

FIRST DIVISION

[G.R. No. 212054, March 11, 2015]

**ST. LUKE'S MEDICAL CENTER, INC., PETITIONER, VS. MARIA
THERESA V. SANCHEZ, RESPONDENT.**

DECISION

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*^[1] are the Decision^[2] dated November 21, 2013 and the Resolution^[3] dated April 4, 2014 of the Court of Appeals (CA) in CA-G.R. SP No. 129108 which affirmed the Decision^[4] dated November 19, 2012 and the Resolution^[5] dated January 14, 2013 of the National Labor Relations Commission (NLRC) in NLRC LAC No. 06-001858-12, declaring the dismissal of respondent Maria Theresa V. Sanchez (Sanchez) illegal.

The Facts

On June 29, 2009, Sanchez was hired by petitioner St. Luke's Medical Center, Inc. (SLMC) as a Staff Nurse, and was eventually assigned at SLMC, Quezon City's Pediatric Unit until her termination on July 6, 2011 for her purported violation of SLMC's Code of Discipline, particularly Section 1, Rule 1 on Acts of Dishonesty, *i.e.*, Robbery, Theft, Pilferage, and Misappropriation of Funds. ^[6]

Records reveal that at the end of her shift on May 29, 2011, Sanchez passed through the SLMC Centralization Entrance/Exit where she was subjected to the standard inspection procedure by the security personnel. In the course thereof, the Security Guard on-duty, Jaime Manzanade (SG Manzanade), noticed a pouch in her bag and asked her to open the same.^[7] When opened, said pouch contained the following assortment of medical stocks which were subsequently confiscated: (a) Syringe 10cl [4 pieces]; (b) Syringe 5cl [3 pieces]; (c) Syringe 3cl [3 pieces]; (d) Micropore [1 piece]; (e) Cotton Balls [1 pack]; (f) Neoflon g26 [1 piece]; (g) Venofix 25 [2 pieces]; and (h) Gloves [4 pieces] (questioned items).^[8] Sanchez asked SG Manzanade if she could just return the pouch inside the treatment room; however, she was not allowed to do so.^[9] Instead, she was brought to the SLMC In-House Security Department (IHSD) where she was directed to write an Incident Report explaining why she had the questioned items in her possession.^[10] She complied^[11] with the directive and also submitted an undated handwritten letter of apology^[12] (handwritten letter) which reads as follows:

To In-House Security,

I am very sorry for bringing things from [SLMC] inside my bag. *Pasensya*

na po. Taos-puso po akong humihingi ng tawad sa aking pagkakasala, Alam ko po na ako ay nagkamali. Hindi ko po dapat dinala yung mga gamit sa hospital. Hindi ko po alam kung [paano] ako magsisimulang humingi ng patawad. Kahit alam kong bawal ay nagawa kong makapag uwi ng gamit. Marami pang gamit dahil sa naipon po. Paisa-isa nagagawa kong makakuha pag nakakalimutan kong isoli. Hindi ko na po naiwan sa nurse station dahil naisip kong magagamit ko rin po pag minsang nagkakaubusan ng stocks at talagang may kailangan.

Humihingi po ako ng tawad sa aking ginawa. Isinakripisyo ko ang hindi pagiging "toxic" sa pagkuha ng gamit para sa bagay na alam kong mali. Inaamin ko na ako'y naging madamot, pasuway at makasalanan. Inuna ko ang comfort ko keysa gumawa ng tama. Manikluhod po akong humihingi ng tawad.

Sorry po. Sorry po. Sorry po talaga.^[13]

In a memorandum^[14] of even date, the IHSD, Customer Affairs Division, through Duty Officer Hernani R. Janayon, apprised SLMC of the incident, highlighting that Sanchez expressly admitted that she intentionally brought out the questioned items.

An initial investigation was also conducted by the SLMC Division of Nursing^[15] which thereafter served Sanchez a notice to explain.^[16]

On May 31, 2011, Sanchez submitted an Incident Report Addendum^[17] (May 31, 2011 letter), explaining that the questioned items came from the medication drawers of patients who had already been discharged, and, as similarly practiced by the other staff members, she started saving these items as excess stocks in her pouch, along with other basic items that she uses during her shift.^[18] She then put the pouch inside the lowest drawer of the bedside table in the treatment room for use in immediate procedures in case replenishment of stocks gets delayed. However, on the day of the incident, she failed to return the pouch inside the medication drawer upon getting her tri-colored pen and calculator and, instead, placed it inside her bag. Eventually, she forgot about the same as she got caught up in work, until it was noticed by the guard on duty on her way out of SMLC's premises.

Consequently, Sanchez was placed under preventive suspension effective June 3, 2011 until the conclusion of the investigation by SLMC's Employee and Labor Relations Department (ELRD)^[19] which, thereafter, required her to explain why she should not be terminated from service for "acts of dishonesty" due to her possession of the questioned items in violation of Section 1, Rule I of the SLMC Code of Discipline.^[20] In response, she submitted a letter^[21] dated June 13, 2011, which merely reiterated her claims in her previous May 31, 2011 letter. She likewise requested for a case conference,^[22] which SLMC granted.^[23] After hearing her side, SLMC, on July 4, 2011, informed Sanchez of its decision to terminate her employment effective closing hours of July 6, 2011.^[24] This prompted her to file a complaint for illegal dismissal before the NLRC, docketed as NLRC NCR Case No. 07-11042-11.

In her position paper,^[25] Sanchez maintained her innocence, claiming that she had no intention of bringing outside the SLMC's premises the questioned items since she merely inadvertently left the pouch containing them in her bag as she got caught up in work that day. She further asserted that she could not be found guilty of pilferage since the questioned items found in her possession were neither SLMC's nor its employees' property. She also stressed the fact that SLMC did not file any criminal charges against her. Anent her supposed admission in her handwritten letter, she claimed that she was unassisted by counsel when she executed the same and, thus, was inadmissible for being unconstitutional.^[26]

For its part,^[27] SLMC contended that Sanchez was validly dismissed for just cause as she had committed theft in violation of Section 1,^[28] Rule I of the SLMC Code of Discipline,^[29] which punishes acts of dishonesty, *i.e.*, robbery, theft, pilferage, and misappropriation of funds, with termination from service.

The LA Ruling

In a Decision^[30] dated May 27, 2012, the Labor Arbiter (LA) ruled that Sanchez was validly dismissed^[31] for intentionally taking the property of SLMC's clients for her own personal benefit,^[32] which constitutes an act of dishonesty as provided under SLMC's Code of Discipline.

According to the LA, Sanchez's act of theft was evinced by her attempt to bring the questioned items that did not belong to her out of SLMC's premises; this was found to be analogous to serious misconduct which is a just cause to dismiss her.^[33] The fact that the items she took were neither SLMC's nor her co-employees' property was not found by the LA to be material since the SLMC Code of Discipline clearly provides that acts of dishonesty committed to SLMC, its doctors, its employees, as well as its customers, are punishable by a penalty of termination from service.^[34] To this, the LA opined that "[i]t is rather illogical to distinguish the persons with whom the [said] acts may be committed as SLMC is also answerable to the properties of its patients."^[35] Moreover, the LA observed that Sanchez was aware of SLMC's strict policy regarding the taking of hospital/medical items as evidenced by her handwritten letter,^[36] but nonetheless committed the said misconduct. Finally, the LA pointed out that SLMC's non-filing of a criminal case against Sanchez did not preclude a determination of her serious misconduct, considering that the filing of a criminal case is entirely separate and distinct from the determination of just cause for termination of employment.^[37]

Aggrieved, Sanchez appealed^[38] to the NLRC.

The NLRC Ruling

In a Decision^[39] dated November 19, 2012, the NLRC reversed and set aside the LA ruling, and held that Sanchez was illegally dismissed.

The NLRC declared that the alleged violation of Sanchez was a unique case, considering that keeping excess hospital stocks or "hoarding" was an admitted practice amongst nurses in the Pediatric Unit which had been tolerated by SLMC

management for a long time.^[40] The NLRC held that while Sanchez expressed remorse for her misconduct in her handwritten letter, she manifested that she only “hoarded” the questioned items for future use in case their medical supplies are depleted, and not for her personal benefit.^[41] It further held that SLMC failed to establish that Sanchez was motivated by ill-will when she brought out the questioned items, noting: (a) the testimony of SG Manzanade during the conference before the ELRD of Sanchez’s demeanor when she was apprehended, *i.e.*, “[d]i naman siya masyado nataranta,”^[42] and her consequent offer to return the pouch;^[43] and (b) that the said pouch was not hidden underneath the bag.^[44] Finally, the NLRC concluded that the punishment of dismissal was too harsh and the one (1) month preventive suspension already imposed on and served by Sanchez was the appropriate penalty.^[45] Accordingly, the NLRC ordered her reinstatement, and the payment of backwages, other benefits, and attorney’s fees.^[46]

Unconvinced, SLMC moved for reconsideration^[47] which was, however, denied in a Resolution^[48] dated January 14, 2013. Thus, it filed a petition for *certiorari*^[49] before the CA.

The CA Ruling

In a Decision^[50] dated November 21, 2013, the CA upheld the NLRC, ruling that the latter did not gravely abuse its discretion in finding that Sanchez was illegally dismissed.

It ruled that Sanchez’s offense did not qualify as serious misconduct, given that: (a) the questioned items found in her possession were not SLMC property since said items were paid for by discharged patients, thus discounting any material or economic damage on SLMC’s part; (b) the retention of excess medical supplies was an admitted practice amongst nurses in the Pediatric Unit which was tolerated by SLMC; (c) it was illogical for Sanchez to leave the pouch in her bag since she would be subjected to a routine inspection; (d) Sanchez’s lack of intention to bring out the pouch was manifested by her composed demeanor upon apprehension and offer to return the pouch to the treatment room; and (e) had SLMC honestly believed that Sanchez committed theft or pilferage, it should have filed the appropriate criminal case, but failed to do so.^[51] Moreover, while the CA recognized that SLMC had the management prerogative to discipline its erring employees, it, however, declared that such right must be exercised humanely. As such, SLMC should only impose penalties commensurate with the degree of infraction. Considering that there was no indication that Sanchez’s actions were perpetrated for self-interest or for an unlawful objective, the penalty of dismissal imposed on her was grossly oppressive and disproportionate to her offense.^[52]

Dissatisfied, SLMC sought for reconsideration,^[53] but was denied in a Resolution^[54] dated April 4, 2014, hence, this petition.

The Issue Before the Court

The core issue to be resolved is whether or not Sanchez was illegally dismissed by

SLMC.

The Court's Ruling

The petition is meritorious.

The right of an employer to regulate all aspects of employment, aptly called "management prerogative," gives employers the freedom to regulate, according to their discretion and best judgment, all aspects of employment, including work assignment, working methods, **processes to be followed, working regulations,** transfer of employees, work supervision, lay-off of workers and the discipline, dismissal and recall of workers.^[55] In this light, courts often decline to interfere in legitimate business decisions of employers. In fact, labor laws discourage interference in employers' judgment concerning the conduct of their business.^[56]

Among the employer's management prerogatives is the right to prescribe reasonable rules and regulations necessary or proper for the conduct of its business or concern, to provide certain disciplinary measures to implement said rules and to assure that the same would be complied with. At the same time, the employee has the corollary duty to obey all reasonable rules, orders, and instructions of the employer; and willful or intentional disobedience thereto, as a general rule, justifies termination of the contract of service and the dismissal of the employee.^[57] Article 296 (formerly Article 282) of the Labor Code provides:^[58]

Article 296. Termination by Employer. - An employer may terminate an employment for any of the following causes:

(a) Serious misconduct or **willful disobedience by the employee of the lawful orders of his employer or his representative in connection with his work;**

x x x x

Note that for an employee to be validly dismissed on this ground, the employer's orders, regulations, or instructions must be: (1) **reasonable and lawful,** (2) **sufficiently known to the employee,** and (3) **in connection with the duties which the employee has been engaged to discharge.**^[59]

Tested against the foregoing, the Court finds that Sanchez was validly dismissed by SLMC for her willful disregard and disobedience of Section 1, Rule I of the SLMC Code of Discipline, which reasonably punishes acts of dishonesty, *i.e.*, "theft, pilferage of hospital or co-employee property, x x x or its attempt in any form or manner from the hospital, co-employees, doctors, visitors, [and] customers (external and internal)" with termination from employment.^[60] Such act is obviously connected with Sanchez's work, who, as a staff nurse, is tasked with the proper stewardship of medical supplies. Significantly, records show that Sanchez made a categorical admission^[61] in her handwritten letter^[62] - *i.e.*, "[k]ahit alam kong bawal ay nagawa kong [makapag-uwi] ng gamit"^[63] - that despite her knowledge of its express prohibition under the SLMC Code of Discipline, she still