

SUN-RIPE COCONUT PRODUCTS, INC., PETITIONER, VS. THE NATIONAL LABOR UNION, RESPONDENT.

G.R. No. L-7964. October 18, 1955

Ponente: BAUTISTA ANGELO, J.

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BAUTISTA ANGELO, J.:

This is a petition for review of a decision of the Court of Industrial Relations rendered on June 18, 1954 which grants to the employees and laborers of the Kap. Bisig ng Buenavista, a labor union composed of workers in the Desiccated Coconut Department of the Sun-Ripe Coconut Products, Inc., "fourteen (14) days vacation leave for every year of continuous, faithful, and satisfactory service during the years 1947 and 1950." Said labor union is an affiliate of the National Labor Union which instituted these proceedings in its behalf.

On March 11, 1952, the National Labor Union, in behalf of the Kap. Bisig ng Buenavista, filed in the Court of Industrial Relations a petition against the Sun-Ripe Coconut Products, Inc., containing several labor demands including one for fourteen (14) days vacation leave with pay. After a preliminary conference held before the industrial court, the company and the union entered into an agreement on January 12, 1953 wherein it was stipulated that, if the court should verify the financial losses suffered by the company, the union would withdraw its demand for vacation leave.

On September 17, 1953, after the union had presented its evidence, another agreement was entered into between the parties wherein it was stated that all the demands of the union were satisfactorily settled except the demand for vacation leave which, it was agreed, it shall be submitted to the court for determination.

Agreeably with the stipulation above-mentioned, the court appointed examiners to look into the financial condition of the company during the years 1947 to 1952 who later submitted their report showing that during said period the company suffered a net loss of P832,980.32. It should be stated, however, that the same report showed that in the year 1947 the Desiccated Coconut Department of the company realized a net profit of P238,108.69 and in the year 1950, P240,592.20.

On January 29, 1954, Judge Jose S. Bautista, who received the evidence, rendered decision granting the petitioning laborers fifteen (15) days annual vacation leave with pay during the period of their employment but, on July 8, 1954, this decision was modified by the court in banc, on a motion for reconsideration, the court stating that the laborers of the Desiccated Coconut Department are only entitled to fourteen (14) days vacation leave with pay for the years 1947 and 1950 considering the profits realized by said department during those years. No vacation leave was granted for the year 1953 for lack of proof as to the financial condition of the company in that year.

In considering the demand for vacation leave by the petitioning laborers the issue with which the industrial court was confronted was whether said demand should be made to depend upon the overall operation of the business of the company or merely upon the individual operation of each department, considering its profits and losses apart from those obtained or suffered by the whole business, and the court chose to adopt the view that, for the purposes

of vacation leave, it is enough that the financial condition of each department be considered "in order to give more incentive and premium to those employees and laborers who, because of their efficient work and accomplishments, have contributed their share in a more productive enterprise." And elaborating on this view, Judge Bautista made the following comment: "There is no doubt that each of the above-mentioned departments has its own personnel, and the claim of such personnel depends upon the business operation of the department in which they are employed alone, and not upon the overall operation of the corporation insofar as the privilege of vacation leave with pay is concerned. In other words, the workers in Cebu have their equity in the business operations of the Cebu branch only; the workers in the Merchandising Department, in the said department only; and the workers in the Desiccated Coconut Department, in the said department only. This goes to prove that if the Cebu Branch, for example, is making profits, while the Desiccated Coconut Department is suffering losses, the workers of the latter department cannot ask for additional privilege because the Cebu branch is making profits, and vice versa." This view is now disputed by counsel for the company who claims it to be derogatory to the principle of unity and interdependence that should exist in the several departments of an entity which was organized to accomplish one common purpose.

We are inclined to agree with this counsel's view. While a corporation organized to engaged in business, like petitioner, may be composed of several departments, one filing a function different in nature from the others, the same cannot be considered separate and independent in relation to its business, but merely as integral parts, with coordinate and interrelated functions, of one whole organization. They are like parts of a machine which function coordinately and harmoniously to accomplish its objective and wherein the failure of one affects the efficiency of the whole. This is true in every corporation and the petitioner is no exception. This view can be better explained by considering the factors that intervene in the promotion of the business.

We begin by stating that petitioning corporation was organized with one single capital. Because of the nature of its business, its functions were distributed into several departments, the merchandising, the desiccated, and the Cebu branch. These functions are separate but coordinate. While each department has its own personnel, the employees are paid not by the department but by the company. The profits and losses of each reflect in favor or against the whole business, not merely in a particular department, and whatever concessions in the form of bounty, gratuity or leave granted are necessarily borne by the general funds. And consistent with this view, the industrial court, in acting on the petition of the union, directed its examiners to look into the financial condition of the whole business.

Fairness, equality and justice also react adversely to the application of the view of the industrial court for it sanctions the award of a premium to one employee at the cost of another in the interrelation of a corporate business. Considering the coordinate functions of the different departments of a corporation, it is discriminatory to give concessions to the employees of one because of certain gain it realizes when in bringing it about the efforts of the others are also brought into play. Such discrimination is obnoxious to the harmonious relation that should prevail in an integrated body and is productive of demoralization and jealousy among the employees. This situation should be avoided. Economically and ethically this view is unsound.

Another point raised by petitioner is that the industrial court awarded vacation leave to the laborers of the Desiccated Coconut Department for the years 1947 and 1950 in spite of the fact that the union merely asked for leave for the year 1952 and not for previous years.

There is nothing wrong with the industrial court in making such award if warranted considering the provision of the law that "The court shall not be restricted to the specific relief claimed * * * but may include in the award * * * any matter of determination which may be deemed necessary or expedient for the purpose of settling the dispute." (Section 13, Commonwealth Act No. 103). But the purpose of vacation leave is to afford to a laborer a

chance to get a much-needed rest to replenish his worn out energies and acquire a new vitality to enable him to efficiently perform his duties, and not merely to give him additional salary or bounty. This privilege must be demanded in its opportune time and if he allows the years to go by in silence, he waives it. It becomes a mere concession or act of grace of the employer. As it was once held "The stipulation in the contract for the allowance of a vacation to employees is merely a recognition by management and labor that a short interval of complete rest and relaxation from daily routine with the benefit of full pay is essential to the mental and physical wellbeing of the workman * * *. The parties to the agreement in contracting for the allowance of vacation, did not intend that the stipulation should be considered as providing a cash bonus in lieu of vacation pay * * *." (Bondio vs. Joseph Binder, Inc., 24 So. 2d 398; 30 A. L. R. 2d 352,) The only case where vacation pay may take the form of a bonus is when there is an agreement whereby that option is given to the laborer (30 A. L. R. 2d p. 372). At any rate, the rule is that vacation leave should be demanded opportunely considering Its purpose and if this is not done, it is deemed waived (Schurr vs. Savigny, et al., 48 N. W. 549; Giorno vs. Banco Di Napoli Trust Co., 43 N. Y. S. 2d 921).

Wherefore, the decision appealed from is hereby reversed, without pronouncement as to costs.

Bengzon, Padilla, Montemayor, Reyes, A. Jugo, Labrador, Concepcion, and Reyes, J.B.L., JJ., concur.

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