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SECOND DIVISION

[G.R. No. 215314, March 14, 2018]

CENTRAL AZUCARERA DE BAIS AND ANTONIO STEVEN L. CHAN, PETITIONERS, VS. HEIRS OF ZUELO APOSTOL, RESPONDENTS.

D E C I S I O N

REYES, JR., J:

Time and again, the Court has put emphasis on the right of an employer to exercise its management prerogative in dealing with its company Is affairs, including the right to dismiss erring employees. It is a general principle of labor law to discourage interference with an employer's judgment in the conduct of his business. Even as the law is solicitous of the welfare of the employees, it also recognizes employers exercise of management prerogatives. As long as the company's exercise of judgment is in good faith to advance its interest and not for the purpose of defeating or circumventing the rights of employees under the laws or valid agreements, such exercise will be upheld.[1]

The Case

Challenged before the Court *via* this Petition for Review on *Certiorari* under Rule 45 of the Rules of Court is the Decision[2] of the Court of Appeals (CA) in CA G.R. SP No. 06906, promulgated on May 22, 2013, which affirmed the Decision[3] and Resolution[4] of the National Labor Relations Commission (NLRC) in NLRC Case No. V-000451-2002, dated October 28, 2011 and February 27, 2012, respectively. Likewise challenged is the subsequent Resolution[5] of the CA promulgated on October 29, 2014, which upheld the earlier decision.

The Antecedent Facts

The respondent Zuelo Apostol, now deceased and represented herein by his heirs, commenced his 20 years of employment with petitioner Central Azucarera de Bais (CAB) on March 1, 1982 when he was hired as the latter's Motor Pool Over-All Repairs Supervisor.[6] According to the petitioners, the respondent, as a supervisor, was in charge of repairing company vehicles, which necessarily included the responsibilities of (a) assigning the personnel and equipment for each and every repair job, and (b) taking custody of all repair equipment and materials owned by CAB.[7] Likewise, as a supervisor, one of the pre-requisites accorded to the respondent was the enjoyment of a company house where the respondent could live so long as he remains as a CAB employee.

On February 2, 2002, the parties' harmonious working relationship was disturbed when, during the inspection of Tomasito A. Rosel (Rosel), one of CAB's security guards, it was discovered that the respondent "was using his company house, as

well as other company equipment to repair privately owned vehicles."[8] As reported by Rosel, he saw:

> That the right side of the house was brightly lighted (sic) and the light came from an electrical line (trouble light with a 100W bulb) extension coming from the house. The lighting connection was hanging some distance from the house to the left side of the LANCER car, color white, which was parked after a pick-up vehicle, color black. The LANCER CAR was undergoing repairs on its left side. That Mr. Francisco Sabanal whom 1 personally know to be one of the regular workers of C.A.B. MOTOR POOL DEPARTMENT, hired as automotive mechanic, was the one actually doing the repair work on the LANCER CAR mentioned above. During the twenty minutes that I stayed in the premises of the house assigned to Mr. Apostol, I saw Mr. Sabanal cutting with scissors metal sheets from the sheets that were there at the place, to repair the LANCER CAR. He had with him on site, flattening tools and there was also an oxygen-acetylene outfit, which he also used.[9]

This then triggered the CAB management, through its resident manager, Roberty Y. Dela Rosa, to issue a memorandum addressed to the respondent for violating Rule 9 of CAB's Rules of Discipline, *viz*:

> You will submit to this Office within 24 hours from receipt hereof your explanation in writing (to be placed on the space indicated at the bottom of the enclosed duplicate hereof) why you should not be subjected to our Rules of Discipline for the following acts:
>
> For violating Rule 9 of the Rules of Discipline — for Utilizing material or equipment of the Company, including power for doing private work without permission. Inspection by Security has disclosed that you were having repairs done in CAB housing unit area assigned to you in Paper Village one car and one pick-up for body repairs using oxygen and acetylene tanks with cutting accessories as well as steel plates for the repairs, all of which are assumed to be company property there being no clearance or permit obtained form the Company to bring in personal equipment to undertake repairs in CAB village.
>
> Bais Central, February 4, 2002
>
> Note: While giving you a chance to explain your side, within 24 hours from receipt hereof, you are put on preventive suspension effective immediately.
>
> (Sgd.)
> ROBERTO Y. DELA ROSA
> Resident Manager[10]

In response, the respondent submitted a handwritten explanation in the local dialect, which when translated reads:

> *Dear Nonoy Steven,*
>
> *First of all, I am asking for a thousand apologies because I undertook the*

repair of my personal vehicle without securing your permission.

Noy, I did not use electric welding, compressor and grinder. What I used was a trouble light and my personal acetylene and oxygen.

Noy, I am reiterating my asking for apology and excuse from you and I am really sorry that I have violated your rules.

Sincerely yours,
Sgd. Zuelo Apostol[11]

On February 9, 2002, the respondent received a copy of the termination letter dated February 8, 2002, which was signed by CAB's president, herein petitioner Antonio Steven L. Tan.

Thereafter, the respondent vacated the company house assigned to him, and on February 12, 2002, filed a Complaint before the Sub-Regional Arbitration Branch No. VII of Dumaguete City against the petitioners for constructive dismissal, illegal suspension, unfair labor practice, underpayment of overtime pay, premium pay for holiday, separation pay, holiday pay, service incentive leave, vacation/sick leave, recovery of actual, moral, and exemplary damages, and attorney's fees.

The Ruling of the Labor Arbiter

On May 30, 2002, the Labor Arbiter dismissed the respondent's submissions on the following ratiocinations: (1) the allegations of unfair labor practice was not discussed in the respondent's position paper, let alone substantiated; (2) CAB was well within its rights to impose preventive suspension upon the respondent; (3) on the substantive aspect, CAB has reasonably shown that the complainant violated company rules for utilizing company-owned materials and equipment; and (4) on the procedural aspect, CAB complied with the twin requirements of notice.[12] Thus, the *fallo* of the decision states:

WHEREFORE, the complaint dated February 12, 2002 is dismissed for lack of merit.

SO ORDERED.[13]

The Ruling of the National Labor Relations Commission

Aggrieved, the respondent appealed the Labor Arbiter decision to the NLRC, which, after proper consideration, reversed the same. The NLRC ruled that: (1) the respondent should have been given the opportunity to be heard and to defend himself through a hearing;[14] (2) the respondent did not commit serious misconduct because his "contrite and remorseful explanation belies any willfulness and wrongful intent to violate the rules;"[15] and (3) while the respondent did indeed violate the company rules, the ultimate penalty of dismissal should not have been meted out to him.[16]

The dispositive portion of the NLRC decision reads:

WHEREFORE, PREMISES CONSIDERED, the decision of the Labor Arbiter is, hereby, **SET ASIDE** and **VACATED** and a new one entered finding [herein respondent] to have been illegally dismissed. [Herein petitioner] Central Azucarera de Bais is, hereby, ordered to pay complainant the following:

Backwages	P323,784.95
Separation Pay	P230,345.00
TOTAL	**P554,129.00**

SO ORDERED.[17]

The Ruling of the Court of Appeals

From the NLRC's reversal of the Labor Arbiter's decision, the petitioners elevated the case to the CA, which later on denied the petition and affirmed the NLRC decision. The CA averred that, while CAB was compliant with the twin notice requirement, the respondent's violation "cannot be considered as so grave as to be characterized either as serious misconduct or could lead to a loss of trust and confidence."[18] Thus, the CA concluded:

WHEREFORE, in view of the foregoing premises, the Petition for Certiorari is **DENIED**. The NLRC's Decision dated October 28. 2011 and its Resolution dated February 27, 2012, respectively, are hereby **AFFIRMED**. Costs on petitioners.

SO ORDERED.[19]

The Issues

After the CA's denial of the petitioners' motion for reconsideration, the latter now comes before the Court seeking the reversal of the assailed CA decision and resolution on the following grounds:

I. CONTRARY TO LAW AND JURISPRUDENCE, THE [CA] SERIOUSLY ERRED IN FINDING CAB GUILTY OF ILLEGAL DISMISSAL BECAUSE SUBSTANTIVE AND PROCEDURAL DUE PROCESS REQUIREMENTS WERE DULY COMPLIED WHEN MR. APOSTOL WAS TERMINATED.

II. CONTRARY TO LAW AND JURISPRUDENCE, THE [CA] USURPED PETITIONERS' MANAGEMENT PREROGATIVE TO DETERMINE THE PENALTY COMMENSURATE TO THE OFFENSE COMMITTED, WHICH HAD BEEN THE SUBJECT OF PRIOR NOTICE TO MR. APOSTOL, WHO KNEW THE CONSEQUENCES OF HIS VIOLATION.

III. SINCE MR. APOSTOL WAS DISMISSED FOR JUST CAUSE AND IN COMPLIANCE WITH THE REQUIREMENTS OF PROCEDURAL DUE PROCESS HE IS NOT ENTITLED TO BACKWAGES AND SEPARATION PAY. IN ANY CASE, JURISPRUDENCE PROVIDES THAT IN A WRONGFUL TERMINATION, GOOD FAITH MAY MITIGATE OR ABSOLVE THE PAYMENT OF BACKWAGES.[20]

In sum, the petitioners put forth the following issues for the resolution of the Court: (1) whether or not procedural and substantive due process was observed in the termination of the respondent's employment with CAB; (2) whether or not the penalty meted out was commensurate to the violation; and consequently, (3) whether or not the respondent is entitled to the payment of backwages and separation pay.

The Court's Ruling

After a careful perusal of the arguments presented and the evidence submitted, the Court finds merit in the petition.

The general rule is that only questions of law are revievvable by the Court. This is because it is not a trier of facts;[21] it is not duty-bound to analyze, review, and weigh the evidence all over again in the absence of any showing of any arbitrariness, capriciousness, or palpable error.[22] Thus, factual findings of administrative or quasi-judicial bodies, including labor tribunals, are accorded much respect by the Court as they are specialized to rule on matters falling within their jurisdiction especially when these are supported by substantial evidence.[23] In labor cases, this doctrine applies with greater force as questions of fact presented therein are for the labor tribunals to resolve.[24]

The Court, however, permitted a relaxation of this rule whenever any of the following circumstances is present:

> (1) [W]hen the findings are grounded entirely on speculations, surmises or conjectures;
>
> (2) when the inference made is manifestly mistaken, absurd or impossible;
>
> (3) when there is grave abuse of discretion;
>
> (4) when the judgment is based on a misapprehension of facts;
>
> (5) when the findings of fact are conflicting;
>
> (6) when in making its findings, the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee;
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> (7) when the findings are contrary to that of the trial court;
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> (8) when the findings are conclusions without citation of specific evidence on which they are based;
>
> (9) when the facts set forth in the petition, as well as in the petitioner's main and reply briefs, are not disputed by the respondent;
>
> (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; or