SUPREME COURT
FIRST DIVISION

GENERAL RUBBER AND FOOTWEAR CORPORATION,
***Petitioner*,**

-versus-

G.R. No. 74262
October 29, 1987

BUREAU OF LABOR RELATIONS, NATIONAL ASSOCIATION OF TRADE UNION OF MONTHLY PAID EMPLOYEES — NATU,
***Respondents*.**
x----------x

D E C I S I O N

PARAS, *J.*:

Petitioner is a corporation engaged in the business of manufacturing rubber sandals and other rubber products. In 1985, the Samahang Manggagawa sa General Rubber Corporation — ANGLO was formed by the daily paid — rank and file employees as their union for collective bargaining, after the expiration on October 15, 1985 of the collective bargaining agreement previously executed by petitioner with General Rubber Workers Union (Independent) on October 15, 1982. Be it noted however that on July 17, 1985, the monthly-paid employees of the petitioner-corporation, after forming their own

collective bargaining unit — the National Association of Trade Unions of Monthly Paid Employees-NATU, filed a petition for direct certification with the Bureau of Labor Relations which petition was opposed by herein petitioner. On September 2, 1985, the Med-Arbiter issued an Order for the holding of a certification election after finding that a certification election is in order in this case and observing that it is the fairest remedy to determine whether employees of petitioner desire to have a union or not. On appeal, the Bureau of Labor Relations denied both the appeal and motion for reconsideration interposed by petitioner and affirmed the ruling of the Med-Arbiter. Hence, the present petition, imputing serious errors of law and grave abuse of discretion on the part of the Bureau of Labor Relations in issuing the assailed order which sanctioned the creation of two (2) bargaining units within petitioner-corporation with the following:

GROUNDS FOR REVIEW

I

The Bureau of Labor Relations committed serious error of law and grave abuse of discretion in ordering the creation of a new bargaining unit at petitioner, notwithstanding that there is already an existing bargaining unit, whose members are represented for collective bargaining purposes by Samahang Manggagawa sa General Rubber Corporation-ANGLO.

II

The Bureau of Labor Relations committed serious error of law in holding that managerial employees or those employees exercising managerial functions can legally form and join a labor organization and be members of the new bargaining unit.

III

The Bureau of Labor Relations committed grave abuse of discretion in holding that supervisors, employees performing managerial, confidential and technical functions and office personnel, who are negotiated by petitioner to be excluded from the existing bargaining unit because they are performing vital functions to management, can

form and join a labor organization and be members of the new bargaining unit.

Expounding on its position, petitioner argues that:

1. The order violates the thrust of the Labor Code insofar as formation of a bargaining unit is concerned. A policy is in favor of a larger unit and not the creation of smaller units in one establishment which might lead to formentation, thus impractical.

2. Article 246 of the Labor Code explicitly provides that managerial employees are ineligible to join or form any labor organization. Since it has been shown by the petitioners that 30% of the monthly-paid employees are managers or employees exercising managerial functions, it was grave error for the Bureau of Labor Relations to allow these monthly paid employees to form a union and/or a bargaining unit.

3. The Bureau of Labor Relations overlooked the fact that these monthly-paid-employees are excluded from the first existing bargaining unit of the daily-paid rank and file employees because in the year 1963, when the employees of petitioner initially started to exercise their right to self-organization, herein petitioner bargained for the exclusion of the monthly-paid employees from the existing bargaining unit because they are performing vital functions of management. In view of this exclusion, petitioner took upon itself to take care of them and directly gave them the benefits or privileges without having to bargain for them or without the aid of the bargaining arm or force of a union.

Petitioner's contentions are devoid of merit.

Among other issues answered in the assailed order are the following findings of fact:

> "Regarding the second issue, we deem it necessary to examine the respective functions of the employees. It appears therefrom

that they perform supervisory functions. Verily they make recommendations as to what Managerial actions to take in disciplinary cases. However, that fact alone does not make them managerial employees already. It is more a question of how effective are those recommendations which aspect has not been clearly established in this case. As defined in the Labor Code, a 'managerial employee is one who is vested with powers or prerogatives to lay down and execute management policies and/or to hire, transfer, suspend, lay-off, recall, discharge, assign or discipline employees, or to effectively recommend such managerial actions.' Thus, employees who do not fall within this definition are considered rank-and-file employees.

"Lastly, we find that the third issue has been raised for the first time on appeal. It has been the policy of the Bureau to encourage the formation of an employer unit 'unless circumstances otherwise require. The proliferation of unions in an employer unit is discouraged as a matter of policy unless there are compelling reasons which would deny a certain class of employees the right to self-organization for purposes of collective bargaining. This case does not fall squarely within the exception. It is undisputed that the monthlies who are rank-and-file have been historically excluded from the bargaining unit composed of daily-paid rank-and-filers that is, since 1963 when the existing rank-and-file union was recognized. In fact, the collective bargaining agreement (CBA) which expired last 15 October 1985 provides as follows:

ARTICLE I
SCOPE

> 'Section 1. Appropriate bargaining unit. — This Agreement covers all regular employees and workers employed by the company at its factory in Malabon, Metro Manila. The words 'employee,' 'laborer' and 'workers' when used in this Agreement shall be deemed to refer to those employees within the bargaining unit. Employees who occupy managerial, confidential or technical positions, supervisors, contract employees, monthly-paid employees, security as well as office

personnel are excluded from the appropriate bargaining unit (Emphasis supplied).'

"In view of the above, the monthly-paid rank-and-file employees can form a union of their own, separate and distinct from the existing rank-and-file union composed of daily-paid workers." (Rollo, pp. 19-20)

Thus, it can be readily seen from the above findings of the Bureau of Labor Relations that the members of private respondent are not managerial employees as claimed by petitioners but merely considered as rank-and-file employees who have every right to self-organization or to be heard through a duly certified collective bargaining union. The Supervisory power of the members of private respondent union consists merely in recommending as to what managerial actions to take in disciplinary cases. These members of private respondent union do not fit the definition of managerial employees which We laid down in the case of Bulletin Publishing Corporation vs. Sanchez (144 SCRA 628). These members of private respondent union are therefore not prohibited from forming their own collective bargaining unit since it has not been shown by petitioner that "the responsibilities (of these monthly-paid-employees) inherently require the exercise of discretion and independent judgment as supervisors" or that "they possess the power and authority to lay down or exercise management policies." Similarly, We held in the same case that "Members of supervisory unions who do not fall within the definition of managerial employees shall become eligible to join or assist the rank-and-file labor organization, and if none exists, to form or assist in the forming of such rank-and-file organizations."

Perhaps it is unusual for the petitioner to have to deal with two (2) collective bargaining unions but there is no one to blame except petitioner itself for creating the situation it is in. From the beginning of the existence in 1963 of a bargaining unit for the employees up to the present, petitioner had sought to indiscriminately suppress the members of the private respondent's right to self-organization provided for by law. Petitioner, in justification of its action, maintained that the exclusion of the members of the private respondent from the bargaining union of the rank-and-file or from

forming their own union was agreed upon by petitioner corporation with the previous bargaining representatives namely: the General "Rubber Workers Union-PTGWO, the General Workers Union-NAFLU and the General Rubber Workers Union (independent). Such posture has no leg to stand on. It has not been shown that private respondent was privy to this agreement. And even if it were so, it can never bind subsequent federations and unions particularly private respondent-union because it is a curtailment of the right to self-organization guaranteed by the labor laws. However, to prevent any difficulty and to avoid confusion to all concerned and, more importantly, to fulfill the policy of the New Labor Code as well as to be consistent with Our ruling in the Bulletin case, supra, the monthly-paid rank-and-file employees should be allowed to join the union of the daily-paid-rank-and-file employees of petitioner so that they can also avail of the CBA benefits or to form their own rank-and-file union, without prejudice to the certification election that has been ordered.

WHEREFORE, premises considered, the petition is hereby **DISMISSED** for lack of merit.

SO ORDERED.

Teehankee, *C.J.*, Narvasa, Cruz and Gancayco, *JJ.*, concur.