

FIRST DIVISION

[G.R. No. 191154, April 07, 2014]

**SPI TECHNOLOGIES, INC. AND LEA VILLANUEVA, PETITIONERS,
VS. VICTORIA K. MAPUA, RESPONDENT.**

DECISION

REYES, J.:

The Court remains steadfast on its stand that the determination of the continuing necessity of a particular officer or position in a business corporation is a management prerogative, and the courts will not interfere unless arbitrary or malicious action on the part of management is shown. Indeed, an employer has no legal obligation to keep more employees than are necessary for the operation of its business.^[1] In the instant case however, we find our intrusion indispensable, to look into matters which we would otherwise consider as an exercise of management prerogative. "Management prerogative" are not magic words uttered by an employer to bring him to a realm where our labor laws cannot reach.

This is a petition for review on *certiorari*^[2] under Rule 45 of the Rules of Court of the Decision^[3] dated October 28, 2009 and Resolution^[4] dated January 18, 2010 of the Court of Appeals (CA) in CA-G.R. SP. No. 107879.

The Facts

Victoria K. Mapua (Mapua) alleged that she was hired in 2003 by SPI Technologies, Inc. (SPI) and was the Corporate Development's Research/Business Intelligence Unit Head and Manager of the company. Subsequently in August 2006, the then Vice President and Corporate Development Head, Peter Maquera (Maquera) hired Elizabeth Nolan (Nolan) as Mapua's supervisor.^[5]

Sometime in October 2006, the hard disk on Mapua's laptop crashed, causing her to lose files and data. Mapua informed Nolan and her colleagues that she was working on recovering the lost data and asked for their patience for any possible delay on her part in meeting deadlines.^[6]

On November 13, 2006, Mapua retrieved the lost data with the assistance of National Bureau of Investigation Anti-Fraud and Computer Crimes Division. Yet, Nolan informed Mapua that she was realigning Mapua's position to become a subordinate of co-manager Sameer Raina (Raina) due to her missing a work deadline. Nolan also disclosed that Mapua's colleagues were "demotivated" [sic] because she was "taking things easy while they were working very hard," and that she was "frequently absent, under timing, and coming in late every time [Maquera] goes on leave or on vacation."^[7]

On November 16, 2006, Mapua obtained a summary of her attendance for the last six months to prove that she did not have frequent absences or under time when Maquera would be on leave or vacation. When shown to Nolan, she was merely told not to give the matter any more importance and to just move on.^[8]

In December 2006, Mapua noticed that her colleagues began to ostracize and avoid her. Nolan and Raina started giving out majority of her research work and other duties under Healthcare and Legal Division to the rank-and-file staff. Mapua lost about 95% of her work projects and job responsibilities.^[9]

Mapua consulted these work problems with SPI's Human Resource Director, Lea Villanueva (Villanueva), and asked if she can be transferred to another department within SPI. Subsequently, Villanueva informed Mapua that there is an intra-office opening and that she would schedule an exploratory interview for her. However, due to postponements not made by Mapua, the interview did not materialize.

On February 28, 2007, Mapua allegedly saw the new table of organization of the Corporate Development Division which would be renamed as the Marketing Division. The new structure showed that Mapua's level will be again downgraded because a new manager will be hired and positioned between her rank and Raina's.^[10]

On March 21, 2007, Raina informed Mapua over the phone that her position was considered redundant and that she is terminated from employment effective immediately. Villanueva notified Mapua that she should cease reporting for work the next day. Her laptop computer and company mobile phone were taken right away and her office phone ceased to function.^[11]

Mapua was shocked and told Raina and Villanueva that she would sue them. Mapua subsequently called her lawyer to narrate the contents of the termination letter,^[12] which reads:

March 21, 2007

x x x x

Dear Ms. MAPUA,

x x x x

This notice of separation, effective **March 21, 2007** should be regarded as redundancy. Your separation pay will be computed as one month's salary for every year of service, a fraction of at least six months will be considered as one year.

Your separation pay will be released on **April 20, 2007** subject to your clearance of accountabilities and as per Company policy.

x x x x^[13]

Mapua's lawyer, in a phone call, advised Villanueva that SPI violated Mapua's right to a 30-day notice.

On March 27, 2007, Mapua filed with the Labor Arbiter (LA) a complaint for illegal dismissal, claiming reinstatement or if deemed impossible, for separation pay. Afterwards, she went to a meeting with SPI, where she was given a second termination letter,^[14] the contents of which were similar to the first one.^[15]

On April 25, 2007, Mapua received through mail, a third Notice of Termination^[16] dated March 21, 2007 but the date of effectivity of the termination was changed from March 21 to April 21, 2007. It further stated that her separation pay will be released on May 20, 2007 and a notation was inscribed, "refused to sign and acknowledge" with unintelligible signatures of witnesses.

On May 13, 2007, a recruitment advertisement^[17] of SPI was published in the *Philippine Daily Inquirer* (*Inquirer* advertisement, for brevity). It listed all vacancies in SPI, including a position for Marketing Communications Manager under Corporate Support – the same group where Mapua previously belonged.

SPI also sent a demand letter^[18] dated May 15, 2007 to Mapua, asking her to pay for the remaining net book value of the company car assigned to her under SPI's car plan policy. Under the said plan, Mapua should pay the remaining net book value of her car if she resigns within five years from start of her employment date.

In her Reply^[19] and Rejoinder,^[20] Mapua submitted an affidavit^[21] and alleged that on July 16, 2007, Prime Manpower Resources Development (Prime Manpower) posted an advertisement on the website of Jobstreet Philippines for the employment of a Corporate Development Manager in an unnamed Business Process Outsourcing (BPO) company located in Parañaque City. Mapua suspected that this advertisement was for SPI because the writing style used was similar to Raina's. She also claimed that SPI is the only BPO office in Parañaque City at that time. Thereafter, she applied for the position under the pseudonym of "Jeanne Tesoro". On the day of her interview with Prime Manpower's consultant, Ms. Portia Dimatulac (Dimatulac), the latter allegedly revealed to Mapua that SPI contracted Prime Manpower's services to search for applicants for the Corporate Development Manager position.

Because of these developments, Mapua was convinced that her former position is not redundant. According to her, she underwent psychiatric counseling and incurred medical expenses as a result of emotional anguish, sleepless nights, humiliation and shame from being jobless. She also averred that the manner of her dismissal was unprofessional and incongruous with her rank and stature as a manager as other employees have witnessed how she was forced to vacate the premises on the same day of her termination.

On the other hand, SPI stated that the company regularly makes an evaluation and assessment of its corporate/organizational structure due to the unexpected growth of its business along with its partnership with ePLDT and the acquisition of CyMed.^[22] As a result, SPI underwent a reorganization of its structure with the objective of streamlining its operations. This was embodied in an Inter-Office

Memorandum^[23] dated August 28, 2006 issued by the company's Chief Executive Officer.^[24] It was then discovered after assessment and evaluation that the duties of a Corporate Development Manager could be performed/were actually being performed by other officers/managers/departments of the company. As proof that the duties of Mapua are being/could be performed by other SPI officers and employees, Villanueva executed an affidavit^[25] attesting that Mapua's functions are being performed by other SPI managers and employees.

On March 21, 2007, the company, through Villanueva, served a written notice to Mapua, informing her of her termination effective April 21, 2007. Mapua refused to receive the notice, thus, Villanueva made a notation "refused to sign and acknowledge" on the letter. On that same day, SPI filed an Establishment Termination Report with the Office of the Regional Director of the Department of Labor and Employment-National Capital Region (DOLE-NCR) informing the latter of Mapua's termination. Mapua was offered her separation and final pay, which she refused to receive. Before the effective date of her termination, she no longer reported for work. SPI has not hired a Corporate Development Manager since then.

SPI denied contracting the services of Prime Manpower for the hiring of a Corporate Development Manager and emphasized that Prime Manpower did not even state the name of its client in the Jobstreet website. SPI also countered that Dimatulac's alleged revelation to Mapua that its client is SPI must be struck down as mere hearsay because only Mapua executed an affidavit to prove that such disclosure was made. While SPI admitted the *Inquirer* advertisement, the company stated that Mapua was a Corporate Development Manager and not a Marketing Communications Manager, and that from the designations of these positions, it is obvious that the functions of one are entirely different from that of the other.^[26]

LA Decision

On June 30, 2008, the LA rendered a Decision,^[27] with the following dispositive portion:

WHEREFORE, prescinding from the foregoing, the redundancy of [Mapua's] position being in want of factual basis, her termination is therefore hereby declared illegal. Accordingly, she should be paid her backwages, separation pay in lieu of reinstatement, moral and exemplary damages and attorney's fees as follows:

- a) Backwages:
03/21/07-06/30/08
 $P67,996 \times 15.30 \text{ mos.} = P 1,040,338.80$
13th Month Pay:
 $P1,040,338.80/12 = \underline{P520,169.40} \quad P1,560,508.20$
- b) Separation Pay: (1 mo. per year of service)
 $12/01/03-06/30/08 = 5.7 \text{ or } 6 \text{ yrs.}$
 $P67,996.00 \times 6 = 407,976.00$
- c) Moral Damages: P500,000.00
- d) Exemplary Damages: 250,000.00
- e) Attorney's Fees: 196,848.42

or a grand total of TWO MILLION NINE HUNDRED FIFTEEN THOUSAND THREE HUNDRED THIRTY-TWO and 62/100 (P2,915,332.62) Pesos only.

Respondents are further ordered to award herein complainant the car assigned to her.

SO ORDERED.^[28]

Unrelenting, SPI appealed the LA decision to the National Labor Relations Commission (NLRC).

NLRC Ruling

On October 24, 2008, the NLRC rendered its Decision,^[29] with the *fallo*, as follows:

WHEREFORE, the foregoing premises considered, the instant appeal is hereby GRANTED. The Decision appealed from is REVERSED and SET ASIDE, and a new one is issued finding the appellants not guilty of illegal dismissal.

However, appellants are ordered to pay the sum of Three Hundred Thirty[-]Four Thousand Five Hundred Thirty[-]Eight Pesos and Thirty[-]Four Centavos ([P]334,538.34) representing her separation benefits and final pay in the amount of [P]203,988.00 and [P]130,550.34, respectively.

SO ORDERED.^[30]

In ruling so, the NLRC held that “[t]he determination of whether [Mapua’s] position as Corporate Development Manager is redundant is not for her to decide. It essentially and necessarily lies within the sound business management.”^[31] As early as August 28, 2006, Ernest Cu, SPI’s Chief Executive Officer, announced the corporate changes in the company. A month earlier, the officers held their Senior Management Strategic Planning Session with the theme, “Transformation” or re-invention of SPI purposely to create an organizational structure that is streamlined, clear and efficient.^[32] In fact, Nolan and Raina, Mapua’s superiors were actually doing her functions with the assistance of the pool of analysts, as attested to by Villanueva.

At odds with the NLRC decision, Mapua elevated the case to the CA by way of petition for *certiorari*, arguing that based on evidence, the LA decision should be reinstated.

CA Ruling