

SECOND DIVISION

[G.R. No. 197789, July 08, 2013]

PNOC-ENERGY DEVELOPMENT CORPORATION AND/OR PAUL A. AQUINO, FRANCIS A. PALAFOX, PETITIONERS, VS. JOSELITO L. ESTRELLA, RESPONDENT.

R E S O L U T I O N

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*^[1] are the March 21, 2011 Decision^[2] and July 20, 2011 Resolution^[3] of the Court of Appeals (CA) in CA-G.R. SP No. 98841, finding no grave abuse of discretion on the part of the National Labor Relations Commission (NLRC) which, in its November 30, 2006^[4] and March 30, 2007^[5] Resolutions, held that respondent Joselito L. Estrella (Estrella) was illegally dismissed from his employment.

The Facts

At the time of his dismissal, Estrella was the Senior Logistics Assistant^[6] at the Materials Control Department of petitioner PNOC-Energy Development Corporation (PNOC-EDC), then a government-owned and controlled corporation^[7] engaged in the exploration and utilization of renewable energy resources. As Senior Logistics Assistant, Estrella's duties included initiating and handling the terms and conditions for the bidding of heavy and support equipment rentals for PNOC-EDC's project locations, and evaluating and recommending bid contracts for management approval.^[8]

Records show that PNOC-EDC opened the technical and financial bids for its 2004 Annual Contract on Heavy/Support Equipment Rental for SNGPF (EDC 03-191) (2004 Contract) on December 4, 2003 and February 14, 2004, respectively. The evaluation and post-qualification of bids were conducted from February to May 2004.^[9]

As part of the bidding process, Estrella carried out an inspection on May 13, 2004^[10] wherein JR Car Services, owned by Dumaguete-based contractor Remigio^[11] S. P. Jacobe (Jacobe), qualified as the first priority contractor for the Asian Utility Vehicle (AUV) Category, having offered three (3) units for lease at the rental rate of P1,250.00 per day.^[12] Accordingly, the vehicles of JR Car Services were included in the bid summary for the 2004 Contract (Bid Summary).

On January 20, 2005, Jacobe, who also claimed to be a distributor of Dream Satellite Cable units (cable unit), executed an Affidavit^[13] charging Estrella with irregularities in dealing with JR Car Services' bid. He narrated how Estrella

manipulated the bid tabulation by altering the field copy of the Bid Summary to reflect one (1) unit instead of the qualified bid for three (3) units, and, in a series of text messages,^[14] asked for a free cable unit, among other favors, in exchange for a positive treatment of JR Car Services' future bids.^[15] Realizing Estrella's power and influence, Jacobe eventually acceded and gave him a free cable unit.

Prompted by Jacobe's Affidavit, PNOC-EDC's Senior Manager, petitioner Francis A. Palafox, formed an audit committee to investigate the charges. In its Detailed Audit Report^[16] dated April 11, 2005, the audit committee discovered that the bid of JR Car Services in the AUV Category was altered from three (3) units to one (1) unit in the field copy of the Bid Summary, to which Estrella affixed his initials. However, in the final copy of the Bid Summary, no alterations were reflected.^[17] Estrella was also found to have accepted bids from a certain EGS Enterprises despite non-compliance with the required bid specifications and non-submission of competent proofs of ownership.^[18]

Thus, Estrella was charged to have committed willful acts of dishonesty, consisting of his alteration and/or tampering of lessors' bids, acceptance of disqualified bids, manipulation of bid summary, and extortion.^[19] On April 28, 2005, he was required^[20] to show cause why no disciplinary action should be taken against him.

In his written explanation dated April 29, 2005,^[21] Estrella admitted the alteration but explained that he did so in order to reflect the results of a second inspection he conducted on June 30, 2004, which he found necessary considering that JR Car Services had no actual service vehicles available during the first inspection. During the second inspection, Jacobe presented only one (1) vehicle and informed Estrella that the two (2) other vehicles included in the original bid had already been disposed. Thus, Estrella altered the number of JR Car Services' vehicles from three (3) units to one (1) unit in the Bid Summary,^[22] which he claimed to be only his "working paper."^[23] He also denied having demanded a free cable unit from Jacobe, averring instead that he purchased one.^[24] With respect to the text messages which he purportedly sent to Jacobe, he contended that they were merely fabricated and intended to harass him. As for the disqualified bids of EGS Enterprises, he explained that EGS Enterprises' bid rate was lower than that of JR Car Services and that the engagement of its vehicles did not cause undue injury or damage to PNOC-EDC, but rather, was more advantageous to it.^[25]

Subsequently, an Investigation/Disciplinary Action Committee (Committee) was formed to further probe into the matter, before whom Estrella personally testified.^[26] After the investigation, the Committee recommended^[27] Estrella's dismissal for willful dishonesty, extortion, grave misconduct and misbehavior, and abuse of authority, on account of his alteration, tampering or manipulation of the Bid Summary as well as his attempt to extort from Jacobe.^[28] However, one of the Committee members, a certain D. D. Guevara (Guevara), opined that dismissal may be too harsh a penalty and instead recommended that Estrella be suspended, considering that PNOC-EDC eventually engaged two (2) more of JR Car Services' vehicles.^[29]

On July 5, 2005, Estrella was dismissed,^[30] prompting him to file a complaint for

illegal dismissal, with prayer for reinstatement and payment of full backwages and exemplary damages, against petitioners.

The LA Ruling

After due proceedings, the Labor Arbiter found^[31] Estrella to have been illegally dismissed, observing that he did not act with bad faith and malice in the performance of his duties. Citing the opinion of Guevara, the LA held that Jacobe could not validly claim that the engagement of his vehicles was hinged upon Estrella's demand for a free cable unit since he was fully aware that he was not limited to only one (1) vehicle in the 2004 Contract.^[32] Jacobe even failed to state in his affidavit that Estrella was the source of the altered Bid Summary and that the latter used the same to extort a free cable unit.

Finally, the LA noted Jacobe's inconsistent statements when inquired as to his motive for executing the affidavit against Estrella. Initially, Jacobe claimed that he was infuriated ("*Bumagsak talaga pisi ko*") when he learned that his vehicles would not be engaged, but later, he stated that he gave the cable unit to Estrella as a token of gratitude ("*pasasalamat*").^[33] Thus, the LA ruled that there were doubts as to the truth of the charges of extortion, willful dishonesty and misbehavior against Estrella.

In sum, the LA held that Estrella's infractions were not major violations but only minor ones which did not merit the penalty of dismissal. Hence, the LA ordered PNOC-EDC to reinstate Estrella to his former or equivalent position without loss of seniority rights and privileges and to pay him his full backwages and other benefits from the date of his dismissal up to his reinstatement.

The NLRC Ruling

On appeal, the NLRC affirmed^[34] *in toto* the LA's decision, upholding its finding that the inconsistencies in Jacobe's statements rendered doubtful the charges against Estrella. It echoed the LA's opinion that Estrella's infractions were minor ones which did not merit the penalty of dismissal. Petitioners' motion for reconsideration was denied on March 30, 2007.^[35]

The CA Ruling

In its assailed Decision,^[36] the CA found no grave abuse of discretion on the part of the NLRC in sustaining the LA's decision. Nonetheless, the CA conceded that Estrella did indeed commit infractions but ruled that dismissal was an inappropriate penalty, considering his 21 long years of unblemished service with PNOC-EDC. Petitioners' motion for reconsideration therefrom was denied.^[37]

The Issue Before The Court

The sole issue in this case is whether the CA erred in affirming the labor tribunals' pronouncement that Estrella had been illegally dismissed.

The Court's Ruling

The petition lacks merit.

Fundamental is the rule that an employee can be dismissed from employment only for a valid cause. Serious misconduct is one of the just causes for termination under Article 282 of the Labor Code, which reads in part:

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;

x x x x

Thus, not every form of misconduct can be considered as a just cause for termination. The law explicitly qualifies that the misconduct must be both serious and made in connection with the employee's work. As clarified in *Cosmos Bottling Corp. v. Fermin*:^[38]

Misconduct involves "the transgression of some established and definite rule of action, forbidden act, a dereliction of duty, willful in character, and implies wrongful intent and not mere error in judgment." **For misconduct to be serious and therefore a valid ground for dismissal, it must be (1) of grave and aggravated character and not merely trivial or unimportant and (2) connected with the work of the employee.**^[39] (Emphasis and underscoring supplied)

In this relation, it is well to stress that the employer bears the burden of proving, through substantial evidence, that the aforesaid just cause – or any other valid cause for that matter – forms the basis of the employee's dismissal from work.^[40] Substantial evidence is the amount of relevant evidence as a reasonable mind might accept as adequate to support a conclusion, even if other minds, equally reasonable, might conceivably opine otherwise.^[41] As long as this evidentiary threshold is met, the dismissal of the employee should, as a general rule, be upheld.

Applying these principles to the case at bar, the Court finds that the CA committed no reversible error when it found no grave abuse of discretion on the part of both the LA and NLRC in ruling that Estrella was illegally dismissed from his employment.

Records disclose that PNOC-EDC dismissed Estrella on the ground of serious misconduct^[42] which was mainly hinged on Estrella's alteration and/or tampering of lessors' bids and extortion.

Petitioners impute that Estrella used his position and authority to exert undue pressure on Jacobo to give in to his personal demands, and in the process, tainted the integrity of PNOC-EDC's bidding process. This conclusion was largely based on