

# Voluntary Arbitration Program

[2017 Search for Outstanding Grievance Machinery for Industrial Peace](#)



**VOLUNTARY ARBITRATION** refers to the mode of settling labor-management disputes by which the parties select a competent, trained and impartial person who shall decide on the merits of the case and whose decision is final, executory and binding.

## ***The Voluntary Arbitration Program and the NCMB***

*Voluntary Arbitration has been at the forefront of the government's efforts to promote cooperative and non-adversarial modes of labor dispute settlement. The program has been taking government attention more than any other modes in an effort to look for more viable alternative to strikes and lockouts and the cumbersome and legalistic nature of compulsory arbitration in the settlement of disputes.*

*Voluntary arbitration reached its heights in 1987, barely a year after the EDSA Revolution, when then President Corazon C. Aquino issued Executive Order No. 126 which reorganized the Department of Labor and Employment that gave to the creation of the National Conciliation and Mediation Board (NCMB). Subsequent to E0 126, President Aquino issued Executive Order 251, creating the Tripartite Voluntary Arbitration Advisory Council (TVAAC), which advises the NCMB on matters pertaining to the promotion of voluntary arbitration as the preferred mode of dispute settlement.*

*The creation of the NCMB seemed to be just what was needed in addressing the acceptance and awareness problem that had previously hindered the promotion of the program. Apparently,*

*utilization of voluntary arbitration in the settlement of labor disputes recorded gradual. Part of the schemes adopted by the Board to promote voluntary arbitration is the implementation of massive information dissemination campaign including the provision of a subsidy from the Special Voluntary Arbitration Funds (SVAFF) to subsidize the cost of voluntary arbitration proceedings.*

*Republic Act 6715 that was passed in 1989 further strengthened the voluntary arbitration program. The Act provides for the mandatory use of the grievance machinery as a prerequisite to voluntary arbitration of disputes arising from CBA interpretation and implementation, as well as those arising from the interpretation or enforcement of company personnel policies. The State likewise adopted the policy to encourage voluntary arbitration of all labor-management disputes upon agreement of the parties. These provisions necessarily expanded the scope of voluntary arbitration, which should mean an extra push for its utilization. These provisions are operationalized by Articles 260 to 262 of the Labor Code, as amended by Section 256 of RA 6715.*

*RA 6727 (or the Wage Rationalization Act of 1989) and RA 6971 (the Productivity Incentives Act of 1919) further broadened the scope of voluntary arbitration to include those unresolved issues arising from the application of wage orders and matters arising from the interpretation and implementation of productivity incentives.*

## **HISTORICAL OVERVIEW OF LABOR DISPUTE SETTLEMENT SYSTEM**

### **MERITS OF VOLUNTARY ARBITRATION**

### **PRIMER ON GRIEVANCE MACHINERY AND VOLUNTARY ARBITRATION**

#### **GRIEVANCE MACHINERY**

#### **COST OF VOLUNTARY ARBITRATION AND VOLUNTARY ARBITRATOR'S FEE**

## THE TRIPARTITE VOLUNTARY ARBITRATION ADVISORY COUNCIL

### Philippine Association on Voluntary Arbitration, Inc.

#### **VOLUNTARY ARBITRATION AND GRIEVANCE SETTLEMENT FUNCTIONS OF THE BOARD**

1. Administer the Voluntary Arbitration Program;
2. Maintain and update a roster of Accredited Voluntary Arbitrators (AVAs);
3. Administer a program for the continuing professionalization of AVAs;
4. Provide technical assistance in the submission of issues to voluntary arbitration and in the selection of AVA or panel of AVAs;
5. Process and grant subsidy on voluntary arbitration fees;
6. Conduct plant-level orientation seminars on grievance machinery and voluntary arbitration ;
7. Conduct training programs on effective grievance handling, position paper writing, etc.;
8. Provide technical assistance in the operationalization and strengthening of grievance machinery.