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THIRD DIVISION

[G.R. No. 117056, February 24, 1998]

ABD OVERSEAS MANPOWER CORPORATION, PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION, MARS INTERNATIONAL MANPOWER, INC. AND MOHMINA MACARAYA, RESPONDENTS.

D E C I S I O N

ROMERO, J.:

Can an accredited transferee recruitment agent of a foreign employer/recruitment office be held liable under POEA Rules and Regulations (POEA Rules) for the illegal dismissal of an overseas worker who filed the case prior to the transferee agent's accreditation?

In December 1989, respondent Mohmina Macaraya applied for employment as a dressmaker with respondent Mars International Manpower, Inc. (MARS). After paying MARS the amount of P12,000.00 as processing or recruitment fee, she signed a two-year employment contract whereby she would earn a monthly salary of US$250.00. Without her knowledge, however, MARS submitted to the POEA an overseas contract worker information sheet stating that she would be employed as a domestic helper for two years with a monthly salary of US$200.00.

On January 30, 1990, Macaraya was deployed to Riyadh, Saudi Arabia. Her employer took the only copy of her employment contract and never returned it to her. She was made to work as a domestic helper over her objections and in violation of the contract she signed in Manila. After working for three months and thirteen days, Macaraya was dismissed by her employer, paid merely 700.00 Saudi riyals, and repatriated to the Philippines on May 13, 1990.

Immediately upon her arrival in the Philippines, Macaraya filed with the POEA a complaint[1] for illegal dismissal and salary underpayment/ nonpayment against MARS, M.S. Al Babtain Recruitment Office and Times Surety and Insurance Co. Later, in her position paper, she included claims for overtime pay and attorney's fees. MARS filed an answer to the complaint on July 5, 1990, through its president and general manager, Adelaida Manabat.

After several hearings, with hopes of an amicable settlement getting more remote, the case was submitted for decision. On January 9, 1992, MARS filed a manifestation and motion praying that petitioner ABD Overseas Manpower Corporation be impleaded in the case, because the latter apparently became the accredited recruitment agency in this country of M.S. Al Babtain Recruitment Office on September 8, 1990. Thus, after being summoned, petitioner filed an answer alleging affirmative and special defenses, notably, that MARS had no cause of action against it. Petitioner also filed a cross-claim against MARS which the latter never answered.

On January 12, 1993, the POEA, ruling that Macaraya had been illegally dismissed as both her foreign employer and recruitment agency failed to prove that the dismissal was for a just and valid cause, rendered a decision,[2] the dispositive portion of which reads as follows:

> "WHEREFORE, judgment is hereby rendered in favor of the complainant Mohmina Macaraya and against respondents ABD Overseas Manpower Corporation and M.S. Al Babtain Recruitment Office, ordering the latter to pay, jointly and severally, to complainant the following amounts:

1. FOUR THOUSAND ONE HUNDRED THIRTEEN & 39/100 US DOLLARS (US$4,113.39) or its equivalent in Philippine Currency at the time of payment, representing the salaries corresponding to the unexpired portion of complainant's contract; and

2. SIX HUNDRED EIGHTY SIX & 71/100 US DOLLARS (US$686.71) less SEVEN HUNDRED SAUDI RIYALS (SR 700.00), or its equivalent in Philippine Currency, at the time of actual payment, representing the salary differentials.

> All other claims are dismissed for lack of merit.
>
> The Complaint and the Cross-claim against Mars International Manpower Inc. is (sic) likewise dismissed for lack of merit.
>
> SO ORDERED."

On the issue of whether or not petitioner should be liable with her foreign employer for the monetary awards, the POEA, relying on Section 6, Rule I, Book III, of the POEA Rules, declared that:

> "(The r)ecords undisputably show that the foreign principal and now co-respondent M.S. Al Babtain Recruitment Office of Saudi Arabia is presently accredited to ABD which is valid up to 06 August 1992. This fact was established by a Certification dated 07 November 1991 issued by the Accreditation Branch, this Administration.
>
> The Office is convinced that respondent ABD was not fully aware of the import and consequences of transfer of accreditation it entered into and between the other respondents, which transfer was duly registered with and approved by the Accreditation Branch. But ignorance of the same does not serve as a valid excuse in defeating its liability or obligation to the complainant.
>
> As a consequence, the transferee agency, ABD, now assumes full and complete responsibility to the contractual obligation of the principal, M.S. Al Babtain Recruitment Office(,) to herein complainant originally recruited and processed by the former agency, MARS."[3]

On appeal to the National Labor Relations Commission, petitioner prayed for the reversal of the POEA's decision and the invalidation of Section 6, Rule I, Book III of the POEA Rules, citing the rule against unjust enrichment. Thus, it alleged:

> "14.1 Macaraya was deployed January 30, 1990 by MARS; she stayed and worked in Riyadh only for three (3) months and 13 days and was repatriated on May 13, 1990. She filed the complaint against MARS on May 14, 1990. Hence, her cause of action ripened and/or accrued as of that early date as against MARS, her placement agency. Further, it is significant to state here that MARS filed its answer to the complaint on July 5, 1990 wherein it made admissions and averred its affirmative

> defenses by way of confession and avoidance of liability. How then could ABD be made to `assume full and complete responsibility to all contractual obligations' under the aforecited Rule when the accreditation of M.S. Al Babtain in its favor was made only on September 3, 1990 per POEA records, and was only `impleaded' in this case by motion of MARS on January 9, 1992?
>
> 14.2 When MARS filed its answer on July 5, 1990, long before ABD was made a party respondent, it caused a joinder of issues in the case. Under the well-settled principle of estoppel, it cannot (after filing such answer) now be heard to say one and a half years later (on January 9, 1992 when it impleaded ABD in the case) that ABD must `be summoned to answer for the claims of herein Complainant.' x x x. That late, and in filing its answer to the complaint, MARS is certainly estopped from shifting to ABD whatever liability it had under the contract it entered into with Macaraya, or for any violations thereof by its principal, or any POEA rules/regulations - - which all accrued/occurred when accreditation was NOT yet transferred to ABD. Ignoring these facts/ circumstances constitute a clear case of grave abuse of discretion on the part of the Hon. Administrator."[4] (Underscoring supplied)

By resolution dated March 21, 1994,[5] the NLRC dismissed the appeal. Petitioner's motion for reconsideration met the same fate on August 10, 1994.[6] Hence, this petition for certiorari.

Petitioner alleges that in the assailed resolution of March 21, 1994, the NLRC merely quoted the findings of the POEA Administrator and concluded that it should "assume full and complete responsibility to the contractual obligation" of the foreign principal to Macaraya. Petitioner questions the failure of the NLRC to make "categorical rulings on the issues" it had raised in its memorandum on appeal and, therefore, the NLRC should be charged with "evasion of positive duty or a virtual refusal to perform the duty enjoined" by law. MARS had allegedly already answered the complaint when petitioner became the transferee recruitment agency. Petitioner was impleaded in the case one-and-a-half years after the filing of MARS' answer to the complaint. Hence, the failure of MARS to prove the legality of Macaraya's dismissal from employment should not mean that the same burden should fall upon petitioner who was not even privy to Macaraya's employment contract. If it were to be held liable for the monetary awards in favor of Macaraya, then it would result in undue enrichment on the part of MARS. It must be noted that none of these allegations was mentioned in the March 21, 1994, resolution.

Thus, after stating the facts that are clearly culled from the POEA decision, the questioned resolution of March 21, 1994, quotes the discussion of the POEA on the liabilities for monetary awards of petitioner and its foreign principal. Consequently, in the nine-page resolution, the NLRC merely contributed two pages, including its conclusions, *viz*.:

> "After a careful perusal of the records of the case, We agree with the POEA Administrator findings and conclusion th(a)t the transferee agency, ABD must assume full and complete responsibility to the contractual obligation of the principal, M.S. Al Babtain Recruitment Office to the complainant who was recruited by MARS.
>
> Section 6, Rule I, Book III of the POEA Rules and Regulation provides:[7] x x x

> It is clear from the aforementioned provision of the POEA Rules and Regulation that the transferee agency shall assume full and complete responsibility to all contractual obligations of the principals to its workers originally recruited and processed by its former agency.
>
> In the case at bar, respondent ABD Overseas Manpower Corporation(,) being the transferee agency(,) must assume (the) full liability of the principal, M.S. Al Babtain(,) to the complainant originally recruited and process(ed) by its former agency(,) Mars International Manpower Inc.
>
> We find no grave abuse of discretion on the part of the POEA Administrator.
>
> WHEREFORE, in view of the foregoing considerations, the Motion for Reconsideration[8] is dismissed for lack of merit.
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> SO ORDERED."

Section 13, Rule VII of the New Rules of Procedure of the NLRC provides as follows:

> "SEC. 13. *Form of Decision/Resolution/Order*. – The Decision/ Resolution shall state clearly and distinctly the findings of facts, issues and conclusions of law on which it is based and the relief granted, if any. If the decision or resolution involves monetary awards, the same shall contain the specific amount awarded as of the date the decision is rendered."

This provision of the Rules is obviously in consonance with Section 14, Article VIII of the Constitution providing that "(n)o decision shall be rendered by any court without expressing therein clearly and distinctly the facts and the law on which it is based." Interpreting this constitutional provision, in Nicos Industrial Corporation v. Court of Appeals,[9] the Court said:

> "It is a requirement of due process that the parties to a litigation be informed of how it was decided, with an explanation of the factual and legal reasons that led to the conclusions of the court. The court cannot simply say that judgment is rendered in favor of X and against Y and just leave it at that without any justification whatsoever for its action. The losing party is entitled to know why he lost, so he may appeal to a higher court, if permitted, should he believe that the decision should be reversed. A decision that does not clearly and distinctly state the facts and the law on which it is based leaves the parties in the dark as to how it was reached and is especially prejudicial to the losing party, who is unable to pinpoint the possible errors of the court for review by a higher tribunal."

In this case, the NLRC left petitioner "in the dark" by its failure to discuss why the facts it pointed out in its memorandum on appeal would not affect the unqualified application of Section 6, Rule I, Book III of the POEA Rules. It is possible that the NLRC fully believed that said rule should be applied literally. This should not, however, have given premium to brevity in its resolution[10] to the point that the very underpinnings for a party's appeal to it would be completely disregarded and left unresolved. As this Court declared, "(b)revity is doubtless an admirable trait, but it should not and cannot be substituted for substance."[11] The need for a clear dissertation on the issues raised on appeal was underscored in Francisco v. Permskul.[12] In said case, although the Court upheld the validity of Section 40 of *Batas Pambansa Blg*. 120, allowing the rendition of memorandum decisions, especially in appealed cases, it nevertheless stated that: