

KIMBERLY-CLARK PHILIPPINES, INC. PETITIONER, VS. NORA DIMAYUGA, ROSEMARIE C. GLORIA, AND MARICAR C. DE GUIA, RESPONDENTS.

G.R. No. 177705. September 18, 2009

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

Respondents were employees of Kimberly-Clark Philippines, Inc. (petitioner). Nora Dimayuga (Nora) was Cost Accounting Supervisor, Rosemarie Gloria (Rosemarie) was Business Analyst, and Maricar de Guia (Maricar) was General Accounting Manager.

On September 19, 2002, Nora tendered her resignation effective October 21, 2002.[1]

On October 7, 2002, Rosemarie tendered her resignation, also effective October 21, 2002.[2]

As petitioner had been experiencing a downward trend in its sales, it created a tax-free early retirement package for its employees as a cost-cutting and streamlining measure. Twenty-four of its employees availed of the offer that was made available from November 10-30, 2002.[3]

Despite their resignation before the early retirement package was offered, Nora and Rosemarie pleaded with petitioner that they be retroactively extended the benefits thereunder, to which petitioner acceded.[4] Hence, Nora received a total of P1,025,113.73 while Rosemarie received a total of P1,006,493.94, in consideration of which they executed release and quitclaim deeds dated January 17, 2003[5] and January 16, 2003,[6] respectively.

On November 4, 2002, Maricar tendered her resignation effective December 1, 2002,[7] citing career advancement as the reason therefor. As at the time of her resignation the early retirement package was still effective, she received a total of P523,540.13 for which she signed a release and quitclaim.[8]

On November 28, 2002, petitioner announced that in lieu of the merit increase which it did not give that year, it would provide economic assistance, to be released the following day, to all monthly-paid employees on regular status as of November 16, 2002.

Still later or on January 16, 2003, petitioner announced that it would the grant a lump sum retirement pay in the amount of P200,000, in addition to the early retirement package benefit, to those who signed up for early retirement and who would sign up until January 22, 2003.[9]

On May 23, 2003, respondents filed a Complaint,[10] docketed as NLRC Case No. RAB-IV 5-17522-03-L, before the National Labor Relations Commission (NLRC) Regional Arbitration Branch No. IV against petitioner and its Finance Manager Fernando B. Gomez (Gomez) whom respondents alleged to be "responsible for the withholding of [their] additional retirement benefits,"[11] claiming entitlement to the P200,000 lump sum retirement pay. Respondents Nora and Rosemarie additionally claimed entitlement to the economic assistance.

By Decision of August 31, 2004, Labor Arbiter Generoso V. Santos dismissed the claims of Nora and Rosemarie,

holding that they were not entitled to the P200,000 lump sum retirement pay, they having ceased to be employees of petitioner at the time it was offered or made effective on January 16, 2003. He, however, granted Maricar's claim for the same pay, holding that she was entitled to it because at the time she resigned from the company effective December 1, 2002, such pay was already offered. Besides, the Labor Arbiter ruled, Maricar had a vested right to it as she was given a formal notice of her entitlement to it by petitioner, through its Human Resources Director.

On appeal by both parties,[12] the NLRC, by Decision[13] of November 22, 2005, modified the Labor Arbiters Decision by ordering petitioner to pay Nora P200,000 additional bonus and P2,880 economic assistance, and to pay Rosemarie P200,000 additional bonus and P2,656 economic assistance. It affirmed Maricar's entitlement to the lump sum retirement pay.

Applying the ruling in *Businessday Information Systems and Services, Inc. v. NLRC (Businessday)*,[14] the NLRC ratiocinated that petitioner's refusal to give Nora and Rosemarie the lump sum retirement pay was an act of discrimination, more so because a certain Oscar Diokno, another employee who presumably resigned also prior to January 16, 2003, was given said benefit.

As to the award of economic assistance, the NLRC held that Nora and Rosemarie were also entitled to it as the same was given in lieu of the annual performance-based salary increase that was not given in 2002 and, therefore, already earned by them when they resigned. Petitioner's Motion for Reconsideration[15] having been denied,[16] it filed a Petition for Certiorari[17] before the Court of Appeals.

By Decision[18] of January 19, 2007, the appellate court affirmed the NLRC Decision. It held that, contrary to petitioner's assertion that the early retirement package was extended to respondents out of generosity, the offer/grant thereof, as well as their inclusion in the termination report submitted to the Department of Labor and Employment, made them "full retirees," hence, they must be given the other benefits extended to petitioner's other employees, following the ruling in *Businessday*.

The appellate court added that since respondents resigned from their respective positions barely a month before the effectivity of the early retirement package, the general principles of fair play and justice dictate that petitioner extend to them the same benefits in consideration of their long years of service.

The appellant court, noting that Nora and Rosemarie received commendable ratings, upheld their entitlement to the economic assistance as their resignation before the grant of such benefit took effect did not detract from the fact that it was in substitution of the traditional merit increase extended by petitioner to its employees with commendable or outstanding ratings which it failed to give in 2002.

Petitioner's Motion for Reconsideration[19] having been denied,[20] it filed the present petition, insisting that Nora and Rosemarie are no longer entitled to the economic assistance and lump sum pay considering that they were already retired and have in fact executed quitclaims and waivers.

And petitioner questions the application to the present case by the appellate court of the doctrine laid down in *Businessday*.

The petition is impressed with merit.

It is settled that entitlement of employees to retirement benefits must specifically be granted under existing laws, a collective bargaining agreement or employment contract, or an established employer policy.[21] No law or collective bargaining agreement or other applicable contract, or an established company policy was existing during respondents' employment entitling them to the P200,000 lump-sum retirement pay. Petitioner was not thus

obliged to grant them such pay.

Respondents nevertheless argue that since other employees who resigned before the announcement of the grant of the lump sum retirement pay received the same, they (respondents) should also receive it,[22] citing the pronouncement in *Businessday* that:

x x x The law requires an employer to extend equal treatment to its employees. It may not, in the guise of exercising management prerogatives, grant greater benefits to some and less to others. Management prerogatives are not absolute prerogatives but are subject to legal limits, collective bargaining agreements, or general principles of fair play and justice.[23] (Underscoring supplied)

Respondents' reliance on *Businessday* is misplaced. The factual milieu in *Businessday* is markedly different from that of the present case. That case involved the retrenched employees' separation pay to which they are entitled under Article 283 of the Labor Code. In the present case, Nora and Rosemarie resigned prior to petitioner's offer of the lump sum retirement pay as an incentive to those employees who would voluntarily avail of its early retirement scheme as a cost-cutting and streamlining measure. That respondents resigned, and not retrenched, is clear from their respective letters to petitioner. And nowhere in the letters is there any allegation that they resigned in view of the company's downward trend in sales which necessitated downsizing or streamlining.

The appellate court's finding that petitioner's inclusion of Nora and Rosemarie in the termination report submitted to the DOLE and its grant to them of the early retirement benefits made them "full retirees" to thus entitle them to the same benefits offered to those who would voluntarily resign after November 16, 2003 does not lie.

Petitioner's claim that it allowed Nora and Rosemarie to avail of the early retirement package despite their previous separation from the company out of pure generosity is well-taken in light of Nora's letter of September 15, 2002 asking if she could avail of the early retirement package as "it would certainly be of great assistance to us financially." It is thus absurd to fault petitioner for acceding to such a request out of compassion by directing it to pay additional benefits to resigned employees who are not entitled thereto.

Petitioner's decision to extend the benefit to some former employees who had already resigned before the offer of the lump sum pay incentive was thus an act of generosity which it is not obliged to extend to respondents. *Apropos* is this Court's ruling in *Businessday*:

With regard to the private respondents' claim for the mid-year bonus, it is settled doctrine that the grant of a bonus is a prerogative, not an obligation, of the employer. The matter of giving a bonus over and above the worker's lawful salaries and allowances is entirely dependent on the financial capability of the employer to give it. The fact that the company's business was no longer profitable (it was in fact moribund) plus the fact that the private respondents did not work up to the middle of the year (they were discharged in May 1998) were valid reasons for not granting them a mid-year bonus. Requiring the company to pay a mid-year bonus to them also would in effect penalize the company for its generosity to those workers who remained with the company "till the end" of its days.[24] (Citations omitted) (Emphasis and underscoring supplied)

Neither are Nora and Rosemarie entitled to the economic assistance which petitioner awarded to "all monthly employees who are under regular status as of November 16, 2002," they having resigned earlier or on October 21, 2002.

Again, contrary to the appellate court's ruling that Nora and Rosemarie already earned the economic assistance, the same having been given in lieu of the performance-based annual salary increase, the Court finds that the economic assistance was a bonus over and above the employees' salaries and allowances. A perusal of the memorandum regarding the grant of economic assistance shows that it was granted in lieu of salary increase (the grant of which depends on petitioner's financial capability) and that it was not intended to be a counterpart of the

Collective Bargaining Agreement grant to members of the K-CPI union. The grant of economic assistance to all monthly employees under regular status as of November 16, 2002 was thus well within petitioner's prerogatives.

Moreover, petitioner's decision to give economic assistance was arrived at more than a month after respondents' resignation and, therefore, it was a benefit not yet existing at the time of their separation.

In any event, assuming that Nora and Rosemarie are entitled to the economic assistance, they had signed release and quitclaim deeds upon their resignation[25] in which they waived

x x x any or manner of action or actions, course or courses of action, suits, debts, dues, sums of money, accounts, reckonings, promises, damages (whether actual, moral, nominal, temperate, liquidated or exemplary), claims and liabilities whatsoever, in law or equity, arising out or and in connection with, but not limited to claims for salary, termination pay, vacation leave, overtime, night work, compensation for injuries or illness directly caused by my employment or either aggravated by or the results of the nature of my employment and claims for which I may or shall make, or may have for or by any reason of any matter, cause or thing whatsoever, including but not limited to my employment and to matters arising from my employment by KIMBERLY-CLARK PHILIPPINES, INC. over any period or periods in the past.[26]

While quitclaims executed by employees are commonly frowned upon as being contrary to public policy and are ineffective to bar claims for the full measure of their legal rights, where the person making the waiver has done so voluntarily, with a full understanding thereof, and the consideration for the quitclaim is credible and reasonable, the transaction must be recognized as being a valid and binding undertaking.[27] In the case at bar, Nora and Rosemarie are Accounting graduates. They have not alleged having been compelled to sign the quitclaims, nor that the considerations thereof (P1,024,113.73 for Nora and P682,721.24 for Rosemarie) are unconscionable.

As for Maricar's claim to the lump sum retirement pay, the Court finds that, like Nora and Rosemarie, she is not entitled to it. Although the incentive was offered when she was still connected with petitioner, she resigned from employment, citing career advancement as the reason therefor. Indubitably, the incentive was addressed to those employees who, without prior plans of resigning, opted to terminate their employment in light of the downsizing being undertaken by petitioner. In other words, Maricar resigned from petitioner in order to find gainful employment elsewhere - a reason which has no bearing on the financial viability of petitioner.

WHEREFORE, the petition is GRANTED. The Decision and Resolution of the Court of Appeals dated January 19, 2007 and April 30, 2007, respectively, are REVERSED and SET ASIDE. NLRC Case No. RAB-IV-17522-03-L is DISMISSED.

SO ORDERED.

Ynares-Santiago[*], Brion, Del Castillo, and Abad, JJ., concur.

[*] Additional member per Special Order No. 691 dated September 4, 2009.

[1] NLRC records, p. 46.

[2] Id. at 48.

[3] Id. at 34.

[4] Id. at 35, 61.

[5] Id. at 127.

[6] Id. at 128.

[7] Id. at 55.

[8] Id. at 128.

[9] Id. at 23.

[10] Id. at 1-2.

[11] Id. at 15.

[12] Id. at 95-170.

[13] Id. at 175-176. Penned by Commissioner Angelita A. Gacutan and concurred in by Presiding Commissioner Raul T. Aquino and Commissioner Victoriano R. Calaycay.

[14] G.R. No. 103575, April 5, 1993, 221 SCRA 9.

[15] NLRC records, pp. 190-199.

[16] Id. at 210-211.

[17] CA rollo, pp. 2-32.

[18] Id. at 240-251. Penned by Court of Appeals Associate Justice Renato C. Dacudao, with the concurrence of Associate Justices Hakim S. Abdulwahid and Arturo G. Tayag.

[19] Id. at 270-288.

[20] Id. at 298.

[21] Vide Article 287, Labor Code; GVM Security and Protective Agency v. NLRC, G.R. No. 102157, July 23, 1993, 224 SCRA 734, 736.

[22] Vide NLRC records, p. 18

[23] *Businessday Information Systems and Services v. National Labor Relations Commission*, supra note 14 at 13.

[24] Id. at 13-14.

[25] NLRC records, p. 127.

[26] Id. at 127-128.

[27] Vide *Magsalin v. National Organization of Working Men*, G.R. No. 148492, May 9, 2003, 403 SCRA 199, 207.

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