

FAMILY PLANNING ORGANIZATION OF THE PHILIPPINES, INC., PETITIONER, VS. THE NATIONAL LABOR RELATIONS COMMISSION AND HOMER AGNOTE, RESPONDENTS.

G.R. No. 75907. March 23, 1992

Ponente: MEDIALDEA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-75907/>

MEDIALDEA, J.:

This petition for certiorari seeks to annul and set aside the resolution issued by the respondent National Labor Relations Commission promulgated on August 5, 1986 dismissing the appeal of petitioner for lack of merit and affirming in toto the decision of the Executive Labor Arbiter dated January 31, 1983 finding petitioner Family Planning Organization of the Philippines, Incorporated guilty of illegal dismissal and ordering the reinstatement of private respondent Homer B. Agnote to his former or equivalent position without loss of seniority rights and other privileges, with full backwages, allowances and 13th month pay, in the total sum of P34,269.00.

The antecedent facts are as follows:

Petitioner Family Planning Organization of the Philippines, Incorporated (organization) is a domestic corporation duly organized and existing under Philippine laws. Respondent National Labor Relations Commission (Commission) is a government instrumentality created by law, impleaded in its official capacity, while private respondent Homer B. Agnote is the head of the Program Services Section of petitioner organization.

Private respondent Homer Agnote was first employed by the petitioner organization as Program Officer on March 1, 1977. In April, 1979, private respondent was promoted as Planning Officer III. His recent appointment effective January, 1981 was that of Section Head of the Program Services Section.

On April 5, 1981, private respondent used the vehicle of petitioner organization for personal purposes without authorization from Tomasa Garcia, Division Director of Finance and Administration. For this reason, private respondent was issued a letter by the same director requiring him to explain why no disciplinary action should be taken against him.

However, petitioner organization opted not to implement any action against private respondent and instead issued a memorandum reminding private respondent as well as security guards Wilfredo Figuracion and Freddie Gregorio of the procedure for the release of petitioner's vehicles.

On April 25, 1981, private respondent voluntarily reported for work to finalize several documents. In the evening of the same day, the same company vehicle was again brought out of the company premises without authorization and met an accident along España Blvd. as it smashed and sideswiped three (3) other vehicles and a Meralco post in succession with private respondent and the two security guards, Gregorio and Figuracion as passengers.

On June 4, 1981, private respondent received a letter from petitioner suspending him effective June 5, 1981 and subsequently dismissing him for cause effective July 4, 1981.

On June 8, 1981, private respondent filed a complaint against petitioner with the Ministry of Labor and Employment (now Department of Labor and Employment) for illegal dismissal, illegal suspension and non--payment of per diems and other benefits.

On June 11, 1981, petitioner filed with the MOLE (now DOLE) a clearance application to terminate private respondent effective July 4, 1981.

The Executive Labor Arbiter Virginia G. Son rendered a decision on January 31, 1983 finding petitioner organization guilty of illegal dismissal and ordering the reinstatement of private respondent to his former or equivalent position without loss of seniority rights and other privileges, with full backwages, per diems and allowances and 13th month pay amounting to P34,269.00.

Labor Arbiter Son found as follows:

"After a careful and judicious examination of the records and the evidence adduced by the parties, both oral and documentary, We find and so (hold) that respondent Family Planning Organization of the Philippines, thru its responsible officials, guilty of having illegally dismissed from the service complainant Homer B. Agnote based on its alleged conclusion that said complainant was responsible for the unauthorized release and use of respondent's vehicle resulting in a vehicular accident which caused damage to its property. The unauthorized release and use of the vehicle, which was a Datsun car bearing Plate No. IR-458, was, according to respondent, a violation of its rules and regulations. We agree with respondent on this point, that the unauthorized release and use of any of its vehicle without the (express) permission of the official concerned is a violation of its rules and regulations. In this case, however, the unauthorized release and use of respondent's vehicle on the evening of April 25, 1981 which was damaged as a result of a vehicular accident cannot be attributed to complainant Agnote. x x x.

"We have carefully scanned the records and we cannot find any valid and justifiable reason why respondent gave more weight to the alleged statements of the two security guards instead of giving due consideration to the warranted explanations submitted by complainant. x x x.

"As could be gleaned from the records of the proce(e)dings, on April 25, 1981 there was a drinking spree going on in the office downstairs of respondent and the prominent participants were the two security guards. Complainant was not one of them as he was in his office upstairs working. The glaring fact as borne out by the evidence adduced, directly points to the two security guards as the persons who violated the rules and regulations when they, without authority, used respondent's car in following complainant and his companions to the restaurant that evening of April 25, 1981. The facts are clear and the evidence (is) strong in that when complainant Agnote left the premises of respondent that evening of April 25, 1981 for din(n)er he was in the company of Manalang and Capacete and the (car) used was that of Capacete. This uncontroverted fact finds further support in the statement of Danilo Manalang and Sonny Inocencio, the latter being the nephew of one of the security guards involved, Freddie Gregorio, in that complainant was not a party to the drinking spree and the car used in going to the restaurant was the one brought by Capacete. Manalang, who admitted in his statement to be a participant in the drinking spree and who later left the two security guards to join complainant in riding in the car of Capacete, likewise stated that on their way (to) the restaurant, he saw the Datsun car of respondent. He went with Capacete while complainant Agnote joined the two security guards in the car of respondent. Although their statements were not duly verified, the same were nevertheless not denied by respondent. Respondent in fact could have availed of the (supportive) testimony of either Manalang or Inocencio since its witness, Director Ga(r)cia, in her affidavit and testimony given during the trial stated that in the alleged investigation conducted(,) inquiries were made from other persons and some of its employees who had knowledge of the incident (Folio 180-183, Records, and tsn, p. 45, May 31, 1982, hearing). More importantly, it should have presented the two security guards the authenticity and probity of whose statements have yet to be tested. But respondent, sensing the futility of its stand, did not at all bother to present any further

evidence and merely agreed to have the case submitted for resolution, with the reservation to submit a formal offer of evidence which was not done at all (June 16, 1982 Constancia). This prompted complainant to have the case submitted for resolution (Constancia, August 10, 1982).

"We do not have to dig deeper to the reasons why the two security guards cast all the blame on the complainant for that would free theme and their employer for that matter from any responsibility and/or liability that had arisen out of the unauthorized release and use of respondent's vehicle on April 25, 1981 which was damage(d) as a result of a vehicular accident. This is not to mention about the guard's patent violation of their bounden duty by drinking during working hours and wors(e) abandon(ing) their posts while on tour of duty.

"From the foregoing, it is clear that respondent acted without any valid and legal justification in dismissing from the service complainant Agnote. It likewise violated the clearance requirements when it suspended complainant on June 5, 1981 and filed its clearance application after six (6) days, or on June 11, 1981. As a consequence of its illegal act, complainant is entitled to reinstatement with payment of full backwages from the time of his illegal dismissal on June 5, 1981 up to August 10, 1982 x x x." (Rollo, pp. 20-23)

Hence, the petitioner interposed an appeal to the respondent Commission.

After finding that there existed no sufficient justification to disturb the appealed decision, the respondent Commission rendered a resolution on August 5, 1986, dismissing the appeal for lack of merit.

Hence, this present petition.

Petitioner emphasizes that the findings and conclusions of the respondent Commission are not supported by evidence but are actually against the evidence on record. It notes that private respondent was dismissed for cause and that such dismissal was legal and valid.

On the contrary, respondent Commission argues that the findings of the Labor Arbiter as affirmed are fully supported by the evidence on record. Furthermore, respondent Commission stresses that the errors invoked by petitioner are purely questions of facts which are not tainted with arbitrariness that would amount to abuse of discretion or lack of jurisdiction.

In addition, petitioner alleges that it complied with all the legal requirements and filed the necessary clearance with the MOLE (now DOLE) for the termination of services of private respondent.

However, the respondent Commission maintains that petitioner failed to comply with the clearance requirement. It argued that the records show there was a clear intention on the part of the petitioner to terminate private respondent with or without the necessary clearance.

The bone of contention therefore, is the legality of the dismissal of private respondent Agnote for willful disobedience, specifically for the unauthorized use of the petitioner's vehicle.

After a careful review of the records of this case, the Court finds the petition meritorious and holds that the respondent Commission gravely abused its discretion when it dismissed for lack of merit the appeal and affirmed in toto the decision of the labor arbiter.

Well-settled is the rule that the factual findings of administrative bodies are entitled to great weight and these findings are accorded not only respect but even finality when supported by substantial evidence (*Asian Construction and Development Corporation v. National Labor Relations Commission*, G.R. No. 85866, July 24, 1990, 187 SCRA 784, 787). Stated differently, the truth or the falsehood of alleged facts is not for this Court now to re-examine. The probative value of the evidence presented by the litigants or any of them may no longer be inquired into. However, when the inference made or the conclusion arrived at on the basis of a certain state of

facts is manifestly mistaken, this Court definitely should step in and exercise its power of review.

It is the employer's prerogative to prescribe reasonable rules and regulations necessary or proper for the conduct of its business or concern, to provide certain disciplinary measures to implement said rules and to assure that the same be complied with. At the same time, it is one of the fundamental duties of the employee to yield obedience to all reasonable rules, orders, and instructions of the employer, and willful or intentional disobedience thereof, as a general rule, justifies rescission of the contract of service and the peremptory dismissal of the employee.

In order that the willful disobedience by the employee may constitute a just cause for terminating his employment, the orders, regulations, or instructions of the employer must be:

- (1) reasonable and lawful;
- (2) sufficiently known to the employee; and
- (3) in connection with the duties which the employee has been engaged to discharge (see Department of Labor Manual, Sec. 4343.01 (2) and *Gold City Integrated Ports Services, Inc., v. NLRC*, G.R. No. 86000, September 21, 1990, 189 SCRA 811, 816-817).

A rule prohibiting employees from using company vehicles for private purpose without authority from management is, from our viewpoint, a reasonable one (*Soco v. Mercantile Corporation of Davao*, G.R. Nos. L--53364-65, March 16, 1987, 148 SCRA 526, 532). The employees must yield obedience to this rule because this is proper and necessary for the conduct of the petitioner's business or concern.

From the evidence presented, private respondent initially used the company vehicle without authorization in pursuing his own personal interests. It is noteworthy that the petitioner did not impose any sanction after hearing the admission and explanation of private respondent, but it reminded private respondent as well as the two security guards of the procedure for the release of its vehicles.

Unrebutted evidence on record shows that the unauthorized use of petitioner's vehicle on April 25, 1981 can be attributed not only to the security guards but to private respondent as well. The private respondent admitted that he rode the said vehicle driven by one of the security guards coming from the restaurant but only after admonishing the said security guards of their violation of the company rule. Hence, he was undoubtedly aware of the possible consequences of his act notwithstanding the petitioner's previous warning and reminder regarding the use of the company vehicle. Taking into consideration his position in the organization vis-a-vis the security guards over whom he easily exercised moral ascendancy, it was incumbent upon him not only to admonish them but also to refrain from using the company car himself.

It is true that not every case of willful disobedience by an employee of a lawful order of the employer can be reasonably penalized with dismissal. There must be reasonable proportionality between the willful disobedience by the employee and the penalty imposed therefor (see *Gold City Integrated Port Services, Inc. v. NLRC*, *Supra*, pp. 817-818). In the case at bar, private respondent merely rode on the said vehicle, but such act is tantamount to unauthorized use. Said insubordination can no longer be condoned. We find no reason for petitioner organization to extend the same leniency as it did in the first infraction of private respondent considering that this is the second time private respondent violated the company rule despite previous warning and reminder. Worse, he allowed the use of the vehicle for personal purposes while he and his companions were under the influence of liquor. Worst still, there was a resultant substantial harm on the part of petitioner organization due to private respondent's misconduct. Thus, termination of employment is proper in the case at bar.

On the matter of the clearance requirement of the law, Article 278 Section (b) of the Labor Code, then in force, states:

"Article 278. x x x.

"x x x.

"(b) With or without a collective agreement, no employer may shut down his establishment or dismiss or terminate the employment of employees with at least one year of service during the last two years, whether such service is continuous or broken, without prior written authority issued in accordance with such rules and regulations as the Secretary may promulgate.

"x x x.

Moreover, Rule XIV Section 2 of the Rules Implementing the Labor Code which was still in force at that time, likewise provides:

"Sec. 2. Shutdown or dismissal without clearance. - Any shutdown or dismissal without prior clearance shall be conclusively presumed to be termination of employment without a just cause. The Regional Director shall, in such case, order the immediate reinstatement of the employee and the payment of his wages from the time of the shutdown or dismissal until the time of reinstatement." (Needle Queen Corporation v. Nicolas, G.R. Nos. 60741-43, December 22, 1989, 180 SCRA 568, 572-573)

The prior clearance rule was not a "trivial technicality." (Cebu Royal Plant (San Miguel Corporation) v. Deputy Minister of Labor, G.R. 58639, August 12, 1987). This requirement is part of due process which must not be denied the employee (National Labor Union v. NLRC. G.G. 61500, August 21, 1987, 153 SCRA 228). (ibid. p. 573) It was designed to insure that the employer's prerogative to dismiss or lay-off an employee is exercised without abuse of discretion or arbitrariness (Piedad v. Lanao del Norte Electric Cooperative, Inc., G.R. No. L-73735, August 31, 1987, 153 SCRA 500, 511).

It is worth noting that the petitioner's application for clearance to terminate the employment of the private respondent was filed with the MOLE (now DOLE) on June 11, 1981 specifically stating that the application was for private respondent's termination effective July 4, 1981. Hence, the said clearance was obtained prior to the operative act of termination and therefore, the complaint for illegal dismissal citing lack of prior clearance as a ground filed by private respondent is without basis.

The private respondent having been legally dismissed is therefore not entitled to reinstatement with payment of backwages amounting to P27,720.00 as held by the labor arbiter (see Rollo, p. 23). However, he is entitled to the other monetary awards namely, the unpaid per diems and allowances in the sum of P5,499.00 and the accrued vacation or service incentive leave and the 13th month pay from January to June, 1981 in the sum of P1,050.00, or the total sum of P6,549.00 for failure of petitioner to contest the aforesaid awards.

All premises considered, the Court is convinced that the assailed resolution of the respondent Commission is tainted with arbitrariness that amounted to grave abuse of discretion. Respondent Commission's failure or refusal to regard private respondent's act of riding the company car as tantamount to using the same and constitutive of a flagrant violation of an established company rule led it to the erroneous conclusion that private respondent was illegally dismissed.

ACCORDINGLY, the petition is partially GRANTED. The decision of the labor arbiter and the resolution of the National Labor Relations Commission are hereby MODIFIED as follows:

- (a) the complaint for illegal dismissal and illegal suspension is dismissed;
- (b) the order for reinstatement with payment of full backwages is set aside; and
- (c) the other monetary awards are affirmed.

SO ORDERED.

Narvasa, C.J., (Chairman), Cruz, and Grino-Aquino, JJ., concur.
Bellosillo, J., on leave.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.