

### Title:

Goya, Inc. vs. Goya, Inc. Employees Union-FFW: A Clarification of Contractual Employment Rights Under a Collective Bargaining Agreement

### Facts:

In January 2004, petitioner Goya, Inc., a manufacturer and wholesaler of food products, engaged contractual workers from PESO Resources Development Corporation to perform temporary services in its factory in Marikina City. This action prompted the respondent, Goya, Inc. Employees Union-FFW, to request a grievance conference, arguing that the action violated the existing Collective Bargaining Agreement (CBA) between Goya, Inc. and its employees. The dispute, unresolved at the grievance level, was referred to the National Conciliation and Mediation Board (NCMB) for voluntary arbitration.

During the arbitration, the Union contended that hiring contractual employees was not a management prerogative, violated the CBA, and constituted unfair labor practice (ULP) by potentially decreasing regular and probationary employment opportunities, thus undermining union security stipulations. Goya, Inc., defended its action based on DOLE Order No. 18-02, claiming that contracting did not prejudice the Union as it did not lead to terminations or decreased working hours.

Voluntary Arbitrator Bienvenido E. Laguesma ruled against the Union's ULP charge but directed Goya, Inc. to adhere to its CBA commitments regarding the hiring of casual employees. Dissatisfied, Goya, Inc. elevated the matter to the Court of Appeals (CA), which upheld the Voluntary Arbitrator's decision. Goya, Inc. then filed a petition for review under Rule 45 with the Supreme Court.

### Issues:

1. Whether the Company's hiring of contractual workers from PESO violated the intent and spirit of the Collective Bargaining Agreement.
2. Whether the Voluntary Arbitrator exceeded his jurisdiction by ruling on matters not expressly outlined in the submission agreement.
3. Whether the engagement of PESO contractual employees as a management prerogative was lawful under the terms of the existing CBA.

### Court's Decision:

The Supreme Court denied Goya, Inc.'s petition and affirmed the decisions of both the Voluntary Arbitrator and the Court of Appeals. It ruled that:

- The hiring of contractual workers from PESO was not in alignment with the CBA, specifically infringing upon the agreement's categorization of employees and the provision for hiring casual employees when required by business circumstances.
- The Voluntary Arbitrator did not exceed his powers, as the matters he addressed were inherently connected to the primary issue of whether Goya, Inc. had committed ULP.
- Although the Company's action fell within the scope of management prerogative, it was restricted by the CBA, particularly regarding the hiring of casual employees.

### ### Doctrine:

- A Collective Bargaining Agreement functions as the law between the contracting parties, who must comply with its provisions.
- The exercise of management prerogatives is subject to limitations imposed by law, collective bargaining agreements, or general principles of fair play and justice.

### ### Class Notes:

- **Collective Bargaining Agreement**: Legally binding agreement outlining terms of employment, including employee categories and management prerogatives, but limited by law, moral principles, and the terms themselves.
- **Management Prerogative**: The right of the employer to regulate all employment aspects- however, it is not absolute and can be limited by collective agreements or laws.
- **Contractual Employment**: Must be examined in light of existing CBA provisions, especially in terms of employee categorization and hiring practices.
- **Unfair Labor Practice**: Actions by employers or unions that violate the rights of the other party; not all CBA violations constitute ULP but must be gross and malicious.

### ### Historical Background:

The case situates within the broader context of labor law, emphasizing the tension between employer prerogatives and worker rights under collective agreements. It underscores the importance of CBAs in regulating employment terms, evidencing the evolving jurisprudence on contractual labor and the scope of managerial decisions.