

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
SECOND DIVISION**

**ASIAN ALCOHOL CORPORATION,
*Petitioner,***

-versus-

**G.R. No. 131108
March 25, 1999**

**NATIONAL LABOR RELATIONS
COMMISSION, FOURTH DIVISION,
CEBU CITY and ERNESTO A. CARIAS,
ROBERTO C. MARTINEZ, RAFAEL H.
SENDON, CARLOS A. AMACIO,
LEANDRO O. VERAYO and ERENEO S.
TORMO,**

Respondents.

X-----X

DECISION

PUNO, J.:

Contending that the dismissal of private respondents Ernesto A. Carias, Roberto C. Martinez, Rafael H. Sendon, Carlos A. Amacio, Leandro O. Verayo and Ereneo S. Tormo, was valid on the twin grounds of redundancy and retrenchment to prevent business losses, petitioner Asian Alcohol Corporation (hereinafter referred to as Asian Alcohol) filed this petition for *certiorari*. Asian Alcohol ascribes grave abuse of discretion to public respondent National Labor Relations

Commission^[1] (hereinafter referred to as NLRC) when, on May 30, 1997, it set aside^[2] the Decision^[3] of the Executive Labor Arbiter dismissing the illegal termination complaints filed by private respondents.

We first unfurl the facts.

In September, 1991, the Parsons family, who originally owned the controlling stocks in Asian Alcohol, were driven by mounting business losses to sell their majority rights to Prior Holdings, Inc. (hereinafter referred to as Prior Holdings). The next month, Prior Holdings took over its management and operation.^[4]

To thwart further losses, Prior Holdings implemented a reorganizational plan and other cost-saving measures. Some one hundred seventeen (117) employees out of a total workforce of three hundred sixty (360) were separated. Seventy two (72) of them occupied redundant positions that were abolished. Of these positions, twenty one (21) were held by union members and fifty one (51) by non-union members.

The six (6) private respondents are among those union members^[5] whose positions were abolished due to redundancy. Private respondents Carias, Martinez, and Sendon were water pump tenders; Amacio was a machine shop mechanic; Verayo was a briquetting plant operator while Tormo was a plant helper under him. They were all assigned at the Repair and Maintenance Section of the Pulupandan plant.^[6]

In October, 1992, they received individual notices of termination effective November 30, 1992.^[7] They were paid the equivalent of one month salary for every year of service as separation pay, the money value of their unused sick, vacation, emergency and seniority leave credits, thirteenth (13th) month pay for the year 1992, medicine allowance, tax refunds, and goodwill cash bonuses for those with at least ten (10) years of service.^[8] All of them executed sworn releases, waivers and quitclaims.^[9] Except for Verayo and Tormo, they all signed sworn statements of conformity to the company retrenchment program.^[10] And except for Martinez, they all tendered letters of resignation.^[11]

On December 18, 1992, the six (6) private respondents filed with the NLRC Regional Arbitration Branch VI, Bacolod City, complaints for illegal dismissal with a prayer for reinstatement with backwages, moral damages and attorney's fees. They alleged that Asian Alcohol used the retrenchment program as a subterfuge for union busting. They claimed that they were singled out for separation by reason of their active participation in the union. They also asseverated that Asian Alcohol was not bankrupt as it has engaged in an aggressive scheme of contractual hiring.

The Executive Labor Arbiter dismissed the complaints. He explained, thus:

“The fact that respondent AAC incurred losses in its business operations was not seriously challenged by the complainants. The fact that it incurred substantial losses in its business operations prior to the implementation of its retrenchment program is amply supported by the documents on records, (sic) namely: (1) Balance Sheet of AAC as of December 31, 1991, (2) Statement of Income and Deficit for the year ended December 31, 1991, (3) Income Tax Return for Fiscal Year ending September 30, 1989, (4) Income Tax Return for Fiscal Year ending December 31, 1989, (5) Income Tax Return for Fiscal Year ending December 31, 1990, and (6) Income Tax Return for the Fiscal Year ending December 31, 1991 indicating an accumulated deficit of P26,117,889.00.

It has to be emphasized that the law allows an employer to retrench some of its employees to prevent losses. In the case of respondent AAC, it implemented its retrenchment program not only to prevent losses but to prevent further losses as it was then incurring huge losses in its operations.

Complainants would want us to believe that their positions were abolished because they are union members, and that they were replaced by casual employees. Complainants' pretense is rather untenable. For one thing, the retrenchment program of AAC affected not only union members but also the non-union members. As earlier said, there were 117 employees of AAC who

were affected by the reorganization. Of the 117 positions, 72 positions were abolished due to redundancy, 21 of which were occupied by union members, while 51 were held by non-union members. Thus, the theory of complainants that they were terminated from work on ground of their union membership is far from the truth.

On the contrary, we find that complainants Ernesto Carias, Roberto Martinez and Rafael Sendon who were all Water Pump Tenders assigned to AAC's water wells in Ubay, Pulpandan, Negros Occidental which were drilled and operated before under the old management by virtue of a right-of-way with the landowner, were retrenched as an offshoot to the termination of the lease agreement as the water thereunder had become salty due to extensive prawn farming nearby, so that AAC could no longer use the water for its purpose. As a consequence, the services of Ernesto Carias, Roberto Martinez and Rafael Sendon had become unnecessary, redundant and superfluous.

As regards complainants Leandro Verayo and Ereneo Tormo, the grounds cited by respondent AAC in support of its decision to retrench them are too convincing to be ignored. According to respondent AAC, its boiler before was 100% coal fired. The boiler was manned by a briquetting plant operator in the person of Leandro Verayo and three (3) briquetting helpers, namely, Ereneo Tormo, Eriberto Songaling, Jr. and Rudy Javier, Jr. Since AAC had shifted to the use of bunker fuel by about 70% to fire its boiler, its usage of coal had been drastically reduced to only 30% of its total fuel usage in its production plant, thereby saving on fuel cost. For this reason, there was no more need for the position of briquetting plant operator and the services of only two briquetting helpers were determined to be adequate for the job of briquetting coal. Of the three (3) briquetting helpers, Ereneo Tormo was the oldest, being already 41 years old, the other two, Javier and Songaling, being only 28 and 35, respectively. Considering the manual nature of the work of coal briquetting, younger workers are always preferred for reasons of efficiency [sic]. Hence the abolition of the position of Ereneo Tormo. We have to stress that Eriberto Songaling, Jr. and Rudy Javier, Jr. are also union members.

With respect to Carlos Amacio, he was retrenched not because of his being a union member but because of his poor health condition which greatly affect[ed] his work efficiency. Records show that Carlos Amacio was among the ten machine shop mechanics employed by respondent AAC. Under AAC's reorganization plan, it needs only nine mechanics.

X X X

On the whole, therefore, the dismissal of complainants on ground of redundancy/retrenchment was perfectly valid or legal."^[12]

Private respondents appealed to the NLRC.

On May 30, 1997, the NLRC rendered the challenged decision. It rejected the evidence proffered by Asian Alcohol to prove its business reversals. It ruled that the positions of private respondents were not redundant for the simple reason that they were replaced by casuals. The NLRC essayed this explanation:

“In this case, [that] the respondent terminated complainants to protect the company from future losses,’ does not create an impression of imminent loss. The company at the time of retrenchment was not then in the state of business reverses. There is therefore no reason to retrench.

The alleged deficits of the corporation did not prove anything for the respondent. The financial status as shown in the Statement of Income and Deficits and Income Tax Returns from 1989 to 1991, submitted by respondent was before the respondent, new management of Prior Holdings, Inc., took over the operation and management of the corporation in October, 199[1]. This is no proof that on November 30, 1992 when the termination of complainant[s] took effect the company was experiencing losses or at least imminent losses. Possible future losses do not authorize retrenchment.

Secondly in the case of REDUNDANCY.

Redundancy exists where the service[s] of employee[s] are in excess of what is reasonably demanded by the actual requirements of the enterprise. The evidence, however, proved that, in truth and in fact, the positions of the complainants were not redundant for the simple reason that they were replaced by casuals.

X X X

Admittedly, from the testimonies of Engr. Palmares, the wells of the respondent were operated by contractors. Otherwise stated, complainant[s] who are regular workers of the respondent, performing jobs necessary and desirable to the business of the company, were eased out in the guise of retrenchment or redundancy [so that] their jobs [will] be performed by workers belonging to a contractor.

In summation, retrenchment and/or redundancy not having been proved, complainants, therefore, were illegally dismissed.”^[13]

The dispositive portion of the Decision of the NLRC provides as follows:

“WHEREFORE, premises considered, the Decision appealed from is hereby ordered SET ASIDE and VACATED and in lieu thereof, the respondent Asian Alcohol Corporation is hereby ordered to reinstate complainants with full backwages from the time they were dismissed on November 30, 1992 and up to actual reinstatement. Plus 10% attorney’s fees.

SO ORDERED.”^[14]

On July 2, 1997, Asian Alcohol moved for reconsideration of the foregoing decision. On September 25, 1997, the NLRC denied the motion.^[15]

On January 12, 1998, Asian Alcohol filed in this Court a petition for *certiorari* assailing both the decision of the NLRC and the resolution denying its reconsideration. It invoked the following grounds:

“6. GROUNDS FOR THE PETITION

6.1 Public respondent has committed, as hereinafter shown, a manifest grave abuse of discretion amounting to lack or excess of jurisdiction in declaring in its assailed Decision and Resolution that the termination of the employment of private respondents by the petitioner herein is illegal and ordering their reinstatement with full backwages from the time they were dismissed on November 30, 1992 up to their actual reinstatement, plus 10% attorney’s fees, said Decision and Resolution of the public respondent being contrary to the established facts of the case, well-settled jurisprudence and the law on the matter.

6.2 Public respondent has likewise committed, as hereinafter shown, a manifest grave abuse of discretion amounting to lack or excess of jurisdiction by totally disregarding and refusing to consider the factual findings of the Executive Labor Arbiter with respect to the circumstances which rendered the positions of the private respondents unnecessary, redundant and superfluous, thereby justifying the termination of their employment.

6.3 Public respondent has furthermore committed, as hereinafter shown, a manifest grave abuse of discretion amounting to lack or excess of jurisdiction in giving full credit to the oral testimonies quoted in its assailed Decision and taking them as conclusive proof of the alleged replacement of the private respondents with casual workers despite the fact that said quoted testimonies clearly amount to nothing but speculations, surmises and conjectures.”^[16]

On March 25, 1998, we issued a Temporary Restraining Order^[17] enjoining the NLRC from enforcing its Decision and Resolution dated May 30, 1997 and September 25, 1997, respectively.

We find the petition meritorious.

Out of its concern for those with less privilege in life, this Court has inclined towards the worker and upheld his cause in his conflicts with the employer.^[18] This favored treatment is directed by the social justice policy of the Constitution.^[19] But while tilting the scales of justice in favor of workers, the fundamental law also guarantees the right of the employer to reasonable returns from his investment.^[20] Corollarily, the law allows an employer to downsize his business to meet clear and continuing economic threats.^[21] Thus, this Court has upheld reductions in the work force to forestall business losses or stop the hemorrhaging of capital.^[22]

The right of management to dismiss workers during periods of business recession and to install labor saving devices to prevent losses is governed by Art. 283 of the Labor Code, as amended. It provides, viz.:

“ARTICLE 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 case 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.” [Emphasis ours]

Under the foregoing provision, retrenchment and redundancy are just causes for the employer to terminate the services of workers to preserve the viability of the business. In exercising its right, however, management must faithfully comply with the substantive and procedural requirements laid down by law and jurisprudence.^[23]

The requirements for valid retrenchment which must be proved by clear and convincing evidence are: (1) that the retrenchment is reasonably necessary and likely to prevent business losses which, if already incurred, are not merely de minimis, but substantial, serious, actual and real, or if only expected, are reasonably imminent as perceived objectively and in good faith by the employer;^[24] (2) that the employer served written notice both to the employees and to the Department of Labor and Employment at least one month prior to the intended date of retrenchment;^[25] (3) that the employer pays the retrenched employees separation pay equivalent to one month pay or at least 1/2 month pay for every year of service, whichever is higher;^[26] (4) that the employer exercises its prerogative to retrench employees in good faith for the advancement of its interest and not to defeat or circumvent the employees' right to security of tenure;^[27] and (5) that the employer used fair and reasonable criteria^[28] in ascertaining who would be dismissed and who would be retained among the employees, such as status (i.e., whether they are temporary, casual, regular or managerial employees), efficiency, seniority,^[29] physical fitness, age, and financial hardship for certain workers.^[30]

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.^[31] It is our ruling that financial statements must be prepared and signed by independent auditors.^[32] Unless duly audited, they can be assailed as self-serving documents.^[33] 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.^[34] 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 bespeak the weakness of its cause.^[35]

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.^[36]

In the instant case, private respondents never contested the veracity of the audited financial documents proffered by Asian Alcohol before the Executive Labor Arbiter. Neither did they object to their admissibility. They show that petitioner has accumulated losses amounting to P306,764,349.00 and showing nary a sign of abating in the near future. The allegation of union busting is bereft of proof. Union and non-union members were treated alike. The records show that the positions of fifty one (51) other non-union members were abolished due to business losses.

In rejecting petitioner's claim of business losses, the NLRC stated that "the alleged deficits of the corporation did not prove anything for the [petitioner]"^[37] since they were incurred before the take over of Prior Holdings. Theorizing that proof of losses before the take over is no proof of losses after the take over, it faulted Asian Alcohol for retrenching private respondents on the ground of mere "possible future losses."^[38]

We do not agree. It should be observed that Article 283 of the Labor Code uses the phrase "retrenchment to prevent losses". In its ordinary connotation, this phrase means that retrenchment must be undertaken by the employer before losses are actually sustained.^[39] We have, however, interpreted the law to mean that the employer need not keep all his employees until after his losses shall have materialized.^[40] Otherwise, the law could be vulnerable to attack as undue taking of property for the benefit of another.^[41]

In the case at bar, Prior Holdings took over the operations of Asian Alcohol in October 1991. Plain to see, the last quarter losses in 1991 were already incurred under the new management. There were no signs that these losses would abate. Irrefutable was the fact that losses have bled Asian Alcohol incessantly over a span of several years. They were incurred under the management of the Parsons family and continued to be suffered under the new management of Prior Holdings. Ultimately, it is Prior Holdings that will absorb all the losses, including those incurred under the former owners of the

company. The law gives the new management every right to undertake measures to save the company from bankruptcy.

We find that the reorganizational plan and comprehensive cost-saving program to turn the business around were not designed to bust the union of the private respondents. Retrenched were one hundred seventeen (117) employees. Seventy two (72) of them including private respondents were separated because their positions had become redundant. In this context, what may technically be considered as redundancy may verily be considered as retrenchment measures.^[42] Their positions had to be declared redundant to cut losses.

Redundancy exists when the service capability of the work force is in excess of what is reasonably needed to meet the demands on the enterprise. A redundant position is one rendered superfluous by any number of factors, such as overhiring of workers, decreased volume of business, dropping of a particular product line previously manufactured by the company or phasing out of a service activity priorly undertaken by the business.^[43] Under these conditions, the employer has no legal obligation to keep in its payroll more employees than are necessary for the operation of its business.^[44]

For the implementation of a redundancy program to be valid, the employer must comply with the following requisites: (1) written notice served on both the employees and the Department of Labor and Employment at least one month prior to the intended date of retrenchment;^[45] (2) payment of separation pay equivalent to at least one month pay or at least one month pay for every year of service, whichever is higher; (3) good faith in abolishing the redundant positions;^[46] and (4) fair and reasonable criteria in ascertaining what positions are to be declared redundant and accordingly abolished.^[47]

In the case at bar, private respondents Carias, Martinez and Sendon were water pump tenders. They tended the water wells of Asian Alcohol located in Ubay, Pulpandan, Negros Occidental. However, Asian Alcohol did not own the land where the wells stood. It only leased them.

In 1992, the lease contract, which also provided for a right of way leading to the site of the wells, was terminated. Also, the water from the wells had become salty due to extensive prawn farming nearby and could no longer be used by Asian Alcohol for its purpose. The wells had to be closed and needless to say, the services of Carias, Martinez and Sendon had to be terminated on the twin grounds of redundancy and retrenchment.

Private respondent Verayo was the briquetting plant operator in charge of the coal-fired boiler. Private respondent Tormo was one of the three briquetting helpers. To enhance production efficiency, the new management team shifted to the use of bunker fuel by about seventy percent (70%) to fire its boiler. The shift meant substantial fuel cost savings. In the process, however, the need for a briquetting plant operator ceased as the services of only two (2) helpers were all that was necessary to attend to the much lesser amount of coal required to run the boiler. Thus, the position of private respondent Verayo had to be abolished. Of the three (3) briquetting helpers, Tormo was the oldest, being already 41 years old. The other two, Rudy Javier, Jr. and Eriberto Songaling, Jr., were younger, being only 28 and 35, respectively. Age, with the physical strength that comes with it, was particularly taken into consideration by the management team in deciding whom to separate. Hence, it was private respondent Tormo who was separated from service. The management choice rested on a rational basis.

Private respondent Amacio was among the ten (10) mechanics who manned the machine shop at the plant site. At their current production level, the new management found that it was more cost efficient to maintain only nine (9) mechanics. In choosing whom to separate among the ten (10) mechanics, the management examined employment records and reports to determine the least efficient among them. It was private respondent Amacio who appeared the least efficient because of his poor health condition.

Not one of the private respondents refuted the foregoing facts. They only contend that the new management should have followed the policy of “first in, last out” in choosing which positions to declare as redundant or whom to retrench to prevent further business losses. No law mandates such a policy. And the reason is simple enough. A host

of relevant factors come into play in determining cost efficient measures and in choosing the employees who will be retained or separated to save the company from closing shop. In determining these issues, management has to enjoy a pre-eminent role. The characterization of positions as redundant is an exercise of business judgment on the part of the employer.^[48] It will be upheld as long as it passes the test of arbitrariness.^[49]

Private respondents call our attention to their allegation that casuals were hired to replace Carias, Martinez and Sendon as water pump tenders at the Ubay wells. They rely on the testimony of Engr. Federico Palmares, Jr., the head of the Mechanical Engineering Services Department who admitted the engagement of independent contractors to operate the wells. A reading of the testimony of Engr. Palmares, however, will reveal that he referred not to the Ubay wells which were tended by private respondents Carias, Martinez and Sendon, but to the Laura wells. Thus, he declared in cross examination:

“ATTY. YMBALLA:

(cross-examination of respondent witness, Federico Palmares)

Q But in the Laura well?

WITNESS:

A Mansteel was hired as contractor.

ATTY. YMBALLA:

Q In other words, the persons mentioned are all workers of independent contractors?

WITNESS:

A I am not sure, maybe.”^[50]

In any event, we have held that an employer's good faith in implementing a redundancy program is not necessarily destroyed by availment of the services of an independent contractor to replace the services of the terminated employees. We have previously ruled that the reduction of the number of workers in a company made necessary by the introduction of the services of an independent contractor is justified when the latter is undertaken in order to effectuate more economic and efficient methods of production.^[51] In the case at bar, private respondents failed to proffer any proof that the management acted in a malicious or arbitrary manner in engaging the services of an independent contractor to operate the Laura wells. Absent such proof, the Court has no basis to interfere with the bona fide decision of management to effect more economic and efficient methods of production.

Finally, private respondents now claim that they signed the quitclaims, waivers and voluntary resignation letters only to get their separation package. They maintain that in principle, they did not believe that their dismissal was valid.

It is true that this Court has generally held that quitclaims and releases are contrary to public policy and therefore, void. Nonetheless, voluntary agreements that represent a reasonable settlement are binding on the parties and should not later be disowned. It is only where there is clear proof that the waiver was wangled from an unsuspecting or gullible person, or the terms of the settlement are unconscionable, that the law will step in to bail out the employee. While it is our duty to prevent the exploitation of employees, it also behooves us to protect the sanctity of contracts that do not contravene our laws.

In the case at bar, there is no showing that the quitclaims, waivers and voluntary resignation letters were executed by the private respondents under force or duress. In truth, the documents embodied separation benefits that were well beyond what the company was legally required to give private respondents. We note that out of the more than one hundred workers that were retrenched by Asian Alcohol, only these six (6) private respondents were not impressed by the generosity of their employer. Their late complaints have no basis and deserve our scant considerations.

IN VIEW WHEREOF, the Petition is **GRANTED**. The Decision of the National Labor Relations Commission dated May 30, 1997 and its Resolution dated September 25, 1997 **are ANNULLED AND SET ASIDE**. The Decision of the Executive Labor Arbiter dated January 10, 1996 in RAB Case No. 06-12-10893-92 is **ORDERED REINSTATED**. The complaints for illegal dismissal filed by private respondents against Asian Alcohol Corporation are hereby **ORDERED DISMISSED FOR LACK OF MERIT**. No costs.

SO ORDERED.

Bellosillo, Mendoza, Quisumbing and Buena, JJ., concur.

- [1] Fourth Division, Cebu City.
- [2] Decision in NLRC Case No. V-0090-96 penned by Commissioner Amorito V. Canete and concurred in by Commissioner Bernabe S. Batunan. Commissioner Irene E. Ceniza was on leave; Rollo, pp. 49-70.
- [3] In RAB Case No. 06-12-10893-92, promulgated on January 10, 1996 and penned by Executive Labor Arbiter Oscar S. Uy, Rollo, pp. 75-82.
- [4] Position Paper for the Respondents dated April 1, 1993, p. 3, Rollo, p. 117.
- [5] Position Paper for Complainants dated May 24, 1993, p. 1, Rollo, p. 107.
- [6] Ibid.
- [7] Comment dated August 27, 1998, p. 2, Rollo, p. 264.
- [8] Motion for Reconsideration of Respondent dated July 2, 1997, p. 2, Rollo, p. 91; Position Paper for Complainants, supra, p. 2, Rollo, p. 108.
- [9] Motion for Reconsideration, supra, p. 3, Rollo, p. 92; Position Paper for Complainants, supra, p. 2, Rollo, p. 108.
- [10] Ibid.
- [11] Ibid.
- [12] Decision of the Executive Labor Arbiter dated January 10, 1996, pp. 4-7, Rollo, pp. 78-81.
- [13] Decision of the NLRC dated May 30, 1997, pp. 4-6, 21, Rollo, pp. 52-54, 69.
- [14] Id., p. 21, Rollo, p. 69.
- [15] Resolution of the NLRC dated September 25, 1997, Rollo, pp. 72-73.
- [16] Petition for *Certiorari* dated December 10, 1997, pp. 9-10, Rollo, pp. 22-23.
- [17] Rollo, pp. 223-227.
- [18] *Revidad vs. NLRC*, 245 SCRA 356, 373 (1995).
- [19] Article II of the 1987 Constitution is replete with state policies favoring labor. These include:
“Sec. 9. The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free people from poverty through policies that provide adequate social services, promote full

employment, a rising standard of living, and an improved quality of life for all.”

“Sec. 10. The State shall promote social justice in all phases of national development.”

“Sec. 18. The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare.”

Article XIII, Sec. 3 provides, viz.:

“The State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of opportunities for all.

It shall guarantee the rights of all workers to self-organization, collective bargaining and negotiations, and peaceful concerted activities, including the right to strike in accordance with law. They shall be entitled to security of tenure, humane conditions of work, and a living wage. They shall also participate in policy and decision-making processes affecting their rights and benefits as may be provided by law.

The State shall promote the principle of shared responsibility between workers and employers and the preferential use of voluntary modes of settling disputes, including conciliation, and shall enforce their mutual compliance therewith to foster industrial peace.

The State shall regulate the relations between workers and employers, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable returns on investments, and to expansion and growth.” [Emphasis ours]

[20] *Uichico vs. NLRC* 273 SCRA 35, 41 (1997).

[21] *Ibid.*

[22] *Ibid.*

[23] *Banana Growers Collective at Puyod Farms vs. NLRC*, 276 SCRA 544, 552-556 (1997).

[24] *Banana Growers Collective at Puyod Farms vs. NLRC*, *supra*; *Trendline Employees Association-Southern Philippines Federation of Labor vs. NLRC*, 272 SCRA 172, 179 (1997); *Uichico vs. NLRC*, *supra* at 43; *Lopez Sugar Corporation vs. Federation of Free Workers*, 189 SCRA 179, 186 (1990); *Anino, et al. vs. NLRC, et al.*, G.R. No. 123226, May 21, 1998.

[25] *Sebuguero vs. NLRC*, *supra*; *Union of Filipino Workers (UFW) vs. NLRC*, 221 SCRA 267, 279 (1993); *Fuentes vs. NLRC*, *supra*; *Trendline Employees Association-Southern Philippines Federation of Labor vs. NLRC*, *supra*; *Caffco International Limited vs. Office of the Minister-Ministry of Labor & Employment*, 212 SCRA 351, 357 (1992); *Radio Communications of the Philippines, Inc. vs. NLRC*, 210 SCRA 222, 225 (1992).

[26] *Sebuguero vs. NLRC*, *supra*; *Union of Filipino Workers (UFW) vs. NLRC*, *supra*; *Fuentes vs. NLRC*, *supra*; *Trendline Employees Association-Southern Philippines Federation of Labor vs. NLRC*, *supra*; *Caffco International Limited vs. Office of the Minister-Ministry of Labor & Employment*, *supra*.

[27] *Dela Cruz vs. NLRC*, 268 SCRA 458, 467-468 (1997); *Caffco International Limited vs. Office of the Minister-Ministry of Labor & Employment*, *supra*.

- [28] Radio Communications of the Philippines, Inc. vs. NLRC, supra; Rubberworld (Phils.), Inc. vs. NLRC, 175 SCRA 450, 457 (1989); Somerville Stainless Steel Corporation vs. NLRC, et al, G.R. No. 125887, March 11, 1998.
- [29] Asiaworld Publishing House, Inc. vs. Ople, 152 SCRA 219, 225 (1987).
- [30] Duay vs. Court of Industrial Relations, 122 SCRA 834, 839-840 (1983).
- [31] Ibid.; Catatista vs. NLRC, 247 SCRA 46, 52 (1995); Precision Electronics Corporation vs. NLRC, 178 SCRA 667, 669 (1989).
- [32] Wiltshire File Co., Inc. vs. NLRC, 193 SCRA 665, 670 (1991); Banana Growers Collective at Puyod Farms vs. NLRC, 276 NLRC 544, 552-556 (1997); Lopez Sugar Corporation vs. Federation of Free Workers, 189 SCRA 179, 190 (1990); AG & P United Rank and File Association vs. NLRC (First Division), 265 SCRA 159, 164-166 (1996); Caffco International Limited vs. Office of the Minister-Ministry of Labor & Employment, supra.
- [33] Uichico vs. NLRC, supra at 45.
- [34] Philippine School of Business Administration (PSBA Manila) vs. NLRC, 223 SCRA 305, 308 (1993).
- [35] Somerville Stainless Steel Corporation vs. NLRC, supra.
- [36] Ibid.
- [37] Decision of the NLRC dated May 30, 1997, p. 5, Rollo, p. 53.
- [38] Ibid.
- [39] Revidad vs. NLRC, supra.
- [40] Lopez Sugar Corporation vs. Federation of Free Workers, supra.
- [41] Banana Growers Collective at Puyod Farms vs. NLRC, supra.
- [42] Edge Apparel, Inc. vs. NLRC, et al., G.R. No. 121314, February 12, 1998; AG & P United Rank and File Association vs. NLRC (First Division), 265 SCRA 159, pp. 164-166 (1996).
- [43] Wiltshire File Co., Inc. vs. NLRC, 193 SCRA 665, 672 (1991); Tierra International Construction Corp. vs. NLRC, 211 SCRA 73, 77 (1992).
- [44] Wiltshire File Co., Inc. vs. NLRC, supra.
- [45] Almodiel vs. NLRC, 223 SCRA 341, 345 (1993).
- [46] Id., p. 346.
- [47] Capitol Wireless, Inc. vs. Confesor, 264 SCRA 68, 72 (1996).
- [48] Wiltshire File Co., Inc. vs. NLRC, 193 SCRA 665, 673 (1991).
- [49] Ibid.
- [50] TSN, pp. 334-337, as quoted in the NLRC Decision, pp. 18-21, Rollo, 66-69.
- [51] De Ocampo vs. NLRC 213 SCRA 652, 662 (1992).