

## FIRST DIVISION

[ G.R. No. 155421, July 07, 2004 ]

**ELMER M. MENDOZA, PETITIONER, VS. RURAL BANK OF LUCBAN,  
RESPONDENT.**

### D E C I S I O N

**PANGANIBAN, J.:**

The law protects both the welfare of employees and the prerogatives of management. Courts will not interfere with business judgments of employers, provided they do not violate the law, collective bargaining agreements, and general principles of fair play and justice. The transfer of personnel from one area of operation to another is inherently a managerial prerogative that shall be upheld if exercised in good faith -- for the purpose of advancing business interests, not of defeating or circumventing the rights of employees.

#### The Case

The Court applies these principles in resolving the instant Petition for Review<sup>[1]</sup> under Rule 45 of the Rules of Court, assailing the June 14, 2002 Decision<sup>[2]</sup> and September 25, 2002 Resolution<sup>[3]</sup> of the Court of Appeals (CA) in CA-GR SP No. 68030. The assailed Decision disposed as follows:

“**WHEREFORE**, the petition for certiorari is hereby **DISMISSED** for lack of merit.”<sup>[4]</sup>

The challenged Resolution denied petitioner’s Motion for Reconsideration.

#### The Facts

On April 25, 1999, the Board of Directors of the Rural Bank of Lucban, Inc., issued Board Resolution Nos. 99-52 and 99-53, which read:

“Board Res. No. 99-52

“RESOLVED AS IT IS HEREBY RESOLVED’ that in line with the policy of the bank to familiarize bank employees with the various phases of bank operations and further strengthen the existing internal control system[,] all officers and employees are subject to reshuffle of assignments. Moreover, this resolution does not preclude the transfer of assignment of bank officers and employees from the branch office to the head office and vice-versa.”

“Board Res. No. 95-53

"Pursuant to Resolution No. 99-52, the following branch employees are hereby reshuffled to their new assignments without changes in their compensation and other benefits.

<u>NAME OF EMPLOYEES</u>	<u>PRESENT ASSIGNMENT</u>	<u>NEW ASSIGNMENT</u>
JOYCE V. ZETA	Bank Teller	C/A Teller
CLODUALDO ZAGALA	C/A Clerk	Actg. Appraiser
ELMER L. MENDOZA	Appraiser	Clerk-Meralco Collection
CHONA R. MENDOZA	Clerk-Meralco Collection	Bank Teller" <sup>[5]</sup>

In a letter dated April 30, 1999, Alejo B. Daya, the bank's board chairman, directed Briccio V. Cada, the manager of the bank's Tayabas branch, to implement the reshuffle.<sup>[6]</sup> The new assignments were to "be effective on May 1, 1999 without changes in salary, allowances, and other benefits received by the aforementioned employees."<sup>[7]</sup>

On May 3, 1999, in an undated letter addressed to Daya, Petitioner Elmer Mendoza expressed his opinion on the reshuffle, as follows:

"RE: The recent reshuffle of employees as per

Board Resolution dated April 25, 1999

"Dear Sir:

"This is in connection with the aforementioned subject matter and which the undersigned received on April 25, 1999.

"Needless to state, the reshuffling of the undersigned from the present position as Appraiser to Clerk-Meralco Collection is deemed to be a demotion without any legal basis. Before this action on your part[,] the undersigned has been besieged by intrigues due to [the] malicious machination of a certain public official who is bruted to be your good friend. These malicious insinuations were baseless and despite the fact that I have been on my job as Appraiser for the past six (6) years in good standing and never involved in any anomalous conduct, my being reshuffled to [C]lerk-[M]eralco [C]ollection is a blatant harassment on your part as a prelude to my termination in due time. This will constitute an unfair labor practice.

"Meanwhile, may I beseech your good office that I may remain in my position as Appraiser until the reason [for] my being reshuffled is made clear.

"Your kind consideration on this request will be highly appreciated."<sup>[8]</sup>

On May 10, 1999, Daya replied:

"Dear Mr. Mendoza,

"Anent your undated letter expressing your resentment/comments on the recent management's decision to reshuffle the duties of bank employees, please be informed that it was never the intention (of management) to downgrade your position in the bank considering that your due compensation as Bank Appraiser is maintained and no future reduction was intended.

"Aside from giving bank employees a wider experience in various banking operations, the reshuffle will also afford management an effective tool in providing the bank a sound internal control system/check and balance and a basis in evaluating the performance of each employee. A continuing bankwide reshuffle of employees shall be made at the discretion of management which may include bank officers, if necessary as expressed in Board Resolution No. 99-53, dated April 25, 1999. Management merely shifted the duties of employees, their position title [may be] retained if requested formally.

"Being a standard procedure in maintaining an effective internal control system recommended by the Bangko Sentral ng Pilipinas, we believe that the conduct of reshuffle is also a prerogative of bank management."<sup>[9]</sup>

On June 7, 1999, petitioner submitted to the bank's Tayabas branch manager a letter in which he applied for a leave of absence from work:

"Dear Sir:

"I wish I could continue working but due to the ailment that I always feel every now and then, I have the honor to apply for at least ten (10) days sick leave effective June 7, 1999.

"Hoping that this request [merits] your favorable and kind consideration and understanding."<sup>[10]</sup>

On June 21, 1999, petitioner again submitted a letter asking for another leave of absence for twenty days effective on the same date.<sup>[11]</sup>

On June 24, 1999, while on his second leave of absence, petitioner filed a Complaint before Arbitration Branch No. IV of the National Labor Relations Commission (NLRC). The Complaint -- for illegal dismissal, underpayment, separation pay and damages -- was filed against the Rural Bank of Lucban and/or its president, Alejo B. Daya; and its Tayabas branch manager, Briccio V. Cada. The case was docketed as NLRC Case SRAB-IV-6-5862-99-Q.<sup>[12]</sup>

The labor arbiter's June 14, 2000 Decision upheld petitioner's claims as follows:

"WHEREFORE, premises considered, judgment is hereby rendered as follows:

1. Declaring respondents guilty of illegal dismissal.

2. Ordering respondents to reinstate complainant to his former position without loss of seniority rights with full backwages from date of dismissal to actual reinstatement in the amount of P55,000.00 as of June 30, 2000.
3. Ordering the payment of separation pay if reinstatement is not possible in the amount of P30,000.00 in addition to 13th month pay of P5,000.00 and the usual P10,000.00 annual bonus afforded the employees.
4. Ordering the payment of unpaid salary for the period covering July 1-30, 1999 in the amount of P5,000.00
5. Ordering the payment of moral damages in the amount of P50,000.00.
6. Ordering the payment of exemplary damages in the amount of P25,000.00
7. Ordering the payment of Attorney's fees in the amount of P18,000.00 which is 10% of the monetary award."<sup>[13]</sup>

On appeal, the NLRC reversed the labor arbiter.<sup>[14]</sup> In its July 18, 2001 Resolution, it held:

"We can conceive of no reason to ascribe bad faith or malice to the respondent bank for its implementation of its Board Resolution directing the reshuffle of employees at its Tayabas branch to positions other than those they were occupying. While at first the employees thereby affected would experience difficulty in adjusting to their new jobs, it cannot be gainsaid that the objective for the reshuffle is noble, as not only would the employees obtain additional knowledge, they would also be more well-rounded in the operations of the bank and thus help the latter further strengthen its already existing internal control system.

"The only inconvenience, as [w]e see it, that the [petitioner] may have experienced is that from an appraiser he was made to perform the work of a clerk in the collection of Meralco payments, which he may have considered as beneath him and his experience, being a pioneer employee. But it cannot be discounted either that other employees at the Tayabas branch were similarly reshuffled. The only logical conclusion therefore is that the Board Resolution was not aimed solely at the [petitioner], but for all the other employees of the x x x bank as well. Besides, the complainant has not shown by clear, competent and convincing evidence that he holds a vested right to the position of Appraiser. x x x.

"How and by what manner a business concern conducts its affairs is not for this Commission to interfere with, especially so if there is no showing, as in the case at bar, that the reshuffle was motivated by bad faith or ill-will. x x x."<sup>[15]</sup>

After the NLRC denied his Motion for Reconsideration,<sup>[16]</sup> petitioner brought before the CA a Petition for Certiorari<sup>[17]</sup> assailing the foregoing Resolution.

### **Ruling of the Court of Appeals**

Finding that no grave abuse of discretion could be attributed to the NLRC, the CA Decision ruled thus:

“The so-called ‘harassment’ which Mendoza allegedly experienced in the aftermath of the reshuffling of employees at the bank is but a figment of his imagination as there is no evidence extant on record which substantiates the same. His alleged demotion, the ‘cold shoulder’ stance, the things about his chair and table, and the alleged reason for the harassment are but allegations bereft of proof and are perforce inadmissible as self-serving statements and can never be considered repositories of truth nor serve as foundations of court decisions anent the resolution of the litigants’ rights.

“When Mendoza was reshuffled to the position of clerk at the bank, he was not demoted as there was no [diminution] of his salary benefits and rank. He could even retain his position title, had he only requested for it pursuant to the reply of the Chairman of the bank’s board of directors to Mendoza’s letter protesting the reshuffle. There is, therefore, no cause to doubt the reasons which the bank propounded in support of its move to reshuffle its employees, viz:

1. to ‘familiarize bank employees with the various phases of bank operations,’ and
2. to ‘further strengthen the existing internal control system’ of the bank.

“The reshuffling of its employees was done in good faith and cannot be made the basis of a finding of constructive dismissal.

“The fact that Mendoza was no longer included in the bank’s payroll for July 1 to 15, 1999 does not signify that the bank has dismissed the former from its employ. Mendoza separated himself from the bank’s employ when, on June 24, 1999, while on leave, he filed the illegal dismissal case against his employer for no apparent reason at all.”<sup>[18]</sup>

Hence, this Petition.<sup>[19]</sup>

### **The Issues**

Petitioner raises the following issues for our consideration:

“I. Whether or not the petitioner is deemed to have voluntarily separated himself from the service and/or abandoned his job when he filed his Complaint for constructive and consequently illegal dismissal;

“II. Whether or not the reshuffling of private respondent’[s] employees