SUPREME COURT
FIRST DIVISION

SIME DARBY PILIPINAS, INC.,
***Petitioner*,**

-versus-

G.R. No. 119205
April 15, 1998

NATIONAL LABOR RELATIONS COMMISSION (2ND DIVISION) and SIME DARBY SALARIED EMPLOYEES ASSOCIATION (ALU-TUCP),
***Respondents*.**
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D E C I S I O N

BELLOSILLO, *J.*:

Is the act of management in revising the work schedule of its employees and discarding their paid lunch break constitutive of unfair labor practice?

Sime Darby Pilipinas, Inc., petitioner, is engaged in the manufacture of automotive tires, tubes and other rubber products. Sime Darby Salaried Employees Association (ALU-TUCP), private respondent, is an association of monthly salaried employees of petitioner at its Marikina factory. Prior to the present controversy, all company factory workers in Marikina including members of private respondent

union worked from 7:45 a.m. to 3:45 p.m. with a 30-minute paid "on call" lunch break.

On 14 August 1992 petitioner issued a memorandum to all factory — based employees advising all its monthly salaried employees in its Marikina Tire Plant, except those in the Warehouse and Quality Assurance Department working on shifts, a change in work schedule effective 14 September 1992 thus —

> TO: ALL FACTORY-BASED EMPLOYEES
>
> RE: NEW WORK SCHEDULE
>
> Effective Monday, September 14, 1992, the new work schedule of the factory office will be as follows:
>
> 7:45 A.M. — 4:45 P.M. (Monday to Friday)
> 7:45 A.M. — 11:45 A.M. (Saturday).
>
> Coffee break time will be ten minutes only anytime between:
>
> 9:30 A.M. — 10:30 A.M. and
> 2:30 P.M. — 3:30 P.M.
>
> Lunch break will be between:
>
> 12:00 NN — 1:00 P.M. (Monday to Friday).
>
> Excluded from the above schedule are the Warehouse and QA employees who are on shifting. Their work and break time schedules will be maintained as it is now.[1]

Since private respondent felt affected adversely by the change in the work schedule and discontinuance of the 30-minute paid "on call" lunch break, it filed on behalf of its members a complaint with the Labor Arbiter for unfair labor practice, discrimination and evasion of liability pursuant to the resolution of this Court in Sime Darby International Tire Co., Inc. vs. NLRC.[2] However, the Labor Arbiter dismissed the complaint on the ground that the change in the work schedule and the elimination of the 30-minute paid lunch break of

the factory workers constituted a valid exercise of management prerogative and that the new work schedule, break time and one-hour lunch break did not have the effect of diminishing the benefits granted to factory workers as the working time did not exceed eight (8) hours.

The Labor Arbiter further held that the factory workers would be unjustly enriched if they continued to be paid during their lunch break even if they were no longer "on call" or required to work during the break. He also ruled that the decision in the earlier Sime Darby case[3] was not applicable to the instant case because the former involved discrimination of certain employees who were not paid for their 30-minute lunch break while the rest of the factory workers were paid; hence, this Court ordered that the discriminated employees be similarly paid the additional compensation for their lunch break.

Private respondent appealed to respondent National Labor Relations Commission (NLRC) which sustained the Labor Arbiter and dismissed the appeal.[4] However upon motion for reconsideration by private respondent, the NLRC, this time with two (2) new commissioners replacing those who earlier retired, reversed its earlier decision of 20 April 1994 as well as the decision of the Labor Arbiter.[5] The NLRC considered the decision of this Court in the Sime Darby case of 1990 as the law of the case wherein petitioner was ordered to pay "the money value of these covered employees deprived of lunch and/or working time breaks." The public respondent declared that the new work schedule deprived the employees of the honored benefits of a time-honored company practice of providing its employees a 30-minute paid lunch break resulting in an unjust diminution of company privileges prohibited by Art. 100 of the Labor Code, as amended. Hence, this petition alleging that public respondent committed grave abuse of discretion amounting to lack or excess of jurisdiction: (a) in ruling that petitioner committed unfair labor practice in the implementation of the change in the work schedule of its employees from 7:45 a.m. — 3:45 p.m. to 7:45 a.m. — 4:45 p.m. with one-hour lunch break from 12:00 nn. to 1:00 p.m.; (b) in holding that there was diminution of benefits when the 30-minute paid lunch break was eliminated; (c) in failing to consider that in the earlier Sime Darby case affirming the decision of the NLRC,

petitioner was authorized to discontinue the practice of having a 30-minute paid lunch break should it decide to do so; and, (d) in ignoring petitioner's inherent management prerogative of determining and fixing the work schedule of its employees which is expressly recognized in the collective bargaining agreement between petitioner and private respondent.

The Office of the Solicitor General filed in lieu of comment a manifestation and motion recommending that the petition be granted, alleging that the 14 August 1992 memorandum which contained the new work schedule was not discriminatory of the union members nor did it constitute unfair labor practice on the part of petitioner.

We agree, hence, we sustain petitioner. The right to fix the work schedules of the employees rests principally on their employer. In the instant case petitioner, as the employer, cites as reason for the adjustment the efficient conduct of its business operations and its improved production.[6] It rationalizes that while the old work schedule included a 30-minute paid lunch break, the employees could be called upon to do jobs during that period as they were "on call." Even if denominated as lunch break, this period could very well be considered as working time because the factory employees were required to work if necessary and were paid accordingly for working. With the new work schedule, the employees are now given a one-hour lunch break without any interruption from their employer. For a full one-hour undisturbed lunch break, the employees can freely and effectively use this hour not only for eating but also for their rest and comfort which are conducive to more efficiency and better performance in their work. Since the employees are no longer required to work during this one-hour lunch break, there is no more need for them to be compensated for this period. We agree with the Labor Arbiter that the new work schedule fully complies with the daily work period of eight (8) hours without violating the Labor Code.[7] Besides, the new schedule applies to all employees in the factory similarly situated whether they are union members or not.[8]

Consequently, it was grave abuse of discretion for public respondent to equate the earlier Sime Darby case[9] with the facts obtaining in this case. That ruling in the former case is not applicable here. The issue

in that case involved the matter of granting lunch breaks to certain employees while depriving the other employees of such breaks. This Court affirmed in that case the NLRC's finding that such act of management was discriminatory and constituted unfair labor practice.

The case before us does not pertain to any controversy involving discrimination of employees but only the issue of whether the change of work schedule, which management deems necessary to increase production, constitutes unfair labor practice. As shown by the records, the change effected by management with regard to working time is made to apply to all factory employees engaged in the same line of work whether or not they are members of private respondent union. Hence, it cannot be said that the new scheme adopted by management prejudices the right of private respondent to self-organization.

Every business enterprise endeavors to increase its profits. In the process, it may devise means to attain that goal. Even as the law is solicitous of the welfare of the employees, it must also protect the right of an employer to exercise what are clearly management prerogatives.[10] Thus, management is free to regulate, according to its own discretion and judgment, all aspects of employment, including hiring, work assignments, working methods, time, place and manner of work, processes to be followed, supervision of workers, working regulations, transfer of employees, work supervision, lay off of workers and discipline, dismissal and recall of workers.[11] Further, management retains the prerogative, whenever exigencies of the service so require, to change the working hours of its employees. So long as such prerogative is exercised in good faith for the advancement of the employer's interest and not for the purpose of defeating or circumventing the rights of the employees under special laws or under valid agreements, this Court will uphold such exercise.[12]

While the Constitution is committed to the policy of social justice and the protection of the working class, it should not be supposed that every dispute will be automatically decided in favor of labor. Management also has rights which, as such, are entitled to respect and enforcement in the interest of simple fair play. Although this

Court has inclined more often than not toward the worker and has upheld his cause in his conflicts with the employer, such favoritism has not blinded the Court to the rule that justice is in every case for the deserving, to be dispensed in the light of the established facts and the applicable law and doctrine.[13]

WHEREFORE, the Petition is **GRANTED**. The Resolution of the National Labor Relations Commission dated 29 November 1994 is **SET ASIDE** and the Decision of the Labor Arbiter dated 26 November 1993 dismissing the complaint against petitioner for unfair labor practice is **AFFIRMED.**

SO ORDERED.

Davide, Jr., Vitug, Panganiban and Quisumbing, *JJ.*, concur.

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[1] Rollo, p. 34.
[2] G.R. No. 87838, 26 February 1990.
[3] Id.
[4] Rollo, p. 70.
[5] Rollo, p. 26.
[6] Rollo, p. 11
[7] Rollo, p. 36.
[8] Rollo, p. 42.
[9] See Note 2.
[10] San Miguel Brewery Sales Force vs. Ople G.R. No. 53515, 8 February 1989, 170 SCRA 25; Abbot Laboratories vs. NLRC, 154 S 713.
[11] NLU vs. Insular Yebana Co. L-15363, 31 July 1961, 2 SCRA 924.
[12] Union Carbide Labor Union vs. Union Carbide Phils. Inc., G.R. No. 41314, 13 November 1992, 215 SCRA 554.
[13] Cruz vs. Medina, G.R. No. 73053, 15 September 1989, 177 SCRA 565.