
**PROCEDURAL GUIDELINES IN THE
CONDUCT OF VOLUNTARY
ARBITRATION PROCEEDINGS**

Pursuant to the mandate of the National Conciliation and Mediation Board under Executive Order No. 126, as amended by Executive Order No. 251, and in order to implement Articles 260-262 (b) of the Labor Code, as amended by R.A. 6715, the following guidelines governing proceedings before a voluntary arbitrator or panel of voluntary arbitrators are hereby adopted and promulgated:

RULE I

Title and Construction

SECTION 1. Title. — These Guidelines shall be known as the ***NCMB Procedural Guidelines in the Conduct of Voluntary Arbitration Proceedings***.

SECTION 2. Construction. — These Guidelines shall be liberally construed to carry out the objectives of the Labor Code of the Philippines to promote voluntary arbitration as a preferred mode of dispute settlement and as an integral component of the collective bargaining process.

SECTION 3. Directory and Suppletory Application of the Guidelines and Rules of the Court. — The Rules governing the proceedings before a voluntary arbitrator or panel of voluntary arbitrators shall be the subject of the agreement among the parties to a labor dispute/s and their chosen arbitrator. In the absence of agreement on any or various aspects of the voluntary arbitration proceedings, the pertinent provisions of these Guidelines and the

Revised Rules of the Court shall apply by analogy or in a directory or suppletory character and effect.

RULE II

Definition of Terms

SECTION 1. Definition of terms.—

- (a) “Board refers to the National Conciliation and Mediation Board created under Executive Order No. 126, as amended.
- (b) “Administrator” refers to the head of the Board.
- (c) “Regional Branch” — refers to any of the 14 Regional Branches of the Board.
- (d) “Voluntary Arbitration” — refers to the mode of settling labor-management disputes by which the parties select a competent, trained and impartial persons who shall decide on the merits of the case and whose decisions in final, executory and unappealable.
- (e) “Voluntary Arbitrator” — Arbitrator for short, refers to any person who has been accredited by the Board as such, or any person named or designated in the collective bargaining agreement by the parties as their voluntary arbitrator, or one chosen with the assistance of the Department of Labor and Employment, pursuant to a selection procedure agreed upon in the CBA.
- (f) “Collective Bargaining Agreement” — CBA for short, refers to the negotiated contract between a duly recognized of certified exclusive bargaining agent of rank-and-file workers and the employer concerning wages, hours of work and all other terms and conditions of employment on the appropriate bargaining agreement, including mandatory provisions for grievance and arbitration machineries.
- (g) “Grievance” — is a complaint or dissatisfaction arising from the interpretation or implementation of the collective

bargaining agreement (CBA) and those arising from interpretation or enforcement of personnel policies.

- (h) “Grievance Procedure” — refers to the system of grievance settlement at the plant level as provided in the collective bargaining agreement. It usually consists of successive steps starting at the level of complaint and his immediate supervisor and ending, when necessary, at the level of the top union and company officials.

RULE III Pleadings and Appearance

SECTION 1. Caption and Title. — In all cases submitted to a voluntary arbitrator or panel of voluntary arbitrators by the parties, the aggrieved party shall be called “Complainant,” and the opposing party, the “Respondent.”

The full names of the parties, as far as they are known, shall be stated in the original caption of the original pleading, award or decision and in all summons, notices and processes to be served upon them. The caption shall be as follows:

Republic of the Philippines
Office of the Voluntary Arbitrator

IN RE: VOLUNTARY ARBITRATION CASE BETWEEN ISSUES INVOLVED

Complainant
-and-
Respondent

SECTION 2. Where to file Pleadings. — All pleadings relative to the voluntary arbitration case shall be filed directly with the chosen voluntary arbitrator at his designated business or professional office.

SECTION 3. Service of Copies of Pleadings. — The party filing the pleadings shall serve the opposing party or parties with a copy or copies thereof in the manner provided for in these Guidelines.

SECTION 4. Service of Pleadings, Notices and Awards. — Copies of pleadings, notices or copies of award may be served through personal service or by registered mails on the parties to the dispute; provided, that where a party is represented by counsel or authorized representative, service will be made on the latter. Service by registered mail is complete upon receipt by the addressee or his agents.

SECTION 5. Representations. — The parties may personally appear in their own behalf or by representatives. In the latter case, the representative must be duly authorized to appear in writing or he can be practicing attorney-at-law.

The complete name and office address or any change in the address of counsel/representative shall be made of record and the other party should be properly informed.

SECTION 6. Limitation on Authority to Bind Party. — Attorney and other representatives of parties shall be presumed to have the full authority to bind their clients or principals in all matters of procedure; but they cannot, without a special power of attorney or expressed consent, enter into a compromise agreement with the opposing party in full or partial discharge of a client's or principal's claim.

RULE IV

Jurisdiction of Voluntary Arbitrator of Panel of Voluntary Arbitrators

SECTION 1. Exclusive and Original Jurisdiction. — The voluntary arbitrator or panel of voluntary arbitrators named in the collective bargaining agreement or mutually appointed by the parties in case none has been in the CBA, shall have exclusive and original jurisdiction over the following cases:

- 1) All unresolved grievances arising from the interpretation or implementation of the collective bargaining agreement after exhaustion of the grievance procedure.

- 2) All unresolved grievance arising from the implementation or enforcement of the grievance procedure.

For this purpose, all grievances which are not settled or resolved within seven (7) calendar day from the date of the submission for resolution to the last step of the grievance machinery shall automatically be referred to voluntary arbitration prescribed in the collective bargaining agreement.

- * The exclusive and original jurisdiction of voluntary arbitrator or panel of voluntary arbitrators named in the collective agreement or mutually appointed by the parties in case none has been named in the CBA have been extended by Republic Act Nos. 6727 and 6971 to include) all unresolved wage distortion cases as a result of the application of wage order issued by any Regional Tripartite Wages and Productivity Boards to be decided, unless otherwise agreed by the parties in writing, within ten (10) calendar days from the time said dispute was referred to voluntary arbitration and b) all disputes, grievances or other matters arising from the interpretation and implementation of productivity incentives program which remains unresolved within twenty (20) calendar days from the time of the submission to labor-management committee.

Cases falling within the original and exclusive jurisdiction of voluntary arbitrators but filed either with the National Labor Relations Commission and its Regional Branches, or the Regional Directors of the Department of Labor and Employment or with the Board and its branches, shall be decided by the voluntary arbitrator or panel of voluntary arbitrators chosen by the parties, upon referral of said cases pursuant to paragraph 2, Article 261 of the Labor Code, as amended by RA 6715.

SECTION 2. Concurrent Jurisdiction. — The voluntary arbitrator or panel of voluntary arbitrators, upon agreement of the parties, shall also hear and decide all other labor disputes including unfair labor practice and bargaining deadlocks. Before or at the stage of the compulsory arbitration process, parties to a labor dispute may agree to submit their case to voluntary arbitration.

SECTION 3. When Jurisdiction is Exercised. — The voluntary arbitrator or panel of arbitrators chosen by the parties shall exercise jurisdiction over specific case/s upon receipt of a written Submission Agreement duly signed by both parties.

SECTION 4. Contents of Submission Agreement. — The Agreement shall contain, among others the following:

1. agreement to submit to arbitration;
2. specific issue/s or dispute/s to be submitted for resolution;
3. name of the arbitrator or panel of arbitrators;
4. agreement to perform or abide the decision or award.

SECTION 5. Copies of Submission Agreement. — Parties to the Submission Agreement shall furnish the concerned Regional Branch of the NCMB two (2) copies of the Agreement, one for the Regional Branch and the other for the Central Office. A sample of the Submission Agreement is attached.

RULE V

Powers and Authority of Voluntary Arbitrator and Panel of Voluntary Arbitrators

SECTION 1. Authority to Conciliate and Mediate. — The voluntary arbitrator or panel of voluntary arbitrators are encouraged to conciliate or mediate to aid the parties in reaching a voluntary settlement of the dispute, before proceeding with arbitration.

SECTION 2. Compulsory Powers. — The voluntary arbitration or panel of voluntary arbitrators shall have the power to require any person to attend hearing/s as a witness. They shall have the power to subpoena witnesses and documents when the relevancy of the testimony and the materiality thereof have been demonstrated to the arbitrators.

RULE VI

Proceedings before Voluntary Arbitrator

SECTION 1. Nature of Proceedings. — The proceedings before a voluntary arbitrator are non-litigious in nature. They are not governed by technical rules applicable to court or judicial proceedings, but they must at all times, comply with the requirements of due process.

SECTION 2. Setting of Initial Conference: Notice to Parties. — Within two (2) days from receipt of the Submission Agreement, the voluntary arbitrator, shall set the date, time and place of the initial conference, the parties shall be encouraged to explore all possible means of effecting a voluntary settlement of the dispute between them. Should the parties arrive at any agreement as to the whole or any part of the dispute, the same shall be reduced in writing and signed by the parties before the voluntary arbitrator.

In the absence of any voluntary settlement, the voluntary arbitrator shall proceed with the hearing of the case on its merits.

SECTION 3. Recording. — The arbitrator shall arrange for the taking of stenographic record of proceedings and the testimony of witnesses when such record is requested by one or more parties, and payment of the cost thereof is assumed by such requesting party or parties.

SECTION 4. Attendance of Persons. — Persons having a direct interest in the subject of arbitration shall have right to attend any hearing; but the attendance of any person shall be at the discretion of the arbitrator.

SECTION 5. Simplification of Arbitrable Issue/s. — The arbitrator must see to it that he understands clearly the issue/s submitted to arbitration. If, after conferring with the parties, he finds the necessity to clarify/simplify the issue/s, he shall assist the parties in the reformulation of the same.

SECTION 6. Arbitration Hearing. — In the conduct of hearing, the arbitrator shall provide the parties adequate opportunities to be

heard. He shall control the proceedings and see to it that proper decorum is observed. He must render a ruling of the issue/s raised in the course of the proceedings. He must treat all significant aspects of the proceedings as confidential in nature unless confidentiality is waived by the parties.

In the absence of any agreement, the normal order of the arbitrary hearing is, as follows:

1. **Opening Statements by the Parties.** The voluntary arbitrator may, at the commencement of the hearing, ask both parties for a brief statement of the issues in controversy. He shall have wide latitude of discretion in determining the order of presentation. He may decide who of the parties will present first a brief statement of the issues in controversy. In disciplinary cases, it is the party who disturbed the status quo in the relationship who will present first the opening statement. In cases of contract interpretation, the statement shall be presented first by the initiating party.

The voluntary arbitrator may require the parties to submit position papers, if the opening statement are not adequate to form a clear basis for understanding the positions of the parties with respect to the arbitrable issues and the possible evidences that the parties may present to support their respective positions. Thereafter, the voluntary arbitrator shall determine whether or not a hearing is necessary.

2. **Stipulation of Facts.** The voluntary arbitrator shall always attempt to draw the parties to stipulate facts which are no longer disputable, leaving the presentation and examination of evidence, only to such facts that are still in dispute.
3. **Presentation of Evidence, Documentary or Oral, by Parties.** Testimonies of witnesses shall be reduced in affidavit forms to avoid direct examination. All evidence, oral or documentary, must be subjected to examination by the opposing party to determine their authenticity.

The examination of evidence may follow the order similar to court litigations such direct examination, cross-examination, re-direct examination or re-cross examination. Such processes shall be understood merely as an aid to the arbitrator in determining the real facts of the case.

The voluntary arbitrator may propound questions to the witnesses directly after the parties are through with their examination, if he believes that pertinent facts have not been elicited, or when he feels that the parties or one of the parties is not capable of propounding the proper question, or when the parties or one of them is not represented by a counsel.

4. Recall of Witness, Rebuttal Evidence, Ocular Inspection, Etc. The necessity of recalling witnesses, acceptance of rebuttal evidence, the production of necessary documents, the presentation of expert evidence and other modes of discovery shall be determined by the arbitrator *motu proprio* or upon motion or request of either party.

The arbitrator may take an ocular inspection of any matter or premises which are in dispute, but such inspection shall be made only in the presence of all parties to the arbitration, unless any party who shall have received notice thereof fails to appear, in which event such inspection shall be made in the absence of such party.

5. Hearing and Judgment in Default. The hearing may proceed in the absence of any party who, after due notice, fails to be present at such hearing or fails to obtain an adjournment thereof. An award shall not be made solely on the default of a party. The arbitrator shall require the other party to submit such evidence as may be required for making an award.
6. Formal Offer of Evidence. The formal offer of evidence may be dispensed with unless otherwise agreed upon by the parties.
7. Closing of Hearing: Statement of the Parties: Submission of Briefs and Memoranda. In general, the closing statements of

the parties terminate the hearing of the case if such would be sufficient for the voluntary arbitrator to form a basis for his award or decision. Otherwise, he may require the parties to submit briefs or closing memoranda. Definite time limit for the filing of such briefs or memoranda shall be fixed by the arbitrator at the close of the hearing.

8. Appreciation of Evidence. The relevancy and materiality of the evidence presented may be solely determined by the arbitrator and he may allow or accept evidence for his own appreciation of evidence, the arbitrator shall not be bound by the Rules of Court pertaining to evidence.

RULE VII

Arbitration Awards

SECTION 1. Decision/Award. — The final arbitral disposition of issue/s submitted to voluntary arbitration is the Decision. The disposition may take the form of a dismissal of a claim or grant of specific remedy, either by way of prohibition of particular acts or specific performance of particular acts. In the latter case the decision is called an Award.

SECTION 2. Period to Render Decision/Award. — The award or decision of voluntary arbitrator must be rendered within the time specified by the parties in their agreement but in no case to exceed twenty (20) calendar days from submission of the case to voluntary arbitration.

SECTION 3. Settlement During Arbitration. — In the event that the parties to an arbitration have, during the course of such arbitration, settled their dispute, they may request the arbitrator to embody the settlement in the award to be rendered and signed by the arbitrator.

SECTION 4. Basis of the Decision/Award. — The award must state in clear, concise and definite terms the facts and the basis upon which the award was rendered. It must be based on the terms of the collective agreement and or existing and established practices and precedents.

In cases involving monetary claims, the award of the voluntary arbitrator shall specify the amount granted and the formula used in the computation if any.

SECTION 5. Extent of Award. — The Arbitrator/s shall have the power to decide only those matters which have been submitted to arbitration. They may grant any remedy or relief which they deem just and equitable and within the scope of the submission agreement of the parties and shall include, but not limited to, the specific performance of particular act or acts.

SECTION 6. Finality of Award of Decision. — Awards or decisions of voluntary arbitrator become final and executory after ten (10) calendar days from receipt of copies of the award or decision by the parties.

SECTION 7. Enforcement of Award. — Both parties shall comply voluntarily and faithfully with the award. In instances of non-compliance by either or both parties, a motion to enforce/execute the award may be filed with the voluntary arbitrator who may issue a writ of execution requiring either the sheriff of the National Labor Relations Commission or the regular courts or any public official whom the parties may designate in the submission agreement, to execute the final decision or award.

In the absence of the voluntary arbitrator or in case of his incapacity, the motion shall be filed with the Labor Arbiter in the region having jurisdiction over the workplace. The filing of a motion for the issuance of writ of execution is without prejudice to any other action the aggrieved party may take against the non-complying party such as a petition for contempt or imposition of fines and penalties.

SECTION 8. Monitoring and Reporting Requirements. — In addition to the requirements to furnish the concerned Regional Branch with two (2) copies of the Submission Agreement, the voluntary arbitrator shall furnish the Regional Branch two (2) copies of the award or decision immediately after the issuance thereof. The Regional Branch shall keep one copy for their file and shall transmit the other copy to the Central Office.

A Monthly Status Report of Voluntary Arbitration cases shall be accomplished by accredited voluntary arbitrators utilizing VAD Form No. 1 and shall be submitted on or before the 7th of the month to concerned Regional Branches for every case being handled from date of acceptance to the date of enforcement of award/decision. Copy of the VAD Form No. 1 is attached.

RULE VIII
Date of Effectivity

SECTION 1. These Guidelines shall take effect upon signing thereof.

Done in the City of Manila, this 28th day of July 1989.

(SGD.)
BIENVENIDO E. LAGUESMA
Administrator