

### Title: The Coca-Cola Export Corporation vs. Clarita P. Gacayan, G.R. No. 163706, March 29, 2007

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### Facts:

1. **Overtime Benefits Policy**:

- The Coca-Cola Export Corporation allowed its employees to reimburse meal and transportation expenses incurred during overtime work. These reimbursements were allowed for at least four hours of overtime work on weekends or holidays and for at least two hours on weekdays, with a maximum allowable reimbursement of PHP 150.

2. **Allegations of Fraud**:

- Respondent Clarita P. Gacayan submitted three receipts for reimbursement:

1. McDonald's Receipt No. 875493 dated October 1, 1994, for PHP 111.00.

2. Shakey's Pizza Parlor Receipt No. 122658 dated November 20, 1994, for PHP 174.06.

3. Shakey's Pizza Parlor Receipt No. 41274 dated July 19, 1994, for PHP 130.50.

- An internal investigation revealed alterations in the issuance dates and food items purchased on these receipts.

3. **Initial Investigation**:

- The Coca-Cola Export Corporation issued several memoranda to Gacayan requiring explanations for the discrepancies. Gacayan denied knowledge of any alterations.

- A formal hearing was conducted, but Gacayan, after attending the first session, refused to cooperatively participate further, citing health issues and alleged partiality of the investigating committee.

4. **Dismissal**:

- On April 4, 1995, Gacayan was dismissed for submitting tampered receipts in gross violation of company rules.

5. **NLRC Proceedings**:

- Gacayan filed a complaint with the National Labor Relations Commission (NLRC), which was dismissed by the Labor Arbiter on June 17, 1996, and affirmed by the NLRC on April 14, 1998.

6. **Court of Appeals**:

- The Court of Appeals reversed the NLRC's decision, declaring the penalty of dismissal too harsh and ordering Gacayan's reinstatement with full backwages.

7. **Supreme Court**:

- The Coca-Cola Export Corporation filed a petition for review with the Supreme Court, which initially denied the petition on December 15, 2010. Coca-Cola filed a motion for reconsideration thereafter.

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**### Issues:**

1. **Applicability of Loss of Trust and Confidence**: Can "loss of trust and confidence" be a valid ground for the dismissal of a supervisory employee?
2. **Sufficiency of Basis for Loss of Trust and Confidence**: Was Gacayan's alleged fraudulent acts sufficiently established to justify her termination?
3. **Proportionality of Penalty**: Was the penalty of dismissal commensurate to the severity of Gacayan's acts?
4. **Procedural Due Process**: Was Gacayan accorded due process before her termination?

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**### Court's Decision:**

1. **Loss of Trust and Confidence**:

- The Court reiterated that loss of trust and confidence is a recognized ground for termination, particularly for employees holding positions of trust, which extends beyond managerial roles to other positions requiring a high degree of trust and responsibility.

2. **Sufficiency of Evidence**:

- Upon reevaluation, the Supreme Court concluded that Gacayan, as a Senior Financial Accountant, held a position of trust and her actions—submitting altered receipts—were sufficiently proven to reflect dishonesty and warranted a loss of trust.

3. **Proportionality of Penalty**:

- The Court found that Gacayan's conduct of submitting fraudulent expenses, despite their minimal monetary value, seriously undermines corporate trust and thus justifies a severe penalty such as dismissal.

4. **Procedural Due Process**:

- The Supreme Court confirmed that due process was followed. Gacayan was notified of the charges and given ample opportunity to explain and defend herself. Despite her failure to attend subsequent hearings, she was given multiple chances to present her side.

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**Doctrines:**

- **Loss of Trust and Confidence**: This doctrine is applicable not only to managerial employees but also to supervisors and employees in positions of responsibility who handle sensitive and confidential matters.

- **Willful and Work-related Act Requirement**: For the loss of trust to be a just cause for dismissal, the employee's act must be work-related, willful, and executed with wrongful intent.

- **Due Process Requirements in Termination**: Employers must provide two notices: one specifying charges and another notifying the employee of the decision to dismiss, coupled with opportunities to be heard and respond.

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**Class Notes:**

- **Key Concepts**:

- **Loss of Trust and Confidence**: Applicable beyond managerial levels; must be grounded on willful, work-related wrongdoing.

- **Procedural Due Process**: Requires two written notices and an ample opportunity to be heard.

- **Article 282 of the Labor Code**:

- **Termination for Just Causes**: Serious misconduct, willful disobedience, gross negligence, fraud, and commission of crimes against the employer.

- **Statutory Reference**:

- **Labor Code of the Philippines, Article 282**:

- "An employer may terminate an employment for serious misconduct, willful disobedience, gross and habitual neglect, fraud, or commission of a crime by the employee against the employer."

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### Historical Background:

- This case occurs within the broader context of labor law development in the Philippines, wherein the balance between employee protection and management prerogatives is constantly negotiated. The case reflects the judiciary's role in interpreting statutory provisions to ensure fairness and adherence to procedural due process, safeguarding both employee rights and organizational integrity.