

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
SECOND DIVISION**

**GENERAL BAPTIST BIBLE COLLEGE
and GENERAL BAPTIST CHURCH OF
THE PHILIPPINES,**

Petitioners,

-versus-

**G.R. No. 85534
March 5, 1993**

**NATIONAL LABOR RELATIONS
COMMISSION and GAUDENCIO O.
BASA,**

Respondents.

X-----X

DECISION

CAMPOS, JR., J.:

This is a Petition for *Certiorari* seeking the reversal of the Decision^[*] of the National Labor Relations Commission (NLRC, for brevity) affirming the decision of the Labor Arbiter which ordered the reinstatement of private respondent Gaudencio O. Basa (Basa, for brevity) as Academic Dean in the petitioner General Baptist Bible College (College, for brevity) and the payment of backwages, other unpaid salaries and attorney's fees, with the modification of excluding allowances from payment of backwages and adjusting the attorney's fees to 10% of the total award.

The main contention of the petitioners is that reinstatement may not be awarded because Basa never asked for such in his complaint nor in his position paper. All that he was claiming was separation pay, fixing at the same time his claim for unpaid wages as Academic Dean up to July 15, 1987 only. This, petitioners claim, was a very clear indication that he was no longer interested in working for the school.

First, we have to resolve whether Basa actually has a right to be reinstated as Academic Dean of the College and second, whether such relief may be granted notwithstanding the fact that the prayer is for payment of unpaid salaries and separation pay only.

The facts are as follows:

Sometime in June 1973, Basa was hired by the College as Academic Dean with an initial monthly salary of P400.00. Thereafter, his salary was raised, the latest being in June 1986, to P1,412.00 per month.

On April 15, 1986, Basa was appointed President of the College by its Board of Trustees with the following conditions:

- “1. Term — the tenure of office of the president shall be four (4) years, beginning on the first day of May 1986, until April 30, 1990 unless otherwise the board by a vote of no confidence will suspend his term of office.
2. Salary — The salary of the president shall be P2,500.00. Two Thousand Five Hundred Pesos Package deal.
3. Benefits and Privileges.
 - a. The president shall be given a free housing, free electricity and water provided that he will reside inside the school campus.
 - b. The president will use and shall have a control over the college vehicle. However, it will be used only for official school business.

4. Requirements.
 - a. The President shall exercise all the authority and responsibility delegated to him by the board of trustees.
 - b. He shall give up all his secular jobs and concentrate his time for the administration of the bible college.
 - c. he shall renew his certificate of good standing with the Presbytery of the General Baptist Church of the Phils. Inc.:"^[1]

In accordance with the above terms, Basa assumed the Presidency of the College on May 1, 1986.

During its regular meeting on June 2, 1987, the Board of Directors (Trustees) of the College voted to terminate the services of Basa as President of the College effective June 15, 1987. This decision was made formal in a letter to Basa, dated June 3, 1987, stating therein the reasons behind said decision, to wit:

“Please be inform (sic) that at the regular meeting of the Board of Directors of the General Baptist Bible College on June 2, 1987, held at Agdao General Baptist Church, Agdao, Davao City, the Board, after reviewing your explanations on your non-compliance with the terms and conditions of your employment as President particularly your non-giving up of your teaching in a secular school and your failure to obtain a Certificate of Good Standing from the GBCPI Presbytery, (sic) and your non-compliance of its instructions as to the deposit in a separate account of GBCC (sic) of the P26,000.00 of its funds which you deposit (sic) in your personal account, unanimously approved to terminate your services as President of the Bible College effective June 15, 1987, for loss of confidence.”^[2]

This termination letter was received by Basa on June 12, 1987.

After the effectivity of his termination as President, on June 22, 1987, Basa personally, without the assistance of counsel, filed a complaint

for illegal dismissal, money claims and damages, not only for the position of President but for the position of Academic Dean as well.^[3] Thus, what was in issue before the Labor Arbiter was not only the legality of his termination as President but also the legality of his termination as Academic Dean.

On August 25, 1987, Labor Arbiter Conchita J. Martinez rendered a decision the dispositive portion of which reads:

“WHEREFORE, in consideration of all the foregoing, judgment is hereby rendered:

1. Finding the dismissal of complainant as President of General Baptist Bible College Meritorious and the claim for separation pay without basis;
2. Ordering respondents General Baptist Bible College and the General Baptist Church of the Philippines, Inc. jointly and solidarily liable to pay complainant the following claims to wit:
 - a.) P16,944.00, representing unpaid salaries as Academic Dean from June 15, 1986 to June 14, 1987.
 - b.) P6,201.00, representing ECOLA differential from June 22, 1984 to December 1985.
 - c.) P8,908.00, representing unpaid ECOLA from January 1986 to June 14, 1987.
3. Ordering respondents to immediately reinstate complainants as Academic Dean of the General Baptist Bible College with full backwages and ECOLA from June 16, 1987 until his actual reinstatement;
4. To pay attorney's Fees in the amount of P3,205.00; and
5. Dismissing the Claim for damages for lack of merit.

SO ORDERED.”^[4]

On appeal by the College to the respondent NLRC, the former, on May 27, 1988, rendered a modified decision, to wit:

“The reinstatement of appellee as Academic Dean and the payment of unpaid salaries is in order. The backwages, however, is limited to the basic salary (excluding allowance) of the position of Academic Dean considering that the pay as President already included allowances which appellee received. It would be unjust to require appellant to pay appellee double allowance. The award for attorney’s fees is correspondingly adjusted to 10% of the total award.

WHEREFORE, the appealed decision is MODIFIED to the extent above-discussed.

SO ORDERED.”^[5]

A motion for a reconsideration of the above decision was denied for lack of merit on September 14, 1988.^[6]

Hence this petition.

Under the express provision of the Labor Code, as amended specifically by Republic Act. No. 6715 which reads.

“(b) Subject to the constitutional right of workers to security of tenure and their right to be protected against dismissal except for a just and authorized cause and without prejudice to the requirement of notice under Article 283 of this Code the employer shall furnish the worker whose employment is sought to be determined a written notice containing a statement of the causes for termination and shall afford the latter ample opportunity and to defend himself with the assistance of his representative if he so desires in accordance with company rules and regulations promulgated pursuant to guidelines set by the Department of Labor and Employment. Any decision taken by the employer shall be without prejudice to the right of the

worker to contest the validity or legality of his dismissal by filing a complaint with the validity or legality of his dismissal by filing a complaint with the regional branch of the National Labor Relations Commission. The Burden of proving that the termination was for a valid or authorized cause shall rest on the employer.^[7] (Emphasis supplied.)

The burden is upon the College to prove the valid cause of termination of Basa not only as President, but as Academic Dean as well. The records are bereft of any indications that Basa's termination as Academic Dean was satisfactorily proven to be in accordance with the above provision of law. On this score alone, the Court already has reason to sustain the NLRC's decision. The College has not pointed to any specific mode by which the employer-employee relationship between it and Basa was terminated as far as the latter's deanship is concerned. It had the duty to at least inform Basa when, why and how, his term as dean expired, because his term as dean, upon appointment in June 1973, was understood to be indefinite. Where there is no showing of clear, valid and legal cause of termination, the law considers it a case of illegal dismissal. Thus We have ruled that:

“In termination cases, the burden of proving the just cause of dismissing an employee rests on the employer, and his failure to do so would result in a finding that the dismissal is not justified.”^[8]

If the intention of the College upon terminating Basa as President was to likewise have his term as Academic Dean expire, it is a basic requirement of due process that he be informed of the same and be given a chance to be heard. Here, again, the College failed. On the contrary, the letter of termination dated June 3, 1987 expressly stated that the Board of Trustees unanimously approved to terminate his services as President effective June 15, 1987, for loss of confidence.

When Basa raised this question before the labor tribunal, instead of facing the issue squarely, the petitioners chose to resort to technicalities claiming that the issue of reinstatement had never been raised in the respondent's pleadings.

The rights and obligations arising from the employer-employee relationship between Basa and the College are contractual in nature. As in all contracts, the parties are bound not only to the fulfillment of what has been agreed upon but also to all the consequences which, according to their nature, may be in keeping with good faith, usage and law.^[9] In the absence of any written terms and conditions which governed the appointment of Basa as Academic Dean, the position which he held since June 1973 and at the time of his appointment as President of the College, we can only judge their intentions by considering their contemporaneous and subsequent acts.^[10]

The office of the College President was vacated by the resignation of Rev. Ruben Angelo. This position was offered to Basa, then the incumbent Academic Dean, in a special meeting of the Board of Trustees on April 15, 1986. The appointment, which was effective May 1, 1986, was made in the same meeting after reaching an agreement with Basa as to the terms and conditions thereof. It is clear that it was its practice to consider the position of President as distinct from that of Academic Dean and to appoint different persons to fill up the two positions.

The implication of the fact that upon the appointment of Basa as President, the College did not appoint anybody else as Academic Dean, when considered *vis-a-vis* the silence of his appointment as to whether he was to vacate his former position as Academic Dean or not, is that it expected Basa to act concurrently as President and as Academic Dean.

In the Manual of Regulations for Private Schools prepared by the then Bureau of Private Schools, the school President is charged with the administration and supervision of the school. As chief executive officer of the school, chosen by the Board, he has the responsibility of executing and implementing the policies and general plans laid down by the governing board.^[11]

On the other hand, the work of the dean or principal usually entails responsibility for all activities connected with his department and not merely for classroom work and general administration. Internship should be under the direct supervision of the dean.^[12]

It is evident that the rules governing private schools consider the two positions as totally distinct from one another, that of the president as being primarily administrative while that of the dean as being primarily academic. Besides, the responsibilities of the higher office do not necessarily include those of the subordinate offices such that a school or college president is not expected to perform the functions and responsibilities of the dean in case of the absence or vacancy of the latter. Thus, when Basa continued to discharge the duties and responsibilities of the Office of Academic Dean even after his assumption into office as the new College President, the implication is that he was indeed the concurrent President and Academic Dean of the College.

There is no prohibition in the Manual of Regulations for Private Schools with respect to one person holding the positions of president and dean concurrently. We also find nothing repugnant per se in the situation, for there can be no contrariety nor antagonism that would result in the attempt by one person to discharge the duties of both positions. It cannot be said that the two offices are, by nature, incompatible. Besides, there is no evidence that there is such prohibition in the articles of incorporation or by-laws of the College.

Under the circumstances of the case, We hold that Basa did not vacate the position of Academic Dean even after his assumption to the office of President. Thus, from May 1, 1986 until his termination on June 15, 1987, he was the College Academic Dean and should have continued as such even after his termination as President. His having been considered terminated as Academic Dean on June 15, 1987 is without legal basis. Loss of confidence in Basa as President and his violation of the conditions of his appointment as President should not affect his employment as Academic Dean for there is no evidence that he has likewise violated any agreed terms and conditions of his appointment as Academic Dean.

His dismissal as President may have been legal, which finding by the Labor Arbiter has already become final and beyond review by the courts, but his dismissal as Academic Dean is not.

Having been illegally dismissed from his position as Academic Dean, Basa is entitled to reinstatement to his former position without loss of

seniority rights and to payment of backwages from the time of his illegal dismissal up to his actual reinstatement.^[13] In resolving whether or not the relief of reinstatement may be granted to Basa notwithstanding his failure to pray for the same in his complaint, We rule in the affirmative. We are for the granting of the relief he is entitled to under the law, although he failed to specifically pray for the same in his complaint.

We hereby note that Basa's failure to specifically pray for the relief of reinstatement in a complaint which he personally prepared and signed using a standard form prepared by the NLRC Regional Arbitration, Branch No. XI, Davao City, is a procedural lapse which cannot put to naught a right which he is entitled under a substantive law. Technicalities have no room in labor cases, where the Rules of Court are applicable only in order to effectuate the objectives of the Labor Code and not to defeat them. The pertinent provisions of the Revised Rules of Court of the Philippines and prevailing jurisprudence may be applied by analogy or in a suppletory character to effect an expeditious resolution of labor controversies in a practical and convenient manner.^[14] We are inclined to overlook a procedural defect if only to promote substantial justice.

We find no grave abuse of discretion committed by the respondent NLRC in ruling that the reinstatement of herein respondent Basa as Academic Dean and the payment of unpaid salaries is in order.

But although we sustain the NLRC's ruling of reinstatement of Basa to his former position with payment of backwages, prudence dictates that due to the animosity and antagonism which had developed during the pendency of his case, we must not compel the College to reinstate Basa to the sensitive position he is entitled to under the law but give it the option of paying him separation pay in lieu thereof, at the rate of one month salary, excluding allowances, for every year of service from June 1973 up to the time of his termination, including the period of imputed service for which he is entitled to backwages. The salary rate prevailing at the end of the three-year putative service should be used in such computation.^[15]

The NLRC, however, erroneously referred to unpaid salaries as "backwages" when it excluded allowances therefrom. In order to

obviate any further controversy on this matter, We would like to clarify the difference between the two terms. When the term “backwages” was used in the NLRC decision, what was actually meant was unpaid salaries, which pertain to compensation due the employee for services actually rendered before termination. Backwages, on the other hand, refer to his supposed earnings had he not been illegally dismissed. Unpaid salaries refer to those earned prior to dismissal whereas backwages refer to those earnings lost after illegal dismissal. Thus, reinstatement would always bring with it payment of backwages but not necessarily payment of unpaid salaries. Payment of unpaid salaries is only ordered if there are still salaries collectible from his employer by reason of services already rendered.

We also want to clarify that when there is an award of backwages this actually refers to backwages without qualifications and deductions. Thus, We held that:

“The term “backwages without qualification and deduction” means that the workers are to be paid their backwages fixed as of the time of the dismissal or strike without deduction for their earnings elsewhere during their layoff and without qualification of their wages as thus fixed; i.e., unqualified by any wage increases or other benefits that may have been received by their co-workers who are not dismissed or did not go on strike. Awards including salary differentials are not allowed. The salary base properly used should, however, include not only the basic salary but also the emergency cost of living allowances and also transportation allowances if the workers are entitled thereto.”^[16]

However, since Basa did not interpose an appeal in order to contest the error committed by the NLRC in excluding the allowances of the Academic Dean in the computation of backwages, this Court has no jurisdiction to grant such relief.

In summary, Basa is entitled to:

- (a) payment of his unpaid salaries as Academic Dean from May 1, 1986 to June 14, 1987 excluding allowances;

- (b) payment of backwages equivalent to three (3) years of his basic salary as Academic Dean excluding allowances;
- (c) reinstatement, or payment of separation pay equivalent to seventeen (17) months of the basic salary of Academic Dean as of June 1990; and
- (d) payment of attorney's fees equivalent to 10% of the total award.

WHEREFORE, the instant Petition, is **DISMISSED** and the assailed Decision is accordingly **MODIFIED**, without pronouncement as to costs.

SO ORDERED.

Narvasa, C.J., Padilla, Regalado and Nocon, JJ., concur.

[*] NLRC Case No. RAB-11-06-00279-87 dated May 27, 1988, penned by Commissioner Danilo S. Lorredo, concurred in by Presiding Commissioner Lourdes J. Javier (Fifth Division).

[1] Rollo, pp. 37-38.

[2] Rollo, p. 53.

[3] Rollo, p. 24.

[4] Rollo, pp. 95-96.

[5] Rollo, pp. 126-127.

[6] Rollo, p. 132.

[7] LABOR CODE, Art. 277.

[8] Reyes & Lim Company, Inc. vs. National Labor Relations Commission, 201 SCRA 772, 775 (1991), citing Starlite Plastic Corp. vs. National Labor Relations Commission, 171 SCRA 315 (1989).

[9] CIVIL CODE, Art. 1315.

[10] Ibid., Art. 1371.

[11] Manual of Regulations for Private Schools, par. 60 (7th Ed.).

[12] Ibid., par. 66.

[13] Carandang vs. Dulay, 188 SCRA 792 (1990), citing Santos vs. NLRC, 154 SCRA 166 (1987).

[14] NEW RULES OF PROCEDURE OF THE NATIONAL LABOR RELATIONS COMMISSION, Rule I, Sec. 3.

[15] Sealand Service, Inc., et al. vs. National Labor Relations Commission, 190 SCRA 347 (1990).

[16] Samahang Manggagawa ng Rizal Park vs. National Labor Relations Commission, G.R. No. 94372, Oct. 9, 1991, First Division, Minute Resolution citing Resolution in Central Azucarera de Tarlac vs. Sampang, G.R. No. 84598, promulgated on May 19, 1989.

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