SUPREME COURT
SECOND DIVISION

MANILA CENTRAL LINE CORPORATION,
***Petitioner*,**

-versus-

G.R. No. 109383
June 15, 1998

MANILA CENTRAL LINE FREE WORKERS UNION-NATIONAL FEDERATION OF LABOR and the NATIONAL LABOR RELATIONS COMMISSION,
***Respondents*.**
x----------x

D E C I S I O N

MENDOZA, *J.*:

This is a Petition for *Certiorari* to set aside the Resolution dated October 10, 1991 of the National Labor Relations Commission in NLRC NCR Case No. 000977-90, dismissing the appeal of petitioner

Manila Central Line Corporation from the order of Labor Arbiter Donato G. Quinto, Jr. in NLRC NCR Case No. 02-00813-90, as well as the resolution dated March 11, 1993 of the NLRC, denying reconsideration.

This case arose out of a collective bargaining deadlock between petitioner and private respondent Manila Central Line Free Workers Union-National Federation of Labor. The parties' collective bargaining agreement had expired on March 15, 1989. As the parties failed to reach a new agreement, private respondent sought the aid of the National Conciliation and Mediation Board on October 30, 1989, but the deadlock remained unresolved.

On February 9, 1990, private respondent filed a "Petition for Compulsory Arbitration" in the Arbitration Branch for the National Capital Region of the National Labor Relations Commission. At the initial hearing before the labor arbiter, the parties declared that conciliation efforts before the NCMB had terminated and it was their desire to submit the case for compulsory arbitration. Accordingly, they were required to submit their position papers and proposals, which they did, and in which they indicated portions of their respective proposals to which they agreed, leaving the rest for arbitration.[1]

On September 28, 1990, the. labor arbiter rendered a decision embodying provisions for a new collective bargaining agreement. The dispositive portion of his decision reads:

> WHEREFORE, the petitioner UNION and the respondent COMPANY are directed to execute and formalize their new five-year collective bargaining agreement (CBA) retroactive to the date of expiry of the 1986-1989 CBA by adopting the provisions in the aforementioned text which incorporated therein in the dispositions set forth by this Arbitrator within thirty (30) days from receipt of this Decision.
>
> SO ORDERED.[2]

Petitioner appealed, but its appeal was denied by the NLRC in its questioned resolution of October 10, 1991. On March 11, 1993, the

NLRC denied petitioner's motion for reconsideration. Hence, this petition with the following assignment of errors:

a) The NLRC erred in affirming the Labor Arbiter's decision —

   1. increasing the commission rate, the incentive pay, the salaries and wages of the fixed income employees covered by the CBA;

   2. granting P500.00 signing bonus to the complainant-appellee; and

   3. holding that the effectivity of the renegotiated CBA shall be retroactive to March 15, 1989, the expiry date of the old CBA.

b) There are serious errors in the endings of facts of the Labor Arbiter which were unqualifiedly affirmed by the NLRC and which justify the review by this Honorable SUPREME COURT;

c) The NLRC erred in upholding the jurisdiction of the Labor Arbiter; and

d) The NLRC erred in affirming the finalization of the CBA by the Labor Arbiter in disregard of the provisions agreed upon by the parties.

The petition is without merit. We shall deal with these contentions in the order they are presented, with the exception of the argument concerning the jurisdiction of the Labor Arbiter (par. (c)), which we shall treat first since it raises a threshold question.

First. Despite the fact that it agreed with the union to submit their dispute to the labor arbiter for arbitration, petitioner questions the jurisdiction of the labor arbiter to render the decision in question. Petitioner contends that the policy of the law now is to encourage resort to conciliation and voluntary arbitration as Art. 250(e) of the Labor Code provides.

Indeed, the Labor Code formerly provided that if the parties in collective bargaining fail to reach an agreement, the Bureau of Labor Relations should call them to conciliation meetings and, if its efforts were not successful, certify the dispute to a labor arbiter for compulsory arbitration.[3] But this was changed by R.A. No. 6715 which took effect on March 21, 1989. Art. 250(e) of the Labor Code now provides that if efforts at conciliation fail, the Board shall "encourage the parties to submit their case to a voluntary arbitrator." With specific reference to cases involving deadlocks in collective bargaining, Art. 262 provides:

> Jurisdiction over other labor disputes. — The Voluntary Arbitrator or panel of Voluntary Arbitrators, upon agreement of the parties, shall also hear and decide all other labor disputes including unfair labor practices and bargaining deadlocks.

This is what the parties did in this case. After the Board failed to resolve the bargaining deadlock between the parties, the union filed a petition for compulsory arbitration in the Arbitration Branch of the NLRC. Petitioner joined the petition and the case was submitted for decision. Although the union's petition, was for "compulsory arbitration," the subsequent agreement of petitioner to submit the matter for arbitration in effect made the arbitration a voluntary one. The essence of voluntary arbitration, after all, is that it is by agreement of the parties, rather than compulsion of law, that a matter is submitted for arbitration.[4] It does not matter that the person chosen as arbitrator is a labor arbiter who, under Art. 217 of the Labor Code, is charged with the compulsory arbitration of certain labor cases. There is nothing in the law that prohibits these labor arbiters from also acting as voluntary arbitrators as long as the parties agree to have him hear and decide their dispute.

Moreover, petitioner must be deemed to be estopped from questioning the authority of Labor Arbiter Donato G. Quinto, Jr. to act as voluntary arbitrator and render a decision in this case. Petitioner agreed, together with the union, to refer their dispute for arbitration to him. It was only after a decision was rendered that petitioner raised the question of lack of jurisdiction. Even then, petitioner did so only for the first time in a "supplemental memorandum of appeal" to the NLRC.[5] As the NLRC, through

Commissioner Romeo B. Putong, held, it was too late in the day for petitioner to do this.[6]

Indeed, it is inconsistent for petitioner to contend, on the one hand, that this case should have been resolved through voluntary arbitration and, on the other, to follow the procedure for compulsory arbitration by appealing the decision of the labor arbiter to the NLRC and subsequently questioning the latter's decision through this special civil action of certiorari. Pursuant to our decision in Luzon Development Bank vs. Luzon Development Bank Employees Association,[7] this case, considered as a special civil action for certiorari to set aside the decision of a voluntary arbitrator, should have been referred, as a matter of policy, to the Court of Appeals. However, it was not evident in the beginning from a cursory consideration of the pleadings that what actually took place in the labor agency was a proceeding for voluntary arbitration. Accordingly, so as not to delay the disposition of this case, we have thought on balance that this case should be retained and decided on the merits.

Second. In par. (a)(1) and par. (b) of its assignment of errors, petitioner questions factual findings of the labor arbiter and the NLRC. Such findings are generally held to be binding, and even final, so long as they are substantially supported by evidence in the record of the case.[8] This is especially so where, as here, the agency and a subordinate one which heard the case in the first instance are in full agreement as to the facts.[9]

The decisions of both the NLRC and the labor arbiter contain an exhaustive discussion of the issues, belying petitioner's claim that they did not fully consider the evidence and appreciate what it claims are the "dire economic straits" it is in. This is evident from the following portion of the labor arbiter's order dated September 28, 1990, which the NLRC adopted:

> "From the foregoing allegations of the parties and as expound (sic), discussed and/or argued by them in their respective position paper, the disagreement, or deadlock, as we say it, focus (sic) and centers on the so called "economic issues" particularly on the provisions on Salaries and Wages.

Petitioner-Union proposed that the commission for drivers, conductors and conductresses shall be 10% and 8%, respectively, of their gross collections. In addition, as incentive pay, it proposed that drivers, conductors and conductresses shall be entitled to incentive pay as follows: (a) For a quota of P2,600.00, the incentive should be P40.00; (b) for a quota of P2,875.00, the incentive should be P50.00, and (c) for a quota of P3,155.00 the incentive pay should be P60.00.

Further, petitioner-Union, insofar as the "fixed income employees" are concerned, they proposed that they should be granted a salary/wage increase as follows: (a) effective March 15, 1989 — P12.00; (b) Effective March 15, 1990 — P10.00; and (c) effective March 15, 1991 — P8.00.

Respondent, on the other hand, proposes that the commission for drivers and conductor/tresses shall be 8.5% and 6.5% of their gross collections, respectively. And in addition, these drivers and conductors/tresses shall be entitled to an incentive pay based on the following quota, to wit. (a) for quota of P3,276.00, the incentive pay is P35.00; (b) for quota of P3,635.00, it is P45.00; and for quota of P3,994.00, it is P55.00. Respondent management has no proposal insofar as grant of increase/s to fixed income employees' subject of the bargaining unit.

As noted at present under the old CBA, the commission being paid to drivers and conductors/tresses is 8% and 6%, respectively. During and in the negotiation, respondent proposes to raise this rate by .5% thus making it 8.5 and 6.5 respectively. Respondent in proposing an increase of .5% justifies the same by saying that such is only what it can afford as it had been incurring financial losses as shown by Financial Statement it submitted in evidence. This was rejected by the union which proposes that the rate of the commission be raised to 10% and 8% respectively, from 8% and 6%, or an increase by 2%, respectively. The union debunked the claim of the respondent-company that it had been financially suffering and had claim (sic) that it had earned profit in all the years that it had been under operation.

A look at the parties' proposal and counter-proposal shows that the union was demanding that the rate be increased to 10% and 8% from

the old rate of 8% and 6% or an increase of 2%, while that of the company effectively increased the rate by .5% to make the rate at 8.5% and 6.5%. From this, it appears that the disagreement lies on how much would the increase in the rate be. As appearing the union was asking for an increase equivalent to at feast 25% for the drivers and at least 33% for the conductors/tresses, while that which proposed (sic) by the company shows an increase of at least 6% and 8% respectively. The difference between the parties proposal and counter-proposal is at least 19% and 25%, respectively. With this disagreement in this difference, it is thought of to be practical and reasonable to meet at the middle of the difference in the rate by dividing the same into two. Hence, the increase in the rate should be from the present 8% and 6% to 8.75% and 6.75%. However, in order to make the increase realistic it is opined that it should be rounded off to the nearest full number that is to 9% and 7%, respectively.

As regards the incentive pay, the following appears:

OLD CBA		RESPONDENT'S PROPOSAL		UNION'S PROPOSAL	
Quota	**Incentive**	**Quota**	**Incentive**	**Quota**	**Incentive**
P2,800.00	P35.00	P3,276.00	P35.00	P2,600.00	P40.00
3,100.00	P45.00	3,635.00	P45.00	2,600.00	50.00
3,400.00	P55.00	3,994.00	P55.00	3,155.00	60.00

As can be gleaned from the above respondent raised the quota but maintained the rate for the incentive pay, while the union lowers (sic) the quota and raises (sic) the rate for the incentive. To the mind of this arbitrator, he deems it proper and fair for both parties, to adopt the quota as proposed by the respondent and the rate for the incentive pay as proposed by the union. It is believe (sic) that such is fair and reasonable because as appearing in the parties' proposal and counter-proposal, it would seem that they are trying to out-wit each other. Hence, such would be as follows:

Quota	Rate of Incentive Pay
P3,276.00	P40.00
3,635.00	50.00
3,994.00	60.00

Another issue where the parties are in statements (sic) is the matter of increase in the salary and wages of the fixed income employees covered by the CBA. The union proposes an increase of P12.00, P10.00 and P8.00 to be spread in the three-year period, while the company did not submit a proposal for an increase claiming that it cannot afford to give any increase as it had suffered financial difficulty. However, as already discussed earlier where it is found that respondent, as shown by its financial statement, is not really in the verge of financial collapse, it is believed that it is reasonable and fair to the parties, particularly to the union that increase would be mandated. However, we could not adopt in toto the proposal of the union. Instead, we are to adopt the increase as provided under the old CBA, that is, P6.00 for the first year, P5.00 for the second year and P4.00 for the third year.[10]

Petitioner contends, however, that the labor arbiter has a duty to indicate in his order every relevant proof necessary to show that the opposing party's evidence is superior to that of petitioner. This is not so. The quantum of proof required in proceedings before administrative agencies is "substantial evidence," not overwhelming or preponderant evidence.[11] The quoted portion of the labor arbiter's order shows that the proposals of the parties as well as petitioner's financial statements were carefully considered by him in arriving at his judgment. As the Solicitor General states:

> Nor did respondent NLRC overlook the protestations of the COMPANY that it is suffering from "gargantuan economic trouble." This assertion, however, was sufficiently refuted by the UNION by presenting proof that the COMPANY had acquired a bus terminal area in Tunasan. Moreover, the COMPANY had just imported machines to recondition their old buses. Also, as can be seen in the 1992 Financial Statement of the COMPANY, it acquired new buses worth P2,400,000.00. These facts verify the findings of the Labor Arbiter that the COMPANY is not on the verge of financial collapse. Also, the COMPANY had offered an increase of .5% but in the same breath, it claims that it can hardly maintain the commission rate of 8% and 6%. There is a contradiction of facts right there and then, which considerably weakens its assertions.

The increase in commission rate will not really affect the income of the COMPANY. By their very nature, commissions will only be given to the employees if the COMPANY receives income. They are given in the form of incentives or encouragement so that employees would be inspired to put a little more industry on their particular tasks. This is unlike salaries and wages which are fixed amounts and which should be given to the employees regardless of whether the COMPANY is making any collection or not. Therefore, the employees are merely asking a percentage of the earnings of the COMPANY, which they, through their efforts, helped produce.

As regards the incentive pay increase, the COMPANY's financial position was also taken into consideration. It appears that the COMPANY and the UNION were trying to outwit each other in their respective proposals. Thus, the position adopted by the Labor Arbiter — increasing the quota and the amount of incentive — is a middle ground which is fair to both parties.

The increase in salaries and wages was premised on the findings of the Labor Arbiter that the COMPANY was not on the verge of financial collapse and that an increase would be mandated, particularly taking into consideration the inflation or increase in the cost of living in the subsequent years after the CBA was finalized. In adopting the wage increase rates provided in the old CBA, the financial condition of the COMPANY as well as the needs of the employees were taken into consideration. When conclusions of the Labor Arbiter are sufficiently corroborated by the evidence on record, the same should be respected by the appellate tribunals since he is in a better position to assess or evaluate the credibility of the contending parties [CDCP Tollways Operation Employees and Workers Union vs. NLRC, 211 SCRA 58)[12]

Nor is the grant of a P500.00 "signing bonus" to employees unreasonable or arbitrary. The amount is a modest sum, to be given by petitioner only once, in order to make employees finally agree to the new CBA. In ordering payment of this amount, the labor arbiter acted in accordance with Art. 262-A of the Labor Code which provides in part:

> Procedures. — The Voluntary Arbitrator or panel of Voluntary Arbitrators shall have the power to hold hearings, receive evidences and take whatever action is necessary to resolve the issue or issues subject to the dispute, including efforts to effect a voluntary settlement between parties. (Emphasis added)

Third. Petitioner also contends that in ordering the new CBA to be effective on March 15, 1989, the expiry date of the old CBA, the labor arbiter acted contrary to Art. 253-A of the Labor Code. This provision states, among others, that:

> Any agreement on such other provisions of the Collective Bargaining Agreement entered into within six (6) months from the date of expiry of the term of such other provisions as fixed in such Collective Bargaining Agreement, shall retroact to the day immediately following such date. If any such agreement is entered into beyond six months, the parties shall agree on the duration of retroactivity thereof. In case of a deadlock in the renegotiation of the collective bargaining agreement, the parties may exercise their rights under this code.

Art. 253-A refers to collective bargaining agreements entered into by the parties as a result of their mutual agreement. The CBA in this case, on the other hand, is part of an arbitral award. As such, it may be made retroactive to the date of expiration of the previous agreement. As held In St. Luke's Medical Center, Inc. vs. Torres:

> Finally, the effectivity of the Order of January 28, 1991, must retroact to the date of the expiration of the previous CBA, contrary to the position of petitioner. Under the circumstances of the case, Article 253-A cannot be properly applied to herein case. As correctly stated by public respondent in his assailed Order of April 12, 1991 dismissing petitioner's Motion for Reconsideration —
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> > Anent the alleged lack of basis for the retroactivity provisions awarded, we would stress that the provision of law invoked by the Hospital, Article 253-A of the Labor Code, speaks of agreements by and between the parties, and not arbitral awards. (p. 818 Rollo).

Therefore, in the absence of a specific provision of law prohibiting retroactivity of the effectivity of arbitral awards issued by the Secretary of Labor pursuant to Article 263(g) of the Labor Code, such as herein involved, public respondent is deemed vested with plenary and discretionary powers to determine the effectivity thereof.[13]

Indeed, petitioner has not shown that the question of effectivity was not included in the general agreement of the parties to submit their dispute for arbitration. To the contrary, as the order of the labor arbiter states, this question was among those submitted for arbitration by the parties:

> As regards the "Effectivity and Duration" clause, the company proposes that the collective bargaining agreement shall take effect only upon its signing and shall remain in full force and effect for a period of five years. The union proposes that the agreement shall take effect retroactive to March 15, 1989, the expiration date of the old CBA.

And after an evaluation of the parties' respective contention and argument thereof, it is believed that of the union is fair and reasonable. It is the observation of this Arbitrator that in almost subsequent CBAs, the effectivity of the renegotiated CBA, usually and most often is made effective retroactive to the date when the immediately proceeding CBA expires so as to give a semblance of continuity. Hence, for this particular case, it is believed that there is nothing wrong adopting the stand of the union, that is that this CBA be made retroactive effective March 15, 1989.[14]

Fourth. It is finally contended that the labor arbiter disregarded many provisions of the old CBA which the parties had "retained, improved and agreed upon," with the result that "the CBA finalized by the Honorable Labor Arbiter does not reflect the true intention of the parties."[15] Petitioner does not specify, however, what provisions of the old CBA were disregarded by the labor arbiter. Consequently, this allegation should simply be dismissed.

WHEREFORE, the Petition is **DISMISSED** for lack of merit.

SO ORDERED.

Regalado, Puno and Martinez, *JJ.*, concur.
Melo, *J.*, is on leave.

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[1] Rollo, pp. 29-31.
[2] Id., p. 28.
[3] Pres. Decree No. 1691, §3 (1980) and Pres. Decree No. 442, Art, 297 as originally numbered (1974).
[4] See Luzon Development Bank vs. Luzon Development Bank Employees Ass'n, 249 SCRA 162 (1995); 2 C. A. AZUCENA, THE LABOR CODE 353 (1996).
[5] Rollo, p. 39.
[6] Id., pp. 39-40; M. Ramirez Industries vs. Secretary of Labor, G.R. No. 89894, Jan. 3, 1997; Stalt-Nielsen Marine Services (Phils.) Inc. vs. NLRC, 264 SCRA 307 (1996).
[7] 249 SCRA 162 (1995).
[8] International Container Terminal Services, Inc. vs. NLRC, 256 SCRA 124 (1996).
[9] Belaunzaran vs. NLRC, 265 SCRA 800 (1996).
[10] Rollo, pp. 34-36.
[11] Ynson vs. Court of Appeals, 257 SCRA 411 (1996); RULES OF COURT, Rule 133, §5.
[12] Rollo, pp. 95-98.
[13] 223 SCRA 779, 792-793 (1993); reiterated in Philippine Airlines, Inc. vs. Confessor, 231 SCRA 41 (1994).
[14] Rollo, pp. 38-39.
[15] Id. p. 22.
