



Republic of the Philippines  
**Supreme Court**  
 Manila

**FIRST DIVISION**

**EAST CAM TECH**  
**CORPORATION,**

Petitioner,

**G.R. No. 222289**

**Present:**

- versus -

PERALTA, C.J., Chairperson,  
 CAGUIOA, Working Chairperson,  
 REYES, J. JR.,  
 LAZARO-JAVIER, and  
 LOPEZ, JJ.

**BAMBIE T. FERNANDEZ,**  
**YOLANDA DELOS SANTOS,**  
**LEONORA TRINIDAD, and**  
**CHARITO S. MANALANSAN,**  
 Respondents.

**Promulgated:**

**JUN 08 2020**

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**DECISION**

**REYES, J. JR., J.:**

**The Case**

This petition for review on *certiorari* under Rule 45 assails the May 29, 2015 Court of Appeals (CA) Decision<sup>1</sup> and December 11, 2015 Resolution<sup>2</sup> in CA-G.R. SP No. 123946, which nullified the October 11, 2011 National Labor Relations Commission (NLRC) Decision<sup>3</sup> and ordered the reinstatement of respondents Bambie T. Fernandez (Fernandez), Yolanda Delos Santos (Delos Santos), Leonora Trinidad (Trinidad), and Charito S. Manalansan (Manalansan) with payment of backwages and other money claims.

<sup>1</sup> Penned by Associate Justice Zenaida T. Galapate-Laguilles, with Associate Justices Mariflor Punzalan Castillo and Florito S. Macalino, concurring; *rollo*, pp. 354-362.

<sup>2</sup> Id. at 393-394.

<sup>3</sup> Penned by Presiding Commissioner Gerardo C. Nograles, with Commissioner Perlita B. Velasco, concurring; id. at 230-239.

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### The Facts

Petitioner East Cam Tech Corporation (East Cam) is a company engaged in the manufacture of bags. It hired respondents Fernandez, Delos Santos, Trinidad, and Manalansan as sewers in May 2002. Respondents previously filed an illegal dismissal complaint against East Cam, which resulted in their reinstatement. Upon returning to East Cam, they were reassigned to the sewing line of the sample department. They noticed that the machines assigned to them were old and worn out. They were stationed at a place far from the sample room where all the special machines were located. They felt singled out in terms of work because they were the only ones required to meet a production quota and to submit hourly reports. They alleged that the Department of Labor and Employment (DOLE) did not approve the unreasonable quota. They also averred that the company officers required them to work outside their assigned tasks.<sup>4</sup>

On January 12, 2010, East Cam charged them of negligence of duty for failure to comply with the production quota. Their supervisor told them that there was no need to answer the charge and that he would solve the problem. On February 27, 2010, they were dismissed from the service for failure to answer the charge.<sup>5</sup> This prompted the filing of a new complaint against East Cam, its president In Soo Jung, plant manager Sang Yong Kim, and Human Resources Department head Corazon Bustamante for illegal dismissal with prayer for reinstatement, backwages, other money claims, damages, and attorney's fees.<sup>6</sup>

For their part, East Cam explained that it adopted a Time and Motion Study (TMS) for each product to achieve productivity and efficiency. The study aimed to reduce the number of motions in performing a certain task. The employees must comply with the study so that East Cam would not incur unnecessary costs resulting in operational damage.<sup>7</sup>

East Cam further asserted that in their Management and Employee Handbook, failure of an employee to meet the prescribed quantity and quality standards is considered as negligence of duty punishable by a written warning for the first offense, and dismissal from the service for the second offense.<sup>8</sup>

East Cam claimed that on December 16, 2009, the respondents were assigned to do a job order for 280 pieces of bags. Based on the TMS, four sewers can finish the job in three days with a target rate of 100 pieces per

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<sup>4</sup> Id. at 355.

<sup>5</sup> Id.

<sup>6</sup> Id. at 180, 231.

<sup>7</sup> Id. at 355-356.

<sup>8</sup> Id. at 356.

day or 25 pieces per sewer per day. East Cam maintained that the respondents were informed that the job order was a production line, which is a line that mass produces items and not a sample line or a specialized line producing samples. East Cam insisted that the respondents failed to meet the target output and the prescribed quality standards. As a result, respondents were given a written warning that repetition of the same offense would result to dismissal from the service.<sup>9</sup>

On another date, the respondents were assigned a second job order for 315 pieces of bags. The target rate was 100 pieces per day to be done by four sewers. The rate was later reduced to 88 pieces per day. Despite the reduced rate, the respondents were unable to meet the production quota as it took them seven days to finish the job order with one additional sewer. The respondents were asked to explain their failure to complete the quota, but were unable to do so. On February 27, 2010, they were dismissed from service for violation of the company rules. Their omission constituted gross and habitual neglect of duty under Article 282 of the Labor Code of the Philippines.<sup>10</sup>

### **The Labor Tribunals' Decisions**

In its April 21, 2011 Decision,<sup>11</sup> Executive Labor Arbiter (ELA) Lita V. Aglibut dismissed the complaint for lack of merit. The LA upheld the management prerogative of East Cam to regulate all aspects of employment, such as work assignment, working methods, processes to be followed, working regulations, transfer of employees, work supervision, lay-off, and discipline of workers. East Cam had the right to assign the respondents in any sewing post in the exigency of service. There was no showing that the rules on production quota were designed to discriminate them. The fact that they were assigned a production work affirmed the management's trust and confidence over their kind of work. Further, East Cam had the prerogative to discipline its employees and to impose appropriate penalties for erring workers pursuant to company rules. The respondents' failure to meet the production quota and the quality standards twice resulted to operational damage. This constitutes as negligence of duty, which is punishable by dismissal from the service when committed for the second time.<sup>12</sup>

Aggrieved, the respondents appealed to the NLRC, which dismissed the same and affirmed the ELA's Decision in its October 11, 2011 Decision.<sup>13</sup> The NLRC held that there was habituality in the neglect of duty where the commission of the same act occurs more than once. Here, the respondents failed to meet the production quota twice. Thus, they are guilty of habitual neglect of duty and calls for an affirmance of the ELA's

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<sup>9</sup> Id.

<sup>10</sup> Id.

<sup>11</sup> Id. at 180-191.

<sup>12</sup> Id. at 190-191.

<sup>13</sup> Id. at 230-238.

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Decision. The respondents moved for reconsideration, which the NLRC denied in its January 16, 2012 Resolution.<sup>14</sup>

Unconvinced, the respondents filed a petition for *certiorari* under Rule 65 before the CA alleging that the NLRC committed grave abuse of discretion in finding them guilty of habitual neglect of duty and that they were validly dismissed.

### **The Court of Appeals Decision**

In its May 29, 2015 Decision, the CA granted the petition and nullified the NLRC Decision. The CA determined that the respondents were not guilty of gross and habitual neglect of duty that would justify their termination from employment. The respondents had been employed for eight years in East Cam, and they had no record of neglect of duty prior to the imposition of quota. In fact, East Cam gave them a commendation for exemplary performance, which was the basis for their transfer to the sewing line of the sample department.<sup>15</sup>

The CA pointed out that in the second job order, the respondents asked for help from another sewer, which was an indication that they were not remiss in their duties and tried to comply with an unachievable quota. The CA concluded that their failure to meet the quota did not justify the charge of gross and habitual neglect of duty that led to their dismissal.<sup>16</sup>

Moreover, the CA explained that the management's prerogative to fix the production quota must be exercised in good faith. The duty to prove good faith rests with the employer as part of its burden to show that the dismissal was for a just or valid cause. The CA ascertained that East Cam failed to show that the imposition of production quota was done in good faith and not tainted with malice, unfairness, and oppression. The CA opined that the imposition of production quota was a desperate attempt to provide a semblance of validity to the respondents' dismissal. The CA observed that: (1) East Cam singled them out because they were given a quota while the rest of the employees were not; (2) since the TMS was used for the first time, the production output could not be reasonably quantified yet; and (3) the respondents were assigned to the production line of mass producing items, which was a task different from what they were accustomed to do in the sample line. As such, they could not be expected to instantly adapt in the production line and meet the quota. The CA concluded that it was unjust to dismiss the respondents for failure to meet a new quota requirement when the efficacy of which has yet to be proven. The CA held that the NLRC committed grave abuse of discretion in finding that the respondents were

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<sup>14</sup> Id. at 246-247.

<sup>15</sup> Id. at 359.

<sup>16</sup> Id.

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guilty of habitual neglect of duty when the records were bereft of any evidence.<sup>17</sup>

The CA ordered the reinstatement of the respondents without loss of seniority rights and other privileges, payment of full backwages including allowances and other benefits, or their monetary equivalent from the time compensation was withheld up to actual reinstatement. Attorney's fees equivalent to 10% of the total monetary award was given since the respondents were forced to litigate their complaint.<sup>18</sup>

East Cam moved for reconsideration, which the CA denied in its December 11, 2015 Resolution. Dissatisfied, East Cam elevated the case before the Court through a petition for review on *certiorari* under Rule 45.

### **The Issue Presented**

Whether or not the CA erred in reversing the NLRC's Decision and ruling that the respondents were illegally dismissed.

### **The Court's Ruling**

The petition is denied.

The general rule in a petition for review on *certiorari* under Rule 45 of the Rules of Court is that only questions of law should be raised. In *Republic v. Heirs of Santiago*,<sup>19</sup> the Court enumerated that one of the exceptions to the general rule is when the CA's findings are contrary to those of the trial court. Considering the different findings of fact and conclusions of law of the ELA, the NLRC and the CA, the Court shall entertain this petition, which involves a re-assessment of the evidence presented.

In its petition, East Cam argues that: (1) the CA deviated from the established rule that factual findings of the *quasi*-judicial bodies like the NLRC are accorded respect and finality, particularly when they coincide with those of the ELA and if supported by substantial evidence; and (2) the CA misappreciated the factual backdrop of *Aliling vs. Feliciano*<sup>20</sup> and misapplied the ruling to this case.

### **I.**

East Cam argues that both the ELA and NLRC's factual findings should not be disregarded, but instead be accorded respect and finality. The

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<sup>17</sup> Id. at 360.

<sup>18</sup> Id. at 360-361.

<sup>19</sup> *Republic v. Heirs of Santiago*, G.R. No. 193828, March 27, 2017.

<sup>20</sup> G.R. No. 185829, 686 Phil. 889 (2012).

Court stresses that such rule is with a caveat that the findings must be supported by substantial evidence.

Here, East Cam avers that the respondents committed gross and habitual neglect of duty when they all failed to meet their production quotas as sewers. The Court finds that there is substantial evidence to the contrary. East Cam did not dispute that the respondents were reinstated after they were illegally dismissed. They were reassigned from the production line to the sample line. And yet, they were required to perform tasks for the production line. Such transfer is suspicious because the respondents appear to be singled out for having previously won an illegal dismissal case against East Cam. All of them were transferred as a team and were assigned the same production tasks and quotas.

The Court further observes that before they were transferred, the respondents had no previous record of negligence in their eight years of tenure with East Cam. But as East Cam asserts, the respondents became habitually negligent after they were assigned to do work for the production line, because they all failed to meet the production quotas and the quality standards in accordance with East Cam's TMS and company requirements. However, it appears that the production quotas based on the TMS are unattainable. Even East Cam recognized this when they assigned another sewer to help the respondents meet the quota for the second job order. As the respondents claim, they are singled out by East Cam when they were given quotas based on the TMS, which is not East Cam's previous practice.

Notably, based on the TMS for both job orders, the respondents must produce a definite quota per day to attain the required production quota. But why is it that the respondents' supervisor did not call their attention after one or more days of failing to meet their daily production quota considering that they were all previously warned of being negligent for failing to meet the quota for the first job order? Surely, if East Cam was interested in the efficiency of the respondents in meeting their production quotas, it would be prudent for the management to monitor their daily production *vis-à-vis* the required daily quota under the TMS. Based on the foregoing, there is substantial evidence that respondents failed to meet their quotas under the TMS not because they are negligent but simply because the quotas are not attainable. Hence, the CA correctly overturned the NLRC's Decision.

## II.

East Cam contends that the CA misappreciated the factual backdrop of *Aliling* and misapplied the ruling to this case.

The Court disagrees.

First, East Cam claims that in *Aliling*, it was shown that the petitioner therein was tasked to handle a new product. Here, the respondents are given

an old task – the production line – something they had done before.<sup>21</sup> It appears that the respondents had some experience working in the production line. However, as sewers they are tasked to produce different products from time to time. And here, there is no evidence on record that they were previously assigned to produce the products under job orders one and two. Thus, although they were previously assigned in the production line, the products under job orders one and two appear to be new to them. Consequently, they cannot be expected to gain mastery or efficiency in the production requirement for these products.

In fact, as respondents claim, they are singled out when East Cam gave them production quotas based on the TMS. In their joint written explanation, the respondents air the following sentiments:

ANG PAG-KAKA ALAM PO [KASI NAMIN] NOONG BINABAAN NYO KAMI NG MEMO NA LILIPAT KAMI SA SAMPLE PARA GUMAWA AT MANAHI NG SAMPLE BAG'S (sic) AT SINABI NYO MAM/SIR NA PURO SAMPLE BAG'S (sic) LANG ANG GAGAWIN NAMIN AT NGAUN PINAG-GAGAWA NYO KAMI NG PRODUCTION BAG'S (sic). SUMUNOD PO KAMI SA LAHAT NG PINAGAGAWA NYO, SA TINGIN KO PO MAM/SIR BAKIT KAMI LANG APAT ANG PINAGAGAWA NYO NG REPORT SA LAHAT PO NG SAMPLE SEWER KAMI LANG. BAKIT NGA BA MAM/SIR KAMI LANG, BAKIT KAYA. DI PO BA NYO NAISIP NA SAMPLE SEWER KAMI, ANG PAGKAKA-ALAM KO PO ANG SAMPLE SEWER AY WALANG HOURLY REPORT PRODUCTION SANA TOO (sic) MAM/SIR, BASAHIN NYO PO ANG MEMO NA BINABA NYO LAST NOV. 19, 2009 AT SINABI NYO SA AMIN MAM/SIR CORAZON BUSTAMANTE NA PURO SAMPLE BAG'S (sic) LANG ANG AMING GAGAWIN, BAKIT PO HINDI YATA PANTAY PANTAY ANG TINGIN NYO SA AMING MGA SAMPLE SEWER BAKIT PO NGA BA HINDI PANTAY.<sup>22</sup>

Second, East Cam argues that the employer in *Aliling* was shown to have predetermined the dismissal of the petitioner therein, unlike in this case.<sup>23</sup> To reiterate, the respondents were reassigned from the production line to the sample line after they were reinstated. Then, they were required to do products under the production line. The transfer is suspicious because the respondents appear to be singled out as they previously won an illegal dismissal case against East Cam. The respondents were transferred as a group and were assigned the same production tasks and quotas, which were again simply unattainable. Their transfer impresses upon the Court that it is a step leading to the termination of their employment. Hence, similar to *Aliling*, there is also a predetermined plan to dismiss the respondents.

In *Aliling*, the Court recognized management prerogative to fix a quota for its employees, and failure to meet the quota constitutes gross

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<sup>21</sup> *Rollo*, p. 54.

<sup>22</sup> *Id.* at 25.

<sup>23</sup> *Id.*

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negligence, provided that such quota was imposed in good faith. In *Aliling*, the Court held:


In fine, an employee's failure to meet sales or work quotas falls under the concept of gross inefficiency, which in turn is analogous to gross neglect of duty that is a just cause for dismissal under Article 282 of the Code. However, in order for the quota imposed to be considered a valid productivity standard and thereby validate a dismissal, management's prerogative of fixing the quota must be exercised in good faith for the advancement of its interest. The duty to prove good faith, however, rests with WWVEC as part of its burden to show that the dismissal was for a just cause. WWVEC must show that such quota was imposed in good faith. This WWVEC failed to do, perceptibly because it could not. The fact of the matter is that the alleged imposition of the quota was a desperate attempt to lend a semblance of validity to Aliling's illegal dismissal. x x x<sup>24</sup>

Here, East Cam, as the employer, has the right to impose production quotas in its production line based on its TMS for job orders one and two. However, East Cam failed to prove that it acted in good faith when it did not adduce any evidence that its TMS were attainable based on the quantity it wanted to produce for a given time, quality of the product to be produced, the machines they have, and the skill sets of their employees. Further, East Cam failed to rebut the respondents' allegations that: (1) the machines assigned to them were old and worn out, (2) they were stationed at a place far from the sample room where all the special machines are located, and (3) they were the only ones required to meet a production quota and to submit hourly reports.

The Court only upholds management prerogative as long as it is exercised in good faith for the advancement of the employer's interest and not for the purpose of defeating or circumventing the employees' rights under special laws and valid agreements.<sup>25</sup>

**WHEREFORE**, the petition is **DENIED**. The Court of Appeals Decision dated May 29, 2015 and Resolution dated December 11, 2015 in CA-G.R. SP No. 123946 are **AFFIRMED**.

**SO ORDERED.**

  
**JOSE C. REYES, JR.**  
Associate Justice

<sup>24</sup> *Aliling v. Feliciano*, supra note 20, at 911.

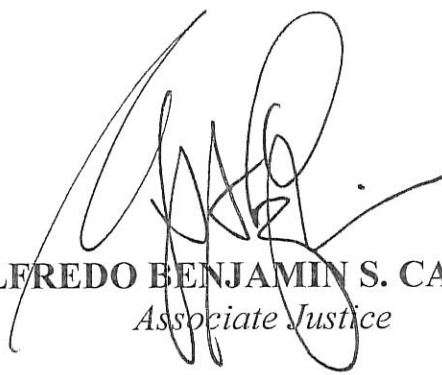
<sup>25</sup> *Id.* at 358.



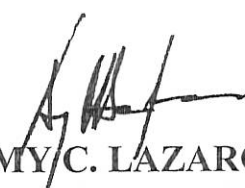
**WE CONCUR:**



**DIOSDADO M. PERALTA**  
*Chief Justice*  
*Chairperson*



**ALFREDO BENJAMIN S. CAGUIOA**  
*Associate Justice*



**AMY C. LAZARO-JAVIER**  
*Associate Justice*



**MARIO Y. LOPEZ**  
*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.



**DIOSDADO M. PERALTA**  
*Chief Justice*

