

****Title:** Makati Haberdashery, Inc. et al. vs. National Labor Relations Commission et al.**

****Facts:****

1. Individual complainants, including Jacinto Garciano et al., worked for Makati Haberdashery, Inc. as tailors, seamstress, sewers, basters (manlililip), and “plantsadoras,” primarily compensated on a piece-rate basis except Maria Angeles and Leonila Serafina, who were paid monthly.
2. Workers received a daily allowance of three pesos (P3.00) if they reported for work by 9:30 a.m.
3. They were required to work from or before 9:30 a.m. until 6:00 or 7:00 p.m. from Monday to Saturday, and oftentimes even on Sundays and holidays during peak periods.
4. On July 20, 1984, Sandigan ng Manggagawang Pilipino (SANDIGAN)-TUCP filed a complaint (NLRC NCR Case No. 7-2603-84) citing (a) underpayment of basic wage, (b) underpayment of living allowance, (c) non-payment of overtime work, (d) non-payment of holiday pay, (e) non-payment of service incentive pay, (f) 13th month pay, and (g) benefits under various Wage Orders.
5. During this case, Dioscoro Pelobello left a “jusi” barong tagalog with Salvador Rivera, to embroider, claimed initially to be for Casimiro Zapata.
6. Upon verification and denial of the job order by Pelobello and Zapata, Makati Haberdashery issued memoranda demanding explanations by February 4, 1985.
7. Both respondents did not submit explanations and did not report for work, leading to their dismissal.
8. They filed a complaint for illegal dismissal (NLRC NCR Case No. 2-428-85) the next day.
9. On June 10, 1986, Labor Arbiter Ceferina J. Diosana rendered a judgment reinstating Pelobello and Zapata without loss of seniority rights and backwages and awarded monetary claims to respondents.
10. Petitioners appealed to the NLRC, which affirmed the Labor Arbiter’s decision but limited the backwages to one year.
11. Denied reconsideration by the NLRC, petitioners filed for certiorari.

****Issues:****

1. Whether an employer-employee relationship exists between Makati Haberdashery and the respondent workers.
2. Entitlement of respondents to various monetary claims despite findings on minimum wage.
3. Legality of the dismissal of respondents Pelobello and Zapata.

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

****Employer-Employee Relationship:****

- The court applied the "control test," emphasizing the control Makati Haberdashery exercised over the employee's work, fulfilling all four elements: selection, payment, power of dismissal, and control over work conduct.
- The court underscored that even if workers were paid by results, the control and provision of equipment by the employer confirmed an employer-employee relationship.

****Monetary Claims:****

- The court noted that while private respondents did not appeal the decision denying their minimum wage underpayment claim, they were entitled to COLA and 13th month pay as per P.D. No. 851 and its implementing regulations.
- However, respondents were not entitled to service incentive leave pay or holiday pay as piece-rate workers.

****Illegal Dismissal:****

- The court found no evidence of unfair labor practice and determined that Pelobello and Zapata's actions (failing to explain and going AWOL) justified their dismissal under Article 282 of the Labor Code.
- The employer had the right to dismiss employees for acts inimical to its interests.
- Therefore, the NLRC's and Labor Arbiter's findings of illegal dismissal were overturned.

****Doctrine:****

- Control test re-affirmed the importance in determining the existence of an employer-employee relationship.
- Employees compensated on piece-rate basis are entitled to certain statutory benefits like COLA and 13th month pay.
- Employer's right to dismiss employees for acts prejudicial to its business is upheld given due process adherence and valid cause.

****Class Notes:****

- ****Control Test:**** Key elements: selection and engagement, payment of wages, power of dismissal, and control over the work.
- ****Piece-Rate Workers:**** Entitled to COLA and 13th Month Pay as per P.D. No. 851 but excluded from service incentive and holiday pay under the Labor Code.
- ****Just Cause for Dismissal (Article 282, Labor Code):**** Acts against employer's interest and non-compliance with reasonable employer directives justify termination.

****Historical Background:****

- This case reflects the post-Martial Law era labor disputes complexities and the emerging worker rights advocacy, highlighting the intricate balance between protecting worker rights and upholding employer interests within the evolving Philippine labor jurisprudence context.