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Mediation and arbitration are two of the common alternative dispute resolutions methods used. Both mediation and arbitration use a neutral third party to facilitate a resolution. In the mediation process a mediator assist in resolving the dispute between the parties. By speaking with each party separately or together giving options for a resolution. The arbitrator can either be an individual or a panel of experts.

Mediation and arbitration have many traits in common. They are both voluntary and each seek a neutral third party to facilitate a resolution. Each provides a prompt rearing, fair outcome and reduces the overflow in the court. Although there is a difference in cost, compared to litigation the cost is a small percentage. Although both mediation and arbitration seek a neutral party to facilitate a resolution in their dispute, there is a big difference between who decides the outcome.

In the mediation process, a mediator brings both parties together to moderate the dispute however, the mediator has no power to decide the outcome, and only the parties control it. In the arbitration process the arbitrators controls the outcome. The arbitrator is given the power and his/her decision is final and binding. Mediation process is informal and the arbitration process is formal. Each is cost effective in the alternative dispute resolution but between the two- arbitration costs is higher.

Cost of arbitration is higher due to the type of people, who may be in the panel. The amount of time to resolve the dispute determines the cost. Mediation often takes lesser time to the resolve and the fee charged by the mediator is also less. Arbitration usually takes longer and cost more because the arbitrator needs time to hear from both parties, analyze facts, examine evidence and determine ruling that is legally binding.

Usually parties who decide to use the mediation process will continue to conduct business with each other; typically parties who use arbitration are parties who no longer work together after the dispute ends Both mediation and arbitration give parties options to resolve disputes out of a traditional court. Although each has similarities and differences it is up to the parties as to how they would like to resolve their issues. Whether it’s due to cost, quickness or the relationship they will want to continue to work with or depart from.