Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

PHILIPPINE NATIONAL BANK,
Petitioner,

- versus -

JUMELITO T. DALMACIO,
Respondent.

G.R. No. 202308

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JUMELITO T. DALMACIO,
Petitioner,

- versus -

PHILIPPINE NATIONAL BANK and/or MS. CYNTHIA JAVIER,
Respondents.

G.R. No. 202357

Present:

VELASCO, JR., *J.*,
Chairperson,
BERSAMIN,
REYES,
JARDELEZA, and
TIJAM, *JJ.*

Promulgated:

July 5, 2017

x- -x

DECISION

TIJAM, *J.*:

Assailed in these consolidated Petitions for Review on *Certiorari* is the Decision[1] dated September 21, 2011 of the Court of Appeals (CA), in CA-G.R. SP. No. 115493. The CA Decision affirmed in part the National Labor Relations Commission's (NLRC) March 30, 2010 Resolution,[2] which in turn affirmed the Labor Arbiter's (LA) June 30, 2009 Decision[3] finding that the Philippine National Bank (PNB) effected a valid redundancy program.

The case stemmed from a complaint for illegal dismissal, under-payment of separation pay and retirement benefits, illegal deduction, nonpayment of provident fund with prayer for damages and attorney's fees filed by Jumelito T. Dalmacio (Dalmacio) and Emma R. Martinez (Martinez)[4] as a result of their separation from PNB way back September 15, 2005 due to PNB's implemention of its redundancy program. Dalmacio and Martinez were hired as utility worker and communication equipment operator, respectively, by the National Service Corporation, a subsidiary of PNB. Years later, Dalmacio became an Information Technology (IT) officer of PNB, while Martinez became a Junior IT Field Analyst.

In her June 30, 2009 Decision,[5] LA Romelita N. Rioflorido ruled that PNB complied with the law and jurisprudence in terminating the services of the complainants on the ground of redundancy.

On appeal, the NLRC, in its March 30, 2010 Resolution,[6] affirmed the LA's Decision, and ruled that there is no showing of bad faith on PNB's part in undertaking the redundancy program.

Dalmacio and Martinez's Motion for Reconsideration having been denied by the NLRC, Dalmacio filed a Petition for *Certiorari* with the CA.

In its September 21, 2011 Decision,[7] the CA affirmed in part the March 30, 2010 Resolution of the NLRC, and ruled, among others, that, "principles of justice and fair play call for the modification of the separation

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[1] Penned by Associate Justice Edwin D. Sorongon, and concurred in by Associate Justices Ramon M. Bato, Jr. and Jane Aurora C. Lantion; *rollo* (G.R. No. 202357), pp. 24-35.

[2] Id. at 134-142.

[3] Id. at 113-120.

[4] Position Paper for Complainants; id. at 48.

[5] WHEREFORE, premises considered, the complaints filed by Jumelito T. Dalmacio and Emma R. Martinez are dismissed for lack of merit. The complaint filed by Arlentino Real is dismissed without prejudice. Supra at note 3.

[6] WHEREFORE, premises considered, the decision of [sic] Labor Arbiter is hereby AFFIRMED. Supra at note 2.

[7] WHEREFORE, the instant petition is PARTLY GRANTED. Accordingly, the Court AFFIRMS IN PART the assailed resolution of the National Labor Relations Commission dated March 30, 2010 with respect to the legality of the termination of the herein petitioner as well as the Deed of Quitclaim executed in his favor but this Court directs private respondent PNB to return to him with dispatch the GSIS Gratuity Pay deducted from his separation pay. Supra at note 1.

package already received by herein petitioner. x x x the subtraction of the GSIS Gratuity Pay is inappropriate, therefore the same should be returned to the petitioner."

Aggrieved, both parties appealed the Decision of the CA.

In his appeal,[8] Dalmacio argues that: the CA erred in (1) upholding the validity of PNB's redundancy program; (2) failing to rule that PNB's computation of his separation pay is erroneous; and, (3) ruling that the Deed of Quitclaim and Release which he signed militates against his reinstatement.

For its part, PNB argues that:[9] (1) The CA erred in the exercise of its equity jurisdiction despite the clear and limited scope of its jurisdiction in a special civil action of *certiorari*; and, (2) it was baseless for the CA to order the return to Dalmacio of his GSIS Gratuity Pay.

Both Petitions are denied.

Essentially, the issues to be resolved in this case are: (1) Whether or not PNB validly implemented its redundancy program; and, (2) Whether or not the CA correctly ordered PNB to return Dalmacio's GSIS Gratuity Pay.

This Court resolves only questions of law; it does not try facts or examine testimonial or documentary evidence on record.[10] We may have at times opted for the relaxation of the application of procedural rules, but we have resorted to this option only under exceptional circumstances.[11] This Court, however, finds no justification to warrant the application of any exception to the general rule in this case.

It bears stressing that the LA, the NLRC, and the CA, all ruled that PNB validly effected its redundancy program. The CA held that:

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[8] Petition for Review under Rule 45 dated August 9, 2012. *Rollo* (G.R. No. 202357), pp. 8-22.

[9] Petition for Review (under Rule 45 of the Rules of Civil Procedure) dated August 9, 2012. *Rollo* (G.R. No. 202308), pp. 103-146.

[10] *Cabling v. Dangcalan,* G.R. No. 187696, June 15, 2016.

[11] In certain exceptional cases, however, the Court may be urged to probe and resolve factual issues, *viz.*:(a) When the findings are grounded entirely on speculation, surmises, or conjectures; (b) When the inference made is manifestly mistaken, absurd, or impossible; (c) When there is grave abuse of discretion; (d) When the judgment is based on a misapprehension of facts; (e) When the findings of facts are conflicting; (f) When in making its findings the CA went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (g) When the CA's findings are contrary to those by the trial court; (h) When the findings are conclusions without citation of specific evidence on which they are based; (i) When the facts set forth in the petition, as well as in the petitioner's main and reply briefs, are not disputed by the respondent; (j) When the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; or (k) When the CA manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion. *De Vera, et al. v. Spouses Santiago, Sr., et al.*, G.R. No. 179457, June 22, 2015.

> [A]s aptly found by the labor tribunals, the redundancy program was an exercise of a sound business judgment which We ought to respect and is beyond the ambit of Our review powers absent any showing that it is violative of the Labor Code provisions or the general principles of fair play and justice.[12]

Such being the case, factual findings of quasi-judicial bodies like the NLRC, particularly when they coincide with those of the LA and, if supported by substantial evidence, are accorded respect and even finality by this Court.[13] Thus, absent a showing of an error of law committed by the court or tribunal below, or of a whimsical or capricious exercise of judgment, or a demonstrable lack of basis for its conclusions, this Court may not disturb its factual findings.

However, at the risk of being repetitive, We make short shrift of Dalmacio's insistence that PNB's redundancy program was not valid. We cannot subscribe to his claim that PNB did not apply fair and reasonable criteria in concluding that Dalmacio's position had become redundant.

One of the authorized causes[14] for the dismissal of an employee is redundancy.[15] It exists when the service capability of the workforce is in excess of what is reasonably needed to meet the demands of the business enterprise.[16] A position is redundant when it is superfluous, and superfluity of a position or positions could be the result of a number of factors, such as the overhiring of workers, a decrease in the volume of business or the dropping of a particular line or service previously manufactured or undertaken by the enterprise.[17] Time and again, it has been ruled that an employer has no legal obligation to keep more employees than are necessary for the operation of its business.[18] For the implementation of a redundancy program to be valid, however, the employer must comply with the following requisites: (1) written notice served on both the employees and the Department of Labor and Employment (DOLE) at least one month prior to the intended date of termination of employment; (2) payment of separation pay equivalent to at least one month pay for every year of service; (3) ***good***

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[12] *Rollo* (G.R. No. 202357), p. 32.

[13] *Cabigting v. San Miguel Foods, Inc.*, G.R. No. 167706, November 5, 2009.

[14] Article 283, Labor Code. *Closure of establishment and reduction of personnel.* – The employer may also terminate the employment of any employee due to the installation of labor-saving devices, ***redundancy***, retrenchment to prevent losses or the closing or cessation of operation of the establishment or undertaking unless the closing is for the purpose of circumventing the provisions of this Title, by serving a written notice on the worker and the Ministry of Labor and Employment at least one (1) month before the intended date thereof. In case of termination due to the installation of labor-saving devices or redundancy, the worker affected thereby shall be entitled to a separation pay equivalent to ***at least his one (1) month pay or to at least one (1) month pay for every year of service, whichever is higher***. In case of retrenchment to prevent losses and in cases of closures or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to one (1) month pay or at least one-half (1/2) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered one (1) whole year. (Emphasis supplied)

[15] *Dole Philippines, Inc., et al. v. National Labor Relations Commission, et al.*, G.R. No. 120009, September 13, 2001.

[16] *Soriano, Jr. v. National Labor Relations Commission, et al.*, G.R. No. 165594, April 23, 2007.

[17] *Morales v. Metropolitan Bank and Trust Company,* G.R. No. 182475, November 21, 2012.

[18] Id.

faith in abolishing the redundant positions; and (4) ***fair and reasonable criteria in ascertaining what positions are to be declared redundant and accordingly abolished,***[19] taking into consideration such factors as (a) preferred status; (b) efficiency; and (c) seniority, among others.[20]

In the case at bar, PNB was upfront with its employees about its plan to implement its redundancy program. The LA correctly observed that:

> [I]t is undisputed that the outsourcing of the service and maintenance of the Bank's computer hardware and equipment to Technopaq, Inc. was devised and/or implemented after consultation with the affected employees in the presence of their union officers between July 29 and August 5, 2005.[21]

This was echoed by the NLRC, thus:

> Respondents were able to show substantial proof that it underwent redundancy program and that complainants herein voluntarily accepted the Special Redundancy Package offered by respondent bank to its employees. In fact, they were officially notified of the management's decision to terminate their employment as early as August 15, 2005 x x x; and Complainants and their union officers were even consulted of the respondent's decision to terminate its employees on [the] ground of redundancy between July 29 and August 5, 2005. Complainants agreed and accepted the decision. x x x.[22]

Even the CA intoned that:

> Even after he ceased working with private respondent PNB, petitioner was not left jobless as he readily accepted a job offer with Technopaq who employed him for three years. Only after he ceased working with Technopaq that he conveniently filed a case for illegal dismissal against PNB claiming other monetary benefits allegedly due him and after receiving substantial amount of separation pay. Hence this Court suspects the timing and intention of petitioner in filing the complaint for illegal dismissal.[23]

Likewise, PNB's redundancy program was neither unfair nor unreasonable considering that it was within the ambit of its management prerogative. As the CA observed:

> PNB's action is within the ambit of "management prerogative" to upgrade and enhance the computer system of the bank. Petitioner, being an IT officer whose job is to maintain the computer system of PNB, his position has become patently redundant upon PNB's engagement of the contract service with Technopaq. x x x he was appositely informed of

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[19] *Lambert Pawnbrokers and Jewelry Corporation, et al. v. Binamira,* G.R. No. 170464, 12 July 2010. (Emphasis supplied)

[20] *Lopez Sugar Corp. v. Franco, et al.*, G.R. No. 148195, May 16, 2005.

[21] *Rollo* (G.R. No. 202357), p. 118.

[22] Id. at 139.

[23] Id. at 31.

> PNB's move to contract the services of Technopaq and as a result thereof, there were positions that were declared redundant including that of herein petitioner. x x x PNB conducted series of meetings with herein petitioner and other affected employees to purposely look for placement of the displaced employees to other positions suited for them. Finding no other alternative, PNB was constrained to terminate herein petitioner who thereafter posed no objection thereto, consented to and willingly received the hefty separation pay given to him. Moreover, records have it that PNB faithfully complied with the legal procedures provided under Article 283 of the Labor Code as evidenced by the individual notices of termination served and received by the petitioner as well as the Establishment Termination Report filed by PNB with the Department of Labor. x x x.[24]

These factual findings evidently rule out Dalmacio's claim that PNB's redundancy program was unfair and unreasonable and that PNB acted in bad faith in the implementation of the same.

Likewise, records show that PNB complied with the procedural requirements. PNB served Dalmacio and Martinez Notices of Termination dated August 15, 2005, informing them that their termination due to redundancy shall be effective September 15, 2005. PNB also filed an Establishment Termination Report dated August 16, 2005 with the Regional Office of the DOLE, in order to report complainants' termination.

Contrary to Dalmacio's claim, the CA did not err in ruling that the Deed of Quitclaim and Release he signed militates against his reinstatement.

Generally, deeds of release, waiver or quitclaims cannot bar employees from demanding benefits to which they are legally entitled or from contesting the legality of their dismissal since quitclaims are looked upon with disfavor and are frowned upon as contrary to public policy.[25] Where, however, the person making the waiver has done so voluntarily, with a full understanding thereof, and the consideration for the quitclaim is credible and reasonable, the transaction must be recognized as being a valid and binding undertaking.[26]

The requisites for a valid quitclaim are: (1) that there was no fraud or deceit on the part of any of the parties; (2) that the consideration for the quitclaim is credible and reasonable; and (3) that the contract is not contrary to law, public order, public policy, morals or good customs or prejudicial to a third person with a right recognized by law.[27]

Not having sufficiently proved that he was forced to sign said Deed of Quitclaim and Release, Dalmacio cannot expediently argue that quitclaims are looked upon with disfavor and considered ineffective to bar claims for

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[24] Id.
[25] *Soriano, Jr. v. NLRC and PLDT, Inc.*, G.R. No. 165594, April 23, 2007.
[26] Id.
[27] Id.

the full measure of a worker's legal rights. Indeed, it cannot even be said that Dalmacio did not fully understand the consequences of signing the Deed of Quitclaim and Release. He is not an illiterate person who needs special protection. He held a responsible position at PNB as an IT officer. It is thus safe to say that he understood the contents of the Deed of Quitclaim and Release. There is also no showing that the execution thereof was tainted with deceit or coercion. Although he claims that he was "forced to sign"[28] the quitclaim, he nonetheless signed it. In doing so, Dalmacio was compelled by his own personal circumstances, not by an act attributable to PNB.

Having settled the foregoing, this Court shall now address the issue on Dalmacio's GSIS Gratuity Pay.

A cursory reading of PNB's computation as regards Dalmacio's separation package appearing in its Petition would clearly show that, indeed, his GSIS Gratuity Pay has been deducted from his separation pay. This should not be countenanced.

As correctly pointed out by the CA:

> [U]nder the GSIS law, a government employee is required to take off a small part of his income and remit the same to the GSIS as his monthly contributions. Considering such mandatory deductions, it is but fitting that such gratuity pay is deemed separate and distinct from his separation package and should not be deducted therefrom. x x x.[29]

Clearly, Dalmacio is entitled to his GSIS Gratuity Pay. Contrary to PNB's assertion, giving Dalmacio what is due him under the law is not unjust enrichment.[30]

The inflexible rule in our jurisdiction is that social legislation must be liberally construed in favor of the beneficiaries.[31] Retirement laws, in particular, are liberally construed in favor of the retiree because their objective is to provide for the retiree's sustenance and, hopefully, even comfort, when he no longer has the capability to earn a livelihood.[32] The liberal approach aims to achieve the humanitarian purposes of the law in order that efficiency, security, and well-being of government employees may be enhanced.[33] Indeed, retirement laws are liberally construed and administered in favor of the persons intended to be benefited, and all doubts are resolved in favor of the retiree to achieve their humanitarian purpose.[34]

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[28] *Rollo* (G.R. No. 202357), p. 19.
[29] *Rollo* (G.R. No. 202308), p. 19.
[30] *GSIS v. De Leon*, G.R. No. 186560, November 17, 2010.
[31] Id.
[32] Id.
[33] Id.
[34] Id.

WHEREFORE, the petitions are **DENIED.** The September 21, 2011 Decision of the Court of Appeals in CA-G.R. SP. No. 115493, is **AFFIRMED** ***in toto.***

SO ORDERED.

NOEL GIMENEZ TIJAM
Associate Justice

WE CONCUR:

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

LUCAS P. BERSAMIN
Associate Justice

BIENVENIDO L. REYES
Associate Justice

FRANCIS H. JARDELEZA
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARIA LOURDES P. A. SERENO
Chief Justice

CERTIFIED TRUE COPY
WILFREDO V. LAPITAN
Division Clerk of Court
Third Division
AUG 07 2017