SUPREME COURT
THIRD DIVISION

PHIL. FEDERATION OF CREDIT COOPERATIVES, INC. (PFCCI) and FR. BENEDICTO JAYOMA,
***Petitioners*,**

-versus-

G.R. No. 121071
December 11, 1998

NATIONAL LABOR RELATIONS COMMISSION (First Division) and VICTORIA ABRIL,
***Respondents*.**
x----------x

D E C I S I O N

ROMERO, *J.*:

It is an elementary rule in the law on labor relations that a probationary employee who is engaged to work beyond the probationary period of six months, as provided under Art. 281 of the Labor Code, as amended, or for any length of time set forth by the employer, shall be considered a regular employee.

Sometime in September 1982, private respondent Victoria Abril was employed by petitioner Philippine Federation of Credit Cooperatives, Inc. (PFCCI), a corporation engaged in organizing services to credit

and cooperative entities, as Junior Auditor/Field Examiner and thereafter held positions in different capacities, to wit: as office secretary in 1985 and as cashier-designate for four (4) months ending in April 1988. Respondent, shortly after resuming her position as office secretary, subsequently went on leave until she gave birth to a baby girl. Upon her return sometime in November 1989, however, she discovered that a certain Vangie Santos had been permanently appointed to her former position. She, nevertheless, accepted the position of Regional Field Officer as evidenced by a contract which stipulated, among other things, that respondent's employment status shall be probationary for a period of six (6) months. Said period having elapsed, respondent was allowed to work until PFCCI presented to her another employment contract for a period of one year commencing on January 2, 1991 until December 31, 1991, after which period, her employment was terminated.

In a complaint for illegal dismissal filed by respondent against PFCCI on April 1, 1992, Labor Arbiter Cornelio L. Linsangan rendered a decision on March 10, 1993 dismissing the same for lack of merit but ordered PFCCI to reimburse her the amount of P2,500.00 which had been deducted from her salary.

On appeal, however, the said decision was reversed by the National Labor Relations Commission (NLRC), the dispositive portion of which reads:

> "WHEREFORE, the appealed Decision is hereby set aside. The respondents are hereby directed to reinstate complainant to her position last held, which is that of a Regional Field Officer, or to an equivalent position if such is no longer feasible, with full backwages computed from January 1, 1992 until she is actually reinstated.
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> SO ORDERED."

We find no merit in the petition.

Article 281 of the Labor Code, as amended, allows the employer to secure the services of an employee on a probationary basis which allows him to terminate the latter for just cause or upon failure to

qualify in accordance with reasonable standards set forth by the employer at the time of his engagement. As defined in the case of International Catholic Migration vs. NLRC,[1] "a probationary employee is one who is on trial by an employer during which the employer determines whether or not he is qualified for permanent employment. A probationary employment is made to afford the employer an opportunity to observe the fitness of a probationer while at work, and to ascertain whether he will become a proper and efficient employee."

Probationary employees, notwithstanding their limited tenure, are also entitled to security of tenure. Thus, except for just cause as provided by law,[2] or under the employment contract, a probationary employee cannot be terminated.[3]

In the instant case, petitioner refutes the findings of the NLRC arguing that, after respondent had allegedly abandoned her secretarial position for eight (8) months, she applied for the position of Regional Field Officer for Region IV, which appointment, as petitioner would aptly put it, "had been fixed for a specific project or undertaking the completion or termination of which had been determined at the time of the engagement of said private respondent and therefore considered as a casual or contractual employment under Article 280 of the Labor Code."[4]

The contention that respondent could either be classified as a casual or contractual employee is utterly misplaced; thus, it is imperative for the Court to elucidate on the kinds of employment recognized in this jurisdiction. The pertinent provision of the Labor Code, as amended, states:

> "Art. 280. Regular and casual employment. — The provisions of written agreement to the contrary notwithstanding and regardless of the oral agreement of the parties, an employment shall be deemed to be regular where the employee has been engaged to perform activities which are usually necessary or desirable in the usual business or trade of the employer, except where the employment has been fixed for a specific project or undertaking the completion or termination of which has been determined at the time of the engagement of the employee or

> where the work or services to be performed is seasonal in nature and the employment is for the duration of the season.
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> An employment shall be deemed to be casual if it is not covered by the preceding paragraph: Provided, That, any employee who has rendered at least one year of service, whether such service is continuous or broken, shall be considered a regular employee with respect to the activity in which he is employed and his employment shall continue while such activity exists."

This provision of law comprehends three kinds of employees: (a) regular employees or those whose work is necessary or desirable to the usual business of the employer; (b) project employees or those whose employment has been fixed for a specific project or undertaking the completion or termination of which has been determined at the time of the engagement of the employee or where the work or services to be performed is seasonal in nature and the employment is for the duration of the season; and (c) casual employees or those who are neither regular nor project employees. With regard to contractual employees, the Court in the leading case of Brent School, Inc. vs. Zamora,[5] laid down the guidelines before a contract of employment may be held as valid, to wit: "stipulations in employment contracts providing for term employment or fixed period employment are valid when the period were agreed upon knowingly and voluntarily by the parties without force, duress or improper pressure being brought to bear upon the employee and absent any other circumstances vitiating his consent, or where it satisfactorily appears that the employer and employee dealt with each other on more or less equal terms with no moral dominance whatever being exercised by the former over the latter."

Having expounded on the various types of employees, the Court is constrained to review the contract of employment entered into between the party-litigants. The said contract reads:

> "That the employer hires the employee on contractual basis to the position of Regional Field Officer of Region 4 under PFCCI/WOCCU/Aid Project No. 8175 and to do the function as stipulated in the job description assigned to him (her): on probationary status effective February 17/90 for a period not to

> exceed six (6) months from said effectivity, subject to renewal of this contract should the employee's performance be satisfactory."

While the initial statements of the contract show that respondent's employment was for a fixed period, the succeeding provisions thereof contradicted the same when it provided that respondent shall be under probationary status commencing on February 17, 1990 and ending six (6) months thereafter. Petitioner manifested that respondent's employment for a period of one year, from January until December 1991, having been fixed for a specified period, could not have converted her employment status to one of regular employment. Conversely, it likewise insisted that respondent was employed to perform work related to a project funded by the World Council of Credit Unions (WOCCU) and hence, her status is that of a project employee. The Court is, thus, confronted with a situation under which the terms of the contract are so ambiguous as to preclude a precise application of the pertinent labor laws.

Amidst the muddled assertions by petitioner, we adhere to the pronouncement stated in the recent case of Villanueva vs. NLRC,[6] where the Court ruled that where a contract of employment, being a contract of adhesion, is ambiguous, any ambiguity therein should be construed strictly against the party who prepared it. Furthermore, Article 1702 of the Civil Code provides that, in case of doubt, all labor contracts shall be construed in favor of the laborer. It added:

> "We cannot allow the respondent company to construe otherwise what appears to be clear from the wordings of the contract. The interpretation which the respondent company seeks to wiggle out is wholly unacceptable, as it would result in a violation of petitioner's right to security of tenure guaranteed in Section 3 of Article XIII of the Constitution and in Articles 279 and 281 of the Labor Code."

After a careful scrutiny of the subject contract, we arrive at the conclusion that there was no grave abuse of discretion on the part of the NLRC and, thus, affirm the finding that respondent has become a regular employee entitled to security of tenure guaranteed under the Constitution and labor laws.

Regardless of the designation petitioner may have conferred upon respondent's employment status, it is, however, uncontroverted that the latter, having completed the probationary period and allowed to work thereafter, became a regular employee who may be dismissed only for just or authorized causes under Articles 282, 283 and 284 of the Labor Code, as amended. Therefore, the dismissal, premised on the alleged expiration of the contract, is illegal and entitles respondent to the reliefs prayed for.

WHEREFORE, in view of the foregoing, the Petition is hereby **DISMISSED** and the Decision of the National Labor Relations Commission dated November 28. 1994 is **AFFIRMED**. No costs.

SO ORDERED.

Kapunan, Purisima and Pardo, *JJ.*, concur.

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[1] 169 SCRA 606 (1989).
[2] ART. 282.Termination by employer. — An employer may terminate an employment for any of the following causes:
(a) Serious misconduct or willful disobedience by the employee of the lawful orders of his employer or representative in connection with his work;
(b) Gross and habitual neglect by the employee of his duties;
(c) Fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative;
(d) Commission of a crime or offense by the employee against the person of his employer or any immediate member of his family or his duly authorized representative; and
(e) Other causes analogous to the foregoing.
[3] Agoy vs. NLRC, 252 SCRA 588 (1996).
[4] Petition, Rollo, pp. 15-16.
[5] 181 SCRA 702 (1990).
[6] G.R. No. 127448, September 10, 1998.