

The Dentons logo, featuring the Chinese characters '大成' followed by 'DENTONS' in a white, sans-serif font, all contained within a white arrow-shaped graphic pointing to the right.

大成 DENTONS

Global Employment Webinar Series

Managing Collective Redundancies: CEE

Thursday 9 February 2023

7am PST | 10am EST | 3pm GMT | 4pm CET | 11pm HKT

Grow | Protect | **Operate** | Finance

Welcome

Your speakers today



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Agenda

□ Introduction

□ Key features

- Timing
- Impact of trade unions, works councils and CBAs
- Severance / redundancy payment
- Risks / penalties
- Special protection against dismissal

□ Practical suggestions and recent legal developments

- Czech Republic
- Hungary
- Poland
- Romania
- Slovakia

□ Q&A



Key features

Timing

	Consultation length	Start date
Czech Republic	At least 30 days before termination notices are served, regardless of the number of employees affected or the total number of employees of the employer	Day of delivery of written notification to: <ul style="list-style-type: none"> • trade unions, works council OR each affected employee • the Labor Authority
Hungary	<ul style="list-style-type: none"> • Statutory 15 days consultation with works council, if works council operates at the company (it can be extended) • CBA may impose a longer period 	At least 7 days following the initiation of consultation
Poland	<ul style="list-style-type: none"> • 20 days consultation with trade unions, if trade unions operate at the company • No particular deadline for consultation with employees' representatives in the absence of trade unions 	Day of delivery of written notification to trade unions
Romania	<ul style="list-style-type: none"> • Statutory 15 calendar days consultation with the trade union or the employees' representatives if no trade union exists • CBA may impose a longer period 	Next day upon receipt of the written notification by the trade union or the employees' representatives, including the relevant information pertaining to the collective dismissal process
Slovakia	<ul style="list-style-type: none"> • Consultation process with representatives to start at least 1 month before the anticipated date of termination • Followed by a further 1 month freeze period 	After the outcome of the consultation with employee's representatives is delivered to the Local Labour Office – 1 month freeze period applies

Impact of trade unions, works councils and CBAs

Czech Republic	<ul style="list-style-type: none">• If trade union and works council exist – employer must inform & consult with its representatives• Otherwise – employer informs & consults with affected employees directly• IF CBA exists – potential provisions governing procedure• Trade union / works council – NO veto right
Hungary	<ul style="list-style-type: none">• If works council exists – employer has notification and consultation obligations.• Otherwise – no statutory consultation obligation (but advisable to negotiate with the elected representatives of the employees)• Trade union – right to provide its opinion and initiate consultation with the employer• Works agreement / CBA – may regulate the potential procedure• Trade union / works council – NO veto right
Poland	<ul style="list-style-type: none">• Employer must inform and consult trade unions / works councils• Employer and trade unions conclude agreement on collective redundancies, otherwise employer adopts regulation on collective redundancies and must consult each case of dismissal with the trade union• CBA may include additional requirements or higher severance payments
Romania	<ul style="list-style-type: none">• Employer must inform and consult with trade union or employees' representatives if no trade union exists• If CBA exists - there may be additional requirements/applicable timings
Slovakia	<ul style="list-style-type: none">• If there are employee representatives - inform and consult directly with these representatives• If CBA exists - potential provisions governing procedure

Severance / redundancy payment

Czech Republic	<ul style="list-style-type: none">• Statutory severance compensation – no special rules for collective redundancies*• CBA, consultation with the trade union or works council or negotiation with individual employees may result in severance above statutory requirements <p><i>* Calculation of severance: (i) service less than 1 year = 1 x average monthly earnings; (ii) service between 1 and 2 years = 2 x average monthly earnings; (iii) service longer than 2 years = 3 x average monthly earnings</i></p>
Hungary	<ul style="list-style-type: none">• Statutory severance compensation – no special rules for collective redundancies*• Employment agreements, CBA, works agreement, consultation with the trade union or works council or negotiation with individual employees may potentially result in severance above statutory requirements <p><i>* Calculation of severance: (i) service less than 3 years = no severance; (ii) service between 3 and 5 years = absentee pay for 1 month; (iii) service longer than 5 years = increases gradually with length of service (special rules may also apply)</i></p>
Poland	<ul style="list-style-type: none">• Calculation of severance: (i) service less than 2 years = 1 x monthly remuneration; (ii) service between 2 and 8 years = 2 x monthly remuneration; (iii) over 8 years of service = 3 x monthly remuneration• Maximum severance pay = 15 x minimum monthly remuneration (in 2023 not more than PLN 54k)
Romania	<ul style="list-style-type: none">• No statutory severance compensation• Amounts and calculation criteria of severance compensation may be set in the CBA
Slovakia	Statutory severance compensation - it depends on the manner of the redundancies (notice or agreement), the length of employment, the reason for the redundancies and the average salary (capped at 5 months' average salary of the employee)

Risks / penalties

Czech Republic	<ul style="list-style-type: none"> • Failure to inform / consult with trade union / works council – risk of penalty (up to approx. € 8,300) for administrative offence • Failure to deliver a final report to Labor Authority – risk of notice period extension • Unfair dismissal claims (however, failure to inform / consult does not result in the invalidity of termination notice <i>per se</i>)
Hungary	<ul style="list-style-type: none"> • Liability for violation of consultation procedures • Unfair dismissal claims (however, failure to inform / consult does not result in the invalidity of termination notice <i>per se</i>)
Poland	<ul style="list-style-type: none"> • Liability for violation of consultation procedures • Unfair dismissals claims
Romania	<ul style="list-style-type: none"> • Failure to inform and consult with the trade unions or the employees' representatives may result in an administrative offence sanctioned with fines in the range of € 200 to € 4,000 or in claims from the affected employees provided that they demonstrate a prejudice caused by such failure • The individual dismissal decisions issued at the end of the collective dismissal process may be challenged in court by the employees, in case the mandatory steps in the process (including information and consultation) have not been followed or if the substantial grounds of the redundancy do not have a real and serious cause (i.e. economic downturn, restructuring of business, introduction of new technologies) • Should the challenge be granted by the court, the employer must reinstate the employee in the former position and pay all retroactive salary rights from the date of dismissal up to the date of reinstatement • In practice, however there is really scarce relevant case law
Slovakia	<ul style="list-style-type: none"> • Claims of employees for breach of employers obligations regarding collective dismissal - the employer would be obliged to pay each affected employee at least 2 months' average salary • Unfair dismissal claims • Administrative fine may also be imposed on the employer and the managing employees who caused the breach. This fine can be up to €100.000 for the employer and up to 4 months' average salary for the managing employees.

Special protection against dismissal

	Pregnancy	Maternity leave	Paternity leave	Adoption leave	Disabled employees	Works council members	Trade union reps	Age	Work related sick leave	Other
Czech Republic	✓	✓	✓	✓	✗	✗	✓	✗	✓	<ul style="list-style-type: none"> • Parental leave • Quarantine / sick leave • Army drill • Long-term leave to perform a public office • Nursing a dependent person
Hungary	✓	✓	✓	✓	✓	✓	✓	✓	✓	<p>Within this, different types of protection should be distinguished:</p> <ul style="list-style-type: none"> (i) prohibition of termination, (ii) notice period starting later, (iii) termination restriction.
Poland	✓	✓	✓	✓	✗	✓	✓	✓		<ul style="list-style-type: none"> • Parental leave (longer than 3 months) • Justified absence (longer than 3 months)
Romania	✓	✓	✓	✓	✗	✗	✗	✗	✓	<ul style="list-style-type: none"> • The age and the disabled status may represent a priority rank criteria when selecting the employees to be made redundant, if provided as such in the CBA • Additional protections may apply based on the CBA • The sick leave does have to be work related
Slovakia	✓	✓	✓	✓	✓	✓	✓	✗	✓	<ul style="list-style-type: none"> • Single parent • In the case of being summoned to carry out an extraordinary duty during a crisis' situation • Any period when the employee is released for undergoing voluntary military training, for regular exercises or for the fulfilment of tasks of the armed forces of the Slovak Republic • Any period for which an employee has been released for an extended period to pursue public office duties



Practical suggestions and recent legal developments

Czech Republic

- Collective redundancies are not yet a significant topic due to labor market situation (lowest unemployment rate in the EU)
- If employers are not under time pressure – might distribute terminations over longer time period and avoid application of collective redundancy rules
- Lack of case law and generally low interest in this topic, in spite of the current difficult economic situation
- Czech regulation of collective redundancies is technical, straightforward and actually low-risk for employers – courts amplify importance of due delivery of a report to the Labor Authority and admit that validity of notice of termination is not affected by validity of collective redundancy “red-tape” process

Hungary

- If employers are not under time pressure - might distribute terminations over longer time period and avoid application of collective redundancy rules
- Hungarian regulation of collective redundancies is technical and straightforward, but constitutes a relatively heavy administrative burden for employers – courts amplify importance of due delivery of a report to the Labor Authority and admit that validity of notice of termination is not affected by validity of collective redundancy “red-tape” process

Poland

- If employers are not under time pressure - might distribute terminations over longer time period and avoid application of collective redundancy rules
- Employers may use voluntary redundancy programs as an alternative to collective redundancies (usually involves higher payments)
- If an employee succeeds in challenging their collective redundancy before the court, s/he must repay the severance payment
- When dismissing some but not all of a group of employees in identical or similar positions, the employer must use written selection criteria

Romania

- Social Dialogue Law adopted at the end of December 2022 (Law 367/2022) - possible increasing pressure from large trade unions to conclude industry level CBAs with the employers' organizations to which certain employers are affiliated to. In this event, the industry level CBA will become mandatory for relevant employers
- Employers may use voluntary redundancy programs as an alternative to collective redundancies (usually involves higher payments)

Slovakia

- The process could be significantly longer, if trade unions start the collective bargaining before or at the same time as the redundancy process is announced
- In addition to the overall process, individual termination notices must be consulted over with trade unions (direct statutory penalties per employee)
- “Same salary for the same job” rule applies when proposing severance / retention bonus
- The overall process is quite administrative and reporting duties apply on monthly basis

How can Dentons help?

Experience in conducting global projects across multiple jurisdictions



Strategic advice on how to operate for the best outcomes



Global footprint with immediate access to intimate knowledge of local law requirements, rules and practices



Strong project management delivery skills and track record

Value added services at your disposal

Collective redundancy hub

This new web site section contains updates on recent developments from our global teams.

In particular, the **interactive tracker** provides quick and easy access to summaries of collective dismissal and redundancy rules; it now covers over 60 jurisdictions around the world.

[Link to the Hub: Dentons - Collective redundancy hub](#)

[Link to Tracker: Dentons - Global collective redundancy tracker](#)

The screenshot displays the 'Collective Redundancy' hub on the Dentons website. At the top, there is a header with the Dentons logo and the title 'Collective Redundancy' followed by the subtitle 'Laws, rules and procedures relating to reductions in work force.' Below this, a navigation bar includes 'Global solutions' and a breadcrumb trail: 'Home > Services and solutions > Digital solutions > All knowledge hubs > Colle'. Two main buttons, 'Grow' and 'Protect', are visible. The main content area features a 'Collective redundancy hub' section with a brief description and a 'Read more' button. Below this is a 'Spotlight on:' section with two featured articles: 'Stricter measures to prevent company closures and collective dismissals (in September 28, 2022)' and 'Collective redundancies and the P&O Ferries debacle (April 14, 2022)'. The central part of the interface is an interactive tracker. It prompts the user to 'Select a location (country, state, etc.) or compare up to 3 different locations:' and shows three dropdown menus for 'France', 'Germany', and 'United Kingdom'. A 'Go' button and a 'Reset' button are provided. Below the selection area, there is a table with columns for 'France', 'Germany', and 'United Kingdom'. The table has an 'Overview' section and two rows of questions. The first row asks '1. Are there specific rules that govern collective dismissals or reductions in force?' with 'Yes' answers for all three countries. The second row asks '2. When would these rules apply?' and provides detailed criteria for each country.

Collective Redundancy
Laws, rules and procedures relating to reductions in work force.

Managing a global workforce reduction programme while navigating local law requirements can be a complex process. This Dentons Collective Redundancy tracker provides quick and easy access to summaries of the collective dismissal and redundancy rules in more than 60 countries.

If you need any further assistance, please contact us. Please save this link to your website favorites for quick and easy access.

Disclaimer: The contents of this tool have been prepared in good faith as introductory guidance. This tool is not designed to provide legal or other advice. You should not take, or refrain from taking, action based on its content. Please use your own professional judgment and seek independent legal advice in case of questions.

Supported browsers: Google Chrome, Mozilla Firefox, Microsoft Edge, Apple Safari.

Select a location (country, state, etc.) or compare up to 3 different locations:

France Germany United Kingdom

If you want to get information about more locations, this is currently available through [generating a printable PDF](#).

Select key points (optional)

Go Reset

	France	Germany	United Kingdom
Overview			
1. Are there specific rules that govern collective dismissals or reductions in force?	Yes.	Yes.	Yes.
2. When would these rules apply?	Collective redundancy rules apply when an employer is proposing to make redundant 2 or more employees in the company. These rules are reinforced in case of contemplated dismissals of at least 10 employees over a 30-day period in companies having at least 50 employees.	In general, the collective redundancy rules apply if an employer: 1. has between 20 and 60 employees and dismisses more than 5 employees within a period of 30 days; 2. has between 60 and 500 employees and dismisses 10 or more of the employees within	Collective redundancy rules apply when an employer is proposing to make redundant 20 or more employees in one "establishment" over a 90-day period. There are specific rules about the meaning of an "establishment". However, it usually refers to an individual branch, store or office location.

Global employment webinar series: managing collective redundancies

In this series, our Dentons Global Employment and Labor team offers practical advice and guidance to help employers manage collective redundancy exercises across numerous

[Read more](#)

Spotlight on:

September 28, 2022
Stricter measures to prevent company closures and collective dismissals (in

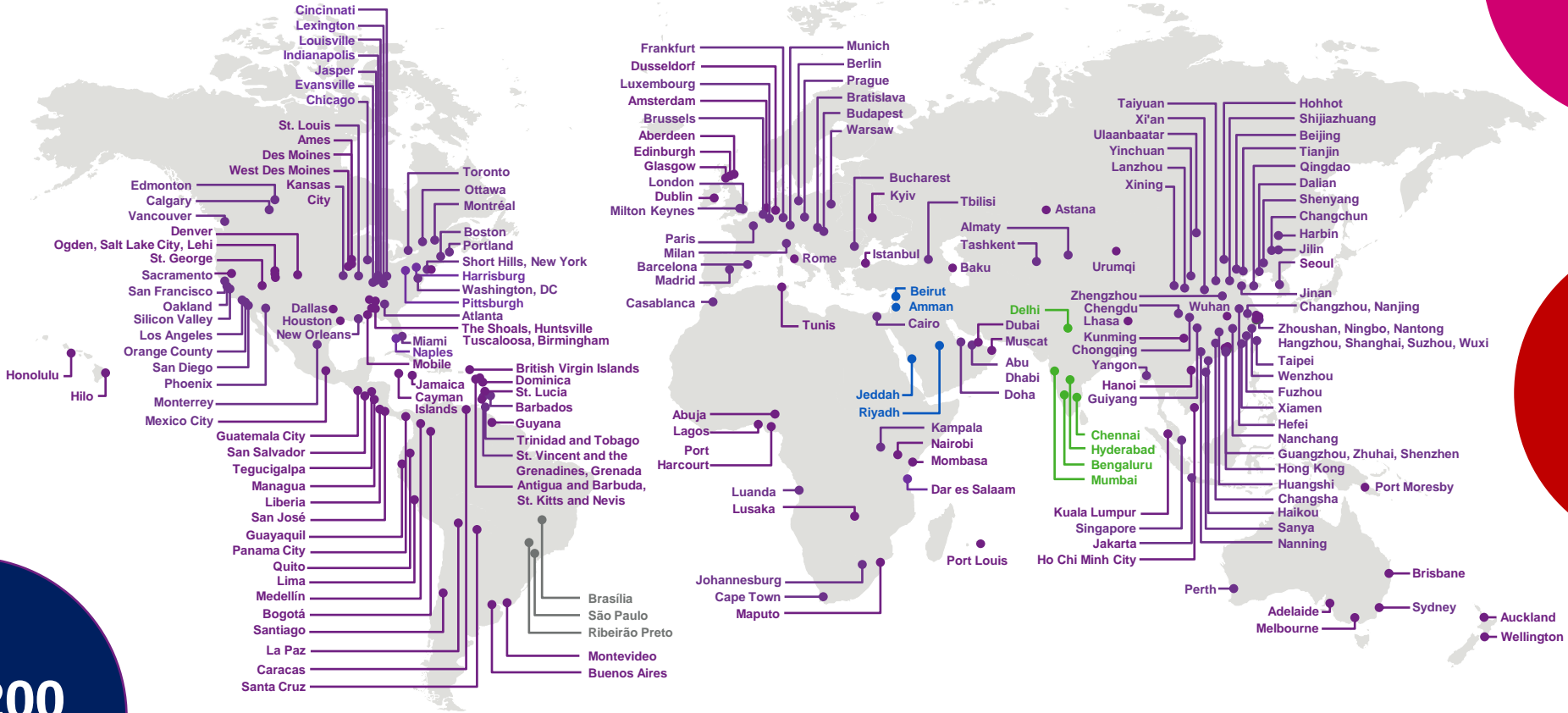
April 14, 2022
Collective redundancies and the P&O Ferries debacle

We are where you need us

+80
Countries

+200
Offices

+12,200
Lawyers



Locations in purple represent Dentons offices.
 Locations in blue represent associate firms, offices and special alliances as required by law or regulation.
 Locations in green represent approved combinations that have not yet been formalized.
 Locations in gray represent Brazil Strategic Alliance.

Thank you!



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