

TRADERS ROYAL BANK, PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION & TRADERS ROYAL BANK EMPLOYEES UNION, RESPONDENTS.

G.R. No. 88168. August 30, 1990

Ponente: GRINO-AQUINO, J.

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GRINO-AQUINO, J.:

This petition for certiorari seeks to nullify or set aside the decision dated September 2, 1988 of the National Labor Relations Commission, which found the petitioner, Traders Royal Bank (or TRB), guilty of diminution of benefits due the private respondents and ordered it to pay the said employees' claims for differentials in their holiday, mid-year, and year-end bonuses.

On November 18, 1986, the Union, through its president, filed a letter-complaint against TRB with the Conciliation Division of the Bureau of Labor Relations claiming that:

"First, the management of TRB per memo dated October 10, 1986 paid the employees their HOLIDAY PAY, but has withheld from the Union the basis of their computation.

"Second, the computation in question, has allegedly decreased the daily salary rate of the employees. This diminution of existing benefits has decreased our overtime rate and has affected the employees' take home pay.

"Third, the diminution of benefits being enjoyed by the employees since time immemorial, e.g. mid-year bonus, from two (2) months gross pay to two (2) months basic and year-end bonus from three (3) months gross to only two (2) months.

"Fourth, the refusal by management to recall active union members from the branches which were being transferred without prior notice, solely at the instance of the branch manager." (p. 26, Rollo.)

In its answer to the union's complaint, TRB pointed out that the NLRC, not the Bureau of Labor Relations, had jurisdiction over the money claims of the employees.

On March 24, 1987, the Secretary of Labor certified the complaint to the NLRC for resolution of the following issues raised by the complainants:

"1) The Management of TRB per memo dated October 10, 1986 paid the employees their holiday pay but has withheld from the union the basis of their computation.

"2) The computation in question has allegedly decreased the daily salary rate of the employees. This diminution of existing benefits has decreased our overtime rate and has affected the employees' take home pay.

"3) The diminution of benefits being enjoyed by the employees since the (sic) immemorial, e.g. mid-year bonus, from two (2) months gross pay to two (2) months basic and year-end bonus from three (3) months gross to only two (2) months.

"4) The refusal by management to recall active union members from the branches which were being transferred without prior notice, solely at the instance of the branch manager." (p. 28, Rollo.)

In the meantime, the parties who had been negotiating for a collective bargaining agreement, agreed on the terms of the CBA, to wit:

"1. The whole of the bonuses given in previous years is not demandable, i.e., there is no diminution, as to be liable for a differential, if the bonus given is less than that in previous years.

"2. Since only two months bonus is guaranteed, only to that extent are bonuses deemed part of regular compensation.

"3. As regards the third and fourth bonuses, they are entirely dependent on the income of the bank, and not demandable as part of compensation." (pp. 67-68, Rollo.)

Despite the terms of the CBA, however, the union insisted on pursuing the case, arguing that the CBA would apply prospectively only to claims arising after its effectivity.

Petitioner, on the other hand, insisted that it had paid the employees holiday pay. The practice of giving them bonuses at year's end, would depend on how profitable the operation of the bank had been. Generally, the bonus given was two (2) months basic mid-year and two (2) months gross end-year.

On September 2, 1988, the NLRC rendered a decision in favor of the employees, the dispositive portion of which reads:

"WHEREFORE, judgment is hereby rendered in favor of the petitioner and ordering respondent bank to pay petitioner members-employees the following:

"1. Holiday differential for the period covering 1983-1986 as embodied in Resolution No. 4984-1986 of respondent's Board of Directors but to start from November 11, 1983 and using the Divisor 251 days in determining the daily rate of the employees;

"2. Mid-year bonus differential representing the difference between two (2) months gross pay and two (2) months basic pay and end-year bonus differential of one (1) month gross pay for 1986.

"The claim for holiday differential for the period earlier than November 11, 1983 is hereby dismissed, the same having prescribed.

"Likewise, the charge of unfair labor practice against the respondent company is hereby dismissed for lack of merit." (pp. 72-73, Rollo.)

A motion for reconsideration was filed by TRB but it was denied. Hence, this petition for certiorari.

There is merit in the petitioner's contention that the NLRC gravely abused its discretion in ordering it to pay mid-year/year-end bonus differential for 1986 to its employees.

A bonus is "a gratuity or act of liberality of the giver which the recipient has no right to demand as a matter of right" (Aragon vs. Cebu Portland Cement Co., 61 O.G. 4597). "It is something given in addition to what is ordinarily received by or strictly due the recipient." The granting of a bonus is basically a management prerogative which cannot be forced upon the employer "who may not be obliged to assume the onerous burden of granting bonuses or other benefits aside from the employee's basic salaries or wages x x x" (Kamaya Point Hotel vs. National Labor Relations Commission, Federation of Free Workers and Nemia Quiambao, G.R. No. 75289, August 31, 1989).

It is clear from the above-cited rulings that the petitioner may not be obliged to pay bonuses to its employees. The

matter of giving them bonuses over and above their lawful salaries and allowances is entirely dependent on the profits, if any, realized by the Bank from its operations during the past year.

From 1979-1985, the bonuses were less because the income of the Bank had decreased. In 1986, the income of the Bank was only 20.2 million pesos, but the Bank still gave out the usual two (2) months basic mid-year and two (2) months gross year-end bonuses. The petitioner pointed out, however, that the Bank weakened considerably after 1986 on account of political developments in the country. Suspected to be a Marcos-owned or controlled bank, it was placed under sequestration by the present administration and is now managed by the Presidential Commission on Good Government (PCGG).

In the light of these submissions of the petitioner, the contention of the Union that the granting of bonuses to the employees had ripened into a company practice that may not be adjusted to the prevailing financial condition of the Bank has no legal and moral bases. Its fiscal condition having declined, the Bank may not be forced to distribute bonuses which it can no longer afford to pay and, in effect, be penalized for its past generosity to its employees.

Private respondent's contention, that the decrease in the mid-year and year-end bonuses constituted a diminution of the employees' salaries, is not correct, for bonuses are not part of labor standards in the same class as salaries, cost of living allowances, holiday pay, and leave benefits, which are provided by the Labor Code.

WHEREFORE, the petition for certiorari is granted. The decision of the National Labor Relations Commission is modified by deleting the award of bonus differentials to the employees for 1986. In other respects, the decision is affirmed. Costs against the respondent union.

SO ORDERED.

Narvasa, (Chairman), Cruz, Gancayco, and Medialdea, JJ., concur.

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