

SCA Hygiene Products Corporation Employees Association-FFW vs. SCA Hygiene Products Corporation, G.R. No. 182877; 9 August 2010

Facts: SCA Hygiene Products Corporation (“the company”) conducted a company-wide job evaluation which led the company to adopt 8 new job grade levels. Consequently, the company informed 22 daily paid rank-and-file employees (or “the 22 employees”) that their positions had been classified as Job Grade Level 2. The Monthly Employees Union then demanded that the 22 employees be given promotion increase and salary increase since they were placed on a higher job grade level, which amounted to a promotion. The Daily Employees Union also asked that the 22 employees be given the benefits of a monthly paid rank-and-file employee since Job Grade Level 2 positions were meant for monthly paid rank-and-file employees. The company failed to respond so both unions submitted their grievances for mediation. When the parties failed to settle, they submitted the case for voluntary arbitration.

The unions insisted that the 22 employees were entitled to conversion increase since Job Grade Level 2 positions were meant for monthly paid rank-and-file employees. They argued that it was the company’s practice to give a promotion increase every time an employee’s rank was converted to a higher job grade level. They added that those converted from Job Grade Level 2 positions to Job Grade Level 3 positions were granted the benefits concomitant to their new positions. The company countered that the 22 employees were not promoted since they continued to occupy the same positions they were occupying before the job evaluation, and they were not given additional duties and responsibilities. It added that those employees converted to Job Grade Level 3 positions were entitled to salary and benefits increase because they were classified as managerial employees upon conversion, while the 22 employees remained in the rank-and-file.

The Voluntary Arbitrator ruled in favor of the unions and awarded conversion increase. On appeal, the Court of Appeals ruled in favor of the company.

Issue: Whether or not the 22 daily paid rank-and-file employees were promoted after their positions were converted from Job Grade Level 1 to Job Grade Level 2; and (2) whether or not the 22 daily paid rank-and-file employees were entitled to conversion and promotion increase.

Held: The hiring, firing, transfer, demotion, and promotion of employees have been traditionally identified as a management prerogative subject to limitations found in the law, a collective bargaining agreement, or in general principles of fair play and justice. This is a function associated with the employer’s inherent right to control and manage effectively its enterprise. Thus, the Court has recognized and affirmed the prerogative of management to implement a job evaluation program or a re-organization for as long as it is not contrary to law, morals or public policy. In this case, the unions failed to show that the company acted in bad faith in implementing the job evaluation program. There was no showing that it was intended to circumvent the law and deprive the 22 daily paid rank-and-file employees of the benefits they were supposed to receive.

The job evaluation program was undertaken to streamline respondent’s operations and to place its employees in their proper positions or groupings. The Collective Bargaining Agreements of

the parties merely provided the procedure for the implementation of the job evaluation and did not guarantee any adjustment in the salaries of the employees.

What transpired was only a promotion in nomenclature. Therefore, the 22 daily paid rank-and-file employees were not entitled to any conversion or promotion increase. Of primordial consideration is not the nomenclature or title given to the employee, but the nature of his functions. Based on the 8 new job grade levels, employees in Job Grade Level 1 and those in Job Grade Level 2 were both categorized as rank-and-file employees. They continued to occupy the same positions they were occupying before the job evaluation. Their job titles remained the same and they were not given additional duties and responsibilities.

There was also no evidence to show that Job Grade Level 1 was confined to daily paid rank-and-file employees while Job Grade Level 2 was confined monthly paid rank-and-file employees, such that when a conversion from Job Grade Level 1 to Job Grade Level 2 took place, a promotion automatically ensued. The Voluntary Arbitrator's finding that Job Grade Level 2 positions were mostly occupied by monthly paid rank-and-file employees implied that some daily paid rank-and-file employees also occupied that position. Thus, a mere conversion from Job Grade Level 1 position to Job Grade Level 2 position did not automatically make a daily paid rank-and-filer a monthly paid one with a concomitant conversion and promotion increase.

The unions' allegation that it had been a long-standing company practice to grant a conversion or promotion increase every time an employee's rank is converted to a higher job grade level was not substantiated. The instances they cited showed a clear intent on the part of the company to promote the employees concerned. The job titles and positions of such employees had changed and they had assumed additional duties and responsibilities.

Those who were elevated to Job Grade Level 3 positions were rightfully given the additional benefits since they had become managerial employees. The same cannot be said of the 22 daily paid rank-and-file employees.