

MANILA FASHIONS, INC., PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION, NONITO ZAMORA AND NAGKAKAISANG MANGGAGAWA NG MANILA FASHIONS, INC., RESPONDENTS.

G.R. No. 117878. November 13, 1996

Ponente: BELLOSILLO, J.

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BELLOSILLO, J.:

On 15 March 1993 respondent Nagkakaisang Manggagawa ng Manila Fashions, Inc., through its president, respondent Nonito Zamora, filed a complaint before the Labor Arbiter on behalf of its one hundred and fifty (150) members who were regular employees of petitioner Manila Fashions, Inc. The complaint charged petitioner with non-compliance with Wage Order No. NCR-02 and 02-A mandating a P12 - increase in wages effective 8 January 1991. As a result, complainants' basic pay, 13th month pay, service incentive leave pay, legal holiday pay, night shift differential and overtime pay were all underpaid.

Petitioner countered that the failure to comply with the pertinent Wage Order was brought about by the tremendous losses suffered by it which were aggravated when the workers staged a strike on account of the non-adjustment of their basic pay. To forestall continuous suspension/closure of business operations, which petitioner did for three (3) months, the strikers sent a notice that they were willing to condone the implementation of the increase. The condonation was distinctly stated in Sec. 3, Art. VIII, of the Collective Bargaining Agreement (CBA) dated 4 February 1992, which was voluntarily entered into by the parties and represents a reasonable settlement -

Sec. 3. The Union realizes the company's closeness to insolvency and, as such, sympathizes with the company's financial condition. Therefore, the Union has agreed, as it hereby agrees, to condone the implementation of Wage Order No. NCR-02 and 02-A.

The complainants admitted the existence of the aforementioned provision in the CBA; however they denied the validity thereof inasmuch as it was not reached after due consultation with the members.

The Labor Arbiter sustained the claim that the subject provision of the CBA was void but based its conclusion on a different ground -

x x x x While it is true that both union officers/members and (petitioner) signed the agreement, however, the same is not enforceable since said agreement is null and void, it being contrary to law. It is only the Tripartite Wage Productivity Board of (the) Department of Labor and Employment (DOLE) that could approve exemption (of) an establishment from coverage of (a) Wage Order x x x x[1]

Thus on 30 June 1993 petitioner was adjudged liable to each of the complainants for underpayment of salary, 13th month pay, vacation leave pay and legal holiday pay in the total amount of P900,012.00. All other claims were dismissed for lack of merit.[2]

Both parties were unsatisfied with the decision, prompting them to seek relief from respondent National Labor

Relations Commission (NLRC). The basis of petitioner's appeal was that the ruling was not in accordance with the facts and the law. On the part of the private respondents, they assailed the computation of the award as erroneous.

Respondent NLRC was not persuaded by petitioner. On the other hand, the appeal of private respondents was no longer considered as it was filed beyond the reglementary period. Thus on 31 May 1994 the disputed decision was affirmed.[3]

Was the condonation of the implementation of Wage Order No. NCR-02 and 02-A contained in Sec. 3, Art. VIII, of the CBA valid?

Petitioner maintains that the condonation is valid. In support thereof, it invokes cases decided by this Court applying the rule that if the agreement was voluntarily entered into and represents a reasonable settlement it is binding on the parties and may not be disowned simply because of a change of mind.[4] Granting the CBA provision is indeed void, petitioner offers the alternative argument that the computation of the award was erroneous and arbitrary.

We sustain the decision of the Labor Arbiter as affirmed by respondent NLRC that the condonation appearing in Sec. 3, Art. VIII, of the CBA did not exempt petitioner from compliance with Wage Order No. NCR-02 and 02-A.

A Collective Bargaining Agreement refers to the negotiated contract between a legitimate labor organization and the employer concerning wages, hours of work and all other terms and conditions of employment in a bargaining unit, including mandatory provisions for grievances and arbitration machineries.[5] As in all other contracts, the parties in a CBA may establish such stipulations, clauses, terms and conditions as they may deem convenient provided they are not contrary to law, morals, good customs, public order or public policy.[6] Section 3, Art. VIII, of the CBA is a void provision because by agreeing to condone the implementation of the Wage Order the parties thereby contravened its mandate on wage increase of P12.00 effective 8 January 1991. Also, as stated by the Labor Arbiter, it is only the Tripartite Wage Productivity Board of the DOLE that could approve exemption of an establishment from coverage of a Wage Order.

If petitioner is a financially distressed company then it should have applied for a wage exemption so that it could meet its labor costs without endangering its viability or its very existence upon which both management and labor depend for a living.[7] The Office of the Solicitor General emphasizes the point that parties to a CBA may not, by themselves, set a wage lower than the minimum wage. To do so would render nugatory the purpose of a wage exemption, not to mention the possibility that employees may be duped or be unwittingly put in a position to accept a lower wage.[8]

The cases that petitioner relies on are simply inapplicable because, unlike the present case which involves a stipulation in the CBA in contravention of law, they are concerned with compromise settlements as a means to end labor disputes recognized by Art. 227 of the Labor Code and considered not against public policy by doctrinal rules established by this Court.[9]

As regards the alternative argument of petitioner that the computation of the award was erroneous and arbitrary, it must be rejected outright as it was apparently never brought to the attention of respondent NLRC. Consequently, it cannot be raised for the first time before this Court since that would be offensive to the basic rule of fair play, justice and due process.[10] Moreover, the original and exclusive jurisdiction of this Court to review a decision of respondent NLRC in a petition for certiorari under Rule 65 does not normally include an inquiry into the correctness of its evaluation of the evidence but confined merely to issues of jurisdiction or grave abuse of discretion.[11]

WHEREFORE, the petition is DISMISSED. The order of respondent National Labor Relations Commission which affirmed the decision of the Labor Arbiter awarding the total amount of P900,012.00 to the complainants is likewise AFFIRMED.

SO ORDERED.

Padilla, (Chairman), Vitug, Kapunan, and Hermosisima, Jr., JJ., concur.

[1] Rollo, p. 29.

[2] Decision penned by Labor Arbiter Fatima Jambaro-Franco; Rollo, pp. 30-33.

[3] Decision penned by Presiding Commissioner Edna Bonto-Perez, concurred in by Commissioner Rogelio I. Rayala; Rollo, p. 26.

[4] Cruz v. NLRC, G.R. No. 98273, 28 October 1991, 203 SCRA 286; Olaybar v. NLRC, G.R. No. 108713, 28 October 1994, 237 SCRA 819; Sicangco v. NLRC, G.R. No. 110261, August 1994, 235 SCRA 96; and, Jag & Haggar Jeans and Sportswear Corporation v. NLRC, G.R. No. 105710, 23 February 1995, 241 SCRA 635.

[5] Sec. jj, Rule I, Bk. V, Omnibus Rules Implementing the Labor Code.

[6] Art. 1306, Civil Code.

[7] Radio Communications of the Philippines, Inc. v. National Wages Council, G.R. No. 93044, 26 March 1992, 207 SCRA 581.

[8] Rollo, p. 90.

[9] See Note 4.

[10] Huang v. CA, G.R. No. 108525, 13 September 1994, 236 SCRA 420.

[11] Sta. Fe Construction Co. v. NLRC, G.R. No. 101280, 2 March 1994, 230 SCRA 593.

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