



## **Best Practices and Employer's Obligations when Considering Redundancy**

### **Introduction**

Redundancies can be one of the most challenging processes for any manager or organisation to work through. While sometimes necessary for business survival, they must be handled with sensitivity and in compliance with employment laws. You can review the steps of a restructure, from our earlier blog post [here](#).

This blog post outlines best practices for managing redundancies and highlights the key obligations employers must adhere to when a redundancy is required.

### **Understanding Redundancy**

Redundancy occurs when a role is no longer required, the role is disestablished, and the employer cannot find a suitable redeployment opportunity for the employee who held that role (or agree terms and conditions with the employee for an identified redeployment opportunity).

The need to disestablish a role or roles can result from various factors such as financial pressures, restructuring of duties, technological or capability changes, or operational shifts. It is crucial to approach redundancies with transparency and fairness, both for any employee whose employment ends by reason of redundancy, as well as to maintain trust and morale within the remaining workforce.

## Best Practices and Employer's Obligations

Please see our earlier blog post ([here](#)) for details of the steps for a restructuring process. The information below is specific to the circumstances where a redundancy may result from the process, which is only one potential outcome that might result from a restructure.

1. **Genuine Business Reason:** Restructures that propose disestablishment of a role or roles, as with any other proposed restructure, must be based on genuine business reasons. Employers need to clearly demonstrate why a position is no longer necessary, as well as why (where appropriate) the employee could not be redeployed into other vacant roles. Employers cannot disestablish a role to only reintroduce it sometime within the following months. Employers can also not disestablish a role with the aim of ending an employee's employment as a means of addressing a performance issue.
2. **Consultation:** Employees are entitled to have time to consider all relevant information before responding, and to arrange a support person or representative to attend any meetings related to a restructure process that could impact their employment.

Allowing sufficient time for each step of the process is particularly important when a significant outcome such as redundancy could ultimately occur. A proposal that includes disestablishment of the employee's role can understandably come as a real shock to them. People take time to move through the natural stages of change. The amount of time ideally suited to each person can be different.

Since a restructuring process can be difficult for all involved, sometimes the manager leading the process might feel inclined to think that there is benefit in getting it completed quickly. More often than not, however, we have found that not rushing the steps, or limiting the process to the minimum timeframes procedurally required, is more likely to support a better outcome.

3. **Fair Process:** The restructure process must be conducted fairly and in good faith. There are however a number of legal requirements for employers in the process that can have the effect of making the employer seem cold and uncaring to any employees who are potentially impacted by the proposal.

Sometimes the employer can initiate steps ahead of considering a restructure that involves relevant employees i.e. to consider potential issues and possible solutions in a collaborative way, in the hope of resolving the issues.

Other times employers can only explain the processes they are legally required to follow, why the law requires those processes, and acknowledge the potential effects these can have on those involved, in the hope that the employee can separate the employer from the processes and have some understanding that the approach chosen has not necessarily been determined by the employer.


In summary, where redundancy is a consideration, the employer must first consider whether there are any alternatives to redundancy, they must provide sufficient notice in writing, and they should consider what support they might be able to offer to the employee.

4. **Redundancy Pay:** Depending on the employment agreement and the length of service, employees may be entitled to redundancy compensation. Employers should review their agreements and seek advice if unsure of the requirements.

## Conclusion

Managing redundancies is a delicate task that requires a careful balance of business needs and employee well-being. By adhering to your obligations, implementing best practices, and seeking timely advice, employers can navigate this challenging process with integrity and care. Doing so not only helps protect the organisation from risks but also preserves the trust and respect of its workforce.

Please do not hesitate to reach out if you have any questions about restructuring or redundancy processes, or if you are an employer who would like support and advice with the processes required.

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