SUPREME COURT
FIRST DIVISION

AGUSTIN CHU,
***Petitioner*,**

-versus-

G.R. No. 106107
June 2, 1994

NATIONAL LABOR RELATIONS COMMISSION and VICTORIAS MILLING COMPANY, INC.,
Respondents.
x----------x

D E C I S I O N

QUIASON, *J.*:

This is a petition for *certiorari* under Rule 65 of the Revised Rules of Court to reverse and set aside the Decision of the Fourth Division of the National Labor Relations Commission (NLRC) in Case No. 06-02-10081-89 which dismissed petitioner's appeal and its Resolution dated March 20, 1992, which denied petitioner's motion for reconsideration.

We dismiss the petition.

I

Petitioner retired from the service of private respondent upon reaching the age of sixty under its regular retirement program. He was granted an extension of service by the Board of Directors of private respondent under a "Special Contract of Employment." The contract provided, inter alia, that its term was for a period of one year commencing on August 1, 1988; that petitioner was employed as Head of the Warehousing, Sugar, Shipping and Marine Department; and that he was to receive a basic salary of P6,941.00 per month.

Private respondent issued Memorandum No. 1012-PS dated December 12, 1988 and Memorandum No. 1028-PS dated January 16, 1989, both providing for a rotation of the personnel and other organizational changes. Pursuant to the memoranda, petitioner was transferred to the Sugar Sales Department.

Petitioner protested his transfer and requested a reconsideration thereof, which was denied. Consequently, on February 27, 1989, petitioner filed a complaint for illegal dismissal, contending that he was constructively dismissed from his employment (RAB IV Case No. 06-02-10081-89).

In support of his decision holding that there was no constructive dismissal of petitioner, the Labor Arbiter said that: (1) petitioner was transferred to the Sugar Sales Department from the Warehousing, Sugar, Shipping and Marine Department, both of which are under the Sugar Sales Area; (2) petitioner's transfer was without change in rank or salary; (3) petitioner's designation in either department was the same; (4) the personnel rotation was pursuant to organizational changes done in the valid exercise of management prerogatives; (5) there was no bad faith in the transfer of petition, as other employees similarly situated as he were likewise affected; and (6) petitioner failed to show that he was prejudiced by the changes or transferred to a demeaning or humiliating position.

Petitioner appealed to the NLRC which, in a resolution dated January 13, 1992, affirmed the Labor Arbiter's decision. In a resolution dated March 20, 1992, the NLRC denied petitioner's motion for reconsideration.

II

In this petition, petitioner contends that there was no valid exercise of management prerogative because: (1) his transfer violated the "Special Contract of Employment" which was the law between the parties; and (2) said transfer was unreasonable and caused inconvenience to him.

Petitioner argues that private respondent's prerogative to transfer him was limited by the "Special Contract of Employment," which was the "law" between the parties. Thus, petitioner urges that private respondent, by employing him specifically as Head of the Warehousing, Sugar, Shipping, and Marine Department, waived its prerogative to reassign him within the term of the contract to another department.

We disagree.

An owner of a business enterprise is given considerable leeway in managing his business because it is deemed important to society as a whole that he should succeed. Our law, therefore, recognizes certain rights as inherent in the management of business enterprises. These rights are collectively called management prerogatives or acts by which one directing a business is able to control the variables thereof so as to enhance the chances of making a profit. "Together, they may be taken as the freedom to administer the affairs of a business enterprise such that the costs of running it would be below the expected earnings or receipts. In short, the elbow room in the quest for profits" (Fernandez and Quiason, The Law on Labor Relations, 1963 ed., p. 43).

One of the prerogatives of management, and a very important one at that, is the right to transfer employees in their work station. In Philippine Japan Active Carbon Corporation vs. National Labor Relations Commission, 171 SCRA 164 (1989), we held:

> "It is the employer's prerogative, based on its assessment and perception of its employees' qualifications, aptitudes, and competence to move them around in the various areas of its

> business operations in order to ascertain where they will function with maximum benefit to the company. An employee's right to security of tenure does not give him such a vested right in his position as would deprive the company of its prerogative to change his assignment or transfer him where he will be most useful. When his transfer is not unreasonable, nor inconvenient, nor prejudicial to him, and it does not involve a demotion in rank or a diminution of his salaries, benefits, and other privileges, the employee may not complain that it amounts to a constructive dismissal."

In Abbot Laboratories (Phils.) Inc. vs. NLRC, 154 SCRA 713 (1987), we also held in referring to the prerogative of transfer of employees, that:

> "This is a function associated with the employer's inherent right to control and manage effectively its enterprise. Even as the law is solicitous of the welfare of employees, it must also protect the right of an employer to exercise what are clearly management prerogatives. The free will of management to conduct its own business affairs to achieve its purpose cannot be denied."

Of course, like other prerogatives, the right to transfer or re-assign is subject to limitations arising under the law, contract or general principles of fair play and justice (Abbot Laboratories (Phil.) Inc. vs. NLRC, 154 SCRA 713 [1987]). Jurisprudence proscribes transfers or reassignments of employees when such acts are unreasonable and cause inconvenience or prejudice to them (Philippine Japan Active Carbon Corporation vs. NLRC, supra).

We find nothing in the "Special Contract of Employment" invoked by petitioner wherein private respondent had waived its right to transfer or re-assign petitioner to any other position in the company. Before such right can be deemed to have been waived or contracted away, the stipulation to that effect must be clearly stated so as to leave no room to doubt the intentions of the parties. The mere specification in the employment contract of the position to be held by the employee is not such stipulation.

As held in Philippine Japan Active Carbon Corporation vs. National Labor Relations Commission, supra:

> "An employee's right to security of tenure does not give him such a vested right in his position as would deprive the company of its prerogatives to change his assignment or transfer him where he will be most useful."

Petitioner's bare assertion that the transfer was unreasonable and caused him inconvenience cannot override the fact, as found by the Labor Arbiter and respondent Commission, that the rotation was made in good faith and was not discriminatory, and that there was no demotion in rank or a diminution of his salary, benefits and privileges.

WHEREFORE, the Petition for *Certiorari* is **DISMISSED**.

SO ORDERED.

Davide, Jr., Bellosillo and Kapunan, *JJ.*, concur.
Cruz, *J.*, is on leave.
