CHANROBLES PUBLISHING COMPANY

SUPREME COURT
SECOND DIVISION

ROLANDO REVIDAD, PABLITO LALUNA, RAFAEL ANGELES, TEODORO ROSARIO, ROMEO REVIDAD, JACINTO GRUTA, JOSE ESPAÑOL, FLORENTINO LOCSIN, ROGELIO PARADERO, MARCELINO DEROTA, ARMANDO CABALES, BENJAMIN MONTESA and RAYMOND VIDAL,

***Petitioners*,**

-versus-

G.R. No. 111105
June 27, 1995

NATIONAL LABOR RELATIONS COMMISSION and ATLANTIC, GULF AND PACIFIC COMPANY OF MANILA, INC.,

***Respondents*.**

x----------x

D E C I S I O N

REGALADO, *J.*:

This original action for *certiorari* seeks to nullify the decision rendered by public respondent National Labor Relations Commission

(NLRC) on July 14, 1993[1] which reversed the decision of the labor arbiter and ordered the dismissal of herein petitioners complaint for illegal dismissal.

It appears that sometime in March, 1988, private respondent Atlantic, Gulf and Pacific Company of Manila, Inc. (hereafter, AG & P) terminated the services of 178 employees, including herein petitioners, under a redundancy program. As a consequence, a complaint for illegal dismissal with prayer for reinstatement was filed by herein petitioners (except Jose Español) with public respondent and docketed in its Arbitration Branch as NLRC-NCR Cases Nos. 00-01-00489-89. 00-01-00515-89, 00-01-00643-89, 00-01-01143-89, and 00-03-01216-89. These cases were subsequently decided in favor of petitioners, as a result of which they were reinstated on July 8, 1991 and assigned to the Batangas plant of private respondent.

The record show, however, that pursuant to Presidential Directive No. 0191[2] issued on July 25, 1991 by the company's president and containing management's decision to lay off 40% of the employees due to financial losses incurred from 1989-1990, AG & P implemented and effected, starting August 3, 1991, the temporary lay-off of some 705 employees. By reason thereof, the AG & P United Rank and File Association (URFA, for facility), which was the employees' union, staged a strike.[3]

In a conciliation conference over the labor dispute held before the National Conciliation and Mediation Board on August 13, 1991, the parties agreed to submit the legality of the lay-offs to voluntary arbitration. Accordingly, the case was filed with Voluntary Arbitrator Romeo B. Batino, entitled "AG & P United Rank and File Association vs. AG & P Company of Manila, Inc.," on the principal issue of whether the massive lay-off, in the exercise of AG & P's management prerogative, constituted a violation of their existing collective bargaining agreement which would be tantamount to an unfair labor practice. This issue was eventually resolved by the voluntary arbitrator in a decision dated January 7, 1992 where it was held that AG & P had the right to exercise its management prerogative to temporarily lay-off its employees owing to the unfavorable business climate being experienced by the company consequent to the financial reverses it suffered from 1987 to 1991.[4]

In the meantime, as found by public respondent in its Decision,[5] the three labor unions then existing at AG & P met on September 7, 1991 with the corporation's management officials at its Batangas plant in a conference presided by Congressman Hernando B. Perez and wherein the parties arrived at the following agreement:

> "1. The Company agrees to extend financial assistance to all temporarily laid off or to be laid off employees the equivalent of two (2) months pay to be paid as follows: The first one month pay on September 15, 1991 and the second one month pay on or before December 10, 1991. The said financial assistance shall be deductible from the employees' separation pay should they not be resolved by the company within the six-month lay off period or from cook, benefit due them should they not be recalled.
>
> "2. The supervisors' claim that the separation pay of supervisors should be computed on the basis of one month pay for every year of service in accordance with precedent adopted by the company for supervisors who were terminated in the post. The company agrees to consider this claim favorably should the supervisors be able to establish with convincing proof that there is really such precedent in the Company.
>
> "3. There should be consultations between the Unions in BMFY and the Company before any temporary lay-off of employees in BMFY should be effected and the parties agree that the dialogue to discuss such matters be undertaken by them.
>
> "4. The LAKAS-NFL agree(s) to the understanding specified in paragraph 1 above stated concerning the financial assistance to be extended to those who were temporarily laid off or to be laid off in BMFY. It is clear, however, that the financial assistance due on or before December 10, 1991 shall no longer be effected regarding employees who might have been recalled in the meantime.

"*5-A-See page 3 of this agreement*.

"5. The temporarily laid off employees who might find jobs elsewhere during the period of lay-off will be paid their separation pay in accordance with the CBA/Labor Code or existing Company Policy applicable.

"6. The notice of Strike filed by the AG & P Supervisory Employees Union is hereby withdrawn from the DOLE.

"7. The pickets shall be lifted immediately by BMFY and AGPEC upon signing of this agreement.

"8. There shall be no retaliatory charges by one against the other in relation to this labor dispute.

"9. All non-laid off employees will report immediately to the Company on Monday, December 9, 1991.

"*5-A. The LAKAS-NFL request that employees belonging to LAKAS who were or may be temporarily laid off and may not be recalled within six months from lay-off shall have the option to be paid their separation pay or let their temporary lay-off status be extended up to the time when jobs would become available and their services are needed by the Company*.

"10. All laid off employees will be given preference in hiring as long as they meet the qualifications requested for the position or job opening."[6]

On September 17, 1991, herein petitioners were served a notice of temporary lay-off, the text of which reads as follows:

"Pursuant to the agreement dated September 7, 1991 among Unions and AG & P, represented by Atty. Pedro F. Perez, we regret to advi(s)e you that you are part of the employee(s) to be placed on temporary Lay-off, after exhaustion of your Vacation Leave credits if there is any.

> "Henceforth, you will be immediately placed on priority reserve list for both overseas and domestic assignments and should the Company need your service, we will advise you accordingly.
>
> "Kindly present this letter to Finance Department to Mr. Sammy O. De Guzman to collect your temporary financial assistance equivalent to two months basic pay as follows, one month on 15 September 1991 and one month on 10 December 1991. If you will be recalled within 6 month lay-off period, then the financial assistance equal be deductible from your salary in six (6) equal installments semi-monthly."[7]

Thereafter, petitioners received their respective financial assistance and they signed a pro forma authorization in favor of AG & P to deduct from the separation pay due them the amount of financial assistance received pursuant to the aforesaid agreement of September 7, 1991.

As earlier stated, it was on January 7, 1992 when the voluntary arbitrator rendered a decision finding justification for the mass lay-off of the AG & P employees caused by financial reverses suffered by the company.

On February 11, 1992, considering that petitioners were not being recalled by the AG & P management, they filed a complaint for illegal dismissal and unfair labor practice against AG & P before respondent commission where it was docketed as NLRC Case No. NCR-00-02-00996-92. On August 24, 1992, Labor Arbiter Nieves V. Castro rendered judgment[8] ordering the reinstatement of petitioners, with payment of full back wages, on the ground that AG & P failed to substantiate the alleged losses it incurred in 1991 which resulted in the retrenchment of its operations. The labor arbiter explicated in her aforesaid decision that while it had been established that private respondent suffered serious losses from 1987 to 1990, it allegedly failed to prove continuous losses in 1991 which would justify the temporary lay-off of herein petitioners, thus:

> "But respondent failed to submit any evidence to show that indeed it was continuously suffering from serious losses in 1991. While it is well settled that AG and P suffered from serious

losses from 1987 up to 1990, respondent failed to established lawful basis for effecting another lay-off on September 17, 1991. And even if the said lay-off was relative to an agreement between the Management and the Union existing thereat, the same may only be given an imprimatur if and when the parties thereto have justifiable reasons therefor, and provided further that it will not adversely affect the rights and interests of others.

"Respondent cannot forever make use of the losses incurred in a specific period of time and which was the basis of a previous lay-off as a ground (for) another lay-off every time or anytime it thought of terminating an employee or a batch of employees."[9]

On appeal, public respondent NLRC reversed and set aside the decision of the labor arbiter, and dismissed the complaint for illegal dismissal for lack of merit. In ruling that the order of reinstatement with payment of back wages has no basis in fact and in law, public respondent declared that, contrary to the labor arbiter's findings, there was only one lay-off, that is, the lay-off effected on September 17, 1991 the legality of which had already been passed upon and upheld in the voluntary arbitration proceedings. Hence, this petition which prays for the affirmance in toto of the labor arbiter's decision.

Petitioners argue that public respondent gravely abused its discretion and committed serious errors of law when it held that—

1. Petitioners' dismissal was valid because it was due to private respondent's serious losses when in fact there is no evidence to justify this; moreover, the latter failed: (a) to serve on the Department of Labor and Employment a written notice of termination at least one month before petitioners' dismissal; (b) to observe fair and reasonable standards in effecting retrenchment; and (c) to show that it first instituted cost reduction measures in other areas of production before undertaking retrenchment as a last resort and, therefore, their dismissal is against the doctrine laid down in RCPI vs. NLRC and Mendero, G.R. Nos. 101181-84, June 22, 1992.

2. It has no more basis to affirm the labor arbiter's decision for the reason that petitioners had received monetary

> consideration for their dismissal when said consideration is short of what the parties' CBA or the law accords to petitioners.[10]

Petitioners contend that their lay-off on September 17, 1991 cannot be justified by the losses suffered by AG & P from 1989 to 1990 since it had not been shown that such losses continued up to 1991; that their lay-off was merely in retaliation to an adverse decision against AG & P rendered by the NLRC in an earlier case involving the same parties, which resulted in the reinstatement of herein petitioners on July 8, 1991; that the termination of petitioners' employment on September 17, 1991 could not have been the subject to the voluntary arbitration proceedings before Voluntary Arbitrator Batino, contrary to the findings of public respondent NLRC that there was only one lay-off considering that the issue involved therein was the legality of the mass lay-off of more than 705 employees of AG & P which, however, did not include herein petitioners; and that if such allegation of AG & P were true, it could have easily invoked the voluntary arbitration case as res judicata to the aforesaid illegal termination case subsequently filed by petitioners, but which AG & P did not do.

Petitioners further contend that assuming arguendo that indeed there was only one lay-off, their temporary lay-off supposedly due to retrenchment is illegal because: (a) AG & P failed to show that it incurred losses in 1991 to justify such termination; (b) no written notice of termination was submitted with the Department of Labor and Employment one month before the date of the temporary lay-off; (c) AG & P failed to observe fair and reasonable standards in effecting retrenchment; and (d) there is no showing that cost reduction measures were undertaken before management resorted to retrenchment of employees. Finally, it is claimed that petitioners merely received financial assistance which does not, however, bar them from questioning the legality of their dismissal, aside from the fact that they have not been given their separation pay.

We find that the temporary lay-off of herein petitioners is valid and justified, and that by reason of management's failure to recall them, their services shall be considered duly terminated and they shall be entitled to separation pay equivalent to one month pay or at least one-half (1/2) month pay for every year of service, whichever is

higher. The financial assistance which petitioners have received shall be deducted from the amount of separation pay they will receive, pursuant to paragraph 1 of the September 7, 1991 agreement.

We are not, however, in accord with the findings of public respondent that the subject of voluntary arbitration proceedings was September 17, 1991 lay-off of herein petitioners, which allegedly was the one and only lay-off effected by AG & P. Private respondent AG & P does not deny nor controvert the allegation in the position paper submitted by the AG & P-URFA with the voluntary arbitrator that the AG & P management started the actual implementation of the company's Presidential Directive No. 0191 on August 3, 1991 by effecting the temporary lay-off of more that 705 employees. Thus, the lay-off of herein petitioners on September 17, 1991 cannot be validly asserted as the only lay-off subject of the aforementioned voluntary arbitration proceedings.

On the contrary, it is more logical to conclude from the evidence on record that there could have possibly been not just one or two separate and unrelated terminations because what was actually involved here was a continuing process or correlated series of temporary lay-offs implemented by private respondent on the basis of its president's directive for retrenchment by reason of the financial reverses being suffered by the company.

This fact may be clearly deduced from a reading of the position paper submitted by the AG & P-URFA with the voluntary arbitrator[11] wherein it is categorically stated that as of the date thereof, that is, October 17, 1991, "the lay-off program has continued even as the parties agreed to submit its legality or illegality to voluntary arbitration." The union's position paper merely echoed and sentiment expressed by its president, Nicanor Melano, in a letter addressed to the AG & P Head of Employee Relations, Judge Pedro Reyes, dated August 17, 1991,[12] in effect condemning management for continuously laying off employees despite the arbitrator, and demanding that the company cease from pursuing its retrenchment scheme.

Suppletorily, there was the agreement[13] of September 7, 1991 executed by and between AG & P, on the one hand, and the three

unions, on the other, which has been repeatedly adverted to. Said agreement was actually an offshoot of the strike staged by the employees which was triggered by the implementation of the mass lay-offs. A cursory perusal thereof indeed makes it quite clear that the crux of the negotiations between management and its employees concerns the manner with which future possible lay-offs would be implemented and the financial assistance to be extended to those employees already laid off or who may be laid off. Thus, paragraph 3 of the agreement states that "(t)here should be consultations between the Unions in BMFY and the Company before any temporary lay-off of employees in BMFY should be effected and the parties agree that a dialogue to discuss such matters be undertaken by them." It is thereby unmistakably, from the plain and simple wordings of the agreement, that the company would continue to exercise its management prerogative to lay employees as the need arises, but subject to the conditions imposed therein.

The fact the three unions which negotiated with management acquiesced to the aforequoted third stipulation should be deemed an admission and recognition on their part that there would be a continuing need to lay off employees as a consequence of the dwindling financial capacity of the company to maintain its existing workforce. It would have been quite absorb and unnatural for the union to have agreed to additional lay-offs in the future if it did not unqualifiedly believe that there truly existed a persisting and irreversible financial instability in the business concerns of AG & P.

Petitioners were temporarily laid off pursuant to this agreement which, not being contrary to law, morals and public policy, is valid and binding between the parties. More importantly, it will be noted that the AG & P-URFA did not as much as raise an objection nor file a protest against such lay-offs, as it would have been wont to do had petitioners assertions really been true. And, confirmatory thereof, herein petitioners never raised the issue that the consultation requirement contained in the agreement was not resorted to or followed before their lay-off was effected, It would, therefore, be safe to assure that such procedure had been followed, thereby lending credence to the obvious fact that the services of petitioners were legally terminated.

The bare allegations that the dismissal of petitioners was a retaliatory move by the company after the former won in an earlier illegal termination case and by reason of which they were reinstated by the latter, without any supporting evidence to prove bad faith or ill motive on the part of the company, cannot stand against and is diametrically opposed to the findings in the voluntary arbitration proceedings. Voluntary Arbitrator Batino declared in no uncertain terms, after an assiduous and painstaking evaluation of the documentary evidence and position papers submitted by the parties, that the exercise of AG & P's management prerogative to lay off employees was fair, reasonable and just and that it was neither oppressive, malicious, harsh, nor vindictive. Worse, it was there stated that the union, to which herein petitioners belonged, never imputed bad faith or ill motives in the selection of the employees to be temporarily laid off. This finding is totally contradictory to the indefensible hypothesis invoked by petitioners which, from the very start, was bound to fail considering the circumstances obtaining in this case.

We are accordingly convinced, and so hold, that both the retrenchment program of private respondent and the dismissal of petitioners were valid and legal.

First, it has been sufficiently and convincingly established by AG & P before the voluntary arbitrator that it was suffering financial reverses. Even the rank and file union at AG & P did not contest the fact that management had been undergoing financial difficulties for the past several years. Hence, the voluntary arbitrator considered this as an admission that indeed AG & P was actually experiencing adverse business conditions which would justify the exercise of its management prerogative to retrench in order to avoid the not so remote possibility of the closure of the entire business which, in the opinion of the voluntary arbitrator, would in the last analysis be adverse to both the management and the union.

Second, the voluntary arbitrator's conclusions were premised upon and substantiated by the audited financial statements and the auditor's reports of AG & P for the years 1987 to 1991.[14] These, financial statements audited by independent external auditors

constitute the normal and reliable method of proof of the profit and loss performance of a company.[15]

Third, contrary to petitioner's asseverations, proof of actual financial losses incurred by the company is not a condition sine qua non for retrenchment. Retrenchment is one of the economic grounds to dismiss employees, which is resorted to by an employer primarily to avoid or minimize business losses.[16] The law recognize this under Article 283 of the Labor Code which provides that:

> "ART. 283. Closure of establishment and reduction of personnel.—The employer may also terminate the employment of any employee due to the installation of labor saving devices, redundancy, retrenchment to prevent losses or the closing or cessation of operation of the establishment or undertaking, unless the closing is for the purpose of circumventing the provisions of this Title, by serving a written notice on the workers Ministry of Labor and Employment at least one (1) month before the intended date thereof. In case of termination due to the installation of labor saving devices or redundancy, the worker affected thereby shall be entitled to a separation pay equivalent to at least his one (1) month pay or to at least one (1) month pay for every year of service, whichever is higher. In case of retrenchment to prevent losses and in cases of closure or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to one (1) month pay or at least one-half (1/2) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered one (1) whole year."

In its ordinary connotation, the phrase "to prevent losses" means that retrenchment or termination of the services of some employees is authorized to be undertaken by the employer sometime before the anticipated losses are actually sustained or realized. It is not, in other words, the intention of the lawmaker to compel the employer to stay his hand and keep all his employees until after losses shall have in fact materialized. If such an intent were expressly written into the law, that law may well be vulnerable to constitutional attack as unduly taking property from one man to be given to another.

At the other end of the spectrum, it seems equally clear that not every asserted possibility of loss is sufficient legal warrant for the reduction of personnel. In the nature of things, the possibility of incurring the losses is constantly present, in greater or lesser degree, in the carrying on of business operations, since some, indeed many, of the factors which impact upon the profitability outside the control of the employer.[17]

On the bases of these consideration, it follows that the employer bears the burden to prove his allegation of economic or business reverses with clear and satisfactory evidence, it being in the nature of an affirmative defense.[18] As earlier, discussed, we are fully persuaded that the private respondent has been and is besieged by a continuing downtrend in both its business operations and financial resources, thus amply justifying its resort to drastic cuts in personnel and costs.

To the point of being plethoric, the explanation advanced by private respondent in its position paper submitted to the voluntary arbitrator is highly enlightening and is here quoted in full:

> "Figure 1 shows, in bar graph form, the comparative Net Income or Net Loss of the Company from 1987 to 1990 as well as the projected Net Loss for 1991. The graph clearly illustrates the financial hemorrhage being endured by the Company. The Net Incomes of 1968 and 1989 (P2.6 million and P5.8 million, respectively) dwindles into insignificance besides the net Losses of 1987 and 1990 as well as the estimated Net Loss for 1991 (P35.4 million, P76.2 million and P250 million, respectively). Moreover, the P54.8 million Net Income of 1989 is due solely to the dissolution of 2 subsidiaries which resulted in a 'paper gain' of about P134 million. In other words, there was an actual loss of about 80 million but a paper gain of P54 million in 1989.
>
> x x x
>
> "Figure 2, on the other hand, shows the dwindling number of projects being undertaken by the Company for the past four years. As of August 1991, there are only 17 on going projects of the Company (as compared to the 1987 peak of 67), 13 of which

are mere carry-overs from the previous years. The projects being the main source of the Company's revenues, the graph in Figure 2 further confirms the severe losses being suffered by the Company.

x x x

"With retained earnings at the financially comfortable level of more than P400 million, it may be suggested that the Company delay implementation of the decisions to streamline, centralize, retrench, and cut expenses in general, in the hope that the situation of the Company's financial conditions proves that this suggestion is not viable. Figure 3 proves this by showing, in bar graph form, a comparative study of the Company's Working Capital for the period 1987 to 1990. The Legend 'Working Capital-source' indicates the amount generated by the Company during the fiscal year. 'Working Capital-use' indicates the amount used by the Company during the fiscal year. And 'Inc/Dec in Working Capital' indicates the increase or decrease in Working Capital at fiscal year' end. It is readily seen from Figure 3 that, except for 1988, more working capital was used than was generated for the period under study and the same is chronically being depleted. This means that the Company is running out of money to pay for its bills.

x x x

"Figure 4 plots the Current Ratio of the Company over time. 'Current Ratio' is the ratio of a firm's Current Assets to its Current Liabilities. It thus measures the firm's ability to immediately pay its current debts. The rule of thumb prescribes a Current Ratio of 2, meaning, for every peso of short-term debt, there should be two pesos of cash or 'near-cash' available. Figure 4 clear shows that as early as 1987, the Company is below par. Worse, in 1990, the Current Ratio is less than 1. This means that it has more short-terms debts than current assets."[19]

We might as well make mention of the fact that as early as March 4, 1991, the President of AG & P had issued Circular No. CEO-191,[20]

addressed to all AG & P employees wherein they were apprised of the financial difficulties of the company and of the decision made by its board of directors aimed at arresting any further dissipation of company resources. It informed the employees that "we simply no longer have the resources required to fully support anything much beyond our mainline activities. We each must therefore now make a choice to either stand solidly behind these critical moves or poise ourselves for an eventual collapse" According to private respondent AG & P, the decision was calculated to turn the company into a lean and trim centralized organization, by shedding off marginal business activities, in the process availing of the Company's Retirement Plan and retrenching personnel in the affected areas whenever necessary. The circular is more than sufficient notice to AG & P employees, as well as herein petitioners, of the then impending decision of the company to carry out its retrenchment program for the reasons therein stated.

Anent the mandatory written notice to be filed with the labor department one month before the date of retrenchment,[21] we are of the considered opinion that the proceedings had before the voluntary arbitrator, where both parties were given the opportunity to be heard and present evidence in their favor, constitute substantial compliance with the requirement of the law. The purpose of this notice is to enable the proper authorities to ascertain whether the closure of the business is being done in good faith and is not just a pretext for evading compliance with the just obligations of the employer to the affected employees.[22] In fact, the voluntary arbitration proceedings more than satisfied the intendment of the law considering that the parties were accorded the benefit of a hearing,[23] in addition to the right to present their respective position papers and documentary evidence.

For that matter, hearing and investigation by the employer, where the reason for termination is retrenchment due to financial reverses and not to an act attributable to the employee, is not even required because it is considered a surplusage under existing jurisprudence. Hence, it has been held that:

> "Where, as in the instant case , the ground for dismissal or termination of services does not relate to a blameworthy act or

> omission on the part of the employee, there appears to us no need for an investigation and hearing to be conducted by the employer who does not, to begin with, allege any malfeasance or non-feasance on the part of the employee. In such case, there are no allegations which the employee should refute and defend himself from. Thus, to require petitioner Wiltshire to hold a hearing, at which private respondent would have had the right to be present, on the business and financial circumstances compelling retrenchment and resulting in redundancy, would be to impose upon the employer an unnecessary and inutile hearing as a condition for legality of termination.
>
> "This is not to say that the employee may not contest the reality or good faith character of the retrenchment or redundancy asserted as appropriate for termination of services. The appropriate forum for such controversion would, however, be the Department of Labor and Employment and not an investigation or hearing to be held by the employer itself. It is precisely for this reason that an employer seeking to terminate services of an employee or employees because of "closure of business establishment and reduction of personnel,' is legally required to give written notice not only to the employee but also to the Department of Labor and Employment at least one month before effectivity date of the termination."[24]

At any rate, considering that the Office of the Voluntary Arbitrator is, under the jurisdiction of the Department of Labor and Employment, it would be superfluous to still require the service of notice with the latter when proceedings have been initiated with the former precisely to carry out the very purpose for which said notice is intended.

In Lopez Sugar Corporation vs. Federation of Free Workers, et al., supra, this Court set out the general standards in terms of which the acts of an employer in retrenching or reducing the number of its employees must be appraised, to wit:

> "Firstly, the losses expected should be substantial and not merely de minimis in extent. If the loss purportedly sought to be forestalled by retrenchment is clearly shown to be insubstantial and inconsequential in character, the bona fide

> nature of the retrenchment would appear to be seriously in question. Secondly, the substantial loss apprehended must be reasonably imminent, as such imminence can be perceived objectively and in good faith by the employer. There should, in other words, be a certain degree of urgency for the retrenchment, which is after all a drastic recourse with serious consequences for the livelihood of the employees retired or otherwise laid off. Because of the consequential nature of retrenchment, it must, thirdly, be reasonably necessary and likely to effectively prevent the expected losses. The employer should have taken other measures prior or parallel to retrenchment to forestall losses, i.e., cut other cost than labor costs.
>
> "Lastly, but certainly not the least important, alleged losses if already realized, and the expected imminent losses sought to be forestalled, must be proved by sufficient and convincing evidence. The reason for requiring this quantum of proof is apparent; any less exacting standard of proof would render too easy the abuse of this ground for termination of services of employees."

It is obvious from the preceding discussions that the aforequoted guidelines have been faithfully met by the company.

As a final word, let it be reiterated herein what we have heretofore said, that the law in protecting the rights of the laborer authorizes neither oppression nor self-destruction of the employer. While the constitution is committed to the policy of social justice and the protection of the working class, it should not be supposed that every labor dispute will be automatically decided in favor of labor. Management also has its own rights, which as such are entitled to respect and enforcement in the interest of simple fair play. Out of its concern for those with less privileges in life, the Supreme Court has inclined more often than not toward the worker and upheld his cause with his conflicts with the employer. Such favoritism, however, has not blinded the Court to rule that justice is in every case for the deserving, to be dispensed in the light of the established facts and applicable law and doctrine.[25]

WHEREFORE, the Decision appealed from is hereby **AFFIRMED**, with the modification that private respondent Atlantic, Gulf and Pacific Company of Manila, Inc. is **ORDERED** to pay herein petitioners their separation pay equivalent to one month pay or at least one-half (1/2) month pay for every year of service, whichever is higher. The financial assistance which herein petitioners may have received shall be deductive from the separation pay to which they are entitled.

SO ORDERED.

Narvasa, *C.J.*, Chairman, Puno and Mendoza, *JJ.*, concur.

---

[1] Annex E, Petition; Rollo, 44.
[2] Rollo, 269.
[3] Position Paper submitted by AG & P United Rank and File Association with the Voluntary Arbitrator, 3; Rollo, 148.
[4] Decision penned by Voluntary Arbitrator Romeo Batino; Rollo, 137.
[5] Annex F, Petition; Rollo, 44.
[6] Ibid., 47-50.
[7] Ibid., 50-51.
[8] Annex D, Petition; Rollo, 31-42.
[9] Rollo, 40-41.
[10] Petition, 13; Rollo, 14.
[11] Rollo, 148.
[12] Ibid., 200.
[13] Petition, 9-11; Rollo, 10-12.
[14] Rollo, 221-248.
[15] Lopez Sugar Corporation vs. Federation of Free Workers, et al., G.R. Nos. 75700-01, August 30, 1990, 189 SCRA 179.
[16] Precision Electronics Corporation vs. National Labor Relations Commission, et al., G.R. No. 86657, October 23, 1989, 178 SCRA 667.
[17] Lopez Sugar Corporation vs. Federation of Free Workers, et al., supra.
[18] Precision Electronics Corporation vs. National Labor Relations Commission, et al., supra.
[19] Rollo, 204-206.
[20] Ibid., 218.
[21] Union of Filipino Workers vs. National Labor Relations Commission, et al., G.R. No. 98111, April 7, 1993, 221 SCRA 267.
[22] Y-Transit, Inc. vs. National Labor Relations Commission, et al., G.R. No. 107816, January 20, 1993, (Resolution, First Division).
[23] Rollo, 130.

[24] Wiltshire File Co. Inc. vs. National Labor Relations Commission, et al., G.R. No. 82249, February 7, 1991, 193 SCRA 665.
[25] Mercury Drug Corporation vs. National Labor Relations Commissions, et al., G.R. No. 75662, September 15, 1989, 177 SCRA 580.

Philippine Copyright © 2005
ChanRobles Publishing Company
www.chanrobles.com