

SECOND DIVISION

[G.R. No. 156963, November 11, 2004]

THE PHILIPPINE AMERICAN LIFE AND GENERAL INSURANCE CO., PETITIONER, VS. ANGELITA S. GRAMAJE, RESPONDENT.

DECISION

CHICO-NAZARIO, J.:

This is a Petition for Review on *Certiorari* which seeks the review and reversal of the Decision^[1] of the Court of Appeals promulgated on 18 October 2002, reversing and setting aside the decision of the National Labor Relations Commission (NLRC), and the Resolution^[2] of the same appellate court dated 20 January 2003, denying the Motion for Reconsideration, for lack of merit.

Once again, the Court is being called upon to rule on a question that continuously besets labor-management relations --- what is and what is not to be considered a legitimate exercise of management prerogative.

The facts, as found by the Court of Appeals,^[3] are as follows:

Private respondent Philippine American Life and General Insurance Company is a corporation duly organized and existing under Philippine laws. Individual respondents occupy the following positions, namely: Maurice Greenberg, as president of the Company; Jose Cuisia, Jr. as Chairman of the Board; Maria Haas and Gardon Watson as Regional Coordinating Pensions Officers, Reynaldo C. Centeno as Executive Vice-President, Chief Financial Officer and Chief Actuary; and Anthony Sotelo as the Senior Vice-President and Head of the Human Resources Department.

Petitioner was employed on October 28, 1997 by private respondent as Assistant Vice President and Head of the Pensions Department and in concurrent capacity as Trust Officer of Philam Savings Bank, a Philam Life subsidiary. She was to be paid P750,000.00 per annum and is entitled to the benefits given by private respondent to its employees.

Working as Assistant Vice President of Pensions Department of Philamlife, petitioner was offered an additional position by respondent Cuisia, which was then resolved and approved by Philam Savings Bank's Board of Directors, for the position of Head of Trust Banking Division or AVP-Trust Officer on a concurrent capacity and under a separate compensation.

Effective January 1998, however, petitioner's marketing manager and marketing officer were immediately transferred to Group Insurance Division. Petitioner, thereafter, was never given replacements for the

marketing manager and marketing officer, contrary to private respondent Cuisia's assurance. Thus, petitioner ran the Pensions Department single-handedly with only one administrative assistant as her staff. Petitioner did the field work, the desk work (administrative, legal, finance, marketing), the out of town meetings, the client presentations, aside from her work with the Philam Savings Bank as fund manager, wherein private respondent Cuisia offered to her for a separate compensation, but has still remain [sic] unpaid.

Sometime in November, 1998, petitioner availed of her housing and car benefits and applied for a car loan and housing loan.

On November 18, 1998, however, private respondent through Centeno and Sotelo, offered her P250,000.00 for her to vacate her position by December 1998. Petitioner declined the offer considering that there was no valid reason for her to leave. Private respondents Centeno and Sotelo admonished her that her filing of suit would prompt respondent Cuisia to blacklist her in companies where he holds directorships and advised her that Philamlife is big and can stand the long ordeal of justice system, whereas she may not withstand the phase of the trial. Evidence that this meeting and matter took place was the formal letter of rejection dated November 25, 1998 sent by petitioner and duly received by the offices of respondents Cuisia, Centeno and Sotelo.

Pertinent portion of the November 25, 1998 letter is hereby quoted:

[T]his shall summarize the discussion of meeting held at Mr. Centeno's Office last November 18, 1998.

Briefly, an offer of Two Hundred Fifty Thousand [Pesos] (P250,000) has been made as Settlement fee so that Philamlife will not resort to transferring undersigned to another department for reasons only known to management and which undersigned is still not fully aware in writing. In so doing, it has been emphasized that Mr. Centeno and Mr. Sotelo is (sic) sparing undersigned of the hardships that undersigned will undergo in the said other department which is intended to make undersigned inefficient and eventually serve as basis for her termination or as claimed "non-election" by March 1999. Further, it has been requested and categorically stated by Mr. Sotelo that undersigned forgive Maria Haas for whatever she has done...

On December 6, 1998, respondent Cuisia met with petitioner and cajoled her to reconsider and accept the offer of settlement. Cuisia even volunteered to help her look for another job. Petitioner declined, and reiterated that the actuations of respondents clearly intended to harass and humiliate her and have caused her and her family extreme emotional stress.

On December 8, 1998, two days after the aforesaid December 6 meeting, respondents issued her a memorandum instructing her to transfer to the

Legal Department effective December 14, 1998 and to make proper turnover and submit the status report not later than December 11, 1998.

By her letter dated December 10, 1998, petitioner protested the sudden unexplained transfer, more so a non-existing position, and stressed that she was hired because of her marketing, finance, and fund management skills, not her legal skills. She also made of record that her department surpassed the target fund level volume set by the company, thus:

Undersigned wish to inform you that your directive for the transfer of undersigned to the legal department is being contested on the ground of outright violation of undersigned's rights.

Undersigned believe that the transfer will not make her efficient in her work. Undersigned was hired primarily because of her marketing, finance, and fund management skills. Her legal skills are secondary and supplementary in nature. Thus, transfer to the legal department, which is primarily legal, is not acceptable for it will only make undersigned less efficient and negates her productivity and contribution to the company.

Let it be on record, that as of today, the Department has surpassed its P15 Million target, which was originally at P12 Million, as set by no less than the president of Philamlife during the budget preparation and as duly reviewed and approved by the head of the corporation planning department, as fully documented. For the records, we are almost hitting the P20 Million fund level volume, and we are just waiting for the confirmed P109 Million placement of Adamson University Retirement Fund.

With the above, by December 14, 1998 undersigned will continue to be the head of the Pensions Department until this new issue and the other issues raised are fully resolved.

Atty. Angelita S. Gramaje
AVP-Pensions Department

Also, on December 10, 1998, respondent Centeno declined the car loan benefit of petitioner, thus:

This refers to your 9 December 1998 memorandum regarding your request for a car loan. I have earlier discussed your application for a car loan with both Mr. Anthony B. Sotelo, FVP and Corporate HR Director and Mr. Jose L. Cuisia, Jr., President and CEO. Considering your present employment status, which has been the subject of several discussions between you and Messrs. Jose L. Cuisia, Jr. and Anthony B. Sotelo and myself, we deem it prudent to defer action on your loan request until such time that the issue is resolved with definitiveness.

On December 16, 1998, petitioner, while on Official Sick Leave, received a message in her pager that the Pensions Department, which was then holding office at the fifth floor of the Philamlife Building at United Nations Avenue was assumed to be headed by Corine Moralda as her successor, and the Pensions Department was to be immediately physically transferred on said date at the Philamlife Gammon Center in Makati City. Though sick and on official sick leave, petitioner went to the office on December 17, 1998 to verify, and upon seeing the Pensions Department totally dark, without any staff and with left over fixtures, petitioner, emotionally shattered, opted to just leave the premises.

On December 18, 1998, respondent Cuisia through a memorandum appointed Ms. Corine Moralda as replacement of petitioner as Head of the Pensions Department effective December 14, 1998. It was only at that time that petitioner learned that as early as August 23, 1998, respondents had advertised in the Manila Bulletin for her replacement.

Also, although, it is the tradition of Philamlife to give, during the Christmas Season, officers and employees a traditional Season's giveaways, *i.e.*, ham and *queso de bola*, petitioner then, thru her authorized representatives, asked for her share, but she was not in the list of recipients. Petitioner's name was not in the Legal Department, not in the Pensions Department, and not in the list of employees of Philamlife when verified with the Personnel Department.

Hence, on December 23, 1998, petitioner filed the instant case for illegal or constructive dismissal against herein private respondents.

The Labor Arbiter, in his decision^[4] dated 01 June 2000, found that respondent was not illegally dismissed. The said decision held in part:

After a careful evaluation of the records, this Office finds and so holds that complainant's "alleged" illegal dismissal seemed never to have taken place at all, constructive or otherwise. Complainant's insistence in holding onto her former position for which, as earlier assessed by the Company, she did not meet the high standards expected of her, does not deserve support.

. . .

Complainant's supposed transfer to the Legal Department cannot be considered to be unbearable, nor inconvenient, nor prejudicial to the employee, as it did not even involve a demotion in rank or diminution of [her] salaries, benefits and other privileges. Complainant held the position of AVP-Pensions. Her supposed transfer to the Legal Department, still with the rank of AVP, and most importantly, with the same salaries and benefits, cannot, by any stretch of imagination, be considered as amounting to a constructive dismissal.

. . .

WHEREFORE, decision is hereby rendered declaring that complainant was

not illegally dismissed. In ordering her transfer from the Pensions Department to the Legal Department, the respondent company was just exercising a legitimate management prerogative.^[5]

The NLRC, in its Decision dated 27 November 2000, affirmed *in toto* the Decision of the Labor Arbiter.

Respondent appealed to the Court of Appeals, which in a decision dated 18 October 2002 reversed and set aside the decision of the NLRC, the dispositive portion of which reads:

WHEREFORE, in view of all the foregoing, the assailed decision of public respondent NLRC is hereby REVERSED and SET ASIDE. Accordingly, private respondent is hereby ORDERED to pay petitioner separation pay in lieu of reinstatement, her full backwages inclusive of allowances and other benefits or their monetary equivalent. For this purpose, the case is remanded to the Labor Arbiter for further proceedings solely for the purpose of determining and/or computing the monetary liabilities of private respondents.

Additionally, considering that private respondents were proven to be in bad faith in the constructive dismissal of petitioner, the former are hereby ordered to pay the latter exemplary damages in the amount of Fifty Thousand Pesos (P50,000) and moral damages also in the amount of Fifty Thousand Pesos (P50,000).

Petitioner assigned the following as errors on the part of the Court of Appeals:

1. THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN RULING THAT THE RESPONDENT'S TRANSFER TO THE LEGAL DEPARTMENT IS TANTAMOUNT TO CONSTRUCTIVE DISMISSAL FOR THE SAME IS A LEGITIMATE EXERCISE OF MANAGEMENT PREROGATIVE;
2. THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN RULING THAT THE RESPONDENT'S TRANSFER TO THE LEGAL DEPARTMENT IS TANTAMOUNT TO CONSTRUCTIVE DISMISSAL CONSIDERING THAT IT WAS THE RESPONDENT WHO SEVERED HER WORKING RELATIONSHIP WITH THE COMPANY; AND
3. THERE BEING NO ILLEGAL DISMISSAL TO SPEAK OF, THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN ORDERING THE PETITIONER TO PAY RESPONDENT SEPARATION PAY, BACKWAGES, EXEMPLARY DAMAGES AND MORAL DAMAGES.^[6]

In short, the issue to be resolved is: Was respondent constructively dismissed or was her transfer a legitimate exercise of management prerogative?

It is an established rule that in the exercise of the Supreme Court's power of review, the Court is not a trier of facts and does not routinely undertake the re-examination of the evidence presented by the contending parties during the trial of the case considering that the findings of facts of the Court of Appeals are conclusive and binding on the Court.^[7] We have likewise held that factual findings of labor officials who are deemed to have acquired expertise in matters within their respective