

Title: Mario Z. Reyes vs. Hon. Ronaldo B. Zamora, et al.

Facts:

Mario Z. Reyes, holding the position of Credit and Collection Manager and Operations Coordinator at Marsman and Co., Inc., was suspended indefinitely for misappropriation of company funds on January 17, 1974, by the company through its Vice-President, E.G. Vito. The genesis of the suspension revolved around a sales promotional contest rewarding Evangeline R. Tagulao, a nurse, with a Volkswagen Beetle or its cash value, which she opted for. Tagulao, upon receiving the prize money, alleged that she only got PHP 20,000 of the PHP 24,000 owed, prompting the company to investigate, resulting in Reyes's suspension.

Reyes defended himself against these accusations, leading to a National Labor Relations Commission (NLRC) case where Mediator-Factfinder Mirasol Corleto, after hearing, recommended Reyes's reinstatement with back wages, citing Tagulao's statements clearing Reyes of wrongdoing. Despite Corleto's recommendation, the NLRC ordered reinstatement without back wages, prompting appeals from both parties to the Secretary of Labor, culminating in a decision favoring Reyes with reinstatement and back wages.

The decision was contested by Marsman and Co., escalating the case to the Office of the President, which reversed the Secretary of Labor's decision after conducting additional hearings, finding inconsistencies in Tagulao's retraction and determining a breach of trust by Reyes. Reyes's subsequent motion for reconsideration was denied, leading him to file a special civil action for certiorari and mandamus in the Supreme Court, challenging the jurisdiction and the conduct of new hearings by the Office of the President.

Issues:

1. Whether the Office of the President had jurisdiction to entertain Marsman and Co.'s appeal.
2. Whether the Office of the President acted within its jurisdiction in conducting new hearings on appeal.
3. Whether Reyes's dismissal on the ground of loss of confidence was justified.

Court's Decision:

1. **Jurisdiction**: The Court held that the appeal's grounds fell within the purview of the Rules and Regulations Implementing the Labor Code, thereby granting the Office of the President jurisdiction to entertain the appeal.
2. **New Hearings**: The Court found no merit in Reyes's objection to the conduct of new

hearings by the Office of the President, noting his participation diminished any grounds for complaint. There was no law prohibiting such hearings, especially when deemed necessary for a judicious decision.

3. ****Dismissal Justification****: The Court affirmed the dismissal based on loss of confidence, stating that direct proof of misconduct was unnecessary for managerial or supervisory employees. The situation warranted enough basis for loss of trust by the employer.

Doctrine:

Loss of confidence is a valid ground for the dismissal of an employee, circumventing the need for proof beyond reasonable doubt of the employee's misconduct. It suffices if there is a reasonable ground for the employer to believe in the employee's unsuitability for the position due to the misconduct.

Class Notes:

- Loss of Confidence as Ground for Dismissal: Demonstrates that managerial or supervisory employees can be dismissed based on reasonable grounds for loss of confidence without the necessity for proof beyond reasonable doubt.
- Jurisdiction and Appeal within Administrative Bodies: Highlights that grounds raised in an appeal can sufficiently grant jurisdiction to a higher administrative review body, and participation in proceedings can preclude arguments against the validity of those proceedings.
- Role of Procedural Correctness in Administrative Proceedings: Emphasizes the discretion of administrative bodies like the Office of the President in conducting additional hearings when necessary for resolving appeals on labor disputes.

Historical Background:

The case exemplifies the complexities and procedural nuances of labor disputes in the Philippines, showcasing the hierarchical appeal process involving the NLRC, the Secretary of Labor, and the Office of the President. It underscores the evolving jurisprudence around employer-employee trust relationships, notably in the context of managerial positions, within the broader landscape of Philippine labor law and administrative oversight.