

Title: Bankard, Inc. vs. National Labor Relations Commission and Bankard Employees Union-AWATU

Facts:

This case revolves around the labor dispute between Bankard, Inc. (Bankard), a credit card company, and its employees represented by the Bankard Employees Union-AWATU (Union). The dispute began when the Union filed a Notice of Strike on June 26, 2000, alleging unfair labor practices by Bankard, including job contractualization, outsourcing, manpower rationalization, and discrimination. Following unsuccessful negotiations and the declaration of a Collective Bargaining Agreement (CBA) bargaining deadlock, the Department of Labor and Employment (DOLE) Secretary certified the dispute to the National Labor Relations Commission (NLRC) for compulsory arbitration, prohibiting any strike action during the process. Despite this, the Union conducted a strike on August 11, 2000.

Both parties were ordered by the NLRC to submit their respective position papers addressing the issues of job contractualization or outsourcing as unfair labor practices and whether there was bad faith in CBA negotiations. On May 31, 2001, the NLRC ruled that Bankard committed unfair labor practices under Article 248(c) of the Labor Code by implementing a manpower rationalization program which led to contracting out services, effectively reducing Union membership. However, it deemed the issue of bad faith in bargaining moot due to the signing of a new CBA. Dissatisfied, both parties filed motions for partial reconsideration, which were denied by the NLRC.

Bankard then filed a petition for certiorari with the Court of Appeals (CA), arguing that the NLRC gravely abused its discretion in its ruling. The CA dismissed Bankard's petition, upholding the NLRC's findings. Bankard then escalated the matter to the Supreme Court by filing a Petition for Review on Certiorari.

Issues:

1. Whether job contractualization or outsourcing by Bankard constituted an unfair labor practice affecting employees' right to self-organization.
2. Whether Bankard acted in bad faith during CBA negotiations with the Union.

Court's Decision:

The Supreme Court granted Bankard's petition, reversing the decisions of both the CA and the NLRC. It held that the Union failed to provide substantial evidence to support its claim that Bankard's manpower rationalization program (MRP) was intended to undermine Union

membership and thereby constituted an unfair labor practice under Article 248(c) of the Labor Code. The Court affirmed that while the MRP led to a reduction in Union membership because of voluntary resignation and availment of retirement packages, this by itself did not prove that Bankard aimed to curtail the employees' right to self-organization. It emphasized that an employer's right to conduct business must be respected, including implementing cost-cutting measures like the MRP, as long as these actions do not infringe on the employees' rights to self-organize. The Court also noted the absence of evidence indicating malice, bad faith, or an arbitrary manner in Bankard's implementation of its policies.

#### Doctrine:

The Court reiterated the principle that in cases alleging unfair labor practices, the party making the allegation must provide substantial evidence to support its claim. Furthermore, an employer's management prerogatives, such as conducting business operations and implementing cost-cutting measures, are recognized and respected, provided they do not interfere with, restrain, or coerce employees in the exercise of their rights to self-organization.

#### Class Notes:

1. Unfair Labor Practice (ULP) - An act that violates workers' right to self-organization. To be considered ULP, an employer's action must specifically relate to and affect this right.
2. Management Prerogative - The employer's right to conduct its business operations and to implement policies according to its discretion, including cost-cutting measures, provided these do not infringe on the employees' rights to self-organization.
3. Substantial Evidence - Relevant evidence as a reasonable mind might accept as adequate to support a conclusion. In labor cases, ULP allegations must be supported by substantial evidence.

#### Historical Background:

This case underscores the tension between management prerogatives and labor rights, particularly the right to self-organization. It highlights the judiciary's role in balancing these interests, ensuring that cost-cutting measures and business efficiency efforts by employers do not unjustly impede workers' rights to self-organization and collective bargaining. The case also exemplifies the procedural journey of labor disputes in the Philippines, from administrative resolution attempts at the NCMB and DOLE to judicial review by the NLRC, CA, and ultimately, the Supreme Court.