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G.R. No. 228328. March 11, 2020

Ponente: ZALAMEDA, J.

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ZALAMEDA, J.:

A company's decision to resume part of its previous operation does not automatically negate good faith in its prior action to close shop. The circumstances leading to the company's closure should properly be evaluated to determine whether it was done in good faith or otherwise resulting in the circumvention of the rights of its workers.

The Case

In this petition for review on certiorari, petitioners assail the Decision dated 23 May 2016[1] and Resolution dated 4 November 2016[2] of the Court of Appeals (CA), which reversed the ruling of the National Labor Relations Commission (NLRC) and held that petitioners were not illegally dismissed.

Antecedents

Respondent Shin Heung Electrodigital, Inc. (Shin Heung) is a company primarily engaged in the manufacture of a computer part called "deck" exclusively for Smart Electronics Manufacturing Service Philippines, Inc. (SEPHIL). Due to dwindling sales and decreasing use of their manufactured product, Shin Heung was initially forced to reduce its labor force from 2000 to 991 employees.[3] Eventually, Shin Heung decided to close shop after SEPHIL formally terminated its contract with the company.[4] It, thus, issued a Memorandum dated 18 April 2013, informing its employees of the company's impending closure on 31 July 2013, to wit:

Much to our regret, we are informing all workers and staff that our company, Shin Heung Electro Digital, Inc., will cease to operate starting at the close of business hours on July 31, 2013. Retrenchment of workers shall however start after 30-days from notice due to lack of work and so that the company may be able to save from further losses. Workers who last joined the company shall be the first to go (LAST IN, FIRST OUT). However, workers may volunteer to be retrenched ahead. Those who belong to a section that was closed for lack of work maybe be (sic) retrenched earlier regardless of their date of joining the company.

Regular and probationary, workers who has (sic) rendered service of more than six (6) months shall be paid of separation pay in accordance with law, that of fifteen (15) days basic salary for every year of service, a fraction of six (6) months or more shall be considered one year for the purpose of computation of separation pay, in no case will a worker receive separation pay of less than one month salary, as provided for under Article 283 of the Labor Code of the Philippines. Workers will however be required to process their individual clearance and to execute and sign the required documents as a condition for the payment of separation. NO DOCUMENT, NO PAY.

The decision to close is due to the sad fact that our only client, SEPHIL has officially informed our management that they can no longer maintain orders with our company and with Shin Yae at the same time. Shin Yae will remain as the vendor for SEPHIL based on the decision of the parties concerned.

The decision of SEPHIL may have been prompted by the continuous decrease in the market demand and due to the very stiff business competition in the electronic industry.

As it maybe (sic) already known to everybody, our company has been suffering from continuous business losses since business orders from our only client has steadily decreased since last year. The management has resorted to borrowing from bank to continue its business operation, hoping for business improvement but unfortunately, the business situation even worsened. As a result, our company is now heavily indebted and the stockholders was (sic) left with no other choice but to decide to close business operation and to sell the company factory and equipment to pay our bank loans and obligations.

Everybody is reminded to observe the company rules and regulation during this (sic) last few days of business operation. Every infraction of the company rules shall be penalized in accordance with the rules, including that of termination from work. Workers shall be updated of any development on the matter. Further inquiry may be addressed to the management during office hours.

THE MANAGEMENT[5]

On the same day, Shin Heung also informed the Department of Labor and Employment (DOLE) of its intent to completely close operations, viz:

This is to report that our company, Shin Heung Electro Digital, Inc., with office and plant address at CPIP, Batino, Calamba City, Laguna will totally close operation at the end of business hours on July 31, 2013.

The owners, stockholders and members of the Board of Directors of the company have decided to permanently close the operation of the company due to continuous business losses and after the company's one and only client has decided to pull out and withdraw orders for alleged purely business reason. Hence, without any client to serve and being unable to find a new business, the management was left with no other alternative but to close.

A total number of 991 workers will be affected by the closure. They shall be paid of separation pay and benefits in accordance with the Labor Law.

In the meantime, while there are remaining few client orders left to be served and as requested by our client and in order to give way for the transition., retrenchment shall be implemented gradually beginning 30 days from notice to workers and DOLE until remaining orders are fully served which is estimated to last for not more than three (3) months from today. Retrenchment shall basically be on a Last-In, First-Out basis although workers who are assigned to a section or department that will be closed immediately for lack of work to do may have to be retrenched ahead regardless of their length of stay in the company.

Respectfully submitted,

THE MANAGEMENT[6]

According to Shing Heung, several workers immediately inquired with the personnel department whether they may be allowed to resign for early payment of separation pay. Having received an affirmative response to their query, the workers submitted their handwritten letters of resignation. Those who did not resign were served with their respective notices of termination at least 30 days prior to the scheduled company closure.[7]

A number of Shin Heung's properties, including buildings, machineries and equipment, were later sold. The company also took a loan to pay all its workers separation pay at the rate of 15 days per year of service for a grand

total of P28,973,250.00. Those who volunteered to resign were paid first, while the workers who did not resign and opted to work until 31 July 2013 were paid on their last day of work or some days or weeks thereafter.[8]

Before its scheduled closure, Shin Heung sent another letter dated 29 July 2013 to the DOLE to recall its earlier notice of closure. The letter reads as follows:

We are writing regarding our previous letter dated April 18, 2013 that was received by your office on April 18, 2013.

In our said letter we informed your good office of the planned total closure of the our (sic) company Shin Heung Electro-Digital Inc. effective at the end of business hours on July 31, 2013 due to continuous business losses and for the lack of customer who incidentally, pulled out all of its job orders as shown by the termination agreement between the parties, a copy of which is hereto attached as Annex "A".

Starting on or said time, our company immediately started to offer the company equipment and building for sale in order to pay the separation pay of the workers and to pay its other obligations. The lack of any interested person, so far, has prompted us to look for possible customers with substantial orders or to operate on a joint venture with possible investors. We found no interested buyer nor investor as of this date but luckily, we found new clients within the Philippines and from other parts of the world such as Canon, Brother, Panasonic, etc. Thus, our company stockholders decided to infuse more capital, sufficient to start a full blast production operation and specially that we still have our manpower, machineries and building ready and available for operation.

In this regard, we are REACALLING (sic) our said letter dated April 18, 2013 addressed to your Honor, with the ardent request to DISREGARD the said notice and to allow us to continue to operator (sic) under the same DOLE registration, license and permit.

Rest assured that we are faithfully complying with the law on every aspect of our business operation as we try our very best to provide work to Filipino workers and contribute in the country's economic growth under the present administration.[9]

Shin Heung, however, asserted that the expected infusion of capital did not follow through. Moreover, the customers it found had limited product orders, which were manufactured using only the press, mold and injection sections of the company.[10] Thus, the company resumed operations over a small portion of the business to alleviate losses and to help maintain company equipment and machineries until the company assets are finally sold. It also leased 80% of its company premises to THN Autoparts Philippines, Inc. for the period 01 September 2014 until 31 August 2017.[11]

Claiming the closure as a ruse to circumvent their tenurial rights, petitioners, who are Shin Heung's previous employees, filed separate complaints for illegal closure of establishment with claims for reinstatement, backwages, additional separation pay, damages and attorney's fees before the Labor Arbiter. To their mind, Shing Heung was in evident bad faith when it resumed business operations after their dismissals.[12]

Ruling of the Labor Arbiter

On 11 September 2014, the Labor Arbiter rendered a decision confirming the validity of petitioners' dismissal due to the authorized cause of closure of business, excepting three (3) complainants, to wit:

WHEREFORE, premises considered, the respondents are hereby ordered jointly and severally to pay Jervin Pasacsac, Edna Mavida and Girlie Zamora the aggregate amount of P70,679.70 representing full backwages reckoned from respective dates of dismissal up to 31 July 2013 computed as follows:

JERVIN PASACSAC

From 4/22/13 to 7/31/13

315 x 26 x 3.30

P27,027.00

EDNA MARVIDA

From 4/27/13 to 7/31/13

315 x 26 x 3.13

P25,634.70

GIRLIE ZAMORA

From 5/25/13 to 7/31/13

315 x 26 x 2.2

P18,018.00

TOTAL

P70,679.70

Causes of action of the following complainants who failed to file position paper are ordered dismissed without prejudice. Those are:

x x x x

Causes of action of the following complainants who voluntarily executed letters of resignation are dismissed for lack of merit, to wit:

x x x x

Causes of action of the following complainants are hereby dismissed on ground (sic) they were lawfully dismissed for the authorized cause of closure of establishment. To wit:

x x x x

All other causes of actions and claims are dismissed for lack of basis.

SO ORDERED.[13]

The complaints of those who did not execute a special power of attorney designating a representative for the filing of their position papers were dismissed for failure to prosecute their cause of action. Meanwhile, those who executed letters of resignation were deemed to have done so voluntarily. Anent the remaining complaints, the Labor Arbiter determined closure of business rather than retrenchment as the proper ground relied upon in the termination of their employment. Accordingly, Shin Heung was found to have followed all the requirements for a valid cessation of business thereby making the dismissal of its employees valid. For some reason, however, the Labor Arbiter ruled that Shin Heung failed to properly refute the termination complaints of Jervin Pasacsac, Edna Marvida and Girlie Zamora. Hence, they were deemed illegally dismissed and awarded backwages from the date of their termination until the scheduled closure of Shin Heung's business.[14]

Ruling of the NLRC

On appeal, the NLRC reversed[15] the ruling of the Labor Arbiter and declared petitioners' dismissal as illegal, viz:

WHEREFORE, premises considered, the appeal filed by the complainants is GRANTED.

The Decision of the Labor Arbiter in so far as those complainants under the assistance of Atty. Banzuela is concerned is hereby REVERSED and SET ASIDE. Respondent Shin Heung Electro-Digital, Inc. is ORDERED to REINSTATE and pay said complainants their BACKWAGES computed from 31 July 2013 until the finality of this Decision. The separation pay initially received by the complainants shall be deducted from the backwages due them.

The cause of action of those complainants who failed to submit their position paper and failed to sign in the verification/certification for forum shopping in the position papers filed before the Labor Arbiter is hereby DISMISSED without prejudice.

The decision of the Labor Arbiter in so far as complainants JERVIN PASACSAC, EDNA MARVIDA, and GIRLIE ZAMORA is hereby SUSTAINED.

The Decision of the Labor Arbiter in so far as those complainants who failed to file an appeal is deemed final.

SO ORDERED.[16]

Using retrenchment as basis for the dismissal of petitioners, the NLRC ruled that the evidence on record were insufficient to sustain its claim of continuous losses. It gave no credence to the income tax returns and audited financial statements submitted by Shin Heung. It also noted the resumption of business by the company. Hence, the NLRC deemed Shin Heung's act of dismissing its employees by retrenchment as lacking in merit. Likewise, those who submitted letters of resignation cannot be said to have done so voluntarily and were also ordered reinstated.[17]

Ruling of the Court of Appeals

The Court of Appeals, in its Decision promulgated on 23 May 2016, ruled in favor of respondents and reinstated the Labor Arbiter's decision, to wit:

WHEREFORE, premises considered, the petition is hereby GRANTED. The assailed 31 March 2015 Decision and 27 July 2015 Resolution of the National Labor Relations Commission are SET ASIDE. The 11 September 2014 Decision of the Labor Arbiter is REINSTATED.

SO ORDERED.[18]

The appellate court found the NLRC to have acted with grave abuse of discretion when it declared as illegal the dismissal of petitioners. Shin Heung's decision to close its business was not tainted with bad faith considering the termination of contract with its sole client, the heavy losses it incurred as evidenced by audited financial statements, and the lack of any labor-related union activities that may precipitate a fabricated closure of the company.[19] In view of the valid cessation of Shin Heung's business, petitioners were declared lawfully dismissed.

Petitioners moved to reconsider the decision but the Court of Appeals denied the same through the assailed Resolution dated 4 November 2016.

Issues

In this appeal, petitioners raise as sole ground the validity of Shin Heung's closure, to wit:

THE HON. COURT OF APPEALS SERIOUSLY ERRED IN RULING THAT RESPONDENT COMPANY VALIDLY CLOSED DESPITE THERE (SIC) IS ABSENCE OF CLOSURE, AND THE PETITIONERS WERE VALIDLY DISMISSED, AND ARE NOT ENTITLED TO THE PRAYED RELIEFS[20]

Petitioners assert the nullity of their dismissal by virtue of Shin Heung's alleged scheme to retrench workers or reduce manpower without observing the requirements of a valid retrenchment. According to petitioners, some of them were induced to resign from their employment on the pretext of Shin Heung's closure. The others were later laid-off for the same reason. Yet, the company continued to operate disproving its claim of having substantial losses, which supposedly forced it to close the business. These acts, therefore, show bad faith on the part of Shin Heung, which should consequently be ordered to reinstate petitioners. Since the present case falls under the exceptions, a factual review of the case may be made.[21]

Respondents counter that the present case should be dismissed outright for raising purely questions of fact. They were able to sufficiently prove the company's substantial losses, which prompted the closure of the business. Again, the closure was a valid business judgment and management prerogative. They also followed the proper procedure for the closure of business. Forcing respondents to employ petitioners would be oppressive or akin to involuntary servitude. Hence, petitioners' claim for illegal dismissal should be denied.[22]

Ruling of the Court

The petition has no merit.

The relevant issues of the case necessitate a factual review, which the Court undertakes under the recognized exceptions

Generally, the Court's jurisdiction in a petition for review on certiorari under Rule 45 of the Rules of Court is limited to the review of pure questions of law. Otherwise stated, Rule 45 petition does not allow the review of questions of fact because the Court is not a trier of facts. In *Bank of the Philippine Islands v. Mendoza*,[23] We

differentiated a "question of law" from a "question of fact," to wit:

x x x "there is a 'question of law' when the doubt or difference arises as to what the law is on a certain set of facts or circumstances; on the other hand, there is a 'question of fact' when the issue raised on appeal pertains to the truth or falsity of the alleged facts. The test for determining whether the supposed error was one of 'law' or 'fact' is not the appellation given by the parties raising the same; rather, it is whether the reviewing court can resolve the issues raised without evaluating the evidence, in which case, it is a question of law; otherwise, it is one of fact." Where there is no dispute as to the facts, the question of whether or not the conclusions drawn from these facts are correct is a question of law. However, if the question posed requires a re-evaluation of the credibility of witnesses, or the existence or relevance of surrounding circumstances and their relationship to each other, the issue is factual.[24]

Notably, however, the foregoing general rule admits of several exceptions such as: (a) when the findings are grounded entirely on speculation, surmises, or conjectures; (b) when the inference made is manifestly mistaken, absurd, or impossible; (c) when there is grave abuse of discretion; (d) when the judgment is based on a misapprehension of facts; (e) when the findings of facts are conflicting; (f) when in making its findings, the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (g) when the Court of Appeals' findings are contrary to those by the trial court; (h) when the findings are conclusions without citation of specific evidence on which they are based; (i) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent; (j) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; or (k) when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion.[25]

Here, the determination of the validity of the dismissal of the employees necessitates a review of the surrounding circumstances of the case, particularly the authorized cause actually employed by Shin Heung, the allegation of substantial losses and authenticity of closure of Shin Heung's business. Given the conflicting findings of the Court of Appeals and the Labor Arbiter, on one hand, and the NLRC, on the other, a review of the factual issues is proper.

Closure or cessation of business was the cause of dismissal of Shin Heung's employees

While retrenchment and closure of business establishment or undertaking are often used interchangeably, as in this case, they are actually separate and independent authorized causes for termination of employment as provided for in Article 298 of the Labor Code of the Philippines, viz:

ARTICLE 298. [283] Closure of Establishment and Reduction of Personnel. -The employer may also terminate the employment of any employee due to the installation of labor-saving devices, redundancy, retrenchment to prevent losses or the closing or cessation of operation of the establishment or undertaking unless the closing is for the purpose of circumventing the provisions of this Title, by serving a written notice on the workers and the Ministry of Labor and Employment at least one (1) month before the intended date thereof. In case of termination due to the installation of labor-saving devices or redundancy, the worker affected thereby shall be entitled to a separation pay equivalent to at least his one (1) month pay or to at least one (1) month pay for every year of service, whichever is higher. In case of retrenchment to prevent losses and in cases of closures or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to one (1) month pay or at least one-half (1/2) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered one (1) whole

year.[26] (Emphasis supplied)

Retrenchment or lay-off is the termination of employment initiated by the employer, through no fault of the employees and without prejudice to the latter, during periods of business recession, industrial depression, or seasonal fluctuations, or during lulls occasioned · by lack of orders, shortage of materials, conversion of the plant for a new production program or the introduction of new methods or more efficient machinery, or of automation.[27] It is an exercise of management prerogative which the Court upholds if compliant with certain substantive and procedural requirements, namely:

- That retrenchment is necessary to prevent losses and it is proven, by sufficient and convincing evidence such as the employer's financial statements audited by an independent and credible external auditor, that such losses are substantial and not merely flimsy and actual or reasonably imminent; and that retrenchment is the only effective measure to prevent such imminent losses;
- That written notice is served on to the employees and the DOLE at least one (1) month prior to the intended date of retrenchment; and
- That the retrenched employees receive separation pay equivalent to one (1) month pay or at least one-half (1/2) month pay for every year of service, whichever is higher.[28]

Meanwhile, closure or cessation of business is the complete or partial cessation of the operations and/or shut-down of the establishment of the employer. It is carried out to either stave off the financial ruin or promote the business interest of the employer.[29] To be a valid ground for termination, the following must be present:

- There must be a decision to close or cease operation of the enterprise by the management;
- The decision was made in good faith; and
- There is no other option available to the employer except to close or cease operations.[30]

The closure or cessation of operations of establishment or undertaking, whether partial or total, may either be due to serious business losses or financial reverses or any other underlying reason or motivation. Under the first kind, the employer must sufficiently and convincingly prove its allegation of substantial losses, while under the second kind, the employer can lawfully close shop anytime as long as cessation of or withdrawal from business operations was bona fide in character and not impelled by a motive to defeat or circumvent the tenurial rights of employees, and as long as he pays his employees their termination pay in the amount corresponding to their length of service. Just as no law forces anyone to go into business, no law can compel anybody to continue the same. It would be stretching the intent and spirit of the law if a court interferes with management's prerogative to close or cease its business operations just because the business is not suffering from any loss or because of the desire to provide the workers continued employment.[31]

A careful review of the records show that Shin Heung's intention was to totally close the business. Notwithstanding its use of the word "retrenchment" in its communications to the DOLE and to its employees, Shin Heung consistently informed its stakeholders of the complete cessation of operations by the close of business hours on 31 July 2013. In fact, all of Shin Heung's employees, including its president, were dismissed by 31 July 2013. Hence, the Labor Arbiter and the Court of Appeals did not err in identifying the authorized cause of termination in this case as closure or cessation of business. After all, Shin Heung's decision to operate a smaller part of its business later on did not alter its election of closure of business as the proper authorized cause for the dismissal of its employees. At the very least, the decision to continue a part of its operations will be factored in the determination of whether the closure or cessation of Shin Heung's business was bona fide or done in good faith.

The decision of Shin Heung to close its business or cease operations was done in good faith

According to petitioners, the supposed closure of Shin Heung's business was a pretext for the company to merely reduce its manpower without considering the employees' tenurial rights. As found by the NLRC, Shin Heung failed to prove its claim of substantial losses sufficient to cause the closure of its business. In fact, it subsequently resumed operations but refused to rehire petitioners. Since the closure of Shin Heung was done in bad faith, petitioners are therefore entitled to reinstatement and other equitable reliefs.

We do not agree.

In the present case, there is no indication that Shin Heung was impelled by any unlawful or dishonest motive aimed to circumvent the rights of its workers. To recall, Shin Heung's sole client for its manufactured products terminated its agreement with the company. Prior to this, the company had already reduced its manpower from 2000 to 991 due to declining sales. The substantial losses suffered by the company are also supported by audited financial statements covering the years 2010 to 2013, as well as findings of an independent auditor.[32] These documents were appropriately given evidentiary weight in accordance with the Court's pronouncement in *Asian Alcohol Corp. v. National Labor Relations Commission*,[33] viz:

The condition of business losses is normally shown by audited financial documents like yearly balance sheets and profit and loss statements as well as annual income tax returns. It is our ruling that financial statements must be prepared and signed by independent auditors. Unless duly audited, they can be assailed as self-serving documents. But it is not enough that only the financial statements for the year during which retrenchment was undertaken, are presented in evidence. For it may happen that while the company has indeed been losing, its losses may be on a downward trend, indicating that business is picking up and retrenchment, being a drastic move, should no longer be resorted to. Thus, the failure of the employer to show its income or loss for the immediately preceding year or to prove that it expected no abatement of such losses in the coming years, may speak the weakness of its cause. It is necessary that the employer also show that its losses increased through a period of time and that the condition of the company is not likely to improve in the near future.[34]

With the declining demand for its manufactured product and the pull-out of its sole client, Shin Heung was left with no other option but to close shop. Its decision to do so was clearly communicated to stakeholders months before the target date. Accordingly, the company sold its equipment and other assets.[35] It, however, found it difficult to find a buyer for its real estate prompting it to lease a large part of the premises to generate more income.[36]

In the interim of finding a solution to their financial woes, Shin Heung was able to find a few customers who were willing to do business with them. The customers, however, only have limited orders, which were manufactured using the press, injection and mold sections of the company. The assembly section, which formed more or less 90% of the its previous operation, remained non-functional. The decision to push through with the minimal orders were also a result of wanting to keep the company's unsold equipment in good running condition thereby commanding a good resale price.

From the foregoing, the Court finds the totality of the circumstances surrounding Shin Heung's decision to cease operations as refutation of the claim of bad faith. What the Court sees is a company struggling to stay afloat or trying to get by. There is no indication to defraud its employees of any of their deserving rights. In fact, the company took a loan to pay its employees separation pay despite the rule that dispenses with such payment when the cause for closure of business is due to serious losses. Moreover, there was no union busting or any union

activity that the company sought to prevent.

To be clear, the resumption of Shin Heung's operations was limited to the press, injection and mold section of the company. It rehired its previous employees who were working in the said sections based on their availability to immediately return to work. Moreover, the re-hired workers were given the status of regular employees immediately upon their first day of work on 19 August 2013. Unfortunately, Shin Heung cannot rehire all of its workers, especially those who worked in the now defunct assembly section.

In *Beralde v. Lapanday Agricultural and Development Corp.*,^[37] the Court did not accord bad faith on the subsequent acts of the employer to re-hire its retrenched workers or to hire new employees since the employer had already sufficiently proven economic or business losses, to wit:

In exercising its right to retrench employees, the firm may choose to close all, or a part of, its business to avoid further losses or mitigate expenses. In *Caffco International Limited v. Office of the Minister-Ministry of Labor and Employment*, the Court has aptly observed that -

Business enterprises today are faced with the pressures of economic recession, stiff competition, and labor unrest. Thus, businessmen are always pressured to adopt certain changes and programs in order to enhance their profits and protect their investments. Such changes may take various forms. Management may even choose to close a branch, a department, a plant, or a shop.

In the same manner, when Lapanday continued its business operation and eventually hired some of its retrenched employees and new employees, it was merely exercising its right to continue its business. The fact that Lapanday chose to continue its business does not automatically make the retrenchment illegal. We reiterate that in retrenchment, the goal is to prevent impending losses or further business reversals - it therefore does not require that there is an actual closure of the business. Thus, when the employer satisfactorily proved economic or business losses with sufficient supporting evidence and have complied with the requirements mandated under the law to justify retrenchment, as in this case, it cannot be said that the subsequent acts of the employer to re-hire the retrenched employees or to hire new employees constitute bad faith. It could have been different if from the beginning the retrenchment was illegal and the employer subsequently hired new employees or rehired some of the previously dismissed employees because that would have constituted bad faith. Consequently, when Lapanday continued its operation, it was merely exercising its prerogative to streamline its operations, and to re-hire or hire only those who are qualified to replace the services rendered by the retrenched employees in order to effect more economic and efficient methods of production and to forestall business losses. The rehiring or reemployment of retrenched employees does not necessarily negate the presence or imminence of losses which prompted Lapanday to retrench.

Similarly, Shin Heung had already sufficiently proven substantial business losses on its part thereby necessitating the closure of the company. Its decision to continue a part of its previous operations did not negate good faith in its decision to close shop, but is seen as an exercise of its right to continue its business. As long as no arbitrary or malicious action on the part of the employer is shown, the wisdom of a business judgment to implement a cost saving device is beyond the court's determination. After all, the free will of management to conduct its own business affairs to achieve its purpose cannot be denied.^[38]

WHEREFORE, the Petition is hereby DENIED. Accordingly, the Decision dated 23 May 2016 and Resolution dated 04 November 2016 promulgated by the Court of Appeals in CA-G.R. SP No. 142008 are AFFIRMED.

SO ORDERED.

Leonen, (Chairperson), Gesmundo, Carandang, and Gaerlan,[*] JJ., concur.

[*] Reorganization of the Three Divisions of the Court and Designation of the Chairpersons and Members thereof per Special Order No. 2762 dated 10 January 2020.

[1] Rollo, pp. 1717-1756 (Vol. III); penned by CA Associate Justice Renato C. Francisco, and concurred in by Associate Justices Apolinario D. Bruse1as, Jr. and Danton Q. Bueser.

[2] Id. at 1755-1756 (Vol. III).

[3] Id. at 1730 (Vol. III).

[4] Id. at 75 (Vol. I).

[5] Id. at 1336-1337 (Vol. III).

[6] Id. at 74 (Vol. I).

[7] Id. at 1735 (Vol. III).

[8] Id.

[9] Id. at 77 (Vol. I).

[10] Id. at 1486 (Vol. III).

[11] Id. at 1485, 1736 (Vol. III).

[12] Id. at 1733-1734 (Vol. III).

[13] Id. at 842-848 (Vol. II).

[14] Id. at 835, 839-841 (Vol. II).

[15] Decision dated 31 March 2015, Id. at 919-935 (Vol. II).

[16] Id. at 934-935 (Vol. II).

[17] Supra at note 15.

[18] Id. at 1747 (Vol. III).

[19] Id. at 1742-1747 (Vol. III).

[20] Id. at 1852 (Vol. III).

[21] Id. at 25-36 (Vol. I).

[22] Id. at 1804-1826; 1871-1899 (Vol. III).

[23] 807 Phil. 640-653 (2017); G.R. No. 198799, 20 March 2017, 821 SCRA 41, 48.

[24] Id.

[25] Heirs of Feraren v. Court of Appeals, 674 Phil. 358-370 (2011); G.R. No. 159328, 05 October 2011, 658 SCRA 569, 574.

[26] Labor Code of the Philippines, Presidential Decree No. 442 (Amended & Renumbered), 21 July 2015.

[27] *Eastridge Golf Club, Inc. v. Eastridge Golf Club, Inc., Labor-Union-Super*, 585 Phil. 88-106 (2008); G.R. No. 166760, 22 August 2008, 563 SCRA 93, 103.

[28] *Id.*

[29] *Id.*

[30] Amending the Implementing Rules and Regulations of Book VI of the Labor Code of the Philippines, as Amended, DOLE Department Order No. 147-15, 07 September 2015.

[31] *Industrial Timber Corp. v. Ababon*, 515 Phil. 805-823 (2006); G.R. Nos. 164518 & 164965, 25 January 2006, 480 SCRA 171, 183.

[32] *Rollo*, pp. 1234-1252 (Vol. III).

[33] 364 Phil. 912-934 (1999); G.R. No. 131108, 25 March 1999, 305 SCRA 416, 430.

[34] *Id.*

[35] *Rollo*, pp. 1536-1563 (Vol. III).

[36] *Id.* at 1529-1532 (Vol. III).

[37] 761 Phil. 476-495 (2015); G.R. Nos. 205685-86, 22 June 2015, 760 SCRA 158, 177.

[38] *Pantoja v. SCA Hygiene Products Corporation*, 633 Phil. 235-243 (2010); G.R. No. 163554, 23 April 2010.

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