422 Phil. 723

SECOND DIVISION

[G.R. No. 145280, December 04, 2001]

ST. MICHAEL'S INSTITUTE, FR. NICANOR VICTORINO AND EUGENIA BLANCO, PETITIONERS, VS. CARMELITA A. SANTOS, FLORENCIO M. MAGCAMIT AND ALBERT M. ROSARDA, RESPONDENTS.

D E C I S I O N

DE LEON, JR., J.:

Before us is a petition for review on *certiorari* of the Decision[1] and Resolution[2] of the Court of Appeals dated March 20, 2000 and September 29, 2000, respectively, in CA-G.R. SP No. 53283 which modified the Decision[3] dated April 17, 1996 of the National Labor Relations Commission (NLRC) in NLRC Case No. NCR CA No. 007922-94 by ordering the payment of backwages in addition to the judgment of the NLRC directing the reinstatement of respondents Florencio M. Magcamit and Albert M. Rosarda to their former positions as teachers and the payment of separation benefits to respondent Carmelita A. Santos.

Petitioner St. Michael's Institute is an institute of learning located in Bacoor, Cavite with petitioner Fr. Nicanor Victorino as Director and petitioner Eugenia Blanco as the Principal and respondents Carmelita Santos, Florencio Magcamit and Albert Rosarda were regular classroom teachers. Respondent Santos began teaching at St. Michael's Institute in 1979 while respondents Magcamit and Rosarda joined its school faculty only in 1990. Their service with the school was abruptly interrupted when each of them was served a notice of termination of employment on September 20, 1993.[4]

The termination allegedly stemmed from an incident that occurred on August 10, 1993. On said date, a public rally was held at the town plaza of Bacoor, Cavite in the vicinity of petitioner school. The rally, organized and participated in by faculty members, parents and some students of petitioner school, was, among others, aimed at calling the attention of the school administration to certain grievances relative to substandard school facilities and the economic demands of teachers and other employees of St. Michael's Institute.

Petitioner Blanco, as school principal, sent each of the respondents identical memoranda dated August 11 and 12, 1993, requiring them to explain their acts of leading the aforementioned rally of students outside the school premises; preventing students from attending classes; and denouncing the school authority in their speeches.[5] Responding to the individual memorandum sent to them, respondents Magcamit and Rosarda, in separate letters dated August 13, 1993, denied all the accusations attributed to them, and explained that they were invited by the core group of parents and merely joined them in expressing their sentiments; that they did not denounce the school authority but, rather, the way it was being

misused and abused.[6] On the other hand, respondent Santos, in a letter dated August 16, 1993, justified her actions as having been done "on behalf of her co-teachers with the parents' blessings" to denounce "the administration's corrupt practices more so the school director".[7]

Expressing a need for investigation, petitioner school Principal Blanco created an investigation committee composed of Atty. Sabino Padilla, Jr., legal counsel of the school, PNP Maj. Hermenegildo Phee, CAT Commander, and Mrs. Zenaida Bonete, the School Registrar.[8] The Investigation Committee found that respondents had led and actively participated in the said rally, in which they denounced the Director of the Institute, petitioner Fr. Victorino, without justification, and consequently recommended their termination from service.[9] On September 20, 1993, each of the respondents were sent three (3) identical letters informing them of their termination from the service "for serious disrespect" to their superior, petitioner Fr. Victorino, and for "serious misconduct that resulted in the disruption of classes."[10]

Respondents Magcamit and Rosarda immediately filed on September 21, 1993 a complaint for illegal dismissal against the petitioners.[11] On October 12, 1993, a second complaint for illegal dismissal was filed by respondents Magcamit and Rosarda, this time with respondent Santos.[12] Both complaints were consolidated. On September 30, 1994, Labor Arbiter Leandro M. Jose rendered a joint decision to dismiss the complaints for lack of merit.[13] The Labor Arbiter found and declared that there was just cause for the dismissal of the respondents' complaints since they were guilty of dereliction of duty and insubordination for failing to exercise the very task that they are duty-bound to perform as teachers of petitioner school, that is, to conduct classes on August 10, 1993. In addition, the Labor Arbiter opined that the willful conduct of private respondents in disobeying the reasonable order of the school principal to conduct classes is a just cause for termination and falls within the ambit of Article 282 of the Labor Code. Besides, the Labor Arbiter stated that the airing of grievances could have been done in a more acceptable way, through the Parents-Teachers Association or any aggrupation of teachers, parents and students.

On appeal, the NLRC further found that during the early part of 1993, the high school faculty of St. Michael's Institute formed a labor union. Among the organizers of the union were respondents Magcamit, Santos and Rosarda, who were later elected as President, Director and PRO, respectively, of the labor union. Certain grievances were aired in a dialogue with the school administration headed by petitioner Fr. Victorino before the School Chancellor, Fr. Arigo. The dialogue proved futile. Sometime in March of 1993, petitioner school issued termination letters to the respondents and three (3) other faculty members.

Because of their termination, respondents filed a complaint for illegal dismissal before the NLRC. However, the case was settled amicably with the conditions that complainants therein would withdraw their case and that, in turn, the school authorities would create a grievance committee. Respondents promptly complied with the condition and withdrew their complaint for illegal dismissal. As to the creation of a grievance committee, the same had still not materialized as of August 10, 1993 when the public rally was conducted.

The NLRC concluded that there was no sufficient reason to uphold the validity of the

termination of the respondents' employment as the August 10, 1993 rally which was purposely held to call the school's attention to the grievances of its teachers and students, could hardly be considered as without justification. Thus, the NLRC reversed the ruling of the Labor Arbiter and held that the respondents had been illegally dismissed.

Petitioners then brought a petition for certiorari[14] before this Court. They contend that the NLRC committed grave abuse of discretion in (a) reversing and setting aside the appealed decision on causes of action different from that raised by the respondents before the Labor Arbiter, (b) reversing the finding of the Labor Arbiter that the acts of petitioners were illegal, and (c) ordering the reinstatement of respondents Magcamit and Rosarda and payment of separation pay to respondent Santos.

The Court referred the certiorari petition to the Court of Appeals in line with the doctrine laid down in the case of *St. Martin Funeral Homes v. NLRC*, promulgated on September 16, 1998, wherein the Court declared that "all appeals from the NLRC to the Supreme Court via a petition for certiorari under Rule 65 of the 1997 Rules of Civil Procedure should henceforth be initially filed in the Court of Appeals as the appropriate forum for relief desired in strict observance of the doctrine on the hierarchy of courts."[15]

Acting on the petition, the Court of Appeals sustained the decision of the NLRC but further awarded backwages to respondents. Petitioners sought reconsideration of the said decision but the same was denied in a Resolution[16] dated September 29, 2000. Nonetheless, the appellate court modified the award of backwages to respondent Santos in that the same shall only be up to December 11, 1998, the date when she would have compulsorily retired from the service upon reaching sixty-five (65) years of age.

Dissatisfied, petitioners interposed this petition for review anchored on the following assignment of errors:[17]

I. THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN NOT RULING THAT RESPONDENTS WERE GUILTY OF SERIOUS MISCONDUCT; WHICH MISCONDUCT WARRANTED THEIR DISMISSAL FROM THEIR EMPLOYMENT.

II. THE HONORABLE COURT OF APPEALS GRAVE (sic) ERRED IN IGNORING THE RULINGS OF THIS HONORABLE COURT ON THE RIGHT AND PREROGATIVE OF THE EMPLOYER TO DISMISS ERRING EMPLOYEES FOR VIOLATION OF WORKING RULES AND REGULATIONS.

III. THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED IN FAILING TO RULE THAT THE DISMISSAL OF RESPONDENTS WAS NOT DUE TO UNION ACTIVITY OR UNFAIR LABOR PRACTICE BUT WAS DUE RATHER TO THEIR DELIBERATE REFUSAL TO ATTEND TO THEIR CLASSES ON 10 AUGUST 1993 AND THEIR UTTERANCE OF FOUL AND OBSCENE REMARKS DIRECTED AT THE SCHOOL

DIRECTOR, FR. NICANOR VICTORINO.

IV. THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED WHEN IT ORDERED NOT ONLY THE REINSTATEMENT OF RESPONDENTS BUT ALSO PAYMENT TO THEM OF BACKWAGES; THIS, DESPITE THE FACT THAT THE NATIONAL LABOR RELATIONS COMMISSION DELIBERATELY REFUSED TO AWARD THEM BACKWAGES AND SAID RESPONDENTS UNDISPUTEDLY DID NOT APPEAL THE NLRC DECISION.

V. ASSUMING ARGUENDO THAT RESPONDENT CARMELITA SANTOS IS ENTITLED TO BACKWAGES, THE COMPUTATION OF HER BACKWAGES SHOULD BE UP TO 11 DECEMBER 1993, NOT UNTIL 11 DECEMBER 1998.

Petitioners take exception to the conclusion and ruling of the Court of Appeals that there was no just cause for the dismissal of the respondents. It is the petitioners' position that the appellate court failed to properly appreciate that the willful refusal of the respondents to perform the very task they were hired and required to do, that is to teach, was tantamount to serious misconduct which gave the petitioners the right to terminate the employment of the respondents. Furthermore, the dismissal of respondents for joining the public rally on August 10, 1993 was fully justified because not only were classes disrupted on that day but the public rally was accompanied by utterances of obscene, insulting or offensive words against their immediate superiors, more specifically petitioner Fr. Nicanor Victorino, Director of petitioner school.[18]

The petitioners' arguments fail to persuade us.

The employer's right to conduct the affairs of his business, according to its own discretion and judgment, is well-recognized. An employer has a free reign and enjoys wide latitude of discretion to regulate all aspects of employment, including the prerogative to instill discipline in its employees and to impose penalties, including dismissal, upon erring employees. This is a management prerogative, where the free will of management to conduct its own affairs to achieve its purpose takes form. The only criterion to guide the exercise of its management prerogative is that the policies, rules and regulations on work-related activities of the employees must always be fair and reasonable and the corresponding penalties, when prescribed, commensurate to the offense involved and to the degree of the infraction.[19]

In the instant case, the reason basically cited for the dismissal of respondents is serious misconduct or willful disobedience for dereliction of duty predicated on their absence for only one day of classes for attending a public rally and denouncing the school authority. The magnitude of the infraction must be weighed and equated with the penalty prescribed and must be commensurate thereto, in view of the gravity of the penalty of dismissal or termination from the service. What is at stake here is not simply the job itself of the employee but also his regular income therefrom which is the means of livelihood of his family.

We agree with the appellate court's conclusion that, under the attendant factual antecedents, the dismissal meted out on the respondents for dereliction of duty for