



Strategies for managing employment costs – part II

Alternatives to redundancy – Europe and Asia

in collaboration with **ROSCHIERRAIDLA**

FINLAND | SWEDEN | ESTONIA | LATVIA | LITHUANIA



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Introduction

In June 2008, we published the first edition of our guide *Managing mass redundancies across Europe*. Since then, many businesses have implemented significant downsizing programmes across their workforces. However, in many cases, downturn-driven decisions to reduce costs by cutting the workforce might not be in the long-term interests of the business. Even in the midst of economic uncertainty, the scramble to find and retain talent was an ever-present issue for organisations and, as the pool of highly skilled and experienced employees shrinks, finding the right people when positioning for recovery might be both challenging and costly.

Many businesses are looking to alternative solutions to manage employment costs without further reducing staff numbers, but what options are there and what needs to be remembered when implementing them? Incautiously implemented changes to terms and conditions risk breach-of-contract claims and might well fall foul of laws relating to unlawful discrimination or those requiring information and consultation processes.

This guide uses a question and answer format to present a number of the non-redundancy options being considered by businesses, and raises both practical and legal implications across a number of jurisdictions in Europe and Asia.

For each country, the guide looks at:

- What legal issues arise from the implementation of alternatives to redundancy?
- What measures can be used?
 - Can I institute a hiring freeze?
 - Can I withdraw offers of employment that I have already made?
 - Can I reduce my agency/temporary workforce?
 - Can I delay or freeze salary increases?
 - Can I freeze/stop paid overtime or stop paying overtime rates to employees?
 - Can I reduce the non-cash benefits I give to employees?
 - Can I change my expense reimbursement policies?
 - Can I refuse to pay a bonus?
 - Can I cut wages and salaries?
 - Can I change pension arrangements?
 - Can I ask employees to work fewer hours?
 - Can I retrain or redeploy staff to other areas of the business?
 - Can I put employees on sabbatical or secondments?
 - Can I ask employees to retire early?
 - Can I make offers to employees to resign?

Multinational organisations may have a particular interest in how approaches differ across countries, often because they wish to align practices as far as possible across their overall business. We hope you will

find it a useful reference tool when you are considering how to manage employment costs in a particular country.

This publication does not look at mass redundancies. For more information on how to manage a headcount reduction exercise and comply with regional and local regulations on collective dismissals, please refer to the fourth edition of our cross-border guide on mass redundancies (March 2010).

This guide was prepared by Freshfields' employment teams across Europe and Asia. Chapters about Finland, Sweden and the Baltic countries were contributed by the independent Nordic network RoschierRaidla.

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With highly respected teams in the UK, Germany, France and several other major European jurisdictions, this employment, pensions and benefits group is clearly a powerhouse in Europe. Beyond Europe, its network of offices extends to Asia, the Middle East, the USA and South America
Chambers Global, 2010

Freshfields Bruckhaus Deringer

Freshfields Bruckhaus Deringer is one of the world's leading international law firms, with more than 2,500 lawyers working across 27 offices in 15 countries. We provide a comprehensive worldwide service to national and multinational corporations, financial institutions and governments.

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We are experienced in cross-border advice and have an excellent record in delivering tailored multi-jurisdictional advice, having very strong working relationships with local lawyers in countries in which we do not have offices.

We advise on:

- all aspects of employment and industrial relations law, including: the individual and collective employment aspects of mergers and acquisitions (public and private, listed and unlisted), joint ventures, demergers and all manner of corporate reorganisations (including redundancies); executive remuneration and related regulatory and disclosure obligations; service contracts and related documents; confidentiality and restrictive covenants; works councils; individual and group severance arrangements; and contracting-out of services;
- all the legal aspects of establishing and operating pension schemes; restructuring pension arrangements, merging and winding up schemes and pension scheme disputes, including court proceedings; and
- designing, drafting and implementing share plans, corporate governance issues and senior executive remuneration and incentive arrangements (including the share plan and benefit aspects of senior executive terminations), age discrimination issues affecting share plans and related tax, company and securities laws.

Clients are highly satisfied with Roschier's 'immensely supportive and user-friendly lawyers', and report that the group effectively co-ordinates assistance across a number of different jurisdictions.
Chambers Europe, 2009

RoschierRaidla

The RoschierRaidla network is an integrated cross-border operation of leading law firms in Finland, Sweden, Estonia, Latvia and Lithuania, specialising in demanding international business law assignments and large-scale transactions.

In Finland and Sweden, RoschierRaidla is represented by Roschier, Attorneys Ltd, one of the leading legal service providers in Northern Europe. The Baltic arm of RoschierRaidla, Raidla Lejins & Norcou, comprises three leading law firms in Estonia, Latvia and Lithuania. The network offers one-stop access to premier cross-border and local expertise in five capitals of the Nordic-Baltic region. Today, RoschierRaidla employs some 270 lawyers and over 420 professionals in total.

The employment and labour law team advises employers on all aspects of domestic and international employment law: from the recruitment process and the term of the employment through to the end of the employment relationship. We also represent employers in union negotiations and dispute resolution processes. Transactional support and strategic guidance on business reorganisation and outsourcing is an important part of our practice, since employment and labour law issues often play a significant role in M&A transactions. Further, we provide advice on pensions and benefits, including incentive schemes for company management and employees.

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