

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
THIRD DIVISION**

**ORLANDO FARMS GROWERS
ASSOCIATION/GLICERIO AÑOVER,
*Petitioner,***

-versus-

**G.R. No. 129076
November 25, 1998**

**THE HONORABLE NATIONAL LABOR
RELATIONS COMMISSION (FIFTH
DIVISION), ANTONIO PAQUIT,
ESTHER BONGGOT, FRANCISCO
BAUG, LEOCADIO ORDONO, REBECCA
MOREN, MARCELINA HONTIVEROS,
MARTIN ORDONO, TITO ORDONO, FE
ORDONO ERNIE COLON, EUSTIQUIO
GELDO, DANNY SAM, JOEL
PIAMONTE, FEDERICO PASTOLERO,
VIRGINIA BUSANO, EDILMIRO
ALDION, EUGENIO BETICAN, JR. and
BERNARDO OPERIO,**

Respondents.

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DECISION

ROMERO, J.:

It is a settled doctrine that an employer-employee relationship can be deduced from the existence of the following elements: (1) the selection and engagement of the employee; (2) the payment of wages; (3) the power of dismissal; and (4) the power to control the employee's conduct.

The principal issue to be resolved in the instant petition is whether or not an unregistered association may be an employer independent of the respective members it represents.

The evidence reveals the ensuing facts:

Petitioner Orlando Farms Growers Association, with co-petitioner Glicerio Añover as its President, is an association of landowners engaged in the production of export quality bananas located in Kinamayan, Sto. Tomas, Davao del Norte, established for the sole purpose of dealing collectively with Stanfilco on matters concerning technical services, canal maintenance, irrigation and pest control, among others. Respondents, on the other hand, were hired as farm workers by several member-landowners but, nonetheless, were made to perform functions as packers and harvesters in the plantation of petitioner association.

After respondents were dismissed on various dates from January 8, 1993 to July 30, 1994, several complaints were filed against petitioner for illegal dismissal and monetary benefits. Based on similar grounds, the same were consolidated in the office of Labor Arbiter Newton R. Sancho who, in a decision dated September 6, 1995, ordered their reinstatement, viz:

“WHEREFORE, judgment is hereby rendered declaring the dismissal of the 20 above-named complainants ILLEGAL, and ordering respondents Orlando Farms Growers Association/Glicerio Añover to REINSTATE them immediately to their former or equivalent positions, and to PAY individual complainants their respective backwages and other benefits (wage differentials, 13th month pay and holiday pay) appearing opposite their names above set forth, including moral damages and attorney's fees, in the total amount of P1,047,720.92 only.

All other claims are dismissed for lack of merit.

As becoming a collective association, respondents liabilities to complainants are joint and solidary, with its responsible officers.

The case of Loran Paquit and Lovilla Dorlones^[1] is dropped for having been amicably settled.

In case of appeal, backwages and other benefits shall accrue but in no case exceeding 3 years, without any qualification or deduction.

SO ORDERED.”^[2]

On appeal, the National Labor Relations Commission (NLRC) affirmed the same in toto in a decision dated December 26, 1996. Its motion for reconsideration having been denied on February 25, 1997, petitioner filed the instant petition for certiorari.

Petitioner alleged that the NLRC erred in finding that respondents were its employees and not of the individual landowners which fact can easily be deduced from the payments made by the latter of respondent’s Social Security System (SSS) contributions. Moreover, it could have never exercised the power of control over them with regard to the manner and method by which the work was to be accomplished, which authority remain vested with the landowners despite becoming members thereof.

The arguments adduced before us do not warrant the nullification of the findings made by the Labor Arbiter and the NLRC as the determination of the existence of an employer-employee relationship between the party-litigants, being a question of fact, is amply supported by substantial evidence, as can be gathered from a perfunctory reading, not only of the pleadings submitted, but from the assailed decision, as well. Thus, the authority of this Court to review the findings of the NLRC is limited to allegations of lack of jurisdiction or grave abuse of discretion.

The contention that petitioner, being an unregistered association and having been formed solely to serve as an effective medium for dealing collectively with Stanfilco, does not exist in law and, therefore, cannot be considered an employer, is misleading. This assertion can easily be dismissed by reference to Article 212(e) of the Labor Code, as amended, which defines an employer as any person acting in the interest of an employer, directly or indirectly. Following a careful scrutiny of the said provision, the Court concludes that the law does not require an employer to be registered before he may come within the purview of the Labor Code, consistent with the established rule in statutory construction that when the law does not distinguish, we should not distinguish. To do otherwise would bring about a situation whereby employees are denied, not only redress of their grievances, but, more importantly, the protection and benefits accorded to them by law if their employer happens to be an unregistered association.

To reiterate, as held in the case of *Filipinas Broadcasting Network, Inc. vs. NLRC*^[3] the following are generally considered in the determination of the existence of an employer-employee relationship: (1) the manner of selection and engagement; (2) the payment of wages; (3) the presence or absence of the power of dismissal; and (4) the presence or absence of the power of control; of these four, the last one being the most important.

In the instant case, the following circumstances which support the existence of employer-employee relations cannot be denied. During the subsistence of the association, several circulars and memoranda were issued concerning, among other things, absences without formal request, loitering in the work area and disciplinary measures with which every worker is enjoined to comply. Furthermore, the employees were issued identification cards which the Court, in the case of *Domasig vs. NLRC*,^[4] construed, not only as a security measure but mainly to identify the holder as a bonafide employee of the firm. However, what makes the relationship explicit is the power of the petitioner to enter into compromise agreements involving money claims filed by three of its employees, namely: Lorna Paquit, Lovella Dorlones and Jasmine Espanola. If petitioner's disclaimer were to be believed, what benefit would accrue to it in settling an employer-employee dispute to which it allegedly lay no claim?

In spite of the overwhelming evidence sufficient to justify a conclusion that respondents were indeed employees of petitioner, the latter, nevertheless, maintain the preposterous claim that the ID card, circulars and memoranda were issued merely to facilitate the efficient use of common resources, as well as to promote uniform rules in the work establishment. On this score, we defer to the observations made by the NLRC when it ruled that, while the original purpose of the formation of the association was merely to provide the landowners a unified voice in dealing with Stanfilco, petitioner however exceeded its avowed intentions when its subsequent actions reenforced only too clearly its admitted role of employer. As reiterated all too often, factual findings of the NLRC, particularly when they coincide with those of the Labor Arbiter, are accorded respect, even finality, and will not be disturbed for as long as such findings are supported by substantial evidence.^[5]

Prescinding from the foregoing, we now address the issue of whether or not petitioner had a valid ground to dismiss respondents from their respective employment.

It is settled that in termination disputes the employer bears the burden of proving that the dismissal is for just cause, failing which it would mean that the dismissal is not justified and the employer is entitled to reinstatement.^[6] The dismissal of employees must be made within the parameters of the law and pursuant to the basic tenets of equity, justice and fair play.^[7] In *Brahm Industries, Inc. vs. NLRC*,^[8] the Court explained that there are two (2) facets of valid termination of employment: (a) the legality of the act of dismissal, i.e., the dismissal must be under any of the just causes provided under Art. 282^[9] of the Labor Code; and (b) the legality of the manner of dismissal, which means that there must be observance of the requirements of due process, otherwise known as the two-notice rule. Thus, “the employer is required to furnish the employee with a written notice containing a statement of the cause for termination and to afford said employee ample opportunity to be heard and to defend himself with the assistance of his representative, if he so desires. The employer is also required to notify the worker in writing of the decision to dismiss him, stating clearly the reasons therefore.”^[10]

In the instant case, petitioner severed employment relations when it whimsically dismissed the respondents in utter disregard of the safeguards underscored in the Constitution, as well as in the Labor Code. Petitioner failed to controvert the allegation that it was responsible for the dismissal of the employees. Instead of denying the same or otherwise imputing liability on its member-landowner by naming the employees allegedly in his employ, petitioner was silent on the issue and harped on the non-existence of employer-employee relationship between the parties, which contention we find to be tangential. However related the issue might seem, it would have been more relevant for the petitioner to have presented ample evidence before the NLRC and this Court to justify its exoneration from liability. Having failed in this respect, we deem it fatal to its defense.

For having been dismissed without a valid cause and for non-observance of the due process requirement, respondents, consistent with recent jurisprudence laid down in the case of *Bustamante vs. NLRC*,^[1] are entitled to receive full backwages from the date of their dismissal up to the time of their reinstatement. The order, therefore, of the labor arbiter limiting backwages to a period of three (3) years in the event of an appeal, is erroneous.

WHEREFORE, in view of the foregoing, the petition is hereby **DISMISSED** and the decision of the National Labor Relations Commission dated September 6, 1995 is **AFFIRMED** subject to the deletion of the award of moral damages and attorney's fees. The Court, however, is remanding this case to Labor Arbiter Newton R. Sancho to specify in the dispositive portion of his decision the names of the respondents and the amount that each is entitled to.

SO ORDERED.

Narvasa, C.J., Kapunan, Purisima and Pardo, JJ., concur.

[1] Should read as Lorna Paquit and Lovella Dorlones.

[2] Rollo, p. 17.

[3] G.R. No. 118892, March 11, 1998.

[4] 261 SCRA 779 (1996).

[5] *Belaunzaran vs. NLRC*, 265 SCRA 800 (1996).

- [6] PLDT vs. NLRC, 276 SCRA 462 (1997).
- [7] Philippine-Singapore Transport Services, Inc. vs. NLRC, 277 SCRA 506 (1997).
- [8] 280 SCRA 828 (1997).
- [9] ART. 282. Termination by employer. — An employer may terminate an employment for any of the following causes:
- a. Serious misconduct or willful disobedience by the employee of the lawful orders of his employer or representative in connection with his work;
 - b. Gross and habitual neglect by the employee of his duties;
 - c. Fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative;
 - d. Commission of a crime or offense by the employee against the person of his employer or any immediate member of his family or his duly authorized representative; and
 - e. Other causes analogous to the foregoing.
- [10] Padilla vs. NLRC, 273 SCRA 457 (1997).
- [11] 265 SCRA 61 (1996).