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Republic of the Philippines Supreme Court Manila

SECOND DIVISION

TRAVELOKA PHILIPPINES, INC. AND YADY GUITANA, Petitioners.

G.R. No. 254697

Present:

- versus -

PONCEVICCAPINOCEBALLOS, JR.,

Respondent.

PERLAS-BERNABE, S.A.J., Chairperson, HERNANDO, INTING, GAERLAN, and DIMAAMPAO, JJ.

Promulgated; (a Van RESOLUTION

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*¹ are the Decision² dated June 29, 2020 and the Resolution³ dated November 25, 2020 of the Court of Appeals (CA) in CA-G.R. SP No. 162588, which reversed the Resolutions dated March 29, 2019⁴ and June 28, 2019⁵ of the National Labor Relations Commission (NLRC) in NLRC NCR Case No. 12-18511-17/NLRC LAC No. 02-000923-19 affirming the Labor Arbiter's (LA) Decision⁶ dated October 18, 2018. The labor tribunals found that respondent Poncevic Capino

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¹ *Rollo*, pp. 14-143.

 ² Id. at 146-164. Penned by Associate Justice Franchito N. Diamante with Associate Justices Germano Francisco D. Legaspi and Ruben Reynaldo G. Roxas, concurring.
³ Id. et 167, 160

³ Id. at 167-169.

⁴ Id. at 840-851. Penned by Commissioner Pablo C. Espiritu, Jr. with Presiding Commissioner Alex A. Lopez and Commissioner Cecilio Alejandro C. Villanueva, concurring.

⁵ Id. at 995-1001.

⁶ Id. at 744-754. Penned by Labor Arbiter Romelita N. Rioflorido.

Ceballos, Jr. (respondent) was validly dismissed by petitioner Traveloka, Philippines, Inc. (Traveloka).

The Facts

Sometime in September 2016, respondent was employed as country manager by Traveloka, the local branch of a multi-national travel corporation headquartered in Indonesia. As head of the company's Philippine operations, respondent was tasked by Traveloka to lead the company's growth and development, meet financial targets, and ensure optimal employee synergy, engagement, and training. In the performance of his duties, respondent directly reported to petitioner Yady Guitana (Guitana), the head of Traveloka's mother company.⁷

Respondent alleged that on October 18, 2017, and despite Traveloka's supposed impressive financial performance, Guitana informed him of complaints lodged by several company officers and employees against him for his purported poor management style. According to respondent, Guitana immediately relieved him of his duties and authority without giving him a chance to explain his side, despite his protestations. Respondent was consequently placed on indefinite floating status and further told that there would be no possibility of his continued employment in the company relative to its Philippine operations. Guitana nonetheless mentioned that he will exert his best efforts to look for an alternative but unguaranteed position for respondent in Indonesia. Soon after, however, an Indonesian national, Isabella Yonathan (Yonathan) was appointed to immediately fill respondent's former position. In the succeeding weeks, respondent continued to report for work. Several informal meetings were conducted, wherein respondent was allegedly pressured by Guitana to sign a quitclaim in exchange for a generous separation package and recommendation letter, which he did not accept.8

On November 4, 2017, respondent was summoned for a meeting at Traveloka's office, wherein he was served with a Notice to Explain and Order of Preventive Suspension detailing the charges against him. Respondent was also unceremoniously made to return his identification card, office laptop, and other company paraphernalia by Guitana in full view of his subordinates. Claiming that he was already dismissed, respondent no longer responded to the written notice against him. On November 24, 2017, Traveloka issued a Notice of Decision⁹ informing respondent of the termination of his employment effective immediately. Later, on December 19, 2017, respondent instituted a complaint for illegal dismissal against Traveloka and Guitana (collectively, petitioners), claiming that he was constructively dismissed, and thus, prayed for reinstatement and the payment of backwages, moral and exemplary damages, and attorney's fees.¹⁰

⁹ .Id. at 484-487.

¹⁰ See id. at 148.

⁷ See id. at 147.

⁸ See id. at 147-148.

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For their part, petitioners denied that respondent was constructively dismissed and on the contrary, claimed that he was validly terminated on just grounds of serious misconduct and loss of trust and confidence. In particular, petitioners alleged that respondent: (*a*) humiliated his colleagues on several occasions; (*b*) was unwilling to receive constructive feedback; (*c*) insisted on doing certain things his own way against company interest; and (*d*) failed to provide needed support to employees.¹¹ In support thereof, petitioners submitted a total of four (4) affidavits purportedly executed by Traveloka employees, among which is the affidavit of Perry Dave Binuya (Binuya), Traveloka's Head of People Operations/Human Resources.¹² However, Binuya eventually executed an Affidavit of Recantation, attesting to the fact that Traveloka merely forced him to sign a pre-drafted affidavit in order to ward off respondent's complaint.¹³

Meanwhile, respondent filed the following: (a) Motion for Production and Inspection of Electronic Files (motion for production), requesting access to his company-issued laptop and other electronic data in order to rebut the new allegations contained in Traveloka's Position Paper; and (b) Request for Issuance of Subpoena *Ad Testificandum*, etc. (request for subpoena), praying for the conduct of hearings on certain dates so that he may be able to crossexamine as adverse/hostile witnesses the Traveloka employees who executed affidavits against his claim. Notably, the LA never resolved the aforesaid motion and request for subpoena.¹⁴

The LA Ruling

In a Decision¹⁵ dated October 18, 2018, the LA dismissed respondent's complaint. The LA ruled that respondent's acts of refusing to participate in the disciplinary proceedings against him and continuing to work for Traveloka after the alleged termination, without diminution in rank and pay, belie his claim of constructive dismissal. In any event, the LA found that respondent's dismissal was justified on the ground of serious misconduct and loss of trust and confidence.¹⁶

Aggrieved, respondent appealed¹⁷ to the NLRC. Among others, respondent averred that the LA deprived him of due process for failing to resolve his motion for production and request for subpoena, all of which would have enabled him to effectively rebut petitioners' counter-allegations in their Position Paper.¹⁸

¹² See id.

- ¹⁴ Id at 149, 153-155.
- ¹⁵ Id. at 744-754.
- ¹⁶ See id.

¹⁸ See id. at 150.

¹¹ See id. at 149.

¹³ See id. at 748-754.

¹⁷ See Memorandum of Appeal dated January 19, 2019; id. at 756-801.

The NLRC Ruling

In a Resolution¹⁹ dated March 29, 2019, the NLRC affirmed the LA ruling. Concurring with the LA's findings, the NLRC ruled that respondent failed to prove the fact of his constructive dismissal and found that he was validly terminated based on the existence of just causes.²⁰ Notably, the NLRC was silent on the due process issue raised by respondent.

Dissatisfied, respondent moved for reconsideration,²¹ which was denied in a Resolution²² dated June 28, 2019. The matter was then elevated to the CA via a petition for *certiorari* under Rule 65 of the Rules of Court.²³

The CA Ruling

In a Decision²⁴ dated June 29, 2020, the CA found that the NLRC committed grave abuse of discretion when it ruled that there was no constructive dismissal and that there was a just cause for respondent's dismissal. As such, the CA reinstated respondent to his former position without loss of seniority rights and other privileges, and further ordered petitioners to solidarily pay respondent: (*a*) backwages from the time of his dismissal until reinstatement; (*b*) moral damages in the amount of $\mathbb{P}100,000.00$; (*c*) exemplary damages in the amount of $\mathbb{P}100,000.00$; and (*d*) attorney's fees equivalent to ten percent (10%) of the total award, with interest at the legal rate of six percent (6%) per annum on all of the foregoing amounts from finality of the decision until full payment.²⁵

First off, the CA pointed out that the labor tribunals unjustifiably failed to resolve respondent's motion for production and request for subpoena. According to the CA, since all documents and equipment pertaining to respondent's employment were in Traveloka's exclusive custody and control, then the labor tribunals should have at least, in the spirit of due process and fair play, conducted a preliminary hearing to assess the propriety of the subject motions.²⁶

As to the merits, the CA ruled that the labor tribunals gravely abused their discretion in holding that respondent was not constructively dismissed. In this regard, the CA found that Guitana's acts of unduly placing respondent on floating status without just cause and unceremoniously demanding that he

²² Id. at 995-1001.

¹⁹ Id. at 840-851.

²⁰ See id.at 847-850.

²¹ See motion for reconsideration dated May 25, 2019; id. at 853-905.

²³ Id. at 171-267.

²⁴ Id. at 146-164.

²⁵ Id. at 163.

²⁶ See id. at 153-155.

Resolution

return his identification card, office laptop, and other company paraphernalia in full view of his subordinates were tantamount to constructive dismissal. According to the CA, said acts were clearly insensible, disdainful, and unbearable such that a reasonable person would be compelled to give up his or her employment. Moreover, the CA observed that Traveloka's alleged just grounds for termination were not substantiated by substantial evidence.²⁷

Finally, the CA held Guitana, as a corporate officer, solidarily liable with Traveloka for having acted with bad faith in constructively dismissing respondent in shameful view of his subordinates and unduly luring the latter into signing a quitclaim – an act it deemed to be oppressive to labor which, additionally, justified the award of moral and exemplary damages, as well as attorney's fees.²⁸

Petitioners filed a motion for reconsideration,²⁹ which was denied in a Resolution³⁰ dated November 25, 2020 for lack of merit; hence, this petition.

The Issue Before the Court

The main issue for the Court's resolution is whether or not the CA correctly attributed grave abuse of discretion on the part of the NLRC when it dismissed respondent's complaint for illegal dismissal.

The Court's Ruling

The petition is partly granted.

"Preliminarily, the Court stresses the distinct approach in reviewing a CA's ruling in a labor case. In a Rule 45 review, the Court examines the correctness of the CA's Decision in contrast with the review of jurisdictional errors under Rule 65. Furthermore, Rule 45 limits the review to questions of law. In ruling for legal correctness, the Court views the CA Decision in the same context that the petition for *certiorari* was presented to the CA. Hence, the Court has to examine the CA's Decision from the prism of whether the CA correctly determined the presence or absence of grave abuse of discretion in the NLRC decision."³¹

Case law states that grave abuse of discretion connotes a capricious and whimsical exercise of judgment, done in a despotic manner by reason of passion or personal hostility, the character of which being so patent and gross

²⁷ See id. at 155-157.

²⁸ See id. at 159-162.

²⁹ Id. at 269-352. Dated July 29, 2020.

³⁰ Id. at 167-169.

³¹ University of Santo Tomas (UST) v. Samahang Manggagawa ng UST, 809 Phil. 212, 219-220 (2017), citing Quebral v. Angbus Construction, Inc., 798 Phil. 179, 187 (2016).

as to amount to an evasion of positive duty or to a virtual refusal to perform the duty enjoined by or to act at all in contemplation of law.³²

Guided by the foregoing considerations, the Court finds that the CA correctly ascribed grave abuse of discretion on the part of the NLRC when it ruled that respondent was not constructively dismissed and that there was just cause to terminate his employment.

"[C]onstructive dismissal is defined as quitting or cessation of work because continued employment is rendered impossible, unreasonable or unlikely; when there is a demotion in rank or a diminution of pay and other benefits. *It exists if an act of clear discrimination, insensibility, or disdain by an employer becomes so unbearable on the part of the employee that it could foreclose any choice by him except to forego his continued employment.* There is involuntary resignation due to the harsh, hostile, and unfavorable conditions set by the employer. The test of constructive dismissal is whether a reasonable person in the employee's position would have felt compelled to give up his employment/position under the circumstances."³³ It is a "dismissal in disguise or an act amounting to dismissal but made to appear as if it were not."³⁴ In this regard, case law instructs that in constructive dismissal cases, the employer is charged with the burden of proving that its conduct was based on valid and legitimate grounds.³⁵

In this case, Traveloka claims that respondent was validly terminated on the grounds of serious misconduct and loss of trust and confidence. As evidence, Traveloka submitted four (4) affidavits executed by its employees³⁶ to attest to respondent's poor work behavior and management style.

However, aside from the self-serving assertions contained in these affidavits, there is nothing on record to further corroborate the imputations therein stated. For one, the affidavits mainly contain general claims of respondent's undesirable behavior and tendency to humiliate personnel.³⁷ For another, certain incidents ascribed to respondent did not involve any of the affiants and hence, are not of their personal knowledge.³⁸ Verily, when it

³² Id., citing *Quebral v. Angbus Construction, Inc.*, id. at 187-188.

³³ See Roxas v. Baliwag Transit, Inc., G.R. No. 231859, February 19, 2020, citing Gan v. Galderma *Philippines, Inc.*, 701 Phil. 612, 638-639 (2013).

³⁴ Meatworld International, Inc. v. Hechanova, 820 Phil. 275, 288 (2017), citing Galang v. Malasugui, 683 Phil. 590, 603 (2012).

³⁵ Diwa Asia Publishing, Inc. v. De Leon, 838 Phil. 512, 534 (2018), citing Meatworld International, Inc. v. Hechanova, id. at 277.

³⁶ The affidavits were executed by: (a) Joseph Dultra, Jr., Assistant Manager for Finance (*rollo*, pp. 419-424); (b) Victor M. Hernando, former People Operations Head (id. at 431-436); (c) Xenia A. Frias, Customer Operations Manager (id. at 447-452); and (d) Perry Dave Binuya, former Head of Human Resources (id. at 472-476). See also id. at 805-806.

³⁷ See id. at 428, 434-435, 448-449, and 474.

³⁸ For instance, Hernando stated in his affidavit that he has "witnessed how instead of improving and developing the working relationships of the employees within the company, it was [respondent] who often caused division and issues among the employees thereby stunting growth and productivity" (see id. at 435). Also, Binuya stated in his affidavit that "[i]n fact, in certain instances, the People Operations team had to keep its distance from [respondent] to ensure that we progress with our projects" (see id. at

comes to management, humiliation, same as sternness, can be subjective. Hence, the affidavits should have amply demonstrated the words uttered by respondent and the context in which they were made. This is necessitated by the rule that "[t]he burden of proof rests on the employer to establish that the dismissal is for cause in view of the security of tenure that employees enjoy under the Constitution and the Labor Code. The employer's evidence must clearly and convincingly show the facts on which the loss of confidence in the employee may be fairly made to rest. It must be adequately proven by substantial evidence."³⁹ Loss of trust and confidence, to be a valid cause for dismissal, must be work related such that the employee concerned is shown to be unfit to continue working for the employer; it must also be based on a willful breach of trust and founded on clearly established facts.⁴⁰ In the same vein, the misconduct, to be serious within the meaning of the Labor Code, must be of such a grave and aggravated character and not merely trivial or unimportant. Thus, for misconduct or improper behavior to be a just cause for dismissal: (a) it must be serious; (b) it must relate to the performance of the employee's duties; and (c) it must show that the employee has become unfit to continue working for the employer.⁴¹

In any event, if it were indeed true that several internal complaints were previously filed against respondent due to his behavior/management style – such as what Binuya purported in his affidavit when he claimed that he "received complaints against him almost every week"⁴² – then these would have been documented by a well-reputed company, such as Traveloka. In addition, certain imputations in the affidavits, such as respondent's disregard for the proper reimbursement of receipts, his irregular signing of a job order, the insistence that his girlfriend be covered by the company's HMO, his disregard of cost-saving recommendations, and failure to meet KPI objectives,⁴³ were – outside of bare assertions – not substantiated by any other evidence. It is well-settled that doubts shall be resolved in the employee's favor in line with the policy under the Labor Code to afford protection to labor and construe doubts in favor of labor. The consistent rule is that if doubts exist between the evidence presented by the employer and the employee, the scales of justice must be tilted in favor of the latter,⁴⁴ as in this case.

Even more, it is significant to note that one of the affiants, Binuya, recanted his affidavit against respondent and even attested to the fact that

^{473);} and "[c]onsidering his position in the Company, and the prevailing circumstances, his jokes [during the earthquake] did not sit well with several employees. Many of them complained that his jokes were inappropriate and unprofessional. The employees, expected him, as the Country Manager, to take control over the situation and consider, above all, the safety of the employees. Instead, [respondent] showed immaturity and lack of concern for his colleagues." (see id. at 474).

³⁹ Perez v. Philippine Telegraph and Telephone Company, 602 Phil. 522, 534-535 (2009); citations omitted.

⁴⁰ See Jerusalem v. Keppel Monte Bank, 662 Phil. 676, 686 (2011).

⁴¹ See Sterling Paper Products Enterprises, Inc v. KMM-Katipunan, 815 Phil. 425, 436 (2017); citations omitted.

⁴² See *rollo*, p. 473.

⁴³ See id. at 420-423, 432-434, 448-449, 450-451, 474-475.

⁴⁴ See Acebedo Optical v. National Labor Relations Commission, 554 Phil. 524, 546 (2007); citations omitted.

Traveloka merely forced him to sign the pre-drafted affidavit earlier submitted by Traveloka in order to ward off respondent's complaint.⁴⁵ Notably, despite Binuya's recantation, petitioners have not denied his claim that he was only strong-armed to such signing. Thus, these circumstances cast a cloud of doubt on the veracity of the other affidavits, which were likewise executed by Traveloka's employees,⁴⁶ especially in light of the CA's observation that respondent "was being 'managed out' of the company by Traveloka's key officials" – as in fact, what happened by the immediate hiring of Yonathan as his replacement. As the CA observed:

The Court also notes that Traveloka's adverse factual allegations against [respondent] were anchored mainly on the affidavits executed by Victor M. Hernando, Xenia A. Frias, Joseph Dultra, Jr., and Perry Dave Binuya. The Court, however, holds that Traveloka's evidence of misconduct in the form of its employees' affidavits should not be taken hook-line-and-sinker by the LA and the NLRC without examining the circumstances surrounding [respondent's] unceremonious constructive dismissal from the company.

Lest it be forgotten, Victor M. Hernando (People Operations Head), Xenia A. Frias (Customer Operations Manager), Perry Dave Binuya (Head of Human Resource) and Joseph Dultra, Jr. (Assistant Manager for Finance) are all key employees of Traveloka's Philippine operations occupying top managerial positions. Their statements vis-à-vis [respondent's] virtually unrebutted performance data of 460% of upward trajectory in hotel sales and 414% upward trajectory in flight sales, would lead one to reasonably conclude that office politics had reared its ugly head and there existed an unprofessional battle to take the top-most position – Country Manager, which [respondent] occupied prior to his illegal dismissal.

When the alleged loss of trust and confidence stems from complaints of key company officials who may be secretly vying for the top post, it now becomes a duty of labor tribunals to take into account surrounding circumstances consistent with the constitutional policy of protecting labor. Especially in employee relations between multi-national companies (such as Traveloka) where key officials vie for the overall executive's (such as Guitana) attention, the tendency of engaging in dirty office politics becomes enticing and the probability of power-grabbing increases.

It appears that all that Traveloka managed to prove was the lamentable fact that internecine office politics played a hand in [respondent's] removal as Country Manager. It did not present evidence which is substantial enough to prove that it did not constructively dismiss [respondent] in an unceremonious manner.

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Here, [respondent] had managed to show that he was being "managed out" of the company by Traveloka's key officials. Even Binuya could not bear to condone Traveloka's prevaricating claim that [respondent] abandoned his work because he did his best to muster enough courage to

⁴⁵ See *rollo*, p. 149.

⁴⁶ Case law instructs that affidavits executed by employees in favor of their employer may be deemed as self-serving, in light of the fact that such the former tend to be submissive to the wishes of the latter. (See *Malabunga, Jr. v. Cathay Pacific Steel Corporation*, 759 Phil. 458, 478 [2015].)

execute the July 26, 2018 Affidavit of Recantation. In his Affidavit of Recantation, Binuya revealed the disturbing fact that Traveloka's lawyers forced him to sign an affidavit narrating falsities against [respondent] as a condition for his resignation and back pay – a clear badge of vitiated consent which tainted the execution of his March 9, 2018 Affidavit. Such strong and alarming revelation seriously and strongly tainted the credibility of Hernando, Frias, and Dultra's affidavits containing derogatory allegations against [respondent]. It was more reason that the NLRC and the LA should have allowed [respondent] to avail of relevant discovery procedures.⁴⁷

Besides, it is palpable that the format and wordings of the other affidavits are closely similar as the one executed by Binuya. A careful comparison of the affidavits submitted by Traveloka would show that the first few paragraphs thereof contain almost identical wordings, with only minor differences made in certain portions to account for each affiant's personal details such as address, position, and functions within the company. After these first few paragraphs, the affidavits would then share the similar format, particularly, the use of multiple headers before making factual allegations against respondent. Notably, even the jurat portion of the said affidavits, particularly their syntax and the table where the affiant's competent evidence of identity are found, are identical to one another.⁴⁸ This leads to a reasonable inference that all affidavits submitted by Traveloka were indeed not personally executed by the named affiants, but merely pre-drafted by the company's lawyers.

More significantly, it has not been denied that respondent was already relieved of his duties **prior to the disciplinary hearings by the immediate hiring of his replacement**. He was even explicitly promised by his superior **an alternative but unguaranteed position** in Indonesia, and was, without prior warning, demanded to return his assigned company paraphernalia **in full view of his subordinates**. To repeat, constructive dismissal exists "if an act of clear discrimination, insensibility, or disdain by an employer becomes so unbearable on the part of the employee that it could foreclose any choice by him except to forego his continued employment."⁴⁹ The foregoing unrebutted circumstances sufficiently demonstrate that respondent was constructively dismissed.

And finally, it has not escaped the Court's attention that both labor tribunals never addressed respondent's claim that he was deprived of due process when his motion for production and request for subpoena remained unresolved. As the CA correctly held, the LA, at the very least, should have conducted a preliminary hearing on these matters considering respondent's insistence that his defense against the subjective assertions on his behavior and management style was largely dependent on the documents/examinations sought for.

⁴⁷ *Rollo*, pp. 156-157, 159.

⁴⁸ See id. at 419-424, 431-436, 447-452, and 472-476.

⁴⁹ Roxas v. Baliwag Transit, Inc., supra note 33, citing Gan v. Galderma Philippines, Inc., supra note 33.

Accordingly, aside from the lack of substantial evidence to justify respondent's termination on the alleged grounds of serious misconduct and loss of trust and confidence, as well as the labor tribunals' wanton disregard of the circumstances leading to his constructive dismissal, this due process violation equally taints the NLRC's ruling with grave abuse of discretion. As such, the CA correctly granted respondent's *certiorari* petition filed before it.

Nevertheless, the Court is constrained to modify the CA ruling with respect to the order of reinstatement.

According to jurisprudence, reinstatement means restoration to a state or condition from which one had been removed or separated. The person reinstated assumes the position he had occupied prior to his dismissal. *Reinstatement presupposes that the previous position from which one had been removed still exists, or that there is an unfilled position which is substantially equivalent or of similar nature as the one previously occupied by the employee.*⁵⁰ "In the event that reinstatement is no longer possible, separation pay is awarded to the employee."⁵¹

Here, it is undisputed that respondent's position as country manager was already filled up with the hiring of Yonathan.⁵² Since respondent's reinstatement is no longer viable, then the payment of separation pay in lieu of reinstatement is warranted.

WHEREFORE, the petition is **DENIED**. The Decision dated June 29, 2020 and the Resolution dated November 25, 2020 of the Court of Appeals in CA-G.R. SP No. 162588 are hereby **AFFIRMED** with **MODIFICATION** in that in lieu of reinstatement, petitioner Traveloka Philippines, Inc. is ordered to pay respondent Poncevic Capino Ceballos, Jr. separation pay equivalent to one (1) month salary for every year of service, with a fraction of at least six (6) months to be considered as one (1) whole year, to be computed from the date of his employment up to finality of this Resolution. The rest of the Court of Appeals' Decision **STANDS**.

SO ORDERED.

ESTELA M BERNABE Senior Associate Justice

⁵⁰ See DUP Sound Phils. v. Court of Appeals, 676 Phil. 472, 483 (2011).

⁵¹ Torillo v. Leogardo, Jr., 274 Phil. 758, 765 (1991).

⁵² See *rollo*, p. 147.

Resolution

WE CONCUR: RAMO L. HERNANDO Associate Justice HENŔÍ UL B. INTING SAMUEL H Associate Justice Associate Justice AR B. DIMAAMPAO Associate Justice ATTESTATION

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

> ESTELA M. PERLAS-BERNABE Senior Associate Justice Chairperson, Second 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 Resolution had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MUNDO hief Justice

