

**\*\*Title:\*\*** Eugenia C. Credo vs. National Service Corporation (NASECO) and National Labor Relations Commission (NLRC): A Case of Wrongful Termination and Procedural Misconduct

**\*\*Facts:\*\***

Eugenia C. Credo, employed by National Service Corporation (NASECO) since 18 July 1975, climbed ranks from a lady guard to Chief of Property and Records by 10 March 1980. The company, offering security and other manpower services to the Philippine National Bank and its agencies, found itself in a legal battle with Credo following a series of administrative charges leading to her termination.

The controversy arose when Sisinio S. Lloren, Manager of Finance at NASECO, charged Credo for not adhering to a memorandum dated 11 October 1983. Credo allegedly showed disrespect when called upon by Lloren, which led to her being placed on "Forced Leave" on 7 November 1983 for 15 days. Before this leave expired, Credo filed a complaint for illegal dismissal against NASECO on the grounds of absence of just or authorized cause for her dismissal and lack of opportunity to be heard, marking the beginning of Case No. 11-4944-83.

During a deliberation while Credo was on forced leave, NASECO's Committee on Personnel Affairs deemed Credo guilty of several infractions, recommending her termination with forfeiture of benefits. Credo was formally terminated on 1 December 1983.

Credo's termination was contested, leading to a legal saga. After reaching the National Labor Relations Commission (NLRC), a decision was made in favor of Credo's reinstatement with six months' backwages, a ruling which both parties contested in higher appeal.

**\*\*Issues:\*\***

1. Whether NASECO violated due process in terminating Credo's employment.
2. Whether Credo's actions warranted the severe penalty of dismissal.
3. The appropriate remedies for wrongful dismissal, including backwages, moral damages, and attorney's fees.
4. The jurisdiction of the NLRC over NASECO, a government-owned corporation.

**\*\*Court's Decision:\*\***

The Supreme Court determined that NASECO indeed violated procedural due process in terminating Credo's services. The Court noted that the two-notice requirement for lawful

termination was not properly observed, rendering the process flawed and Credo's dismissal wrongful.

The allegations against Credo were not deemed sufficient to warrant dismissal. The Court recognized the possibility of condonation of past misconducts by NASECO, and considered the specific instance leading to her termination as insufficient for such a punishment.

Consequently, the Supreme Court affirmed the NLRC decision with modifications, ordering Credo's reinstatement with three years' backwages and awards for moral damages and attorney's fees. Where reinstatement was not viable, payment of separation benefits was mandated.

**\*\*Doctrine:\*\***

The decision reiterates the necessity of strict adherence to the procedural requirements for terminating employment, emphasizing the two-notice rule to ensure fairness and due process. Furthermore, it discusses the non-retroactive application of legal interpretations concerning employment in government-owned corporations.

**\*\*Class Notes:\*\***

- Two-Notice Rule: Employers must provide two written notices before terminating employment - one to apprise the employee of the cause, and another to announce the decision.
- Condonation: Past misconduct not penalized can be considered as condoned by the employer.
- Due Process in Employment: Employers must provide an opportunity for the employee to respond to allegations before termination.
- NLRC Jurisdiction: The decision touches on the jurisdiction of labor laws over government-owned corporations, distinguishing those with original charters from subsidiaries created under general corporation law.

**\*\*Historical Background:\*\***

The case reflects the transitional period in Philippine legal history amidst changing interpretations of law concerning the jurisdiction over employment disputes in government-owned corporations. It showcases the evolution from broad applicability of the Civil Service coverage to a more nuanced understanding post-1987 Constitution, emphasizing the

specificity of “original charters” for inclusion under civil service and labor law jurisdiction.