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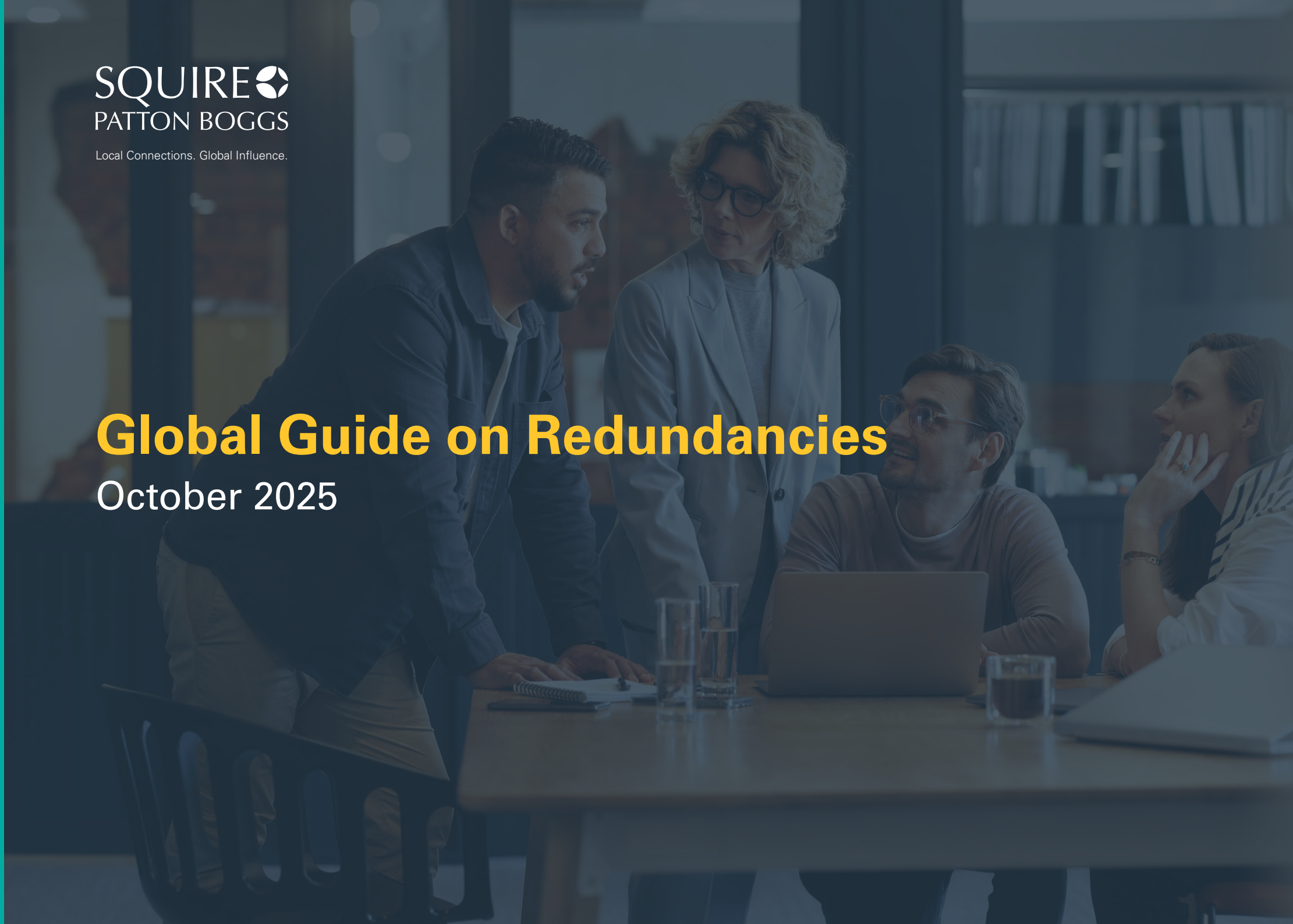

Global Guide on Redundancies

October 2025

The currently volatile political and economic situation across the globe is prompting many multinational businesses to review their workforce strategies.

If employer surveys are to be believed, many businesses are planning to cut jobs over the next 12 months as a means of managing rising costs and coping with the current uncertainty, with certain sectors more likely to be impacted than others. Similarly, businesses are actively choosing to exit or reduce operations in jurisdictions which are heavily regulated such that the cost of compliance is high. Further job losses are also expected as the unstoppable rise of artificial intelligence (AI) means that more tasks are being automated.

However, the irony is of course that cutting jobs can lead to more costs, rather than fewer, if the processes are not managed properly. As one of our experts stated in preparing this Guide: "*Missteps can quickly spiral into legal disputes, financial strain and reputational damage*". For this reason, we have prepared this latest global guide with the aim of answering the key questions that multinational businesses are likely to have when considering and/or implementing redundancies in specific jurisdictions, and to assist in their strategic planning.

How We Can Help

This guide provides an overview of the redundancy law framework in individual jurisdictions. We recognise however that global businesses may be making redundancies across a number of different countries at the same time, which can further complicate matters.

Every year our team of experts successfully manages more than 400 such multi-jurisdictional projects. These projects demonstrate our ability to navigate complex multi-jurisdictional challenges while delivering strategic outcomes efficiently. We understand the nuances between global and local requirements and act as the crucial connector between them, ensuring seamless management of global employment projects. We excel not only in legal expertise but also in strategic insight, practical guidance and client focused solutions.

If you would like to discuss a potential restructuring or redundancy programme either in one location or across multiple locations, please speak to your usual contact in the Labour & Employment team or any of the experts named within this Guide.

Please note that this Guide is intended as a high-level overview only and should not be regarded as a substitute for legal advice. It sets out the position as of 20 October 2025. We recommend that you always check the latest position with your local labour and employment lawyer. Where "✓/x" responses are given, they may be dependent on the facts, and specific advice should always be taken.

GLOBAL EDGE

Employment Law Resource for Legal and HR Professionals

Global Edge is our award-winning subscription-based product that gives instant access to the latest global employment law developments in 38 countries, direct to a mobile device or desktop. It is an invaluable tool for in-house counsel and HR professionals in global organisations, providing up to date, clear guidance on 29 key employment law topics and upcoming legislation. If you need more comprehensive information and support, please visit our Global Edge page or contact us.

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Australia

Key trends and themes – Over the last 12 months we have seen many large-scale redundancy exercises, mainly for multinational corporations with a presence in Australia. Domestically, most redundancies are on a smaller scale. These are themes which do not appear to be slowing down and nor are they anticipated to do so. Australia is a heavily-regulated jurisdiction where compliance costs are considered high. We are seeing some cases where multinationals have formed a view that the cost of employing a workforce in Australia (in terms of both market remuneration levels (noting our high costs of living) and the cost of compliance) is not sustainable, or at least looking to reduce their cost base in Australia.

1. Is redundancy a potentially fair reason for dismissal?

Provided that it is a genuine redundancy within the meaning of section 389 of the Fair Work Act 2009 (Cth). It is helpful if the reasons (including the business case justifying the changes) are documented by the employer.

2. How long does a redundancy process usually take?

This depends on whether the employer has obligations to consult with its employees under any Modern Award or enterprise agreement. If these obligations do exist, typically, two or three days are sufficient to satisfy these obligations.

Where collective consultation obligations are triggered, please see the answer to question 6 below. However, there is no legal framework around timing/consultation - we would usually recommend allowing for around one or two weeks (longer if there is a union involved as the union may try and draw out the process, so in that case we recommend to allow for 3 to 4 weeks in practice).

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems?

An employer may formulate its own selection criteria subject to its own policies and procedures.

However, selection criteria must not involve any element of discrimination or any unlawful reason for "adverse action" under the general protection provisions of the Fair Work Act 2009 (Cth).

4. Is there a requirement to consult with employees individually? Potentially

An employer may have obligations to consult with its employees in relation to a proposed redundancy under any applicable Modern Award or enterprise agreement (most tend to include consultation obligations).

5. Is there a requirement to offer alternative employment? Potentially

If the employee has unfair dismissal rights under the Fair Work Act 2009 (Cth), their dismissal must be a "genuine redundancy" to eliminate the risk of a successful unfair dismissal claim. Where it is reasonable to do so, employers must redeploy employees into vacant roles within the employer's enterprise, or the enterprise of an associated entity of the employer.

Whether redeployment is reasonable depends on several factors (e.g. whether the employee has the requisite skills required to perform the vacant role, either immediately or with a reasonable period of training).

The obligation to offer reasonable redeployment opportunities is quite onerous for the employer. For example, it may extend to offering redeployment to overseas offices. Notably, employers should not make assumptions about what the employee will accept or decline e.g. because the role is of a lesser status or attracts less remuneration than the redundant role. Further, in a recent decision, the High Court found that employers must consider whether employees could be offered roles currently being performed by contractors, before making them redundant.

6. Is works council/employee representative/trade union consultation required?

Under the Fair Work Act 2009 (Cth), where an employer proposes to make 15 or more employees redundant, and one or more of those employees is a trade union member, the employer must:

- Notify and consult with the union, and
- Notify Services Australia

An enterprise agreement may also include specific obligations to consult with employee representatives or the trade union about any proposed redundancies.

7. Are there any periods during which redundancies cannot be made?

Employers who have obligations to consult with their employees under a Modern Award or an enterprise agreement, or who have obligations to notify Services Australia and consult with the union (where making 15 or more employees redundant) cannot make redundancies until those obligations are complied with.

Further, the Fair Work Act 2009 (Cth) prohibits an employer from dismissing an employee (including by reason of redundancy) because the employee is temporarily absent from work due to an illness or injury of a kind prescribed by the Fair Work Regulations 2009 (Cth) (e.g. while on a period of paid sick leave). In a true redundancy, while the reason for the termination will not be due to the temporary absence, legal advice should be sought to ensure this challenging situation is navigated correctly.

8. What payments are employees entitled to when made redundant?

Under the National Employment Standards (NES) in the Fair Work Act 2009 (Cth), an employee is entitled to the following payments when made redundant:

- Payment in lieu of notice (if the minimum period of notice of termination has not been provided)
- Redundancy pay
- Any accrued but untaken annual leave

The minimum notice period and redundancy pay in the NES are based on a sliding scale depending on length of service (and, in the case of the notice period, age) of the employee.

An employee may also be entitled to any accrued and unused long service leave in accordance with the applicable state/territory long service leave legislation.

An employee's contract of employment or an enterprise agreement may also provide the employee with more beneficial entitlements (e.g. an enhanced redundancy payment).

9. What are the penalties for non-compliance?

An eligible employee may bring an unfair dismissal claim on the basis that the redundancy was not "genuine". If the Fair Work Commission (FWC) (Australia's labour tribunal) agrees that the dismissal was not a case of genuine redundancy and was otherwise unfair, the maximum compensation that can be ordered (if the FWC finds that the primary remedy of reinstatement is inappropriate) is the lower of 26 weeks' pay or AU$91,550 (for FY26) (being half the current high income threshold).

If the employee's redundancy was based on a prohibited reason including discrimination, the employee may bring a claim under the "general protections" provisions in the Fair Work Act 2009 (Cth). Unlike unfair dismissal claims, the amount of compensation that can be awarded in a general protections claim is uncapped.

A breach of the NES, a modern award or an enterprise agreement may give rise to civil penalties of up to AU$19,800 for an individual or AU$99,000 for a body corporate, per breach.

A breach of the obligation to notify Services Australia about a collective redundancy may give rise to civil penalties of up to AU$9,900 for an individual or $49,500, per breach.

If an employee's contract of employment provides for any entitlement relating to redundancies and/or termination of employment, the employee may bring a breach of contract claim if the employer fails to provide this entitlement.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

For more information, please refer to the Fair Work Ombudsman's guide to redundancy: Redundancy - Fair Work Ombudsman.

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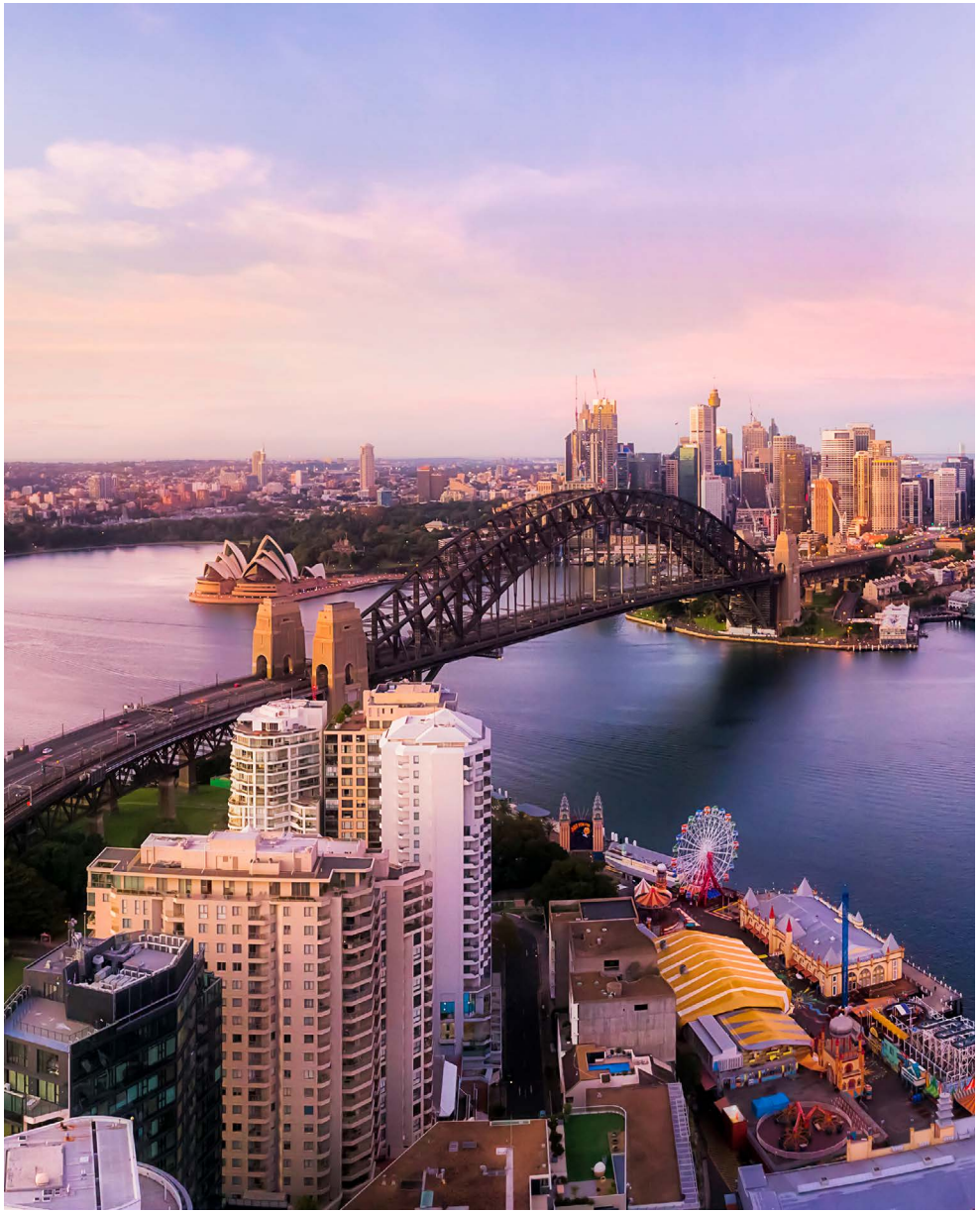

Belgium

Key trends and themes – Over the last 12 months, we have seen an increase in large-scale redundancies and company closures, as well as smaller-scale redundancy activity. Although the climate is currently slightly more optimistic, with the new Belgian government that has been in place since February 2025 having announced several employer-friendly measures, it is still expected that the fall of 2025 will bring more downsizing activities across Belgium. The new government has also announced that it will be looking into the collective redundancies process, with an aim to simplify, but has not yet provided any further detail on this.

1. Is redundancy a potentially fair reason for dismissal? 

However, there is no concept of "individual" redundancy as such, Belgian law only recognises collective redundancies.

Although individual employees' positions can become redundant due to economic, technical or organisational reasons on an individual basis, Belgian law only provides for specific redundancy rights in the framework of a collective redundancy, or depending on the sector, for multiple terminations at the same time.

2. How long does a redundancy process usually take?

For an individual redundancy, unless an industry-level collective bargaining agreement imposes further restrictions, the termination can be immediate.

If a collective process is required, this may take a few weeks (up to a maximum of three or four months).

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems? Potentially

No selection criteria have been set out on a national level, but industry-level collective bargaining agreements may impose restrictions.

4. Is there a requirement to consult with employees individually? 

5. Is there a requirement to offer alternative employment? 

6. Is works council/employee representative/trade union consultation required? Potentially

This is not required in the case of individual redundancies. Where collective redundancies take place (triggered when 10 or more employees are to be made redundant), it is necessary to consult with employee representatives in the works council/health & safety committee/union delegation.

7. Are there any periods during which redundancies cannot be made? 

In respect of collective redundancies, there is a 30-day cooling-off period after the consultation has ended during which no redundancies can be made.

8. What payments are employees entitled to when made redundant?

The information below applies to collective redundancy scenarios.

Redundant employees may be entitled to the following (subject to satisfying the eligibility requirements):

- Notice or compensation in lieu of notice
- Redeployment indemnity – This is equal to three months' pay where the employee is younger than 45 at the time of the announcement of the employer's intention to proceed with a collective redundancy, or six months' pay where he/she is at least 45.
- Collective redundancy indemnity – This is equal to half of the difference between the employee's so-called "net reference remuneration" (i.e. the reference gross remuneration is currently capped at €3,990.33) and the unemployment benefit that the employee can claim.

- Closure indemnity – Equal to the sum of (i) €195.05 times the number of years' service (with a maximum of € 3,901.00) and (ii) €195.05 times the number of years of age above the age of 45 while in service of the employer (with a maximum of € 3,705.95).
- Other statutory payments
- Enhanced redundancy pay – If any, although please note in the context of a collective redundancy this is often claimed by the trade unions.

9. What are the penalties for non-compliance?

In theory, criminal penalties may apply for failure to consult with employee representatives (in the case of collective redundancies).

However, if the process is not complied with the works council may be able to obtain an injunction, halting the redundancies until it is complied with.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

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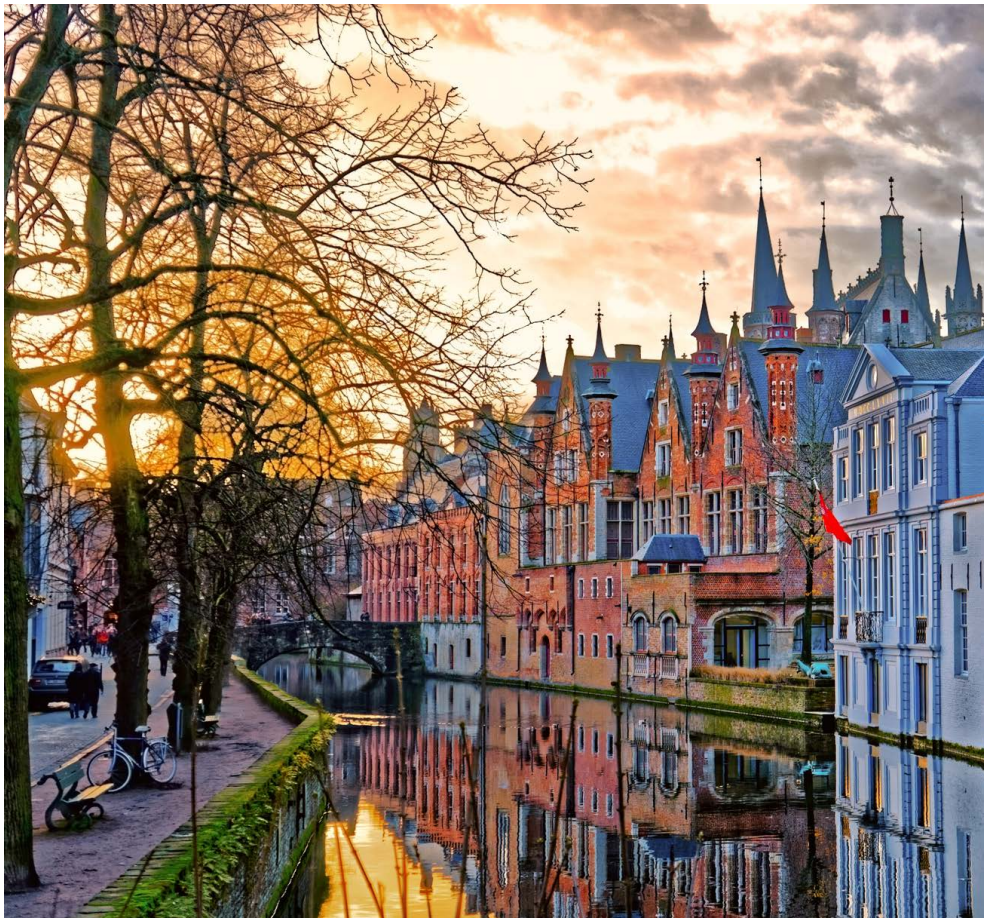

Brazil

Key trends and themes – Labour claims are once again on the rise in Brazil. Following a significant decline prompted by the Labour Reform, 2024 saw a record number of claims filed against employers – surpassing even the previous peak recorded in 2017. This upward trend has been largely attributed to a 2021 ruling by the Federal Supreme Court, which substantially reduced the financial risks for claimants, particularly regarding the obligation to cover legal fees incurred by employers' counsel, which claimants may now avoid by producing a simple poverty statement. As a result, the volume of labour litigation is expected to increase further over the coming years.

Another emerging trend involves claims related to mental health conditions allegedly linked to the workplace. In numerous cases, employees present medical certificates citing burnout, depression or panic disorder immediately following the termination of their employment contracts. This strategy is often employed to suspend or delay termination procedures, and to create a more favourable context for pursuing compensation on the grounds of work-related illnesses.

1. Is redundancy a potentially fair reason for dismissal?

There are no specific rules about redundancy. It is likely a dismissal on grounds of redundancy would be considered a dismissal without cause.

2. How long does a redundancy process usually take?

A standard employment termination procedure typically comprises three key steps:

- Formal notification of the employee via a termination notice
- Payment of all statutory severance entitlements
- A final medical examination conducted by a clinic specialising in occupational health. This should not take more than 10 days from the termination notice.

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems?

Although there is no specific statutory provision, the broad protections set in the Brazilian Federal Constitution must be upheld. This means that any selection criteria applied during employment decisions must not be discriminatory and must respect the constitutional guarantees of dignity and equality. For instance, no prejudice should be shown on the basis of sex, gender, age, religion, political beliefs or similar grounds.

4. Is there a requirement to consult with employees individually?

There is no requirement to consult with employees individually.

5. Is there a requirement to offer alternative employment?

There is no legal obligation to offer alternative employment upon termination. However, given the high levels of labour litigation in Brazil, a few employers have strategically opted to provide outplacement services as a preventive measure. From a practical standpoint, employees who are able to secure new employment promptly are generally less inclined to initiate legal proceedings against their former employers.

6. Is works council/employee representative/trade union consultation required?

As a general rule, there is no obligation to consult with trade unions.

Exceptionally, however, in cases involving the dismissal of a significant number of employees – i.e. mass terminations – a precedent established by the Brazilian Federal Supreme Court requires that negotiations must be conducted with the relevant union. Employers must therefore adopt a strategic approach tailored to each specific situation, aiming to prevent strikes and facilitate a successful agreement. In many instances, the most effective course of action is to involve the union at the earliest stage – ideally, at the time employees are informed of the termination, accompanied by the offer of a termination package in addition to the statutory severance entitlements. This approach should be carefully assessed on a case-by-case basis, considering all relevant factors.

7. Are there any periods during which redundancies cannot be made?

It is important to note that terminations carried out within 30 days prior to the dates established by collective bargaining agreements for mandatory annual salary adjustments entitle the employee to an additional indemnity equivalent to one month's salary.

8. What payments are employees entitled to when made redundant?

When an employee is dismissed without cause (which is how a redundancy would be treated), they are entitled to the following payments:

- Salary balance in the termination month – The employee's base salary divided by 30 and multiplied by the number of days worked until the termination date
- Pay in lieu notice (unless the notice period is worked) – All employees are entitled to a minimum 30-day notice period, regardless of their status. This is mandatory and cannot be reduced or waived by agreement. For each additional year of service, the employee is entitled to receive an additional three days' notice, up to a maximum of 60 additional days' notice (making a total of up to 90 days' notice). Where pay in lieu of notice is given, it must be paid 10 days after the end of employment. If notice is worked, it must be paid on the day following the terminate date.
- Accrued 13th month salary (or pro rata 13th salary depending on termination date) – In Brazil employees are entitled to a "13th salary" equal to 1/12 of the employee's monthly salary per month of employment (calculated from 1 January to the termination date). For a month to be included in this calculation, the employee must have worked at least 15 days during that month.
- Unused accrued annual leave and vacation bonus (i.e. a one-third additional payment) – In Brazil, employees are entitled to 30 days' paid leave per year of employment. On termination, the employee will be entitled to the equivalent of any unused vacation plus a 'bonus" equal to a one-third additional payment. Where termination occurs before the employee has completed a full year of employment, the employee will be entitled to a proportional amount of vacation pay (i.e. one month = 1/12th of one month pay) for every month worked plus the one third additional "bonus" payment. Where the employee works more than 15 days in a given month, it will be counted as a full month for the purposes of this calculation.
- Family allowance – Where the employee earns up to a certain salary and has dependants under the age of 14, the employer will pay, on behalf of social security, a social benefit or in cash, according to the following chart, per dependant. The employer's expenses with the family allowance will be deducted from social contributions due over the payroll.

Salary	Monthly benefit per dependent
Up to R$1,906.04	R$65.00
Above R$1,906.04	Not Applicable

- FGTS deposit (Brazilian Government Severance Indemnity Fund Law – *Fundo de Garantia por Tempo de Serviço*) – The FGTS contains monthly deposits of 8% of an employee's gross compensation. Deposits are made by the employer into an escrow account with a governmental bank, in the name of the employee throughout employment. On termination without cause the employer must deposit an amount equal to 8% of the salary balance, prior notice and 13th month salary into the employees FGTS.
- FGTS fine – Access to the funds deposited in a FGTS fund. The so-called 'fine' is equal to 40% of the funds held in the employee's severance fund account.

9. What are the penalties for non-compliance?

Reinstatement will only apply in relation to protected employees, for example, in cases of pregnancy, union directors, members of Harassment and Accidents Prevention Commissions, victims of work accidents or occupational diseases.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

The rise in labour litigation, combined with the growing acceptance of voluntary jurisdiction proceedings as an alternative means of dispute resolution by the Labour Courts, has reshaped the landscape for settling employment disputes in Brazil.

Introduced by the 2017 Labour Reform, the voluntary jurisdiction mechanism – allowing for the ratification of extrajudicial agreements in court – was initially met with resistance and frequently rejected.

However, recent rulings by the Superior Labour Court have provided greater legal certainty, enhancing its viability.

Consequently, where an employer is able to anticipate a potential labour-related contingency before formal litigation arises, negotiating an agreement for judicial ratification may, represent the most effective route to securing a full release of claims.

It is important to note that, under Brazilian law, only agreements ratified by the Labour Courts can guarantee a comprehensive release of rights.

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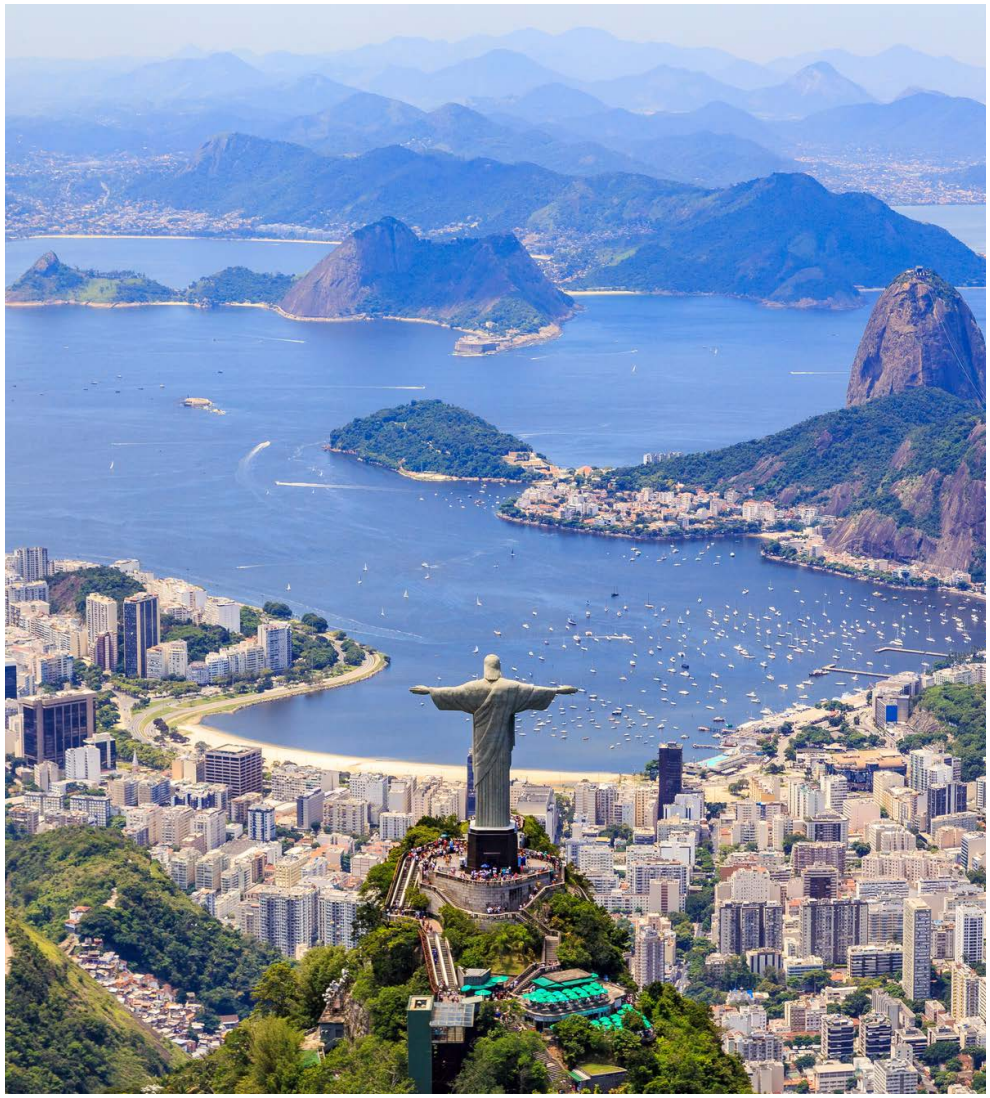

China

Key trends and themes – China is currently undergoing economic transformation. Some traditional industries, which are facing high operational pressures due to technological shifts and market adjustments, have become high-incidence areas for workforce reductions. However, because the law imposes strict restrictions on collective redundancies, enterprises rarely implement layoffs through this channel. Instead, most enterprises complete workforce reductions through mutual separation with individual employees.

1. Is redundancy a potentially fair reason for dismissal?

Redundancy is only envisaged in China in the collective context – i.e. where at least 20 employees or more than 10% of the total workforce are to be made redundant.

There is no concept of individual redundancy.

Employers may implement redundancy only under specific conditions:

- Serious difficulties in production and/or business operations of the employer
- Restructuring of the employer according to bankruptcy law
- Where the employer has gone through a product transition, major technological renovations or changes to its business operations and/or has modified the employment contract, yet it remains necessary to lay off some employees
- A major change in the objective circumstances of the employer

2. How long does a redundancy process usually take?

Employers must consult with the company's labour union or with all employees (if there is no union) at least 30 days before implementing a redundancy plan.

After that, the employer must report the plan to the local labour bureau. There is no fixed timeframe for the labour bureau to give feedback on the collective redundancies plan – it depends on local practice and the complexity of the case. Our recommendation is that the redundancies should usually not go ahead until the labour bureau has provided its feedback. (Please refer to question 7 below for more information)

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems?

Under PRC law, certain categories of employees cannot be made redundant, as follows:

- Employees who have been engaged in work exposed to occupational hazards, and have not undergone post-employment occupational health checks or who are under the diagnosis, or medical observation period for suspected occupational disease
- Employees diagnosed with an occupational disease or who have suffered an occupational injury while working for the employer and confirmed to have lost their work capability wholly or partially
- Employees undergoing a stipulated medical treatment period for diseases or injuries not arising from work
- Female employees who are pregnant, or on maternity leave or still breastfeeding
- Employees who have worked continuously at the company for more than 15 years and are less than five years from the legal retirement age.

There are also several categories of employees who have priority in not being selected for redundancy:

- Employees with fixed-term employment contracts with relatively long periods with the company – what will count as "relatively long" is not defined in PRC law, but in practice we suggest upwards of 10 years' service
- Employees who entered into open-ended employment contracts with the company
- Employees whose family members are not employed and who have aged or under-aged family members to support

4. Is there a requirement to consult with employees individually?

5. Is there a requirement to offer alternative employment?

6. Is works council/employee representative/trade union consultation required?

In addition to consulting with unions/employee representatives, the employer must report its collective redundancy plan to the local labour bureau before implementing the plan.

7. Are there any periods during which redundancies cannot be made?

We recommend that redundancies should not be implemented before the above-mentioned consultation/reporting process is completed. While PRC law does not mandate formal approval from the labour bureau for redundancy plans, in practice, implementing a redundancy plan without the labour bureau's backing is extremely challenging. Thus, employers would typically await positive feedback from the labour bureau on the redundancy plan before proceeding.

8. What payments are employees entitled to when made redundant?

Employees who are made redundant are entitled to receive severance compensation from their employer. There is no service qualification for this entitlement. The severance payment is calculated as follows:

1 month's salary x years of service

Under the current law, for service periods that are six months or more, and less than one year, the severance will be one month's salary. For periods of less than six months, it will be half a month's salary.

Monthly salary refers to average monthly income (including basic salary, allowance and bonus, etc.) in the last 12 months prior to termination of employment, subject to certain local cap amount.

9. What are the penalties for non-compliance?

There are no criminal penalties, but the employee can be reinstated or paid twice the statutory compensation for termination.

It may also be possible for the unions/employee representatives to obtain an injunction halting the redundancies until the process is properly complied with.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

The reality is that labour bureaus rarely give supportive opinions on redundancies due to the government's desire to maintain employment stability, so it can be very difficult to go ahead with collective redundancies.

In practice, the most frequently adopted approach for workforce reduction is mutual separation (rather than collective redundancy). That is, the employers reach out to each relevant individual employee to negotiate and enter into an agreement for mutual separation.

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Czech Republic

Key trends and themes – While we are seeing some collective redundancy situations across the Czech Republic (not confined to any particular sector or regions), the general trend is that the unemployment rate remains low.

1. Is redundancy a potentially fair reason for dismissal? ✓

A decision on organisational change must be taken. Employees can be made redundant on the basis of this decision.

2. How long does a redundancy process usually take?

A redundancy process (including any collective process) will usually take between 30 days to three months.

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems? Potentially

Collective bargaining agreements may include additional criteria.

4. Is there a requirement to consult with employees individually? ✓

In the case of collective redundancies where no trade union or employee representatives operate at the employer, and the company employs more than 10 employees.

5. Is there a requirement to offer alternative employment? ✗

6. Is works council/employee representative/trade union consultation required? ✓

Yes, in the context of collective redundancies.

Collective redundancies are triggered when an employer plans to make redundant at least 10 employees, where an employer employs between 20 and 100 employees; 10% of employees where an employer employs between 101 and 300 employees; 30 employees where an employer employs more than 300 employees.

When serving the termination notice, the employer must first consult the trade union (non-binding opinion). Consent of the trade union must be given when serving notice to members of trade union bodies (not regular union members) during their term of office, and within a period of one year after their term of office has terminated.

7. Are there any periods during which redundancies cannot be made? ✓

There is a mandatory 30-day period from initial written notification to employees' representatives, prior to serving notices of termination to individual employees (if a collective dismissal is triggered).

Furthermore, Czech law grants protection to the following employees concerning termination of employment:

- Employees who are temporarily unfit for work
- Pregnant employees
- Employees on maternity or parental leave
- Members of trade union bodies during their term of office and within a period of one year after their term of office has terminated – the prior consent of the trade union must be obtained

8. What payments are employees entitled to when made redundant?

Employees are entitled to severance pay calculated based on the duration of employment as follows:

- If employed for less than one year, the employee will receive an amount equal to one month's average earnings
- If employed for at least one year, but less than two years, the employee will receive an amount equal to two months' average earnings
- If employed for more than two years, the employee will receive an amount equal to three months' average earnings.

The employer may provide severance pay above the statutory minimum; however, the employer has a general obligation to ensure equal treatment of all employees. Furthermore, collective agreements or internal company policies may also stipulate a higher severance entitlement.

Statutory severance payments are not subject to social security contributions, regardless of whether the employee is dismissed by notice or by agreement.

9. What are the penalties for non-compliance?

An employee can file a lawsuit for unlawful dismissal, claiming reinstatement and damages for lost salary. Fines of up to CZK1 million can be imposed in the event of discriminatory treatment of employees when selecting employees for redundancy. Fines of up to CZK 200,000 may be imposed for failing to consult (on notice) of termination with trade unions.

Reinstatement is a potential sanction if the employee has filed a lawsuit within the deadline stipulated by law, was successful with their claim and insists on further employment.

Any termination will be void if the employer does not deliver a written report on its decision on collective dismissals and on the results of the consultation with the Labour Office.

There are no criminal penalties.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

The recent comprehensive update to the Czech Labour Code has introduced significant changes to notice periods. Under the new rules, the notice period no longer begins on the first day of the calendar month following delivery of the notice. Instead, it starts to run immediately from the day the notice is delivered to the other party.

Furthermore, the statutory two-month notice period has been shortened to one month if the employee is dismissed for reasons attributable to them, such as a breach of duties or unsatisfactory performance.

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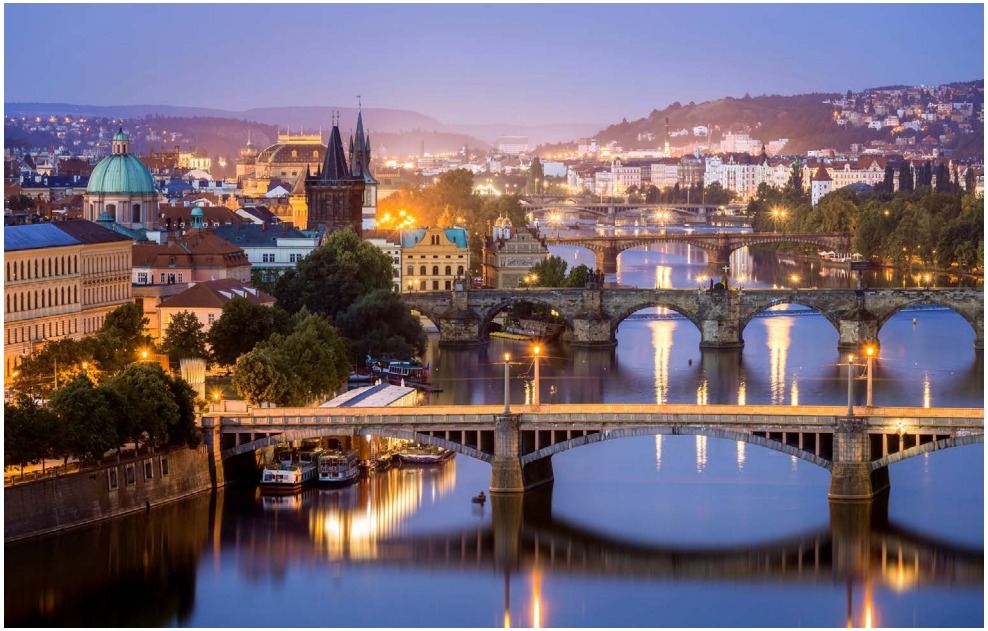

France

Key trends and themes – In France, the number of redundancies has been stable in the first quarter of 2025, although layoffs have continued to rise across some sectors (including automotive, retail and chemical sectors), with growing concern over social plans. We anticipate that redundancies could become more frequent over the next 12-18 months in light of both the uncertain economic and political situation, and the other financial pressures French employers are currently facing.

A new Prime Minister was appointed on 9 September 2025 but resigned less than a month later, which is indicative of the current state of instability in France. There is currently a great deal of uncertainty about the budget for next year and, given that the contemplated measures are not known yet, it is difficult to assess potential impact on the employment landscape in France.

1. Is redundancy a potentially fair reason for dismissal?

A redundancy process in France must result from a valid economic ground, as listed by the French Labor Code:

- Economic difficulties
- Technological changes
- Reorganisation of a company to preserve its competitiveness
- Cessation of company's activities

The applicable procedure will vary depending on:

- The number of employees being made redundant (a collective procedure is triggered as soon as two redundancies are contemplated. A different procedure is triggered if 10 or more employees are made redundant).
- The size of the employer (more or less than 50 employees, then being part of a group with more or less than 1,000 employees in the Europe Economic Area /EU).
- Whether there are employee representatives (Social and Economic Committee (CSE) and union representatives).
- Whether a "protected person" is affected by the redundancy.

The redundancy process in France is highly complex and can be costly.

2. How long does a redundancy process usually take?

An individual redundancy process usually takes about one month.

If a collective process is required, it will depend on the number of employees to be made redundant and on the size of the company.

If a social plan is required, the procedure can take up to eight months, depending on the number of contemplated redundancies, including in particular a preparation phase of approximately two months and the CSE consultation of:

- Two months when the number of redundancies is less than 100 employees
- Three months when the number of redundancies is between 100 and 249 employees
- Four months when the number of redundancies is greater than 249 employees

In cases where protected employees are impacted by the redundancy project, a specific (and longer) procedure will apply to them.

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems?

The employer may be bound by a collective bargaining agreement (CBA), in-house collective agreement or Labor Code, if applicable.

Selection criteria must take into account the criteria set out in the Labor Code, i.e.: length of service; family responsibilities (e.g., single-parent, dependants etc.); any social characteristics that impact future employment (e.g., disability); and objective professional qualities (within the employee's professional category).

4. Is there a requirement to consult with employees individually? Potentially

In some cases, it is necessary to organise an individual meeting with the employee concerned by the redundancy.

This individual meeting must take place when less than 10 employees are to be made redundant, if there is no CSE and/or if the impacted employee is a protected person.

5. Is there a requirement to offer alternative employment?

Employers have internal redeployment obligations (verifying whether there are any alternative positions within the company in France) and external redeployment obligations (implementing an external redeployment programme, i.e. redeployment leave).

An employee who has been made redundant has also a priority right to re-employment for 12 months following termination, provided they make a written request to the employer within that 12-month period (or a longer period if extended under the applicable CBA).

6. Is works council/employee representative/trade union consultation required? Potentially

No, for individual redundancies.

Unless the dismissal is due to a reorganisation of the company or concerns a staff representative in the companies with 50 employees or more.

Yes, for collective redundancies.

Where the employer contemplates to make two or more employees redundant, this will trigger the collective consultation obligations.

Different procedures will apply depending on the number of employees to be made redundant (fewer or more than 10 employees), and on the size of the employer (fewer or more than 50 employees).

7. Are there any periods during which redundancies cannot be made?

Depending on the number of employees to be made redundant and on the size of the company, the employer cannot give notice to employees before the end of a 7, 15 or 30 working days period, or before the validation of the redundancy project by the Labour authority.

Employees on maternity leave are protected against redundancy.

8. What payments are employees entitled to when made redundant?

An employee made redundant for economic reasons is entitled to the following:

- Notice or payment in lieu of notice (unless the employee has accepted a state redeployment scheme (CSP)). Rules on notice are generally included in the applicable CBA. Otherwise, the Labour Code sets out minimum requirements based on length of service.
- Payment in lieu of accrued but untaken holiday (holiday continues to accrue during the notice period whether or not it is worked).
- Severance pay for employees with 8 months' service or more. Entitlement is set out in the Labour Code and in the applicable CBA (more favourable formula will apply to the employee). It is calculated based on salary and length of service.
- If applicable, the social plan may also provide for enhanced severance payments.
- Depending on the size of the company and the redundancy procedure adopted, employees may also be entitled to other benefits (such as redeployment leave, mobility leave, rights under a social plan etc.)

9. What are the penalties for non-compliance?

The dismissal can be considered unfair (damages depend on the employee's length of service) or null and void.

Reinstatement is possible if the termination is considered null and void (due to discrimination, breach of fundamental freedom, harassment, etc.).

Failure to comply with the proper consultation process could be also a criminal offence known as an obstruction offense (*"délit d'entrave"*) resulting in:

- A fine of €7,500 for the company's corporate officers and a fine of €37,500 for the company as a legal entity, for the offence of obstruction to the rights of employee representatives
- A fine of €3,750 per affected employee for failure to consult the CSE on redundancy
- If redundancies are implemented before the end of the consultation process, an injunction to suspend the redundancies

Claims from the employees concerned for damages.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

Internal and external communication regarding redundancy projects should be carefully managed by the employer.

On top of the claims regarding the employment contract termination, redundancy could trigger other various claims from the employees made redundant and relating to the performance of their employment contract.

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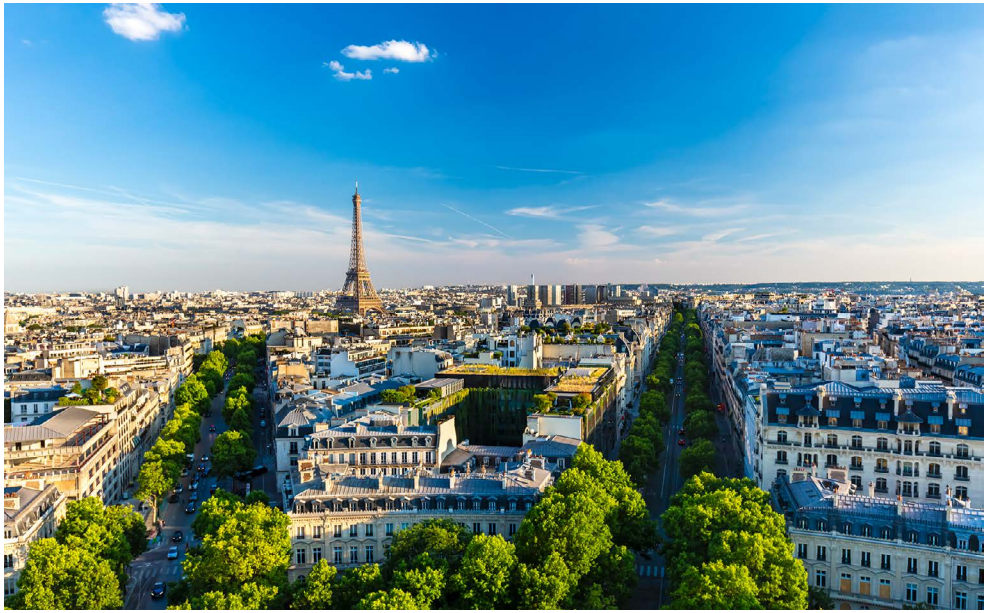

Germany

Key trends and themes – In Germany, we are seeing many companies making personnel adjustments and implementing restructuring measures. We attribute this to the fact that the new government has not yet been able to deliver the expected economic upturn, and many companies are currently reconsidering Germany as a business location. We hope that upcoming reforms around social security systems and employment costs will help to give companies more security in relation to making plans for growth in Germany again.

1. Is redundancy a potentially fair reason for dismissal?

Provided that the notice period is adhered to and that the reasons for a termination based on operational reasons are met. The Protection Against Dismissal Act (PADA), applies when the employing entity has more than 10 employees in Germany and covers all employees with at least six months' continuous service. If employees enjoy dismissal protection under PADA, the legal prerequisites for a valid redundancy are, however, very high and require that:

- Due to a business decision the employee's workplace/position is no longer required (in general 100% of the tasks must be eliminated)
- No vacant position in the company (also on a lower level) exists
- A proper social selection (redundancy selection) – please refer to question 3 below for more details.

A collective redundancy will be triggered if the employer employs more than 20 employees and proposes more than five redundancies. The threshold varies according to the size of the workforce and the number of employees to be made redundant.

2. How long does a redundancy process usually take?

This depends on whether a works council exists or not.

In companies without a works council, the employer can issue the notice of termination without prior requirements.

In companies with a works council, the employer can issue the notice of termination one week after the works council has received complete information about the intended termination. In cases of an individual termination, the works council process will take approximately one or two weeks.

For collective redundancies, where there is a works council in place, employers will be required to inform them about proposed collective redundancies and carry out a consultation process which can last several months (usually three to eight months).

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems?

Social selection criteria are age, length of service, maintenance obligations (with regard to one's spouse and children who are dependent) and severe disability.

4. Is there a requirement to consult with employees individually?

In companies with a works council, the works council needs to be consulted prior to issuing the individual redundancies that form part of the collective redundancy process.

There is no requirement to consult individually with the impacted employee(s).

5. Is there a requirement to offer alternative employment?

From a technical legal perspective, there is such a requirement, as a termination based on redundancy will be void in case of a vacant position. However, there is no actual obligation to offer vacant positions to employees that shall be made redundant.

6. Is works council/employee representative/trade union consultation required?

In companies that regularly employ more than 20 employees and are planning a collective redundancy, the employer must consult with the works council and try to agree on: (a) a compromise of interests; and (b) a social plan. The employer must complete consultation with the works council before any final decisions are made.

Further, the competent employment authority needs to be informed in case certain thresholds are met.

7. Are there any periods during which redundancies cannot be made?

No terminations are permitted before agreement with the works council has been reached. If negotiations fail, the employer and/or works council can appeal to an arbitration board.

Further, certain groups of employees, such as pregnant women or those who are severely disabled, enjoy special dismissal protection, which means that their termination will require previous approval from authorities.

8. What payments are employees entitled to when made redundant?

Employees will be entitled to:

- Notice (minimum of four two weeks) – payment in lieu of notice cannot be agreed unless a settlement agreement is entered into
- Accrued but untaken holiday
- Bonus if applicable (although most contractual schemes will exclude those who leave part way through a year)
- Typically, severance pay (based on length of service) but note, that German law, does not require severance payments as a matter of law

9. What are the penalties for non-compliance?

In the case of individual redundancies, there are no financial penalties, but if the process is not followed the termination will be void and the employee has to be reinstated (provided the employee has filed their suit within three weeks after receipt of the notice of termination). It may also be possible for the works council to obtain an injunction preventing the redundancies from going ahead, or halting/reversing them.

In the event that the employer fails to comply with the proper process in relation to collective redundancies, the employer may be liable to pay a fine and compensation to the employees. Terminations will be void if affected employees file a lawsuit within three weeks of receipt of notice of the termination.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

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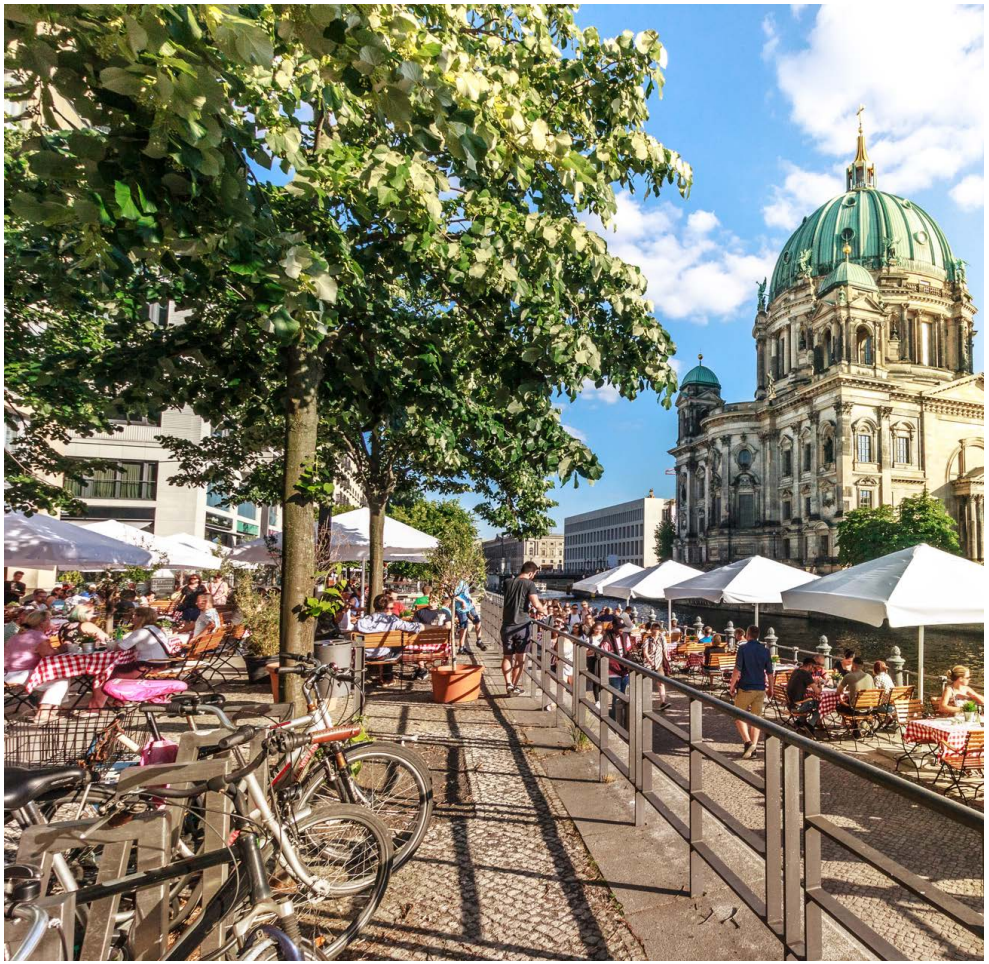

Hong Kong

Key trends and themes – Provided that all the necessary entitlements are paid and the employee does not have any special protected circumstances, it is, generally speaking, not too complicated to make an employee redundant under Hong Kong law. However, it is strongly recommended to seek local legal advice to verify the specific entitlements of the relevant employees. Even if certain payments are labelled as discretionary, the employee may still be entitled to some payouts under Hong Kong law.

1. Is redundancy a potentially fair reason for dismissal? 

Technically speaking, it is referred to as a "valid reason" instead of fair reason for dismissal.

2. How long does a redundancy process usually take?

Unless the employee has any special status, redundancy can take place immediately. However, taking into account the time required for planning and preparation of the relevant documents, usually we would expect three to four weeks to be required.

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems? 

Employers may set their own criteria provided these are not discriminatory.

4. Is there a requirement to consult with employees individually? 

5. Is there a requirement to offer alternative employment? 

6. Is works council/employee representative/trade union consultation required? 

There is no concept of "collective redundancies" in Hong Kong. That being said, it would be worth checking any applicable collective agreements in case consultation obligations have been entered into.

7. Are there any periods during which redundancies cannot be made? 

Only if the employee falls within one of the protected categories e.g. is pregnant.

8. What payments are employees entitled to when made redundant?

Termination payments will usually include the following:

- Any outstanding wages up until the date of termination
- If applicable, any payment in lieu of notice
- Payment in lieu of accrued but untaken holiday
- Any out of pocket expenses incurred by the employee in the performance of his/her job
- Severance pay or long service payment (if the eligibility requirements are met)
- Any other payments as provided for under the employment contract

9. What are the penalties for non-compliance?

If the employer wilfully and without reasonable excuse fails to pay the employee his/her entitlement to termination payments (other than severance pay) when they become due (i.e. no later than seven days after the termination date or date on which the contract expires), it may be liable to prosecution and, upon conviction, to a fine of HK$350,000, as well as to imprisonment for three years. Where the employer fails to pay severance, it may be liable on conviction to a fine of HK$50,000.

As neither statute (Employment Ordinance) nor case law provide for a concept of collective redundancy, no additional penalties apply to collective redundancies.

Therefore, the same penalties apply to both individual redundancies and collective situations.

If the employer fails to follow the proper process or redundancy is deemed not to be the real reason for the dismissal, the usual employment law principles in respect of a termination apply.

For example, the court can order (i) reinstatement or re-engagement (subject to both the employer and the employee agreeing to it unless the termination is both without valid reason and unlawful), or termination payments against the employer. In a case where the termination is both without valid reason and unlawful, additional compensation not exceeding HK $150,000 can also be ordered by the court (except where the employee has been re-instated/re-engaged). If the employer eventually does not reinstate or re-engage the employee as required by the court, the employer may be liable to pay the employee a further sum, amounting to three times the employee's average monthly wages (subject to a cap of HK$72,500).

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

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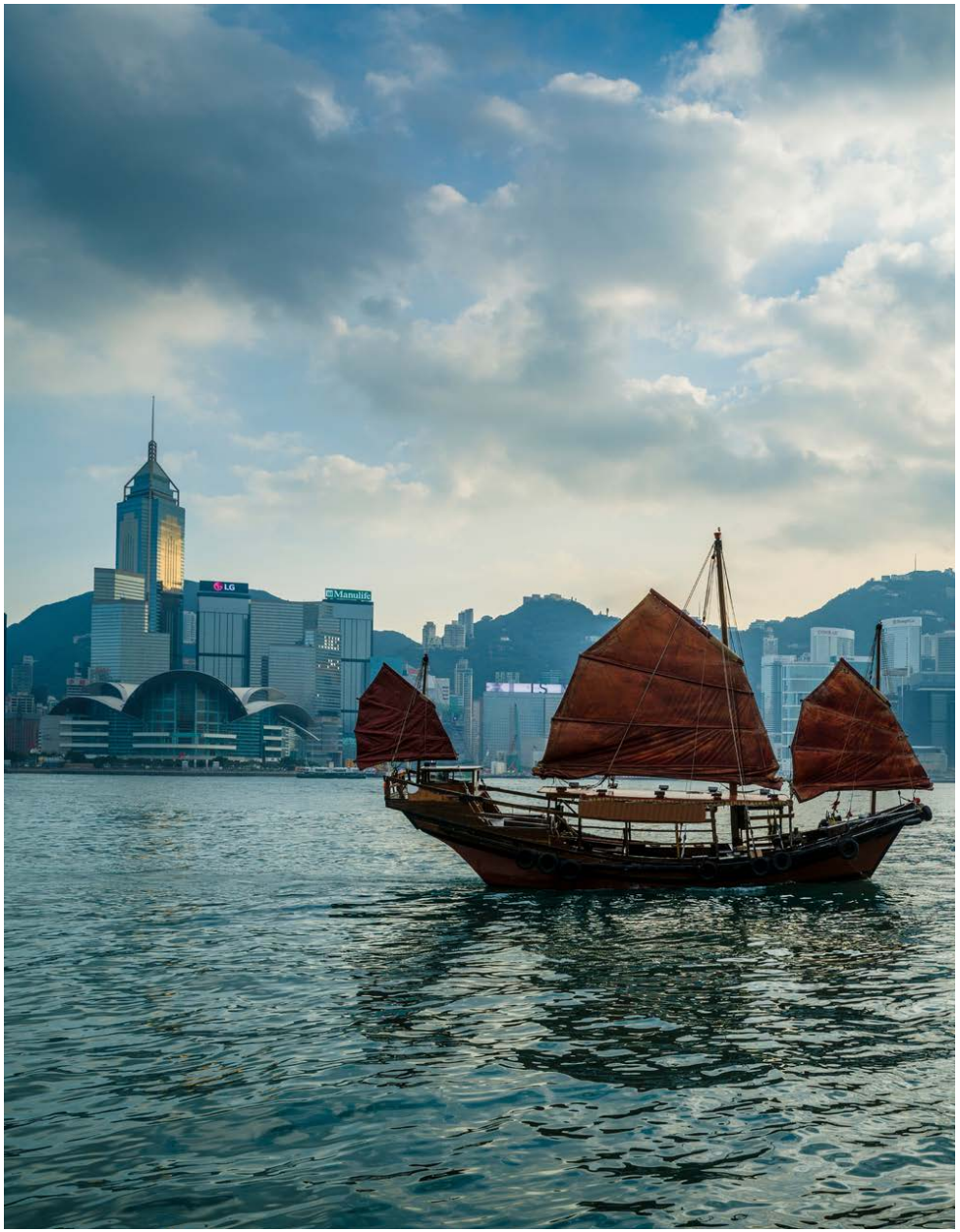

Italy

Key trends and themes – The Italian employment landscape is currently experiencing a period where industries are facing various economic challenges that require their prompt response. Companies continue to face uncertainties due to persistent inflationary pressures, rising labour costs and geopolitical instability. As a result, while some sectors continue to experience employment growth, many companies are actively evaluating their operational structures and, in some cases, implementing workforce reductions to maintain competitiveness and adapt to evolving market conditions. Businesses are also accelerating digital transformation, which in some cases is leading to redundancies.

1. Is redundancy a potentially fair reason for dismissal?

Provided it is based on actual reasons connected to:

- The productive activity of the company
- The organisation of work
- The regular functioning of the business

There must also be a causal link, which must reflect a real and instrumental coherence between the employer's economic-business decisions and the dismissal measure.

2. How long does a redundancy process usually take?

For individual dismissals (i.e. fewer than five employees within 120 days), there is no statutory minimum consultation period and the process typically takes up to approximately 30 days depending on the circumstances.

The process will take longer if collective consultation obligations are triggered (see the answer to question 6 for details). For collective redundancies (i.e. five or more redundancies proposed within 120 days and more than 15 employees within the company), a formal consultation process with the trade unions is required. In such cases the process lasts up to 75 days.

(These terms are reduced by half if fewer than 10 redundancies are proposed).

For large companies (250+ employees and proposing 50+ redundancies), an additional pre-procedure must start 90 days before the collective process, potentially extending the timeline.

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems? Potentially

No, for individual redundancies, even though it must respect principles of non-discrimination and fairness.

Yes, for collective redundancies.

Case law applies standard criteria for collective redundancies: length of service, family responsibilities, technical and organisational reasons.

4. Is there a requirement to consult with employees individually?

In the event of the collective redundancy process, consultation occurs via employee representatives/work councils, and/or trade unions.

If the collective redundancy procedures are not triggered, the employer must notify the employee in writing of the intention to terminate, explaining the grounds in a clear and detailed manner, indicating the organisational or production rationale that justifies the dismissal.

Regarding the methods of communication for individual dismissal notices, the safest and most reliable approaches are:

- Delivering the dismissal letter directly to the employee at the workplace during normal working hours (in this case the employee should sign a receipt confirmation acknowledging he/she has received the letter)
- Sending the dismissal letter via registered mail with return receipt

5. Is there a requirement to offer alternative employment?

This obligation is limited to any available roles within the legal entity, and not other group entities.

The assessment is not just a formality. The employer must be able to prove with objective evidence that no suitable job at the same or even lower level was available, or could be offered.

This does not mean employers only need to communicate the positions; rather, they must actively offer or consider reassigning the employee to alternative roles, including proposing modifications such as part-time contracts, if possible.

If the employer fails to conduct this thorough evaluation or ignores foreseeable vacancies, the dismissal can be declared unlawful. The burden of proof lies with the employer to show respect of the redeployment (known as repechage) duty.

This obligation is a key part of ensuring the redundancy is lawful and fair.

6. Is works council/employee representative/trade union consultation required?

Where the collective redundancy consultation obligations are triggered.

These apply where an employer has more than 15 employees, and proposes at least five redundancies within 120 days, in compliance with Law 223/1991.

The first phase of consultation (the so-called trade union phase) lasts up to 45 days (23 days if the redundant employees are less than 10).

If the company and the unions/employee representatives do not reach an agreement during the first phase, the second phase of consultation (the so-called, administrative phase) lasts 30 days (15 days in case the redundant employees are fewer than 10).

Employers who intend to carry out 50 layoffs and who employed on average 250 employees or more in the previous year are required to activate a specific procedure that precedes the collective procedure, as provided for under the Law 234/2021 in specific cases (i.e. closure of a plant/office/production unit). This procedure precedes the collective redundancies procedure without replacing it. In brief, such employer must put in place the pre-procedure that must be activated 90 days before the collective dismissal procedure and then is allowed to proceed with the procedure governed by Law 223/1991.

7. Are there any periods during which redundancies cannot be made?

Where the collective redundancy consultation obligations have been triggered (see question 6).

Redundancies cannot be made during the consultation period and for 120 days following the consultation.

8. What payments are employees entitled to when made redundant?

Dismissed employees are entitled to:

- The severance payment (so-called *Trattamento di Fine Rapporto* – TFR)
- Payments of holiday and permits accrued, but not used
- Accrued 13th and 14th month pay (if applicable).

Moreover, if employees are exempted from working during the notice period, they will also be entitled to an indemnity in lieu of notice (receiving a payment equivalent to the salary they would have earned if they had worked until the end of the notice period, the length of which depends on the applicable collective bargaining agreement.

9. What are the penalties for non-compliance?

A dismissal might be deemed as null when it is based on discriminatory or unlawful reasons (e.g. when retaliatory, if served during maternity leave, if due to marriage etc.).

Regardless of the date of hiring and of the number of employees within the company, in the event of a null dismissal:

- A judge will order the reinstatement of the relevant employee (or the payment of 15 months' salary, depending on the employee's choice)
- The relevant employee is entitled to compensation for damages suffered in an amount equal to the salary that would have been paid to him/her from the date of dismissal until reinstatement

Outside of cases of null and void dismissal, penalties depend on the size of the company and the employee's date of hiring:

- In small companies (i.e., companies with fewer than 15 employees in the same municipality or no more than 60 in all of Italy):
  - **For employees hired before 7 March 2015 –** If the dismissal is found to be unlawful, the judge will order the rehiring within three days or, failing that, to pay an indemnity between two to five months and six months' salary.
  - **For employees hired after 7 March 2015 –** The general remedy is compensatory damages. Following the ruling of Constitutional Court of 21 July 2025, no. 118, the amount of compensation can currently range from three to 18 months' salary (instead of the previous range of from three to six months' salary).
- In big companies (companies with more than 15 employees in the same municipality or more than 60 in all of Italy):
  - **For employees hired before 7 March 2015**:
    - If a judge is not satisfied that there was a genuine redundancy situation, the employee may be reinstated and the employer ordered to pay up to 12 months' salary in compensation.
    - If there was a genuine redundancy situation, but the judge still finds the dismissal to be unlawful (e.g. the obligation to seek alternative employment for the employee was not respected), the judge may order the employer to pay compensation from 12 to 24 months' salary.
  - **For employees hired after 7 March 2025,** if there is no objective justified reason, the applicable sanction will be to pay compensation from six to 36 months' salary or, following the ruling of Constitutional Court of 16 July 2024, no. 128, the employee can be entitled to reinstatement and compensation for damages.

There are no criminal penalties for non-compliance.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

Italian redundancy laws are currently overall stable with no immediate legislative changes pending, following the failed 2025 referendums.

The regulatory framework in relation to dismissals in general continues to be governed by: (i) Jobs Act (Delegated Law No. 183/2014 and relevant implementing Decrees); (ii) Law No. 300/1970 (so-called *Statuto dei Lavoratori* – Workers' Statute); and (iii) Law No. 604/1966.

These different regimes apply depending on the employee's date of hire (before or after 7 March 2015).

The regulatory framework in relation to collective dismissals continues to be governed by Law 223/1991.

However, as already mentioned, the Constitutional Court ruling No. 118/2025 brought a significant update to the above-mentioned framework, by declaring as unconstitutional the fixed maximum limit of six months' indemnity for unfair dismissal in small companies (i.e., those with up to 15 employees) as set forth by the Jobs Act. This means that for unfair dismissals in small companies, this indemnity can now exceed the earlier six-month cap.

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Netherlands

Key trends and themes – Although the Dutch labour market remains tight, employment growth is expected to slow to around 0.7–0.8% over the coming year, which is notably lower than in recent years. This is primarily due to moderate economic growth, and to a lesser extent, external uncertainties such as recent US import tariffs. Nevertheless, job vacancy levels are expected to remain high, largely driven by workforce turnover due to retirements and people changing jobs.

Sectoral differences are becoming increasingly pronounced. Sectors such as health care, welfare, transport, logistics, business services and information & communications continue to show resilience and, in some cases, growth. In contrast, agriculture, manufacturing/industry, construction and sectors more exposed to international trade are facing stagnation, or a decline in demand and workforce expansion. A decline is also expected in the temporary employment sector, in part due to the stricter enforcement of rules around false self-employment, as well as several legislative proposals targeting this issue. As a result, many freelancers are shifting towards (full-time) employment.

While large-scale redundancy exercises remain limited for now, there has been a noticeable rise in collective dismissals. Reorganisations are becoming more frequent, driven by a combination of cost pressures, digitalisation, weak demand in certain sectors, and rising energy and raw material costs.

1. Is redundancy a potentially fair reason for dismissal?

Redundancy is considered one of the reasonable dismissal grounds under Dutch law.

The main rule is that employers cannot lawfully give notice without the written consent of the employee. Without consent, the employment can be terminated unilaterally by giving notice, but that will require prior permission from the Employment Tribunal UWV (UWV).

2. How long does a redundancy process usually take?

In small-scale redundancy exercises (i.e. where collective consultation obligations are not triggered), there is no statutory minimum consultation period. Settlement negotiations typically take between four and six weeks (subject to the particular facts of the case). Unilateral termination proceedings typically take between two and three months.

The process will take longer if collective consultation obligations are triggered. See the answer to question 6 below (re: the threshold for triggering these).

A collective redundancy process is likely to take six to 12 months (this is highly dependent on the facts and circumstances of the case).

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems?

Employers must comply with the selection principles under Dutch law, which include terminating the engagement with externals e.g. agency staff, and employees with fixed term employment contracts that are due to expire in less than 26 weeks. Employers must then apply the so-called balancing principle (*afspiegelingsbeginsel*) (unless otherwise agreed in the Collective Bargaining Agreement (CBA)) within interchangeable roles (*uitwisselbare functies*). The interchangeable roles should first be divided into age groups (15-25, 25-35, 35-45, 45-55 and 55+ years). Subsequently, the "last-in-first-out" principle should be applied. Please note that there is limited room for deviation from the reflection principle and selection based on performance is not allowed.

4. Is there a requirement to consult with employees individually?

Individual consultation is not a requirement under Dutch law.

That said, regardless of whether it is a small-scale or collective redundancy, either a request for dismissal should be submitted with the UWV in respect of each redundancy, or with each employee a settlement agreement should be negotiated.

5. Is there a requirement to offer alternative employment? Potentially

In cases where there are redeployment (*herplaatsing*) options, which are suitable for the impacted employee's skills and qualifications (or can be made suitable through retraining them within a reasonable term), the employer should offer such options to the impacted employee. This obligation in principle applies globally, although there are some nuances in that respect and so we recommend that local advice should be sough.

Employers can only get permission from the UWV to terminate the employment if redeployment in another position is not possible (within a reasonable time period) or not reasonable.

6. Is works council/employee representative/trade union consultation required?

Where the collective consultation obligations are triggered i.e. where an employer proposes to make at least 20 employees redundant who are employed within one geographical region of the Employee Insurance Agency, the UWV will need to be notified, and the trade unions involved (if any) will need to be consulted. Not all redundancies have to take place at the exact same time. As long as (at least) 20 employees are made redundant within a period of three months, the provisions of collective redundancy are triggered.

The employer will generally be required to consult with the works council on the need for the reorganisation and consequences for the employees (regardless of whether the collective redundancy provisions are triggered or not). Usually, this will be achieved by negotiating a social plan (either with the works council or the involved trade unions, as the case may be).

7. Are there any periods during which redundancies cannot be made? Potentially

No, in respect of small-scale redundancies.

Yes, in respect of collective redundancy consultations.

There is a one-month waiting period from notification of the UWV, during which redundancies cannot be made. The waiting period starts once the UWV, and the involved unions (if any) have received all required information.

8. What payments are employees entitled to when made redundant?

On termination of employment, the redundant employee will in principle be entitled to:

- Statutory severance (*transitievergoeding*)
- Any accrued but untaken days' vacation days
- (*Pro rata*) bonus, where applicable
- (*Pro rata*) statutory holiday allowance
- Other emoluments (e.g. (*pro rata*) 13th month pay), where applicable.

9. What are the penalties for non-compliance?

If the employer does not have a genuine redundancy case (e.g. because there is not sufficient justification for the restructure, or the selection of impacted employees would not be compliant with Dutch law), the employer cannot terminate unilaterally. Hence, the employment will continue, unless a settlement is reached.

Any notice given without the prior permission of UWV will (at employee's initiative) either be nullified (reinstatement) or be considered a wrongful/unfair dismissal, giving rise to the award of enhanced severance (*billijke vergoeding*). Such enhanced severance will be awarded at the court's discretion based on its assessment of the "actual damage" incurred the employee. Enhanced severance could be very high (multiple years of missed income) and is uncapped.

Failure to comply with the individual or collective redundancy consultation process may render any dismissal unfair, meaning that the employee may either seek reinstatement or request enhanced severance to be awarded.

Failure to consult the works council, where required, gives the works council the possibility to appeal against any decision made at the Dutch Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer*). If they decide to appeal, this will result in a further delay of the implementation.

If the UWV has granted permission for the termination, but the employee believes that the permission was wrongly granted (e.g. the order of dismissals was incorrect or there was no reasonable ground for dismissal), the employee can ask the sub-district court to reinstate the employment contract or alternatively ask the sub-district to award enhanced severance.

There are no immediate criminal penalties for failing to inform and consult, but if the company does not comply with an obligation or prohibition imposed on it by the Enterprise Chamber of the Amsterdam Court of Appeal, this will be an economic offence (within the meaning of the Dutch Economic Offences Act). Such a violation may be punishable by a prison sentence of up to six years, a community service order, or a fine of up to the "fifth category" (currently EUR 90,000), depending on the severity and nature of the offence.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

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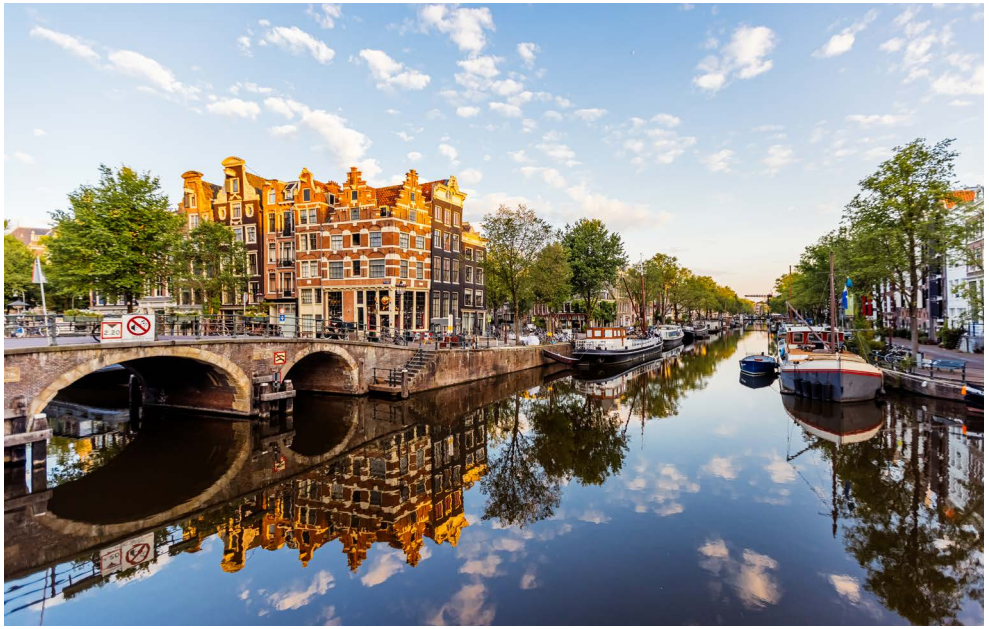

Poland

Key trends and themes – The Polish Labour Offices monitor planned redundancies monthly and have reported an increase in planned redundancies as compared to the last year. While we see an increasing trend of notified collective redundancies, often initially notified numbers of planned redundancies are adjusted and fewer employees lose their jobs. At the same time, official unemployment rate is around 5%, which is one of the lowest in the EU. After difficult pandemic years, redundancies in 2025 seem to follow the general trend for cost optimisation. Processes of consolidation, centralisation and automation lead to redundancies. Some result from M&A activity and post-transaction optimisation. The industries impacted include mainly manufacturing, IT or financial and administration services.

1. Is redundancy a potentially fair reason for dismissal? 

Economical, technological or organisational reasons resulting in a reduction of the workforce are considered acceptable reasons for dismissal.

2. How long does a redundancy process usually take?

In small-scale redundancy exercises (i.e. where collective consultation obligations are not triggered), there is no statutory minimum consultation period – a redundancy process typically takes between one and three months (subject to the particular facts of the case).

The process will take longer if collective consultation obligations are triggered. See the answer to question 6 below (re: the threshold for triggering these).

A collective redundancy process is likely to take 30 to 60 days (this is highly dependent on the facts and circumstances of the case) on top of applicable notice periods for individual employees, which normally range from two weeks to three months.

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems? 

No, but the adopted criteria cannot be discriminatory.

4. Is there a requirement to consult with employees individually? 

There are no consultation obligations with individual employees prior to termination for redundancy reasons.

5. Is there a requirement to offer alternative employment? 

6. Is works council/employee representative/trade union consultation required? Potentially

Yes, in cases of collective redundancies.

In the case of small-scale redundancies (below statutory thresholds), this only applies where an impacted individual is a member of a trade union.

It is always necessary to inform/consult with any applicable works council/trade union in the event of a collective redundancy situation. The employer must also notify the local labour office. In the absence of trade unions, employee representatives must be consulted.

Collective consultation is triggered if an employer employs at least 20 employees and plans to make at least 10 redundant in a 30-day period. For bigger employers the thresholds are at least 10% of employees (if employing between 100 and 300), or at least 30 employees (if employing more than 300 employees).

7. Are there any periods during which redundancies cannot be made? 

For collective redundancies, notice of termination cannot be given prior to notifying the labour office on the results of consultation and cannot be effective within the 30 days following the notification to the labour office about the results on consultations on redundancies.

8. What payments are employees entitled to when made redundant?

On termination of employment by reason of redundancy, the employer must make the following payments:

- Where the employer employs 20 or more employees, a severance payment
- Any accrued but unused holiday entitlement
- Other contractual entitlements such as bonus, etc.

In addition, the employee is entitled to his/her notice period. Terminating employment by making a payment in lieu of notice is not permitted. However, employers are entitled to send an employee on paid garden leave (the consent of the employee is not required) or shorten the three months' notice period to one month.

9. What are the penalties for non-compliance?

In the case of small-scale and collective redundancies, the employee can receive compensation for wrongful or unfair dismissal or be reinstated. There are groups of protected employees for whom reinstatement will be mandatory (e.g. pregnant women).

There are also criminal penalties i.e. fines.

It is not possible for the works council/trade unions to obtain an injunction preventing the redundancies from going ahead or reversing them.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

Employers terminating more than 50 employees in a three month period (monitored redundancies) must offer outplacement services in agreement with the labour office.

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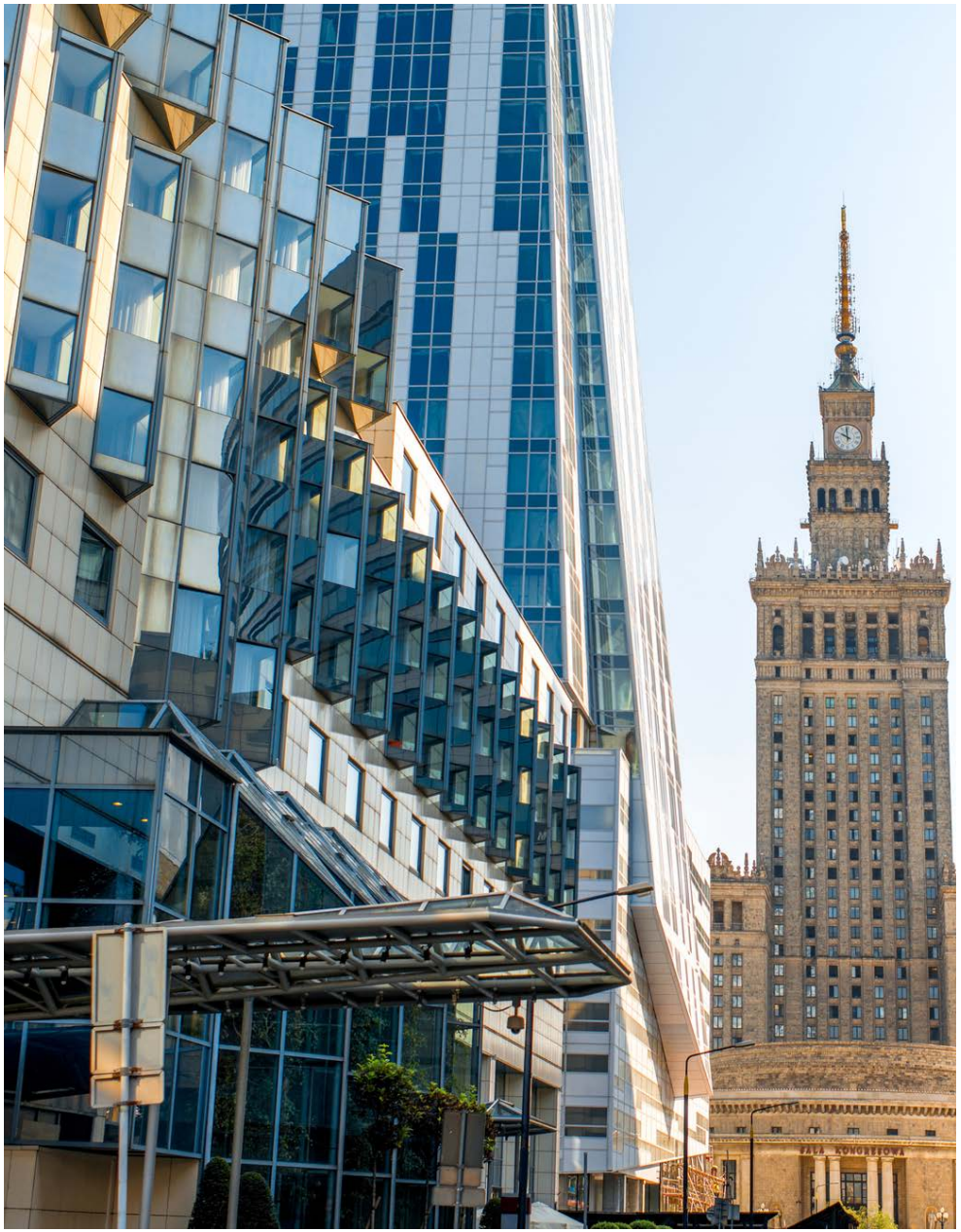

Republic of Ireland

Key trends and themes – Against a backdrop of employer caution amid macroeconomic uncertainty, we are not currently seeing many large-scale redundancies, but we are seeing increased smaller-scale, more discreet redundancies. Most companies seem to be keen to avoid large-scale redundancies, so as not to attract media and/or regulatory scrutiny. As such, there seems to be a trend towards what are termed "quiet redundancies" – including non-replacement of leavers, merging roles, single role eliminations and discreet reshaping of roles. The tech, retail, life sciences and manufacturing sectors, in particular, are experiencing pressure.

However, despite these trends, the professional jobs market is robust, resilient and on the rise. New legislation has strengthened protections for employees by heightening employer obligations around consultation and transparency for collective redundancies.

1. Is redundancy a potentially fair reason for dismissal?

Redundancy is a potentially fair reason for unfair dismissal purposes, provided that the employer carries out a fair process.

2. How long does a redundancy process usually take?

In small-scale redundancy exercises (i.e. where collective consultation obligations are not triggered), there is no statutory minimum consultation period. Usually, a redundancy process takes two to four weeks.

The process will take longer if collective consultation obligations are triggered. See the answer to question six below (re: timescales).

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems? Potentially

Local laws do not set out any selection criteria.

The terms of any collective bargaining agreements may set out selection criteria and should be checked.

Any selection criteria must be reasonable, objective and non-discriminatory.

4. Is there a requirement to consult with employees individually?

Individual consultation is an essential part of a fair process.

5. Is there a requirement to offer alternative employment?

The employer should consider whether there are any alternative positions for the employees before going ahead with any redundancies.

6. Is works council/employee representative/trade union consultation required? Potentially

Yes, in a collective redundancy situation.

The collective consultation obligations will be triggered where the following threshold numbers of redundancies are proposed by the employer within any 30-day period (the threshold varies depending on the size of the employer's workforce at the relevant time at the relevant establishment):

- 5 or more proposed dismissals in an establishment employing 21-49 employees
- 10 or more proposed dismissals in an establishment employing 50-99 employees
- at least 10% of the workforce proposed to be dismissed in an establishment employing 100-299 employees
- 30 or more proposed dismissals in an establishment employing 300 or more employees

In an individual redundancy situation, the terms of any collective bargaining agreements should be checked to establish whether trade union/employee representative etc. consultation is required.

7. Are there any periods during which redundancies cannot be made?

Where the collective consultation obligations are triggered, the employer must inform and consult with employee representatives "with a view to reaching an agreement".

Consultation should take place at the earliest opportunity, and in any event at least 30 days before the notice of the first redundancy is given.

If the employer fails to comply with these provisions, the terminations may still be effective, but there is a risk of fine(s) and/or claim(s) (see question nine below in terms of the potential penalties for failure to comply with the collective consultation obligations).

Dismissals during periods of protected leave (e.g. maternity, paternity, parents, parental and adoptive leave) will be automatically unfair, or in the case of maternity leave, void.

8. What payments are employees entitled to when made redundant?

Redundant employees may be entitled to the following:

- Notice or pay in lieu of notice
- Accrued salary and holiday pay
- Statutory redundancy pay (provided that the individual meets the eligibility requirements), this is calculated based on length of service and salary level
- Enhanced redundancy pay (at the discretion of the employer)

9. What are the penalties for non-compliance?

Where redundancy was not the genuine reason for dismissal, or where there has been a failure to comply with the process, the individual may be awarded up to two years' remuneration or reinstatement or reengagement.

Additionally, failure to comply with the information and consultation obligations (in relation to collective redundancies) has a potential award of up to four weeks' pay for employees.

There are also potential criminal penalties, on summary conviction, with e.g. fines ranging from €5,000 for failure to consult with employee representatives, to €250,000 for failure to notify the Minister of the proposed redundancies within the required time period or for going ahead prior to the end of the required consultation period.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

Many employers offer enhanced redundancy terms, often in exchange for a waiver agreement.

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Saudi Arabia

Key trends and themes – The Saudi Labour Law was updated in early 2025, with reforms introducing express protection against discrimination in the workplace. These changes reflect the Kingdom's ongoing efforts to modernise its employment framework, alongside broader economic transformation and the growing impact of automation and AI on the labour market. While redundancies remain relatively uncommon in practice, employers operating in The Kingdom of Saudi Arabia (KSA) should ensure that any restructuring is managed in a fair, transparent and well-documented way.

1. Is redundancy a potentially fair reason for dismissal?

Redundancies fall under the ordinary dismissal provisions provided for in the KSA Labour Law. In circumstances where the company has closed permanently or where the company ceases to carry out the work activity that the employee was engaged in (i.e. the department in which the employee is working is closing down), redundancy could be a fair reason for dismissal.

2. How long does a redundancy process usually take?

There is no prescribed statutory process for redundancies in the KSA. However, employers are generally advised to undertake some form of individual consultation, particularly with Saudi nationals, in order to reduce legal risk. In practice, the process can usually be completed within around one week, depending on the number of employees affected and contractual notice periods.

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems?

4. Is there a requirement to consult with employees individually?

There is no requirement, but consultation is however recommended.

5. Is there a requirement to offer alternative employment?

6. Is works council/employee representative/trade union consultation required?

There are no unions/employee representatives in the KSA.

The company must give a 60 days' notice to the labour office if they are collectively dismissing Saudi employees based on a threshold of 1% of the company's total employees or 20 employees, whichever is more.

7. Are there any periods during which redundancies cannot be made?

Employers cannot issue a termination notice while an employee is on sick leave, maternity leave or other protected leave periods provided by law.

8. What payments are employees entitled to when made redundant?

There is no equivalent to redundancy pay under Saudi law. In addition to any other specific contractual entitlements provided for in the employment contract (e.g. entitlement to a bonus, participation in a share scheme, etc.), the employer must make the following payments:

- Notice or pay in lieu notice (in accordance with the employment contract or minimum statutory requirements)
- Accrued benefits such as accrued but unused holiday entitlement
- End of service gratuity
- Any unpaid expenses
- Repatriation costs (e.g. return flight).

Where a fixed-term contract is terminated early without a valid legal reason, the employer may be liable for compensation equal to the balance of salaries due until the end of the term (subject to a minimum of two months' salary). For Saudi nationals employed under an indefinite-term contract, dismissal for convenience without a fair reason may also give rise to compensation of at least two months' salary.

9. What are the penalties for non-compliance?

Employees may have a claim for arbitrary dismissal. Arbitrary dismissal compensation can amount to either the balance of salaries until the end of the employment contract for limited term contracts (commonly for expats, as they are always on a fixed term contract, but may apply to Saudis on fixed term contracts), or half a month's salary for every year of service for unlimited contracts (applied to Saudi employees only, as expats cannot be on an unlimited contract), in both cases compensation may not be less than two months' salary.

Reinstatement is a potential sanction, but it is very unlikely.

There are no criminal penalties.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

Following the recent amendments to the KSA Labour Law, there are new protections against workplace discrimination. Although redundancy-specific criteria are not prescribed, employers are expected to ensure that any selection process is objective and impartial, so as not to give rise to claims of discrimination. Employers should also note that the Saudi authorities continue to prioritise the employment of Saudi nationals, meaning redundancies involving Saudi employees may attract closer scrutiny.

In addition, all terminations must be properly recorded through the Qiwa system, which is now the official platform for employment contracts and terminations in the Kingdom. Failure to update Qiwa can result in regulatory issues and potential liability for the employer.

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Singapore

Key trends and themes – There is an increase in redundancy exercises being reported to the media. Poorly executed redundancy exercises risk scrutiny, both by the public and the authorities. It is therefore advisable for employers to be mindful of their approach and be sensitive to employees, despite the relatively "simple" process in Singapore.

1. Is redundancy a potentially fair reason for dismissal?

Redundancy occurs when the employer has excess manpower, the company is undergoing restructuring, the old job no longer exists or the employee's job scope has changed.

2. How long does a redundancy process usually take?

There is no fixed duration for consultation. Employees should be given at least their notice period, which ranges from one to six months. If the company is unionised, the relevant union(s) should be notified before the affected employees are notified. The norm, where provided in the collective agreement(s), is to notify unions one month before notifying employees.

Unless specifically provided for in an applicable bargaining agreement, there are no collective consultation obligations.

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems?

Selection of employees should be conducted fairly, based on objective criteria and not discriminatory against any particular group on the grounds of age, nationality, race, religion, language, sex, marital status, pregnancy status, caregiving responsibilities, disability or mental health conditions.

4. Is there a requirement to consult with employees individually?

5. Is there a requirement to offer alternative employment?

There is no statutory requirements, but, employers are encouraged to search for suitable alternative employment.

6. Is works council/employee representative/trade union consultation required?

Unless provided for in an applicable collective agreement.

If a company has more than 10 employees, it must inform the Ministry of Manpower of the retrenchment within five days of notifying any employee of his/her retrenchment by submitting the Mandatory Retrenchment Notice.

In these circumstances, although consultation with any applicable trade unions is not mandatory, it is recommended under the Tripartite Advisory on Managing Excess Manpower and Responsible Retrenchment.

7. Are there any periods during which redundancies cannot be made?

8. What payments are employees entitled to when made redundant?

Redundant employees may be entitled to the following:

- Notice or pay in lieu of notice – It is more usual to pay in lieu of redundant employees
- Retrenchment benefits – For Part IV employees, if they have two years' service. Retrenchment benefits may also be contained in an applicable CBA or individual employment contract
- Accrued salary and holiday pay
- Enhanced redundancy pay – If there is an applicable contractual entitlement

9. What are the penalties for non-compliance?

The employer will have to pay an administrative penalty, if it fails to submit the Mandatory Retrenchment notification.

There are no criminal penalties.

It is not possible for a trade union to obtain an injunction to prevent or reverse any redundancies, although a poorly executed redundancy exercise could lead to reputational damage.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

Employers should take into account the following guidelines when implementing redundancies:

- Tripartite Advisory on Managing Excess Manpower and Responsible Retrenchment
- Tripartite Guidelines on Mandatory Retrenchment Notifications

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Slovak Republic

Key trends and themes – The increase in collective redundancy situations has emerged as one of the most difficult challenges facing businesses today. What began in 2024 has carried into 2025, leaving its mark on various sectors ranging from the technology and manufacturing industry to financial services. These developments have shown that the way companies handle collective redundancies matters as much as the decision itself. Missteps can quickly spiral into legal disputes, financial strain, and reputational damage. To navigate this complex process, it is strongly recommended that businesses seek expert legal representation to ensure compliance with regulatory requirements and thus reduce the risk of costly litigation or administrative penalties.

1. Is redundancy a potentially fair reason for dismissal?

The employer is obliged to adopt a written decision on the organisational change before delivering a notice. Once the organisational change is made, the employer must not for a period of two months following termination of employment, recreate the terminated job role and hire another employee for the role.

2. How long does a redundancy process usually take?

In small-scale redundancy exercises (i.e. where collective consultation obligations are not triggered), there is no statutory minimum consultation period – a redundancy process typically takes one month (excluding notice periods).

The process will take longer if collective consultation obligations are triggered. See the answer to question 6 below (re: timescales).

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems? Potentially

The selection criteria will usually depend on the specific situation. However, collective bargaining agreements may include additional criteria.

4. Is there a requirement to consult with employees individually?

Yes, if the collective redundancy is triggered and there are no employee representatives in place.

The employer is obliged to perform the individual redundancy consultation with the affected employee if no employee representatives operate at the employer. There is no need to carry out individual redundancy consultation with affected employees if employee representatives operate at the employer.

5. Is there a requirement to offer alternative employment?

The employer is obliged to assess whether it can (i) continue to employ the employee in their current workplace, but on a shorter working time basis or (ii) whether it has, in the current workplace, a suitable alternative position that could be offered to the employee who is to be made redundant.

6. Is works council/employee representative/trade union consultation required?

If the employer terminates the employment contract by giving them notice, such termination should be pre-consulted with the employee representatives, otherwise, it is invalid. Furthermore, to terminate the employment of a disabled employee, the employer is obliged to seek the relevant local Labour Office's consent to the termination. Consent to termination will also have to be requested from the employee representatives (trade union) where the employer intends to dismiss a member of the respective trade union body (trade unions manager), member of the works council, the employee trustee or the employee responsible for occupational health and safety protection at work.

Collective redundancies are triggered when an employer plans to make redundant at least 10 employees where an employer employs between 21 and 99 employees; 10% of employees where an employer employs between 100 and 299 employees; 30 employees where an employer employs at least 300 employees.

In this case, no later than one month before the commencement of collective redundancies (i.e. one month before delivery of termination notice or proposal for termination of employment by agreement), the employer is obliged to consult about the collective redundancy with the employee representatives (and in their absence, with affected employees).

For this purpose, the employer has to provide employee representatives (in their absence, to the individually affected employees) in writing with the following information: (i) information on reasons of anticipated collective redundancy; (ii) number and structure of employees to be dismissed; (iii) number and structure of all employees employed by the employer; (iv) time period over which the redundancies will occur; (v) criteria used for the selection of employees to be made redundant.

The process is therefore likely to take two to three months, excluding any notice periods.

7. Are there any periods during which redundancies cannot be made?

There is a one month grace period between notification of the Labour Office and delivery of the notice of termination, during which time no redundancies can be made.

8. What payments are employees entitled to when made redundant?

On termination of employment by reason of redundancy, the employee will in general be entitled to:

- Notice
- Severance
- Accrued but unused holiday entitlement

9. What are the penalties for non-compliance?

Employees can bring a claim on the grounds that termination was invalid. If successful, the employee can receive salary compensation, which could be in the amount of up to 36 months and the employee remains employed. In addition, the breach of obligations imposed by the Labour Code can be subject to an administrative fine of up to €100,000.

There are no criminal penalties.

The works council/union/employee representatives could possibly obtain a preliminary injunction reversing or halting the redundancies.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

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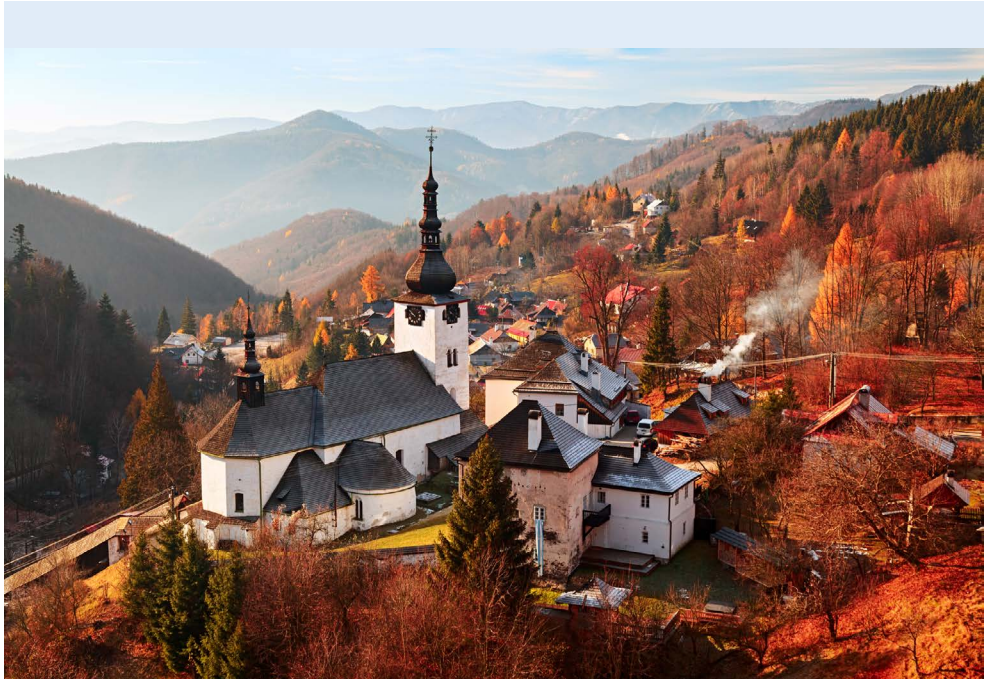

Spain

Key trends and themes – Spanish redundancies are tightly regulated and closely scrutinised by courts. Employers must evidence genuine economic, technical, organisational or production (ETOP) reasons and follow strict formalities; procedural defects often lead to unfair (or, in protected cases, void) dismissals. Collective redundancies require genuine consultation with employee representatives and notification to the Labour Authority; terminations cannot take effect before 30 days have elapsed from such notification. Collective bargaining agreements (CBAs) may add social selection criteria and redeployment measures, as well as equality/gender-impact information is typically required during consultation. Recent 2025 reforms expanding family-related leave and protections heighten the nullity risk if redundancies affect protected employees, or relate to the exercise of these rights.

1. Is redundancy a potentially fair reason for dismissal?

A dismissal will be treated as being by reason of redundancy if it is based on an "economic, technical, organisational or production reason".

2. How long does a redundancy process usually take?

In small-scale redundancy exercises (i.e. where collective consultation obligations are not triggered), there is no statutory minimum consultation period – the process usually lasts the duration of the notice period only (statutory notice of 15 days or contractual notice if greater).

The process will take longer if collective consultation obligations are triggered. See the answer to question 6 below for more details.

The collective consultation period is:

- 15 calendar days for companies with 50 employees or fewer
- 30 calendar days in companies with more than 50 employees

The combined collective and individual consultation process usually takes one to two months.

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems? Potentially

Statute does not set out any specific selection criteria. Collective bargaining agreements (if any are applicable) may provide for selection criteria, which the employer should check. Subject to this, the employer is generally free to decide the selection criteria to apply, provided criteria are not discriminatory.

4. Is there a requirement to consult with employees individually?

There is no formal requirement to consult individually with employees. Formal consultation is only required with workers' legal representatives and only in the case of collective redundancies. However, in all cases (whether collective or individual) each affected employee must receive individual written notice of dismissal, stating the reasons and complying with the applicable notice period.

Consultation with the workers' legal representatives is required in collective redundancies. However, individual notification and communication of the dismissal is still legally required for each affected employee, even though individual consultation is not formally mandatory.

5. Is there a requirement to offer alternative employment?

There is no general legal requirement for employers to offer alternative employment. However, in cases of collective redundancies affecting more than 50 employees, companies are legally obliged to provide an outplacement plan through authorised external providers. This plan must last for a minimum of six months and must include career guidance, personalized support, training measures, and active job search assistance. This obligation does not apply to companies that are subject to insolvency proceedings.

6. Is works council/employee representative/trade union consultation required? Potentially

For individual redundancies, no.

The only obligation is to inform the relevant trade union or employee representative.

Collective consultation obligations are triggered when an employer proposes to make redundant:

- 10 employees when the total workforce is less than 100 employees
- 10% of the total workforce for a workforce of 100 to 300 employees
- 30 employees when the total workforce is 300 employees or more

If collective consultation is triggered, the employer must inform and consult with the works council/trade union or any relevant employee representatives.

Employers must also notify the Labour Authority.

7. Are there any periods during which redundancies cannot be made?

Redundancies must not be made during the consultation period.

There must be at least 30 days between notice to the Labour Authority and giving affected employees notice of termination of their employment.

8. What payments are employees entitled to when made redundant?

A redundant employee is entitled to all outstanding amounts due to him/her on termination of employment which include, but may not be limited to, the following payments (where applicable):

- Any accrued but unused holiday
- Notice or pay in lieu of notice
- Severance
- Bonus (or a pro-rata part of it)
- Expenses
- Allowances
- Salary and benefits until the termination date.

9. What are the penalties for non-compliance?

Employees can receive compensation for unfair dismissal. But if the dismissal is declared null and void, the employer will be obliged to reinstate the employee with back-pay.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

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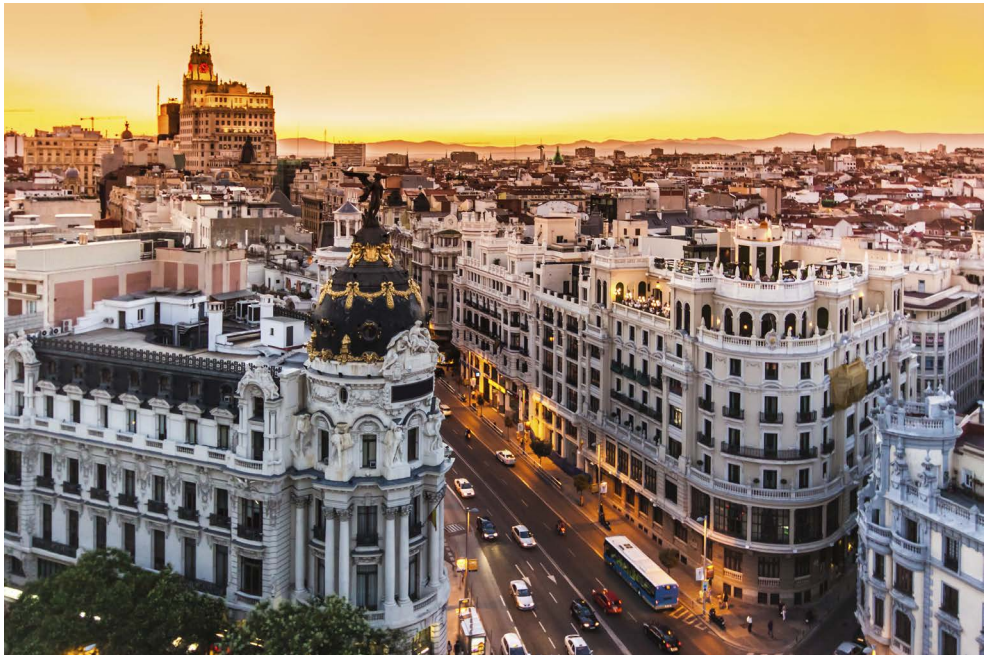

UAE

This guide addresses the position under the corresponding UAE laws as applicable onshore and in the non-financial free zones. It does not cover the DIFC or ADGM regimes, which operate under separate employment regulations.

Key trends and themes – The UAE labour market continues to evolve rapidly in 2025, shaped by technological disruption, the increasing adoption of AI and automation, as well as the government's ongoing drive to prioritise Emirati employment through emiratisation initiatives. These factors, combined with wider global economic uncertainty, have contributed to restructuring and job losses across sectors such as technology, aviation, financial services and retail.

Recent trends and updates to the UAE Labor Law suggest a focus on employee protection and responsible workforce management. Employers are encouraged to consider alternatives such as redeployment or flexible working arrangements before resorting to redundancy, particularly in the case of UAE nationals.

1. Is redundancy a potentially fair reason for dismissal? ✗

Redundancy-type dismissals are permitted where: (1) A court ruling has been issued to confirm that the employer is bankrupt or insolvent; or (2) any "economic or exceptional reasons that prevent the continuation of a project" – the Executive Regulations confirm that reliance upon this shall only be possible where a decision has been issued by the UAE authorities confirming that the employer is unable to continue their activity due to exceptional economic reasons beyond its control. There have been limited circumstances where redundancy has been accepted as a "valid reason" for terminating a contract. In particular, in certain reported cases where redundancy was accepted by the Labour Court to be a valid reason, the employer was able to demonstrate that the company was either shutting down entirely, or would have shut down had the redundancy not taken place. Similarly, where there is to be the closure of a department or division, there is a better prospect of redundancy termination being deemed to be a termination for a valid reason.

There is no concept of collective redundancy.

2. How long does a redundancy process usually take?

There is no prescribed statutory process. In practice, termination of employment can be carried out quickly (within a matter of days). However, from an employee relations and risk management perspective, it is advisable to engage in some form of individual consultation, particularly where UAE nationals are affected or where multiple employees are involved. Where consultation is undertaken, the process can typically be completed within five working days.

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems? ✗

4. Is there a requirement to consult with employees individually? ✗

There is no statutory requirement for consultation or advance warning in the UAE. However, from an employee relations and risk management perspective, it is advisable for employers to hold individual discussions with affected employees, particularly where redundancies are on a larger scale or where UAE nationals are impacted. Some employers choose to provide advance notice (ranging from a few days to a few weeks) to help manage employee relations and reduce the risk of disputes.

5. Is there a requirement to offer alternative employment? ✗

6. Is works council/employee representative/trade union consultation required? ✗

7. Are there any periods during which redundancies cannot be made? ✓

It is important to note that any termination or termination notice served on an employee while on sick leave, annual leave or maternity leave will automatically be deemed invalid.

8. What payments are employees entitled to when made redundant?

In addition to any other specific contractual entitlements provided for in the employment contract (e.g. entitlement to a bonus, participation in a share scheme, etc.) and any *ex gratia* severance payment offered as a consequence of the redundancy termination, the employer must, as a minimum, make the following payments:

- Notice or pay in lieu notice – In accordance with the employment contract or minimum statutory requirements. In the DIFC, an employer cannot make payment in lieu of notice unless this has been expressly agreed with the employee in a settlement agreement
- Payment in lieu of accrued benefits – Such as accrued but unused holiday entitlement
- End of service gratuity – Subject to the employee (i) having at least one year or more continuous service with the employer; (ii) not having agreed to participate in a company maintained pension scheme; and (iii) not being a Gulf Cooperation Council (GCC)-national. In the DIFC, the employee will only be entitled to an end of service gratuity payment if they commenced employment prior to 1 February 2020 and they have completed at least one year of continuous service with the employer on the termination date. The end of service gratuity payment will only be calculated based on periods of service up to and including 31 January 2020 (periods of service after this date are compensated by way of contributions into a qualifying workplace savings scheme.
- Repatriation costs e.g. return flight
- Any outstanding expenses

9. What are the penalties for non-compliance?

Where the Labour Court accepts that an employee has not been terminated for a legitimate reason, the employee may be awarded unlawful termination compensation, of up to three months' remuneration.

There are no criminal penalties.

Reinstatement is not a possible sanction.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

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UK

Please note, this summary covers the general position in England. The position may vary slightly in Scotland, Wales and Northern Ireland.

Key trends and themes – Although the economic forecast in the UK is challenging, we are not currently seeing many large-scale redundancy exercises, although smaller-scale redundancy activity has definitely increased over the last 12 months. We anticipate that redundancies will (unfortunately) become more frequent over the next 12-18 months, as businesses seek to reduce overheads in light of the greater financial pressures and uncertainties they are currently facing, including the recent changes to employer National Insurance contributions, increases in the National Minimum Wage, the current geopolitical situation and ongoing uncertainty about the potential impact of the Employment Rights Bill. On that note, employers should be aware that the risks and costs of making redundancies will increase once the Employment Rights Bill comes into force and they should bear this in mind when planning their strategy.

1. Is redundancy a potentially fair reason for dismissal? 

Yes, redundancy is a potentially fair reason for dismissal for unfair dismissal purposes.

2. How long does a redundancy process usually take?

In small-scale redundancy exercises (i.e. where collective consultation obligations are not triggered), there is no statutory minimum consultation period – a redundancy process typically takes between two and four weeks.

The process will take longer if collective consultation obligations are triggered. See the answer to question 6 below (re: timescales).

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems? 

Although, check the terms of any collective bargaining agreements or other agreements with recognised trade unions. Criteria must be reasonable, objective and non-discriminatory.

4. Is there a requirement to consult with employees individually? 

Yes, individual consultation is an essential component of a fair process.

5. Is there a requirement to offer alternative employment? 

An employer must take reasonable steps to find alternative employment for employees who may otherwise be dismissed by way of redundancy. What is "reasonable" is a question that only a Tribunal can decide, but it would include, for example, identifying vacancies within the company and inviting the employee to consider them. A failure to do so could lead to a claim that the dismissal is procedurally unfair.

Recent case law has clarified that to satisfy the duty, employers must go beyond merely directing the individual to the list of available vacancies but must make visible effort to assist and maintain dialogue with the employee.

Different rules apply where an employee is pregnant, on maternity leave and for 18 months after childbirth – in these circumstances if an employee cannot return to their position by reason of redundancy, they are entitled to be offered (i.e. not just invited to apply) any suitable and alternative vacancies. Similar enhanced protection applies for those on or returning from adoption leave, shared parental leave and neonatal care leave. In each case, the protection means that an employee who is otherwise at risk of redundancy must be offered any suitable alternative vacancy in the company, or in its associated companies, whether or not they are, or may be, the best candidate for it.

6. Is works council/employee representative/trade union consultation required? Potentially

Only if collective consultation obligations are triggered, although check the terms of any collective bargaining agreements or other agreements with recognised trade unions.

Collective consultation is triggered if an employer is proposing to dismiss as redundant 20 or more employees at one establishment within a period of 90 days or less. Although see the answer to question 10 below for details of future changes in this area.

7. Are there any periods during which redundancies cannot be made? 

Where 20 to 99 redundancies are envisaged (i.e. where collective consultation is triggered), dismissals cannot take effect until at least 30 days have elapsed since the start of collective consultation.

Where 100 or more redundancies are envisaged, dismissals cannot take effect until at least 45 days have elapsed since the start of collective consultation.

If the employer fails to comply with these provisions, the terminations may still be effective, but there is a risk of claim(s) (see question 9 below in terms of the potential penalties for failure to comply with the collective consultation obligations).

8. What payments are employees entitled to when made redundant?

Redundant employees may be entitled to the following:

- Notice or pay in lieu of notice
- Statutory redundancy pay (provided that they have two years' continuous service). This is calculated on a matrix based on age, length of service and salary level
- Accrued salary and holiday pay
- Enhanced redundancy pay (only if there is an applicable entitlement)

9. What are the penalties for non-compliance?

Failure to comply with the individual redundancy consultation process may render any dismissal unfair, meaning that the employee may be entitled to compensation (re-instatement is a potential remedy in the UK, but we rarely see it in practice).

If an employer is found to have breached its collective consultation obligations, it can be ordered by an Employment Tribunal to pay up to 90 days' actual pay (uncapped) per affected employee.

There are no criminal penalties for failing to inform and consult, but where collective consultation obligations are triggered, an employer must also notify the government (via HR1 form) about the proposed dismissals and a failure to do this is a criminal offence.

A works council/trade union/employee representative cannot obtain an injunction reversing or halting any redundancies if consultation does not take place.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

The Labour party's Employment Rights Bill is currently making its way through the legislative process and is likely to receive Royal Assent at some stage this autumn.

Described as a "pro-worker, pro-business plan", some of the changes will inevitably make things more complicated for employers. In particular, there are various changes relevant to an employer's ability to make employees redundant – for example, a change to make unfair dismissal a "Day One" right, which will make it less straightforward to dismiss employees, especially those with less than two years' service.

Other relevant changes include a widening to the circumstances in which collective consultation for redundancies is required. The obligation will be triggered where the employer proposes to dismiss as redundant 20 or more employees at one establishment within a period of 90 days or less (as is the case now) AND (new bit) where the number of proposed redundancies across a number of establishments hits a certain threshold, which has not yet been determined.

The current maximum penalty that can be awarded by an employment tribunal will be doubled, i.e.180 days' actual pay per affected employee. The government has also indicated that it will consult on doubling the minimum consultation period from 45 to 90 days, where an employer is proposing to dismiss as redundant 100 or more employees.

For more detail on these changes and others which may impact employers' ability to carry out redundancies (including the likely timeline for the changes), please refer to our alert on the Employment Rights Bill - Latest Position.

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US

Key trends and themes – Although there is concern regarding a potential economic recession, the US is not currently seeing significant large-scale reductions-in-force (RIFs). Should economic pressures mount with growing financial distress, or from pressures resulting from anticipated heightened tariffs, US businesses may be required to reduce their headcount. Although there are few federal statutes implicated in small to medium size workforce reductions, US employers are urged to take care to comply with federal laws governing large-scale RIFs, and to be mindful of individual and collective bargaining agreements that may impose limitations.

1. Is redundancy a potentially fair reason for dismissal?

It is fair in most instances for US employers to terminate an employee's employment because of redundancy or as part of a corporate restructuring.

Unless an employee is a member of a union, or has an employment contract in place with the employer limiting the circumstances under which the employer may end the employment relationship, employment in the US is generally presumed to be "at-will," meaning an employer may terminate employment for any legal reason or for no reason, without incurring liability or having to pay severance. Therefore, employers may terminate, at-will, employees' employment without severance or may opt to provide severance in exchange for a release and waiver of claims if they choose to do so.

Employers with a unionised workforce must comply with the terms of the applicable collective bargaining agreement (CBA), if any, regarding advance notice prior to termination and/or process for the selection of terminees (e.g., based on seniority, following bumping rights requirements). Employers that have adopted formal severance plans must comply with their terms or face claims under the Employee Retirement Income Security Act (ERISA) or for breach of contract.

Although most employees in the US may be terminated at will, without advance notice, there are laws around large RIFs, which require employers to provide affected employees with advance notice of mass layoffs/plant closings.

The Worker Adjustment and Retraining Notification (WARN) Act protects workers, their families and communities by requiring employers with 100 or more employees (generally not counting those who have worked fewer than six months in the last 12 months and those who work an average of fewer than 20 hours a week) to provide at least 60 calendar days' advance written notice of:

- A plant closing affecting 50 or more employees at a single site of employment
- A mass layoff affecting 50 employees at a single site of employment if the number exceeds 1/3 of the employees at that single site
- A mass layoff affecting 500 or more employees

The WARN Act provides for certain exceptions to the advance notice requirement when employment losses occur due to unforeseeable business circumstances, faltering companies and natural disasters.

Advance notice gives workers and their families some transition time to adjust to the prospective loss of employment, to seek and obtain other jobs and if necessary, to enter skills training or retraining that will allow these workers to compete successfully in the job market. Regular federal, state, local and federally recognised Indian Tribal government entities that provide public services are not covered.

In addition, some US states have similar laws, often referred to as "mini-WARN Acts," that set different thresholds for the number of employees for statutory coverage or for the number of employment losses triggering the notice requirement, or different notice periods.

2. How long does a redundancy process usually take?

Since at-will employees may generally be terminated without any advance notice, the termination process usually can be immediate. In the case of employees subject to individual employment agreements or CBAs, the terms of such agreements dictate the duration of the process.

In mass layoff/plant closing scenarios, federal and/or state law may require 60 days' notice (or in some states, longer notice) prior to implementing reductions.

3. Does local law/any applicable collective bargaining agreement set out selection criteria or systems?

Potentially

In a unionised workforce, the CBA may (but does not always) set parameters for the selection criteria in a reduction-in-force. Employers of unionised workforces should consult their CBAs to confirm prior to announcing terminations. Employers should be careful to avoid selections that may reflect a disparate impact on employees belonging to a protected class, such as older workers or workers of a particular race, national origin or sex.

4. Is there a requirement to consult with employees individually?

Unless a CBA or individual employment agreement addresses such a requirement explicitly, there is no requirement to consult with employees prior to announcing most terminations. Where the number of employment losses triggers WARN Act coverage, advance notice to employees or their bargaining representative(s) may be required.

5. Is there a requirement to offer alternative employment? Potentially

Unless a CBA or individual employment agreement addresses such a requirement explicitly, there is no requirement to offer alternative employment.

6. Is works council/employee representative/trade union consultation required? Potentially

If a mass layoff or plant closing triggers WARN Act notice requirements, individuals entitled to notice include the employees to be terminated or the employees' bargaining representative, as applicable, the local chief elected official and the state dislocated worker unit. Some US states also require notification to certain state workforce development or labour agencies prior to implementing large reductions-in-force.

7. Are there any periods during which redundancies cannot be made?

Although employment is generally "at-will" in the US, certain laws can limit an employer's ability to terminate an employee at any time. For example: Employees on military leave are protected by the Uniformed Services Employment and Re-employment Rights Act (USERRA), a statute governing the re-employment rights of returning service members. Similarly, employees on a leave of absence under the Family and Medical Leave Act (FMLA) are entitled to job restoration upon the termination of their leave of absence. These statutes prohibit employers from terminating employment merely because an employee takes protected leave, but do not prohibit termination for other reasons, nor require notice of termination. Practically, employers should tread carefully when terminating the employment of an employee taking protected leave and ensure that the reasons for termination are supported and well-documented.

8. What payments are employees entitled to when made redundant?

Since at-will employees may generally be terminated without any advance notice, most terminations do not require payments to terminated employees. In the case of employees subject to individual employment agreements, CBAs, or formal severance plans, the terms of such agreements or plan documents dictate the severance amount.

9. What are the penalties for non-compliance?

If an employee is subject to an individual employment agreement or CBA establishing a right to severance, the employee may recover damages for its breach if the severance is not paid. In some states, the prevailing party may also be entitled to recover their attorneys' fees and/or legal costs.

If an employee is subject to a formal severance plan, non-compliance can result in damages for breach and/or penalties under ERISA.

Employers governed by the WARN Act who fail to provide the full 60-day notice to employees experiencing a triggering employment loss may be liable to the employee for their salary and benefits for each day for which they did not receive proper notice, up to a maximum of 60 days. The employer's liability may be reduced by any wages or voluntary payments paid by the employer during this period. Additionally, any employer who fails to provide notice to a unit of the local government is subject to a civil penalty not exceeding the amount of US$500 for each day of violation. This penalty may be avoided if the employer is able to satisfy the liability to each employee within three weeks after the closing or layoff is ordered.

There are no known criminal penalties for violating the WARN Act.

10. Are there other points specific to this jurisdiction that companies should be aware of, e.g. upcoming legal changes, relevant guidance, etc.?

If US employers offer severance to older workers (40 years or older) in exchange for a release and waiver of claims, they must comply with procedural requirements of the Older Workers Benefit Protection Act (OWBPA). When older workers are impacted in a group termination or exit an incentive program affecting two or more employees, the OWBPA imposes even more onerous notice requirements. Employers should consult with legal counsel to ensure release agreements comply with statutory requirements of the OWBPA to ensure that age discrimination claim releases are valid and enforceable.

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