

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
THIRD DIVISION**

**JULIE G. CHUA, ELEANOR C. GO and
JOSEPHINE T. LOBENDINO,**
Petitioners,

-versus-

**G.R. No. 111385
January 30, 1997**

**NATIONAL LABOR RELATION
COMMISSION, HON. OSWALD B.
LORENZO, CHINA AIRLINES, LTD. &
K.Y. CHANG,**
Respondents.

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RESOLUTION

FRANCISCO, J.:

Petitioners Eleanor C. Go, Julie G. Chua, and Josephine T. Lobendino were former regular employees of private respondent China Airlines LTD (China Airlines for brevity). They were assigned at the Ticketing Section of its Manila Branch Office, with petitioner Go,^[1] as Senior Ticketing Agent, and petitioners Chua^[2] and Lobendino,^[3] as Ticketing Agents.

On October 29, 1986, private respondent K.Y. Chang, then District Manager of Manila Branch Office, sent a Memorandum^[4] to Rebecca

Veloso, Head of Ticketing Section, informing her that “in order to prevent and arrest further losses, Management has decided to temporarily, close its [T]icketing [S]ection.” Similar notices were likewise sent to herein petitioners,^[5] and to the Department of Labor and Employment^[6] (DOLE), notifying them that petitioners “ will be temporarily laid-off from employment effective October, 30, 1986.” Thereafter, China Airlines decided to permanently close said Ticketing Section.^[7] Thus, on November 5, 1986, it sent the corresponding notices to the petitioners,^[8] advising them that their recent lay-off from employment will be considered permanent effective one (1) month from such notice. A manifestation informing the DOLE of this impending retrenchment was likewise filed on November 11, 1986.^[9]

Nearly three years later, or on October 9, 1989, petitioners sued China Airlines and K.Y. Chang before the Labor Arbiter for unfair labor practice and illegal dismissal with claims for: reinstatement, backwages, damages, and. attorneys fees. The Labor Arbiter dismissed petitioners’ charges, declaring that “the retrenchment, [was] validly effected.”^[10] Nevertheless, the Labor Arbiter directed China Airlines to pay petitioners retirement and/or separation pay benefits”, to wit: (a) Eleanor Go — P372,730.00; (b) Julie Chua — P100,000.00; and (c) Josephine Lobendino P54,000.00.^[11] In addition, the Labor-Arbiter also ordered China Airlines to pay attorneys fees to the petitioners in the amount of P52,673.00, or ten (10) percent of the aggregate monetary awards.

Dissatisfied, petitioners appealed to the National Labor Relations Commission (NLRC), which declared that the retrenchment was “validly effected in good faith.”^[12] Petitioners filed a motion for reconsideration,^[13] but the same was denied.^[14] Hence, this petition assailing the decision of the NLRC for having been allegedly rendered with grave abuse of discretion.

We note that the instant petition principally questions the findings of the NLRC that China Airlines suffered business losses for six consecutive years from 1980 to 1985.^[15] In fact, petitioners argue that China Airlines could not have suffered “serious financial losses” then because, in 1984, the latter even granted a “whooping” 35% salary increase to its Manila Branch Office employees.^[16] We are of the

opinion, however, that China Airlines' magnanimity in increasing the salary of its employees in one of its several branch offices, does not disprove the fact that it suffered business losses in its worldwide operations. As the NLRC observed:

“What else, can the complainants ask to show that the company is losing aside from the closure of the Regional Office for Northeast Asia, in Tokyo, Japan; the reduced personnel in Jeddah Saudi Arabia from thirty (30) to three (3), Dubai, United Arab Emirates, from ten (10) to two(2) the Regional Office for the Americas in San Francisco, California and the Regional Office in Europe, were likewise closed; instead a Paris branch, was established with only five (5) employees.”^[17]

At any rate, we are not prepared to disregard the findings of both the Labor Arbiter and the NLRC that China Airlines was incurring business losses, when it effected the questioned retrenchment. These, essentially, are factual matters which are within the competence of the labor tribunals to determine,^[18] and whose findings thereon are accorded by this Court with respect and finality if they are supported by substantial evidence,^[19] as in this case.

With respect to petitioners' contention that the closure of the Ticketing Section was unwarranted as the Manila Branch Office “has always been making money for China Airlines,”^[20] suffice it to state that management has the prerogative to choose, which department or section of its business is to be closed for economic reasons.^[21] And the exercise of such prerogative if done in good faith to advance the employer's interests, as in this case, will always be upheld.^[22]

In view of the foregoing, we find no grave abuse of discretion on the part of NLRC in upholding the validity of the retrenchment of the petitioners.

WHEREFORE, the instant Petition is hereby **DISMISSED** and the Decision of the NLRC is **AFFIRMED** in toto.

SO ORDERED.

**Narvasa, C.J., Davide, Jr., Melo and Panganiban, JJ.,
concur.**

- [1] Hired in October 1968 as ground stewardess, appointed reservation clerk in 1969, and transferred to the Ticketing Section in 1977.
- [2] Joined China Airlines in April 1976 as receptionist, but transferred to the Ticketing Section in August 1977.
- [3] Employed in December 1980 as receptionist, became administrative secretary in 1983, promoted to cashier in 1985 and transferred to the Ticketing Section in 1986.
- [4] Annex "21" Rollo, p. 284.
- [5] Annexes "18" to "20"; Rollo, pp. 281-283.
- [6] Annexes "22"; "22-A", and "22-B", Rollo, pp. 285-287.
- [7] As early as April 15, 1985, the Manila Branch had already received a memorandum (Annexes "16", "16-A", "16-B", Rollo, pp. 274-277) from the Head Office in Taipei, requiring the former to submit its Retrenchment Plan, the pertinent portions of which are herein quoted:

Date: April 15, 1988

File: (74) Kwei-Hsin-Fa 2839

To: MNL, JKT, SEL, JED, KUL Branch Offices

Subject: Submit Retrenchment Plan of Your Branch Office in order to
Reduce Operation Cost

Explanation:

1. A review of our financial statements for the past has shown that our Company had continuously experienced financial losses during the previous 5 years beginning from 1980. Although we had taken various measures to minimize our expenses, yet the results were limited by only reducing some estimated losses, and our goal for turning "Loss" to "Gain" is hardly achieved. The estimated losses, and our goal for turning "Loss" to "Gain" is hardly achieved. The estimated losses for this year (1985) in US\$9.46 million, however, we already suffered from such amount of losses only up to the end of February 1985. In order to abate and prevent further continued losses, we have undertake more effective programs.

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4. Your office is now handling flights less than seven frequencies weekly number of employees seems to be much more than what the work load needs. Accordingly you are directed to take such measures as may be necessary and feasible to carry out the retrenchment program, including reduction of personnel at a minimum number of employees, and to report to Head Office immediately. (Emphasis ours.)

CHANG, LIN-TE (with seal)

President

- [8] Annexes “25” to “25-B”; Rollo, pp. 291-292; Annexes “26” to “26-B”; Rollo, p. 293-294; Annexes “26” to “26-B”; Rollo, pp. 293-294; Annexes “26” to “26-B”; pp. 295-296.
- [9] Annexes “29” to “29-A”; Rollo, pp. 299-300.
- [10] Decision dated May 2, 1991, penned by Labor Arbiter Oswald B. Lorenzo; Rollo, p. 52.
- [11] Id., pp. 52-53.
- [12] National-Labor Relations Commission’s Decision promulgated on December 3, 1992, p. 23. Rollo, p. 88.
- [13] Annex “D”; Rollo, pp. 90-100.
- [14] National Labor Relations Commission’s Order promulgated on June 30, 1993; Rollo, pp. 101-102.
- [15] YEAR NET LOSSES
 1980 NT\$ 690,801,218.71 (Annex “1”; Rollo, p. 203)
 1981 NT\$ 442,305,954.41 (Annex “2”; Rollo, p. 204)
 1982 NT\$ 890,387,411.68 (Annex “3”; Rollo, p. 205)
 1983 NT\$1,067,269,913.55 (Annex “4”; Rollo, p. 206)
 1984 NT\$ 641,715,712.00 (Annex “5”; Rollo, p. 207)
 1985 NT\$ 334,049,485.00 (Annex “6”; Rollo, p. 208)
- [16] Petition, p. 16; Rollo, p. 17.
- [17] NLRC Decision, pp. 21-22, Rollo, pp. 86-87.
- [18] Sebuguero vs. NLRC, 248 SCRA 532, 544 (1995), citing Lopez Sugar Corporation vs. Federation of Free Workers, 189 SCRA 179 (1990).
- [19] Catatista vs. NLRC, 247 SCRA 46 (1995); Sebuguero vs. NLRC, 248 SCRA 532 (1995); See Philippine School of Business Administration vs. NLRC, 223 SCRA 305 (1993) and Tiu vs. NLRC, et al., G.R. No. 95845, February 21, 1996.
- [20] Petition; p. 20, Rollo, p. 21.
- [21] Dangan vs. NLRC, 127 SCRA 706 (1984); Special Events and Central Shipping Office Workers Union vs. San Miguel Corporation, 122 SCRA 557, 574 (1983).
- [22] See Maya Farms Employees Organization, et al. vs. NLRC, et al., 239 SCRA 608 (1994); Union Carbide Labor-Union vs. Union Carbide, 215 SCRA 554 (1992).