SUPREME COURT
SECOND DIVISION

DE LA SALLE UNIVERSITY MEDICAL CENTER AND COLLEGE OF MEDICINE,
***Petitioner*,**

-versus-

G.R. No. 102084
August 12, 1998

HON. BIENVENIDO E. LAGUESMA, Undersecretary of Labor and Employment; ROLANDO S. DE LA CRUZ, Med-Arbiter Regional Office No. IV, DE LA SALLE UNIVERSITY MEDICAL CENTER AND COLLEGE OF MEDICINE SUPERVISORY UNION-FEDERATION OF FREE WORKERS,
***Respondents*.**
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D E C I S I O N

MENDOZA, *J.*:

Petitioner De La Salle University Medical Center and College of Medicine (DLSUMCCM) is a hospital and medical school at Dasmariñas, Cavite. Private respondent Federation of Free Workers-De La Salle University Medical Center and College of Medicine

Supervisory Union Chapter (FFW-DLSUMCCMSUC), on the other hand, is a labor organization composed of the supervisory employees of petitioner DLSUMCCM.

On April 17, 1991, the Federation of Free Workers (FFW), a national federation of labor unions, issued a certificate to private respondent FFW-DLSUMCCMSUC recognizing it as a local chapter. On the same day, it filed on behalf of private respondent FFW-DLSUMCCMSUC a petition for certification election among the supervisory employees of petitioner DLSUMCCM. Its petition was opposed by petitioner DLSUMCCM on the grounds that several employees who signed the petition for certification election were managerial employees and that the FFW-DLSUMCCMSUC was composed of both supervisory and rank-and-file employees in the company.[1]

In its reply dated May 22, 1991, private respondent FFW-DLSUMCCMSUC denied petitioner's allegations. It contended that —

> 2. Herein petition seeks for the holding of a certification election among the supervisory employees of herein respondent. It does not intend to include managerial employees.
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> x x x
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> 6. It is not true that supervisory employees are joining the rank-and-file employees' union. While it is true that both regular rank-and-file employees and supervisory employees of herein respondent have affiliated with FFW, yet there are two separate unions organized by FFW. The supervisory employees have a separate charter certificate issued by FFW.[2]

On July 5, 1991, respondent Rolando S. de la Cruz, med-arbiter of the Department of Labor and Employment Regional Office No. IV, issued an order granting respondent union's petition for certification election. He said:

> [Petitioner] claims that based on the job descriptions which will be presented at the hearing, the covered employees who are

considered managers occupy the positions of purchasing officers, personnel officers, property officers, cashiers, heads of various sections and the like.

[Petitioner] also argues that assuming that some of the employees concerned are not managerial but mere supervisory employees, the Federation of Free Workers (FFW) cannot extend a charter certificate to this group of employees without violating the express provision of Article 245 which provides that "supervisory employees shall not be eligible for membership in a labor organization of the rank-and-file employees but may join, assist or form separate labor organizations of their own" because the FFW had similarly issued a charter certificate to its rank-and-file employees.

x x x

In its position paper, [petitioner] stated that most, if not all, of the employees listed in the petition are considered managerial employees, thereby admitting that it has supervisory employees who are undoubtedly qualified to join or form a labor organization of their own. The record likewise shows that [petitioner] promised to present the job descriptions of the concerned employees during the hearing but failed to do so. Thus, this office has no basis in determining at this point in time who among them are considered managerial or supervisory employees. At any rate, there is now no question that [petitioner] has in its employ supervisory employees who are qualified to join or form a labor union. Consequently, this office is left with no alternative but to order the holding of certification election pursuant to Article 257 of the Labor Code, as amended, which mandates the holding of certification election if a petition is filed by a legitimate labor organization involving an unorganized establishment, as in the case of herein respondent.

As to the allegation of [petitioner] that the act of the supervisory employees in affiliating with FFW to whom the rank-and-file employees are also affiliated is violative of Article 245 of the Labor Code, suffice it to state that the two groups are

> considered separate bargaining units and local chapters of FFW. They are, for all intents and purposes, separate with each other and their affiliation with FFW would not make them members of the same labor union. This must be the case because it is settled that the locals are considered the basic unit or principal with the labor federation assuming the role of an agent. The mere fact, therefore, that they are represented by or under the same agent is of no moment. They are still considered separate with each other.[3]

On July 30, 1991, petitioner DLSUMCCM appealed to the Secretary of Labor and Employment, citing substantially the same arguments it had raised before the med-arbiter. However, its appeal was dismissed. In his resolution, dated August 30, 1991, respondent Undersecretary of Labor and Employment Bienvenido E. Laguesma found the evidence presented by petitioner DLSUMCCM concerning the alleged managerial status of several employees to be insufficient, He also held that, following the ruling of this Court in Adamson & Adamson, Inc. vs. CIR,[4] unions formed independently by supervisory and rank-and-file employees of a company may legally affiliate with the same national federation.

Petitioner moved for a reconsideration but its motion was denied. In his order dated September 19, 1991, respondent Laguesma stated:

> We reviewed the records once more, and find that the issues and arguments adduced by movant have been squarely passed upon in the Resolution sought to be reconsidered. Accordingly, we find no legal justification to alter, much less set aside, the aforesaid resolution. Perforce, the motion for reconsideration must fail.
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> WHEREFORE, the instant motion for reconsideration is hereby denied for lack of merit and the resolution of this office dated 30 August 1991 STANDS.
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> No further motions of a similar nature shall hereinafter be entertained.[5]

Hence, this petition for certiorari.

Petitioner DLSUMCCM contends that respondent Laguesma gravely abused his discretion. While it does not anymore insist that several of those who joined the petition for certification election are holding managerial positions in the company, petitioner nonetheless pursues the question whether unions formed independently by supervisory and rank-and-file employees of a company may validly affiliate with the same national federation. With respect to this question, it argues:

> THE PUBLIC RESPONDENT, HONORABLE BIENVENIDO E. LAGUESMA, UNDERSECRETARY OF LABOR AND EMPLOYMENT, IN A CAPRICIOUS, ARBITRARY AND WHIMSICAL EXERCISE OF POWER ERRED AND COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO ACTING WITHOUT OR IN EXCESS OF JURISDICTION WHEN HE DENIED THE PETITIONER'S APPEAL AND ORDERED THE HOLDING OF A CERTIFICATION ELECTION AMONG THE MEMBERS OF THE SUPERVISORY UNION EMPLOYED IN PETITIONER'S COMPANY DESPITE THE FACT THAT SAID SUPERVISORY UNION WAS AFFILIATED WITH THE FEDERATION OF FREE WORKERS TO WHICH THE RANK-AND-FILE EMPLOYEES OF THE SAME COMPANY ARE LIKEWISE AFFILIATED, CONTRARY TO THE EXPRESS PROVISIONS OF ARTICLE 245 OF THE LABOR CODE, AS AMENDED.[6]

The contention has no merit.

Supervisory employees have the right to self-organization as do other classes of employees save only managerial ones. The Constitution states that "the right of the people, including those employed in the public and private sectors, to form unions, associations or societies for purposes not contrary to law, shall not be abridged."[7] As we recently held in United Pepsi-Cola Supervisory Union vs. Laguesma,[8] the framers of the Constitution intended, by this provision, to restore the right of supervisory employees to self-organization which had been withdrawn from them during the period of martial law. Thus:

Commissioner Lerum sought to amend the draft of what was later to become Art. III, § 8 of the present Constitution:

x x x

> MR. LERUM, Also, we have unions of supervisory employees and of security guards. But what is tragic about this is that after the 1973 Constitution was approved and in spite of an express recognition of the right to organize in P.D. No. 442, known as the Labor Code, the right of government workers, supervisory employees and security guards to form unions was abolished.
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> x x x
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> We are afraid that without any corresponding provision covering the private sector, the security guards, the supervisory employees will still be excluded and that is the purpose of this amendment.
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> x x x
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> In sum, Lerum's proposal to amend Art. III, § 8 of the draft Constitution by including labor unions in the guarantee of organizational right should be taken in the context of statements that his aim was the removal of the statutory ban against security guards and supervisory employees joining labor organizations. The approval by the Constitutional Commission of his proposal can only mean, therefore, that the Commission intended the absolute right to organize of government workers, supervisory employees, and security guards to be constitutionally guaranteed.[9]

Conformably with the constitutional mandate, Art. 245 of the Labor Code now provides for the right of supervisory employees to self-organization, subject to the limitation that they cannot join an organization of rank-and-file employees:

> Supervisory employees shall not be eligible for membership in a labor organization of the rank-and-file employees but may join, assist or form separate labor organizations of their own.

The reason for the segregation of supervisory and rank-and-file employees of a company with respect to the exercise of the right to self-organization is the difference in their interests. Supervisory employees are more closely identified with the employer than with the rank-and-file employees. If supervisory and rank-and-file employees in a company are allowed to form a single union, the conflicting interests of these groups impair their relationship and adversely affect discipline, collective bargaining, and strikes.[10] These consequences can obtain not only in cases where supervisory and rank-and-file employees in the same company belong to a single union but also where unions formed independently by supervisory and rank-and-file employees of a company are allowed to affiliate with the same national federation. Consequently, this Court has held in Atlas Lithographic Services Inc. vs. Laguesma[11] that—

> To avoid a situation where supervisors would merge with the rank-and-file or where the supervisors' labor organization would represent conflicting interests, then a local supervisors' union should not be allowed to affiliate with a national federation of unions of rank-and-file employees where that federation actively participates in union activities in the company.
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> As we explained in that case, however, such a situation would obtain only where two conditions concur: First, the rank-and-file employees are directly under the authority of supervisory employees.[12] Second, the national federation is actively involved in union activities in the company.[13] Indeed, it is the presence of these two conditions which distinguished Atlas Lithographic Services, Inc. vs. Laguesma from Adamson & Adamson, Inc. vs. CIR[14] where a different conclusion was reached.

The affiliation of two local unions in a company with the same national federation is not by itself a negation of their independence since in relation to the employer, the local unions are considered as the principals, while the federation is deemed to be merely their agent. This conclusion is in accord with the policy that any limitation on the exercise by employees of the right to self-organization

guaranteed in the Constitution must be construed strictly. Workers should be allowed the practice of this freedom to the extent recognized in the fundamental law. As held in Liberty Cotton Mills Workers Union vs. Liberty Cotton Mills, Inc.:[15]

> The locals are separate and distinct units primarily designed to secure and maintain an equality of bargaining power between the employer and their employee members in the economic struggle for the fruits of the joint productive effort of labor and capital; and the association of locals into the national union was in furtherance of the same end. These associations are consensual entities capable of entering into such legal relations with their members. The essential purpose was the affiliation of the local unions into a common enterprise to increase by collective action the common bargaining power in respect of the terms and conditions of labor. Yet the locals remained the basic units of association, free to serve their own and the common interest of all, and free also to renounce the affiliation for mutual welfare upon the terms laid down in the agreement which brought it to existence.[16]

The questions in this case, therefore, are whether the rank-and-file employees of petitioner DLSUMCCM who compose a labor union are directly under the supervisory employees whose own union is affiliated with the same national federation (Federation of Free Workers) and whether such national federation is actively involved in union activities in the company so as to make the two unions in the same company, in reality, just one union.

Although private respondent FFW-DLSUMCCMSUC and another union composed of rank-and-file employees of petitioner DLSUMCCM are indeed affiliated with the same national federation, the FFW, petitioner DLSUMCCM has not presented any evidence showing that the rank-and-file employees composing the other union are directly under the authority of the supervisory employees. As held in Adamson & Adamson, Inc. vs. CIR,[17] the fact that the two groups of workers are employed by the same company and the fact that they are affiliated with a common national federation are not sufficient to justify the conclusion that their organizations are actually just one.

Their immediate professional relationship must be established. To borrow the language of Adamson & Adamson, Inc. vs. CIR:[18]

> We find without merit the contention of petitioner that if affiliation will be allowed, only one union will in fact represent both supervisors and rank-and-file employees of the petitioner; that there would be an indirect affiliation of supervisors and rank-and-file employees with one labor organization; that there would be a merging of the two bargaining units; and that the respondent union will lose its independence because it becomes an alter ego of the federation.[19]

Mention has already been made of the fact that the petition for certification election in this case was filed by the FFW on behalf of the local union. This circumstance, while showing active involvement by the FFW in union activities at the company, is by itself insufficient to justify a finding of violation of Art. 245 since there is no proof that the supervisors who compose the local union have direct authority over the rank-and-file employees composing the other local union which is also affiliated with the FFW. This fact differentiates the case from Atlas Lithographic Services, Inc. vs. Laguesma,[20] in which, in addition to the fact that the petition for certification election had been filed by the national federation, it was shown that the rank-and-file employees were directly under the supervisors organized by the same federation.

It follows that respondent labor officials did not gravely abuse their discretion.

WHEREFORE, the petition is **DISMISSED**.

SO ORDERED.

Regalado, Melo and Martinez, *JJ.*, concur.
Puno, *J.*, took no part, due to relationship to a party.

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[1] Rollo, p. 30.
[2] Id., pp. 38-39.
[3] Id., pp. 41-45.

[4] 127 SCRA 268 (1984).
[5] Id., pp. 17-18.
[6] Id., p. 8.
[7] Art. III, § 8.
[8] G.R. No. 122226, 25 March 1998.
[9] Id., at 21-25.
[10] Atlas Lithographic Services Inc. vs. Laguesma, 205 SCRA 12 (1992).
[11] Ibid.,
[12] Id., at 18.
[13] Id., at 19.
[14] See note 4, supra.
[15] 66 SCRA 512 (1975).
[16] The locals are separate and distinct units primarily designed to secure and maintain an equality of bargaining power between the employer and their employee members in the economic struggle for the fruits of the joint productive effort of labor and capital; and the association of locals into the national union was in furtherance of the same end. These associations are consensual entities capable of entering into such legal relations with their members. The essential purpose was the affiliation of the local unions into a common enterprise to increase by collective action the common bargaining power in respect of the terms and conditions of labor. Yet the locals remained the basic units of association, free to serve their own and the common interest of all, and free also to renounce the affiliation for mutual welfare upon the terms laid down in the agreement which brought it to existence.
[17] See note 4, supra.
[18] Ibid.
[19] Id., at 273.
[20] See note 10, supra.