

Release from the Organization

Learning outcomes

On completing this chapter you will know about:

- Redundancy
- Retirement
- Dismissal

Introduction

One of the most demanding areas of human resource management in organizations is in handling arrangements for releasing people through redundancy, dismissal or retirement. This chapter deals with these issues in turn.

Redundancy

Redundancy takes place when the organization as a whole is going through a downsizing exercise, when structural changes are being made, following mergers and acquisitions, and when individual jobs are no longer needed. If, unfortunately, redundancy has to take place, it is necessary to plan ahead – seeking and implementing methods of avoiding redundancy as far as possible, making arrangements for voluntary redundancy and helping people to find jobs (outplacement). HR usually has the onerous responsibility of handling the redundancy itself if all else fails.

Planning ahead

Planning ahead means that future reductions in people needs are anticipated and steps are taken to minimize compulsory redundancies. This can be done by allowing the normal flow of leavers (natural wastage) to reduce or even eliminate the need for redundancy, calling in outsourced work, reducing or eliminating overtime, reducing the number of part-timers and temporary staff, work-sharing (two people splitting one job between them), or, more reluctantly, temporary layoffs.

Voluntary redundancy

Asking for volunteers – with a suitable payoff – is another way of reducing compulsory redundancies. The disadvantage is that the wrong people might go, ie the good workers who find it easy to get other work. It is sometimes necessary to go into reverse and offer such people a special loyalty bonus if they stay on.

Outplacement

Outplacement is about helping redundant employees to find other work. It means helping them to cope with the trauma of redundancy through job shops and by counselling, often through specialized outplacement consultants.

Job shops

Help may be provided on an individual basis through counselling or outplacement consultants, but in larger scale redundancies ‘job shops’ can be set up. The staff of the job shop, who may be from HR or are sometimes members of a specialized outplacement consultancy, scour the travel-to-work area seeking job opportunities, match people to jobs and arrange interviews.

Counselling

Counselling involves help and advice in identifying possible moves, preparing CVs and how to make the best impression in interviews. Counselling may be provided by HR staff but there is much to be said for using specialized outplacement consultants.

Outplacement consultants

Outplacement consultants provide counselling on how people can make the best use of what they can offer to other employers. They can be helped to identify their strengths and achievements, the type of job they are qualified to do and the sort of employer who is most likely to want people with their experience and qualifications. Assistance can be provided in preparing what is sometimes called an ‘achievement CV’, which spells out what the individual has been successful in and prompts the thought in the employer’s mind that ‘what the individual has done for them he or she can do for us’.

Dismissal

Dismissal takes place when an employer terminates the employment of someone with or without notice. A contract can be terminated as a result of demotion or transfer as well as dismissal. People can be ‘constructively dismissed’ if they resign because of their employer’s unreasonable behaviour.

The principles of natural justice

- Individuals should know the standards of performance they are expected to meet and the rules to which they are expected to conform.
- They should be given a clear indication of where they are failing or what rules they have broken.
- Except in cases of gross misconduct, they should be given an opportunity to improve before disciplinary action is taken.

Dismissals should be handled in accordance with the principles of natural justice. These principles should form the basis of a disciplinary procedure, which is staged as follows.

Stages in a disciplinary procedure

1. An informal discussion on the problem.
2. A first written warning.
3. A final written warning.
4. Dismissal or action short of dismissal such as loss of pay or demotion.

If an employee faces serious disciplinary action such as dismissal the minimum statutory procedure should be followed, which involves:

- Step 1: a written note to the employee setting out the allegation and the basis for it.
- Step 2: a meeting to consider and discuss the situation.
- Step 3: a right of appeal including an appeal meeting.

Employees should be reminded of their right to be accompanied by a colleague or employee representative in disciplinary hearings.

Managers and team leaders should be made aware of the procedure and told what authority they have to take action. It is advisable to have all written warnings and any final action approved by a higher authority. In cases of gross misconduct, managers and team leaders should be given the right to suspend if higher authority is not available, but not to dismiss. The importance of obtaining and recording the facts should be emphasized. Managers should always have a colleague with them when issuing a final warning and should make a note to file of what was said on the spot.

Retirement

Retirement is a major change and should be prepared for. Retirement policies need to specify:

- when people are due to retire;
- the circumstances, if any, in which they can work beyond their normal retirement date;

- the provision of pre-retirement training on such matters as finance, insurance, state pension rights and other benefits, health, working either for money or for a voluntary organization, and sources of advice and help;
- the provision of advice to people about to retire.

Release from the organization – key learning points

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Questions

1. How should planning ahead for redundancy take place?
2. What are the stages in a disciplinary procedure?
3. What should retirement policies specify?

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