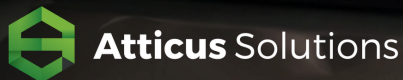




# The Filipino Offshore Leadership System





MANAGER'S TOOLKIT | MODULE 08

# Employee Relations & Labor Management

Philippines Context | Manager Guide

Philippine labor law is highly procedural. Managerial intent alone is insufficient. Compliance is determined by documentation, fairness, and strict adherence to due process.





# What's In This Module

This module equips managers with the knowledge, principles, and practical tools to handle employee relations correctly in the Philippines. Every section in this module has legal implications. Follow the guidance closely and involve HR early for any complex situation.

Section	What It Covers
Overview	What Employee Relations means in the Philippine context.
Why Effective ER Matters	The organizational and legal case for getting this right.
Managerial Responsibilities	What managers own in ER, and what HR owns.
The 8 Operating Principles	The non-negotiable rules that govern every ER decision.
Principle Deep Dives	Must Practice and Must Not Practice guidance for each principle.
Impact on the Employee-Manager Relationship	How consistent ER practice strengthens trust and authority.
ER Documentation Guide	What to document, when, and how.
Incident Report Template	A structured form for documenting workplace incidents.
Discipline Progression Guide	How to escalate discipline correctly and proportionately.
Manager Self-Check	A pre-action checklist before taking any ER step.



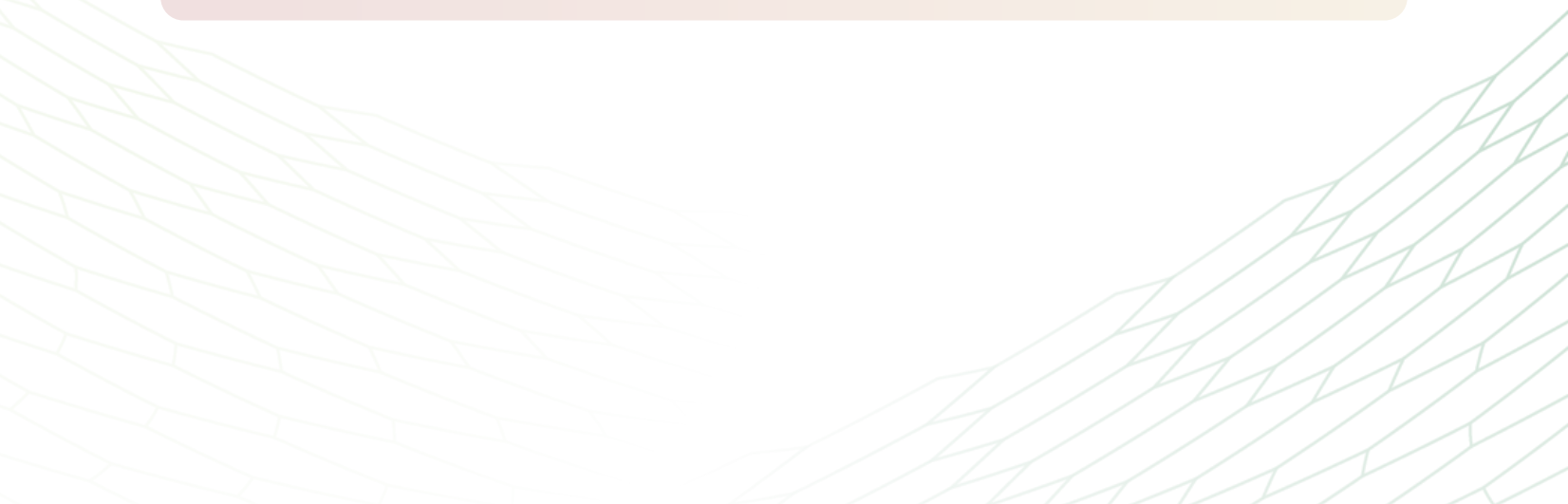

# Overview

Employee Relations (ER) and Labor Management refer to the structured, consistent, and legally compliant manner in which managers address employee performance, behavior, attendance, discipline, and separation.

In the Philippine context, Employee Relations is shaped by three key realities:

Reality	What It Means for Managers
<b>Strong statutory protection for employees</b>	Philippine law heavily favors employees in disputes. Managers who act without proper process are exposed, even if the underlying concern is valid.
<b>Mandatory procedural due process requirements</b>	Intent is not enough. Every disciplinary action requires specific written notices, timelines, and responses. Skipping steps invalidates the action.
<b>Active regulatory oversight by DOLE</b>	The Department of Labor and Employment actively oversees labor disputes. Non-compliant employers face reinstatement orders, backpay liabilities, and reputational damage.

**There is no at-will termination in the Philippines. Every separation, suspension, or serious disciplinary action requires proper process, documentation, and compliance. Managerial intent alone is insufficient.**





WHY IT MATTERS

# Why Effective Employee Relations Matter

A well-managed Employee Relations framework helps organizations minimize exposure to labor complaints and legal risks, ensure fairness and consistency in policy implementation, prevent minor issues from escalating into serious disputes, maintain employee morale and workplace harmony, and preserve managerial credibility and authority.

**Proper ER practices protect both the organization and its leaders.**

## When ER Is Handled Well

## When ER Is Handled Poorly

**Issues are resolved at the managerial level**

Issues escalate to HR, DOLE, or formal arbitration

**Employees trust that decisions are fair**

Employees feel targeted, inconsistently treated, or disrespected

**Documentation supports every decision**

Undocumented actions are treated as non-existent in labor proceedings

**Managers exercise authority confidently**

Managers are seen as arbitrary or punitive

**The organization is protected from legal liability**

The organization faces reinstatement orders, backpay, and reputational damage





MANAGER ROLE

# Managerial Responsibilities in Employee Relations

Managers are expected to identify and address employee concerns promptly, apply company policies consistently and objectively, observe all procedural due process requirements, coordinate closely with Human Resources, and maintain accurate, complete, and factual documentation.

**Effective management requires balancing firmness with fairness, and compassion with compliance.**

Manager Owns	HR Owns
Day-to-day performance and behavior management	Policy interpretation and legal compliance guidance
Early coaching and feedback before escalation	Administrative hearing facilitation
Incident documentation and reporting	Formal notices (NTE, Notice of Decision)
Implementing progressive discipline steps	Complex cases, suspensions, and terminations
Communicating expectations clearly and consistently	DOLE coordination and external reporting

**Managers should involve HR early in any situation that may involve formal discipline, suspension, or termination. Do not wait until the situation escalates. Early coordination protects both the manager and the organization.**



CORE FRAMEWORK

# The 8 Operating Principles

These eight principles govern every Employee Relations decision. They are not guidelines. They are non-negotiable requirements that protect the organization, the employee, and the manager.

Principle	The One-Line Rule
<b>1. No Action Without Due Process</b>	No suspension, termination, or serious disciplinary action without proper written notices and procedural compliance.
<b>2. Same Case, Same Treatment</b>	Identical violations must result in comparable penalties. Consistency strengthens legal defensibility.
<b>3. Correct First, Punish Last</b>	The law expects employers to attempt corrective action before termination.
<b>4. Decisions Must Be Evidence-Based</b>	The burden of proof lies with the employer. If it is not documented, it is difficult to defend.
<b>5. Discipline Must Be Proportionate</b>	Penalties must match the severity, frequency, and prior history of the offense.
<b>6. Documentation Is a Legal Requirement</b>	Undocumented actions are treated as non-existent in labor disputes.
<b>7. Respect and Dignity Are Non-Negotiable</b>	Humiliating or public discipline weakens employer defense and damages morale.
<b>8. Management Authority Is Regulated</b>	Business decisions are permitted but regulated under labor law.





PRINCIPLES IN DEPTH

# Principle Deep Dives

## Principle 1: No Action Without Due Process

No suspension, termination, or serious disciplinary action may occur without proper written notices and procedural compliance. There is no at-will termination in the Philippines.

Must Practice	Must Not Practice
<ul style="list-style-type: none"><li>• Issue a Notice to Explain (NTE) before imposing discipline.</li><li>• Allow the employee to respond in writing.</li><li>• Conduct an Administrative Hearing for suspension and termination cases.</li><li>• Issue a formal Notice of Decision.</li></ul>	<ul style="list-style-type: none"><li>• Terminate at will.</li><li>• Assume resignation due to absence.</li><li>• Skip procedural steps due to urgency or business pressure.</li><li>• Rely solely on verbal explanations.</li></ul>

The Twin Notice Rule for termination: (1) First Notice: Notice to Explain (NTE) stating the charge. (2) Second Notice: Notice of Decision after the hearing. Both notices are mandatory. Missing either one may invalidate the action.





## Principle 2: Same Case, Same Treatment

Identical violations must result in comparable penalties. Any deviation must be properly documented and justified.

Must Practice	Must Not Practice
<ul style="list-style-type: none"><li>• Review how similar cases were previously handled.</li><li>• Align penalties with precedent and the Code of Conduct.</li></ul>	<ul style="list-style-type: none"><li>• Apply inconsistent standards across teams.</li><li>• Discipline selectively based on personal impression.</li></ul>

Consistency strengthens legal defensibility. If two employees commit the same violation and receive different penalties, the inconsistency can be used against the organization in a labor dispute.

## Principle 3: Correct First, Punish Last

The law expects employers to attempt corrective action before termination. Termination must be demonstrably necessary and proportionate.

Must Practice	Must Not Practice
<ul style="list-style-type: none"><li>• Provide coaching or implement a PIP for performance issues.</li><li>• Document improvement opportunities provided to the employee.</li></ul>	<ul style="list-style-type: none"><li>• Use discipline as the first response to non-grave issues.</li><li>• Treat PIPs as exit strategies or tools to build a case for termination.</li></ul>



### Principle 4: Decisions Must Be Evidence-Based

The burden of proof lies with the employer. Subjective impressions are insufficient in labor proceedings.

Must Practice	Must Not Practice
<ul style="list-style-type: none"> <li>• Prepare Incident Reports (IRs) for every significant event.</li> <li>• Retain written records, emails, logs, and warnings.</li> </ul>	<ul style="list-style-type: none"> <li>• Rely on verbal recollection in formal proceedings.</li> <li>• Base action on assumptions or personal impressions.</li> </ul>

If it was not documented, it is difficult to defend. This applies to every coaching conversation, every verbal warning, and every formal action.

### Principle 5: Discipline Must Be Proportionate and Progressive

Penalties must match the severity, frequency, and prior history of the offense.

Discipline Level	When to Apply
Verbal Warning	First instance of a minor offense, documented in writing.
Written Warning	Repeat minor offense or a moderate violation.
Final Warning	Repeat offense after written warning, or a significant violation.
Suspension	Serious violation, or repeated offense after final warning. Requires NTE and hearing.
Termination	Grave misconduct, or persistent non-improvement after all progressive steps. Requires full due process.





Must Practice	Must Not Practice
<ul style="list-style-type: none"> <li>• Escalate discipline step-by-step unless the offense is grave.</li> <li>• Justify any skipped levels in coordination with HR.</li> </ul>	<ul style="list-style-type: none"> <li>• Jump directly to termination for minor issues.</li> <li>• Skip discipline steps due to convenience or impatience.</li> </ul>

### Principle 6: Documentation Is a Legal Requirement

Undocumented actions are treated as non-existent in labor disputes. Documentation is both a compliance tool and a protection mechanism.

Must Practice	Must Not Practice
<ul style="list-style-type: none"> <li>• Submit all administrative case records to HR.</li> <li>• Ensure documents are factual, complete, and properly dated.</li> </ul>	<ul style="list-style-type: none"> <li>• Keep informal disciplinary actions undocumented.</li> <li>• Backdate or alter records under any circumstances.</li> </ul>

### Principle 7: Respect and Dignity Are Enforceable Expectations

Humiliating or public discipline weakens employer defense and damages morale. In Filipino culture, dignity and face-saving are especially significant. Public correction can cause lasting damage to the employee-manager relationship and team trust.

Must Practice	Must Not Practice
<ul style="list-style-type: none"> <li>• Conduct all corrective discussions privately.</li> <li>• Use professional, neutral, and factual language.</li> </ul>	<ul style="list-style-type: none"> <li>• Publicly reprimand or shame employees in front of peers.</li> <li>• Use threatening, emotional, or accusatory language.</li> </ul>



## Principle 8: Management Authority Is Regulated

Business decisions are permitted but regulated under labor law. Managers cannot act unilaterally on redundancies, layoffs, or terminations without following government notice requirements.

Must Practice	Must Not Practice
<ul style="list-style-type: none"><li>• <b>Coordinate with HR for redundancies, layoffs, and terminations.</b></li><li>• <b>Follow all government notice requirements.</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Announce layoffs independently without HR involvement.</b></li><li>• <b>Make verbal promises regarding separation pay or exit terms.</b></li></ul>

Authority must always be exercised within legal boundaries. When in doubt, involve HR before acting. It is always easier to course-correct before an action than after.





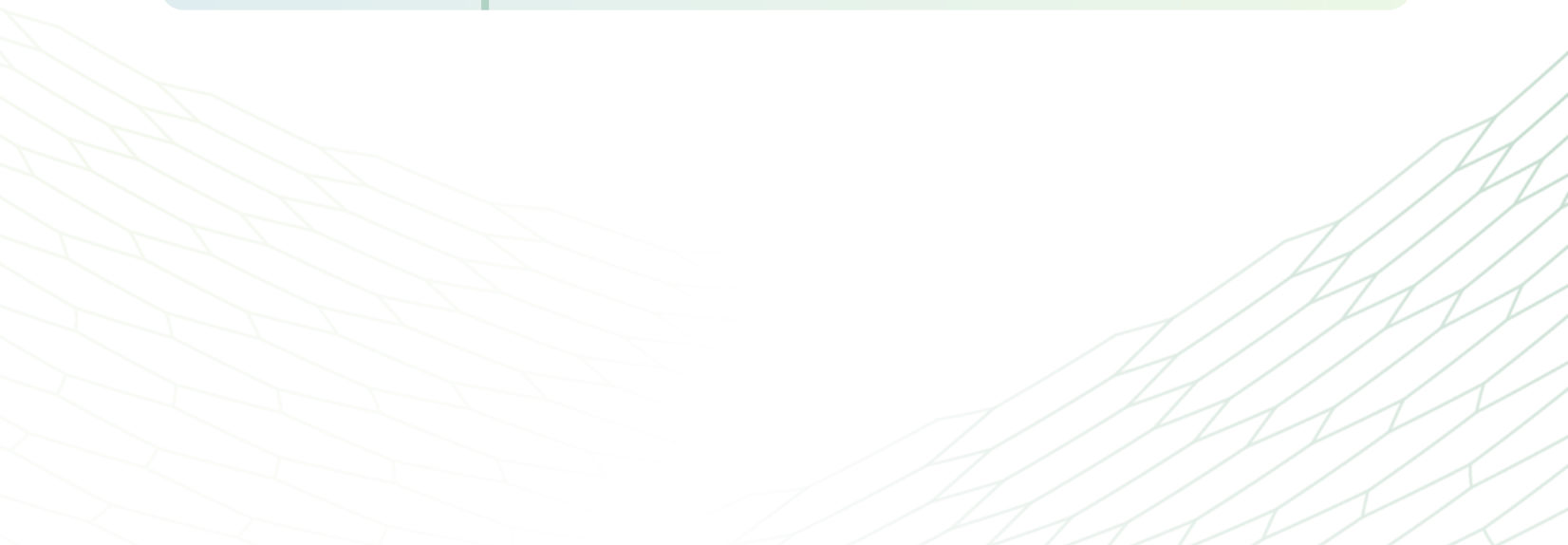
IMPACT

# Impact on the Employee-Manager Relationship

When Employee Relations principles are consistently applied, the employee-manager relationship is strengthened across six dimensions.

Dimension	What Consistent ER Achieves
<b>Increased Trust and Credibility</b>	Employees gain confidence that managers act fairly and objectively, base decisions on facts and due process, and apply rules consistently.
<b>Clear Expectations and Accountability</b>	Structured processes clarify what is expected, how performance and behavior are evaluated, and what consequences apply for non-compliance.
<b>Improved Communication and Openness</b>	Formal mechanisms promote two-way communication, give employees opportunities to be heard, and encourage constructive dialogue rather than confrontation.
<b>Perception of Fairness and Respect</b>	Consistent adherence to due process reinforces that employees are treated with dignity, decisions are not arbitrary, and cultural sensitivities are acknowledged.
<b>Reduced Conflict and Escalation</b>	When managers address issues early and follow procedure, disputes are resolved at the managerial level and formal grievances are minimized.
<b>Strengthened Managerial Authority</b>	Managers who follow structured ER principles exercise authority confidently and legitimately, and are viewed as fair enforcers rather than punitive figures.

<b>Manager Tip</b>	In the Philippines, Employee Relations is a legal and managerial discipline. Fairness builds trust. Documentation builds protection. Due process builds defensibility. When consistently applied, these principles create a stable, respectful, and compliant workplace.
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TOOL 01

# ER Documentation Guide

Every Employee Relations action requires documentation. This guide covers what to document, when, and what format to use.



Document Type	When to Use	What to Include
<b>Coaching Notes</b>	After any coaching conversation where performance or behavior is discussed	Date, employee name, topic discussed, agreed actions, follow-up date. Keep it brief and factual.
<b>Verbal Warning Record</b>	When issuing a verbal warning for a first minor offense	Date, violation description, warning issued, employee acknowledgment, manager signature.
<b>Incident Report (IR)</b>	When a workplace incident occurs that may require formal action	Date and time, description of what happened, who was involved, witness details, evidence attached.
<b>Notice to Explain (NTE)</b>	Before imposing any formal discipline	Specific charge, factual basis, deadline for written response (minimum 5 days).
<b>Employee Written Explanation</b>	Employee's response to the NTE	Retained as part of the administrative case file. Never discarded.



Document Type	When to Use	What to Include
<b>Administrative Hearing Notes</b>	During the hearing for suspension or termination cases	Attendees, key statements, evidence presented, outcome.
<b>Notice of Decision</b>	After the administrative hearing	Penalty imposed, factual and legal basis, effective date.
<b>PIP Documentation</b>	Throughout the Performance Improvement Plan process	Goals, timelines, check-in notes, midpoint assessment, final outcome.





TOOL 02

# Incident Report Template

Use this template to document any workplace incident that may require formal action. Complete it as soon as possible after the incident. Facts fade. Document while the details are fresh.

**Date of Incident:**

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**Time of Incident:**

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**Location:**

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**Manager Completing This Report:**

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**Employee(s) Involved:**

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**Description of the Incident (factual, observable, specific):**

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**Witnesses (if any):**

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**Evidence Available (emails, logs, screenshots, etc.):**

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**Immediate Actions Taken:**

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**Recommended Next Step (coaching, NTE, escalation to HR):**

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**Date Submitted to HR:**

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TOOL 03

# Discipline Progression Guide

Use this guide to determine the correct discipline level for a given offense. Always check with HR before escalating beyond a verbal warning. Consistency across similar cases is a legal requirement.



## Standard Progression for Non-Grave Offenses

Step	Action	Required Documentation	HR Involvement
1	<b>Coaching conversation</b>	Brief coaching note with agreed actions and follow-up date	Not required, but recommended for pattern tracking
2	<b>Verbal Warning</b>	Verbal warning record signed by manager. Copy to HR.	Notify HR
3	<b>Written Warning</b>	Formal written warning with specific violation, evidence, and improvement expectations.	Coordinate with HR before issuing
4	<b>Final Warning</b>	Formal final warning with clear consequence statement if behavior continues.	Coordinate with HR before issuing
5	<b>Suspension</b>	NTE, employee response, administrative hearing, Notice of Decision.	HR must be involved. Do not proceed without HR.
6	<b>Termination</b>	Full Twin Notice process. NTE, hearing, Notice of Decision with legal basis.	HR must lead. Manager provides evidence and documentation.



## For Grave Offenses

Grave offenses such as serious misconduct, fraud, willful disobedience, gross neglect of duty, or commission of a crime may allow skipping earlier discipline steps. However, the Twin Notice Rule still applies. Coordinate with HR immediately for any grave offense.

Never communicate a termination decision without HR involvement. Never make verbal promises about separation pay or exit terms. Both expose the organization to significant legal and financial risk.





## MANAGER SELF-CHECK

# Manager Self-Check Before Taking ER Action

Run through this checklist before taking any formal Employee Relations step. If you cannot check all boxes, stop and involve HR before proceeding.

## Before Any Disciplinary Action

- Have I documented the performance or behavior concern with specific, observable evidence?
- Have I checked how similar cases were handled previously to ensure consistency?
- Have I provided coaching or a PIP before escalating to formal discipline?
- Have I consulted HR before issuing any formal notice?
- Is the proposed penalty proportionate to the offense and consistent with the Code of Conduct?

## Before Issuing a Notice to Explain

- Is the charge specific, factual, and based on documented evidence?
- Have I given the employee adequate time to respond (minimum 5 days)?
- Have I coordinated with HR on the wording and process?

## Before Conducting an Administrative Hearing

- Has the employee received and acknowledged the NTE?
- Has the employee been given the opportunity to submit a written explanation?
- Is HR present or informed?
- Am I prepared to document the hearing outcomes?

## Before Any Separation

- Has HR reviewed and approved the separation type and process?
- Has all documentation been completed and submitted to HR?
- Have DOLE notification requirements been assessed (if applicable)?
- Has an internal communication plan been prepared?
- Have I avoided any verbal promises about final pay or separation terms?



**Manager Tip**

Compliance protects you legally. Respectful handling protects your employer brand. Documentation protects your decision. All three matter equally in the Philippines.

## Quick Reference: Key ER Terms

Term	What It Means
<b>NTE (Notice to Explain)</b>	A written notice informing the employee of the specific charge against them, with a deadline to submit a written explanation. Required before any formal discipline.
<b>Administrative Hearing</b>	A formal process giving the employee the opportunity to be heard before a decision is made. Required for suspension and termination cases.
<b>Notice of Decision</b>	The final written decision issued after the hearing, stating the penalty and its basis. The second notice in the Twin Notice Rule.
<b>Twin Notice Rule</b>	The mandatory two-notice process for termination: NTE first, Notice of Decision second. Missing either notice may invalidate the termination.
<b>Progressive Discipline</b>	The step-by-step escalation of penalties from verbal warning to termination. Required for non-grave offenses.
<b>Non-Diminution of Benefits Rule</b>	Philippine law that prevents employers from removing or reducing benefits that employees have regularly received. HR must be consulted before any benefit is changed.
<b>DOLE</b>	Department of Labor and Employment. The Philippine government agency that oversees labor law compliance. Must be notified for authorized cause separations.
<b>Just Cause</b>	Employee-related grounds for termination: serious misconduct, fraud, willful disobedience, gross neglect, commission of a crime. Full Twin Notice process required.
<b>Authorized Cause</b>	Business-related grounds for termination: redundancy, retrenchment, closure, installation of labor-saving devices. 30-day written notice to employee and DOLE required.

# The Filipino Offshore Leadership System

**Module 01 | The Filipino Offshore Leadership System**

**Module 02 | The Employee Relationship Cycle**

**Module 03 | Onboarding and the First 6 Months**

**Module 04 | Performance Management**

**Module 05 | Employee Engagement**

**Module 06 | Career Management**

**Module 07 | Total Rewards and Compensation**

**Module 09 | Offboarding in the Philippines**





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