

Introduction

The continuing contractions and downturns in the economy, with advancements in technology have heightened the number of job losses. Unfortunately, employers are not mindful of the Laws and Regulations regarding Redundancies before they embark on this exercise.

What Is Redundancy? And How Is It Declared?

Section 20 of the Nigerian Labour Act describes Redundancy as the involuntary and permanent loss of employment which usually arises as a result of excess manpower. Excess manpower can arise from downsizing, rightsizing, restructuring, acquisitions and mergers, or the outright outsourcing of some jobs to an independent third party.

Where a redundancy arises, an employer is required to do the following:-

- a. Inform the Trade Union or workers' representative Union of the reason for and the extent of the anticipated redundancy;
- b. Subject to factors like relative merit, employees' skill, ability and reliability, employers are expected to adopt the principle of "last in, first out" for each cadre of employees affected by a declared redundancy.
- c. Employers are also expected to use their best efforts to negotiate the redundancy payments where the Redundancy Regulations made by the Minister for Employment, Labour and Productivity do not apply to such employees; or no guideline is provided in the employees' contract of employment, or the group of employees' collective agreement.

Unfortunately, no Redundancy Regulations have so far been published by the Minister for Employment, Labour and Productivity. As a result, the general practice is that redundancy/severance pay is usually computed using the employee's length of service, the last remuneration of the employee, among other things, as a guide.

Collective Agreements

Related to Redundancy Regulations are Collective Agreements which are usually written Memoranda of Understanding between an employer or a group of employers and their employees, usually represented by an employees' Trade Union. A Collective Agreement provides guidelines regarding the employees' wages, benefits, hours of work, working conditions, discipline, termination, dismissal, redundancies, etc.

Based on a plethora of decided court cases however, the Law remains that the terms and conditions of a Collective Agreement, which are not expressly incorporated into each employee's contract of employment, are not legally binding in an employment dispute between the employer and the employee.

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