Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

GERALDINE MICHELLE B. FALLARME and ANDREA MARTINEZ-GACOS,
Petitioners,

- versus -

SAN JUAN DE DIOS EDUCATIONAL FOUNDATION, INC., CHONA M. HERNANDEZ, VALERIANO ALEJANDRO III, SISTER CONCEPTION GABATINO, D.C., and SISTER JOSEFINA QUIACHON, D.C.,
Respondents.

G. R. Nos. 190015 & 190019

Present:

SERENO, *CJ*, Chairperson,
LEONARDO-DE CASTRO,
BERSAMIN,*
PERLAS-BERNABE, and
CAGUIOA, *JJ.*

Promulgated:

SEP 14 2016

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DECISION

SERENO, *CJ:*

Before this Court is a Petition for Review on *Certiorari* under Rule 45, assailing the Decision[1] and the Resolution[2] of the Court of Appeals (CA) in CA-G.R. SP Nos. 105355 and 105361. The CA affirmed the Decision[3] and the Resolution[4] of the National Labor Relations Commission (NLRC), which had ruled in favor of the validity of the termination of Geraldine Michelle B. Fallarme and Andrea Martinez-Gacos (petitioners) by San Juan de Dios Educational Foundation, Inc., Chona M. Hernandez, Valeriano Alejandro III, Sr., Concepcion Gabatino, D.C., and Sr. Josefina Quiachon, D.C. (respondents).

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* On official leave
[1] *Rollo*, pp. 42-58; dated 31 July 2009 and penned by CA Associate Justice Myrna Dimaranan Vidal with Associate Justices Portia Alino-Hormachuelos and Arcangelita R. Lontok concurring.
[2] Id. at 60-62; dated 20 October 2009 and penned by CA Associate Justice Myrna Dimaranan Vidal with Associate Justices Portia Alino-Hormachuelos and Isaias P. Dicdican (additional member in the Resolution dated 20 October 2009 in lieu of J. Lontok per Office Order No. 700-09) concurring.
[3] Id. at 81-92; dated 23 April 2008 and penned by Commissioner Raul T. Aquino with Commissioners Victoriano R. Calaycaly and Angelica A. Gacutan concurring.
[4] Id. at 93-94.

THE FACTS

Petitioners were hired by San Juan de Dios Educational Foundation, Inc. (respondent college), for full-time teaching positions.[5]

The appointment of petitioner Fallarme was effective at the start of the first semester of School Year (SY) 2003-2004[6] as signified by a memorandum[7] issued by the school informing her that she had been hired. The memorandum did not specify whether she was being employed on a regular or a probationary status. Aside from being appointed to a faculty position, she was also appointed to perform administrative work for the school as personnel officer[8] and to serve as head of the Human Development Counseling Services.[9]

Despite having served as a faculty member since SY 2003-2004, Fallarme was asked only on 1 March 2006 to sign and submit to respondent Chona M. Hernandez, dean of general education, a written contract on the nature of the former's employment and corresponding obligations.[10] The contract was denominated as "Appointment and Contract for Faculty on Probation" (appointment contract),[11] and its effectivity period covered the second semester of SY 2005-2006 – specifically from 4 November 2005 to 18 March 2006.[12] The appointment contract specified the status of Fallarme as a probationary faculty member.

After the expiration of the contract, respondent college informed her that it would not be renewed for the first semester of SY 2006-2007.[13] When she asked on what basis her contract would not be renewed, she was informed that it was the school's "administrative prerogative."[14]

Petitioner Martinez-Gacos taught at respondent college from the start of SY 2003-2004 and continued to do so for a total of six semesters and one summer.[15] Her engagement as a faculty member was signified by a memorandum[16] issued by the school, which informed her that she had been hired. The memorandum, which was similar to that issued to Fallarme, did not specify whether Martinez-Gacos was being employed on a regular or a probationary status.

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[5] Id. at 347.
[6] Id. at 44.
[7] Id. at 117.
[8] Id. at 118.
[9] Id. at 119.
[10] Id. at 46.
[11] Id. at 176.
[12] Id.
[13] Id. at 46.
[14] Id.
[15] Id. at 47.
[16] Id. at 132

Like Fallarme, even though Martinez-Gacos had been employed as a faculty member since SY 2003-2004, it was only on 1 March 2006 that the latter was ordered by respondent Valeriano Alejandro III to sign and submit a written contract on the nature of her employment and corresponding obligations.[17] The terms of the contract were similar to those in the contract signed by Fallarme. It was also denominated as "Appointment and Contract for Faculty on Probation," [18] and its effectivity period also covered the second semester of SY 2005-2006 – specifically from 4 November 2005 to 18 March 2006.[19] Under the appointment contract, the probationary status of Martinez-Gacos was likewise specified for the first time.

After the lapse of the contract's effectivity, she was similarly informed that her contract would not be renewed for the first semester of SY 2006-2007. She was also told that the nonrenewal of her contract was made on the basis of "administrative prerogative."[20]

Petitioners submitted a letter to respondent Hernandez,[21] questioning the nonrenewal of their respective employment contracts. Not satisfied with the reply,[22] they filed a Complaint against respondents for illegal dismissal, reinstatement, back wages, and damages before the labor arbiter.[23]

In their defense, respondents claimed that petitioners had been remiss in their duties. Specifically, both of them reportedly sold computerized final examination sheets to their students without prior school approval. Allegedly, Fallarme also sold sociology books to students, while Martinez-Gacos served as part-time faculty in another school and organized out-of-campus activities, all without the permission of respondent college.[24] These infractions supposedly prevented it from considering their services satisfactory.

THE LABOR ARBITER'S DECISION

The labor arbiter ruled that petitioners were regular employees who were entitled to security of tenure.[25] The former cited the 1992 Manual of Regulations for Private Schools (1992 Manual), which provides that regularization must be given to a teacher who (i) is employed as a full-time teacher; (ii) has rendered three consecutive years of service; and (iii) has performed satisfactorily within that period.[26] The labor arbiter held that petitioners had complied with these requisites for their regularization and, contrary to respondents' contention, performed satisfactorily within the

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[17] Id. at 47.
[18] Id. at 177.
[19] Id.
[20] Id. at 48.
[21] Id. at 145-146.
[22] Id. at 147-148.
[23] Id. at 49.
[24] Id. at 188-191.
[25] Id. at 243-256.
[26] Id. at 251.

years of their probationary employment. Thus, the labor arbiter ordered respondent college to reinstate petitioners and pay them their back wages as well as their 13th month pay.[27]

THE NLRC'S RULING

Upon respondents' appeal, the NLRC reversed the Decision of the labor arbiter.[28] It held that petitioners had failed to meet the third requirement for regularization as prescribed by the 1992 Manual; that is, they had not served respondent college satisfactorily. The NLRC found that certain actions they had done without the requisite approval of respondent college brought about their unsatisfactory performance during their probationary period. However, given the failure of respondent to observe due process, the NLRC ordered it to pay them ₱20,000 each as indemnity. Upon the denial of their Motion for Reconsideration,[29] petitioners proceeded to the CA.

THE CA RULING

The CA affirmed the NLRC Decision.[30] It upheld respondent college's administrative prerogative to determine whether or not petitioners were entitled to regularization on the basis of respondents' academic freedom.[31] Furthermore, the award of ₱20,000 as indemnity to each of the petitioners was upheld.

Upon the denial by the CA of their Motion for Reconsideration,[32] petitioners have now come before this Court via this Petition.

THE ISSUES

We cull the issues as follows:

1. Were petitioners regular employees of respondent college?
2. Was petitioners' dismissal for a valid cause?
3. If the dismissal of petitioners was for a valid cause, was the proper dismissal procedure observed?

OUR RULING

We deny the Petition. While we agree with petitioners that they were regular employees of the college, we differ on the basis they invoke for their regularization. Nevertheless, we agree with respondents that as regular

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[27] Id. at 255.
[28] Id. at 81-92.
[29] Id. at 93-94.
[30] Id. at 51-57.
[31] Id. at 52-54.
[32] Id. at 60-62.

employees, petitioners were dismissed for a valid cause. But due to respondents' failure to observe the proper procedure, petitioners are entitled to nominal damages.

The case calls for a review of questions of fact.

At the outset, we note the general rule that a petition for review on *certiorari* under Rule 45 is limited to questions of law. However, an exception to this rule arises when the findings of the CA conflict with those of the labor authorities, in which case this Court will not hesitate to review the evidence on record.[33]

In this case, the labor arbiter's factual findings differ from those of the NLRC and the CA. The labor arbiter found that the satisfactory service rendered by petitioners during their probationary period warranted their regularization, while the NLRC and the CA found otherwise. These conflicting findings of fact provide sufficient justification for our review of the facts involved.

We now proceed to the merits of the case.

Petitioners are deemed regular employees.

While the parties did not contest the allegation that petitioners were employed as probationary employees, a review of the records will show that they were considered regular employees since Day One of their employment.

It is established that while the Labor Code provides general rules as to probationary employment, these rules are supplemented by the Manual of Regulations for Private Schools with respect to the period of probationary employment of private school teachers.[34]

As prescribed by the 1992 Manual, a teacher must satisfy the following requisites to be entitled to regular faculty status: (1) must be a full-time teacher; (2) must have rendered three years of service (or six consecutive semesters of service for teachers on the tertiary level); and (3) that service must have been satisfactory.[35]

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[33] *Sampaguita Auto Transport Corp. v. National Labor Relations Commission,* 702 Phil. 701 (2013).

[34] *Mercado v. AMA Computer College-Parañaque City, Inc.*, 632 Phil. 228 (2010); Since petitioners were employed by respondent college in 2003, it is the 1992 version of the Manual of Regulations for Private Schools that applies. However, the Commission of Higher Education (CHED) later issued the 2008 Manual of Regulations for Private Higher Education through CHED Memorandum Order No. 40, Series of 2008, which is now the applicable Manual for all private higher education institutions.

[35] 1992 Manual of Regulations for Private Schools, §§92-93; *St. Mary's University v. Court of Appeals*, 493 Phil. 232 (2005); *La Consolacion College v. National Labor Relations Commission*, 418 Phil. 503 (2001); *University of Sto. Tomas v. NLRC*, 261 Phil. 483 (1990).

In this case, the first two requisites for regularization under the 1992 Manual – full-time faculty status and completion of the probationary period – are conceded in favor of petitioners. However, the parties disagree on the fulfillment of the third requisite:[36] whether petitioners' performance within the probationary period was satisfactory.

It is with respect to the determination of whether petitioners' performance was satisfactory that respondent college invokes its "administrative prerogative." As argued by respondents in their Comment before this Court, the exercise of their administrative prerogative not to renew the contracts was prompted by their dissatisfaction with the way petitioners conducted themselves in school.[37] Specifically, respondent college asserts that appellants were remiss in their fiduciary duty to the school when they engaged in various acts like selling books and exam materials, as well as organizing extracurricular activities with students without its permission.[38] It contends that its administrative prerogative is part of its academic freedom under the Constitution.[39]

These contentions are misplaced.

Indeed, the determination of whether the performance of probationary teaching personnel has been sufficiently satisfactory as to warrant their regularization lies in the hands of the school[40] pursuant to its administrative prerogative, which is an extension of its academic freedom under Section 5(2), Article XIV[41] of the Constitution. Academic freedom gives the school the discretion and the prerogative to impose standards on its teachers and to determine whether these have been met upon the conclusion of the probationary period.[42]

It must be pointed out that the school's exercise of administrative prerogative in this respect is not plenary as respondents would like us to believe. The exercise of that prerogative is still subject to the limitations imposed by the Labor Code and jurisprudence on valid probationary employment.[43]

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[36] *Rollo*, p. 52.
[37] Id. at 358.
[38] Id. at 86-88.
[39] Id. at 346.
[40] *Herrera-Manaois v. St. Scholastica's College*, G.R. No. 188914, 11 December 2013, 712 SCRA 418; *Colegio del Santisimo Rosario v. Rojo*, G.R. No. 170388, 4 September 2013, 705 SCRA 63; *Lacuesta v. Ateneo de Manila University*, 513 Phil. 329 (2005); *La Salette of Santiago, Inc. v. National Labor Relations Commission*, 272-A Phil. 33 (1991); *Cagayan Capitol College v. National Labor Relations Commission*, G.R. Nos. 90010-11, 267 Phil. 696 (1990).
[41] Section 5(2), Article XIV provides: Academic freedom shall be enjoyed in all institutions of higher learning.
[42] *Herrera-Manaois v. St. Scholastica's College*, supra note 39.
[43] In *Mercado v. AMA Computer College-Parañaque City, Inc.* (supra note 33), this Court reconciled the Labor Code with the 1992 Manual by clarifying that other than in the matter of probationary period, the following portion of Article 281 of the Labor Code still fully applies to probationary teachers:

> x x x The services of an employee who has been engaged on a probationary basis may be terminated for a just cause when he fails to qualify as a regular employee in accordance with reasonable standards made known by the employer to the employee at

In *Abbott Laboratories v. Alcaraz,*[44] this Court explained that valid probationary employment under Art. 281 presupposes the concurrence of two requirements: (1) the employer must have made known to the probationary employee the reasonable standard that the latter must comply with to qualify as a regular employee; and (2) the employer must have informed the probationary employee of the applicable performance standard at the time of the latter's engagement. Failing in one or both, the employee, even if initially hired as a probationary employee, shall be considered a regular employee.[45]

With respect to the regularization of probationary teachers, the standards laid down in *Abbott Laboratories* apply to the third requisite under the 1992 Manual: *that they must have rendered satisfactory service.* As observed by this Court in *Colegio del Santisimo Rosario v. Rojo,*[46] the use of the term *satisfactory* "necessarily connotes the requirement for schools to set reasonable standards to be followed by teachers on probationary employment. For how else can one determine if probationary teachers have satisfactorily completed the probationary period if standards therefor are not provided?" Therefore, applying Article 281 of the Labor Code, a school must not only set reasonable standards that will determine whether a probationary teacher rendered satisfactory service and is qualified for regular status; it must also communicate these standards to the teacher at the start of the probationary period. Should it fail to do so, the teacher shall be deemed a regular employee from Day One.[47]

However, the records lack evidence that respondent college clearly and directly communicated to petitioners, at the time they were hired, what reasonable standards they must meet for the school to consider their performance satisfactory and for it to grant them regularization as a result.

Respondents claim that the standards were provided in the appointment contracts signed by petitioners. Each of the contracts supposedly provided that it "incorporates by reference the school policies, regulations, operational procedures and guidelines provided for in the Manual of Operations of the School x x x."[48] However, this claim defeats respondents' own defense, because the appointment contracts invoked were

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> the time of his engagement. An employee who is allowed to work after a probationary period shall be considered a regular employee.

We recognized then that if a reconciliation of the Labor Code with the 1992 Manual is not made, the requirements of Article 281 on probationary status would be fully negated. Failure to reconcile the two would have an unsettling effect on the existing equilibrium *vis-a-vis* the relations between labor and management which the Constitution and the Labor Code have worked hard to establish (*Colegio del Santisimo Rosario v. Rojo,* supra note 39).

[44] G.R. No. 192571, 22 April 2014, 723 SCRA 25.

[45] *Abbott Laboratories, Phils. v. Alcaraz.* supra; *see also* Section 6, Rule I, Implementing Rules of Book VI of the Labor Code; *Clarion Printing House v. NLRC*, 500 Phil. 61 (2005); *Cielo v. NLRC*, 271 Phil. 433 (1991).

[46] *Colegio del Santisimo Rosario v. Rojo*, G.R. No. 170388, 4 September 2013, 705 SCRA 63, 75.

[47] Id.

[48] *Rollo*, p. 366.

signed by petitioners only at the start of the second semester of SY 2005-2006.[49]

Nonetheless, it is clear and undisputed that petitioners were hired by respondent college as early as 2003, but were required to sign appointment contracts for the first time only in 2005. An examination of the records will show that when they were hired in 2003, they each signed a mere memorandum informing them that they had passed the qualifying examinations for faculty members, and that they were being hired effective first semester of SY 2003-2004.[50] The memorandum did not indicate their status as probationary employees, the specific period of effectivity of their status as such, and the reasonable standards they needed to comply with to be granted regular status. The failure to inform them of these matters was in violation of the requirements of valid probationary employment. It also violated Section 91 of the 1992 Manual, which provides as follows:

> Every contract of employment shall specify the designation, qualification, salary rate, **the period and nature of service** and **its date of effectivity**, and such other terms and conditions of employment as may be consistent with laws and the rules, regulations and standards of the school. A copy of the contract shall be furnished the personnel concerned. (Emphasis supplied)

The appointment contracts invoked by respondents appear to be an afterthought, as they asked petitioners to sign the contracts only when the latter's three-year probationary period was about to expire. Apparently, this act was an effort to put a stamp of validity on respondents' refusal to renew petitioners' contracts.

Respondents were clearly remiss in their duty under the Labor Code to inform petitioners of the standards for the latter's regularization. Consequently, petitioners ought to be considered as regular employees of respondent college right from the start.

Petitioners' dismissal was for a valid cause.

Now that petitioners' regular status has been settled, it is time to examine whether their contracts' nonrenewal, which was effectively their dismissal, was valid.

Dismissals have two facets: the legality of the act of dismissal, which constitutes substantive due process; and the legality of the manner of dismissal, which constitutes procedural due process.[51]

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[49] Id. at 176-177.
[50] Id. at 117 & 132.
[51] *Lopez v. Alturas Group of Companies*, 663 Phil. 121 (2011).

With respect to substantive due process, insubordination or willful disobedience is one of the just causes of dismissal under Article 282 of the Labor Code. For there to be a valid cause, two elements must concur: (1) the employee's assailed conduct must have been willful, that is, characterized by a wrongful and perverse attitude; and (2) the order violated must have been reasonable, lawful, made known to the employee, and pertinent to the duties that the employee has been engaged to discharge.[52]

Moreover, to be considered as a valid cause analogous to that specified in the law, it is simply required that the cause must be due to the voluntary or willful act or omission of the employee.[53]

Furthermore, under the 1992 Manual, the following has also been enumerated as one of the valid causes for termination, in addition to those found in the Labor Code:

> (f) The sale of tickets or the collection of any contributions in any form or for any purpose of project whatsoever, whether voluntary or otherwise, from pupils, students and school personnel x x x.

In this case, the records bear out the following misdemeanors of petitioners:

(1) Both petitioners were remiss in their obligation to secure respondent college's consent before they sold computerized final examination sheets to their students.[54] They failed to do so despite the prior advice of their subject area coordinator that the dean's approval must first be secured before examination sheets could be sold.[55]

(2) Petitioner Fallarme failed to secure respondent college's consent before selling sociology textbooks to her students during the second semester of SY 2005-2006.[56] This rule was violated even after it had been clearly discussed during their department's general meeting held at the opening of SY 2005-2006. The teachers were then told that they were prohibited from transacting business with any publishing house or collecting any payment without informing their respective area chairs.[57]

(3) Petitioner Martinez-Gacos organized out-of-campus activities with students, again without respondent college's permission and in violation of the school's Student Handbook.[58]

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[52] *The Coffee Bean and Tea Leaf Philippines, Inc. v. Arenas*, G.R. No. 208908, 11 March 2015, 753 SCRA 187.
[53] *Nadura v. Benguet Consolidated*, 116 Phil. 28 (1962).
[54] *Rollo*, pp. 197, 204, 198-199.
[55] Id. at 197.
[56] Id. at 203, 413-416.
[57] Id. at 202.
[58] Id. at 207.

The above infractions imputed by respondent college to petitioners were admitted by the latter in their letters to respondents[59] and in their Petition before this Court.[60] They made that admission in conjunction with their defense that the supposed infractions did not cause serious damage to respondents and were but a part of their academic freedom and freedom of expression, among others.

We find that these infractions committed by petitioners in connection with their jobs have been established by substantial evidence[61] and constitute willful disobedience or conduct analogous thereto.

First, the act of selling computerized final examination sheets to students without respondent college's permission, despite the prior advice of their subject area coordinator, indicated a knowing disregard by petitioners of their superior's express order not to do so. We find that order to be lawful as well as reasonable. Clearly, the school was not prohibiting the sale of those sheets *per se,* but was only requiring that its permission be secured first. This order was made in consideration of the supervision and control that the school was expected to exercise over all matters relevant to its students and personnel.[62] The order was also pertinent to their duties as teachers, as the sheets were used in examinations administered in their classes.

Furthermore, it is significant that petitioners' act of collecting money from their students falls under one of the valid causes for termination under the 1992 Manual as enumerated above.

There is no merit in the defense that petitioners were not aware of the policy regarding the examination sheets.[63] In their letters to respondent college, they in fact apologized and recognized the fault they committed when they did not inform school authorities before selling the computerized sheets.[64] The apologies of petitioners indicate their awareness of this requirement.

Second, when petitioner Fallarme sold textbooks to her students without permission, even after the act had been clearly prohibited in a general meeting, her act also indicated her willful disregard of a school policy. That policy, which was made known to her beforehand, was lawful in light of the recognized authority exercised by schools over their students and personnel.[65]

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[59] Id. at 198-200, 205, 234.
[60] Id. at 36-37.
[61] Well-entrenched is the principle that in order to establish a case before judicial and quasi-administrative bodies, it is necessary that allegations must be supported by substantial evidence. Substantial evidence is more than a mere scintilla but such relevant evidence as a reasonable mind might accept as adequate to support a conclusion (*Ledesma, Jr. v. NLRC,* 562 Phil. 939 [2007]).
[62] *University of the East v. Jader,* 382 Phil. 697 (2000).
[63] *Rollo,* p. 221.
[64] Id. at 198, 205.
[65] *University of the East v. Jader,* supra note 61.

Moreover, we consider that policy to be in line with the fiduciary relationship between the school and its professors, teachers, and instructors. They are merely the school's agents in providing the education it has contracted to deliver to its students.[66] As such, they have an obligation to avoid any conflict of interest with the school as their principal.[67] Here, by selling textbooks without the school's authorization, petitioners were harboring a conflict of interest, inasmuch as it was commonplace for a school itself – not its individual teachers – to sell the textbooks to its students.

Furthermore, the order was reasonable. As with the sale of examination sheets, the sale of books was not being prohibited by the school, as it was only requiring teachers to first secure its authorization. That such order was related to the duties of petitioner Fallarmeas a teacher can be easily discerned from the fact that the focus of the policy was the textbooks used in the classroom.

It is noteworthy that this misdemeanor was substantiated by the letters of Fallarme's students attesting to the fact before the school authorities.[68] While she raised before the labor arbiter the defense that some of the students had confided to her that they had written the letters involuntarily, she failed to substantiate this self-serving claim with any proof.[69]

Third, petitioner Martinez-Gacos' act of organizing out-of-campus activities without the consent of respondent college and in violation of its Student Handbook likewise shows traces of insubordination or acts analogous thereto. Martinez-Gacos undertook the activities complained of in 2005,[70] or two years after she was hired. Her awareness of the Student Handbook's provisions, which she cavalierly disregarded, can therefore be reasonable expected. It is notable that she never disputed or debunked the existence of the Student Handbook provisions invoked by the Dean of Student Services.

We find the defense invoked by petitioner – that the questioned activity was a personal trip[71] – insufficient to dispute an established fact. Specifically, while she was the publications adviser of the school paper, she went on two out-of-town trips with several students, whose stories later on appeared in that publication.[72]

It must be stressed that the rules and policies that were disobeyed by petitioners are necessary incidents of the supervision and control schools

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[66] Id.
[67] *Severino v. Severino*, 44 Phil. 343 (1923).
[68] *Rollo*, pp. 413-416.
[69] Id. at 222.
[70] Id. at 207.
[71] Id. at 226.
[72] Id. at 89.

exercise over teachers as well as students.[73] The exercise of such supervision has been declared to be an obligation of schools.[74] In *Miriam College Foundation v. Court of Appeals*,[75] this Court recognized that the establishment of an educational institution requires rules and regulations necessary for the maintenance of an orderly educational program and the creation of an educational environment conducive to learning. These rules and regulations are also necessary for the protection of the students, faculty, and property. Therefore, to disobey school rules and regulations, as petitioners did in this case, is to go against this recognized mandate.

All told, not just one but three infractions show that the continued service of petitioners in respondent college was inimical to its interest, as their actions indicated lack of respect for the school authorities. It is settled that an employer has the right to dismiss its erring employees as a measure of self-protection against acts inimical to its interest.[76] With respect to schools, this right must be seen in light of their recognized prerogative to set high standards of efficiency for its teachers. The exercise of that prerogative is pursuant to the mandate of the Constitution for schools to provide quality education[77] and its recognition of their academic freedom to choose who should teach pursuant to reasonable standards.[78] We find those standards to be present in this case.

Therefore, respondent college cannot be faulted for finding the performance of petitioners inimical to its interest as a school after the cited infractions. As correctly pointed out by the NLRC, petitioners were teachers who handled in their classrooms women and men at an impressionable age, not mere inanimate and repeatable objects as in the manufacturing sector. Therefore, teachers stand as role models for living out basic values, which include respect for authority.[79] Because of the failure of petitioners to live up to that standard, this Court finds that their dismissal was for a valid cause.

Respondents failed to observe the proper procedure in petitioners' dismissal.

Although the dismissal of petitioner was for a valid cause, we nevertheless find that respondent college failed to comply with the proper procedure for their dismissal in violation of procedural due process.

For termination based on a just cause, as in this case, the law requires two written notices before the termination of employment: (1) a written notice served by the employer on the employee specifying the ground for

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[73] *University of the East v. Jader*, supra note 61.
[74] *Palisoc v. Brillantes*, 148-B Phil. 1029 (1971).
[75] 401 Phil. 431 (2000).
[76] *Mendoza v. National Labor Relations Commission*, 369 Phil. 1113 (1999).
[77] *Peña v. National Labor Relations Commission*, 327 Phil. 673 (1996).
[78] *Mercado v. AMA Computer College-Parañaque City, Inc*, supra note 34.
[79] *Rollo*, p. 89-90.

termination and giving a reasonable opportunity for that employee to explain the latter's side; and (2) a written notice of termination served by the employer on the employee indicating that upon due consideration of all the circumstances, grounds have been established to justify the latter's termination.[80]

We find a complete deviation from the two-notice rule in this case. The records show that respondent college effectively dismissed petitioners by sending them a written notice informing them that the school would no longer renew their contracts for the forthcoming semester.[81] We find that the letters were abruptly sent and lacked any specification of the grounds for their termination. Neither did the letters give petitioners the opportunity to explain their side. To aggravate the matter, upon their inquiry into the reason behind their termination, all that respondent college cited was its supposed "administrative prerogative," which was misplaced as discussed earlier.

In *Agabon v. National Labor Relations Commission*,[82] this Court held that if the dismissal was for a valid cause, failure to comply with the proper procedural requirements shall not nullify the dismissal, but shall only warrant the payment of indemnity in the form of nominal damages. The amount of damages is addressed to the sound discretion of the Court, taking into account the relevant circumstances. Since *Agabon,* this Court has consistently pegged the award of nominal damages at ₱30,000 in cases where the employee's right to procedural due process has been violated.[83] It was held that the amount of nominal damages awarded is not intended to enrich the employee, but to deter the employer from future violations of the procedural due process rights of the former.[84] Considering the circumstances in the present case and in compliance with prevailing jurisprudence,[85] we deem it appropriate for respondent college to pay petitioners ₱30,000 each. This amount is in lieu of the ₱20,000 awarded to each petitioner by the NLRC and the CA.

WHEREFORE, the Petition for Review on *Certiorari* is **DENIED.** The Court of Appeals Decision dated 31 July 2009 and Resolution dated 20 October 2009 in CA-G.R. SP Nos. 105355 and 105361 are hereby **AFFIRMED with MODIFICATIONS,** in that petitioners are each awarded nominal damages of ₱30,000 for the violation of their right to procedural due process. Legal interest at the rate of 6% per annum is imposed on the award of damages from the finality of this Decision until full payment.

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[80] *Olympia Housing, Inc. v. Lapastora,* G.R. No. 187691, 13 January 2016.
[81] *Rollo*, p. 126, 138.
[82] 485 Phil. 248, 288 (2004).
[83] See *Sang-an v. Equator Knights Detective and Security Agency, Inc.,* 703 Phil. 492 (2013); *Ancheta v. Destiny Financial Plans, Inc.,* 626 Phil. 550 (2010); *Coca-Cola Bottlers Philippines, Inc. v. Garcia,* 567 Phil. 342 (2008); *Challenge Socks Corp. v. Court of Appeals,* 511 Phil. 4 (2005).
[84] *Ancheta v. Destiny Financial Plans,* id.
[85] Id.; See also *Santos v. Integrated Pharmaceutical, Inc.,* G.R. No. 204620, 11 July 2016; *University of the Immaculate Conception v. Office of the Secretary of Labor and Employment,* G.R. Nos. 178085-178086, 14 September 2015.

SO ORDERED.

MARIA LOURDES P. A. SERENO
Chief Justice, Chairperson

WE CONCUR:

TERESITA J. LEONARDO-DE CASTRO
Associate Justice

(On official leave)
LUCAS P. BERSAMIN
Associate Justice

ESTELA M. PERLAS-BERNABE
Associate Justice

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARIA LOURDES P. A. SERENO
Chief Justice