

Facing retrenchment?

Here's what you need to know

Facing retrenchment can be a frightening experience.

It's uncharted territory for most people, who end up feeling vulnerable because they're unfamiliar with the legal processes and options.

So what should you know, and do, when faced with this harrowing situation?

Keep a cool head

It's important to remain cool, calm and collected, especially when you're on the verge of panic. This is a time to listen carefully, take notes and reflect.

Becoming emotional or confrontational will only cloud your judgement.

Assess the situation

Understand the broader picture -

- Are you the only person impacted, or is this part of a bigger exercise?
- What are the reasons for the termination?
- What was the criterion used to make the selections?
- Is there an option for an alternative role within the company or group?
- Is there a possibility of re-employment at a later stage?
- What assistance is being offered to the retrenched employees?

Gaining clarity will help you contextualise what's happening and formulate helpful questions.

Don't sign anything straight away

Don't feel pressurized into signing documentation straight away. Retrenchment processes allow employees a reasonable period of time to review documentation first.

The documentation is also lengthy and complicated, so take a day or two to read and absorb the content. If there are points that confuse or concern you, consult with the relevant HR executive within your organisation, or seek guidance from an external professional to help clarify terminology and options.

Once signed, the document becomes a legally binding agreement, which sets out the full terms of the settlement between the employer and employee.

Not all offers are bad

Most companies go to great lengths to create decent retrenchment packages for their impacted employees. So don't be quick to jump to negative assumptions.

If you do have doubts, consult an external professional for their opinion.

What are the minimum requirements?

Circumstances will vary from company to company regarding the discretionary content of retrenchment packages, which are hugely dependent on available funds and HR policies. But financial limitations aside, retrenchment calculations are underpinned by the employee's length of service as well as the circumstances of the employee's termination (fault or no fault).

In South Africa, the minimum severance pay-out is one week's salary for each completed year of employment with the company. You will also be paid out for any accrued leave days and your formal notice period (as per your contract). As well as the balance of your Pension or Provident Fund.

Severance packages can be negotiated

Employees are legally entitled to negotiate a better package. They can do this by themselves, through their trade union or with a labour lawyer. This doesn't guarantee that they'll be successful, but employees are entitled to negotiate for a fair package, which minimises financial hardship.

Most people take the path of least resistance during this difficult time, wishing to put the episode behind them as quickly as possible. But don't underestimate the value of a carefully thought-out and professionally handled final negotiation.

What could be included in the package?

As previously mentioned this varies from company to company, but here are a few examples of package inclusions -

- 1.5 to 2 week's pay for every full year worked with the company
- Immediate departure without having to work out the notice period (at no financial loss to the employee)
- An extended notice period with full pay e.g. 3 months notice instead of 1 month
- An extension of benefit coverage for a set period of time
- An Outplacement contract, to assist the employee in securing a new job

Seek guidance from a professional

There are many other areas that can be negotiated, which may significantly ease the burden of a sudden lay off. So if in doubt, seek professional advice and let them guide you through the possibilities.

For the brave, as they say 'nothing ventured nothing gained'. The initial offer, once made, cannot be withdrawn – so you can always fall back on that if negotiations fail. This is another reason to treat the whole process, and everyone involved, **nicely**.

***Note:** Retrenchments take place for a variety of reasons; the company could be in financial difficulty, or undergoing restructuring, for example. It's impossible to cover all scenarios. These are general guidelines.*