795 Phil. 901

FIRST DIVISION

[G.R. No. 220605, September 21, 2016]

COCA-COLA FEMSA PHILIPPINES, INC.,* PETITIONER, VS. BACOLOD SALES FORCE UNION-CONGRESS OF INDEPENDENT ORGANIZATION-ALU, RESPONDENT.

D E C I S I O N

PERLAS-BERNABE, J.:

Before the Court is a petition for review on *certiorari*[1] assailing the Decision[2] dated December 22, 2014 and the Resolution[3] dated September 8, 2015 of the Court of Appeals (CA) in CA-G.R. CEB-SP. No. 06892, which denied petitioner Coca-Cola Femsa Philippines, Inc.'s (petitioner) petition for review and upheld the Decision[4] dated February 3, 2012 of the Panel of Voluntary Arbitrators (VA) of the National Conciliation and Mediation Board (NCMB)-Department of Labor and Employment in Case Nos. AC-777-RB6-06-01-10-2011, AC-782-RB6-06-01-10-2011, and AC-960-RB6-06-01-10-2011 on the ground that the same had already attained finality.

The Facts

Petitioner is a corporation engaged in the manufacture of nonalcoholic beverages. Sometime in 2001, Cosmos Bottling Corporation (Cosmos) ceded its sales functions to petitioner which resulted in the integration of a number of Cosmos's salesmen, including Fernando T. Oquiana, Norman F. Vinarta, and Santiago B. Espino, Jr. (Cosmos integrees) into petitioner's workforce as route salesmen. The Cosmos integrees were given salary adjustments that would align with that of petitioner's own route salesmen. At the time of integration, petitioner's system of product distribution was by direct selling, but it subsequently adopted the route-to-market (RTM) system of distribution which led to the abolition of the route salesman position and its replacement by the account developer (AD) position. Thus, through an internal selection process, the Cosmos integrees' positions were eventually designated as ADs.[5]

Meanwhile, petitioner hired new ADs who were, however, subject to a different set of qualifications from the Cosmos integrees. The newly-hired ADs received a higher basic monthly pay although, allegedly, occupying the same position, job description, and functions as that of the Cosmos integrees. Furthermore, the newly-hired ADs were given, upon union membership, a monthly 45-kilogram (kg.) rice provision with a corresponding monthly deduction of the amount of P550.00 from their salaries.[6]

Aggrieved by the difference in treatment, respondent Bacolod Sales Force Union-Congress of Independent Organization-ALU, the recognized collective bargaining

agent of the rank-and-file sales personnel of petitioner's Bacolod Plant[7] (respondent), submitted its concerns to the grievance machinery in accordance with the Collective Bargaining Agreement (CBA), demanding, among others, that: (*a*) the salary rates of the Cosmos integrees be readjusted to equal to that of the newly-hired ADs' salary rates;[8] (*b*) the conversion of the P550.00 monthly deduction from the salaries of the Bacolod Plant sales personnel into a 45-kg. rice provision be declared as a violation of the non-diminution rule under Article 100[9] of the Labor Code, as amended; and (*c*) the employees concerned be reimbursed for the amounts illegally deducted.[10]

After the grievance process failed, the parties agreed to submit the unresolved matters to voluntary arbitration pursuant to Article 5 of the CBA, and filed a preventive mediation case before the NCMB raising the aforesaid issues.[11]

Respondent claimed that the Cosmos integrees were being discriminated against the newly-hired ADs, in light of the disparity between their salaries[12] and reiterated that the monthly P550.00 deduction from the basic salaries of the new union members constitutes a violation of the non diminution rule.[13]

For its part, petitioner maintained that the fixing of hiring rates is a management prerogative, adding that the Cosmos integrees and the newly hired ADs were not similarly situated due to the apparent variance in the manner by which they were appointed and hired, as well as their qualifications, skills, and responsibilities for the position.[14] Further, it claimed that the Cosmos integrees failed to meet all the basic qualifications for the AD position, such as age and educational attainrnent.[15] For another, it contended that the rice subsidy of P550.00 per month to non-union members was automatically converted into an actual 45-kg. sack of rice upon union membership, which is, in reality, valued more than the amount of said subsidy and, thus, was not tantamount to any diminution of benefits.[16]

The VA's Ruling

In a Decision[17] dated February 3, 2012 (VA Decision), the VA: (*a*) declared that the disparity in the wages of the Cosmos integrees and the newly-hired ADs was discriminatory for lack of substantial basis or valid criteria; (*b*) directed petitioner to realign or readjust the Cosmos integrees' basic salaries at par with that of the newly-hired ADs; (*c*) declared that the P550.00 deduction from the union members' basic salary in lieu of one (1) 45-kg. sack of rice every month was a violation of Article X[18] of the CBA and Article 100 of the Labor Code, as amended; and (*d*) directed petitioner to comply with Article X of the CBA by giving rice ration free of charge, and to cease and desist from deducting P550.00 from the monthly salaries of the concerned employees, effective February 2012.[19]

The VA held that the lower salary rate given to the Cosmos integrees smacks of discrimination given that they hold the same position, perform the same work, share the same functions, and have the same job description as that of the newly-hired ADs. Thus, under the principle of "equal pay for equal work," the Cosmos integrees' failure to meet the new set of qualifications for ADs in view of their "over-age and lack of educational attainment" did not justify their lower salary rates.[20] Moreover,

the P550.00 deduction from a union member's monthly salary and its conversion into a 45-kg. sack of rice ration constituted: (*a*) non-compliance with Article X of the CBA, which clearly provides that the grant of rice ration to employees shall be free of charge; and (*b*) a violation of the non-diminution rule under Article 100 of the Labor Code, as amended, because the said benefit has become part of the employment contract.[21]

Petitioner moved for reconsideration,[22] which was denied in a Resolution[23] dated April 25, 2012 (VA Resolution).

The CA Proceedings

Petitioner received notice of the VA Resolution on May 21, 2012,[24] and filed its petition for review[25] under Rule 43 of the Rules of Court (Rules) before the CA on June 5, 2012.[26]

Respondent countered,[27] among others, that the VA Decision had become final and executory after ten (10) calendar days from receipt thereof pursuant to Article 262-A[28] of the Labor Code, as amended; hence, the CA petition must, perforce, fail.[29]

Subsequently, a writ of execution[30] dated July 26, 2013 was issued by the VA and served upon petitioner. Thereafter, petitioner: (*a*) aligned the salaries of the Cosmos integrees with the newly-hired ADs; (*b*) paid the corresponding wage differentials; (*c*) refunded the amounts deducted from the union members' salaries; and (*d*) stopped the P550.00 monthly deductions from their salaries.[31]

In a Decision[32] dated December 22, 2014, the CA denied the petition on the ground that the VA Decision had attained finality pursuant to Section 5,[33] Article 5 of the CBA, which explicitly provides that "[t]he decision of the Arbitration Committee shall be final and binding upon the COMPANY and the UNION, and the employees and may be enforced in any court of competent jurisdiction."[34]

Petitioner filed its motion for reconsideration,[35] which was, however, denied in a Resolution[36] dated September 8, 2015; hence, this petition.

The Issue Before the Court

The essential issue for the Court's resolution is whether or not the CA correctly held that the VA Decision can no longer be the subject of its review for having attained finality pursuant to the express provision under Section 5, Article 5 of the CBA.

The Court's Ruling

In the context of labor law, arbitration is the reference of a labor dispute to an impartial third person for determination on the basis of evidence and arguments presented by such parties who have bound themselves to accept the decision of the arbitrator as final and binding.[37] However, in view of the nature of their functions,

voluntary arbitrators act in a quasi-judicial capacity;[38] ***hence, their judgments or final orders which are declared final by law are not so exempt from judicial review when so warranted.***[39] "**Any agreement stipulating that 'the decision of the arbitrator shall be final and unappealable' and 'that no further judicial recourse if either party disagrees with the whole or any part of the arbitrator's award may be availed of' cannot be held to preclude in proper cases the power of judicial review which is inherent in courts.**"[40]

Case law holds that the proper remedy to reverse or modify a Voluntary Arbitrator's or a Panel of Voluntary Arbitrators' decision or award is to appeal the award or decision before the CA under Rule 43 of the Rules[41] on questions of fact, of law, mixed questions of fact and law,[42] or a mistake of judgment.[43] However, in several cases, the Court allowed the filing of a petition for *certiorari* from the VA's judgment to the CA under Rule 65 of the same Rules,[44] where the VA was averred to have acted without or in excess of his jurisdiction or with grave abuse of discretion amounting to lack or excess of jurisdiction.[45]

In this case, petitioner availed of the correct mode of review of the VA Decision by filing a petition for review with the CA under Rule 43 of the Rules, and in conformity with prevailing jurisprudence. In said petition, petitioner assailed the arbitral award, first, on the ground that "[t]he Panel seriously erred in declaring [that] the disparity between the wages of [the] Cosmos [i]ntegrees and [the] newly-hired [ADs] as discriminatory, and [in] directing [petitioner] to [realign] or [readjust] the basic salary rate of the Cosmos [i]ntegrees equivalent to that of the newly-hired [ADs]."[46] In this light, petitioner pointed out that the Cosmos [i]ntegrees "were not hired by [petitioner] for the AD Position because they met the qualifications therefor. Rather they were appointed as such because they passed the internal selection process which [petitioner] specifically applied to them" and, "[i]n fact, x x x all three (3) Cosmos [i]ntegrees failed to meet all the basic qualifications for the AD position, such as age and educational attainment."[47] On the other hand, the newly-hired ADs "were engaged on the basis of the qualifications they presented to [petitioner] at the time they applied for the job," and ''were no longer required to undergo the same selection process applied to the Cosmos [i]ntegrees inasmuch as they already possessed, at the time of their application, the minimum requirements for the job."[48] Based on the differences in the selection processes and qualifications, petitioner claimed that the "doctrine [of] 'equal pay for equal work' x x x has no application in the present case."[49] Further, it added that the measure of providing for higher salary rates was not done arbitrarily and illegally to discriminate against the Cosmos [i]ntegrees. Moreover, it claimed that "[b]eing an exercise of management prerogative, [petitioner] may very well offer newly-hired ADs a more competitive compensation scheme in order to attract more qualified candidates for the position."[50]

In its petition before the Court, petitioner, citing certain cases on the matter,[51] restated the same position, postulating that "the unilateral adoption [of] an upgraded salary scale that increased hiring rates of newly-hired employees without increasing the salary rates of the old employees [should be treated as] a valid exercise of business judgment prerogative, based on the high productivity of that particular group and the need to increase the company's hiring rate[;] otherwise[,]