

FIRST DIVISION

[G.R. No. 219774, July 23, 2018]

MANILA HOTEL CORPORATION, PETITIONER, VS. ROSITA DE LEON, RESPONDENT.

DECISION

TIJAM, J.:

This is a petition for review on *certiorari*^[1] under Rule 45 of the Rules of Court over the Decision^[2] dated March 19, 2015 rendered by the Court of Appeals (CA) in CA-G.R. SP No. 132576, which set aside the Decision^[3] dated June 10, 2013 and Resolution^[4] dated September 4, 2013 of the National Labor Relations Commission (NLRC) in NLRC-LAC No. 01-000432-13 reversing the Decision^[5] dated December 10, 2012 of the Labor Arbiter (LA) in NLRC-NCR Case No. 08-12795-11, dismissing Rosita De Leon's (respondent) complaint for illegal dismissal and the CA Resolution^[6] dated July 31, 2015 which denied Manila Hotel Corporation's (petitioner) Motion for Partial Reconsideration.^[7]

The Facts

Respondent began working for petitioner on September 1, 1976 as a Restaurant and Bar Cashier. She was promoted to Front Office Cashier in October 1977, as Front Office Cashier's Shift Leader in August 1986, and as Head Cashier in January 1988. In March 1989, she assumed the post of Income Auditor. Seven years later, she accepted the position of Assistant Credit and Collection Manager. In March 2000, petitioner turned over to her the functions of the General Cashier who had resigned.^[8]

On June 7, 2011, respondent received petitioner's June 6, 2011 letter, captioned as a Notice of Compulsory Retirement (Notice),^[9] which read:

Re: **Notice of Compulsory Retirement**

Dear **Ms. De Leon**:

Following your verbal conversation with the Vice President of Human Resources and Security, P/SSupt Felipe H. Buena Jr. (Ret), the undersigned would like to formally inform you of the intention of the Management to exercise its prerogative to compulsorily retire you having been rendered 35 years in service from the Hotel [sic] effective at the close of office hours of June 10, 2011. You shall, however, be paid your retirement pay accordingly.

We thank you and wish you good luck in your future endeavors.
(Emphasis in the original)

At the time she received said Notice, respondent was 57 years old^[10] and held the position of Assistant Credit and Collection Manager/Acting General Cashier.^[11] She had by then rendered 34 years of service to petitioner.^[12]

Respondent subsequently filed against petitioner and its Chairman, President, Vice President for Finance and Human Resources Assistant Director (officers),^[13] a Complaint for illegal dismissal, underpayment of salaries and 13th month pay, non-payment of service charges, transportation allowance and other related benefits, and illegal deductions, with prayer for reinstatement without loss of seniority rights, backwages, actual, moral and exemplary damages and attorney's fees.^[14]

Respondent claimed that she had been forced to retire without due process. She averred that petitioner gave no rational basis for her retirement or dismissal and merely relied on management prerogative which, she stressed, could not be utilized to circumvent the law and the public policy on labor and social justice.^[15]

Petitioner countered that there was no dismissal because respondent voluntarily accepted its offer to avail the compulsory retirement program under the Collective Bargaining Agreement (CBA) between petitioner and its rank-and-file employees.^[16] Under the CBA, an employee's retirement is compulsory when he or she reaches the age of 60 or has rendered 20 years of service, whichever comes first.^[17]

Petitioner averred that when respondent received the Notice, she went directly to the Human Resources Director to inquire about her retirement pay, and upon learning that the same would amount to P1.5 Million, she graciously accepted the retirement offer and even personally and eagerly processed her Personnel Clearance. However, when notified that the release of her retirement pay at P1,510,757.92 had been approved, respondent refused to get her check and instead maliciously sued petitioner for illegal dismissal.^[18]

Petitioner pointed out that respondent already rendered 14 years in excess of the 20-year cut-off period for compulsory retirement, thus, it allegedly had all the right to terminate her services. According to petitioner, that respondent was only 57 years of age and still willing to serve, or that her services had been extended for 14 years, would not bar its exercise of the management prerogative to terminate her employment, stressing that labor law discourages interference with an employer's judgment in conducting its business.^[19]

Petitioner explained that it was implementing a cost-cutting program to avoid heavy losses caused by the worldwide economic crisis, and the exigencies for the continuation of respondent's employment, which it alone could determine, no longer existed.^[20]

In any case, petitioner argued, respondent could be compulsorily retired under the CBA, being a rank-and-file employee. It averred that respondent's work, the most crucial aspect of which was merely to count and keep petitioner's money, was routinary and did not involve the exercise of any discretion. Petitioner added that

respondent was not a supervisory employee as she had no staff to supervise. Furthermore, respondent had supposedly been receiving benefits under the CBA.^[21]

Petitioner, in addition, denied liability for respondent's money claims.^[22]

Respondent, however, decried petitioner's claim that she graciously accepted its retirement offer, asserting that she questioned her dismissal from the beginning, and that her signing of the Personnel Clearance only indicated an intention to clear all her accountabilities.^[23]

Respondent also contended that petitioner's CBA with the rank-and-file employees did not apply to her because she held a managerial or supervisory position as shown no less by her job title. To further prove that she was a managerial or supervisory employee, she averred that: the Performance Appraisal Sheet for Supervisory Positions was used to rate her; she was awarded Model Supervisor in 1992; as early as 1994, she was entitled to the Officer's Check Privilege which was exclusively enjoyed by employees holding managerial and supervisory positions; and the 50% discount she enjoyed in all outlets/restaurants was a privilege given only to petitioner's officers or managers.^[24]

Respondent also submitted office memorandums purportedly negating petitioner's claim that she did not exercise discretion or independent judgment in discharging her functions. Pointing to documents submitted by petitioner itself as proof that she was not a rank-and-file employee, she argued that: the Regular Payroll Journal showed her as a confidential employee from 1996, when she assumed the position of Assistant Credit and Collection Manager, until June 10, 2011; the Payroll Register included her name under "CONFI-MANA" which stood for Confidential-Manager; and the Travelling Allowance and Certification Report applied only to managers.^[25]

Ruling of the LA

Ruling in respondent's favor, the LA held that respondent was a managerial employee, as evinced by the Personnel Status Form and Appraisal Sheets she submitted and based on her responsibilities and duties and the benefits and privileges that came with her post. The LA, thus, concluded that the CBA did not apply to respondent and her compulsory retirement resultantly constituted constructive dismissal.^[26]

The LA found merit in respondent's claims for attorney's fees and illegal deductions but denied her claims for salary differentials and damages.^[27]

The dispositive portion of the LA Decision^[28] dated December 10, 2012 reads:

WHEREFORE, a Decision is hereby rendered declaring that [respondent] was illegally dismissed. Corollarily, [petitioner] are hereby ordered to reinstate [respondent] to her former position without loss of seniority rights and other privileges and to pay her backwages from the time of dismissal up to actual reinstatement, which is only up to the retireable age of 60, for which a retirement pay is hereby also ordered to be paid by the [petitioner].

In addition, [petitioner] are hereby ordered to return the amount illegally deducted from the [respondent]. An [sic] attorney's fees equivalent to ten (10%) of the total award is hereby granted. Computation is as follows:

a) BACKWAGES

6/10/11- 12[/]10/12 -
16.06 mos.
P24,749.00 x 397,468.94
16.06 =

13th MONTH
PAY

P397,468.94/12 33,122.41
=

SERVICE INCENTIVE LEAVE
PAY

P24,749/26 x 6,369.00 430,961.04
5/12 x 16.06

b) ILLEGAL DEDUCTION (given)	<u>72,616.77</u>
	509,577.81
10% Attorney's fees	<u>50,957.78</u>
Total	P560,535.59

SO ORDERED.^[29]

Ruling of the NLRC

On June 10, 2013, the NLRC, in its Decision^[30] granted the appeal interposed by petitioner and its officers, disposing as follows:

WHEREFORE, premises considered, the appealed decision dated December 10, 2012 is reversed and set aside. Accordingly, the complaint for illegal constructive dismissal is dismissed for lack of merit.

However, [petitioner] is ordered to pay [respondent] the amount of P72,616.77 representing its illegal deductions as previously granted and the amount of P7,261.67 which is equivalent to 10% of the monetary award for and by way of attorney's fees.

Likewise, [petitioner] is ordered to immediately pay [respondent] her retirement pay and benefits based on law and the [CBA].

SO ORDERED.^[31]

According to the NLRC, while managerial employees are ordinarily outside the scope of CBA, nothing prevents employers from granting them benefits equal to or higher than those given to union members. It held that in extending the retirement benefits under the CBA to respondent, petitioner was merely exercising a management prerogative, and by immediately processing her retirement requirements, including the Personnel Clearance, respondent accepted petitioner's offer of retirement. The NLRC noted that respondent, as a managerial employee, was presumed to be well-educated and to have understood the import of the Personnel Clearance when she signed it.^[32]

The NLRC thus concluded that petitioner's offer of retirement and respondent's acceptance thereof constituted a bilateral agreement the "applicable employment contract" on retirement sanctioned under Article 287^[33] of the Labor Code, the existence of which rendered unimportant the issue of whether respondent was a managerial employee or not. The NLRC held that having assented to her compulsory retirement, respondent was already estopped from contesting the same.^[34]

The NLRC approved petitioner's computation of respondent's retirement pay. It also sustained the award of attorney's fees since respondent was compelled to litigate. Because petitioners did not challenge the award for illegal deductions, the NLRC retained the same but held that all adjudged liabilities shall be borne by petitioner alone.^[35]

Both parties moved for reconsideration, petitioner insofar only as the NLRC sustained the award for illegal deductions and attorney's fees.^[36]

Respondent, for her part, maintained that she never assented to sever her employment with petitioner and that she had in fact questioned the basis for her compulsory retirement. Respondent, in particular, denied that she personally processed her Personnel Clearance, alleging that it was the staff from petitioner's Human Resources Division who went to the different departments and to her own office to have the clearance signed.

On September 4, 2013, the NLRC, in its Resolution^[37] denied both parties' motions for reconsideration.

Ruling of the CA

Granting respondent's petition for *certiorari*, the CA rendered its Decision^[38] dated March 19, 2015, the dispositive portion of which reads:

WHEREFORE, premises considered, the **PETITION** is **GRANTED**. The assailed 10 June 2013 Decision of the NLRC, and its assailed Resolution promulgated on 4 September 2013, in so far as these hold that [respondent] had been validly compulsorily retired and dismissing [respondent's] complaint for illegal dismissal, are hereby **ANNULLED** and **SET ASIDE**.

[Petitioner] is hereby **ORDERED** to pay [respondent] her backwages from the termination of her employment on 10 June 2011, her last day at work, until the date when [respondent] has turned sixty (60) years of