

Title: International School Alliance of Educators (ISAE) v. Hon. Leonardo A. Quisumbing, et al.

Facts: The controversy arose when local hires of the International School, Inc. (IS), primarily composed of Filipino teachers, were paid less than their foreign-hire counterparts. Under Presidential Decree 732, IS is an educational institution for dependents of foreign diplomatic personnel and temporary residents. It employed both foreign and local teachers, offering foreign-hires benefits not given to local-hires including a 25% difference in salary.

During the negotiations for a new collective bargaining agreement in June 1995, the ISAE challenged the disparity in salaries. This impasse resulted in a notice of strike filed by the petitioner. With the National Conciliation and Mediation Board unable to resolve the issue, the Department of Labor and Employment (DOLE) assumed jurisdiction. On June 10, 1996, the DOLE Acting Secretary, Crescenciano B. Trajano, ruled in favor of IS. This was affirmed by DOLE Secretary Leonardo A. Quisumbing on March 19, 1997. The petitioner then sought relief from the Supreme Court.

Issues: The Supreme Court identified the key legal issues as:

1. Whether the point-of-hire classification employed by respondent school to justify the difference in salary rates of foreign-hires and local-hires is discriminatory and contravenes public policy.
2. Whether the foreign-hires should be included in the appropriate bargaining unit with local-hires.

Court's Decision: The Supreme Court ruled in part for the petitioner. First, it held that the point-of-hire classification resulting in salary disparity was discriminatory and had no reasonable distinction warranted in services rendered. It invalidated this classification principle, affirming the public policy of "equal pay for equal work." The benefits provided to foreign-hires separate from their higher salaries sufficiently compensated for the "dislocation factor" and limited tenure, justifying no additional premium in salary.

Second, the Court agreed that foreign-hires should not be included in the same bargaining unit as local-hires. Given the different statuses, tenures, and benefits, the Court found that combining these groups into a single bargaining unit would not ensure the collective bargaining rights of each group.

Doctrine: This case established the doctrine that discrimination in salary between local and

foreign hires is prohibited. Specifically, it upheld the principle of “equal pay for equal work,” which mandates that employees who perform substantially similar work under similar conditions must be provided equivalent salaries.

Class Notes:

- Principles: Equal pay for equal work; non-discrimination based on the point of hire.
- Key Statutory Provisions: Presidential Decree 732; Labor Code Articles 3, 135, and 248; Constitution, Article XIII, Sections 3 and 18.
- The Supreme Court reiterates the non-discrimination principle enshrined in both domestic (Article 3 of the Labor Code and various provisions of the Philippine Constitution) and international law (International Covenant on Economic, Social, and Cultural Rights, etc.)
- Application: Discriminatory salary practices based on citizenship or point of hire for similar work are impermissible.

Historical Background: The case reflects the Philippines’ commitment to upholding human dignity and international labor standards amidst globalization. It underlines the tension between ensuring competitive employment packages to attract international talents and upholding the principle of fairness and equality among local workers. The legal discourse on discrimination, expatriate benefits, and contractual terms within international schools was at the forefront due to the specific context of these educational institutions catering largely to the expatriate community in the Philippines.