

FIRST DIVISION

[G.R. No. 188914, December 11, 2013]

**JOCELYN HERRERA-MANAOIS, PETITIONER, VS. ST.
SCHOLASTICA'S COLLEGE, RESPONDENT.**

D E C I S I O N

SERENO, C.J.:

The present case concerns the academic qualifications required in attaining the status of a permanent full-time faculty member in the tertiary level of a private educational institution. Petitioner Jocelyn Herrera-Manaois (Manaois) assails the judgments^[1] of the Court of Appeals (CA), which reversed the Resolution^[2] of the National Labor Relations Commission (NLRC) and ruled that respondent St. Scholastica's College (SSC) was not guilty of illegal dismissal. SSC did not extend to Manaois the position of permanent full-time faculty member with the rank of instructor because she failed to acquire a master's degree and because her specialization could no longer be maximized by the institution due to the changes in its curriculum and streamlining.

The Facts

SSC, situated in the City of Manila, is a private educational institution offering elementary, secondary, and tertiary education. Manaois graduated from SSC in October 1992 with a degree in Bachelor of Arts in English. In 1994, she returned to her alma mater as a part-time English teacher. After taking a leave of absence for one year, she was again rehired by SSC for the same position. Four years into the service, she was later on recommended by her Department Chairperson to become a full-time faculty member of the English Department.

Manaois thus applied for a position as full-time instructor for school year 2000-2001. She mentioned in her application letter^[3] that she had been taking the course Master of Arts in English Studies, Major in Creative Writing, at the University of the Philippines, Diliman (UP); that she was completing her master's thesis; and that her oral defense was scheduled for June 2000. In a reply letter^[4] dated 17 April 2000, the Dean of Arts and Sciences informed her of the SSC Administrative Council's approval of her application. She was then advised to maintain the good performance that she had shown for the past years and to submit the necessary papers pertaining to her master's degree. Accordingly, SSC hired her as a probationary full-time faculty member with the assigned rank of instructor for the school year 2000-2001.^[5] Her probationary employment continued for a total of three consecutive years. Throughout her service as a probationary full-time faculty member with no derogatory record, she was given above-satisfactory ratings by both the Department Chairperson and the Dean of Arts and Sciences.

Because of the forthcoming completion of her third year of probationary

employment, Manaois wrote the Dean of Arts and Sciences requesting an extension of her teaching load for the school year 2003-2004. She again mentioned in her letter that she was a candidate for a master's degree in English Studies; that the schedule of her oral defense may actually materialize anytime within the first academic semester of 2003; and that she intended to fully earn her degree that year. She also furnished the school with a Certification from UP, stating that she had already finished her coursework in her master's studies. Furthermore, she indicated that it was her long-term goal to apply for a return to full-time faculty status by then and for SSC to consider the aforesaid matters.^[6]

Manaois eventually received a letter from the Dean of College and Chairperson of the Promotions and Permanency Board officially informing her of the board's decision not to renew her contract. The letter provides as follows:^[7]

The Permanency Board reviewed your case and after a thorough deliberation, the members decided not to renew your contract for school year 2003-2004.

With due consideration to your services, the institution had granted your request for a three-year extension to finish your master's degree. However, you failed to comply with the terms which you yourself had requested. In addition, your specialization cannot be maximized at SSC due to the college's curriculum changes and streamlining.

It is with your best interest in mind and deep regret on our part that we have to let you go. A new environment may be able to provide you more avenues and opportunities where you can utilize your graduate studies in Creative Writing to the fullest.

Manaois sought clarification and reconsideration of the decision of SSC to terminate her services. SSC denied her request in a letter dated 11 July 2003. Consequently, she filed a complaint for illegal dismissal, payment of 13th month pay, damages, and attorney's fees against SSC.

SSC explained that upon consideration of the written application of Manaois, the Dean of Arts and Sciences wrote the following notation at the bottom of her letter of application – "APPROVED: on the basis that she finishes her MA."^[8] The college clarified that the application for full-time faculty status of Manaois was accepted with the specific qualification that she would submit the necessary papers pertaining to her master's degree. It stressed that permanency may only be extended to full-time faculty members if they had fulfilled the criteria provided in the SSC Faculty Manual. According to SSC, the Chair of the English Department did not endorse the application for permanency of Manaois, since the latter had not finished her master's degree within the three-year probationary period. SSC then refuted the supposed performance ratings of Manaois and instead pointed out that she had merely received an average rating from her students. Finally, it asserted that her specialization was the subject of writing and not English Literature, which was the subject area that they needed a faculty member for.

The Labor Arbiter Ruling

On 16 July 2004, the labor arbiter rendered a Decision^[9] finding the dismissal of petitioner to be illegal. In addressing the issues, he first noted the two reasons given by SSC for not renewing the contract of Manaois: (1) the failure of petitioner to finish her master's degree within the three-year probationary period; and (2) SSC's inability to maximize petitioner's specialization due to curriculum changes and streamlining.

With respect to the first reason, the labor arbiter reiterated that the alleged handwritten notation on Manaois's employment application showing that the approval thereof was premised on her completion of a master's degree had not been disclosed or made known to her at the start of her engagement. In fact, she was not given a copy of the approval until it was attached to the position paper of SSC. The labor arbiter agreed with Manaois that the only credible evidence that a precondition had been set for the acceptance of her employment application was SSC's letter expressly stating that she must (a) maintain a good performance and (b) submit the necessary papers pertaining to her master's degree. Regarding these preconditions, the labor arbiter noted that the allegation concerning the mere average performance rating of Manaois given by the students was neither made known to her nor duly substantiated with documentary proof. Even so, the labor arbiter articulated that at the very least, the performance of Manaois during her three-year probationary employment was satisfactory, as admitted by SSC itself, thereby satisfying the first condition mentioned in the letter. The labor arbiter then considered the Certification issued by UP as sufficient evidence of Manaois's compliance with the second condition set by SSC.

Next, the labor arbiter noted that under the SSC Faculty Manual, the minimum requirements for the rank of instructor, for which petitioner had been hired under the employment contract, was a bachelor's degree with at least 25% units of master's studies completed. He then found that the requirement for a master's degree actually pertained to the rank of assistant professor, a position that had not been applied for by Manaois. Thus, he ruled that failure to finish a master's degree could not be used either as a ground for dismissing petitioner or as basis for refusing to extend to her a permanent teaching status.

Anent respondent's argument citing the Manual of Regulations for Private Schools, the labor arbiter ruled that the provisions therein were inapplicable insofar as the employment status of petitioner was concerned. He explained that the manual merely referred to the requirements for tertiary schools to be accredited and not to the employment conditions of the academic personnel. Thus, he pronounced that Sections 44(c) and 45 of the manual, which required tertiary schools to hire teachers who were holders of master's degrees, could not be used as basis for dismissing Manaois.

The labor arbiter then focused on the second reason of SSC as a reflection of the true motive behind the dismissal of Manaois. According to the labor arbiter, the clear import of the statement "your specialization cannot be maximized at SSC due to the college's curriculum changes and streamlining" was that SSC had already decided to terminate her services, regardless of the completion of her master's degree. The labor arbiter consequently ruled that this reason was not a valid cause for dismissing a probationary employee, reiterating that probationers may only be terminated either (a) for a just cause, or (b) for failure to qualify as a regular employee in

accordance with reasonable standards made known at the time of engagement. Ultimately, the labor arbiter pronounced that Manaois had attained permanent status and that SSC's nonrenewal of her contract must be deemed as a dismissal without just cause.

The NLRC Ruling

On 27 July 2007, the National Labor Relations Commission (NLRC) issued a Resolution^[10] upholding the labor arbiter's Decision. The NLRC reiterated the labor arbiter's finding that the failure of petitioner to finish her master's degree within the three-year probationary period was not a valid ground for the termination of employment, as the condition was not made known to her at the time of engagement. Furthermore, it reasoned that an average rating was not one of the just causes for dismissal under the Labor Code. Consequently, it affirmed the Decision of the labor arbiter *in toto*.

The CA Ruling

On 27 February 2009, the CA issued the presently assailed Decision reversing the NLRC judgment on the ground of grave abuse of discretion and thus dismissing the complaint of Manaois. According to the appellate court, it was compelled to conduct its independent evaluation of the facts of the case, since the factual findings of the labor arbiter and the NLRC were contrary to the evidence on record.

First, the CA ruled that various pieces of evidence showed that Manaois had been, at the time of engagement, aware and knowledgeable that possession of a master's degree was a criterion for permanency as a full-time faculty member at SSC. As early as April 2000, which was the period during which Manaois applied to become a full-time faculty member, she had already sent a letter indicating that she was completing her master's degree, and that the oral defense of her thesis was scheduled for June 2000. According to the appellate court, this fact reasonably implied that she was fully aware of the necessity of a master's degree in order for her to attain permanent status at SSC. Furthermore, it noted that Manaois submitted, together with her application letter, a Certification from UP stating that she had already finished her course work for her master's degree. It then deduced that this submission was proof that she had endeavored to substantially comply with one of the requirements for permanency.

The CA then juxtaposed her letter with the reply of SSC's Dean of Arts and Sciences, who said that petitioner must submit the necessary papers pertaining to the latter's master's degree, as represented in her application letter. It treated this reply as indubitable proof of SSC's appraisal of the requirement to obtain a master's degree. Consequently, the appellate court reasoned that the disclosure of the notation on petitioner's application letter was already inconsequential, since one of the topics of the exchange of correspondences between the parties in April 2000 was the submission of petitioner's papers for her master's degree. This directive proffered no other interpretation than that the completion of a master's degree had been a precondition for the conferment of Manaois's permanent employment status.

The CA also noted that the employment contract of petitioner incorporated the conditions set in the SSC Faculty Manual. The manual explicitly stated that the criteria for permanency included the completion of a master's degree. According to

the CA, the labor arbiter gravely erred when he solely relied on the minimum requirements provided for the rank of instructor. It stressed that the criteria cited for the rank of instructor referred to the basis on which full-time and part-time faculty members were ranked, and not to the requirements to be fulfilled in order to become a permanent faculty member. Instead, the appellate court agreed with SSC that what happened in this case was merely the expiration of an employment contract and the nonrenewal thereof. It pointed out that, in spite of the requests of Manaois for the extension of her employment in order for her to finish her master's degree, she failed to do so. In fact, she informed SSC that there was still no fixed schedule for her oral defense.

Thus, in the light of the foregoing pieces of evidence, the CA ruled that the labor arbiter and the NLRC committed grave abuse of discretion in ruling that petitioner had not been made aware of the reasonable standards of employment at the time of her engagement. Based on her own acts, Manaois knew of the necessity of obtaining a master's degree in order to attain permanent employment status. SSC was thus well within its rights not to renew her employment contract for her failure to qualify as a permanent full-time faculty member. Consequently, her complaint was dismissed.

The Issue

Whether the completion of a master's degree is required in order for a tertiary level educator to earn the status of permanency in a private educational institution.

Our Ruling

Probationary employment refers to the trial stage or period during which the employer examines the competency and qualifications of job applicants, and determines whether they are qualified to be extended permanent employment status.^[11] Such an arrangement affords an employer the opportunity – before the full force of the guarantee of security of tenure comes into play – to fully scrutinize and observe the fitness and worth of probationers while on the job and to determine whether they would become proper and efficient employees.^[12] It also gives the probationers the chance to prove to the employer that they possess the necessary qualities and qualifications to meet reasonable standards for permanent employment.^[13] Article 281 of the Labor Code, as amended, provides as follows:

Art. 281. Probationary employment. Probationary employment shall not exceed six (6) months from the date the employee started working, unless it is covered by an apprenticeship agreement stipulating a longer period. **The services of an employee who has been engaged on a probationary basis may be terminated** for a just cause or **when he fails to qualify as a regular employee in accordance with reasonable standards made known by the employer to the employee at the time of his engagement.** An employee who is allowed to work after a probationary period shall be considered a regular employee. (Emphases supplied)

We agree with the CA in setting aside the NLRC Decision and in ruling that the requirement to obtain a master's degree was made known to Manaois. The contract