

**Baker  
McKenzie.**

# **Reductions in Force**

Labor Law Considerations  
for Major Global Workforce  
Changes



Amid heightened economic and political uncertainty around the globe, many multinationals are looking for ways to bolster stability and maximize flexibility in response to significant change. Global employers increasingly consider strategic restructurings, layoffs, and/or furloughs to maximize efficiencies and reduce labor costs due to cost cutting pressures.

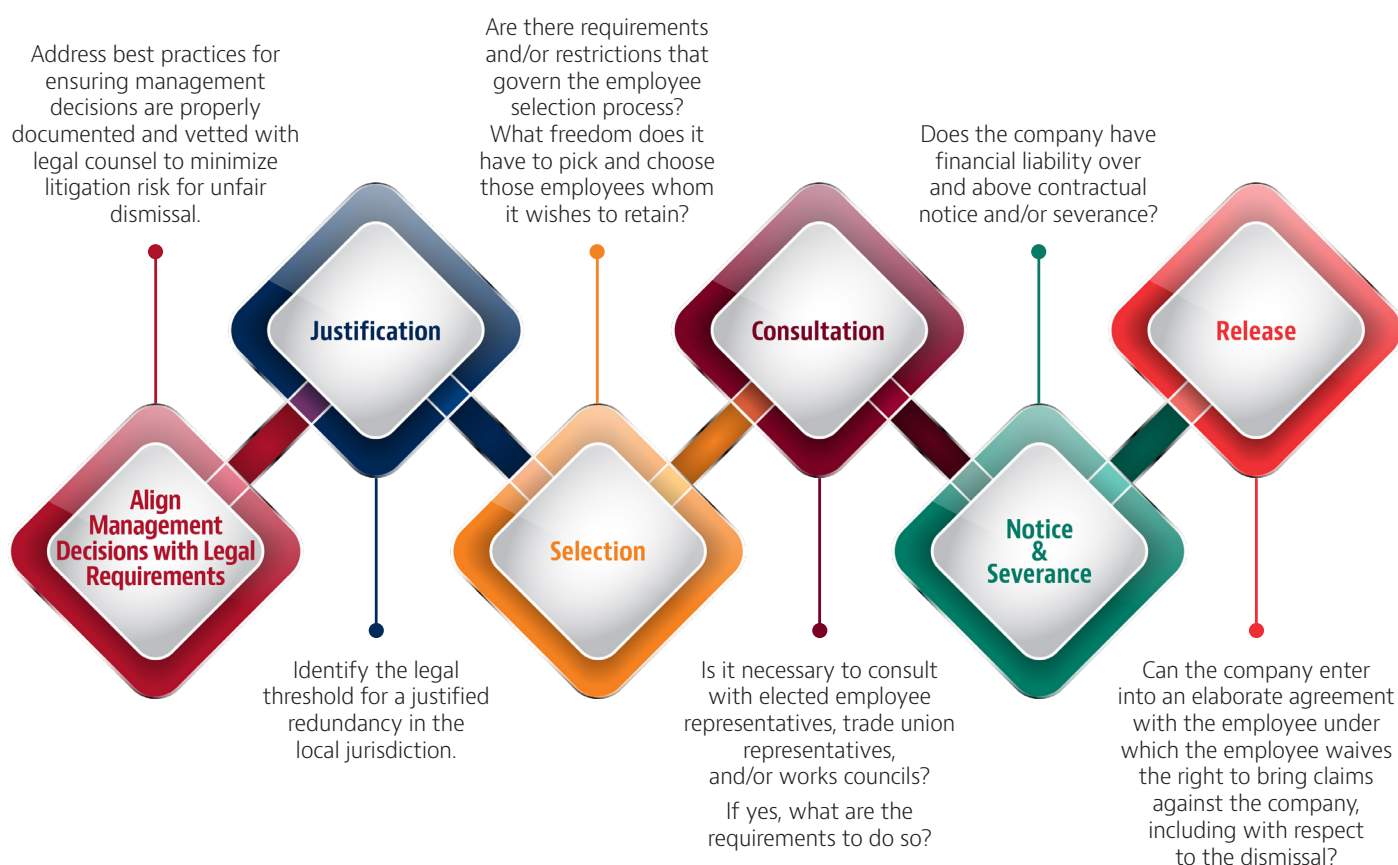
When employers are forced to consider these difficult workforce changes, numerous employment laws are at issue; when contemplated on a global scale involving multiple jurisdictions, the complexities only increase.

The global employer should think about its redundancy practices and the HR implications early to develop a strategy and implementation plan. Having a program in place that increases employee engagement, facilitates transitioning of employees to new roles and is benchmarked on local practices, can enable your company to nimbly transform even with multiple statutory hoops to jump through.

## Navigating Employment Issues in Global Reductions in Force

Reductions in force, large or small, have significant impact on an organization and most in house counsel are familiar with such actions. By comparison, in the US, where employees generally are employed at will, barring union involvement or statutory / contractual notice requirements, reductions in force can be relatively straightforward. In other jurisdictions, such as Hong Kong and Singapore, so long as statutory notice and severance is provided if required, reductions in force can also be relatively straightforward. However, in most of the rest of the world, including the majority of Europe as well as Australia, Japan and others, there are significant protections against dismissal.

Employers who propose global reductions in force need to plan ahead for alternate timelines and redundancy costs.



## Labor & Employment

- Support implementing single country and multinational reductions in force
- Strategically advise on compliance with local and country-specific laws including rationale for each action the duty to inform and consult requirements to notify or negotiate with government agencies or obtain court approval, terminate payments, etc.
- Assist with the preparation of documentation, including release agreements, mutual termination agreements, and post-termination restrictive covenants
- Analyze data privacy obligations

## Compensation

- Advise on treatment of equity awards and other benefits held by terminated employees
- Advise on tax and compliance issues related to reduction of benefits or termination of plans
- Implement strategies to minimize risk of claims and coordinate with employment counsel across the globe to defend the company against any employee claims related to equity awards, employee benefits and pensions, that may arise

## Immigration & Mobility

- Advise on the impact of layoffs and corporate reorganizations on foreign national employees with employer-sponsored visas, work permits and residence permits, as well as the impact on the remaining local national population
- Advise on employer implications of ending or transferring assignments, and of terminating employer-sponsored foreign national employees, including repatriation, notice requirements and severance implications
- Assist with amending, and canceling/terminating international employment documentation and employer-sponsored visas, work permits and residence permits

## Disputes

- Assess litigation risks from employees affected by restructurings and reductions in force
- Assist with defense and resolution of claims following restructurings and reductions in force, including:
  - Discrimination claims
  - Retaliation claims
  - Claims made by employees while on leave of absence
  - Disparate impact litigation

## How We Can Help

Our practitioners have decades of experience guiding multinationals through global reductions in force by building employment matters into their overall strategy to anticipate the risks before they arise. In addition, as global unions continue to become a key player in RIF negotiations, as the original global law firm, our team of over 700 employment lawyers across 46 countries are where you are, working closely together to provide a solution across multiple jurisdictions and cultures, all while being uncompromising in quality. Global employers must understand imitations under local laws, explore ways to mitigate risks, and be mindful of practical business issues as they implement reductions to their workforces. Navigating complex employee selection procedures, planning for notification and consultation requirements, and anticipating severance and other benefit issues will be vital steps in the process when implementing these difficult decisions.

## For More Information

To have a strategic discussion on implementing a reduction in force within your multinational organization, please contact your Baker McKenzie relationship partner or [GlobalEmploymentandCompensation@bakermckenzie.com](mailto:GlobalEmploymentandCompensation@bakermckenzie.com).

### [www.bakermckenzie.com](http://www.bakermckenzie.com)

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