

METROPOLITAN BANK & TRUST COMPANY EMPLOYEES UNION-ALU-TUCP AND ANTONIO V. BALINANG, PETITIONERS, VS. NATIONAL LABOR RELATIONS COMMISSION (2ND DIVISION) AND METROPOLITAN BANK & TRUST COMPANY, INC.

G.R. No. 102636. September 10, 1993

Ponente: VITUG, J.

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VITUG, J.:

In this petition for certiorari, the Metropolitan Bank & Trust Company Employees Union-ALU-TUCP (MBTCEU) and its president, Antonio V. Balinang, raise the issue of whether or not the implementation by the Metropolitan Bank and Trust Company of Republic Act No. 6727, mandating an increase in pay of P25 per day for certain employees in the private sector, created a distortion that would require an adjustment under said law in the wages of the latter's other various groups of employees.

On 25 May 1989, the bank entered into a collective bargaining agreement with the MBTCEU, granting a monthly P900 wage increase effective 01 January 1989, P600 wage increase effective 01 January 1990, and P200 wage increase effective 01 January 1991. The MBTCEU had also bargained for the inclusion of probationary employees in the list of employees who would benefit from the first P900 increase but the bank had adamantly refused to accede thereto. Consequently, only regular employees as of 01 January 1989 were given the increase to the exclusion of probationary employees.

Barely a month later, or on 01 July 1989, Republic Act 6727, "an act to rationalize wage policy determination by establishing the mechanism and proper standards therefor, x x x fixing new wage rates, providing wage incentives for industrial dispersal to the countryside, and for other purposes," took effect. Its provisions, pertinent to this case, state:

"SEC. 4. (a) Upon the effectivity of this Act, the statutory minimum wage rates of all workers and employees in the private sector, whether agricultural or non-agricultural, shall be increased by twenty-five pesos (P25) per day, x x x: Provided, That those already receiving above the minimum wage rates up to one hundred pesos (P100.00) shall also receive an increase of twenty-five pesos (P25.00) per day, x x x.

x x x x x x x x.

(d) If expressly provided for and agreed upon in the collective bargaining agreements, all increases in the daily basic wage rates granted by the employers three (3) months before the effectivity of this Act shall be credited as compliance with the increases in the wage rates prescribed herein, provided that, where such increases are less than the prescribed increases in the wage rates under this Act, the employer shall pay the difference. Such increase shall not include anniversary wage increases, merit wage increase and those resulting from the regularization or promotion of employees.

Where the application of the increases in the wage rates under this Section results in distortions as defined under existing laws in the wage structure within an establishment and gives rise to a dispute therein, such

dispute shall first be settled voluntarily between the parties and in the event of a deadlock, the same shall be finally resolved through compulsory arbitration by the regional branches of the National Labor Relations Commission (NLRC) having jurisdiction over the workplace.

It shall be mandatory for the NLRC to conduct continuous hearings and decide any dispute arising under this Section within twenty (20) calendar days from the time said dispute is formally submitted to it for arbitration. The pendency of a dispute arising from a wage distortion shall not in any way delay the applicability of the increase in the wage rates prescribed under this Section."

Pursuant to the above provisions, the bank gave the P25 increase per day, or P750 a month, to its probationary employees and to those who had been promoted to regular or permanent status before 01 July 1989 but whose daily rate was P100 and below. The bank refused to give the same increase to its regular employees who were receiving more than P100 per day and recipients of the P900 CBA increase.

Contending that the bank's implementation of Republic Act 6727 resulted in the categorization of the employees into (a) the probationary employees as of 30 June 1989 and regular employees receiving P100 or less a day who had been promoted to permanent or regular status before 01 July 1989, and (b) the regular employees as of 01 January 1989, whose pay was over P100 a day, and that, between the two groups, there emerged a substantially reduced salary gap, the MBTCEU sought from the bank the correction of the alleged distortion in pay. In order to avert an impending strike, the bank petitioned the Secretary of Labor to assume jurisdiction over the case or to certify the same to the National Labor Relations Commission (NLRC) under Article 263 (g) of the Labor Code.[1] The parties ultimately agreed to refer the issue for compulsory arbitration to the NLRC.

The case was assigned to Labor Arbiter Eduardo J. Carpio. In his decision of 05 February 1991, the labor arbiter disagreed with the bank's contention that the increase in its implementation of Republic Act 6727 did not constitute a distortion because "only 143 employees or 6.8% of the bank's population of a total of 2,108 regular employees" benefited. He stressed that "it is not necessary that a big number of wage earners within a company be benefited by the mandatory increase before a wage distortion may be considered to have taken place," it being enough, he said, that such increase "result(s) in the severe contraction of an intentional quantitative difference in wage rates between employee groups."

The labor arbiter concluded that since the "intentional quantitative difference" in wage or salary rates between and among groups of employees is not based purely on skills or length of service but also on "other logical bases of differentiation, a P900.00 wage gap intentionally provided in a collective bargaining agreement as a quantitative difference in wage between those who WERE regular employees as of January 1, 1989 and those who WERE NOT as of that date, is definitely a logical basis of differentiation (that) deserves protection from any distorting statutory wage increase." Otherwise, he added, "a minimum wage statute that seek to uplift the economic condition of labor would itself destroy the mechanism of collective bargaining which, with perceived stability, has been labor's constitutional and regular source of wage increase for so long a time now." Thus, since the "subjective quantitative difference" between wage rates had been reduced from P900.00 to barely P150.00, correction of the wage distortion pursuant to Section 4(c) of the Rules Implementing Republic Act 6727 should be made.

The labor arbiter disposed of the case, thus:

WHEREFORE, premises considered, the respondent is hereby directed to restore to complainants and their members the Nine Hundred (P900.00) Pesos CBA wage gap they used to enjoy over non-regular employees as of January 1, 1989 by granting them a Seven Hundred Fifty (P750.00) Pesos monthly increase effective July 1, 1989.

SO ORDERED.”[2]

The bank appealed to the NLRC. On 31 May 1991, the NLRC Second Division, by a vote of 2 to 1, reversed the decision of the Labor Arbiter. Speaking, through Commissioners Rustico L. Diokno and Domingo H. Zapanta, the NLRC said:

"x x x a wage distortion can arise only in a situation where the salary structure is characterized intentional quantitative differences among employee groups determined or fixed on the basis of skills, length of service, or other logical basis of differentiation and such differences or distinctions are obliterated or contracted by subsequent wage increases (In Re: Labor Dispute at the Bank of the Philippine Islands, NCMB-RB-7-11-096-89, Secretary of Labor and Employment, February 18, 1991).

As applied in this case, We noted that in the new wage salary structure, the wage gaps between Levels 6 and 7 levels 5 and 6, and levels 6 and 7 (sic) were maintained. While there is a noticeable decrease in the wage gap between Levels 2 and 3, Levels 3 and 4, and Levels 4 and 5, the reduction in the wage gaps between said levels is not significant as to obliterate or result in severe contraction of the intentional quantitative differences in salary rates between the employee groups. For this reason, the basic requirement for a wage distortion to exist does not appear in this case. Moreover, there is nothing in the law which would justify an across-the-board adjustment of P750.00 as ordered by the Labor Arbiter.

WHEREFORE, premises considered, the appealed decision is hereby set aside and a new judgment is hereby entered, dismissing the complaint for lack of merit.

SO ORDERED.”[3]

In her dissent, Presiding Commissioner Edna Bonto-Perez opined:

"There may not be an obliteration nor elimination of said quantitative distinction/difference aforecited but clearly there is a contraction. Would such contraction be severe as to warrant the necessary correction sanctioned by the law in point, RA 6727? It is my considered view that the quantitative intended distinction in pay between the two groups of workers in respondent company was contracted by more than fifty (50%) per cent or in particular by more or less eighty-three (83%) percent hence, there is no doubt that there is an evident severe contraction resulting in the complained of wage distortion.

Nonetheless, the award of P750.00 per month to all of herein individual complainants as ordered by the Labor Arbiter below, to my mind is not the most equitable remedy at bar, for the same would be an across the board increase which is not the intention of RA 6727. For that matter, herein complainants cannot by right claim for the whole amount of P750.00 a month or P25.00 per day granted to the workers covered by the said law in the sense that they are not covered by the said increase mandated by RA 6727. They are only entitled to the relief granted by said law by way of correction of the pay scale in case of distortion in wages by reason thereof.

Hence, the formula offered and incorporated in Wage Order No. IV-02 issued on 21 May 1991 by the Regional Tripartite Wages and Productivity Commission for correction of pay scale structures in cases of wage distortion as in the case at bar which is:

Minimum Wage = % x Prescribed = Distortion

Actual Salary Increase Adjustment

would be the most equitable and fair under the circumstances obtaining in this case.

For this very reason, I register my dissent from the majority opinion and opt for modification of the Labor Arbiter's decision as afore-discussed.”[4]

The MBTCEU filed a motion for the reconsideration of the decision of the NLRC; having been denied, the

MBTCEU and its president filed the instant petition for certiorari, charging the NLRC with grave abuse of discretion by its refusal (a) "to acknowledge the existence of a wage distortion in the wage or salary rates between and among the employee groups of the respondent bank as a result of the bank's partial implementation" of Republic Act 6727 and (b) to give due course to its claim for an across-the-board P25 increase under Republic Act No. 6727.[5]

We agree with the Solicitor General that the petition is impressed with merit.[6]

The term "wage distortion", under the Rules Implementing Republic Act 6727, is defined, thus:

"(p) Wage Distortion means a situation where an increase in prescribed wage rates results in the elimination or severe contraction of intentional quantitative differences in wage or salary rates between and among employee groups in an establishment as to effectively obliterate the distinctions embodied in such wage structure based on skills, length of service, or other logical bases of differentiation."

The issue of whether or not a wage distortion exists as a consequence of the grant of a wage increase to certain employees, we agree, is, by and large, a question of fact the determination of which is the statutory function of the NLRC.[7] Judicial review of labor cases, we may add, does not go beyond the evaluation of the sufficiency of the evidence upon which the labor officials' findings rest.[8] As such, factual findings of the NLRC are generally accorded not only respect but also finality provided that its decisions are supported by substantial evidence and devoid of any taint of unfairness or arbitrariness.[9] When, however, the members of the same labor tribunal are not in accord on those aspects of a case, as in this case, this Court is well cautioned not to be as so conscious in passing upon the sufficiency of the evidence, let alone the conclusions derived therefrom.

In this case, the majority of the members of the NLRC, as well as its dissenting member, agree that there is a wage distortion arising from the bank's implementation of the P25 wage increase; they do differ, however, on the extent of the distortion that can warrant the adoption of corrective measures required by the law.

The definition of "wage distortion,"[10] aforequoted, shows that such distortion can so exist when, as a result of an increase in the prescribed wage rate, an "elimination or severe contraction of intentional quantitative differences in wage or salary rates" would occur "between and among employee groups in an establishment as to effectively obliterate the distinctions embodied in such wage structure based on skills, length of service, or other logical bases of differentiation." In mandating an adjustment, the law did not require that there be an elimination or total abrogation of quantitative wage or salary differences; a severe contraction thereof is enough. As has been aptly observed by Presiding Commissioner Edna Bonto-Perez in her dissenting opinion, the contraction between personnel groupings comes close to eighty-three (83%), which cannot, by any stretch of imagination, be considered less than severe.

The "intentional quantitative differences" in wage among employees of the bank has been set by the CBA to about P900 per month as of 01 January 1989. It is intentional as it has been arrived at through the collective bargaining process to which the parties are thereby concluded[11]. The Solicitor General, in recommending the grant of due course to the petition, has correctly emphasized that the intention of the parties, whether the benefits under a collective bargaining agreement should be equated with those granted by law or not, unless there are compelling reasons otherwise, must prevail and be given effect.[12]

In keeping then with the intendment of the law and the agreement of the parties themselves, along with the often repeated rule that all doubts in the interpretation and implementation of labor laws should be resolved in favor of labor,[13] we must approximate an acceptable quantitative difference between and among the CBA agreed work levels. We, however, do not subscribe to the labor arbiter's exacting prescription in correcting the wage distortion. Like the majority of the members of the NLRC, we are also of the view that giving the employees an

across-the-board increase of P750 may not be conducive to the policy of encouraging "employers to grant wage and allowance increases to their employees higher than the minimum rates of increases prescribed by statute or administrative regulation," particularly in this case where both Republic Act 6727 and the CBA allow a credit for voluntary compliance. As the Court, through Associate Justice Florentino Feliciano, also pointed out in *Apex Mining Company, Inc. v. NLRC*:^[14]

"x x x. (T)o compel employers simply to add on legislated increases in salaries or allowances without regard to what is already being paid, would be to penalize employers who grant their workers more than the statutorily prescribed minimum rates of increases. Clearly, this would be counter-productive so far as securing the interests of labor is concerned. x x x."

We find the formula suggested then by Commissioner Bonto-Perez, which has also been the standard considered by the regional Tripartite Wages and Productivity Commission for the correction of pay scale structures in cases of wage distortion,^[15] to well be the appropriate measure to balance the respective contentions of the parties in this instance. We also view it as being just and equitable.

WHEREFORE, finding merit in the instant petition for certiorari, the same is GRANTED DUE COURSE, the questioned NLRC decision is hereby SET ASIDE and the decision of the labor arbiter is REINSTATED subject to the MODIFICATION that the wage distortion in question be corrected in accordance with the formula expressed in the dissenting opinion of Presiding Commissioner Edna Bonto-Perez. This decision is immediately executory.

SO ORDERED.

Bidin, (Acting Chairman), Romero, and Melo, JJ., concur.

Feliciano, (Chairman), J., on leave.

[1] This provision states:

"(g) When, in his opinion, there exists a labor dispute causing or likely to cause a strike or lockout in an industry indispensable to the national interest, the Secretary of Labor and Employment may assume jurisdiction over the dispute and decide it or certify the same to the Commission for compulsory arbitration. Such assumption of certification shall have the effect of automatically enjoining the intended or impanding strike or lockout as specified in the assumption or certification order. x x x ."

[2] Rollo, pp. 35-37.

[3] Ibid., pp. 49-50.

[4] Ibid., pp. 55-56.

[5] Ibid., p. 12.

[6] Manifestation in lieu of Comment, p. 1; Rollo, p. 134.

[7] *Cardona v. NRLC*, G.R. 89007, March 11, 1991, 195 SCRA 92.

[8] *Philippine Overseas Drilling and Oil Development Corporation v. Ministry of Labor*, G.R. NO. 55703, November 27, 1986, 146 SCRA 79, 88.

[9] *Artex Development Co., Inc. v. NLRC*, G.R. No. 65045, July 20, 1990, 187 SCRA 611, 615; *Five J Taxi v. NLRC*, G.R. No. 100138, August 5, 1992, 212 SCRA 225.

[10] This is now under Art. 124 of the Labor Code as amended by Rep. Act 6727.

[11] *Plastic Town Center Corporation v. NLRC*, G.R. No. 81176, April 19, 1989, 172 SCRA 580, 585.

[12] *Filipinas Golf & Country Club, Inc. v. NLRC*, G.R. No. 61918, August 23, 1989, 176 SCRA 625, 632.

[13] *International Pharmaceuticals, Inc. v. Secretary of Labor*, G.R. Nos. 92981-83, January 9, 1992, 205 SCRA 59.

[14] G.R. No. 86200, February 25, 1992, 206 SCRA 497, 501.

[15] See: *Employers Confederation of the Philippines v. National Wages and Productivity Commission*, G.R. No. 96169, September 24, 1991, 201 SCRA 759, 767.

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