

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT  
SECOND DIVISION**

**REYNOLDS PHILIPPINE CORPORATION,  
*Petitioner,***

***-versus-***

**G.R. No. L-48814  
June 27, 1985**

**GENARO A. ESLAVA, Technical  
Assistant of the Office of the President;  
ACTING SECRETARY OF LABOR  
AMADO G. INCIONG and PEDRO S. DE  
JESUS,**

***Respondents.***

X-----X

**DECISION**

**AQUINO, J.:**

Reynolds Philippine Corporation in this *Certiorari* case assails the order dated November 11, 1977 of Francisco L. Estrella, the Director of Region IV (National Capital Region) of the Department of Labor, ordering the reinstatement with full backwages of Pedro S. de Jesus as its concurrent personnel manager and government and public relations manager.

As summarized by the Solicitor General in his comment, it appears that in January and February, 1977, three anonymous letters were

received by W. W. Dunkum, Jr., Reynolds' executive vice-president and general manager, and the members of its board of directors.

The first letter called Dunkum a "big fool", criticized his alleged unfairness in giving salary increases and declared "that it is now known in business circles that you are anti-Filipino" and that "your employees are fervently praying for your replacement". The second letter was of the same tenor as the first.

The third letter informed Reynolds' president, chairman and board of directors that the company was headed for destruction because of the "mismanagement, inefficiency, lack of planning and foresight, petty favoritism, dictatorial policies, one-man rule, contemptuous attitude to labor, anti-Filipino utterances and activities of Mr. Dunkum, etc."

Dunkum called a meeting of the department heads of the company. They were convinced that De Jesus was the author of the anonymous letters.

On February 23, 1977, Epifanio Garcia, president of the union, addressed a letter to the directors, requesting that the officers of the union be given a chance to appear before the Filipino members of the board for the purpose of acquainting them about the situation of the company and the employees in the organization.

In the morning of March 7, 1977 De Jesus gave the union president a "guide" or statement in Tagalog of what the latter would say to the board of directors. On that day the union president appeared before the Executive Committee but he did not mention the grievances specified by De Jesus in his "guide". De Jesus, who attended that meeting, was asked if he had any complaint against Dunkum. He answered that he had none.

The Executive Committee of Reynolds, composed of J. Antonio Araneta, Demetrio Tuason, William A. Farrell, Bruce B. Gralow, William W. Dunkum, Jr., James Litton and Vicente Nicandro, investigated the alleged malfeasance and misfeasance committed by De Jesus.

After conducting the investigation, the Executive Committee adopted a resolution dated March 21, 1977 directing Dunkum to suspend De

Jesus because he had committed acts of malfeasance and misfeasance which were inimical to the interest of the company and, therefore, he did not deserve the trust and confidence required for that position (Annex N, Petition).

A week later, De Jesus was suspended. He was given five days from notice to air his side before the corporate secretary. He was given a specification of his acts of misconduct (Annexes O, P and P-1, Petition). He submitted his answer, Annex Q of the petition.

On April 5, 1977 the Executive Committee adopted a resolution directing Dunkum to dismiss De Jesus. The resolution reads (Annex R of Petition):

“RESOLVED, that MR. PETE DE JESUS be, as he hereby is, dismissed and Mr. William W. Dunkum, Jr., in the exercise of his powers as General Manager is directed to dismiss him immediately considering that:

“The Executive Committee evaluated the documentary evidence in support of the statement of the acts of malfeasance and misfeasance committed by Mr. Pedro de Jesus which were furnished to him on March 29, 1977, consisting of, but not limited to, the ‘Salaysay’ of Mr. Epifanio Garcia, Union President, dated March 23, 1977, the affidavit of Mrs. Aurora L. Ruiz, his Secretary, dated March 18, 1977 and the two statements of Mr. Cesar Abueg, an employee in his department, dated March 10 and 12, 1977.

“Thereafter, the verified answer of Mr. De Jesus, dated April 1, 1977, was considered by the EXCOM, together with all its annexes, in the light of the memo of Mr. De Jesus dated March 25, 1977 and addressed to Mr. Dunkum, in which Mr. de Jesus admitted having ‘polished’ the draft of a letter which, according to the above mentioned affidavit of Mrs. Ruiz, he had himself typed inside his room and which he gave to her to be typed in clean draft.

“The EXCOM noted that except the anonymous letters and the letter of the Union President to the Board of Directors dated February 23, 1977 whose authorship he denied, Mr. De Jesus virtually admitted in his answer that he prepared the guide in Tagalog of what the Union President would say before the Board of Directors; the letter of February 28, 1977 of the Union to Mr. J. Louis Reynolds, Richmond, Virginia, specifying acts of mismanagement allegedly committed by Mr. Dunkum and asking his recall and the immediate appointment of his replacement; and the telex of the Union President dated February 28, 1977 to FOILWAX RICHMONDVA, requesting that Mr. Dunkum be recalled and stating that a petition to this effect has been mailed on even date, without disclosing his participation to Management.

“Appraising the evidence as a whole, the EXCOM found and concluded that the acts of Mr. de Jesus prove his lack of candor to Management of which he was a part; that he actually and expressly denied, falsely it turned out, his participation in the drafting of the letter of the Union President dated February 23, 1977 to the Board of Directors; that if his intention as Personnel Manager was indeed to benefit the Company, he should have been frank enough to disclose his authorship and/or participation in the writing of the letters of the Union and should have openly helped to demonstrate that what he was suggesting would be to the interest of the Company; that the means he employed to discredit Mr. Dunkum and other members of the Management Staff was improper; that by making use of the Union, through its President, to conceal his authorship and/or his participation in the drafting of the letters, he was in effect instigating the Union to feel dissatisfied with Management of which, as already stated above, he was a part, and in that way he actually fomented distrust and discontent in the Company; and that it would be inimical to the interest of the Company to retain him.”

De Jesus was dismissed on April 13, 1977. The next day he filed a complaint for illegal dismissal, illegal suspension and moral damages.

After the filing of position papers, the Regional Director, as already noted, ordered the reinstatement of De Jesus with full backwages.

De Jesus contended that he was not guilty of misconduct. He said:

“Complainant’s desire to be of reasonable assistance to the employees has been a natural impulse to him. He wanted to show them that at long last the walls of recrimination have been demolished and a new era of good relationship has commenced.

“He wanted to give substance to the fact that under the New Society labor and Management are no longer belligerents but friends — that they are partners in achieving a common goal, which is the good of the Company. By being nice to the employees, by listening to their problems and by giving them little favors complainant has hoped that by doing so he could generate a wholesome climate of understanding conducive to maximum efficiency.

“He has hoped that from the reservoir of goodwill he has sought to build, he could draw heavily from in the future. He could use that goodwill to the advantage of the Company as, for instance, when it becomes necessary for Management to quell any unreasonable impositions or unwarranted demands.”

The Regional Director assumed that De Jesus did not obliterate the sharp dividing line between his loyalty to management and his rapport with labor.

We hold that the Regional Director committed a grave abuse of discretion amounting to lack of jurisdiction in not holding that the misconduct of De Jesus was a just cause for terminating his services.

De Jesus occupied inconsistent positions, He was supposed to be on the side of management. He also wanted to be on the side of labor. “No man can serve two masters; for either he will hate the one and love the other, or else he will stand by the one and despise the other.”

As personnel officer and as government and public relations manager, De Jesus was obviously a managerial employee not a rank-

and-file employee. A managerial employee is defined as one “who is vested with powers or prerogatives to lay down and execute management policies and/or to hire, transfer, suspend, lay-off, recall, discharge, assign or discipline employees, or to effectively recommend such managerial actions.” (Sec. 212[K], Labor Code).

Managerial employees may be terminated for just cause such as lack of confidence (Policy Instructions No. 8 of Secretary of Labor, effective April 23, 1976). The management of Reynolds had reason to lose confidence in De Jesus because of his misfeasance and malfeasance as found by the Executive Committee. His misconduct amounts to breach of trust (See sec. 283, Labor Code).[\*]

The rule is that if “there is sufficient evidence to show that the employee has been guilty of a breach of trust, or that his employer has ample reason to distrust him,” the labor tribunal “cannot justly deny to the employer the authority to dismiss such employee” (National Labor Union, Inc. vs. Standard Vacuum Oil Company and CIR, 73 Phil. 279, 282; Sea-Land Service, Inc. vs. NLRC and Reyes, G.R. No. 68212, May 24, 1985).

**WHEREFORE**, the order of the Regional Director is reversed and set aside and the complaint of Pedro S. de Jesus is dismissed. No costs.

**SO ORDERED.**

**Concepcion, Jr., Abad Santos, Escolin and Cuevas, JJ., concur.**

**Makasiar, J., no part.**

---

[\*] In fact, the eight members of the management staff of Reynolds in a letter dated January 12, 1978 to its board of directors implored the board “to take whatever steps may be necessary to finally remove Pete de Jesus from his present connection with Reyphil” (pp. 493-94, Rollo).

The 19 department superintendents and supervisors of Reynolds in a letter to its board of directors dated January 13, 1978 vigorously protested the continued presence of De Jesus in the company’s premises since he had been allegedly dismissed and the company had lost trust and faith in him. They said:

“He had in the past created great dissension and bitterness among the employees of this Company. He had caused deep demoralization among the Company’s rank and file. He had done an irreparable damage to the Company’s efficiency in regards to its production capability. He had managed to split the Company’s workers into warring faction, which is least to say, led to untoward incident and ill-feeling among the workers. No man in the history of this great Company could do such things in such a short time.

“Pedro S. de Jesus continued presence here will not redound to anything except the downfall of Reynolds Phil. Corp. He is the most unwelcome person in this Company. He is not fitted for any position, because for the simple reason that he cannot establish rapport between himself and the employees, nor can he feel the needs and pulse of the Plant workers.

“We dread to see the day, and we hope and fervently pray that day will not come, when the Company will go down after its so many years of fruitful service to the Philippines, go to waste because of the doings of one unwanted man” (pp. 494-495).