelfogel, New Trends in the Arbitration of Employment Disputes, 48 ARB. J., Mar. 1993, at 6 (stating that "an increasing number of employment-related . . . cases . . . are causing lengthy delays for employees in obtaining their 'day in court'") [hereinafter New Trends].

32. See infra notes 35-41 and accompanying text.
33. See infra notes 42-51 and accompanying text.
34. See infra notes 52-53 and accompanying text.
35. See infra notes 56-41 and accompanying text.
36. See infra notes 37-41 and accompanying text.
37. Berger, supra note 31, at 694; see also Warren Martin, Employment at Will: Just Cause Protection Through Mandatory Arbitration, 62 Wash. L. Rev. 151, 154 (1987); see, e.g., Sheets v. Teddy's Frosted Foods, Inc., 427 A.2d 385, 389 (Conn. 1980) (quality control director for food company had a valid cause of action against employer who allegedly fired him in retaliation for the employee's insistence that the employer comply with the requirements of the Food, Drug & Cosmetic Act); Adler v. American Standard Corp., 432 A.2d 464, 471 (Ct. App. Md. 1981) (recognizing that employees will have a cause of action when terminated for a reason violating public policy but finding that a prima facie case must first be met showing that the conduct
ond, courts are increasingly finding implied contracts of employment resulting from verbal guarantees of job security and the presence of employee handbooks detailing policies and benefits. Third, the courts are, with growing frequency, recognizing an implied covenant of good faith and fair dealing, thereby limiting employee discharges for equity reasons. As a result of these employee biased changes in employment law, employees have an increased incentive to bring suit for money damages and redress. The desire to curb this tide of lawsuits has led employers to include arbitration clauses in their employment contracts.

b. Creation of new statutory rights for employees

Recent congressional action vests employees with new statutory rights and provides for jury trials and punitive damages to redress violations. Some of the statutory rights that relate to employment origi-

would violate public policy); Boyle v. Vista Eyewear, Inc., 700 S.W.2d 859, 871-78 (Mo. Ct. App. 1985) (employee could raise a cause of action against her employer who allegedly terminated her after she refused to disregard FDA policies and threatened to report her employer to the FDA); Bowman v. State Bank of Keysville, 331 S.E.2d 797, 802 (Va. 1985) (employees had cause of action against employer who allegedly terminated the employees in retaliation for the employees' exercise of their rights as shareholders).

38. Berger, supra note 31, at 694; see also Martin, supra note 37, at 155; see, e.g., Toussaint v. Blue Cross & Blue Shield, 292 N.W.2d 880 (Mich. 1980) (finding that either an oral promise or a personnel policy handbook are sufficient to be construed as an implied contract). But see Johnson v. McDonnell Douglas Co., 746 S.W.2d 661, 662 (Mo. 1988) (finding no implied contract from the existence of a unilaterally imposed employee handbook).


40. Berger, supra note 31, at 695.
41. Mathiason & Uppal, supra note 16, at 880; see also Dick, supra note 14, at 52.
42. Berger, supra note 31, at 693; see also W. Terrence Kilroy & Adam P. Sachs, Arbitrating Employment Disputes; Greener Pastures for Employers?, 62 APR. J. KAN. B.A. 32 (1993) (noting that employment litigation is increasing due to the "passage of numerous federal and state statutes creating individual causes of action for employment disputes"). Formerly, damages were limited to equitable relief and could be tried by a judge. Id.
nate in the Worker Adjustment and Retraining Notification Act (WARN),\textsuperscript{43} the Employee Polygraph Protection Act (EPPA)\textsuperscript{44} and the Family and Medical Leave Act.\textsuperscript{45}

Additionally, the Civil Rights Act of 1991\textsuperscript{46} amends five statutes directly relating to employment matters: Title VII of the Civil Rights Act of 1964,\textsuperscript{47} the Americans with Disabilities Act (ADA),\textsuperscript{48} the Age Discrimination in Employment Act (ADEA),\textsuperscript{49} the Civil Rights Act of 1866,\textsuperscript{50} and the Civil Rights Attorney’s Awards Act.\textsuperscript{51} Common sense dictates that the more protection an employee has, the more likely employer actions will be challenged.

c. Decreased union membership

A final reason for the increase in employment disputes is the decline of unionization.\textsuperscript{52} Disputants who, in the past, may have settled their claims through collective bargaining must now proceed individually.\textsuperscript{53}

2. Statutory Provisions Encourage the Use of ADR

The Civil Rights Act of 1991 not only grants aggrieved parties the right to a jury trial, it also encourages the use of alternative dispute resolution mechanisms.\textsuperscript{54} It is unclear whether the language of the Act

\textsuperscript{43} 29 U.S.C. §§ 2101-2109 (1988) (requiring notice to qualified employees before plant closings and major layoffs).
\textsuperscript{45} 29 U.S.C. §§ 2601-2654 (1985 & Supp. 1994) (providing employees receive up to 12 weeks yearly of unpaid leave for the birth or adoption of a child or to take care of a serious medical condition of the employee himself or his immediate family members).
\textsuperscript{46} Public L. No. 102-166, 105 Stat. 1071-1101 (codified as amended in various sections of 42 U.S.C. (Supp. IV 1992)).
\textsuperscript{50} 42 U.S.C. § 1981 (1988) (giving all persons the right to sue and to full benefit of the laws).
\textsuperscript{53} See id.
\textsuperscript{54} Donald R. Livingston, The Civil Rights Act of 1991 and EEOC Enforcement, 23
reflects legislative intent that parties to an employment contract may provide that future disputes be arbitrated. However, the Act went into effect after the Supreme Court's decision in *Gilmer v. Interstate/Johnson Lane Corporation*, and therefore, "it certainly seems plausible that *Gilmer* changed Congressional understanding of the legal limits on arbitration... and that consequently, the legislative history... is of limited significance." 

3. Advantages of Arbitration Over Court Adjudication

The advantages of arbitration have led employers to write arbitration clauses into their non-union employment contracts. Employers in particular want to adopt arbitration and avoid litigation for several reasons. In addition, there are other reasons for adopting arbitration procedures that benefit both parties. 

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55. Livingston, supra note 64, at 90-93.
57. See Livingston, supra note 54, at 93. For a complete discussion of *Gilmer*, see infra notes 116-37 and accompanying text.

58. Mathlason & Uppal, supra note 16, at 880; see also Dick, supra note 14, at 52. Arbitration in labor law is not new, having been used in the past for collective bargaining agreements. Francis X. Dee, *Use of Alternative Dispute Resolution (ADR) in Resolving Employer-Employee Disputes*, in *DISPUTE RESOLUTION ALTERNATIVES SUPERCOURSE* at 377, (PLI Litig. & Admin. Practice Course Handbook Series No. 481, 1993); see also Loren K. Allison & Eric H. J. Stahlhut, *Arbitration and the ADA: Do the Two Make Strange Bedfellows?*, 37 RES GESTAE 168, 168 (1993). However, with the recent trend toward non-unionization, arbitration clauses have now started appearing in non-union workplace agreements as well. Martin H. Malin & Robert F. Ladenson, *Privatizing Justice: A Jurisprudential Perspective on Labor and Employment Arbitration From the Steelworkers Trilogy to Gilmer*, 44 HASTINGS L.J. 1187, 1188 (1993). Further, "[t]he decline of collective bargaining... has fostered debate over whether... arbitration can be imported from the unionized to the non-unionized workplace." Id. at 1188.

59. See infra notes 61-75 and accompanying text.
60. See infra notes 76-98 and accompanying text.
Employer advantages resulting from the arbitration of workplace disputes

First and foremost, employers desire to avoid excessive damage awards. The general perception is that juries tend to give large damage awards, whereas judges and arbitrators typically exercise more restraint. In addition, arbitrators are less likely than juries to impose punitive damages.

Secondly, because judges and arbitrators generally defer to employer interests, employers are more likely to win if they arbitrate the dispute. In contrast, "[J]uries are perceived to be notoriously biased against employers." Consequently, employers risk losing a case, even

61. Kilroy & Sachs, supra note 42, at 33.
62. Id. At the high end, wrongful discharge cases have garnered $32 million, $43 million and $124 million verdicts in some states. Id. Other common jury awards fall in the $200,000-$800,000 range. Id. One study of wrongful discharge claims found that the average jury verdict was approximately $650,000 with another one-third of those cases also receiving punitive damages averaging $523,170. King, et al., supra note 31, at 99-100. In California, when a plaintiff is successful in a wrongful termination suit, the average recovery is $450,000. Cliff Palefsky, Wrongful Termination Litigation: "Dagwood" & Goliath, 62 MICH. BAR J. 776, 776 (1983); see Martin, supra note 37, at 168. However, this data is slightly misleading since only "high damage cases are likely to go to trial" and plaintiffs are likely to settle before trial if an employer has a strong defense. Palefsky, supra, at 776; see Martin, supra note 37, at 168 n.113; see also Dee, supra note 58, at 389-90 (stating that sympathetic juries wishing to impose large damage awards are not as prevalent as commonly believed).
63. John M. Husband & Brian M. Munaugh, Arbitration of Employment Disputes After Gilmer, 20 COLO. LAW. 2277, 2279 (1991); cf. Kilroy & Sachs, supra note 42, at 33 ("[A]rbitrators [may be] less likely than juries to grant especially high damage awards.")
64. Allison & Stahlhut, supra note 58, at 171. But see Dee, supra note 58, at 389-90 (stating that juries do not award punitive damages that often but, due to publicity of large verdicts, merely seem as if they do); Skrainka, supra note 31, at 900-01 (noting that while one particular arbitrator awarded punitive damage only once in 50 cases, other arbitrators award punitive damages more often in "appropriate cases"). This belief may in part be due to the fact that some courts hold that arbitrators do not have the authority to award punitive damages. Spelfogel, supra note 23, at 267.
65. Paul W. Cane, Jr. & Nancy L. Abell, Binding Alternative Dispute Resolution in the Workplace 2-2 (May 1993) (unpublished manuscript, on file with the law office of Paul, Hastings, Janofsky & Walker). But cf. Allison & Stahlhut, supra note 58, at 172 (stating that many arbitrators actually have a pro-employee bias that may be detrimental to the employer; however, the employer may be prevent this through careful arbitrator selection).
66. Allison & Stahlhut, supra note 58, at 172 (emphasis added). Indeed, a 1982 survey by a San Francisco law firm found that employees win 90% of wrongful termination cases where there is a jury trial. Palefsky, supra note 62, at 776; see Martin, supra note 37, at 168.
with a solid defense by choosing to litigate. Many employers prefer to bypass this uncertainty through adopting arbitration.

Furthermore, employers often view arbitrators as better overall decision-makers. The arbitrators used in labor disputes generally have experience in the employment field and consequently are "better able to understand the dynamics of the workplace" and recognize when an employee has or has not been the subject of discrimination. Additionally, arbitrators are less likely to succumb to "community pressures and attitudes" than juries.

Lastly, employers often prefer arbitration because of the effects public trials may have on their companies. Avoiding negative publicity is the primary concern, since no company wants to be labeled as being unfair to its employees. Arbitration avoids such publicity as most arbitrations are held in private and the awards remain confidential.

Many employers also institute arbitration procedures as a means of communicating to their employees that they are open to resolving a dispute without litigation.

b. The mutual advantages of arbitration to employers and employees

Arbitration benefits both employers and employees. The speed with which arbitration can resolve disputes is one of the primary benefits.

67. Allison & Stahlhut, supra note 58, at 172.
68. See id.
69. Id.
70. Id.
72. See Allison & Stahlhut, supra note 58, at 171-72; Knight, supra note 16, at 251.
73. Allison & Stahlhut, supra note 58, at 171-72; see also Knight, supra note 16, at 251.
74. Mathiason & Uppal, supra note 16, at 879; see also Edward Brunet, Arbitration and Constitutional Rights, 71 N.C. L. Rev. 81, 84-85 (1992); Grate, supra note 22, at 701 (noting that "arbitration is usually less costly than litigation").
75. See Mathiason & Uppal, supra note 16, at 895.
76. See infra notes 77-98 and accompanying text.
77. Mathiason & Uppal, supra note 16, at 894. For example, litigated cases generally take three to eight years to reach final resolution while arbitration can generally resolve disputes in less than 10 months. Id.; see also Allison & Stahlhut, supra note 58, at 171 (finding that the average employment dispute was resolved through arbitration in 268 days, whereas a court adjudication would have taken a significantly longer time); Grate, supra note 22, at 701 (noting that arbitration is "usually faster" than
Studies have shown that while employment claims can take years to get to trial, arbitration can resolve claims "within a matter of months." Another mutual benefit of arbitration is that it is less expensive than trial. Because employment disputes are generally fact specific, "formalized discovery" is not needed. This directly reduces the costs to the parties in resolving their dispute. In addition, because there is no trial time involved, attorneys' fees generally are less. The reduced cost of arbitration is valuable to employees because the expense of litigation may sometimes induce victims to relinquish meritorious claims. It is also beneficial to employers as the average cost of defending a claim in court has been estimated at a staggering $90,000.

A third benefit commonly associated with arbitration is finality. Since both employer and employee agree to resolve a dispute through
arbitration, the controversy is taken out of the court system and its lengthy appeals process.\textsuperscript{88} The "emerging standard" of arbitration provisions in employment contracts leads to their general enforcement.\textsuperscript{89} Further, since an award can be vacated only under narrow circumstances dictated by statute,\textsuperscript{90} finality of the arbitrator's decision is virtually certain.\textsuperscript{91}

\begin{itemize}
  \item[88.] See King, supra note 31, at 102-03; see Mathiason & Uppal, supra note 16, at 879-80.
  \item[89.] Dick, supra note 14, at 52-53; see also infra notes 105-42 and accompanying text.
  \item[90.] According to the FAA, an arbitral award will be vacated as follows:
    \begin{enumerate}
      \item Where the award was procured by corruption, fraud, or undue means.
      \item Where there was evident partiality or corruption in the arbitrators, or either of them.
      \item Where the arbitrators were guilty of misconduct in refusing to postpone the hearing, upon sufficient cause shown, or in refusing to hear evidence pertinent and material to the controversy, or of any other misbehavior by which the rights of any party have been prejudiced.
      \item Where the arbitrators exceeded their powers, or so imperfectly executed them that a mutual, final and definite award upon the subject matter was not made.
      \item Where an award is vacated and the time within which the agreement required the award to be made has not expired the court may, in its discretion, direct a rehearing by the arbitrators.
    \end{enumerate}
  \item[91.] See Brunet, supra note 74, at 86-87 (noting that the "chances of overturning an
Other benefits of arbitration are intangible. Trial proceedings may have adverse psychological and social effects on some participants. Generally, this result can be avoided through arbitration. Further, ADR methods, such as arbitration, allow the parties to maintain more control over the process and proceed with less antagonism toward the opposing side. Since an employee may retain her job after the dispute is resolved, it is often vital that the parties maintain a working relationship. With ADR, there is a greater likelihood that the parties will have an amicable agreement thus preserving such a relationship. Lastly, arbitration allows for a broad range of remedies not always available in a court adjudication.

III. THE NEED FOR CAUTION

From the above analysis, it is apparent that many employment disputes will be arbitrated in the future, and that there are potential benefits for both parties. However, there is need for caution by employees, employers, and the legal profession in general concerning the current practice of binding arbitration. Parties must address these concerns before agreeing to arbitration.

92. See *infra* notes 93-98 and accompanying text.
93. King et al., supra note 31, at 99 (citation omitted).
94. See id. at 100. But see Allison & Stahlhut, *supra* note 58, at 172 (stating that "the emotional strain of combating an employer . . . [is] at play regardless if the judiciary or an arbitrator is to resolve the dispute").
95. King et al., *supra* note 31, at 100-01.
97. See id.
98. Allison & Stahlhut, *supra* note 58, at 171; see also Skrainka, *supra* note 31, at 991 (noting that more "imaginative remedies will be crafted in the course of arbitration than in the context of a court decision."); Berger, *supra* note 31, at 720 ("[a]rbitration entails no inherent limitations on what remedies the arbitrator may order"); Waks & Gadsby, *supra* note 52, at 475-76 (observing that an "adjudicator may grant such relief as may be just and reasonable").
99. Waks & Gadsby, *supra* note 52, at 488; see *infra* notes 14-57 and accompanying text.
100. See *supra* notes 58-98 and accompanying text.
101. See *infra* notes 105-62 and accompanying text.
102. See *infra* notes 163-74 and accompanying text.
103. See *infra* notes 175-88 and accompanying text.
104. See *infra* notes 105-88 and accompanying text.
A. Employee Concerns

1. Arbitration Awards Cannot be Appealed Even When Based on Erroneous Fact or Law

The California Supreme Court held, in Moncharsh v. Heily & Blase,\(^\text{106}\) that an award resulting from a binding arbitration is not appealable, even when the decision is based on erroneous fact or law.\(^\text{106}\) One rationale behind this decision was that the parties knew what they were agreeing to when they signed the arbitration agreement and consequently traded their right to appeal for a more time efficient and less expensive resolution of the dispute.\(^\text{107}\) The problem with this approach is that employees do not always know the consequences of signing the

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\(^\text{106.}\) Id. at 916. In Moncharsh, Philip Moncharsh signed an arbitration agreement upon employment at the law firm of Heily & Blase. Id. at 901 & n.1. Mr. Moncharsh also signed a provision stating that the law firm would receive 80\% of any fees gained from Heily & Blase clients, should Moncharsh continue to represent them after leaving Heily & Blase. Id. Upon leaving Heily & Blase, Moncharsh continued to represent six clients—five of whom Moncharsh brought to the firm upon his employment and one whom Moncharsh started working with after he began employment at Heily & Blase. Id. When attempts to settle the payment of fees failed, the parties utilized the arbitration agreement in the employment contract to settle the matter by arbitration. Id. One of Moncharsh's contentions at the arbitration hearing was that he had an oral agreement with Heily & Blase that the clients he brought to the firm were to be treated different from clients gained after arriving at the firm. Id. The arbitrator found in Heily & Blase's favor based on two points. Id. The first was the finding that any oral agreement the parties may have had was not documented, and consequently the written agreement controlled. Id. The second was that the 80/20 split as to all the clients Moncharsh brought with him was not unconscionable due to the fact that he was an intelligent man and did not have to sign the provision if he felt it was unfair. Id. at 901-02. Moncharsh petitioned the court to vacate the award and Heily & Blase petitioned for the award to be affirmed. Id. at 902. The court affirmed the award, ruling that "[t]he arbitrator's findings on questions of both law and fact are conclusive. A court cannot set aside an arbitrator's error of law no matter how egregious." Id.

See also Dick, supra note 14, at 53 (discussing the court's holding in Moncharsh and finding that the decision "bars judicial review of awards except under explicit statutory grounds, even where an award may result in 'substantial injustice'"); Mathiason & Uppal, supra note 16, at 886 (noting that when a jury makes a mistake, the appellate process can correct the error, but when an arbitrator makes a mistake, review of the decision is limited to very narrow statutory grounds for vacating the award).

\(^\text{107.}\) Moncharsh, 832 P.2d at 904.
arbitration agreement. Another rationale for the decision reached by the Moncharsh court was that the legislature already provided a remedy for the most egregious abuses of the arbitration award and process (vacation of an award) and, as such, the parties should already be sufficiently protected. However, with the creation of so many new statutory rights, greater protection from erroneous findings of fact and law is needed because the limited grounds for vacation of an award are not sufficient.

The holding of Moncharsh is in line with dicta first stated by the United States Supreme Court in Wilko v. Swan. In Wilko, the majority noted that there would be no review of an arbitration award unless there was a “manifest disregard of the law.” Although the court did not define this standard, lower courts have found it to apply to situations in which the arbitrator knows the law but specifically disregards it in reaching his decision. As the arbitrator in Moncharsh did not purposefully disregard the law, but rather resolved the dispute according to principles of fairness, his actions did not amount to manifest disregard for the law. As the standard for vacating awards is high, it is rare that courts find a “manifest disregard for the law,” thus limiting the circumstances under which an award will be vacated.

108. See infra notes 233-58 and accompanying text.
110. For a discussion of expanding statutory rights, see supra notes 42-51 and accompanying text. For a discussion that statutory rights involve more complex issues than regular contractual disputes, see Malin & Ladenson, supra note 58, at 1189 (stating that since statutory rights are generally created for public policy reasons, public accountability is important). For a discussion of the grounds for vacating the arbitrators award, see supra note 90. One such ground exists where an arbitrator exceeds his powers. CAL. CIV. PROC. CODE § 1286.2(d) (West 1982 & Supp. 1995). In California, for example, erroneous reasoning is not considered excessive use of power. O’Malley v. Petroleum Maintenance Co., 308 P.2d 9, 11 (Cal. 1957).
112. Id. at 436-37.
113. See, e.g., Health Servs. Management Corp. v. Hughes, 975 F.2d 1253, 1267 (7th Cir. 1992); Robbins v. Day, 954 F.2d 679, 683 (11th Cir. 1992), cert. denied, 113 S. Ct. 201 (1992); Advest Inc. v. McCarthy, 914 F.2d 6, 9 (1st Cir. 1990); Merrill Lynch, Pierce, Fenner & Smith, Inc. v. Bobker, 808 F.2d 930, 933 (2nd Cir. 1986).
115. Due to the lack of written arbitral decisions, it is difficult to know exactly why the arbitrator decided as he did. As a result, courts set a high standard for review. See Wilko, 346 U.S. at 436-37.
2. Arbitration of Statutory Claims Normally Accorded a Jury Trial Will be Compelled Even if They Are Not Specifically Included in the Scope of the Arbitration Contract

A second reason for caution on the part of employees results from the United States Supreme Court’s holding in *Gilmer v. Interstate/Johnson Lane Corporation.* Specifically, *Gilmer* held that the right to a judicial forum for resolution of a federal age discrimination claim may be waived by an employee. The Court reasoned that a party who agrees to arbitration is not giving up any substantive rights to have a claim resolved, as provided by the ADEA, but is merely submitting the resolution of the dispute to a different forum. In addition, the Court found adequate protection for an employee who claims an agreement is unenforceable due to the fact that agreements to arbitrate are not automatically upheld—the contract may still be voided according to basic contract principles.

a. Compelling arbitration when it is included in a contract of employment

The main issue of concern for employers and employees contemplating contracting for arbitration, left unresolved by *Gilmer*, is whether the FAA applies to contracts of employment. If the FAA is found to

117. *Id.* at 26-27.
118. *Id.* at 26.
119. *Id.* at 27-28.
120. *Id.* at 33; *see also* Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc., 473 U.S. 614, 627 (1985). The FAA allows for the possibility that arbitration clause will not be upheld, but only if some “sort of fraud or overwhelming economic power” was involved. *Id.* As such, the *Gilmer* Court reasoned that if Gilmer could prove the contract was not valid based on more than a mere inequality of bargaining power, then he would not be held to the arbitration. *Gilmer*, 500 U.S. at 33. Absent such a finding, the arbitration was to be compelled. *See id.*
121. *Gilmer*, 500 U.S. at 25 n.2; *see also* Husband & Mumaugh, *supra* note 63, at 2279; Knight, *supra* note 16, at 253. This is an issue because Gilmer’s contract was not signed with his employer but with the NYSE as required by his employer. *Gilmer*, 500 U.S. at 23 (emphasis added). The FAA states in pertinent part: “[N]othing herein contained shall apply to contracts of employment of seamen, railroad employees, or any other class of workers engaged in foreign or interstate commerce.” 9 U.S.C. § 1 (1988).
apply to employment contracts (as it was found to apply to registration contracts), then the *Gilmer* decision, and cases following its reasoning, will be binding precedent in the situation where an employee signs an employment contract containing an arbitration clause.\(^{122}\) If the FAA is found not to apply to employment contracts, then *Gilmer* will not be binding precedent on employment related statutory disputes and employees will retain the right to litigate these claims.\(^{123}\) Since *Gilmer* did not resolve this "contracts of employment" issue,\(^{124}\) potential statutory claim litigants can only examine to how courts have applied *Gilmer* to employment contracts containing arbitration clauses thus far to gain insight into the applicability of the FAA to these contracts.\(^{125}\)

Most courts have found that only contracts of employment relating specifically to those workers mentioned in the statute, and those workers in similar positions who *actually* transport goods interstate or internationally are excluded from the arbitration provisions of the FAA.\(^{126}\)

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122. Gray, *supra* note 16, at 119-20. *Gilmer*’s reasoning is "just as applicable to an individual employment agreement as it was to a registration agreement." *Id.* With whom the employee signed the contract was not a major issue in *Gilmer*. The fact that the employee signed voluntarily was controlling. See *Gilmer*, 500 U.S. at 32-33. As such, it is unlikely that the Court would invalidate an arbitration contract signed with an employer when it would not invalidate one signed with an outside agency. See Gray, *supra* note 16, at 119-20.

123. Gray, *supra* note 16, at 131. For this to result, the Court would have to find that the cases are not analogous. This is unlikely because it would be inconsistent. Workers who signed agreements with third parties would be able to arbitrate whereas employers could not enforce similar provisions. Knight, *supra* note 16, at 253.

124. *Gilmer*, 500 U.S. at 25 n.2. The Court did not decide this issue because the arbitration agreement was part of the securities registration application, not part of *Gilmer*’s contract with his employer. *Id.* The dissent, however, would have found that the FAA did not apply to employment contracts of any workers, thus providing no bias for compelling arbitration. *Id.* at 36 (Stevens, J., dissenting).


The rationale behind these cases is that if Congress had intended to exclude all contracts of employment, it would have been unnecessary to have specifically named certain classes in the statute as examples; since such classes were enumerated, clearly only these types of workers were meant to be excluded. Despite a limited number of decisions classifying employment contracts outside the securities industry, most courts have indicated that employment contracts will not fall within the contracts of employment exception of the FAA. Therefore, the remainder of this Comment proceeds on the assumption that the FAA will be applicable to most non-union employment contracts.


However, an expansive reading of the FAA claiming that all employment affects commerce such that all employment contracts must be excluded from the FAA would invalidate most contract agreements. Knight, supra note 16, at 252. Some courts have adopted this view. See, e.g., Willis v. Dean Witter Reynolds, Inc., 948 F.2d 305, 311 (6th Cir. 1991) (validating an employee's agreement with the securities industry to arbitrate because it was not a "contract of employment," but any contract with his employer would be subject to the FAA exclusion); Bacashihua v. United States Postal Serv., 859 F.2d 402, 404-05 (6th Cir. 1988) (FAA not applicable to postal worker as she is part of a class of workers "engaged in interstate commerce" even though not personally transporting the goods interstate); United Elec. Radio and Mach. Workers v. Miller Metal Prods., Inc., 215 F.2d 221, 224 (4th Cir. 1954) (FAA extends to those involved in the production of goods to be transported interstate); cf. Mago v. Shearson Lehman Hutton, Inc., 956 F.2d 932, 934 (9th Cir. 1992) (while the contracts of employment issues was not raised, there was insufficient evidence to determine the effect of the FAA on broker's a employment contract).

127. See Mathioson & Uppal, supra note 16, at 884; see also Berger, supra note 31, at 708-09.

128. See Berger, supra note 31, at 708. Collective bargaining agreements have been found to be contracts of employment subject to exclusion by the FAA. Lincoln Mills of Alabama v. Textile Workers Union of Am., 230 F.2d 81, 85 (5th Cir. 1956), rev'd, 333 U.S. 448 (1967).

129. See Knight, supra note 16, at 253; see also supra notes 121-28 and accompany-
b. Which statutory claims can be compelled to be arbitrated?

*Gilmer* did not conclusively decide which statutory rights can be contracted out of the jury system by opting for arbitration in an employment agreement.\(^\text{130}\) When the coverage of statutory rights is at issue (usually because the contract states nothing about their inclusion or exclusion), the Supreme Court held that the burden is on the party opposing arbitration to show that Congress intended to preclude the waiver of judicial remedies for those rights at issue.\(^\text{131}\) Therefore, if an employment contract says nothing as to the arbitration of statutory claims, arbitration of these claims will be allowed unless judicial intent not to have them arbitrated can be shown.\(^\text{132}\)

c. Expanding *Gilmer’s* holding to mandate arbitration of statutory claims other than those covered by the ADEA

Since the *Gilmer* decision, courts have expanded *Gilmer’s* application of the FAA to include arbitration of statutory rights arising under Title VII,\(^\text{133}\) ERISA\(^\text{134}\) and the EPPA.\(^\text{135}\) Future extensions of the

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\(^\text{130}\) From *Gilmer*, it is only clear that securities industry employees must arbitrate ADEA claims if they have signed an agreement to arbitrate all claims. *Gilmer v. Interstate/Johnson Lane Corp.*, 500 U.S. 20, 23 (1991).

\(^\text{131}\) *Gilmer*, 500 U.S. at 26; see also Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc., 473 U.S. 614, 628 (1984) (holding that party must show Congress’ intent). Such intent will be found in either the text of the statute, its legislative history or from conflict between arbitration and the “underlying purposes” of the statute. *Gilmer*, 500 U.S. at 26. In *Gilmer*, Gilmer did not meet this burden and thus was bound to arbitrate his ADEA claim. Id. at 35.

\(^\text{132}\) Knight, supra note 16, at 257; see supra notes 116-31 and accompanying text. Finding judicial intent not to arbitrate will be rare as many statutes say nothing as to arbitration (thus arbitration is not specifically excluded) and others, such as the ADA and the 1991 Civil Rights Act, explicitly encourage the use of ADR methods to resolve disputes. Section 513 of the ADA states: “Where appropriate and to the extent authorized by law, the use of alternative means of dispute resolution including settlement negotiations, conciliation, facilitation, mediation, fact-finding, minitrials, and arbitration, is encouraged to resolve disputes arising under this Act.” 42 U.S.C. § 12212 (West Supp. 1991). The Civil Rights Act of 1991 states: “Where appropriate and to the extent authorized by law, the use of alternative dispute resolution including . . . arbitration, is encouraged to resolve disputes under the Act.” Civil Rights Act of 1991, Pub. L. No. 102-166, 105 Stat. 1070, 1081 (codified as amended at 42 U.S.C. § 1981 (1994)).

\(^\text{133}\) See, e.g., *Mago v. Shearson Lehman Hutton Inc.*, 956 F.2d 932, 935 (9th Cir. 1992) (arbitration of Title VII claim compelled because petitioner failed to prove that Congress intended to exclude); *Bender v. A.G. Edwards & Sons, Inc.*, 971 F.2d 698, 700 (11th Cir. 1992) (FAA may compel the arbitration of Title VII cases); *Alford v. Dean Witter*, 939 F.2d 229 (5th Cir. 1991) (arbitration of Title VII claim compelled in light of *Gilmer*); *Willis v. Dean Witter Reynolds, Inc.*, 948 F.2d 305, 312 (6th Cir. 1506
Gilmer rule to other statutory rights is probable given the fact that scholars have noted that Gilmer will likely be expanded to mandate the arbitration of ADA claims, arising under similar factual circumstances as Gilmer, and most other statutory claims regarding employment as well.\textsuperscript{137}

d. Compelling arbitration of statutory claims under state law

While federal policy as to the arbitration of statutory claims is becoming more clear, the states have not conclusively established whether arbitration of statutory claims will be compelled under the states' arbitration statutes when the FAA is inapplicable.\textsuperscript{138} However, one scholar has noted that arbitration clauses not covered by the FAA “will likely be enforceable under state law.”\textsuperscript{138} Additionally, as most state arbitration statutes do not contain the contracts of employment exception and instead “expressly appl[y] to ‘agreements between employers and employees’”; compelling arbitration of statutory rights under the state statutes is likely.\textsuperscript{140} In addition, several state courts have relied on

\textsuperscript{135} See, e.g., Saari v. Smith Barney, Harris, Upham & Co., Inc., 968 F.2d 877, 881 (9th Cir.), cert. denied, 113 S. Ct. 494 (1992) (statutory claim arising under EPPA was compelled to arbitration in light of clause in Civil Rights Act of 1991 encouraging ADR).
\textsuperscript{136} Allison & Stahlhut, supra note 58, at 171. This result is likely since § 513 of the ADA expressly discusses the use of alternative dispute resolution. Id.
\textsuperscript{137} New Trends, supra note 31, at 14. This extension is likely because the reasoning applied in Gilmer (that a person is merely having his claim heard in a different forum) is applicable to other statutory rights as well. Id.; see also, Bales, supra note 20, at 1899; William Howard, The Evolution of Contractually Mandated Arbitration, 48 A.B.A. J. 27, 33 (“[I]t is difficult to envision any type of statutory claim . . . that would not be subject to binding arbitration.”); Husband & Mumaugh, supra note 63, at 2278-79; Knight, supra note 15, at 255-56 ("[I]f ADEA and Title VII claims are not exempt from arbitration agreements it is hard to imagine a statute that would be exempt."); Malin & Ladenson, supra note 58, at 1201.
\textsuperscript{138} Mathiason & Uppal, supra note 16, at 888. In making this assertion, Mathiason & Uppal refer specifically to the California Arbitration Act (CAA). Id. However, they previously noted that most state statutes are similar to California's; thus, the discussion has a broad application. Id. at 887. But see King et al., supra note 31, at 115 ("[S]tates have enacted arbitration statutes to enforce many of the agreements not subject to the FAA.").
\textsuperscript{139} King et al., supra note 31, at 116.
\textsuperscript{140} Mathiason & Uppal, supra note 16, at 888. This result is also likely due to the
Gilmer in upholding agreements to arbitrate.\textsuperscript{141} Therefore, whether by federal statute or by state provision, most employment related contracts requiring arbitration of claims cover statutory claims normally guaranteed a jury trial.\textsuperscript{142} Since an employee will forfeit the right to a jury trial by agreeing to arbitrate, employees should be fully informed of this result before signing.\textsuperscript{143}

3. Arbitrator Bias

Bias in the arbitrator's decision may result from three primary forces: manifest bias,\textsuperscript{144} superior knowledge of award patterns by one party\textsuperscript{145} or repeat usage of an institutional arbitrator.\textsuperscript{146} In multiple panel arbitrations, where each party chooses an arbitrator and then the two party arbitrators choose a neutral third arbitrator, it has been found that the party arbitrators are expected to be biased toward their side and any finding of bias on their part is not grounds to vacate an award unless corruption is present.\textsuperscript{147} As a result, this Comment is only concerned with the possibility of bias on behalf of neutral arbitrators in the multi-party arbitration panel scenario. For single panel arbitrations, this Comment relates to all possible arbitrators.

a. Manifest bias

This species of bias is found when an arbitrator fails to disclose what is required and his failure results in grounds to vacate the award.\textsuperscript{148} It has been found that failing to disclose relationships which create "an impression of possible bias" results in cause to vacate an arbitration award even if no actual fraud or bias is charged against the arbitrator.\textsuperscript{149} Case law has established that personal relationships alone do

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\textsuperscript{142} See supra notes 130-41 and accompanying text.

\textsuperscript{143} See infra notes 230-37 and accompanying text.

\textsuperscript{144} See infra notes 148-52 and accompanying text.

\textsuperscript{145} See infra notes 130-41 and accompanying text.

\textsuperscript{146} See infra notes 153-55 and accompanying text.

\textsuperscript{147} Tate v. Sarasota Sav. and Loan, 265 Cal. Rptr. 440, 448 (Ct. App. 1989).

\textsuperscript{148} See id.

\textsuperscript{149} Commonwealth Coatings Corp. v. Continental Cas. Co., 303 U.S. 145, 147-49 (1968). This standard was established to ensure that parties opting out of the jury system received the same protection they would have received had they not opted out. Id. at 148.
not create "an impression of possible bias" and do not have to be disclosed. However, as to business relationships, which must be disclosed, numerous interpretations of "an impression of possible bias" have been voiced such that determining what must be disclosed by an arbitrator is difficult. In California, for example, courts interpreting the Commonwealth Coatings standard have come up with five separate definitions of "an impression of possible bias." As such, proving the existence of manifest bias in business relationships is a formidable task.

b. Superior knowledge of arbitrator awards by one party

Bias that warrants vacating of an award does not always result from an arbitrator favoring one particular party over another. Instead, large employers who are frequent participants in the arbitration process may take to "tracking" arbitrators to find out information regarding the amount of the potential arbitrators' past awards. Consequently, that employer may have an unfair advantage over an employee because the employer has the resources necessary to gain information pertinent to the selection of a favorable arbitrator, resulting in bias toward the employer's side.

150. See, e.g., Gonzales v. Interinsurance Exch. of Auto. Club of S. Cal., 148 Cal. Rptr. 282, 285 (Ct. App. 1978) (holding that personal relationships between attorneys do not create an "impression of possible bias" because it is reasonable that attorneys who work in the same area will know each other and thus do not need to be disclosed); San Luis Obispo Bay Properties Inc. v. Pacific Gas & Elec. Co., 104 Cal. Rptr. 733, 741 (Ct. App. 1972) ("[M]embership in the same professional organization is in itself hardly a credible basis for inferring even an impression of bias."). Both cases rely on Commonwealth Coatings in finding that personal dealings alone do not need to be disclosed by arbitrators.


152. Id. Disco summarizes the five interpretations of "an impression of possible bias" as: (1) "[a] substantial business relationship," (2) "indication of favoritism or unusual preference," (3) "significant or substantial contacts," (4) "independent contractor-business relationship," and (5) "relationship that may lead arbitrator to place unusual trust or confidence in one side or the other." Id. at 136.

153. See infra notes 154-62 and accompanying text.

154. See Berger, supra note 31, at 697. Frequent participants in the arbitration process are referred to as "repeat players." See id. Although unintentional on the part of the arbitrator, such status still can be classified under "bias" because it may affect the award process.

155. For an employer who uses arbitration frequently, names and awards of arbitrators would likely be more easily accessible than to an employee who probably has
c. *Repeat usage of institutional arbitrators*

Bias among arbitrators may also result from repeat usage of a particular institutional arbitration company.166 Many employers provide for the use of arbitrators selected from an institutional dispute resolution service in their employment contracts.167 When an employer does so, the implication is that this dispute resolution service will get a substantial amount of business from the employer, thus leading to an inference of partiality.168 The employee may realize that there is some sort of relationship between the two, however, she may not grasp the full extent of the financial consequences of such a union.169

While the employer may not outright expect the service to provide favorable resolutions, the service is reaping financial benefits from providing arbitrators to the employer and, for fear of jeopardizing this relationship, may err on the side of the employer when deciding disputes.170 This is especially true since employers not satisfied with the results may very well switch from one service to a different service—there is nothing to keep a company from "arbitrator shopping."171 Thus, if employees keep winning, even though the arbitrators have proceeded in a neutral manner, there may be some incentive for an institutional arbitrator to sporadically, "throw in" a win for the employer to remain in the employer's good graces.172

**B. Employer Concerns**

1. Potential for Defending More Claims

Employers also need to be aware of the consequences of including standard binding arbitration provisions in their employment con-

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tracts. The most prevalent concern for employers is that, by allowing employees to bypass the court system, employees who might have been hesitant to file a lawsuit may be more likely to pursue claims against their employer in arbitration, thus increasing the ultimate number of claims to be defended. This result, however, may be offset by the likelihood that the ultimate awards actually recovered by individual employees will be less than what would have been received at trial. Thus, even with more claims being arbitrated, the total cost to the employer may still be decreased.

2. Unionization

Another concern to be considered by employers contemplating the implementation of arbitration procedures is that unhappy employees may unionize. The courts have not, and probably will not, extend the Gilmer decision to union situations. As such, the Supreme Court's decision in Alexander v. Gardner-Denver is still valid. In

163. See infra notes 164-74 and accompanying text.
164. The reasons an employee may be inhibited in bringing a lawsuit include cost and emotional strain. See supra notes 76-98 and accompanying text (listing the benefits of arbitration and the corresponding disadvantages of trial).
165. Waks & Gadsby, supra note 52, at 514; see also Husband & Mumaugh, supra note 63, at 2270; Mathiaso & Uppal, supra note 16, at 896. Besides increasing the number of legitimate suits, easy access to arbitration may also increase the number of frivolous claims. Alfred G. Feliu, Alternative Dispute Resolution: Pre-Dispute Arbitration Agreements As An Alternative to Employment Litigation, in HANDLING CORPORATE EMPLOYMENT PROBLEMS 1991, at 525, 532 (PLI Litg. & Admin. Practice Handbook Series No. 410, 1991).
166. See supra notes 61-64 and accompanying text (discussing the differences in the amount of arbitration awards versus jury verdicts).
167. See supra notes 61-68, 77-79 (the combination of speed and lower cost should result in a lower overall cost for the employer who arbitrates).
169. Due to the special circumstances of collective bargaining, it is likely that non-union cases and union cases will remain distinct. See Gray, supra note 16, at 123; Knight, supra note 15, at 256 ("The interests of an individual employee may be subordinated to the collective interests of all employees . . . arbitration of statutory claims could thus be appropriate under an individual employment contract but inappropriate under a collective bargaining agreement.").
171. See Kilroy & Sachs, supra note 42, at 34 ("Gilmer does not alter the rule that an arbitration ruling interpreting a collective bargaining agreement would not bar a later suit based on the civil rights laws."). But see Knight, supra note 16, at 255 (Gilmer "casts doubt" on Alexander).
Alexander, the Court held that unionized employees under labor contracts are free to pursue statutory claims in court following unsuccessful arbitrations.\textsuperscript{172}

Consequently, forming a labor union may be the only viable option employees have to ensure their ability to pursue a court adjudication of statutory rights following an unsatisfactory arbitration.\textsuperscript{173} If employees do organize, the advantages an employer anticipated from implementing arbitration procedures will be defeated.\textsuperscript{174}

\section{C. Concerns of Those in the Legal Profession}

\subsection{1. Retreat From the Common Law System}

The legal profession in general should also be concerned with the impact of the current heavy reliance on arbitration for employment disputes.\textsuperscript{175} The increased usage of binding arbitration to resolve employment disputes could result in "a detrimental impact on the development of substantive statutory law at the appellate level," since arbitrations do not have to follow precedent and carry no precedential value themselves.\textsuperscript{176} The lack of judicial precedent leaves arbitrators free to decide cases as they please, without having to consider the applicable

\textsuperscript{172} Alexander, 415 U.S. at 69. In Alexander, Gardner-Denver allegedly discharged Alexander for producing defective parts. 415 U.S. at 38. Pursuant to his union agreement, Alexander then filed a grievance claiming he was unjustly discharged. \textit{Id.} at 39. He did not claim racial discrimination at this time. \textit{Id.} The arbitration provision in effect for union grievances provided that the decision of the arbitrator was to be final and binding on all participants. \textit{Id.} at 41-42. Before the arbitration began, Alexander claimed racial discrimination. \textit{Id.} at 42. The arbitrator found that Alexander had been properly discharged without mentioning the racial discrimination claim. \textit{Id.} at 42. Alexander then filed a civil action in civil court charging racial discrimination under Title VII of the Civil Rights Act of 1964. \textit{Id.} at 43 In holding that Alexander was not precluded from pursuing his claim in court subsequent to the arbitration, the Court relied on the nature of the collective bargaining arrangement. \textit{Id.} at 59-60.

In holding that Alexander was not binding in Gilmer, the Court relied on the special circumstances of the collective bargaining arrangement which were not present in Gilmer. \textit{Gilmer}, 500 U.S. at 33-35.

\textsuperscript{173} Gray, supra note 16, at 115.

\textsuperscript{174} See supra notes 68-98 and accompanying text. If an employer wants to avoid this result, a provision could be included in the arbitration agreement specifically excluding arbitration of statutory claims. Parties are basically free to tailor their contracts to their individual needs. See Brunet, supra note 74, at 103 ("Specific, customized contracts to arbitrate permit the parties to chart their dispute resolution course.").

\textsuperscript{175} See infra notes 176-81 and accompanying text.

\textsuperscript{176} Gray, supra note 16, at 134; see also Thomas, supra note 79, at 795 ("The outcome [of an arbitration] affects only the individuals bringing the action.").
Binding Arbitration in the Non-Union Workplace

substantive law in making their decisions177 or worry about the ramifications of their decisions.178 In addition, for employment cases that do proceed to trial, there will be relatively little case law for the judges to consider as the numerous arbitrated cases carry no precedential value.179 Similarly, the judge's resulting decisions will be of little value, as arbitrators presented with similar cases in the future will not be bound to abide by these decisions.180 As such, without modification, binding arbitration as currently practiced may well serve to weaken the common law system as it has developed.181

2. Inadequacy of Procedures

Professionals are now beginning to realize that "[t]he question is no longer whether ADR should be used, but precisely how, under whose direction, and according to what checks and balances".182 These professionals recognize that there is potential for inadequacy and abuse of the process, but remain optimistic that with procedures in place to ensure that the system is beneficial to all, binding arbitration can withstand challenge.183 The courts also have recognized the need for procedural protection. For example, the Supreme Court, in Gilmer, upheld the agreement to arbitrate in part because the rules adopted by the NYSE provided adequate procedural safeguards.184 Indeed, if these were not in place, the outcome of Gilmer would likely have been different.185 It has been recognized that "the courts have expressed their confidence in the ability of arbitration to safeguard statutory rights, the task [now] is to guarantee that such confidence is well placed."186 To

177. Brunet, supra note 74, at 85.
178. Thomas, supra note 79, at 794.
179. See id.
180. See Gray, supra note 16, at 134
181. See supra notes 176-80 and accompanying text
182. Dick, supra note 14, at 47 (emphasis added).
183. See Spelfogel, supra note 23, at 270 ("Unless all of us work together in support of ADR and, particularly, final and binding arbitration, our adversarial system of dispute resolution will surely breakdown."); see also Berger, supra note 31, at 721; Green, supra note 1, at WL9; King, et al., supra note 31, at 102 (noting that any deficiencies resulting from informality can be dealt with by "designing an appropriate arbitral system").
185. See id.
186. Dick, supra note 14, at 54.

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fulfill this guarantee, both the method of implementation and the arbitration process itself will need modification.

IV. VALIDITY OF THE AGREEMENTS TO ARBITRATE IN LIGHT OF THE INEQUALITY OF BARGAINING POWER IN THE EMPLOYMENT CONTEXT

Under the FAA, "arbitration agreements shall be valid, irrevocable, and enforceable, save upon such grounds as exist at law or in equity for the revocation of any contract." Additionally, for statutory rights, arbitration agreements will generally be invalidated only when intended to be precluded by statute. Given that employees often do not realize they are forfeiting valuable rights by opting out of the jury system, the courts should recognize another less restrictive method to invalidate arbitration contracts signed by uninformed employees. Three such methods are detailed in this Comment. The first, contracts of adhesion, has attempted to invalidate arbitration agreements in the past, but has generally failed. The second, preponderance of the evidence, is a broader mechanism for invalidating arbitration agreements, however it may prove to be too restrictive. The last, totality of the circumstances, seems a fair method of determining whether an employer validly obtained informed consent to an arbitration agreement.

A. Contracts of Adhesion: A Failed Approach

The courts have generally assumed that if an arbitration agreement has been signed, the clause was bargained for and consequently will be upheld under the FAA. This is partly due to the fact that people are responsible for reading what they sign, whether they actually do so or not. Further, it has been recognized that mere inequality of bargain-

187. See infra notes 273-319 and accompanying text.
188. See infra notes 320-401 and accompanying text.
190. See supra notes 130-37 and accompanying text.
191. See infra notes 233-58 and accompanying text.
192. See infra notes 196-214 and accompanying text.
193. See infra notes 215-20 and accompanying text.
194. See infra notes 221-72 and accompanying text.
195. Green, supra note 1, at WL2; see, e.g., Cohen v. Wedbush, Noble, Cooke Inc., 841 F.2d 282 (9th Cir. 1988); N & D Fashions, Inc. v. DHJ Indus., 548 F.2d 722 (8th Cir. 1976).
196. Green, supra note 1, at WL3. "There is no unfairness in expecting parties to read contracts before they sign them." Cohen, 841 F.2d at 286-87.
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ing power is not enough to make such a contract unenforceable—some sort of fraud or coercion must also be present.\(^{197}\)

However, as an industry adopts arbitration as its favored method of resolving disputes, an employee may not have a “mere inequality of bargaining power,” but a lack of bargaining power altogether.\(^{198}\) A person cannot always pass up one job to avoid an arbitration provision and accept employment with another company, as all potential employers may have similar provisions.\(^{199}\) Such a situation has been recognized as a contract of adhesion: regardless of where one turns for a more favorable option, there is none.\(^{200}\) Federal law, however, does not recognize state adhesion law principles; thus, this concept does not provide a defense to the enforcement of an arbitration clause under the FAA.\(^{201}\) For the few instances when the FAA does not apply, state law adhesion principles are not preempted and do, presumably, bar the arbitration clause from taking effect if proven.\(^{202}\)

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197. Gilmer v. Interstate/Johnson Lane Corp., 500 U.S. 20, 33 (1991). Since the FAA intended for arbitration contracts to be put on equal footing with other contracts, only such grounds as exist to invalidate contracts will invalidate an arbitration clause in a contract. Id. Since inequality of bargaining power may, in some circumstances, be reason to invalidate a contract, cases must be considered on a case-by-case basis. Id. In Gilmer, while Gilmer may have been unequal in bargaining power, there was "no indication . . . that Gilmer, an experienced businessman, was coerced or defrauded into agreeing to the arbitration clause in his registration application." Id.; see also Husband & Mumaugh, supra note 63, at 2279 ("[I]t appears that absent fraud or undue influence, the agreement will be given effect.").

198. See infra notes 199-214 and accompanying text.

199. For example, it is now standard in the securities industry to require arbitration for all claims. See Howard, supra note 137, at 33 (noting that arbitration of claims is dominant over court adjudication in the resolution of securities disputes). Outside the employment context, it has been noted that as more and more banks impose arbitration provisions on their customers, there may come a point at which no bank will be without an arbitration provision. Green, supra note 1, at WL5.


201. Mathiason & Uppal, supra note 15, at 888 (citing Mago v. Shearson Lehman Hutton, Inc., 956 F.2d 932 (9th Cir. 1992)); see also Husband & Mumaugh, supra note 63, at 2279 (suggesting that agreements will be upheld even when given on a "take it or leave it" basis); see, e.g., Perry v. Thomas, 482 U.S. 483, 491 (holding that the FAA preempts the California Labor Code) (1987). But see Knight, supra note 16, at 268 ("[T]he words of the FAA itself do not require the exclusion of state contract law. In fact, the language of [FAA § 2] . . . arguably contemplates the use of state contract law to defeat some arbitration agreements.").

For circumstances in which state law adhesion contract principles are applicable, recognition of the contract as one of adhesion does not automatically dictate that it is unenforceable. The existence of a contract of adhesion results in its being reviewed more closely, and the provision becomes unenforceable only if some sort of unconscionability is found. Consequently, employment contracts are treated no differently than any other contract when adhesion concepts are raised.

Due to inequality of bargaining power, distinctions between higher level employees and lower level employees may determine whether an adhesion contract is found. An arbitration contract signed by a higher level employee is less likely to be considered unenforceable than one signed by a lower level employee. As such, an employer should consider these distinctions when deciding whether to implement binding arbitration agreements for all employees. Employers may prefer to avoid challenges to the arbitration clause by only implementing the provision as to higher level employees who are more likely to bring a suit and who are likely to be given larger awards. Since lower level employees are less likely to bring suit in the first place, and less likely to draw significant damages, the employer may prefer to allow these cases to go to court, while simultaneously arbitrating those cases that may prove more financially disastrous.

203. Factors to be considered when determining whether an arbitration agreement amounts to a contract of adhesion are:

- the experience and competence of the contracting employee;
- the extent to which the employee negotiated other terms in the contract;
- whether the contract provision falls within the reasonable expectations of the employee;
- whether the contract designates an arbitrator who, by reason of status or identity, is presumptively biased; and
- the clarity of the agreement.

Knight, supra note 16, at 258.

204. See Gray, supra note 16, at 129.

205. Id.

206. See Allison & Stahlhut, supra note 58, at 172.

207. Id.

208. See Dee, supra note 58, at 406-07. See also Allison & Stahlhut, supra note 58, at 172 (discussing the manner in which to implement arbitration procedures for different level employees).

209. This conclusion is based on the assumption that higher level employees would be more knowledgeable as to their rights and would command higher salaries than lower level employees.

210. Generally, lower level employees will have lower salaries and therefore they will have less of an incentive to pursue a claim in court.

211. This would reduce the likelihood that an arbitration clause was forced upon an employee with unequal bargaining power while at the same time allowing the employer to reduce overall litigation costs. As such, employee and employer concerns are accommodated.
A contract is also more likely to be found adhesive when the arbitration agreement is unclear as to which disputes will be arbitrated.212 When an arbitration agreement is ambiguous as to which disputes will be covered, and the agreement is found to be adhesive, the ambiguities will be subject to stricter construction against the party with the stronger bargaining power.213 However, this result is rare, as employees do not often prevail on claims of adhesion contracts.214

B. Preponderance of the Evidence: A Burdensome Approach

The preponderance of the evidence approach to invalidating arbitration agreements, advocated by Jeffrey Stempel, begins with the premise that all written agreements should be enforced.215 The subject matter and legal claims involved are not considered relevant.216 The burden of production and persuasion will fall on the party opposing arbitration.217 Only if that party can show, by the preponderance of the evidence, that consent to the arbitration clause was not obtained will the agreement to arbitrate be invalidated.218 According to the proponent of

212. If an arbitration clause is ambiguous, it makes good sense to review it more closely to see if any unconscionability is found by its inclusion. See note 204 and accompanying text.
216. Id.
217. Id. at 1427.
218. Id. Determining free consent will focus on the amount of disclosure as to the arbitration provision given to the employee and the level of the employee's knowledge as to the provision. Stemple states five theories under which a contract could be invalidated:

(1) **Blameless Ignorance.** The opponent was not adequately aware of the arbitration clause or the nature of arbitration as opposed to litigation, made reasonable efforts to acquire sufficient awareness, and would not have consented to a contract with the instant arbitration clause if he were aware of the differences between arbitration and litigation;

(2) **Dirty-Dealing.** The arbitration agreement or the contract as a whole was procured through fraud, misrepresentation, or coercion and the objecting party cannot be said to have constructively consented to arbitration.

(3) **Inescapable Adhesion.** The arbitration clause is part of a contract of adhesion and the subject matter of the contract is vital to contemporary human existence, similar to those things that the law of contracting by minors has traditionally labeled as "necessary," and the opponent had no reasonable means of obtaining the good or service or its substantial equivalent from
this system, such an approach would be consistent with the federal policy favoring arbitration while at the same time providing a mechanism by which employees can "avoid arbitration in unjust circumstances." While this approach may be feasible, the burden of persuasion may be too difficult to overcome, and thus a less restrictive approach may be more desirable when determining whether an arbitration agreement was truly bargained for.

C. Totality of the Circumstances: A More Plausible Approach

Due to the shortcomings and limited application of both the contracts of adhesion approach and the preponderance of the evidence approach, a more plausible means of determining whether an agreement to arbitrate was fully bargained for is to consider the totality of the circumstances. This test was first introduced in Coventry v. United States Steel, in which the Third Circuit listed several factors to be considered in determining whether knowing and voluntary consent was obtained. This test is valuable because it takes into account four factors when determining whether true consent was obtained in procuring the arbitration agreement: (1) that the legislative history of the FAA intended bargaining between parties of equal power; (2) that many people do not know they are giving up valuable

another source;
(4) Substantive Unconscionability. The arbitration forum, system, or chosen process decreed by the clause is so unreasonably favorable to the drafter as to be substantively unconscionable that the courts will not enforce the agreement;
(5) Defective Agency. The opponent did not sign the arbitration agreement and the signer was not an agent of the opponent authorized to commit the subject matter of the instant dispute to arbitration or, if authorized, breached its fiduciary duty to the opponent in signing an arbitration agreement of such breadth.

Id. at 1434-35 (citations omitted).
219. Id. at 1427.
220. See infra notes 221-319 and accompanying text.
221. See supra notes 195-214.
222. See supra notes 215-20.
223. See infra notes 224-72 and accompanying text.
224. 856 F.2d 514 (3d Cir. 1988).
225. Id. at 522-23 (citations omitted). In determining whether the arbitration was bargained for, the Coventry Court listed the following factors to be considered: (1) the employee's education and experience; (2) the employee's role in deciding the terms of the release provisions; (3) the clarity of the release provisions; (4) whether the employee had legal representation; and (5) "whether the consideration given in exchange for the waiver exceeds employee benefits to which the employee was already entitled by contract or law." Id. at 523 (citations omitted).
226. See infra notes 230-32 and accompanying text.
rights by agreeing to arbitration;\footnote{See \textit{infra} notes 233-58 and accompanying text.} (3) that the realities of unemployment may prevent true consent;\footnote{See \textit{infra} notes 259-65 and accompanying text.} and (4) that employers should be held accountable for obtaining a knowing and voluntary consent to the arbitration contract.\footnote{See \textit{infra} notes 266-72 and accompanying text.}

1. Legislative History of the Federal Arbitration Act

The need for a totality of the circumstances test is evident by looking at the procedural history of the FAA. As Justice Stevens noted in his dissent in \textit{Gilmer}, the FAA was originally intended to encourage arbitration between merchants of \textit{equal} bargaining power.\footnote{Gilmer v. Interstate/Johnson Lane Corp., 500 U.S. 20, 38-39 (1991) (Stevens, J., dissenting).} As such, applying the FAA to employment contracts between \textit{unequal} parties was not anticipated.\footnote{See \textit{id.} at 40 (Stevens, J., dissenting).} Therefore, applying the same standard to invalidate contracts resulting from equal bargaining power, to invalidate arbitration agreements in the employment context is inappropriate.\footnote{See Green, supra note 1, at WL6.}

2. Knowledge of Rights

The need for a totality of the circumstances test to determine whether the contract containing the arbitration provision was bargained for becomes particularly evident when considering that employees often do not know what rights they are giving up when they first sign the contract.\footnote{Brunet, supra note 74, at 106 ("[W]e can speculate confidently that only a few customers realize that signing the arbitration clause specifically waives constitutional rights during arbitration.") (referring to a broker-customer relationship, but applying equally to an employer-employee relationship); see \textit{also} Andrew Kielkopf, \textit{Gilmer v. Interstate/Johnson Lane Corp.: An Employee Perspective}, 22 \textit{CAP. U. L. REV.} 803, 830 (1993) (noting that "[i]n America, everyone feels entitled to have his or her case heard by a judge and, where appropriate, a jury of peers. In fact, very few people realize that by signing such an agreement, violations will be sent to an arbitration panel.").} The rights given up may include a jury trial,\footnote{See \textit{infra} notes 238-41 and accompanying text.} opportunity to
appeal, discovery, and compliance with the rules of evidence.

a. Jury Trial

The employee may not be aware that she is giving up her right to a jury trial, or may know this fact but may not realize the ramifications of this action. It is unlikely that an employee will know that his chances of recovery and the possibility for a high award are usually greater in a jury trial than in arbitration. The employee probably will also not realize that, by giving up their right to a trial, the employer has less to fear in terms of negative publicity and accordingly may have less of an incentive to act fairly toward the employee. This decreased incentive may result in employers being less concerned with their actions, thereby putting the employees at more of a risk of having a dispute arise in the first place.

b. Appeal

The employee also may not realize that an arbitrator’s award is a final decision which cannot be appealed. A stranger to arbitration is likely to perceive an arbitration award to be as appealable as a court judgment. Even if the contract contains the term “binding,” it cannot

235. See infra notes 242-47 and accompanying text.
236. See infra notes 248-63 and accompanying text.
237. See infra notes 254-56 and accompanying text.
238. See infra notes 259-41 and accompanying text.
239. See supra notes 62-68 and accompanying text (discussing the differences in jury awards versus arbitrator awards); see also Husband & Mumaugh, supra note 63, at 2279 (stating that employees should be aware of this result).
240. Thomas, supra note 79, at 795 (“[A]rbitration may shield unfair employers from public accountability.”). But see Spelfogel, supra note 23, at 269 (noting that ADR “forces supervisors to act more reasonably, consistently and in accordance with established company policies and practices”).
241. See Thomas, supra note 79, at 795 (an employer is not as likely to change its unfair practices if not many people are aware of them). But see Spelfogel, supra note 23, at 269 (arguing that implementation of arbitration makes employers more accountable for their actions and more fair to employees).
242. Brunet, supra note 74, at 87 (“[T]here is no true appeal from an arbitral award.”); see also Feliz, supra note 165, at 533 (“appeal rights are limited”); supra notes 105-15 and accompanying text (discussing the Moncharsh holding that an arbitral award cannot be appealed even when based on erroneous fact or law).
243. As arbitration is not yet a familiar process to many people, employees cannot be assumed to know the procedural dynamics associated with this method of dispute resolution. Indeed, it has been noted that “[t]he ultimate [arbitral] decision, however, is at least as final as that reached by a court of law.” Berger, supra note 31, at 696 (citations omitted). As most know that a final decision from a court of law can be appealed even though it is also “binding,” there is no reason to suppose participants
be assumed that the average employee has knowledge of legal terms. It is also highly improbable that an employee would assume that an arbitrator could apply the wrong law or ignore legal precedent altogether when resolving an employment dispute. However, given the Moncharsh decision that arbitration awards cannot be appealed even when there are errors of fact or law, this is an entirely plausible scenario. Since there is no recourse for errors in an arbitration which would normally result in sufficient cause for an appeal in the court system, the circumstances of the individual should certainly be considered when determining whether arbitration agreements involved bargaining.

c. Discovery

Another right that employees are probably not aware they may lose when they sign an arbitration agreement is discovery. The concept of discovery in arbitration is generally limited, which has significant consequences for the employee. An employer will generally have a personnel file and will retain access to this information in the event of an arbitration. The employee is not likely to keep records of employment related matters and may consequently be hindered by discovery rules in arbitration which may prevent her access to her own personnel file. By contrast, if the dispute had gone to court, it is virtually cer-
tain that this same information would have to be produced through court-mandated discovery procedures.\textsuperscript{253}

d. Compliance with the rules of evidence

As with discovery, evidence rules are also relaxed in arbitration proceedings.\textsuperscript{254} Television has inundated people with visions of lawyers raising grandiose objections to the presentation of evidence and witness testimony during trial. However, most people probably do not realize that these same comments or items of evidence that would be excluded in court at the objection of the opposing lawyer will generally be admissible in arbitration, provided they are the least bit relevant.\textsuperscript{256} As a consequence, an employee cannot be assured that prejudicial evidence will be excluded from an arbitration.\textsuperscript{256}

Therefore, some of the procedural protections built into the legal system are not available for arbitrations, leaving an unknowledgable participant vulnerable.\textsuperscript{257} As a result of many uniformed parties signing arbitration clauses in their employment contracts, courts should be reluctant to enforce such provisions “without examining carefully the factual background and prior dispute resolution experience of the parties.”\textsuperscript{258}

3. Reality of Unemployment

Another compelling argument in favor of considering the totality of the circumstances arises from the typically dismal employment
rates. It has been noted that "where job markets are competitive, employees should have the economic ability and leverage either to bargain with employers about the terms of an acceptable arbitration agreement or to choose an employer who does not require arbitration." A major assumption made by this assertion, however, is that employees have choices among employers.

The assumption regarding job choice is neutralized by the fact that, "[f]or individual employees, consent to arbitration may be more formal than real for all but the most financially secure and sought-after workers." Consequently, an employee will likely release her right to court adjudication by agreeing to the mandatory arbitration provision in order to find a job or retain her current position. Unfortunately, in a job market characterized by high unemployment, people will often do anything to secure a job and are not really negotiating at arm's length when faced with arbitration provisions in their employment contracts. Further, employees generally do not anticipate the possibility of a dispute with their employer when they first obtain a job, making it unlikely that they would pay significant attention to any arbitration clause included in their contract.

4. Employer Accountability for Obtaining True Consent

Some scholars believe that the totality of circumstances test should not be used because it reduces the finality of disputes going to arbitration for solution. On the other hand, one scholar has noted, "[b]y

259. See infra notes 260-65 and accompanying text.
260. King et al., supra note 31, at 103.
261. Common sense dictates that when unemployment is high such options are unrealistic.
262. Stempel, supra note 215, at 1387. Because "people want to eat first and consider legal and philosophical implications later[,] ... [t]he average worker in need of a job is unlikely, at the outset, to balk at an arbitration clause." Id.
263. See Kielkopf, supra note 233, at 830.
264. Id.
265. Berger, supra note 31, at 713.
266. King et al., supra note 31, at 119. These scholars anticipate that employers will not be willing to encourage the use of arbitration because of the fear that the agreement will easily be ruled invalid through this test if the employee so chooses. Id. This should not be a concern for employers if they have taken the proper steps to ensure that the process of implementing arbitration for their employment disputes is fair; it is only a concern when the employer has done something unfair. See supra notes 195-214 and accompanying text.
looking at the totality of the circumstances, the court can determine effectively whether the individual knowingly and voluntarily agreed to waive his substantive rights.\(^\text{267}\) If the court is satisfied that the arbitration agreement has been implemented in a fair manner, arbitration will be compelled, ensuring finality of the ultimate decision.\(^\text{268}\) If the court finds that the totality of the circumstances do not indicate that the arbitration agreement has been justly implemented, then it will not be upheld.\(^\text{269}\) In this situation since the employer did not explain the procedure in enough detail to obtain a knowing and voluntary waiver of rights from the employee, the employer should lose the benefit of finality.\(^\text{270}\) This method still recognizes that a mere inequality of bargaining power is not enough, \textit{in itself}, to render an arbitration agreement unenforceable.\(^\text{271}\) However, when an unequal bargaining situation exists, the totality of the circumstances approach determines on a case by case basis whether any other dynamics were at play which would merit invalidating the arbitration clause.\(^\text{272}\)

V. PROPOSALS FOR TRUE BARGAINING IN A BINDING ARBITRATION AGREEMENT

Taking into consideration the case law and commentary on binding arbitration agreements in employment contracts, the following proposals detail how an employer should implement an arbitration procedure for disputes so that the employee is provided with a better understanding of the transaction.\(^\text{273}\) The proposals consider four separate situations: (1) pre-dispute binding arbitration for new hires;\(^\text{274}\) (2) pre-dispute binding arbitration for existing employees;\(^\text{275}\) (3)
pre-dispute tiered dispute resolution procedures for all employees; and (4) post-dispute binding arbitration for all employees. Following this section are proposals to ensure fairness in the arbitration procedure itself. With the combination of true bargaining for arbitration and fairness in the arbitration process, implementing arbitration as a method of resolving employment disputes will be a feasible, fair, and final alternative to court adjudication.

A. Pre-Dispute Binding Arbitration for New Hires

Implementation of an arbitration agreement for employment disputes is easiest for new employees. According to one scholar, "a standardized arbitration agreement must not exceed the reasonable expectations of the employee, as the weaker or adhering party." Accordingly, "adequate and reasonable notice" should be given to the employee as to the "meaning and exact scope of the arbitration agreement and its consequences." This should be written in understandable language and explained to the employee. Necessarily, this explanation should include a breakdown of the rights being given up and an explanation about the non-appealability of the arbitrator's award absent the limited circumstances dictated by statute.

This information should be provided when the potential employee applies for a job so that the person has plenty of time to analyze the information and understand what to expect as a result of gaining employment with a particular employer. The agreement should also clearly state which disputes will be settled by arbitration and which, if any, will not. To ensure that the employee reads and comprehends

276. See infra note 315 and accompanying text.
277. See infra notes 316-19 and accompanying text.
278. See infra notes 280-19 and accompanying text.
279. See Knight, supra note 16, at 259; see also Allison & Stahlhut, supra note 58, at 173.
280. Allison & Stahlhut, supra note 58, at 172; see also Spelfogel, supra note 23, at 263 (stating that Gilmer recognized that an arbitration clause is as enforceable as any other condition of employment such as amount of wages or sick leave).
282. Id.
283. Allison & Stahlhut, supra note 58, at 172.
284. These are the problem areas that are not likely to be known. See supra notes 233-68 and accompanying text.
285. Mathiason & Uppal, supra note 16, at 890; see also Dee, supra note 58, at 407; Kilroy & Sachs, supra note 42, at 36.
286. Dee, supra note 58, at 408-09; see also Allison & Stahlhut, supra note 58,
the arbitration agreement, the employer should have her separately sign an acknowledgment clause. Finally, the employee should be notified that she can, and should, seek counsel regarding the arbitration agreement before signing. As a result, both employee and employer will be protected should one side subsequently claim a lack of knowledge. As an alternative, employers could offer the arbitration contract to employees after they have been hired and provide them with the same consideration given to existing employees in exchange for the agreement to arbitrate.

B. Pre-Dispute Binding Arbitration for Existing Employees

A more difficult process of establishing true bargaining for an agreement to arbitrate is encountered when the agreement of an existing employee must be obtained. Unlike the new employee, the existing employee was hired without the expectation that disputes would be subject to arbitration. There are four methods an employer can utilize to implement binding arbitration for existing employees: (1) individually contract with employees; (2) include the arbitration provision in an employee handbook; (3) encourage consent to the agreement based on the “change of forum” argument; and (4) full disclosure and honesty.

1. Individually Contracting with Employees

Employers may opt to make individual contracts with their employees, asking them to acknowledge the new arbitration policy and agree to be bound by its terms. This, however, must be supported by independent consideration to make the contract valid. Some courts have

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at 173.

287. Allison & Stahlhut, supra note 58, at 172.
288. Dee, supra note 58, at 407. Putting this provision in boldface type is even more preferable. Kilroy & Sachs, supra note 42, at 36
289. King et al., supra note 31, at 121.
290. Gray, supra note 16, at 118; see also Spelfogel, supra note 23, at 268. For a discussion on adequate consideration, see infra notes 297-301.
291. See Knight, supra note 16, at 259.
293. See infra notes 297-302 and accompanying text.
294. See infra notes 303-07 and accompanying text.
295. See infra notes 308-10 and accompanying text.
296. See infra notes 311-14 and accompanying text.
297. Mathiason & Uppal, supra note 16, at 890; see also Allison & Stahlhut, supra note 68, at 172.
298. Mathiason & Uppal, supra note 16, at 890; see also Allison & Stahlhut, supra note 68, at 172.
found that continued employment is sufficient consideration since the
employee could have taken a job elsewhere if she disapproved of the
arbitration provision.\textsuperscript{299} Other courts have indicated that continued em-
ployment \textit{alone} is not enough to support a finding of consider-
ation—some increase in benefits must be presented.\textsuperscript{300} This increase in
benefits must be in the form of a promotion or raise that was not al-
ready earned by the employee.\textsuperscript{301} Employers should also provide no-
tice to the employees that the advice of a lawyer can and should be ob-
tained before proceeding and that they have a reasonable period of
time to accept or reject the provision.\textsuperscript{302}

2. Employee Handbook Method

In lieu of individually contracting with each employee for an arbitra-
tion agreement, the employer may choose to impose unilaterally the
arbitration agreement on its employees by adding the policy to employ-
ee handbooks, announcing that the policy is effective for all employees,
providing the employees with a written summary of the policy in expli-
it language and asking employees to sign an acknowledgment of receipt
of the written policy.\textsuperscript{303} This method, however, is not as desirable as
the previous method,\textsuperscript{304} and courts will be less likely to consider this a
binding agreement.\textsuperscript{305} It is recognized that “mutual agreement to the
method of resolving disputes is not present” when arbitration is man-
dated in an employer handbook.\textsuperscript{306} Furthermore, this unilateral ap-

\textsuperscript{299} See, e.g., Medtronic, Inc. v. Benda, 689 F.2d 645 (7th Cir. 1982); ISC-Bunker

\textsuperscript{300} Spelfogel, supra note 23, at 268; see e.g., Hollingsworth Smolderless Terminal
Co. v. Turley, 622 F.2d 1324 (9th Cir. 1980); Hull v. Norcom, 760 F.2d 1547 (11th Cir.
1985).

\textsuperscript{301} Allison & Stahlhut, supra note 58, at 172.

\textsuperscript{302} Kilroy & Sachs, supra note 42, at 36.

\textsuperscript{303} Mathiason & Uppal, supra note 16, at 891.

\textsuperscript{304} Kilroy & Sachs, supra note 42, at 36 (stating that "employers should include
such arbitration clauses within an employment contract and not in a personnel manu-
atel").

\textsuperscript{305} Allison & Stahlhut, supra note 58, at 172-73. This is because it is an opt out
method rather than an opt in method, and people may, for any number of reasons,
fail to opt out and accordingly become bound by the agreement. \textit{Id. But see} Knight,
supra note 16, at 269 (continued employment after the policy is adopted may provide
the employer with an estoppel argument even if the employee has not specifically
signed the provision).

\textsuperscript{306} Berger, supra note 31, at 710.
proach demonstrates only receipt of the policy, not acceptance of its terms.307

3. Change of Forum Argument

Employers have encouraged employees to sign an arbitration agreement by informing them that they are merely changing the forum to hear their dispute and that they are not giving up any substantive rights.308 However, this is not entirely true. There are situations where a person has a substantive right to appeal, but forfeits this right by choosing to arbitrate disputes.309 In addition, people have the right to have a jury hear their disputes in certain situations—this is also eliminated when an agreement to arbitrate has been put in place.310

4. Full Disclosure and Honesty

The best way for an employer to implement an arbitration procedure is to acknowledge to the employees that they will be forfeiting some rights by opting out of the jury system.311 The employer should explain these rights and note the procedural safeguards enacted to ensure that the process is fair and reliable.312 Further, the employer should impress upon the employees that any large damage award gained at trial may be lost to attorney's fees anyway, so that they may potentially benefit monetarily by arbitrating their disputes.313 Full disclosure and honesty prior to obtaining consent will ensure that the process is fair.

307. Allison & Stahlhut, supra note 58, at 173. However, some scholars argue that this is a reasonable method of implementation based on the same analysis used above to find consideration by an employee's continued employment in the individual contract situation. Mathiason & Uppal, supra note 16, at 891 ("[T]he longer the policy has been in effect, the stronger the employer's argument that the employee, by continuing the employment, has implicitly consented to the arbitration provision."). While continued employment after notice of the arbitration procedure is implemented is not the most feasible method of attaining the consent of existing employees, it may, nevertheless, lead to an estoppel argument for the employer to raise should the provision be protested. Knight, supra note 16, at 259.
309. Green, supra note 1, at WL10; see also supra notes 242-47 and accompanying text (discussing the non-appealability of arbitration awards).
310. See supra notes 238-41 and accompanying text (discussing the jury trial rights given up by choosing to arbitrate).
311. See supra notes 233-58 and accompanying text.
312. See infra notes 320-401 and accompanying text.
313. See King et al., supra note 31, at 99.
and agreeable for all involved, thus eliminating the need to determine subsequently whether consent was properly obtained and thereby risking the finality of the process.314

C. Pre-Dispute Tiered Approach to Dispute Resolution for All Employees

Employers could also design a dispute resolution system that includes binding arbitration but that also includes other methods of dispute resolution, such as mediation or med-arb, so that the employee has a choice of procedures.315

D. Post Dispute Binding Arbitration for All Employees

In lieu of the above procedures, which address pre-dispute agreements to arbitrate, there are other ways by which employers could encourage the use of arbitration and ultimately reduce their court time, while also ensuring that the employees have bargained for the process.316 Employers could give their employees the option to arbitrate after the dispute arises so that the employee has a better idea of what to expect from taking her case to court, yet can still choose to arbitrate if she so wishes.317 By doing so, the employer may still avoid trial by bringing the option of arbitration to the attention of an employee who might not otherwise have considered it, while simultaneously indicating the employer's desire to engage in the process of arbitration to resolve the matter expeditiously.318 In addition, the agreement is more likely to be found knowing and voluntary, since the employee had a clear choice, thus providing more certainty that the arbitration will be final and binding.319

314. Bales, supra note 20, at 1898; see also Knight, supra note 16, at 259.
315. Dick, supra note 14, at 54; see also Spelfogel, supra note 23, at 264 (advocating a three step procedure starting with communication of the problem to a superior and peer review, next providing for mediation and, lastly arbitration).
316. See infra notes 317-19 and accompanying text.
317. Berger, supra note 31, at 713. But see Dee, supra note 58, at 408 (noting that post-dispute agreements to arbitrate are more difficult to obtain).
318. By showing that the employer is open to resolving the dispute without having to go to trial, the employer indicates his willingness to work together which may result in greater likelihood that the employee will also agree to the arbitration. See supra note 75 and accompanying text.
319. Berger, supra note 31, at 713; see also Dee, supra note 58, at 409-10.
VI. PROCEDURAL SAFEGUARDS TO PROTECT AGAINST THE HARSH EFFECTS OF FORFEITING BOTH THE RIGHT TO A JURY TRIAL AND THE RIGHT TO APPEAL THE ARBITRATION AWARD

Due to the Supreme Court's willingness to uphold the arbitration of employment related disputes, including those involving statutory rights, an opposing party may seek to avoid the arbitration by attacking the process itself. By enacting safeguards within the arbitration contract, a process fair to all can be achieved, thus, eliminating need or cause to subsequently invalidate the procedure.

Currently, there remains a need for improvement in choosing unbiased, experienced arbitrators, defining the scope of discovery, establishing standards for receiving evidence, requiring written opinions and allowing for review of arbitration decisions involving statutory claims.

A. Selecting Unbiased, Experienced Arbitrators

1. Preventing Bias

To ensure that the participants have a fair opportunity to be heard and to reduce the possibility that one side will be favored over another, bias on the part of arbitrators must be protected against. Indeed, the Supreme Court noted in Commonwealth Coatings Corporation v. Continental Casualty Company, "we should . . . be even more scrupulous to safeguard the impartiality of arbitrators than judges, since the former have completely free reign to decide the law as well as the facts and are not subject to appellate review."

a. Erring toward full disclosure of conflicting relationships

In light of the confusion in the area of disclosure concerning what constitutes "an impression of possible bias," the best policy for the

320. Howard, supra note 137, at 34-35.
321. See infra notes 322-401 and accompanying text.
322. See infra notes 327-57 and accompanying text.
323. See infra notes 358-71 and accompanying text.
324. See infra notes 372-83 and accompanying text.
325. See infra notes 384-92 and accompanying text.
326. See infra notes 393-401 and accompanying text.
328. 393 U.S. 146 (1968).
329. Id. at 149.
330. See supra notes 148-52 and accompanying text.
arbitrator is to err on the side of disclosure and to inform the parties about any business or personal relationship with either party. This way, the parties can choose to disqualify the arbitrator before the arbitration begins if they see a possible problem. In the event that the parties choose to keep the arbitrator, they will have been fully informed of any potential conflict and will not have cause to challenge the arbitrator's decision based on bias after the fact. The disclosure should be liberal so that no information is hidden and the parties can proceed without having to fear that the award will be vacated subsequent to the arbitration, forcing the parties to start over. The best way to ensure that arbitrators disclose what is required is for employers to write these broad disclosure provisions into the arbitration contract. The arbitrator will thus avoid having to rely on the confusing case law in this area and will be clear as to what she must disclose.

b. Avoiding exclusive use of one institutional arbitration service

Although the effect of institution-employer relationships has not yet been tested in the courts, such challenges can be expected in the near future.

331. This gives more control to the parties to decide for themselves which arbitrators may be biased. See infra notes 332-36 and accompanying text. But see George L. Blum, Disclosing Conflict of Interest in the California Arbitration System: Banwait v. Hernandez and the Erosion of Duty, 5 Ohio St. J. on Disp. Resol., 97, 108-09 (1989) ("impermissible relationships" based upon fiduciary grounds should be disclosed; "permissible relationships" based on professional or social connections should not).

332. The purpose is to create a procedure that all will perceive as fair so that there will be no grounds for dissatisfaction after the fact. Whether a personal relationship will actually affect an arbitrator's decision is really irrelevant because if the party perceived it as such then there will be dissatisfaction. By disclosing all relationships, the parties are in control to decide for themselves, before the process begins, whether the arbitrator is acceptable.

333. See Disco, supra note 151, at 116 ("If the standard is unclear then parties will be tempted to seek vacation of unfavorable arbitration awards in every instance by attempting to capitalize on a vague and inherently manipulable standard."). This proposal will help increase finality (a benefit of arbitration) without jeopardizing the fairness of the procedure.

334. See Blum, supra note 331, at 112-13 (noting the undesirability of having a conflict of interest arise after the parties have already invested time and money in the arbitration process).

335. See Kilroy & Sachs, supra note 42, at 36.

336. See supra notes 150-52 and accompanying text.
future. Employers can, however, avoid the implications which arise from such relationships and bypass potential court scrutiny. First, employers should avoid using an institutional arbitration service that is for-profit. In the alternative, employers should eliminate the inclusion of any one arbitration service as the provider of the arbitrators. There are many private arbitrators practicing; allowing the parties to choose independently from the whole spectrum of arbitrators is preferable. Second, both sides should participate in the selection process with information helpful in this process being made equally available to both sides. An employee should never be compelled to arbitrate if the arbitrator is chosen solely by the employer. Lastly, each side should be able to have one peremptory challenge and unlimited challenges for cause to reduce any hint of bias.

2. Experience

a. In employment law

Experience should also be considered when selecting an arbitrator. For employment disputes, arbitrators should be experienced in employment law. The American Arbitration Association requires that

337. See Disco, supra note 151, at 142.
338. See infra notes 339-44 and accompanying text.
339. The American Arbitration Association (AAA) is one such non profit provider, formed to "encourage the use of arbitration and other techniques of voluntary dispute resolution." Disco, supra note 151, at 138. Since they are non-profit, the desire for repeat business may not be as great as with a for-profit provider. But see id. at 139 (even nonprofit organizations have interests in repeat business because their mere existence depends on it).
340. Taking away the dependence on one particular provider also takes away the provider's dependence on the employer as a constant source of business, lessening the need to favor the employer.
341. See Gilmer v. Interstate/Johnson Lane Corp., 500 U.S. 20, 30 (1991) (inferring that arbitration clauses may not be enforced if the arbitrator selection provisions are too restrictive). This will not only help prevent repeat bias but will open up the number of qualified arbitrators, and the employee will view the process as more fair.
342. Berger, supra note 31, at 716. For example, if an employee has no idea how to go about finding an arbitrator, the employer should provide the names of a few different sources so that the employee may choose someone.
343. Id.
344. Kilroy & Sachs, supra note 42, at 36.
346. See Allison & Stahlhut, supra note 58, at 173.
its arbitrators have “familiarity” in the employment field if they are to arbitrate such disputes. This does not seem appropriate given that courts are now allowing arbitrators to arbitrate important statutory claims in addition to normal contractual disputes. This is especially a concern due to the fact that many arbitrators either do not want to decide statutory rights or feel they are currently unqualified to do so. As such, there should be some additional training so that arbitrators are able to handle the complexities of civil rights statutes.

To accommodate the needs of the parties, the following proposal should be implemented to ensure that the arbitrators have the requisite experience in the employment field. First, the arbitrator should have a minimum of seven years of practice in labor/employment law. Second, it would be preferable if the arbitrator is either in an employment law society, so that she is keeping up on current trends and issues in the field, or participates in continuing education for employment disputes. Finally, claims involving large amounts of damages should be heard by an arbitrator who is also a retired judge so that the decisions do not stray too far from the prevailing law.

b. In arbitration

In addition, general arbitration training of some sort should be required. Lawyers may know the law, but additional skills are needed

347. Howard, supra note 137, at 36.
348. Since statutory rights are designed to “promote public ends,” if it is found that they can be arbitrated, the decision-maker should be someone fairly well-versed in the law so that the goals of the statute are carried out. But see King et al., supra note 31, at 102 (since the parties choose their arbitrator, they have the power to select someone knowledgeable about all the claims at hand).
349. Spelfogel, supra note 23, at 265.
351. See infra notes 352-56 and accompanying text.
352. This will ensure that the arbitrator has a solid foundation in this area of law and is not just relying on knowledge gained from a law school course.
353. Barrett, supra, note 345, at WL 11. This is needed due to the constantly changing state of the law. Id.
354. Many arbitrators are retired judges. The need to have judges decide large disputes is evident in that generally a substantial wrong has occurred to merit such a claim and as much protection as possible should be afforded to ensure a just result.
355. For example, the securities industry requires all arbitrators to go through specialized training prior to sitting on their arbitration panels. Howard, supra note 137, at 33. Also, the state of Florida requires general dispute resolution training in addition to an academic degree. Barrett, supra note 345, at WL 15.
for a lawyer to be an effective arbitrator. 356

If such procedures are followed, both parties will be ensured of a competent, unbiased arbitrator so as to both reduce the possibility of disapproval after the award has been made, and eliminate the need for the currently non-existent appeals process. 357

B. Discovery Procedures

A second proposal to protect the integrity of the arbitration process and to preserve the rights of the parties concerns the standards for discovery. 339 Generally, production of documents for discovery is allowed during the arbitration hearing, but not before. 338 As such, some scholars believe that parties should authorize the arbitrator to allow discovery to whatever extent she desires. 360 Neither of these procedures is adequate to put the parties on an equal footing, however, because in employment disputes, the employer may have the benefit of important documents which the employee may not get to see until the beginning of the hearing, if at all. 361

As such, standard discovery procedures need to be in place and outlined in the arbitration agreement so that both parties know from the beginning which documents will be exchanged. 362 Exchange of documents where there is a "substantial, demonstrable need" is an appropriate solution that some commentators propose. 363 In addition, the contract should provide that the employer produce all relevant employee files prior to any arbitration hearing. 364 Furthermore, the employee should have the opportunity to depose at least one of the employer's representatives. 365

356. See Barrett, supra note 345, at WL 20. Barrett lists necessary arbitrator skills as the "(a) ability to make decisions; (b) ability to run a hearing; (c) ability to distinguish facts from opinions; and (d) ability to write reasoned opinions." Id. at WL 21.
357. Blum, supra note 331, at 97. "Unless all parties involved perceive that the arbitration has been conducted by an essentially impartial observer, much of the power of this dispute resolution mechanism will be lost." Id.; see also Disco, supra note 151, at 116.
358. See infra notes 359-71 and accompanying text.
360. Kilroy & Sachs, supra note 42, at 36.
361. See supra notes 248-53 and accompanying text.
362. See King et al., supra note 31, at 102.
363. Waks & Gadsby, supra note 52, at 464.
364. See King et al., supra note 31, at 102; see also Waks & Gadsby, supra note 52, at 464. The New York Stock Exchange procedural rules providing for document production, information requests, depositions, and subpoenas are a good example to follow when implementing discovery provisions. Kilroy & Sachs, supra note 42, at 36. These rules were accepted by the Gilmer Court as providing adequate procedural safeguards in the arbitral forum. Id.
365. Waks & Gadsby, supra note 52, at 464. This requirement is based on the
Some scholars reject this approach, pointing out that if standard discovery is built back into arbitration procedures, the benefits commonly associated with arbitration will be jeopardized. However, the goal of arbitration is not to have the dispute resolved in a few days, or even a few weeks, but to resolve it expeditiously while maintaining a better relationship among the parties. These objectives can be maintained concurrently with the implementation of more even-handed procedures for discovery. Furthermore, employees will be more satisfied with the proposed procedure because they will not have to forfeit the rights they would have under binding arbitration as currently practiced.

With the goals of arbitration in mind, it should be evident that whatever can be done to make the procedure more conducive to the parties' needs will help to promote usage of arbitration in the first place. Likewise, such an open-minded approach will lessen the likelihood that the parties will be displeased after the fact.

C. Admission of Evidence

The manner in which parties present evidence in arbitration also needs to be reformed in order to promote arbitration as a favorable alternative to both employer and employee. Currently, evidence is

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367. See supra note 1 (listing the benefits of arbitration); see also Spelfogel, supra note 23, at 263:
   The goals and advantages of any ADR or arbitration mechanism are to reduce the risks, costs and often lengthy delays associated with an over-burdened legal stem that in the opinion of many is out of control; to preserve workplace unity; to foster and improve internal communication and employee morale; to provide employees with an outside option where they do not believe internal processes are fair; and to diminish legal expenses.

368. Even with discovery, an arbitration will likely result in a speedier resolution of the dispute because other delays associated with trial, such as finding an available courtroom and impaneling a jury, are not present.
369. See Waks & Gadsby, supra note 52, at 464.
370. Spelfogel, supra note 23, at 265.
371. If the employee has been adequately protected, there will be no cause for dissatisfaction.
372. See infra notes 373-83 and accompanying text.
freely admitted if it is the least bit relevant. This process allows the admission of certain prejudicial evidence that normally would be excluded in court. Such liberal evidence rules are meant to streamline the arbitration procedure so that it is not subject to all the rigidities of a trial. Having such a flexible standard, however, creates room for abuse.

To ensure that the parties do not “sneak in” evidence that they know should not be admitted, there are two possible solutions. First, the parties can attempt to find arbitrators who are lawyers known to follow the rules of evidence, rather than relying on non-lawyers or lawyers who take a liberal approach to the admission of evidence.

Second, an honor system could be enacted so that the parties do not attempt to introduce evidence that they know is not admissible under formal rules of evidence. Sanctions could be imposed to ensure compliance with this procedure. Since the tendency to admit evidence improperly may already be somewhat reduced (as there is no jury to potentially sway), this, combined with the threat of sanctions, may encourage attorneys to “play by the rules” so that the arbitration will proceed smoothly and quickly. As such, evidentiary problems can be precluded before they become an issue, ensuring that the arbitrator will not be privy to any prejudicial evidence and that the parties receive a fair and just proceeding.

373. New Trends, supra note 31, at 13; see also supra notes 254-58 and accompanying text.
374. See supra notes 254-58 and accompanying text.
375. See supra notes 254-58 and accompanying text.
376. See New Trends, supra note 31, at 13 (noting that such loose evidence rules “can be troublesome”).
377. See infra notes 378-83 and accompanying text.
379. This would allow the parties more control over the procedure and hold them accountable for any errors which may disturb the award.
380. Currently, sanctions are available for bringing frivolous claims to the arbitration. Waks & Gadsby, supra note 52, at 476. Sanctions are also used to ensure arbitration participants comply with the discovery provisions. Id. at 483. Sanctions could be used in the same manner to prevent admission of evidence which the lawyers know would not be admissible in court. Without sanctions, such a system would have no enforcement mechanism and would probably not be effective.
381. At trial, lawyers often will attempt to admit evidence which they know is not admissible in hopes of swaying the jury to their side.
382. For the employer then, the arbitration will still proceed faster than trial, yet the employee will still be protected as she would in a court adjudication.
383. This will eliminate the harsh effect of a non-appealable award because there will not be cause for dissatisfaction as the parties were treated fairly.
D. Written Opinions

Generally, arbitrators "are not required to find facts, give reasons for awards, or describe the processes by which they arrived at their decisions." While the trend toward requiring written decisions is growing, this practice is still not standard. To maintain some semblance of uniformity of decisions, written opinions should be issued by the arbitrators in all employment disputes. "Express requirements that the arbitrator include findings of fact and a discussion of applicable law" are also preferred so that the likelihood of the decision being accepted is improved. This is especially important in the employment field, given the high number of disputes arising and the similarly high number of claims which are being resolved outside the courts. Requiring written decisions would make the arbitrators more accountable for their decisions, would help to ensure conformity with legal precedent and the current developments in employment law, and would reduce the need or desire for rehearings.

E. Standard of Review for Statutory Claims

The final manner in which the arbitration contract can be fortified to protect the rights of all parties involved is to include a provision for reviewability of statutory claims. It has been shown that courts cannot be indifferent to legal errors in these cases because the unreviewability of the "arbitrator's construction of the statute does not adequately protect the public interest." Allowing court review of

384. Stein v. Drake, 254 P.2d 613, 617 (1953) (citing Pacific Vegetable Oil Corp. v. C.S.T., Ltd., 174 P.2d 441 (Cal. 1946), overruled on other grounds by Brink v. Alegro Bldrs., Inc., 375 P.2d 435, 438 (1962)). But see Brunet, supra note 74, at 89 (stating that it is the common practice of labor arbitrators to write opinions).

385. The California Arbitration Act and the NYSE are two systems that require written decisions.

386. Because arbitration claims do not usually result in written opinions there is nothing to use as precedent. Thomas, supra note 79, at 785.

387. Waks & Gadsby, supra note 52, at 464; see also Allison & Stahlhut, supra note 58, at 173.

388. Kilroy & Sachs, supra note 42, at 36.

389. See supra notes 31-53 and accompanying text.

390. Waks & Gadsby, supra note 52, at 465.

391. Id.

392. Id.

393. See infra notes 394-401 and accompanying text.

394. Berger, supra note 31, at 718-19. This is because "private forums, such as
such arbitration decisions would, of course, remove some of the finality of the arbitrator's decision; however, with implementation of the proper procedural safeguards, the law should have already been adequately followed making review unnecessary. 396 Only when a breakdown in this process occurs does a safety net become necessary. 396

In such situations, to expedite the process and prevent unnecessary delay, a reviewing court should defer to the factual findings of the arbitrator, much as deference would be given to a trial court. 397 As such, efficiency over trial may still be maintained in that the parties do not have to re-arbitrate the whole case. 398 Accordingly, the goals of the arbitration will have been carried out. 399

By implementing the above procedural protections and including them in the contract to arbitrate, arbitration of employment disputes will be more fair during the proceedings. 400 As a result, there will be less chance that the parties will be disgruntled after the process, thereby leading to greater finality and satisfaction with the process overall. 401

VII. CONCLUSION

Alternative dispute resolution is being implemented in many arenas. 402 This has been especially true in the area of employment law, largely due to the high number of disputes arising each year as a result of Congress granting numerous statutory rights to employees 403 and to the changing dynamics of the workplace, resulting in the downturn of at-will employment. 404 With the implementation of arbitration, the favored method of alternatively resolving employment disputes, comes

arbitration, may resolve disputes on the basis of nonlegal social mores” whereas “public forums . . . protect basic legal values.” Malin & Ladenson, supra note 58, at 1189. Since statutory rights are generally enacted for public policy reasons, and not as a means for individual redress, public accountability is important. See id.

395. The goal is to increase finality by improving the procedure overall. However, despite this safeguarding, it will sometimes be necessary for a limited review to ensure fairness overall.

396. If the arbitrator's decision adequately reflects the law, and fairness has prevailed throughout the proceeding, the losing party would have no cause and no incentive to appeal.

397. Malin & Ladenson, supra note 58, at 1238.

398. See id.

399. See supra notes 88-98 and accompanying text.

400. See supra notes 320-99 and accompanying text.

401. See supra notes 320-26 and accompanying text.

402. See supra notes 14-27 and accompanying text.

403. See supra notes 42-51 and accompanying text.

404. See supra notes 35-41 and accompanying text.
apprehension as to the legal rights being placed in jeopardy by opting out of the jury system.\(^{405}\) This is of great concern primarily because this opting-out is not always bargained for by an employee, but is generally found to be binding nonetheless.\(^{406}\)

Therefore, to ensure that both sides are truly knowledgeable about the arbitration process, and to preserve important rights, certain procedures should be detailed in any arbitration agreement before being presented to an employee for a signature.\(^{407}\) By implementing the above procedures with respect to arbitrator selection,\(^{408}\) discovery,\(^{409}\) rules of evidence,\(^{410}\) written decisions,\(^{411}\) and reviewability of statutory claims,\(^{412}\) arbitration proceedings for employment disputes should proceed in a fair manner for all involved. In addition, arbitration proceedings will be completed more quickly and in a less hostile environment than the courtroom.\(^{413}\) As such, the goals of arbitration will be upheld, as will the rights traditionally afforded by trial, and both parties will benefit from the process.\(^{414}\)

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\textsuperscript{405} See supra notes 233-58 and accompanying text.
\textsuperscript{406} See supra notes 189-214 and accompanying text.
\textsuperscript{407} See supra notes 320-401 and accompanying text.
\textsuperscript{408} See supra notes 327-57 and accompanying text.
\textsuperscript{409} See supra notes 358-71 and accompanying text.
\textsuperscript{410} See supra notes 372-83 and accompanying text.
\textsuperscript{411} See supra notes 384-92 and accompanying text.
\textsuperscript{412} See supra notes 393-401 and accompanying text.
\textsuperscript{413} See Knight, supra note 16, at 251.
\textsuperscript{414} See supra notes 273-401 and accompanying text.