

****Title:****

Alilem Credit Cooperative, Inc. v. Salvador M. Bandiola, Jr.

****Facts:****

1. ****Employment and Allegations:****

- ****Respondent Employment****: Salvador M. Bandiola, Jr. was employed as a bookkeeper by Alilem Credit Cooperative, Inc. (later known as Alilem Multipurpose Cooperative, Inc.).
- ****Accusation****: The Board of Directors received a letter from Napoleon Gao-ay alleging immoral conduct by Bandiola involving an illicit relationship with Thelma G. Palma, Napoleon's sister.

2. ****Preliminary Investigation:****

- ****Reported Evidence****:

1. Melanie Gao-ay witnessed respondent engage in intimacy with Thelma in December 1996.
2. Rosita Tegon's statement observed interactions between Thelma and respondent in May 1997.
3. Emma Gao-ay Lubrin (Thelma's sister) and Napoleon claimed Thelma admitted to the affair.

3. ****Ad Hoc Committee Investigation:****

- Additional testimonies from:

1. Agustina Boteras (witnessed confrontation with Thelma).
2. Milagros Villacorte (saw respondent with Thelma at a hospital).
3. Julienne Marie L. Dalangay's certification about a seminar where respondent introduced a woman as his wife, who was not his actual wife.

4. ****Respondent's Defense:****

- ****Denial****: Respondent denied the accusations and attributed them to jealousy from cooperative members.
- ****Thelma's Affidavit****: Denied the allegations of an affair.

5. ****Board Decision and Subsequent Actions:****

- ****Termination Notice****: On July 10, 1997, the Board informed Bandiola of a prima facie case against him.
- ****Hearing Request Denied****: Respondent's request for postponement was denied, and the hearing proceeded without his lawyer.
- ****Dismissal****: Effective July 31, 1997, Bandiola was terminated.

6. **Legal Procedures:**

- **Complaint for Illegal Dismissal:** Bandiola filed with the NLRC.
- **Labor Arbiter Decision:** Dismissed the complaint, siding with the cooperative's evidence and finding due process followed.
- **NLRC Appeal:** Overturned the LA's decision, ruled the Personnel Policy questionable, and found procedural violations.
- **CA Decision:** Identified misconduct but did not see it as sufficient for termination outside job performance.
- **Petition to Supreme Court:** Cooperative filed petition challenging CA decision.

Issues:

1. **Validity of Personnel Policy:**

- Whether the cooperative's Personnel Policy, which includes extramarital affairs as grounds for dismissal, was valid.

2. **Due Process:**

- Whether procedural due process was observed in respondent's termination.

3. **Misconduct as Ground for Termination:**

- Whether engaging in extramarital affairs constitutes serious misconduct justifying termination even if unrelated to job duties.

Court's Decision:

1. **Personnel Policy Validity:**

- SC ruled that the old and new Personnel Policy grounds were substantively similar. Extramarital conduct can bring discredit to the cooperative, making Bandiola's dismissal valid.

2. **Due Process Observed:**

- SC found that adequate procedural due process was followed. Respondent was provided opportunities to explain and defend himself, including potential assistance by counsel.

3. **Conduct as Grounds for Termination:**

- SC recognized that respondent's behavior, even if personal, brought discredit to the cooperative as supported by witness testimonies and member petitions. Therefore, termination was justified.

****Doctrine:****

1. ****Employer's Management Prerogative:****

- Employers have the right to implement reasonable rules and regulations, and violations can be grounds for termination if made known to employees.

2. ****Due Process in Dismissal:****

- Two written notices are required for lawful termination: one specifying charges and another informing the decision after considering the employee's explanation.

****Class Notes:****

- ****Key Elements/Concepts:****

- Employer's managerial prerogative.
- Procedural due process in termination.
- "Serious misconduct" and its applicability in employment law.
- Grounds for termination under Personnel Policies must be valid and known risks.

- ****Relevant Legal Statutes:****

- ****Article 282 of the Labor Code****: Establishes grounds for termination.
- ****Due Process Requirements****: Written notices and opportunity to be heard.

****Historical Background:****

- ****Context****: This case comes at a time where labor rights and organizational reputations are critically balanced. It highlights evolving considerations of employer prerogatives against employee personal conduct and procedural safeguards in employment disputes in the Philippines.