

Title: Morales et al. vs. Central Azucarera de La Carlota, Inc.

Facts:

Marcos Antonio Morales, Georgina D. Tribujenia, Cicero A. Cajurao, and Noli A. Dejan (Morales et al.) were employed by Central Azucarera de La Carlota, Inc., a sugar mill in La Carlota City, Negros Occidental, in roles related to housekeeping and maintenance. Initially classified as rank-and-file employees, they enjoyed union protections. In 2006, their classifications changed to “confidential employees,” removing them from the union.

On August 21, 2007, HR head Jose Parcon announced their termination due to redundancy, claiming the company faced business losses. Morales et al. were to receive separation pay or opt for an early retirement package. They refused, offering instead to transfer to another department as regular employees — a proposal met with claims of no vacancies. Their employment officially ended on September 21, 2007.

On September 22, the biometric Bundy clock prevented their entry, confirming their termination. Morales et al. waited in vain for new assignments. On March 30, 2009, they filed a case for illegal dismissal and related claims with the Regional Arbitration Branch VI of the NLRC. The Labor Arbiter supported their illegal dismissal claim but withheld backwages due to their late filing of the complaint.

Central Azucarera appealed, and the NLRC initially affirmed the Labor Arbiter’s decision with modification, awarding backwages. However, upon reconsideration, the NLRC reversed its decision, finding valid redundancy, while still awarding separation pay and nominal damages. Morales et al. sought redress through a Petition for Certiorari in the Court of Appeals, which sided with the NLRC’s revised decision.

Dissatisfied, Morales et al. petitioned the Supreme Court under Rule 45, claiming no actual redundancy and due process violations, while contesting procedural irregularities, including inadequate notice. Their petition was initially denied but later reinstated upon reconsideration.

Issues:

1. Whether Morales et al. were validly dismissed due to redundancy.
2. Whether Central Azucarera complied with procedural due process in their termination.

Court’s Decision:

1. ****Validity of Redundancy****: The Supreme Court ruled that Morales et al.’s dismissal was

justified due to redundancy. The company evidenced financial losses necessitating workforce restructuring. The guesthouse functions were deemed non-essential to the sugar mill's core operations, validating the positions' redundancy.

2. **Procedural Due Process**: The Court found that Central Azucarera substantially complied with notice requirements. Efforts to deliver notice personally and via registered mail, although unsuccessful, accompanied verbal communications sufficiently informing the employees of their termination. Therefore, procedural due process was deemed met.

The Court awarded separation pay to Morales et al., affirming that they were properly notified of their redundancy.

Doctrine:

The case underscores the requirement that redundancy must be justified by good faith and a legitimate business necessity. Employers must show substantial compliance with procedural requirements, including attempts at personal service and supplemental registered mail if necessary, to meet due process obligations.

Class Notes:

- **Redundancy**: Requires proof of business necessity, documented by financial records indicating losses or restructuring.
- **Procedural Compliance**: Employers must attempt personal service of notices and utilize registered mail when needed. Substantial efforts to notify satisfy legal requisites if employees refuse to acknowledge receipt.
- **Separation Pay**: Mandatory for employees terminated due to redundancy under Article 298 of the Labor Code.

Historical Background:

The case unfolds in the context of labor restructuring during economic downturns, reflective of broader trends in global business practices to maintain competitiveness amidst financial instability. It highlights the continuing intersection between labor rights and management prerogative, consistent with evolving interpretations under Philippine labor jurisprudence.