

ALVIN G. CARPIO, PETITIONER, VS. GREEN ERA BIOTECH CORP./MR. JOHNSON LI [OWNER], GREAT VALUE MANAGEMENT AND SERVICES CORPORATION/MS. NINAY P. RILE [PRESIDENT], RESPONDENTS.*G.R. No. 267217 (Formerly UDK No. 17695), November 19, 2025*

Ponente: SINGH, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-267217/>**SINGH, J.:**

Mere absence from work, without more, will ordinarily fail to support a finding of abandonment of work, absent any overt act from the employee clearly showing that he or she intends to sever his or her employment. Even so, an employee who was terminated for unjustified absence from work is not entitled to backwages notwithstanding the illegality of his dismissal.

Before the Court is a Petition for Review on Certiorari[1] (Petition) under Rule 45 filed by petitioner Alvin G. Carpio (Carpio) seeking the reversal of the Decision,[2] dated May 30, 2022, and the Resolution,[3] dated September 8, 2022, of the Court of Appeals (CA) in CA-G.R. SP No. 167132. The CA affirmed the Decision,[4] dated December 10, 2019, and the Resolution,[5] dated August 26, 2020, of the National Labor Relations Commission (NLRC), which ruled that Carpio was not illegally dismissed by respondents Green Era Biotech Corp. (Green Era Biotech), Johnson Li (Li), Great Value Management (Great Value), and Ninay P. Rile (Rile) (collectively, the respondents). The assailed Resolution denied Carpio's Motion for Reconsideration of the CA Decision.

The Facts

The present case originated from a complaint for illegal dismissal, underpayment of salaries/wages, non-payment of service incentive pay, and 13th month pay, unfair labor practices, damages, and attorney's fees filed by Carpio against respondents.[6]

According to Carpio, he started working with Green Era Biotech on April 26, 2015 as Production Utility, a position directly related and usually desirable to the usual business of his employer. Carpio claimed that he was summarily and illegally dismissed without any valid ground on May 21, 2018.[7]

Carpio further argued that he is a regular employee of Green Era Biotech, and that Great Value is engaged in prohibited labor-only contracting. Thus, Carpio prayed that the respondents be held jointly and solidarily liable to pay his money claims.[8]

In their position paper, Great Value and Rile explained that Great Value is a service provider registered with the Department of Labor and Employment (DOLE) and engaged in deploying its employees for domestic services to clients. Great Value has been supplying manpower to Green Era Biotech since 2016 pursuant to a service agreement or contract of manpower issued yearly. Thus, when Carpio was hired by Great Value on January 1, 2017, there was an existing service agreement between Great Value and Green Era Biotech.[9]

Further, Great Value and Rile alleged that Carpio was hired as a probationary employee and deployed to Green

Era Biotech as a Utility Helper for a fixed period of six months. They claimed that Great Value explained to Carpio that he might be assigned to another area or client depending on operational needs and management discretion. They further alleged that Carpio was given a copy of the employee handbook, Mga Alituntunin at Patakan, which he read and agreed to follow.[10]

Great Value and Rile averred that Carpio failed to report for work at Green Era Biotech from April 27 to May 3, 2018. When he reported for work on May 4, 2018, Great Value's Human Resource Coordinator Christian Pile (Pile) issued to Carpio a Notice to Explain, informing him that his absence for eight consecutive days without leave or permission is in gross violation of company rules and policy, giving him an opportunity to explain. Carpio was then issued a stern warning that he will be given an Absence Without Leave (AWOL) Notice should he repeat the violation.[11]

Great Value and Rile alleged that, despite the notice, Carpio was once again absent from May 11 to May 19, 2018 without permission from Great Value. Pile referred the matter to Great Value's Paralegal Officer, and Great Value later sent a Notice of AWOL, dated May 19, 2018, to Carpio, informing him that his continued absences are considered serious misconduct and abandonment of work, which are grounds for termination.[12]

Despite receiving the Notice of AWOL, Carpio still failed to report for work. Later, Great Value learned that Carpio filed a request for assistance under the Single-Entry Approach (SEnA) at the DOLE Regional Arbitration Branch No. III (RAB III) on July 30, 2018.[13]

According to Great Value, Carpio was validly dismissed due to gross and habitual neglect of duty and serious misconduct due to his absences without permission. It also claimed that it followed procedural due process in terminating Carpio's employment, as it complied with the twin notice requirement.[14]

For its part, Green Era Biotech, in its position paper, alleged that Carpio was hired under a Service Contract with Great Value as a utility worker, which is a position not directly connected to Green Era Biotech's manufacturing/production process. It averred that, on February 2019, Carpio, along with other individuals, filed a case for regularization against Green Era Biotech.[15]

Green Era Biotech argued that Great Value is a legitimate labor contractor and is Carpio's employer. Thus, Green Era Biotech cannot be held liable for Carpio's alleged illegal dismissal.[16]

In his rejoinder to the respondents' position papers, Carpio, integrating his Sinumpaang Salaysay, alleged that he was hired by Green Era as a Production Utility worker on April 26, 2015, and that, on December 6, 2016, he was forced to sign a resignation paper with a threat of removal from employment by Green Era Biotech should he refuse to do so.[17]

Carpio further alleged that, on January 3, 2017, he and other employees were transferred by Green Era Biotech President Li to Great Value. Carpio then joined a union and filed for regularization.[18]

According to Carpio, he failed to report to work from April 27 to May 3, 2018 because he got sick, and that, on May 10, 2018, he had a toothache and was allowed a half-day leave by Green Era Biotech's Foreman and Pile.[19]

Carpio further admitted that he was not able to report for work from May 11 to 19, 2018. He averred that on May 18, 2018, he was not able to work because of his toothache, but he asked permission from Green Era Biotech's Foreman and Pile. On May 19, 2018, Carpio pleaded with Assistant Supervisor Roderick Rasuena for another leave, and was allowed by the latter.[20]

Carpio averred that on May 20, 2018, he reported for work but was not allowed to enter the work premises. On May 21, 2018, Carpio returned to Green Era Biotech to speak with Pile, who informed him that he could no

longer decide whether Carpio would be allowed to resume work, as the matter had already been elevated to the company's higher management. Pile then told Carpio to wait for a message or call from them. On May 28, 2018, Carpio received a text message from Pile stating that he can no longer return to work because he was on AWOL.[21]

The Ruling of the Labor Arbiter

In a Decision,[22] dated June 27, 2019, the Labor Arbiter issued a Decision dismissing Carpio's Complaint for Illegal Dismissal for lack of merit:

WHEREFORE, premises considered, judgment is hereby rendered dismissing the complaint for illegal dismissal for lack of merit. However, respondent Great Value Mgt. Services Corporation is ordered to indemnify complainant Alvin G. Carpio in the sum of [PHP] 30,000.00 as nominal damages for violating his right to procedural due process. Additionally, complainant is hereby entitled to 13[th] month pay and Service Incentive Leave Pay in the aggregate amount of [PHP] 4,970.61.

All other claims are dismissed for lack of merit.

SO ORDERED.[23] (Emphasis in the original)

The Labor Arbiter, citing an earlier regularization case filed by Carpio and other individuals, ruled that it is already settled that Great Value is an "independent contractor." Thus, the Labor Arbiter determined that the only issue to be resolved is the legality of Carpio's dismissal.[24]

In this regard, the Labor Arbiter ruled that Carpio failed to prove that he was dismissed from employment, and that he abandoned his work due to his prolonged absences without the prior consent or knowledge of his employer.[25]

Nevertheless, the Labor Arbiter found that there is no proof that Carpio received the First Notice to Explain from Green Era Biotech and Great Value. Thus, Green Era Biotech and Great Value failed to comply with the procedural due process requirement of a written notice informing Carpio of the grounds for his termination and giving him reasonable opportunity to be heard.[26]

Aggrieved by the Decision of the Labor Arbiter, Carpio appealed to the NLRC.

The Ruling of the NLRC

In a Decision, dated December 10, 2019, the NLRC modified the Decision of the Labor Arbiter and ruled that Green Era Biotech and Great Value are engaged in labor-only contracting:

WHEREFORE, premises considered, the Decision of Labor Arbiter Jennifer R. Santos[,] dated June 27, 2019[,] is hereby MODIFIED. Respondents Green Era Bio-Tech Corporation and Great Value Managements Services Corporation are declared to be engaged in labor-only contracting. As such, both respondents are solidarily liable to pay complainant nominal damages in the amount of [PHP] 30,000.00, and his 13[th] month pay and service incentive leave pay in the aggregate amount of [PHP] 4,970.61.

SO ORDERED.[27] (Emphasis in the original)

According to the NLRC, the following circumstances show that Great Value is engaged in prohibited labor-only contracting: (1) Great Value failed to prove that it has other clients other than Green Era Biotech; (2) Great Value failed to show that it has tools and equipment which were actually utilized by Carpio in performing his job at Green Era Biotech; (3) Copies of the service agreements were never presented; and (4) the Certificate of Approval of Increase of Capital Stock and Treasurer's Affidavit, which stated that Great Value has paid up capital of more

than the required PHP 3 million under Department Order 18-A, may not be used as proof of substantial capital since both documents were issued in 2014.[28]

Nevertheless, the NLRC agreed with the Labor Arbiter that Carpio's dismissal is based on a valid ground, and that he was not afforded procedural due process.[29]

Both Carpio and Green Era Biotech sought reconsideration of the NLRC Decision, but their motions were denied by the NLRC in a Resolution, dated August 26, 2020. Thus, Carpio filed a Petition for Certiorari under Rule 65 of the Rules of Court with the CA seeking the reversal of the NLRC's issuances.

The Ruling of the CA

In a Decision, dated May 30, 2022, the CA dismissed Carpio's Petition for Certiorari for lack of merit:

WHEREFORE, the petition for certiorari is DISMISSED.

SO ORDERED.[30] (Emphasis in the original)

According to the CA, Carpio's dismissal is valid since he failed to prove that he gave prior notice to or obtained authorization from Green Era Biotech and Great Value for his absences on May 11 to 19, 2018. Thus, pursuant to Great Value's Mga Alituntunin at Patakaran, Carpio's acts merit the penalty of dismissal.[31]

Carpio moved for reconsideration, but his motion was denied by the CA in a Resolution, dated September 8, 2022. Thus, Carpio filed the present Petition for Review on Certiorari for the Court's resolution.

Upon receipt of the Petition, Great Value filed its Comment,[32] dated October 17, 2022. In the Resolution,[33] dated March 13, 2023, the Court deferred action on the Petition until Green Era Biotech and Li have filed their respective Comments, or until the period to file thereof has expired. Green Era Biotech filed its Comment[34] on September 8, 2023.

The Issue

Was Carpio legally dismissed by Green Era Biotech and Great Value?

The Ruling of the Court

Since Green Era Biotech, Li, Great Value, and Rile no longer questioned the ruling of the NLRC before the CA, the only issue to be resolved by the Court is whether Carpio was illegally dismissed.

In this context, the Court grants the Petition. Carpio's absences from May 11 to 19, 2018, though clearly unauthorized, do not merit the severe penalty of dismissal.

Carpio did not abandon his work

To recall, the Labor Arbiter ruled that Carpio's repeated unauthorized absences constituted abandonment of work, and, as such, his dismissal was proper.

The Court disagrees.

Abandonment has been defined by the Court as the deliberate and unjustified refusal of an employee to resume his employment. As a form of neglect of duty, abandonment is considered as a just cause for termination of employment by the employer.[35]

However, in order to prove that the employee indeed abandoned his work, two factors must first be proven to be present: First, the failure to report for work or absence without valid or justifiable reason, and, second, a clear

intention to sever the employer-employee relationship.[36]

It must be noted that the second factor is the more determinative factor, and is manifested by overt acts from which it may be deduced that the employee has no more intention to work. In other words, the intent of the employee to discontinue his employment must be shown by clear proof that the employee did so deliberately and without justification.[37]

Since abandonment is a just cause for termination, the burden of proving abandonment falls on the employer.[38]

In this case, while it may be conceded that Carpio's absences from May 11 to 19, 2018 were unauthorized and unjustified, the records are bereft of any allegation, much less proof, that Carpio deliberately failed to report to work with the intent to discontinue his employment.

In fact, following his absences, Carpio even attempted to report for work, but was no longer allowed to do so, and he thus filed a case for illegal dismissal protesting his removal from work. To the Court's mind, these acts reinforce the fact that Carpio lacked intent to sever his employment with Great Value and Green Era Biotech, notwithstanding his unexplained absences.

The Court has consistently held that abandonment is incompatible with the prompt filing of an illegal dismissal complaint. Logically, an employee who truly intended to abandon his or her work would not immediately take steps to challenge the termination.[39] In *TEA-SPFL v. National Labor Relations Commission*,[40] the Court ruled:

[T]o constitute abandonment, there must be a clear and deliberate intent to discontinue one's employment without any intention of returning. In *Labor v. NLRC*, we held that two elements must concur for a valid abandonment, viz.: (1) the failure to report to work or absence without valid or justifiable reason, and (2) a clear intention to sever the employer-employee relationship, with the second element as the more determinative factor being manifested by some overt acts.

The filing of the complaint for illegal dismissal by petitioners on July 26, 1989, or within six days from the alleged retrenchment, negates the charge of abandonment, for it is illogical for an employee to "abandon" his employment and thereafter file a complaint for illegal dismissal. This doctrine finds support in a long line of cases.[41] (Emphasis supplied; citations omitted)

To be sure, absence from work, in itself, cannot generate a finding of abandonment, absent any overt act from the employee clearly manifesting his or her desire to end the employment.[42] The Court repeats that mere absence from or failure to work is not tantamount to abandonment.

Great Value's policy on absenteeism, which prescribes dismissal as penalty, is too harsh

In illegal dismissal cases, the onus probandi rests on the employer to prove that the employee's dismissal was for a valid cause. Thus, the court must examine whether the factual circumstances of the case correspond to a just or authorized cause of dismissal under the Labor Code to determine whether the employee was indeed legally dismissed.[43]

In this case, Carpio was dismissed by Great Value for his repeated absences without the employer's consent, pursuant to Great Value's employee manual, or *Mga Alituntunin* at Patakan.

Specifically, in the manual, failure to report for work for, at least, five consecutive days without authorization ('Di pagpasok sa trabaho [nang] hindi kukulang sa [limang] araw sa sunod-sunod [nang] walang pasabi) is considered as gross and habitual neglect of duty and serious misconduct for which an employee may be terminated.[44]

The Court finds that Great Value's policy on absenteeism, which prescribes a penalty of dismissal for, at least,

five days of unexplained absences, is too harsh and must be tempered.

While the power of the employer to dismiss an employee is part and parcel of its management prerogative, this power is not without its limits. One of the overarching limitations which restrict management prerogative is the working class' rights under the Constitution. Thus, in *Verizon Communications Philippines, Inc. v. Margin*,^[45] the Court ruled:

The Constitution looks with compassion on the working class and its intent in protecting their rights. A worker's employment is property in a constitutional sense, and he/she cannot be deprived thereof without due process and unless the deprivation is commensurate to his/her acts and degree of moral depravity. While the Court recognizes the right of an employer to terminate the services of an employee for a just or authorized cause, the dismissal must be made within the parameters of law and pursuant to the tenets of equity and fair play. An employer's power to discipline his employees must not be exercised in an arbitrary manner as to erode the constitutional guarantee of security of tenure.

Indeed, the power to dismiss is a formal prerogative of the employer, but this is not without limitations. The employer is bound to exercise caution in terminating the services of his employees and dismissals must not be arbitrary and capricious. Due process must be observed and employers should respect and protect the rights of their employees. To effect a valid dismissal, the law requires not only that there be just and valid cause; it must also be supported by evidence. There must be a reasonable proportionality between the offense and the penalty. Dismissal, without doubt, is the ultimate penalty that can be meted to an employee. Hence, where a penalty less punitive would suffice, whatever missteps may be committed by labor ought not to be visited with a consequence so severe.^[46]

Thus, in *Verizon*, the Court ruled that Verizon's company rules which provide that "five or more consecutive days of absence is tantamount to abandonment of work, absence without leave or voluntary resignation of the employee" is too harsh and disproportionate to the wrongdoing committed:

Similarly, since Verizon based their defense on violation of company rules, it is incumbent upon Verizon to prove that Laurence clearly, voluntarily and intentionally committed the infraction. Laurence's absence from work was due to sickness. He gave proper notification of his absence, which reason should have been given kind consideration by Verizon. An employee cannot anticipate when an illness may happen, thus, he may not be able to give prior notice or seek prior approval of his absence, but could only do so after the occurrence of the incident.

Even assuming that there was deliberate violation of the company's rules, the penalty of dismissal is too harsh and not proportionate to the wrongdoing committed. Knowledge of the company's rules, its violation, and dismissal in accordance with said rules do not automatically bind this Court. It is settled that the law serves to equalize the unequal. The labor force is a special class that is constitutionally protected because of the inequality between capital and labor. This constitutional protection presupposes that the labor force is weak. However, the level of protection to labor should vary from case to case; otherwise, the State might appear to be too paternalistic in affording protection to labor.^[47] (Emphasis supplied; citations omitted)

The *Verizon* case is on all fours with the factual milieu of the present case. Great Value's similar policy of considering five days of unauthorized absences as a dismissible offense is also disproportionate to the offense committed. Thus, the Court finds that Carpio's dismissal based on this company policy was illegal.

Great Value and Green Era Biotech are not liable to pay backwages, considering that Carpio's absences were still unjustified and inexcusable

The normal legal consequence of a finding of illegal dismissal is an order for the employee's reinstatement, or an award of full backwages, should reinstatement no longer be possible. Nevertheless, the Court stays its hand in

awarding backwages while directing the reinstatement of an employee on account of the following circumstances: (1) the fact that the dismissal of the employee would be too harsh of a penalty; and (2) that the employer was in good faith in terminating the employment.[48]

Both circumstances are present in this case. As discussed above, dismissal is too harsh a penalty for Carpio's unjustified absences, but Great Value may still be considered in good faith in terminating his employment on the basis of the company policy. Thus, even as the Court rules that Carpio's dismissal from employment was improper, Great Value and Green Era Biotech must not be held liable to pay his backwages as Carpio's absences are still considered a violation of company policy and unjustified.

Consequently, Carpio is entitled only to be reinstated by Great Value and Green Era Biotech to his former position. Should reinstatement be no longer viable, Carpio should be paid separation pay equivalent to one month pay for every year of service, with a fraction of, at least, six months considered as one whole year.[49]

Great Value and Green Era Biotech are liable for nominal damages for failure to observe procedural due process in terminating Carpio's employment

Not only does the Court find Carpio's dismissal substantively infirm, there being no just or authorized cause to sustain it, but it is also evident that Great Value and Green Era Biotech failed to comply with the requirements of procedural due process.

In labor cases, procedural due process concerns the manner by which an employee is dismissed and mandates the observance of both notice and hearing. The employer is required to furnish the employee with two written notices before termination may be validly effected: first, a notice apprising the employee of the specific acts or omissions on which the proposed dismissal is based; and second, a notice informing the employee of the employer's decision to terminate his or her employment.[50] This second notice, or written notice of termination, must clearly state that (a) all relevant circumstances surrounding the charge have been fully considered, and (b) adequate grounds have been established to warrant the employee's dismissal.

In *King of Kings Transport, Inc. v. Mamac*,^[51] the Court clarified how these two written notices must be implemented in order to give full effect to the employee's right to be heard in connection with his termination:

(1) The first written notice to be served on the employees should contain the specific causes or grounds for termination against them, and a directive that the employees are given the opportunity to submit their written explanation within a reasonable period. "Reasonable opportunity" under the Omnibus Rules means every kind of assistance that management must accord to the employees to enable them to prepare adequately for their defense. This should be construed as a period of at least five [] calendar days from receipt of the notice to give the employees an opportunity to study the accusation against them, consult a union official or lawyer, gather data and evidence, and decide on the defenses they will raise against the complaint. Moreover, in order to enable the employees to intelligently prepare their explanation and defenses, the notice should contain a detailed narration of the facts and circumstances that will serve as basis for the charge against the employees. A general description of the charge will not suffice. Lastly, the notice should specifically mention which company rules, if any, are violated and/or which among the grounds under Art. 282 is being charged against the employees.

(2) After serving the first notice, the employers should schedule and conduct a hearing or conference wherein the employees will be given the opportunity to: (1) explain and clarify their defenses to the charge against them; (2) present evidence in support of their defenses; and (3) rebut the evidence presented against them by the management. During the hearing or conference, the employees are given the chance to defend themselves personally, with the assistance of a representative or counsel of their choice. Moreover, this conference or hearing could be used by the parties as an opportunity to come to an amicable settlement.

(3) After determining that termination of employment is justified, the employers shall serve the employees a written notice of termination indicating that: (1) all circumstances involving the charge against the employees have been considered; and (2) grounds have been established to justify the severance of their employment.[52]

The employer's failure to comply with these procedural due process requirements warrants the imposition of nominal damages. Applying these standards, the Court finds that Great Value and Green Era Biotech did not observe the requisites of procedural due process and are, therefore, liable for nominal damages.

Regarding the first written notice, although Carpio was issued a Notice to Explain, the records do not show that he was afforded a proper hearing or a genuine opportunity to be heard. He was not given sufficient time or means to review the accusations, consult with a union representative or counsel, gather supporting evidence, or determine the defenses he would raise. This omission falls short of the procedural safeguards intended to protect an employee's right to due process.

Similarly, the second written notice was deficient. While Carpio was given a Notice of AWOL, this did not constitute the second notice required by law. It merely advised that his continued absences would be treated as serious misconduct and abandonment of work.[53] There is no indication that the notice informed Carpio that all circumstances of the charge had been considered, or that grounds for termination had been properly established despite such consideration.

In fact, the communication regarding Carpio's employment status was unclear and confusing. Great Value's Human Resource Coordinator, Pile, told him that the decision was out of his hands and deferred responsibility to upper management, who were to make the final determination. Carpio was never formally notified of his termination; he was only informed via text message that he was on AWOL and could no longer return to work.

It is evident, therefore, that Great Value and Green Era Biotech failed to comply with procedural due process, both by denying Carpio a reasonable opportunity to explain and by failing to provide a proper written notice of termination. Accordingly, they are liable for nominal damages in the amount of PHP 30,000.00, consistent with prevailing jurisprudence.[54]

Great Value and Green Era Biotech are solidarily liable for the monetary awards in favor of Carpio, while Li and Rile are not liable.

The Labor Code defines labor-only contracting as an arrangement whereby a person, who does not have substantial capital or investment in the form of tools, equipment, machineries, work premises, among others, supplies workers to an employer to perform activities which are directly related to the principal business of the employer.[55] This provision is implemented by Section 6 of DOLE Department Order No. 18-A, Series of 2011, which was effective during Carpio's employment with Great Value and Green Era Biotech. Section 5 provides:

SECTION 6. Prohibition Against Labor-only Contracting. — Labor-only contracting is hereby declared prohibited. For this purpose, labor only contracting shall refer to an arrangement where:

(a) The contractor does not have substantial capital or investments in the form of tools, equipment, machineries, work premises, among others, and the employees recruited and placed are performing activities which are usually necessary or desirable to the operation of the company, or directly related to the main business of the principal within a definite or predetermined period, regardless of whether such job, work or service is to be performed or completed within or outside the premises of the principal; or

(b) The contractor does not exercise the right to control over the performance of the work of the employee.

Notably, the law does not require a contractor to possess both substantial capital and investments in the form of tools, equipment, or machineries in order to be considered legitimate.[56] Nevertheless, the general rule is that a

contractor is presumed to be engaged in labor-only contracting, and the burden rests on the entity claiming legitimate contractor status to prove that it is not a labor-only contractor.[57]

On the one hand, Great Value claims that it is a legitimate job contractor, considering that it is registered with the Department of Labor and Employment, and that Great Value has been Green Era Biotech's manpower service provider since 2016. Great Value further claims that there is an existing service agreement when Carpio was hired on January 1, 2017.[58]

On the other hand, the NLRC held that Great Value was engaged in prohibited labor-only contracting based on the following circumstances: (1) there was no showing that Great Value had clients other than Green Era Biotech; (2) Great Value failed to demonstrate that it possessed tools and equipment actually utilized by Carpio in the performance of his duties at Green Era Biotech; (3) copies of the service agreements were never presented; and (4) the Certificate of Approval of Increase of Capital Stock and the Treasurer's Affidavit, both issued in 2014, could not serve as proof of substantial capital, despite stating that Great Value had paid-up capital exceeding the PHP 3 million requirement under Department Order No. 18-A.[59]

The Court upholds the NLRC's finding. A contractor's Certificate of Registration is not conclusive proof of its legitimacy. Such certificate merely prevents the automatic presumption of labor-only contracting and gives rise to a disputable presumption of legitimacy.[60]

Here, Great Value's Certificate of Registration was issued only on June 28, 2017.[61] As the NLRC correctly observed, Great Value failed to controvert Carpio's assertion that he began working for Green Era Biotech on April 26, 2015.[62] Even assuming Great Value's claim that Carpio commenced employment on January 1, 2017, the fact remains that Great Value was not yet registered with the DOLE at the time of his hiring. Accordingly, no presumption of legitimate contracting arises in this case.

Moreover, Great Value failed to establish either the existence of substantial capital or any investment in tools, equipment, machineries, or other implements actually used by Carpio in the performance of his duties. The Certificate of Approval of Increase of Capital Stock and the Treasurer's Affidavit submitted by Great Value were both issued in 2014 and do not show whether it possessed substantial capital in 2017.[63]

Taken together with the circumstances that Green Era Biotech was Great Value's sole client and that no tools, equipment, machineries, or other work implements were provided for Carpio's use, these facts lead to the inescapable conclusion that Great Value is a labor-only contractor.

The consequence of a finding of labor-only contracting is that the contractor is deemed a mere agent of the principal, such that the principal becomes the direct employer and both entities are held jointly and solidarily liable to the contractor's employees. Accordingly, Department Order No. 18-A, series of 2011, provides:

Section 27. Effects of labor-only contracting and/or violation of Sections 7, 8 or 9 of the Rules. — A finding by competent authority of labor-only contracting shall render the principal jointly and severally liable with the contractor to the latter's employees, in the same manner and extent that the principal is liable to employees directly hired by him/her, as provided in Article 106 of the Labor Code, as amended.

A finding of commission of any of the prohibited activities in Section 7, or violation of either Sections 8 or 9 hereof, shall render the principal the direct employer of the employees of the contractor or subcontractor, pursuant to Article 109 of the Labor Code, as amended. (Emphasis in the original)

Given the finding of labor-only contracting in this case, Great Value and Green Era Biotech are solidarily liable for the monetary awards in Carpio's favor.

Nevertheless, the Court rules that respondents Li and Rile are not liable to pay Carpio his separation pay, should reinstatement no longer be possible. As a general rule, corporate officers should not be held solidarily liable with the corporation for separation pay for it is settled that a corporation is invested by law with a personality separate and distinct from those of the persons composing it as well as from that of any other legal entity to which it may be related.[64]

There being no reason to disregard the separate personality of Great Value and Green Era Biotech in this case, Li and Rile should not be held solidarily liable for the monetary award in favor of Carpio.

ACCORDINGLY, the Petition for Review on Certiorari is **PARTIALLY GRANTED**. The Decision, dated May 30, 2022, and the Resolution, dated September 8, 2022, of the Court of Appeals in CA-G.R. SP No. 167132 are **REVERSED** insofar as they uphold the legality of the dismissal of Alvin G. Carpio.

Respondents Great Value Management and Services Corporation and Green Era Biotech Corp. are found liable for the illegal dismissal of Alvin G. Carpio and are ordered to **REINSTATE** him to his former position without loss of privileges and seniority, but without any right to backwages.

Should reinstatement no longer be possible, Great Value Management and Services Corporation and Green Era Biotech Corp. are declared jointly and solidarily liable, and are **ORDERED** to **PAY** Alvin G. Carpio separation pay equivalent to one month pay for every year of service, with a fraction of at least six months considered as one whole year, from April 26, 2015 up to the date of finality of this Decision. Great Value Management and Services Corporation and Green Era Biotech Corp. are also **ORDERED** to **PAY** nominal damages equivalent to PHP 30,000.00. The total monetary award shall earn legal interest at 6% per annum from the date of finality of this Decision until fully paid.

The case is **REMANDED** to the Labor Arbiter for the computation of the total monetary award.

SO ORDERED.

Caguioa (Chairperson), Inting, and Gaerlan, JJ., concur.
Dimaampao, J., see dissenting opinion.

[*] Also referred to as "Johnson Lu" in some parts of the rollo.

[1] Rollo, pp. 3-22.

[2] Id. at 64-71. Penned by Associate Justice Myra V. Garcia-Fernandez and concurred in by Associate Justices Louis P. Acosta and Jaime Fortunato A. Caringal of the Eleventh Division, Court of Appeals, Manila.

[3] Id. at 26-27. Penned by Associate Justice Myra V. Garcia-Fernandez and concurred in by Associate Justices Louis P. Acosta and Jaime Fortunato A. Caringal of the Former Eleventh Division, Court of Appeals, Manila.

[4] Id. at 215-244. Penned by Commissioner Erlinda T. Agus and concurred in by Presiding Commissioner Julia Cecily Coching-Sosito of the Second Division, National Labor Relations Commission, Quezon City.

[5] Id. at 173-183. Penned by Commissioner Erlinda T. Agus and concurred in by Presiding Commissioner Julia Cecily Coching-Sosito and Commissioner Nicolas B. Nicolas of the Second Division, National Labor Relations Commission, Quezon City.

[6] Id. at 64-65.

[7] Id. at 65.

- [8] Id.
- [9] Id.
- [10] Id.
- [11] Id. at 65-66.
- [12] Id. at 66.
- [13] Id.
- [14] Id.
- [15] Id.
- [16] Id.
- [17] Id. at 66-67.
- [18] Id. at 67.
- [19] Id.
- [20] Id.
- [21] Id.
- [22] Id. at 265-279. Penned by Labor Arbiter Jennifer R. Santos.
- [23] Id. at 278-279.
- [24] Id. at 269.
- [25] Id. at 270.
- [26] Id. at 274.
- [27] Id. at 243-244.
- [28] Id. at 68.
- [29] Id. at 68-69.
- [30] Id. at 70.
- [31] Id.
- [32] Id. at 459-469.
- [33] Id. at 472-473.
- [34] Id. at 474-477.
- [35] See *Atienza v. Saluta*, 853 Phil. 661, 680 (2019) [Per J. J. Reyes, Jr., Second Division].
- [36] Id. at 681.
- [37] Id.
- [38] Id.

[39] See *JS Unitrade Merchandise, Inc. v. Samson, Jr.*, 871 Phil. 717, 726 (2020) [Per J. Lazaro-Javier, First Division]. See also *Stanley Fine Furniture v. Gallano*, 748 Phil. 624, 748 (2014) [Per J. Leonen, Second Division]; *Ang v. San Joaquin, Jr.*, 716 Phil. 115, 124 (2013) [Per J. Del Castillo, Second Division]; *RBC Cable Master System v. Baluyot*, 596 Phil. 729, 741 (2009) [Per C.J. Puno, First Division]; and *Litonjua Group of Companies v. Vigan*, 412 Phil. 627, 640 (2001) [Per J. Gonzaga-Reyes, Third Division].

[40] 338 Phil. 681 (1997) [Per J. Romero, Second Division].

[41] *Id.* at 685-686.

[42] *Id.*

[43] See *Verizon Communications Philippines, Inc. v. Margin*, 885 Phil. 203, 217 (2020) [Per J. Lopez, First Division].

[44] *Rollo*, p. 237.

[45] 885 Phil. 203 (2020) [Per J. Lopez, First Division].

[46] *Id.* at 217.

[47] *Id.* at 218-219.

[48] *Id.* at 224.

[49] See *Gimalay v. Court of Appeals*, 874 Phil. 627, 648 (2020) [Per J. Lazaro-Javier, First Division].

[50] See *G&S Transport Corporation v. Medina*, 929 Phil. 426, 437 (2022) [Per J. Hernando, First Division].

[51] 553 Phil. 108 (2007) [Per J. Velasco, Jr., Second Division].

[52] *Id.* at 115-116.

[53] *Rollo*, p. 66.

[54] See *Philam Homeowners Association, Inc. v. De Luna*, 898 Phil. 763 (2021) [Per J. Hernando, Third Division]; *Sy v. Neat, Inc.*, 821 Phil. 751 (2017) [Per J. Peralta, Second Division]; *Santos v. Integrated Pharmaceutical, Inc.*, 789 Phil. 477 (2016) [Per J. Del Castillo, Second Division].

[55] See *LABOR CODE*, art. 106.

[56] See *Conqueror Industrial Peace Management Cooperative v. Balingbing*, 919 Phil. 170, 182 (2022) [Per J. Inting, Second Division].

[57] See *Añonuevo v. CBK Power Company*, 934 Phil. 171 (2023) [Per J. Singh, Third Division].

[58] *Rollo*, p. 65.

[59] *Id.* at 68.

[60] See *Añonuevo v. CBK Power Company*, 934 Phil. 171 (2023) [Per J. Singh, Third Division].

[61] *Rollo*, p. 233.

[62] *Id.*

[63] *Id.* at 234-235.

[64] See *Ever Electrical Manufacturing, Inc., et al. v. Samahang Manggagawa ng Ever Electrical/NAMAWU Local 224*, 687 Phil. 529, 536 (2012) [Per J. Mendoza, Third Division].

DISSENTING OPINION

DIMAAMPAO, J.:

The ponencia grants the petition and declares petitioner Alvin G. Carpio's (Carpio) dismissal illegal. In so ruling, it ratiocinates that absences from work per se do not establish abandonment, and that the company rule deeming five or more consecutive days of absence as a dismissible offense is too harsh and exceeds the bounds of a valid exercise of management prerogative. Nevertheless, the ponencia withholds backwages because the absences in this case remain unjustified and inexcusable, and the employer, i.e., Great Value Management, acted in good faith under its policy.[1]

With due respect, I submit a different view and echo the uniform findings of the Labor Arbiter, the National Labor Relations Commission, and the Court of Appeals that the dismissal was valid for just causes.

At the outset, it is no longer disputed that Green Era Biotech and Great Value Management engaged in labor-only contracting, thereby rendering them solidarily liable for Carpio's monetary claims. The sole issue for resolution is whether he was illegally dismissed.

It is settled that for a dismissal to be valid, the rule is that the employer must comply with both substantive and procedural due process requirements. Substantive due process requires that the dismissal must be pursuant to either a just or an authorized cause under Articles 297, 298, or 299 of the Labor Code. Procedural due process, on the other hand, mandates that the employer must observe the twin requirements of notice and hearing before a dismissal can be effected. Thus, to determine the validity of an employee's dismissal, there is a need to discuss whether there was indeed a just cause for his termination.[2]

In termination cases, the burden of proof in showing that the dismissal was for a valid or authorized cause rests upon the employer. Its failure to discharge this burden would mean that the dismissal was illegal.[3] Based on the attending facts herein, it is my view that the burden has been discharged and the dismissal rests on valid grounds of willful disobedience and serious misconduct.

I endeavor to explicate my stance.

Great Value Management, purportedly pursuant to a service agreement, engaged Carpio as Utility Helper on January 1, 2017 and assigned him to Green Era Biotech.

As it happened, Carpio failed to report for work at Green Era Biotech on two separate occasions—first from April 27 to May 3, 2018, and again from May 11 to 19, 2018[4]—amounting to 16 calendar days of absence within roughly three weeks, all without prior approved leave. In terms of working days, this translates to either nine (9) days if computed under a standard five-day workweek (Monday–Friday), or twelve (12) days if reckoned under the six-day workweek (Monday–Saturday) commonly observed in private employment, in both cases excluding May 1 (Labor Day, a regular holiday) and May 14 (a special non-working holiday).

After the first infraction, Great Value Management Resource Coordinator Christian Pile issued a Notice to Explain dated May 4, 2018, citing a violation of company policy and directing Carpio to account for his conduct, which he did not comply with. Carpio nevertheless incurred a second—and longer—unauthorized absence, prompting the issuance of a subsequent Absence Without Leave (AWOL) notice on May 19, 2018.[5] Regardless

of the duration of the workweek, what remains is the material fact that Carpio committed two distinct instances of AWOL in breach of reasonable company rules, which Great Value Management treated as violations of its prescribed leave process.

Worse, Carpio invoked "sickness" and a "toothache" to justify his absences, yet offered no contemporaneous medical certificate, clinic slip, or any documentary substantiation despite clear policy requiring written proof for health-related leaves. Records evince that he was even accommodated with a half-day on May 10 when he allegedly felt unwell,[6] which reveals that Great Value Management acted in good faith. There is likewise no indication that it would have rejected the leave application of Carpio had he complied with the requirements.

Evidently, Carpio's conduct reflects a deliberate non-compliance with established company policy.

At this juncture, it bears stressing—and remains uncontroverted—that upon hiring, Carpio was informed of and furnished a copy of the employee handbook, *Mga Alituntunin at Patakaran*, and agreed to abide by it.[7] It explicitly provides that failure to report for work for at least five consecutive days without authorization ("*Di pagpasok sa trabaho [nang] hindi kukulang sa [limang] araw sa sunod-sunod [nang] walang pasabi*") constitutes gross and habitual neglect of duty and serious misconduct warranting termination. Great Value Management, as with all employers, may promulgate policies, rules, and regulations on work-related activities of its employees. This includes the implementation of company rules and regulations and the imposition of disciplinary measures on its workers.[8]

To my mind, the company policy is reasonable and lawful as it does not prohibit employees from being absent. It only requires that absences exceeding five consecutive days be reported and authorized. The rule appears to target non-communication—not illness or emergencies—and ensures staffing predictability, operational continuity, and fairness to co-workers, while still accommodating legitimate reasons through a simple duty to notify HR and, when appropriate, submit basic documentation. If Carpio was ill or otherwise indisposed, he could have easily informed HR through the available channels and avoided any violation. His failure to do so—twice, and after being formally warned—breached a clear, reasonable, and work-related requirement, justifying the imposition of disciplinary measures.

Under the Labor Code,[9] an employer may terminate the services of an employee for a just cause. While there was no abandonment, I submit that Carpio's dismissal was justified on the ground of willful disobedience and serious misconduct.

One of the fundamental duties of an employee is to obey all reasonable rules, orders, and instructions of the employer. Willful disobedience of the employer's lawful orders, as a just cause for dismissal of an employee, envisages the concurrence of at least two requisites: (1) the employee's assailed conduct must have been willful, that is, characterized by a wrongful and perverse attitude; and (2) the order violated must have been reasonable, lawful, made known to the employee and must pertain to the duties which he had been engaged to discharge.[10] These requisites obtain in this case. Serious misconduct, on the other hand, is a transgression of some established and definite rule of action, a forbidden act, a dereliction of duty, willful in character, and indicative of wrongful intent and not mere error of judgment.[11] Here, Carpio offered no valid justification for his two successive periods of prolonged, unauthorized absence. His intentional disregard of company rules manifests willful disobedience and indifference to his work and to the employer's interests. Indeed, there can be no good faith in deliberately and repeatedly incurring inexcusable absences.[12]

On the penalty of dismissal, it is my humble stance that the same was proper and justified after Carpio went on unexcused leave twice, in close succession. Verily, Great Value Management merely applied the penalty provided under its employee handbook, as a lawful and reasonable exercise of its management prerogative.

In line with the fact that an employee's right to security of tenure does not give him a vested right to his position, Carpio should also be reminded that employers like Great Value Management have the prerogative to prescribe reasonable rules and regulations necessary or proper for the conduct of their business, and to provide certain disciplinary measures in order to implement said rules. Even as the State affords protection to labor, it also safeguards the right of employers to exercise what are clearly management prerogatives, so long as the exercise is without abuse of discretion.[13] Clearly, there is no abuse here.

Notably, the facts of the instant case are substantially similar to *Almogera, Jr. v. A & L Fishpond & Hatchery, Inc.*,^[14] where the Court upheld dismissal for AWOL grounded on a written leave/attendance policy after the employee failed to report for 11 consecutive days without prior approved leave of absence and offered no written or verbal explanation. The Court even brushed aside the plea of first offense therein.

As a final point, I agree with the ponencia's finding that Great Value Management failed to observe procedural due process, warranting an award of nominal damages. Although it issued a first notice (Notice to Explain), no hearing—or equivalent opportunity to be heard—was conducted. No Notice of Termination was likewise issued. The Notice of AWOL is not the second notice contemplated by law as it merely advised that Carpio's continued absence would be treated as serious misconduct/abandonment and did not communicate a definitive dismissal with the factual and legal bases for termination.

Accordingly, I vote to DENY the petition.

[1] See ponencia, pp. 8-12.

[2] *Almogera, Jr. v. A & L Fishpond and Hatchery, Inc.*, G.R. No. 247428, 897 Phil 459-475, February 17, 2021 [Per J. Delos Santos, Third Division].

[3] *Id.*

[4] See ponencia, p. 4.

[5] *Id.* at 3.

[6] *Id.* at 4.

[7] *Id.* at 3.

[8] See *Raza v. Daikoku Electronics Phils., Inc.*, 765 Phil. 61, 82 (2015) [Per J. Peralta, Third Division].

[9] Art. 282. Termination by employer. — An employer may terminate an employment for any of the following causes:

(a)

Serious misconduct or willful disobedience by the employee of the lawful orders of his employer or representative in connection with his work[.]

[10] *Almogera, Jr. v. A & L Fishpond and Hatchery, Inc.*, G.R. No. 247428, 897 Phil. 459-475, February 17, 2021 [Per J. Delos Santos, Third Division].

[11] See *Quiambao v. Manila Electric Railroad and Light Co.*, G.R. No. 171023, 623 Phil. 416-424, December 18, 2009 [Per J. Del Castillo, Second Division].

[12] *Id.*

[13] See *Sy v. Neat, Inc.*, 821 Phil. 751, 774 (2017) [Per J. Peralta, Second Division].

[14] G.R. No. 247428, February 17, 2021 [Per J. Delos Santos, Third Division].

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.