THIRD DIVISION

[G.R. No. 112096. January 30, 1996]

MARCELINO B. AGOY, *petitioner, vs.* NATIONAL LABOR RELATIONS COMMISSION, EUREKA PERSONNEL MANAGEMENT SERVICES, INC., ET. AL., *respondents.*

SYLLABUS

1. **REMEDIAL LAW; EVIDENCE; FINDINGS OF FACT OF ADMINISTRATIVE BODIES; RULE; EXCEPTION. -** This Court has consistently adhered to the rule that in reviewing administrative decisions such as those rendered by the NLRC, the findings of fact made therein are to be accorded not only great weight and respect, but even finality, for as long as they are supported by substantial evidence. It is not the function of the Court to once again review and weigh the conflicting evidence, determine the credibility of the witnesses or otherwise substitute its own judgment for that of the administrative agency on the sufficiency of the evidence. Nevertheless, when the inference made or the conclusion drawn on the basis of certain state of facts is manifestly mistaken, the Court is not estopped from exercising its power of review.

2. **LABOR AND SOCIAL LEGISLATION; TERMINATION OF EMPLOYMENT; PROBATIONARY EMPLOYEES; ENTITLED TO SECURITY OF TENURE; GROUNDS FOR TERMINATION. -** Probationary employees, notwithstanding their limited tenure, are also entitled to security of tenure. Thus, except for just cause as provided by law or under the employment contract, a probationary employee cannot be terminated. As explicitly provided under Article 281 of the Labor Code, a probationary employee may be terminated on two grounds: (a) for just cause or (b) when he fails to qualify as a regular employee in accordance with reasonable standards made known by the employer to the employee at the time of his engagement.

3. **ID.; ID.; ID.; EMPLOYERS OBLIGATION TO INFORM THE PROBATIONARY EMPLOYEE REGARDING THE STANDARDS OR REQUIREMENTS THAT MUST BE COMPLIED WITH IN ORDER TO BECOME A REGULAR EMPLOYEE; NOT COMPLIED WITH IN CASE AT BAR. -** The record is bereft of any evidence to show that respondent employer ever conveyed to petitioner-employee the standards or requirements that he must comply with in order to become a regular employee. In fact, petitioner has consistently denied that he was even given the chance to qualify for the position for which he was contracted. Private respondent Al-Khodaris general averments regarding petitioners failure to meet its standards for regular employment, which were not even corroborated by any other evidence, are insufficient to justify petitioners dismissal.

4. **ID.; ID.; QUITCLAIMS, WAIVERS OR RELEASES; DISFAVORED. -** In our jurisprudence, quitclaims, waivers or releases are looked upon with disfavor, particularly those executed by employees who are inveigled or pressured into signing them by unscrupulous employers seeking to evade their legal responsibilities. The fact that petitioner signed his notice of termination and failed to make any outright objection thereto did not altogether mean voluntariness on his part. Neither did the execution of a final settlement and receipt of the amounts agreed upon foreclose his right to pursue a legitimate claim for illegal dismissal. Expounding on the reasons therefor, the following pronouncements are in point: In labor jurisprudence, it is well established that quitclaims and/or complete releases executed by the

employees do not estop them from pursuing their claims arising from the unfair labor practice of the employer. *The basic reason for this is that such quitclaims and/or complete releases are against public policy and therefore, null and void. The acceptance of termination pay does not divest a laborer of the right to prosecute his employer for unfair labor practice acts.* (Cario *vs.* ACCFA, L-19808, September 29, 1966, 18 SCRA 183 and other cases cited) In the Cario case, *supra,* the Supreme Court, speaking thru Justice Sanchez, said: Acceptance of those benefits would not amount to estoppel. The reason is plain. Employer and employee, obviously, do not stand on the same footing. The employer drove the employee to the wall. The latter must have to get hold of money. Because, out of job, he had to face the harsh necessities of life. He thus found himself in no position to resist money proffered. His, then, is a case of adherence, not of choice. One thing sure, however, is that petitioners did not relent their claim. They pressed it. They are deemed not to have waived any of their rights. *Renuntiationon praesumitur.*

APPEARANCES OF COUNSEL

Prisciliano I. Casis for petitioner.
The Solicitor General for respondents.

D E C I S I O N

FRANCISCO, *J.:*

Initially, this suit was resolved in private respondents favor with the dismissal of petitioners complaint for illegal dismissal against the former by the Philippine Overseas Employment Administration (POEA) Adjudication Office [POEA Case No. (L) *90-05-516].* However, upon appeal to the National Labor Relations Commission (NLRC), the decision of the POEA was reversed and judgment was instead rendered in favor of petitioner [NLRC CA No. 001713-91]. Still not satisfied, both parties filed their respective motions for reconsideration. In a resolution dated September 22, 1993,[1] the NLRC decided both motions against petitioner and in favor of private respondents.

Petitioner is now before this Court through the instant petition for certiorari, assailing the aforementioned Resolution of the NLRC which set aside its previous decision dated December 9, 1992[2] and reinstated the decision of the POEA dated April 10, 1991[3] dismissing petitioners complaint for illegal dismissal. Grave abuse of discretion is imputed to respondent NLRC consequent to the assailed resolution which petitioner maintains was rendered with evident partiality and mental prejudice.

In his complaint filed with the POEA, petitioner Marcelino Agoy alleged that he applied for overseas employment as civil engineer with private respondent Eureka Personnel Management Services, Inc. (EUREKA), and was subsequently accepted to work as CE/Road Engineer for private respondent Al-Khodari Establishment (AL-KHODARI) under a two year contract with a basic salary of SR1,750.00 per month and food allowance of SR200.00 with free accommodation.

On January 28, 1990, petitioner was deployed by respondent Eureka to Jubail, Saudi Arabia through Exit Pass No. 2310220 P, mistakenly issued in the name of Belleli Saudi Heavy Industries Ltd. as employer, under the category of Foreman at a basic monthly salary of US$460.00, which terms were allegedly different from the original contract.

Thereafter, petitioner was deployed to Al-Khodaris maintenance project with the Royal Commission in Jubail, Saudi Arabia as Road Foreman and not as CE/Road Engineer as initially agreed upon. Left with no other choice, petitioner was forced to accept the position and started to work on February 7, 1990.

Petitioner, having been accepted by the Royal Commission to work only as a Road

Foreman, was later asked by respondent Al-Khodari to sign a new contract at a reduced salary rate of SR1,200.00 or suffer termination and repatriation. Complainants refusal to sign the new contract eventually resulted in his dismissal from employment on March 26, 1990. After being paid the remaining balance of his salary, petitioner executed a Final Settlement[4] releasing respondent Al-Khodari from all claims and liabilities. On April *5,* 1990, petitioner received a letter dated April 2, 1990 with subject Termination of Services Within the Probation Period[5] which he was forced to sign and consent to.

Petitioner was finally repatriated to Manila on April 6, 1990. Thereafter, he filed a complaint for illegal dismissal with claims for payment of salary for the unexpired portion of his contract, salary differential and damages against respondents Eureka and Al-Khodari.

Denying petitioners claim of illegal dismissal, respondent Eureka alleged that petitioner was actually hired by respondent Al-Khodari only as Road Foreman with a monthly salary of SR1,750.00 equivalent to $460.00 because petitioner failed to qualify as Road Engineer during his interview. Moreover, according to respondent Eureka, upon request of petitioner, respondent Al-Khodari gave petitioner two chances to qualify for the position of Road Engineer, both of which he failed. As petitioner refused to work as a Road Foreman, Al-Khodari terminated his services in accordance with paragraph 14 of the contract stipulating that the employer has the right to dismiss the employee during the probationary period. Respondent agency maintained that petitioner made no objection to his dismissal as evidenced by the Final Settlement that he executed and the Letter of Termination dated April 2, 1990 to which he affixed his signature.[6]

In its decision dated April 10, 1991, the POEA dismissed petitioners complaint after finding that the evidence on record clearly indicated that petitioner himself voluntarily consented to his termination and repatriation. It also found as self-serving and hardly credible petitioners allegation that he was merely forced by his employer to indicate agreed to his notice of termination, absent any clear and convincing proof to corroborate the same. Moreover, the POEA upheld respondent employers right to dismiss petitioner within the probationary period on the ground that he failed to meet its performance standard.[7]

Petitioner appealed to the NLRC which reversed the decision of the POEA and held private respondents liable for illegal dismissal. According to the NLRC, petitioners termination from service during the probationary period has no factual and legal basis on account of the following:

> x x x In the first place, it was not proven what are the standards being used to determine the performance of the complainant as not satisfactory. Secondly, there is a presumption that complainant is qualified to the position since he was hired by Eureka and interviewed by a representative of Al-Khodari. Thirdly, complainant should have passed the necessary trade test, or else, he will not be hired. All these show that complainant possessed all the qualifications to the job and in the absence of showing how he really failed to the standards required to the position, the act of relegating him to a lower position with a lower salary other than what is provided for in the contract is considered already as illegal dismissal.[8]

The NLRC also ruled that contrary to the findings of the POEA, petitioner was forced to resign and execute all the necessary documents for his repatriation as he was helpless in a foreign land because of threats to his freedom or life in case he disagreed with his employer. Thus, the NLRC declared as a nullity all documents releasing respondents from all liabilities and claims for not having been voluntarily executed by petitioner, and held respondents liable for the sum of SR39,674.00 representing petitioners unpaid salaries under his contract.[9]

As earlier mentioned, both parties filed their respective Motions for Reconsideration with private respondents assailing the reversal of the POEAs decision, while petitioner, not content with the monetary award granted by the NLRC, further claimed salary differentials, overtime pay, moral damages, temperate damages, exemplary damages, nominal damages, refund of placement fees, attorneys fees, cost of suit, fines for alleged illegal exaction, misrepresentation

and other recruitment violations.

Resolving both motions, the NLRC set aside its decision and held in favor of private respondents. The NLRC backtracked on its conclusion that petitioner was presumed competent on the basis of a trade test and declared that the same was without factual basis. After reviewing the records, the NLRC found that no trade test was ever administered to petitioner because he was hired as a licensed professional engineer and not as an ordinary skilled worker to whom the trade test is normally applied. Thus, it was ruled that petitioners competence could be determined only during the probationary period, and as it turned out, petitioner failed to meet respondent employers standard during the said period thereby leading to his dismissal.[10]

The NLRC also discarded petitioners allegation that he was merely forced to agree to his dismissal as the record is bereft of any evidence of force and intimidation perpetrated by respondent employer. According to the NLRC, petitioner failed to raise any objection to his dismissal despite being given the opportunity to do so in the letter of termination dated April 2, 1990, and instead simply acknowledged receipt of the same and affixed his signature thereto. The NLRC found merit in private respondents claim that as a civil engineer with outstanding credentials, it was doubtful that petitioner would be intimidated and forced to sign his notice of termination without making any objections. In arriving at this conclusion, the NLRC took into account the additional documentary evidence submitted by petitioner attesting to his claim of professional excellence which should entitle him to the additional monetary awards prayed for in his motion for reconsideration.[11]

In assailing the NLRC resolution reversing its earlier decision in his favor, petitioner asserts that its conclusion with respect to his competence is clearly the result of a biased negative emotional conception of the totality of the facts.[12]

This Court has consistently adhered to the rule that in reviewing administrative decisions such as those rendered by the NLRC, the findings of fact made therein are to be accorded not only great weight and respect, but even finality, for as long as they are supported by substantial evidence.[13] It is not the function of the Court to once again review and weigh the conflicting evidence, determine the credibility of the witnesses or otherwise substitute its own judgment for that of the administrative agency on the sufficiency of the evidence.[14] Nevertheless, when the inference made or the conclusion drawn on the basis of certain state of facts is manifestly mistaken, the Court is not estopped from exercising its power of review.[15]

Public respondent NLRC premised the reversal of its decision and the affirmation of the validity of petitioners dismissal on the latters alleged failure to qualify for the position of Road Engineer as contracted for during the probationary period.

Probationary employees, notwithstanding their limited tenure, are also entitled to security of tenure. Thus, except for just cause as provided by law or under the employment contract, a probationary employee cannot be terminated.[16] As explicitly provided under Article 281 of the Labor Code, a probationary employee may be terminated on two grounds: (a) for just cause or (b) when he fails to qualify as a regular employee in accordance with reasonable standards made known by the employer to the employee at the time of his engagement.[17]

Respondents attempt to justify petitioners dismissal based on the aforecited second ground is unwarranted. The record is bereft of any evidence to show that respondent employer ever conveyed to petitioner-employee the standards or requirements that he must comply with in order to become a regular employee. In fact, petitioner has consistently denied that he was even given the chance to qualify for the position for which he was contracted.[18] Private respondent Al-Khodaris general averments regarding petitioners failure to meet its standards for regular employment, which were not even corroborated by any other evidence, are insufficient to justify petitioners dismissal.

Neither do we subscribe to the conclusion that petitioner voluntarily consented to his dismissal despite his signature in the letter of termination dated April 2, 1990, indicating assent to his termination from service for failing to qualify for the position and releasing private respondents from all claims and liabilities. In our jurisprudence, quitclaims, waivers or releases are looked upon with disfavor, particularly those executed by employees who are inveigled or pressured into signing them by unscrupulous employers seeking to evade their legal responsibilities.[19] The fact that petitioner signed his notice of termination and failed to make any outright objection thereto did not altogether mean voluntariness on his part. Neither did the execution of a final settlement and receipt of the amounts agreed upon foreclose his right to pursue a legitimate claim for illegal dismissal. Expounding on the reasons therefor, the following pronouncements are in point:

In labor jurisprudence, it is well established that quitclaims and/or complete releases executed by the employees do not estop them from pursuing their claims arising from the unfair labor practice of the employer. *The basic reason for this is that such quitclaims and/or complete releases are against public policy and therefore, null and void. The acceptance of termination pay does not divest a laborer of the right to prosecute his employer for unfair labor practice acts*. (Cario vs. ACCFA, L-19808, September 29, 1966, 18 SCRA 183; Philippine Sugar Institute vs. CIR, L-13475, September 29, 1960, 109 Phil. 452; Mercury Drug Co., Inc. vs. CIR, L-23357, April 30, 1974, 56 SCRA 694, 704).

In the Cario case, *supra,* the Supreme Court, speaking thru Justice Sanchez, said:

Acceptance of those benefits would not amount to estoppel. The reason is plain. Employer and employee, obviously, do not stand on the same footing. The employer drove the employee to the wall. The latter must have to get hold of money. Because, out of job, he had to face the harsh necessities of life. He thus found himself in no position to resist money proffered. His, then, is a case of adherence, not of choice. One thing sure, however, is that petitioners did not relent their claim. They pressed it. They are deemed not to have waived any of their rights. *Renuntiationon praesumitur.* (Italics supplied)[20]

Moreover, it is noteworthy that petitioner lost no time in immediately pursuing his claim against private respondents by filing his complaint for illegal dismissal a month after being repatriated on April 2, 1990. This is hardly expected from someone who voluntarily consented to his dismissal, thus, completely negating the conclusion that petitioners consent was given freely and bolstering the claim that the same was obtained through force and intimidation.

It must be emphasized that in termination cases like the one at bench, the burden of proof rests on the employer to show that the dismissal is for just cause, and failure to discharge the same would mean that the dismissal is not justified and therefore illegal.[21]

As already elaborated above, private respondents failed to justify petitioners dismissal, thereby rendering it illegal. Resultingly, it was grave abuse of discretion on the part of the NLRC to reverse its previous decision and uphold petitioners dismissal despite convincing evidence to the contrary.

Consequent to his illegal dismissal, petitioner is therefore entitled to the amount of SR39,674.00 - representing his salary for the unexpired portion of his employment contract[22] - as adjudged in the NLRCs December 9, 1992 decision. However, anent petitioners claim for additional compensation (detailed and prayed for in his motion for reconsideration), we find no reason to award the same for being speculative and without any proper legal and factual basis.

ACCORDINGLY, the petition is hereby GRANTED. The assailed Resolution of respondent NLRC dated September 22, 1993 is hereby SET ASIDE and the Decision dated December 9, 1992 is REINSTATED.

SO ORDERED.

Narvasa, C.J. (Chairman), Davide, Jr., Melo, and *Panganiban, JJ.,* concur.

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1 Annex A, *Rollo,* p. 39.

2 Annex E, *Rollo,* p. 87.

3 Annex C, *Rollo,* p. 58.

4 Annex 0, *Rollo,* p. 120.

5 Annex Q, *Rollo,* p. 122.

6 *Rollo,* pp. 61-62.

7 *Rollo,* pp. 64-65.

8 Rollo, p. 92.

9 *Rollo,* pp. 93-94.

10 *Rollo,* pp. 47-49.

11 Rollo, pp. 49-50.

12 Rollo,p.269.

13 Asian Construction and Development Corp. *vs.* NLRC, 187 SCRA 784,787(1990), Chua *vs.* NLRC, 182 SCRA 353, 357 (1990).

14 Mercado, Sr. *vs.* NLRC, 201 SCRA 332, 339 (1991)citing Feliciano Timbancaya *vs.* Vicente, 9 SCRA 852 and Lao Tang Bun *vs.* Fabre, 81 Phil. 682.

15 Family Planning Organization of the Phils. *vs.* NLRC, 207 SCRA 415, 421 (1992).

16 Philippine Manpower Services, Inc *vs.* NLRC, 224 SCRA 691, 698 (1993) citing A.M. Oreta & Co *vs.* NLRC, et al, 176 SCRA 218.

17 Ibid., p. 700.

18 Rollo, p.263.

19 Veloso, et al. *vs.* Department of Labor, 200 SCRA 201, 202 (1991).

20 Lopez Sugar Corporation *vs.* Federation of Free Workers, 189 SCRA 179, 192-193 (1990) citing AFP Mutual Benefit Association, Inc. *vs.* AFP-MBAI-EU 97 SCRA 715 (1990).

21 Polymedic General Hospital *vs.* NLRC, 134 SCRA 420(1985).

22 Philippine Manpower Services, Inc. *vs.* NLRC, *supra.*