

FIRST DIVISION

[G.R. No. 225115, January 27, 2020]

**DEL MONTE FRESH PRODUCE (PHILIPPINES), INC., PETITIONER,
VS. DEL MONTE FRESH SUPERVISORS UNION, RESPONDENT.**

DECISION

REYES, J. JR., J.:

This resolves a question of law of whether regularization of employment automatically entitles an employee to payment of the minimum rate set by company policy. The question is before the Court through a Petition for Review on *Certiorari*^[1] from the May 13, 2015 Decision^[2] and May 18, 2016 Resolution^[3] of the Court of Appeals-Cagayan de Oro City (CA) in CA-G.R. SP No. 04980-MIN .

Antecedent Facts

As no factual issue is involved, the recital of the CA is adopted below.

Respondent Del Monte Fresh Supervisors Union (respondent) is the exclusive bargaining representative of the supervisory employees of petitioner Del Monte Fresh Produce (Philippines), Inc. (petitioner). Following unsuccessful attempts at mediation and conciliation,^[4] respondent filed in behalf of 18 supervisor-members a Complaint with the Voluntary Arbitrator for " accrued differentials and salary adjustments due to under payment of salary resulting from the non-implementation of the supervisors' salary structure" as laid out in " company policies [which] are binding between the employer and employees; [... as it is in the nature ...] of a Collective Bargaining Agreement (CBA)."^[5]

The company policies in question consist of the Global Policy on Salary Administration (Global Policy) and the May 1, 2000 Policy on Salary Administration under Del Monte Fresh Produce (Philippines), Inc., (Local Policy).^[6] The pertinent provisions in the Local Policy state:

C . Policy Guidelines [:]

x x x x

2.1.2.1 The minimum rate for a particular Hay Level is generally the starting rate for a newly hired [employee]. However, experience, qualifications, special skills, and other criteria maybe considered. So newly hired employee[s] may start at a salary higher than these minimum, provided that the starting salary is not more than 20% higher than these minimum.

x x x x

2.1.2.4 xxx the Company at the discretion of the hiring manager may offer below these minimum salary for the Hay Level provided that it shall not be lower than 10% of these minimum. This applies to employees, who undergo his/her probationary period and when[,] upon becoming regular employees, his/her salary shall be raised to the minimum level.^[7]

On the other hand, the pertinent provisions in the Global Policy state:

C. Policy Guidelines:

xxxx

3.5 As a policy, the minimum rate of the particular Job Grade(or Hay Level) is the starting rate for newly hired employees. However, a lower or higher starting salary may be warranted when authorized by Corporate Human Resources, with due consideration given to experience, qualifications, special skills, and other a criteria.

xxxx

D. Procedures [:]

x x x x

4.2 The normal starting salary rate for a qualified new employee shall be the minimum rate for their approved position level, based on the current Salary Structure of the location. This may vary depending on numerous factors such as, but is not limited to, experience and qualifications of new employee; current market conditions; other pertinent matters that may have an effect on salaries.

4.3 The head of the requesting department, in coordination with the local Human Resources department, may recommend a salary up to 20% over the minimum rate for the newly hired employee subject to approval by Corporate Human Resources.

4.4 Similarly, employee may be offered below the set minimum salary for the Hay level.

x x x x

4.6 The performance of newly hired employees, who are on introductory period and given below the minimum hiring rate, maybe reviewed towards the end of introductory period, and if warranted, maybe eligible for a salary increase sufficient to reach the minimum salary level upon regularization. This must be in accordance to what has been approved in the PRF.^[8]

The 18 affected supervisors were hired at Hay Levels 5 through 8. For those at Hay Level 5, the minimum rate was P17,792.00 but they were paid probationary rates that ranged from P12,000.00 to P12,793.00 and regularization rates that ranged from P12,793.00 to P17,207.00. Similar disparities were evident among the probationary, regularization and minimum rates for those hired at Hay Levels 6 and 7.^[9]

Respondent claimed that, contrary to the Local Policy, petitioner paid the affected supervisors salary rates below their respective minimum rates at the time of their regularization.^[10] It argued that, similar to a CBA, the Local Policy is an enforceable instrument which is binding on petitioner.^[11] Petitioner refused to pay the claims and denied that the Local Policy was binding, as this had already been superseded by the Global Policy.^[12] Moreover, the decision to implement any company policy is a prerogative of the management.

In a Decision^[13] dated June 11, 2012, the Voluntary Arbitrator of the Department of Labor and Employment dismissed the complaint on the ground of the sanctity of contract: the affected supervisors freely entered into their employment contracts and willingly accepted the stipulated salaries.^[14] The Arbitrator interpreted the Local Policy to mean that "it does not strictly require the hiring Manager to give the minimum range as the initial salary rate "^[15] and that regularization and merit promotion are conditions for entitlement to the minimum rate.^[16]

Respondent's Petition for Review,^[17] challenging the decision of the Voluntary Arbitrator, was granted by the CA:

WHEREFORE, the instant petition is hereby GRANTED and the Decision rendered by the Voluntary Arbitrator dated 11 June 2012 is SET ASIDE. A new Decision is hereby rendered GRANTING the money claims of the eighteen (18) affected employees for salary differentials from the dates of their regularization. Consequently, this case is remanded to the Voluntary Arbitrator for the final computation of the corresponding monetary award from the dates of their regularization. The corresponding minimum rate of the applicable Hay Level at the time the affected supervisors became regular shall be applied in the computation of the salary differentials (including the monthly rate variance, holiday pay, Vacation Leave and Sick Leave , 13th month pay and other benefits based on their salary rates).

SO ORDERED.^[18]

Petitioner filed a Motion for Partial Reconsideration^[19] but the same was denied by the CA in its Resolution^[20] dated May 18, 2016.

The CA interpreted the Local Policy and Global Policy to mean that petitioner has the discretion to pay newly-hired employees a salary rate lower than the minimum rate during the probationary period.^[21] However, once the probationary period ends and the employee is regularized, petitioner must pay the minimum rate.^[22] Entitlement to the minimum rate requires mere regularization based solely on performance

review , without need of merit promotion.^[23] The management has no discretion over the payment of the minimum rate upon regularization of an employee. Once the employee is regularized, management prerogative must give way and be subject to the limitations composed by law, the collective bargaining agreement and general principles of fair play and justice.^[24]

Issues and Arguments

Petitioner argues that the CA erred in:

1. Allowing the Petition for Review of respondent even though it was filed out of time;
2. Applying the rules of statutory construction to interpret employment contracts;
3. Interfering with the management prerogatives of petitioner when it comes to determining the salary range applicable to its employees; and
- 4 . Impairing the contracts between petitioner and individual members of respondent.^[25]

The Court's Ruling

The petition lacks merit.

Being essentially procedural, the first and second issues are addressed summarily. The more substantive third and fourth issues are discussed more fully.

According to petitioner, the CA erred in giving due course to the petition for review of respondent. Paragraph 4 of Article 262-A of the Labor Code requires that an appeal from a decision of the Voluntary Arbitrator must be filed within 10 days from notice,^[26] and that the Supreme Court, in *Philippine Electric Corporation v. Court of Appeals*,^[27] has held that this statutory period must prevail over the 15-day period allowed under Section 4, Rule 43 of the Rules of Court.^[28] Respondent's petition for review was belatedly filed on the 12th day from notice of decision of the Voluntary Arbitrator; the same should not have been entertained, much less given due course.^[29]

As respondent points out, the issue of timeliness was not raised by petitioner before the CA.^[30] Nonetheless, it is addressed here if only to reiterate the ruling of the Supreme Court *En Banc* in *Guagua National Colleges v. Court of Appeals*,^[31] *et al.*, to wit:

Hence, the 10-day period stated in Article 276 should be understood as the period within which the party adversely affected by the ruling of the Voluntary Arbitrators or Panel of Arbitrators may file a motion for reconsideration. Only after the solution of the motion for reconsideration may the aggrieved party appeal to the CA by filing the