

FIRST DIVISION

[G.R. NO. 145561, June 15, 2005]

HONDA PHILS., INC., PETITIONER, VS. SAMAHAN NG MALAYANG MANGGAGAWA SA HONDA, RESPONDENT.

DECISION

YNARES-SANTIAGO, J.:

This petition for review under Rule 45 seeks the reversal of the Court of Appeals' decision^[1] dated September 14, 2000^[2] and its resolution^[3] dated October 18, 2000, in CA-G.R. SP No. 59052. The appellate court affirmed the decision dated May 2, 2000 rendered by the Voluntary Arbitrator who ruled that petitioner Honda Philippines, Inc.'s (Honda) pro-rated payment of the 13th and 14th month pay and financial assistance to its employees was invalid.

As found by the Court of Appeals, the case stems from the Collective Bargaining Agreement (CBA) forged between petitioner Honda and respondent union Samahan ng Malayang Manggagawa sa Honda (respondent union) which contained the following provisions:

Section 3. 13th Month Pay

The COMPANY shall maintain the present practice in the implementation [of] the 13th month pay.

Section 6. 14th Month Pay

The COMPANY shall grant a 14th Month Pay, computed on the same basis as computation of 13th Month Pay.

Section 7. The COMPANY agrees to continue the practice of granting, in its discretion, financial assistance to covered employees in December of each year, of not less than 100% of basic pay.

This CBA is effective until year 2000. In the latter part of 1998, the parties started re-negotiations for the fourth and fifth years of their CBA. When the talks between the parties bogged down, respondent union filed a Notice of Strike on the ground of bargaining deadlock. Thereafter, Honda filed a Notice of Lockout. On March 31, 1999, then Department of Labor and Employment (DOLE) Secretary Laguesma assumed jurisdiction over the labor dispute and ordered the parties to cease and desist from committing acts that would aggravate the situation. Both parties complied accordingly.

On May 11, 1999, however, respondent union filed a second Notice of Strike on the ground of unfair labor practice alleging that Honda illegally contracted out work to

the detriment of the workers. Respondent union went on strike and picketed the premises of Honda on May 19, 1999. On June 16, 1999, DOLE Acting Secretary Felicisimo Joson, Jr. assumed jurisdiction over the case and certified the same to the National Labor Relations Commission (NLRC) for compulsory arbitration. The striking employees were ordered to return to work and the management accepted them back under the same terms prior to the strike staged.

On November 22, 1999, the management of Honda issued a memorandum^[4] announcing its new computation of the 13th and 14th month pay to be granted to all its employees whereby the thirty-one (31)-day long strike shall be considered unworked days for purposes of computing said benefits. As per the company's new formula, the amount equivalent to 1/12 of the employees' basic salary shall be deducted from these bonuses, with a commitment however that in the event that the strike is declared legal, Honda shall pay the amount deducted.

Respondent union opposed the pro-rated computation of the bonuses in a letter dated November 25, 1999. Honda sought the opinion of the Bureau of Working Conditions (BWC) on the issue. In a letter dated January 4, 2000,^[5] the BWC agreed with the pro-rata payment of the 13th month pay as proposed by Honda.

The matter was brought before the Grievance Machinery in accordance with the parties' existing CBA but when the issue remained unresolved, it was submitted for voluntary arbitration. In his decision^[6] dated May 2, 2000, Voluntary Arbitrator Herminigildo C. Javen invalidated Honda's computation, to wit:

WHEREFORE, in view of all foregoing premises being duly considered and evaluated, it is hereby ruled that the Company's implementation of pro-rated 13th Month pay, 14th Month pay and Financial Assistance [is] invalid. The Company is thus ordered to compute each provision in full month basic pay and pay the amounts in question within ten (10) days after this Decision shall have become final and executory.

The three (3) days Suspension of the twenty one (21) employees is hereby affirmed.

SO ORDERED.^[7]

Honda's Motion for Partial Reconsideration was denied in a resolution dated May 22, 2000. Thus, a petition was filed with the Court of Appeals, however, the petition was dismissed for lack of merit.

Hence, the instant petition for review on the sole issue of whether the pro-rated computation of the 13th month pay and the other bonuses in question is valid and lawful.

The petition lacks merit.

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.^[8] As in all contracts, the parties in a CBA may establish such stipulations, clauses, terms and

conditions as they may deem convenient provided these are not contrary to law, morals, good customs, public order or public policy.^[9] Thus, where the CBA is clear and unambiguous, it becomes the law between the parties and compliance therewith is mandated by the express policy of the law.^[10]

In some instances, however, the provisions of a CBA may become contentious, as in this case. Honda wanted to implement a pro-rated computation of the benefits based on the “no work, no pay” rule. According to the company, the phrase “present practice” as mentioned in the CBA refers to the manner and requisites with respect to the payment of the bonuses, i.e., 50% to be given in May and the other 50% in December of each year. Respondent union, however, insists that the CBA provisions relating to the implementation of the 13th month pay necessarily relate to the computation of the same.

We agree with the findings of the arbitrator that the assailed CBA provisions are far from being unequivocal. A cursory reading of the provisions will show that they did not state categorically whether the computation of the 13th month pay, 14th month pay and the financial assistance would be based on one full month’s basic salary of the employees, or pro-rated based on the compensation actually received. The arbitrator thus properly resolved the ambiguity in favor of labor as mandated by Article 1702 of the Civil Code.^[11] The Court of Appeals affirmed the arbitrator’s finding and added that the computation of the 13th month pay should be based on the length of service and not on the actual wage earned by the worker.

We uphold the rulings of the arbitrator and the Court of Appeals. Factual findings of labor officials, who are deemed to have acquired expertise in matters within their respective jurisdiction, are generally accorded not only respect but even finality, and bind us when supported by substantial evidence. It is not our function to assess and evaluate the evidence all over again, particularly where the findings of both the arbiter and the Court of Appeals coincide.^[12]

Presidential Decree No. 851, otherwise known as the 13th Month Pay Law, which required all employers to pay their employees a 13th month pay, was issued to protect the level of real wages from the ravages of worldwide inflation. It was enacted on December 16, 1975 after it was noted that there had been no increase in the minimum wage since 1970 and the Christmas season was an opportune time for society to show its concern for the plight of the working masses so that they may properly celebrate Christmas and New Year.^[13]

Under the Revised Guidelines on the Implementation of the 13th month pay issued on November 16, 1987, the salary ceiling of P1,000.00 under P.D. No. 851 was removed. It further provided that the minimum 13th month pay required by law shall not be less than one-twelfth (1/12) of the total basic salary earned by an employee within a calendar year. The guidelines pertinently provides:

The “basic salary” of an employee for the purpose of computing the 13th month pay shall include all **remunerations or earnings paid by his employer for services rendered** but does not include allowances and monetary benefits which are not considered or integrated as part of the regular or basic salary, such as the cash equivalent of unused vacation