

****Title**:** ****Ma. Charito C. Gadia, et al. vs. Sykes Asia, Inc./Chuck Sykes/Mike Hinds/Michael Henderson****

****Facts**:**

Sykes Asia, a Business Process Outsourcing (BPO) company, provides support to various international clients. On September 2, 2003, Sykes Asia was contracted by Alltel Communications, Inc. (Alltel), a telecommunications firm, to service the Alltel Project, which required customer service support. Several individuals, including the petitioners, were hired as customer service representatives, team leaders, and trainers specifically for the Alltel Project.

In letters dated August 7, 2009, and September 9, 2009, Alltel informed Sykes Asia of the termination of all support services related to the Alltel Project. Consequently, Sykes Asia issued end-of-life notices to the petitioners, notifying them of their termination due to the project's conclusion. Petitioners filed complaints for illegal dismissal against Sykes Asia and its officers, claiming they were dismissed without substantive and procedural due process. Respondents argued that the petitioners were project-based employees, whose employment was co-terminus with the duration of the Alltel Project, supported by their employment contracts.

****Procedural Posture**:**

The Labor Arbiter (LA) ruled in favor of Sykes Asia, declaring the petitioners as project-based employees, legally terminated with the conclusion of the Alltel Project. Dissatisfied, petitioners appealed to the National Labor Relations Commission (NLRC), which modified the LA's decision, stating the petitioners were regular employees but terminated due to redundancy and granted them separation pay with interest.

Respondents sought reconsideration, which the NLRC denied, prompting Sykes Asia to elevate the case to the Court of Appeals (CA). The CA annulled the NLRC's decision and reinstated the LA's ruling, confirming the petitioners were project-based employees. Petitioners moved for reconsideration, which the CA also denied, leading to the present petition for review on certiorari at the Supreme Court.

****Issues**:**

1. ****Whether the CA erred in classifying the petitioners as project-based employees****
2. ****Whether the termination of the petitioners due to the conclusion of the Alltel Project was valid****

Court's Decision:

1. On Project-Based Employment Classification:

The Supreme Court held that petitioners were project-based employees. The employment contracts clearly stipulated their positions were tied to the Alltel Project, with terms indicating their employment was "co-terminus with the project." The Court cited the principal test from **Omni Hauling Services, Inc. v. Bon**, which required that project employees must be hired for a specific project with the duration and scope specified at hiring. Sykes Asia met these requisites as they made the terms clear in the employment contracts.

2. On Valid Termination:

The conclusion of the Alltel Project provided a valid ground for the termination of the petitioners' employment. By submitting necessary reports to the Department of Labor and Employment regarding the project's cessation and affected employees, Sykes Asia fulfilled procedural obligations. Thus, the petitioners' dismissal was lawful.

Doctrine:

The case reaffirms that project-based employees' tenure is linked to the specific project, which ends upon the project's conclusion. Employers must clearly state the duration and scope of the project at the time of hiring to justify lawful termination upon the project's end.

Class Notes:

- **Key Elements:**

- **Project-Based Employees:** Employment for a specific project with determinable duration specified at the hiring.

- **Regular Employees:** Employment entails performing activities necessary or desirable in the usual business of the employer unless engaged for a specific project.

- **Statutory Provisions:**

- **Article 294 of the Labor Code:** Defines project-based vs regular employment.

- **Jurisprudence:** **Omni Hauling Services, Inc. v. Bon**: Criteria for classifying project-based employees.

- **Application:**

- Employers must establish employment terms at hiring, specifying project duration and scope to classify employees as project-based.

- Lawful termination of project-based employees occurs upon project completion, accompanied by proper procedural documentation.

****Historical Background**:**

This case highlights the employment dynamics in the BPO sector in the Philippines, particularly the classification and security of tenure of employees involved in project-specific work. Given the proliferation of BPOs and outsourced projects, clarifying these legal distinctions and procedural requirements has become crucial to ensuring fair labor practices amid contractual engagements.