

# A DETAILED DESCRIPTION OF EMPLOYMENT PROTECTION REGULATION IN FORCE IN 2003

## BACKGROUND MATERIAL FOR THE 2004 EDITION OF THE OECD EMPLOYMENT OUTLOOK

The following nine tables present, for 28 OECD countries, a detailed description of employment protection legislation (EPL) in force in 2003. These descriptions are based on information provided by OECD governments. They form the basis of the updated EPL indicators presented in chapter 2 of the 2004 Employment Outlook. These updated indicators, as well as changes that have occurred over the past 15 years, are discussed in Section 1 of the main text. The annexes of the chapter present the values of the EPL indices, at different levels of aggregation and at three different points in time (late 1980s, late 1990s and 2003), together with methods for scoring and aggregation.

### List of tables

Table 1	Administrative procedures for individual notice and dismissal.....	2
Table 2	Notice periods and severance pay for individual dismissals at three lengths of service.....	5
Table 3	Conditions under which individual dismissals are fair or unfair .....	7
Table 4	Trial Period .....	10
Table 5	Compensation pay and related provisions following unjustified dismissal .....	11
Table 6	Regulation of fixed-term contracts .....	14
Table 7	Regulation of temporary work agency (TWA) employment .....	17
Table 8	Procedures for collective dismissals: definition and notification requirements .....	19
Table 9	Procedures for collective dismissals: delay before notice can start and other special costs .....	22

Table 1 Administrative procedures for individual notice and dismissal<sup>a</sup>

Legal provisions	Notification procedures (scale 0-3)	Delay before notice can start (days)
<b>Australia</b>		
<b>Redundancy:</b> written or oral notice with statement of reasons. In case of legal proceedings, the Australian Industrial Relation Commission will consider whether there was a valid reason for the termination related to the operational requirements of the employer's undertaking, establishment or firm.	1	1
<b>Personal reasons:</b> written or oral notification with statement of reasons. In case of legal proceedings, the Australian Industrial Relation Commission will consider whether the employee was warned of his unsatisfactory performance and whether he was given opportunity to respond where the reason for dismissal is related to capacity/conduct.	1	7
<b>Austria<sup>b</sup></b>		
Notification first to Works Council (if one exists), then to employee. Maximum 5 days for Works Council to react. Notice can then be served, usually by registered mail.	2	9
<b>Belgium</b>		
<b>Blue collar:</b> Notification of employee by registered letter. Oral notification possible if employer chooses severance pay in lieu of notice. In case of written notification, the latter becomes effective 3 working days after the letter has been sent and the notice period starts to run from the first Monday following receipt of the registered letter.	0.5	1 or 8
<b>White collar:</b> Notification of employee by registered letter. Oral notification possible if employer chooses severance pay in lieu of notice. In case of written notification, the latter becomes effective 3 working days after the letter has been sent and the notice period starts to run from the first day of the calendar month following receipt of the registered letter.	0.5	1 or 19
<b>Canada</b>		
Written notification to the employee or, sometimes, to the employee's representative (union).	1	1
<b>Czech Republic</b>		
<b>Personal reasons:</b> Notification of employee and trade union body, after previous warning. Letter sent by mail or handed out directly. The notice period starts to run from the first day of the calendar month following receipt of the letter.	2	16
<b>Redundancy:</b> Notification of employee, trade union and public employment office. Advance consultation, with offer of another job or re-training if feasible; then letter sent by mail or handed directly to employee. The notice period starts to run from the first day of the calendar month following receipt of the letter.	2	22
<b>Denmark</b>		
<b>White collar:</b> legal requirement of written notice. Employees can request negotiation with the union once notice is received. Letter sent by mail or handed out directly.	1	1
<b>Blue-collar:</b> requirements in collective agreements. <i>E.g.</i> the main agreement between the Danish Confederation of Trade Unions and the Danish Employers' Confederation contains a provision about the workers' right to written information on the reason for a dismissal and provisions on negotiations between the union and the employer if the union considers the dismissal unfair (see Cazes, Boeri, Bertola, 1999).	1	1
<b>Finland</b>		
<b>Personal reasons:</b> Statement of reasons and information on appeals procedures given to the employee. Advance discussion with employee and trade union if requested by employee. Then, oral or written notice.	1.5	7
<b>Redundancy:</b> In companies with 30 or more employees, notification to trade union representatives and consultation on reasons and ways to avoid lay-off. Invitation to consultation; 5-day delay; consultation for 7 days; then notice in writing.	2	15
<b>France</b>		
<b>Personal reasons:</b> Letter; interview: statement of reasons to employee; a second letter: notification by registered letter with recorded delivery. Minimum delay required between the first letter and the interview: 5 working days; 1 additional day is then required after the interview for the second letter to be sent.	1	10
<b>Economic reasons:</b> Letter; interview (statement of reasons to employee); a second letter: notification by registered letter with recorded delivery. Notification to Labour Inspectorate. Minimum delay required between the first letter and the interview: 5 working days; 5 to 15 additional days are required after the interview for the second letter to be sent.	2	17
<b>Germany<sup>b,c</sup></b>		
Notification to employee must be in writing, after oral or written warnings to employee in case of dismissal for lack of performance. Previous notification of planned dismissal, including reasons for termination, to works council (if one exists). In case of notice given despite works council objection and subsequent law suit, dismissal has to wait for decision by Labour Court. After notification, maximum 7 days for Works Council to object to dismissal. Notice can then be served, specifying the 1st or 15th of the month.	2.5	15
<b>Greece</b>		
Written notice to employee, plus additional notification to OAED local office (public employment service). Previous warning in case of dismissal for personal reasons may be advisable. Letter sent by mail or handed directly to employee.	2	1

Table 1 **Administrative procedures for individual notice and dismissal<sup>a</sup>** (cont.)

Legal provisions	Notification procedures (scale 0-3)	Delay before notice can start (days)
<b>Hungary</b> Written notice to employee, including reasons for termination. The employer must justify his notice. Employee must be given an opportunity for defence against the objections raised against him. Letter sent by mail or handed directly to employee.	1	7
<b>Ireland</b> <b>Individual termination:</b> No prescribed procedure. Notice may be oral or in writing but must be certain. There is no specific procedure outlined in the Minimum Notice and Terms of Employment Act 1973, but there is a Code of Practice on Grievance and Disciplinary Procedure, which sets out best practice in terms of procedures to be followed. Advisable to serve notice in writing after warnings specifying what aspect of behaviour is sub-standard.	1	7
<b>Redundancy:</b> Copy of official redundancy form to be sent to Department of Employment. Notice may be oral or written as long as it is certain.	2	2
<b>Italy</b> Written notice to employee who can require communication of detailed reasons and can request conciliation by the provincial employment office or through conciliation committees set up under collective agreements. Letter sent by mail or handed directly to employee.	1.5	1
<b>Japan</b> <b>Personal reasons:</b> Written or oral notification. To stand up in court, it is considered advisable that notice is given in writing and reasons are stated. Some collective agreements provide for prior consultation with trade union.	1	1
<b>Managerial reasons:</b> Sincere consultation on need for dismissal and standards of selection, then letter of dismissal. The courts must be satisfied that trade union/employee representatives have been adequately notified and consulted.	2	5
<b>Korea</b> <b>Personal reasons:</b> Written or oral notice. Statement of urgency and reasons to employee.	1	1
<b>Managerial reasons:</b> Advance notice to union or other worker representatives 60 days prior to dismissal and have a sincere consultation with them over efforts to avoid dismissal, and fair and rational criteria for selecting workers to be dismissed. However, in Nov. 13, 2003, the Korean Supreme Court stated that a dismissal could be validated even if employee representatives have been notified less than 60 days prior to dismissal, provided that there was enough time have sincere consultations.  In addition, it is important to note that the article 31, allowing employers to dismiss workers for managerial reasons, was introduced in 1998 in the Labor Standards Act mainly as a legal provision for <i>collective dismissals</i> (even if this article also allows employers to dismiss a single worker for urgent business needs).	2.5	40
<b>Mexico</b> Statement of reasons to the employee. Letter sent by mail or handed directly to employee.	1	1
<b>Netherlands</b> Dutch dismissal law is governed by a dual system (see also EIRO observer 5'03, 2003).		
<b>Termination via PES:</b> a private sector employer wishing to terminate unilaterally an employment contract requires prior permission from a public administrative body, the Centre for Work and Income (CWI). This procedure acts as a preventive check to determine the reasonableness of any intended dismissal. It is financially less onerous than the alternative but much longer. In fact, if the dismissal is not sufficiently founded on reasonable grounds the employer is denied a permit to dismiss; if dismissal nonetheless follows, the employee has legal grounds to contest its validity.	3	31
<b>Termination via courts:</b> instead of turning to the public employment service, both employers and employees can file a request to Court to dissolve the employment contract "for important reasons". This is more expensive (see items on severance pay) but is shorter and administratively less onerous. Courts are now used in 50% of the cases and the reduction in procedural inconveniences is meant to reflect the simplicity of this procedure over the use of the PES system. On the other hand, the higher cost is reflected in the increase in average severance pay and compensation for unfair dismissal.	1	31
<b>New Zealand</b> Under the Employment Relations Act 2000 (ERA), employers, employees and unions must deal with each other in good faith.		
<b>Personal reasons:</b> Notification orally or in writing, after previous warning. The principle of good faith implies that before an employer can dismiss an employee, an employer must give their employee warnings and provision of an opportunity to the employee to answer allegations and improve performance, clear explanations and reasonable notification of the reasons for that employee's dismissal. Further, all employment agreements must set out, in plain language, the procedure for resolving employment relationship problems, which may include a procedure for notification.	1	7
<b>Redundancy:</b> The principle of good faith also applies specifically to making employees redundant. This means that an employer must give unions and employees explicit, reasonable notice before redundancies are implemented. Notification requirements may also be specified by employment agreement. The principle of good faith requires consultation with employees and unions over matters that affect collective employment interests (such as selection and ways of avoiding dismissal).	2	7

Table 1 **Administrative procedures for individual notice and dismissal<sup>a</sup>** (cont.)

Legal provisions	Notification procedures (scale 0-3)	Delay before notice can start (days)
<b>Norway</b> Written notice to employee, with statement of reasons upon request. Letter sent by mail. Notice period runs from the first day of the month following that in which notice was given.	1	17
<b>Poland</b> Notification to representative trade union of intention to terminate, including reasons for dismissal. In case the employee takes the case to the labour court, the court may require evidence of a warning procedure and of a fair account of trade union opinions. After previous warning to the employee, 5 days for consultation with local trade union on justification for dismissal. Notice can then be served, usually by mail.	2	13
<b>Portugal</b> Written notice to employee and employee representatives justifying the reasons for dismissal and the lack of suitable alternatives. Termination for disciplinary reasons: communication of a "guilt note", 10 working days for the worker and his representatives to react, hearing of witnesses by the employer, 5 working days for the worker and his representatives to react to the proves collected by the employer, the employer makes a decision (within 30 days). Termination for unsuitability and termination for individual redundancy: communication, 10 days for employee or his representatives to present their views, and a further delay of 5 days before final notice is issued, usually in a letter sent by mail or handed directly to employee. In case of unsuitability a replacement must be hired. In case of economic redundancy, the employee and the employee's representatives have, if they wish, 3 working days to call in the Labour Inspectorate and the latter has 7 days to react and verify justification of dismissal.	2	20
<b>Slovak Republic</b> <b>Personal reasons</b> (e.g continual minor breaches of work discipline or unsatisfactory work results): Advance consultation with the relevant trade union body; then written notice to employee. Notice can be given to an employee, provided that he was, <i>in the last six months</i> , advised of the possibility of notice in writing, in conjunction with the breach of work discipline or unsatisfactory work results.	2	92
<b>Redundancy/economic/organisational reasons:</b> Advance consultation with the relevant trade union body; then written notice to employee.	2	7
<b>Spain</b> Written notice with statement of reasons, plus notification to workers' representatives. Letter sent by mail or handed directly to employee.	2	1
<b>Sweden</b> <b>Personal grounds:</b> Written notification to employee and trade union, after at least one previous warning (as proof of "long-standing" problems) that action is intended; reasons to be given if requested by employee. After previous warning to the employee, minimum 14 days to be allowed for consultation before notice can be served.	2	21
<b>Redundancy:</b> Notification to employee, trade union and county labour board which may request consultation on selection and dismissal procedures. Duty to negotiate on pending dismissals before notice can be served. Lack of suitable alternatives must be demonstrated in all cases.	2	7
<b>Switzerland</b> Notification to employee who has the right to request a statement of reasons. Letter sent by mail or handed directly to employee.	0.5	1
<b>Turkey</b> Written notice to employee and notification, within 15 days, to Ministry of Labour and regional public employment service. Letter sent by mail or handed directly to employee.	2	1
<b>United Kingdom<sup>d</sup></b> <b>Individual termination:</b> Written or oral notification. Employees with 1 years' continuous service have the right to receive from their employers, on request, a written statement of the reasons for their dismissal.	0.5	1
<b>Redundancy:</b> Consultation with recognised trade union recommended, but not legally required when few workers are affected. "Reasonable notice" that redundancy is being considered.	1.5	3
<b>United States</b> No prescribed procedures. Written or oral notification. Only a few States prescribe a "service letter" a certain period after dismissal, noting the reasons for termination.	0	1

a) For scoring methodology, see *OECD Employment Outlook* (2004), Chapter 2, Annex 2.1, Table 2.A1.1, items 1 and 2.

b) In Austria Works Councils covered about 70% of employees in 2002 and in Germany this figure was about 48% in 2002.

c) Germany: notice of a disabled person requires prior notification of public authorities (*Integrationsamt*); notice of a pregnant woman and until 4 months after delivery requires prior notification of public authorities (*Behörde für Arbeitsschutz*).

d) United Kingdom: Employees dismissed during pregnancy or statutory maternity leave are entitled to receive a statement regardless of whether they have asked for one and regardless of length of service.

Table 2 **Notice periods and severance pay for individual dismissals at three lengths of service**

		Notice period			Severance pay		
		9 months	4 years	20 years	9 months	4 years	20 years
<b>Australia<sup>a</sup></b> (federal jurisdiction)	All workers				0	0	0
	Redundancy cases	1 week	3 weeks	5 weeks	0	8 weeks	8/12 weeks
<b>Austria</b>	Blue collar	2 weeks	2 weeks	2 weeks	0	0	0
	White collar	6 weeks	2 months	4 months			
<b>Belgium<sup>b</sup></b>	Blue collar	35 days	35 days	112 days			
	White collar	3 months	3 months	15 months	0	0	0
	Claeys formula for white collar	3 months	6 months	21 months			
<b>Canada<sup>c</sup></b>	Varies depending on the jurisdiction	1-2 weeks	2-4 weeks	2-8 weeks	0	0-4 weeks	0-20 weeks
	Average over Quebec, Ontario, Alberta and British Columbia	1 week	3.4 weeks	8 weeks	0	1.8 weeks	9 weeks
<b>Czech Republic</b>	All workers	2 months	2 months	2 months	0	0	0
	Redundancy cases	3 months	3 months	3 months	2 months	2 months	2 months
<b>Denmark</b>	Blue collar	3 weeks	8 weeks	10 weeks	0	0	0
	White collar	3 months	4 months	6 months	0	0	3 months
<b>Finland</b>	All workers	14 days	1 month	6 months	0	0	0
<b>France</b>	All workers	1 month	2 months	2 months	0	0.6 month	4 months
<b>Germany</b>	All workers	4 weeks	1 month	7 months	0	0	0
<b>Greece</b>	Blue collar	0	0	0	7 days	15 days	3.8 months
	White collar	30 days	3 months	16 months	15 days	1.5 month	8 months
<b>Hungary</b>	All workers	30 days	35 days	90 days	0	1 month	5 months
<b>Ireland<sup>d</sup></b>	All workers	1 week	2 weeks	8 weeks	0	0	0
	Redundancy cases	2 weeks	2 weeks	8 weeks	0	9 weeks	41 weeks
<b>Italy</b>	Blue collar	6 days	9 days	12 days	0	0	0
	White collar	15 days	2 months	4 months			
<b>Japan<sup>e</sup></b>	All workers	30 days	30 days	30 days	0.4 month	1.4 months	2.9 months
<b>Korea</b>	All workers	1 month	1 month	1 month	0	0	0
<b>Mexico</b>	All workers	0	0	0	3 months	3 months	3 months
<b>Netherlands<sup>f</sup></b>	Termination via PES	1 month	1 month	3 months	0	0	0
	Termination via Court	0	0	0	0	6 months	18 months
<b>New Zealand<sup>g</sup></b>	All workers	3 weeks	3 weeks	3 weeks	0	0	0
<b>Norway</b>	All workers	1 month	1 month	3 months	0	0	0
<b>Poland</b>	All workers	1 month	3 months	3 months	0	0	0
<b>Portugal</b>	All workers	60 days	60 days	60 days	3 months	4 months	20 months
<b>Slovak Republic<sup>h</sup></b>	Personal reasons				0	0	0
	Redundancy cases	2 months	2 months	3 months	2 month	2 month	2 month
<b>Spain</b>	Workers dismissed for "objective" reasons	30 days	30 days	30 days	0.5 month	2.6 months	12 months
<b>Sweden</b>	All workers	1 month	3 months	6 months	0	0	0
<b>Switzerland<sup>i</sup></b>	All workers	1 month	2 months	3 months	0	0	2.5 months
<b>Turkey</b>	All workers	4 weeks	8 weeks	8 weeks	0	4 months	20 months
<b>United Kingdom</b>	All workers				0	0	0
	Redundancy cases	1 week	4 weeks	12 weeks	0	4 weeks	20 weeks
<b>United States<sup>j</sup></b>	All workers	0	0	0	0	0	0

- a) Australia: notice period at 20 years of tenure is 4 weeks under the Workplace Relations Act. Here 1 week is added to account for the fact that employees over 45 years old with over 2 years continuous service are entitled to an extra week. Severance pay at 20 year of tenure: the figure of 12 weeks reflects the updated standard for employees of businesses with 15 employees or more, which has not yet been implemented.
- b) Belgium: For white collars, if annual salary is above 25 921 €, currently the case in over half of Belgian white collar employees, parties or courts tend to use one of a number of standard formulas – such as the Claeys formula – for severance pay in lieu of notice.
- c) Canada: In all cases, an employee must have completed a minimum period of service in order to be entitled to notice. An employer may provide termination pay instead of notice. Final scores for notice period and severance pay are based on weighted averages over Quebec, Ontario, Alberta and British Colombia, where weights depend on the relative size of each jurisdiction in terms of working-age population (Quebec: 0.28, Ontario: 0.45, Alberta: 0.12 and British Colombia: 0.15. Overall, these 4 jurisdictions represent more than 85% of the working-age population in Canada).
- d) Ireland: Employers are reimbursed 60% by redundancy fund financed by ordinary employer and employee social security contribution - they pay therefore only 40%. The cost in redundancy cases is only 3.6 weeks for 4 years tenure and 16.4 weeks for 20 years tenure.
- e) Japan: According to enterprise survey, average severance pay (retirement allowance) equals almost 1 month per year of service, although is not legally required. It is somewhat higher in the case of lay-offs, and lower in case of voluntary quits. The reported figures refer to the differential in severance pay between these two cases.
- f) Netherlands: There is a dual dismissal system. The labour courts handle 50% of the cases. The court may determine severance pay, roughly according to the formula: 1 month per year of service for workers < 40 years of age; 1.5 months for workers between 40 and 50; 2 months for workers 50 years and over (judges may apply a correction factor taking into account particulars of the case).
- g) New Zealand: No specific notice period is required, but the duty of good faith, as well as case law, requires that reasonable notice be provided. An average has been calculated using the most common notice periods that are specified in collective agreements. No specific severance pay is required. However, about 21% of workers are covered by collective agreements, which in most cases provide some form of redundancy pay. About 42% of employees covered by a collective agreement that provides for redundancy pay receive 6 weeks pay for their 1st year of service, and 2 additional weeks pay for every year thereafter.
- h) Slovak Republic: In redundancy case, after 5 years of tenure, if the employee agrees with the termination of employment relationship before the commencement of the notice period, he is entitled to receive a severance pay equal to a minimum of three times his average monthly earnings.
- i) Switzerland: No legal entitlement to severance pay, except for workers over age 50 and more than 20 years seniority, where severance pay cannot be less than 2 months wages, with a maximum amount of 8 months wages.
- j) United States: No legal regulations (but can be regulated in collective agreements or company policy manuals. For example, the US Labor Department's Compensation Survey shows that in 2000, 20% of all private sector workers were covered by severance pay plans. The coverage rate was higher among union (31%), than non-union (19%) workers; and for workers working in establishments with 100+ workers (32%), than in establishments with fewer than 100 workers (11%)

Table 3 **Conditions under which individual dismissals are fair or unfair<sup>a</sup>**

	Legal provisions	Score (scale 0-3)
<b>Australia</b>	<p><b>Fair:</b> If justified on the basis of capacity or conduct, subject to whether it is harsh, unjust or unreasonable as well as for economic redundancy (“retrenchment”).</p> <p><b>Unfair:</b> When process of an employee dismissal is ‘harsh, unjust or unreasonable.’ Factors are: whether there was a valid reason for the termination related to the capacity/conduct of the employee or operational requirements of business, whether employee notified of reason, whether employee given opportunity to respond, whether warned of unsatisfactory performance if that is the ground of termination, degree to which employers business affects procedures, degree to which absence of dedicated HR people impacts on employers procedures. Also dismissals on grounds of race, colour, sex, sexual preference, age, physical or mental disability, marital status, family responsibilities, pregnancy, religion, political views and union membership opinion, national extraction or social origin.</p>	0
<b>Austria</b>	<p><b>Fair:</b> Dismissals for “serious reason”, including non-performance or lack of competence, and for operational reasons or other business needs.</p> <p><b>Unfair:</b> “Socially unjustified” dismissals (which would affect the dismissed employee more unfavourably than other comparable employees of the company, or which would impair the interests of the employee to a greater degree than the interest of the firm in dissolving the employment relationship); and dismissals on inadmissible motive (e.g. discrimination, trade union activity or imminent military service). Employers intending to terminate older workers’ contracts will (until 31 December 2003) have to take social aspects into account if it appears to be difficult for such workers to get another job. Beginning in 2004, employers intending to terminate older workers’ contracts with a tenure of more than 2 years will have to take social aspects into account if it appears to be difficult for such workers to get another job.</p>	1
<b>Belgium</b>	<p><b>Unfair:</b> For blue collars, dismissals for reasons which have no connection whatsoever with the capability or conduct of the worker or which are not based on the operational needs of the undertaking, establishment or department. For white collars, the concept of abusive dismissal does not exist in the regulation and one will refer to the general concept of abuse right. The right to lay off must be exerted with an aim for which it was granted, namely the interest of the company. Also unfair are dismissals of workers on maternity or educational leave, and trade union and works council delegates.</p>	0
<b>Canada<sup>b</sup></b>	<p><b>Unfair:</b> Dismissals based on a prohibited ground of discrimination (e.g., sex, race, disability, religion, sexual orientation), pregnancy, garnishment proceedings, or the exercise by an employee of a right under human rights or labour statutes (e.g., employment standards, occupational safety and health and labour relations legislation). In 3 jurisdictions, legislation contains “unjust dismissal” provisions, whereby an employee who meets specific eligibility requirements (e.g., minimum length of service) may not be dismissed unless specific conditions are met.</p>	0
<b>Czech Republic</b>	<p><b>Fair:</b> Dismissals for failure to meet performance requirements and for reasons of technological and organisational change.</p> <p><b>Unfair:</b> Dismissals where employee can be retained in another capacity, if necessary after retraining. Unfair are also any dismissals based on discrimination (age, sex, colour, religion, union membership, etc.).</p>	2
<b>Denmark</b>	<p><b>Fair:</b> Lack of competence and economic redundancy are legitimate reasons.</p> <p><b>Unfair:</b> Dismissals founded on arbitrary circumstances” (blue collar workers) or “not reasonably based on the employee’s or the company’s circumstances”. Dismissals based on race, religion, national origin, etc. and as a result of a corporate take-over are also unfair.</p>	0
<b>Finland</b>	<p><b>Fair:</b> Dismissals are justified for “specific serious reasons”, including personal characteristics and urgent business needs.</p> <p><b>Unfair:</b> Dismissals for an employee’s illness, participation in a strike, union activities and political or religious views. Dismissals for economic and personal reasons are valid only if employees cannot be reasonably, in view of their skills and abilities, transferred or retrained.</p>	2
<b>France</b>	<p><b>Fair:</b> Dismissal for real and serious cause: for personal characteristics such as non-performance or lack of competence, or for economic reasons. In case of dismissal for economic reason, the employer must take account of certain criteria (such as social characteristics, family responsibilities, professional qualification). During one year after dismissal the employee is given a priority when rehiring.</p> <p><b>Unfair:</b> Dismissal without serious cause. In case of dismissal for medical or economic reasons, obligation for the employer to consider alternative solution (reclassement). Null: Dismissals for reasons relating to the private life of the employee, based on discrimination or following moral or sexual harassment.</p>	2

Table 3 Conditions under which individual dismissals are fair or unfair<sup>a</sup> (cont.)

	Legal provisions	Score (scale 0-3)
<b>Germany</b>	<p><b>Fair:</b> Dismissals based on factors inherent in the personal characteristics or behaviour of the employee (such as insufficient skill or capability), or business needs and compelling operational reasons.</p> <p><b>Unfair:</b> Dismissals where the employee can be retained in another capacity within the same establishment or enterprise, and redundancy dismissals where due account has not been taken of "social considerations" (e.g. seniority, age, family situation). Rehabilitation must already have been attempted before the dismissal, or the dismissal is considered unfair.</p>	2
<b>Greece</b>	<p>In the Greek legislation, the denouncement of the working contract is a unilateral, legal act with no obligation to state the causes of termination (with the exception of some cases that are differently defined by law). The definition of justified or unfair dismissal is derived from case law.</p> <p><b>Fair:</b> Dismissals for non-performance or business needs (production requirements, work organisation). In larger companies, dismissals have to be a "last resort", possible only after exhaustion of oral and written warnings, pay reductions and suspensions, and after consultation with employee representatives.</p> <p><b>Unfair:</b> Dismissals of trade union representatives, Works Council members, of recent mothers, and for reasons of pregnancy and discrimination</p>	0.5
<b>Hungary</b>	<p><b>Fair:</b> Dismissals are justified for non-performance or business needs.</p> <p><b>Unfair:</b> Dismissals without notice and workers on sick leave, maternity leave and child care leave.</p>	0
<b>Ireland</b>	<p><b>Fair:</b> Dismissals for lack of ability, competence or qualifications, or redundancy.</p> <p><b>Unfair:</b> Dismissals reflecting discrimination on grounds of race, religion, age, gender, etc., including when these factors bias selection during redundancies. Exercise or proposed exercise of rights under Carer's Leave or minimum wage legislation.</p>	0
<b>Italy</b>	<p><b>Fair:</b> Termination of contract only possible for "just cause" or "just motive", including significant non-performance of the employee, and compelling business reasons.</p> <p><b>Unfair:</b> Dismissals reflecting discrimination on grounds of race, religion, gender, trade union activity, etc.</p>	0
<b>Japan</b>	<p><b>Fair:</b> Dismissals for "reasonable cause": incompetence of the employee or break of disciplinary rules. Redundancy dismissals require urgent business reasons for reducing the number of staff; reasonableness of selection criteria and reasonableness of procedures.</p> <p><b>Unfair:</b> Dismissal for reason of nationality, gender, belief or social status, of workers on sick leave, child birth and maternity leave, and when conditions on fair dismissal have not been satisfied</p>	1
<b>Korea</b>	<p><b>Fair:</b> Dismissals for "just cause" (according to court precedents, justifiable reasons include violation of work regulation, illegal activities, misconduct, apparent lack of abilities to carry out duties, inability to carry out duties due to physical disability, false statement of career experience, etc.) or urgent managerial needs (including individual redundancy and dismissals due to mergers and acquisitions when employees or union have been consulted on urgency, selection criteria and transfer/retraining alternatives).</p> <p><b>Unfair:</b> Dismissal for reason of nationality, gender, belief or social status, of workers on sick leave, child birth and maternity leave, and when not having demonstrated special efforts to avoid dismissal in consultation with labour union.</p>	1
<b>Mexico</b>	<p><b>Fair:</b> Dismissals are fair only when the employer can demonstrate the worker's lack of integrity or actions prejudicial to the company's interests (such as negligence, imprudence, or disobedience). Redundancy or poor performance are normally not legal grounds for dismissal.</p>	3
<b>Netherlands</b>	<p><b>Fair:</b> Dismissals on grounds of employee conduct or unsuitability, and for economic redundancy. In the latter case, data on the financial state of the company and proof that alternatives to redundancy have been considered must be given, and the selection of dismissed employees be justified ("last in - first out" principle, or age/sex balance of the workforce, for example).</p> <p><b>Unfair:</b> Unfair are "obviously unreasonable" terminations, and dismissals of pregnant women, the disabled, new mothers and works council members.</p>	1.5
<b>New Zealand<sup>c</sup></b>	<p><b>Fair:</b> Dismissal is justified if there is a good substantive reason to dismiss and the employer carries out the dismissal fairly and reasonably in those circumstances. There are three main grounds: misconduct, lack of competence, redundancy.</p> <p><b>Unfair:</b> The Authority and the Court have generally placed most emphasis on the fact that an employee must be given reasonable notice of the specific allegation against them, a reasonable opportunity to respond to those allegations. An employer must also give unbiased consideration to an employee's explanation.</p>	0



Table 3 Conditions under which individual dismissals are fair or unfair<sup>a</sup> (cont.)

	Legal provisions	Score (scale 0-3)
<b>Norway</b>	<p><b>Fair:</b> Dismissals on "objective grounds", <i>i.e.</i> economic redundancy (rationalisation measures, etc.) and personal circumstances (disloyalty, persistent absenteeism, etc.).</p> <p><b>Unfair:</b> Dismissals for economic reasons are unfair if the employee could have been retained in another capacity. Dismissals for reasons of age (under the age of 70), for trade union activities, military service, pregnancy and of recent mothers and employees on sick leave are also unfair.</p>	2.5
<b>Poland</b>	<p><b>Fair:</b> Dismissals based on factors inherent in the employee (e.g. lack of competence) or on economic grounds of redundancy of the job.</p>	0
<b>Portugal</b>	<p><b>Fair:</b> Dismissals for disciplinary causes, economic grounds and for lack of professional or technical capability. Dismissals for individual redundancy must be based on urgent needs and must not involve posts also manned by people on fixed-term contracts. Dismissals for lack of competence are only possible after introduction of new technology or change to job functions.</p> <p><b>Unfair:</b> Dismissals where employees could have been, reasonably, in view of their skills and abilities, transferred and retrained.</p>	2
<b>Slovak Republic</b>	<p><b>Fair:</b> An employer may only give notice for the reasons specified in the Labour Code (e.g. personal reasons: continual minor breaches of work discipline or unsatisfactory work results, redundancy/economic/organisational reasons).</p> <p><b>Unfair:</b> An employer cannot give notice for other reasons, such as, racial, discrimination, etc.</p>	0
<b>Spain</b>	<p><b>Fair:</b> Dismissal for "objective" causes (worker's incompetence, lack of adaptation to the job post, absenteeism, lack of adaptation to organisation changes if a training course of 3 months has been offered - not compulsory); dismissal for "justifiable" causes (economic, technological, organizational, due to changes in cyclical demand, due to lack of financing for public programs carried out by the public administration or other non-profit organisation); dismissal for "disciplinary" causes.</p> <p><b>Unfair:</b> Dismissal based on discrimination on grounds of gender, race, religion, social condition, political ideas, trade union activity, and any dismissal violating an employee's constitutional and civil rights, as well as rights related to maternity. Rehabilitation must already have been attempted before the dismissal, or the dismissal is considered unfair.</p>	2
<b>Sweden</b>	<p><b>Fair:</b> Dismissals on "objective grounds", <i>i.e.</i> economic redundancy and personal circumstances, including lack of competence. In cases of redundancy, selection of workers to be dismissed has to be justified (mainly based on last-in, first-out principle).</p> <p><b>Unfair:</b> Objective grounds are deemed not to exist if an employee could reasonably have been transferred to another work, or if dismissal is based on events that happened over two months ago.</p>	2
<b>Switzerland</b>	<p><b>Unfair:</b> Dismissals based, inter alia, on personal grounds such as sex, religion, union membership, marital status or family responsibilities, or on the exercise of an employee's constitutional rights or legal obligations, such as military service.</p>	0
<b>Turkey</b>	<p><b>Unfair:</b> Dismissals on grounds of trade union membership, strike activity, pregnancy and after occupational accidents. Dismissals based on discrimination by race, sex, etc.</p>	0
<b>United Kingdom</b>	<p><b>Fair:</b> Dismissals relating to the capability, qualifications or conduct of the employee; because of economic redundancy; because continued employment would be illegal; or some other "substantial reason". One year tenure generally necessary for being able to file for unfair dismissal.</p> <p><b>Unfair:</b> Dismissals related to a range of reasons including trade union activity, health and safety whistle blowing, pregnancy or maternity, and the national minimum wage. No qualifying service required for complaints for these reasons.</p>	0
<b>United States</b>	<p><b>Fair:</b> With the exception of the public sector, it is generally fair to terminate an open-ended employment relationship without justification or explanation ("employment-at-will" principle) unless the parties have placed specific restrictions on terminations.</p> <p><b>Unfair:</b> Dismissals based on breach of Equal Employment Opportunity principles (<i>i.e.</i> national origin, race, sex, etc.) and dismissal of employees with physical or mental impairment if work could be performed through appropriate workplace adjustment. In addition, there are increasing numbers of cases where employees pursue wrongful termination claims by alleging that dismissal was based on an "implied contract" for continued employment.</p>	0

a) For scoring methodology, see *OECD Employment Outlook* (2004), Chapter2, Annex 2.1, Table 2.A1.1- item 5.

b) Canada, Federal jurisdiction: a person employed for more than 12 months and who is not covered by a collective agreement may file a complaint for unjust dismissal unless he or she has been laid off due to lack of work or the discontinuance of a function. *Quebec:* an employee with two years or more of uninterrupted service in the same enterprise may not be dismissed without "good and sufficient reason". *Nova Scotia:* an employee with 10 years or more of service may not be discharged or suspended without just cause, unless it is for a reason beyond the control of the employer (e.g. destruction of a plant, labour dispute, weather conditions), the employee has refused the employer's offer of reasonable other employment or the employee has reached the age of retirement. Certain occupations and industries (e.g. construction industry) are excluded from these provisions.

c) The review of the ERA is looking at clarifying the extent of the Act's personal grievance provisions, and providing a more appropriate balance between the rights of employees and employers, reflecting the duty of good faith.

Table 4 Trial Period<sup>a</sup>

	Legal provisions	Length (months)
<b>Australia</b>	In principle, no more than 3 months. The probationary can be longer than 3 months, if reasonable given the nature of the employment.	3
<b>Austria</b>	1 month.	1
<b>Belgium</b>	Not legally required, but when introduced in the employment contract, minimum and maximum duration set by law. Blue collar: 7-14 days; White collar: 1-6 months (the trial period can be up to 12 months if pay exceeds 31 073 EUR per year).	3.3
<b>Canada</b>	Typically 3 months, except in Manitoba (30 days) and in New Brunswick, Prince Edward Island and Yukon (6 months).	3
<b>Czech Republic</b>	3 months.	3
<b>Denmark</b>	Blue collar: 9 months (based on collective agreements). White collar: 12 months.	10.5
<b>Finland</b>	4 months.	4
<b>France</b>	Not legally required. In practice: Blue collar: 1-2 weeks; White collar: 1 month; Executive: 3 months.	1.5
<b>Germany</b>	6 months.	6
<b>Greece</b>	2 months.	2
<b>Hungary</b>	maximum 3 months.	3
<b>Ireland</b>	12 months. Shorter trial periods are commonly agreed between employer and employee, but claims under statutory unfair dismissal legislation are not normally possible until after the periods shown.	12
<b>Italy</b>	Blue collar: 1-2 weeks (the trial periods cited are those common in collective agreements which are enforceable). White collar: 3-8 weeks.	0.8
<b>Japan</b>	Not legally regulated, but usually varies from 2 to 6 months (most often 3 months). The employer can dismiss the employee without stating any reason during the whole length of the probation period. However, after the first 14 days the ordinary 30-day notice must be given.	3
<b>Korea</b>	Not legally regulated, varies from case to case.	..
<b>Mexico</b>	Not legally regulated.	..
<b>Netherlands</b>	1 month for contracts of up to 2 years; 2 months for contract with >2 years duration.	2
<b>New Zealand</b>	All employees are covered by EPL from the start of their employment. The ERA's provisions on trial and probationary periods provide that the fact that an employee is employed on a trial/probationary period does not affect the application of the law relating to unjustifiable dismissal.	0
<b>Norway</b>	By law up to 6 months trial period (14 days notice).	3
<b>Poland</b>	Minimum 2 weeks. Ranging up to 3 months. (Labour Code).	1.8
<b>Portugal</b>	90 days (standard trial period, but the period can be up to 180 days for jobs that imply high levels of responsibility and 240 days for senior managers).	3
<b>Slovak Republic</b>	A probationary period for the maximum of three months may be agreed in an employment contract. A probationary period may not be prolonged. The probationary period must be agreed upon in writing or it shall be invalid.	3
<b>Spain</b>	2 or 3 months depending on company size. In addition, trial period can go up to 6 months for qualified technical staff and 9 months for managers.	2.5
<b>Sweden</b>	Probationary period limited to a maximum of 6 months trial; does not exclude claim for damages.	3
<b>Switzerland</b>	1 month, often extended to 3 months in individual employment contracts.	2
<b>Turkey</b>	2 months, sometimes extended by collective agreements to 4 months.	3
<b>United Kingdom</b>	Trial periods are for agreement between employer and employee, but do not affect the employee's statutory employment rights. Claims under unfair dismissal legislation are not normally possible until 1 year's service has been completed.	12
<b>United States</b>	Wide range.	..

a) Averages are taken where different situations apply (e.g. blue collar and white collar workers).

Table 5 Compensation pay and related provisions following unjustified dismissal<sup>a</sup>

Legal provisions	Typical compensation at 20 years tenure (months)	Extent of reinstatement (scale 0-3)
<b>Australia</b> Courts may order reinstatement with back pay. Compensation up to six months wages, plus entitlements (that would have been) accrued until the end of notice period. (For non-award employees, the cap is either 6 months wages or \$42,700, whichever is the lower amount.)	6	1.5
<b>Austria</b> A reinstatement order is possible, although rarely taken up by the employee concerned (the worker has the right to demand reinstatement or compensation in lieu). Compensation equal to earnings between the dismissal and the legal settlement of the case. Sums earned by the employee in the interim are set off against the award.	6	3
<b>Belgium</b> No right to reinstatement. Compensation at least equal to notice period (in the event of notice was not carried out). Blue collar: additional compensation for damages corresponding to six months; typical compensation at 20 years of tenure scored as eight months. White collar: possible additional compensation, as stated by the court; typical compensation at 20 years of tenure scored as 15/21 months (notice period – depending on salary < or > to 25 921 EUR annually in 2003).	14	0
<b>Canada</b> Varies in each jurisdiction. Depending on circumstances, an employer may be ordered to reinstate an employee. Employees discharged unjustly or on prohibited grounds may also be entitled to damages corresponding to wages and benefits lost due to dismissal. Statues in some jurisdictions also provide that additional compensation may be ordered for pain and suffering or as a punitive damages where an employer has engaged wilfully or recklessly in unlawful practices.	..	1
<b>Czech Republic</b> Unfair dismissal gives rise to a right to reinstatement. If reinstatement is not accepted by both parties, compensation is through severance pay and award of lost earnings during the court case (up to six months). Sums earned by the employee in the interim are set off against the award.	8	3
<b>Denmark</b> Reinstatement orders are possible but rare. Blue collars: compensation limited to 52 weeks of pay for long service cases (average is 10.5 weeks according to Danish Confederation of Trade Unions). White collars: compensation depends on age and seniority with the firm and is increasing in both (maximum is 6 months for older than 30 with more than 15 years tenure).	9	1
<b>Finland<sup>b</sup></b> No reinstatement. Compensation between 3 and 24 months.	14	0
<b>France</b> The option of reinstatement is available to the employee in case of null dismissal only ( <i>i.e.</i> in case of discrimination). Compensation additional to regular severance pay of 6 months minimum (generally 12 to 24 months, can be more) for employees with at least 2 years tenure and working in enterprises with more than 11 employees. For employees with less than 2 years service and /or working in a firm with fewer than 11 people, the judge can order compensation according to the loss suffered, but without any minimum.	16	0
<b>Germany</b> A reinstatement order is possible, although rarely taken up by the employee concerned. Compensation of up to 12 months, depending on length of service (15 months if aged < 50 with at least 15 years tenure, 18 months if aged over 55 with at least 20 years tenure). Compensation must be requested for by employee or employer during court action. In some cases, additional liability for wages from the expiry date of the notice to the conclusion of the court hearing.	18	1.5
<b>Greece</b> Frequent reinstatement orders, accompanied by indemnity for the period of time between notice of termination and court ruling. No reinstatement, if severance pay has been requested. Typical compensation at 20 years tenure: <i>Blue collar</i> : 9.5 months. <i>White collar</i> : 14 months.	12	2
<b>Hungary</b> Reinstatement orders fairly frequent. In lieu of reinstatement, the court shall order (upon weighing all applicable circumstances, in particular the unlawful action and its consequences) the employer to pay compensation of no less than 2 months and up to 12 months.	10	2

Table 5 Compensation pay and related provisions following unjustified dismissal<sup>a</sup> (cont.)

	Legal provisions	Typical compensation at 20 years tenure (months)	Extent of reinstatement (scale 0-3)
<b>Ireland<sup>c</sup></b>	A reinstatement order, with back pay from the date of dismissal, is possible. Re-engagement from a date after date of dismissal with no back pay from date of dismissal also possible. Maximum compensation equals 104 weeks' pay. Compensation awards based on financial loss. Minimum 4 weeks' award where no loss established.	24	1
<b>Italy</b>	The option of reinstatement is fairly often made available to the employee. Under the 1970 Act (Workers Statute), workers in companies employing > 60 employees, or >15 employees in an establishment or in the same municipality can choose between reinstatement and financial compensation of 15 months (plus at least 5 months compensation for the period between dismissal and court decision in both cases). For establishments not included in the above cases, the 1966 Act gives the employer the choice between re-employment and compensation of 2.5-6 months (depending on seniority and firm size), but up to 10 months > 10 years, and 14 months >20 years seniority.	15	2
<b>Japan</b>	Reinstatement with back pay when dismissal declared null and void. In lieu of reinstatement, compensation through regular severance pay, plus a sum equal to earnings between the dismissal and the legal settlement of the case. Sums earned by the employee in the interim can only partially be set off against the award.	9	3
<b>Korea</b>	The option of reinstatement is always made available to the employee. Compensation in lieu of reinstatement varies widely. Workers can get money equivalent to their wages corresponding to the period from the beginning of unfair dismissal until they are reinstated.	6	3
<b>Mexico</b>	Reinstatement orders are rare, although possible by law. In the case of dismissal without "just cause", compensation of 3 months plus 20 days per year of service.	16	1
<b>Netherlands</b>	The option of reinstatement is rarely made available to the employee. Notwithstanding court rulings, employers in practice can choose to replace reinstatement by payment of compensation. The amount of compensation is governed by application of regular severance pay formula.	18	1
<b>New Zealand</b>	The ERA requires the Employment Relations Authority to provide for reinstatement "wherever practicable". Compensation is set on a case-by-case basis. The ERA's provisions on personal grievances provide for some of the following remedies: reinstatement, reimbursement of lost wages; and payment of compensation, including compensation for humiliation, loss of dignity, injury to employee's feelings, and for loss of any benefit.	..	1
<b>Norway</b>	Reinstatement orders fairly frequent. Compensation up to 6 months pay (although it can go up to 3 years in rare cases), plus back pay for the duration of the court case.	12	2
<b>Poland</b>	Reinstatement frequently ordered. Compensation of up to 3 months depending on amount of salary earned in another job by the time of court decision.	3	2
<b>Portugal</b>	The option of reinstatement is generally made available to the employee, although the employer may, in some special cases, submit a request to court to oppose reinstatement. Employee can choose between reinstatement with full back pay counting from the date of the dismissal to the actual court sentence; or compensation of one month of pay per year of service (with a minimum indemnity of 3 months).	20	2.0
<b>Slovak Republic</b>	Unfair dismissal gives rise to a right to reinstatement, except in cases where court decides that the employer cannot be fairly required to reinstate the employee in question. In lieu of reinstatement, compensation is through severance pay and award of lost earnings during the court case (up to 9 months).	10	2.5
<b>Spain</b>	Employer can choose between reinstatement with back pay and compensation with back pay (45 days wages per year of seniority with a maximum of 42 months wages). As specified in Decree 17/5/1997, for new permanent contracts (aimed at young and disadvantaged workers: 16-30, over 45, fixed-term employees, unemployed for more than 6 months, disabled persons, women where they are under-represented) compensation is fixed in 33 days per year of service, with a maximum of 24 months pay. For discrimination cases employers must accept reinstatement.	22	0

Table 5 Compensation pay and related provisions following unjustified dismissal<sup>a</sup> (cont.)

Legal provisions	Typical compensation at 20 years tenure (months)	Extent of reinstatement (scale 0-3)
<b>Sweden</b> Courts may order reinstatement or damages, plus a sum equal to earnings between the dismissal and the legal settlement of the case. The option of reinstatement is rarely made available to the employee. If employer refuses to comply with reinstatement, damages are payable on the scale (employees over 60 in parenthesis): 16 (24) months < 5 years; 24 (36) months < 10 years; 32 (48) months > 10 years.	32	1
<b>Switzerland</b> Courts are not empowered to order reinstatement (except in case of discrimination against women). Compensation usually limited to wages for the notice period that should have been observed or for the time period from the time of the unjustified dismissal to the actual court sentence, with an overall limit of six months.	6	0
<b>Turkey</b> The employer has to reinstate the employee concerned within the month following the court decision, otherwise he has to pay compensation. Right to compensation of 4 months minimum and 8 months maximum, plus regular severance pay (and additional indemnity of up to 4 months for the period of time between notice of termination and court ruling).	26	0
<b>United Kingdom<sup>d</sup></b> Employers are not obliged to reinstate. Compensation may consist of various elements: basic award (up to £7 800); compensatory award (up to £53 500); and additional awards (up to £13 520). Unlimited, if the dismissal is connected with health and safety matters or whistle blowing, or under discrimination grounds.	8	1
<b>United States</b> Reinstatement often ordered where worker has been discharged in violation of laws such as the National Labor Relations Act or the Equal Rights Act. But in general, the option of reinstatement is almost never made available to the employee. A wrongfully discharged worker employed under a fixed-term contract is entitled to damages corresponding to what he/she would have earned over the life of the contract (less any salary from newly entered employment). Workers under open-ended contracts may be entitled to damages corresponding to past and future financial losses, and accompanying psychic injuries.	..	0.5

- a) For scoring methodology, see *OECD Employment Outlook* (2004), Chapter 2, Annex 2.1, Table 2.A1.1– items 7 and 8. Where relevant, calculations of compensation assume that a court case takes 6 months on average. In addition, averages are taken where different situations apply (e.g. blue collar and white collar workers).
- b) Finland: The following factors must be taken into account when determining the amount of compensation: estimated time without employment, estimated loss of earnings, duration of the employment relationship, and degree of guilt found on the side of employer.
- c) Ireland: Deciding body must specify why re-instatement/re-engagement not applied if compensation awarded. In nearly 6% of total allowed unfair dismissal cases in 2001, the Tribunal awarded a 'job back' remedy (2% in 2002).
- d) United Kingdom: If a tribunal orders reinstatement or re-engagement in a comparable job and the employer refuses to comply, the tribunal may make an additional award on top of the basic and compensatory awards.

Table 6 Regulation of fixed-term contracts<sup>a</sup>

	Legal provisions	Valid cases for use of FTC (scale 0-3)	Maximum number of successive contracts	Maximum cumulated duration (months)
<b>Australia</b>	No restrictions on valid cases. No legal limit specified for maximum number of renewals and cumulated duration, but risk that, upon continuous renewal, the courts will find that the primary purpose of the contract is to avoid termination laws.	3	Scored 1.5	No limit
<b>Austria</b>	No restrictions for first contract. No legal limit specified for maximum number of renewals and cumulated duration. Successive fixed-term contracts without objective reason imply the risk of a court declaring the contract unlimited.	2.5	Scored 1.5	No limit
<b>Belgium</b>	<i>Without specifying an objective reason:</i> 4 successive contracts permitted for up to two years (each > 3 months), or for up to three years (each > 6 months) with the authorisation of the social and labour inspectorate. <i>With an objective reason:</i> no restrictions.	2.5	4	30
<b>Canada</b>	No restrictions.	3	No limit	No limit
<b>Czech Republic</b>	Generally permitted, with restrictions for certain categories of employees, such as the disabled, those under 18 and recent graduates of apprenticeship and higher education.	2.5	No limit	No limit
<b>Denmark</b>	Fixed-term contracts allowed for specified periods of time and/or for specific tasks. Widely used, particularly in professional services and construction. Renewal must be based on objective reasons. The Danish Confederation of Trade Unions states that court rulings suggest that 2-3 years temporary employment entail notification procedures.	2.5	Scored 1.5	30
<b>Finland</b>	Permitted for temporary replacements, traineeship, and special business needs (unstable nature of service activity, etc.). In case of successive contracts, justification of limitation of contract subject to court examination.	1	Scored 1.5	No limit
<b>France<sup>b</sup></b>	Restricted to "objective situations" (replacement, seasonal work, temporary increases in company activity). The maximum duration of 18 month in principle but can vary from 9 to 24 months. A new contract on the same post can only start after a waiting period amounting to one third of initial contract.	1	2	18
<b>Germany</b>	Fixed-term contracts without specifying an objective reason are possible up to 2 years and 4 renewals; for employees aged over 52 years fixed-term contracts are possible without any restrictions. No restrictions for contracts with an objective reason.	2.5	4	24
<b>Greece</b>	Objective situations only (mainly seasonal work and special projects), with the exception of the public service. After 3 renewals the contract is converted into a working relationship of an indefinite term. The maximum cumulated duration of successive fixed-term contracts without the existence of specific reasons stated by law cannot exceed 2 years in total.	0	3	24
<b>Hungary</b>	No restrictions for the first contract, except for public service (objective reasons only). No limit on renewal specified but the amended Labour code (2003) states that any fixed-term contract shall be deemed as indefinite if the contract is repeatedly established or extended without the employer having a legitimate reason to do so and this violates the employee's legitimate interests. The maximum cumulated duration of successive fixed-term contracts cannot exceed 5 years in total.	2.5	Scored 2.5	60

Table 6 Regulation of fixed-term contracts<sup>a</sup> (cont.)

Legal provisions	Valid cases for use of FTC (scale 0-3)	Maximum number of successive contracts	Maximum cumulated duration (months)
<p><b>Ireland<sup>c</sup></b> No restrictions for the initial fixed-term contracts. The Protection of Employees (Fixed-Term Work) Act 2003 provides that where an employer proposes to renew a fixed-term contract the employee shall be informed in writing, not later than the date of renewal, of the objective grounds justifying the renewal and the failure to offer a contract of indefinite duration. No limit specified for the number of renewals in case of objective grounds. The maximum cumulated duration is 4 years.</p>	2.5	No limit	48
<p><b>Italy</b> Since 2001 (Legislative Decree no. 368/2001) FTC can be used for technical, production and organizational reasons including the replacement of absent workers although whether such grounds actually exist in a particular case may be contested before the courts. One renewal possible provided that the duration initially agreed is less than three years. No maximum duration except for managers (5 years). When the contract is subject to a renewal the total duration cannot exceed three years.</p>	2	1	No limit
<p><b>Japan</b> Fixed-term contracts under 3 year duration widely possible without specifying an objective reason. The contract can be of 5 years for highly skilled employees or those aged 60+. After repeated renewal the employee becomes entitled to expect renewal of his contract and the employer must have just cause to refuse renewal.</p>	2.5	No limit	No limit
<p><b>Korea</b> Fixed-term contracts under 1 year widely possible without specifying any objective reason. Contracts over 1 year limited to objective situations. No limit specified for the maximum number of renewals, but several successive renewals imply the risk that a court will declare a fixed-term contract invalid. Recently, a court declared a fixed-term contract to be valid after 7-8 renewals were made.</p>	2.5	5 or more	No limit
<p><b>Mexico</b> Restricted to objective situations (replacement, temporary increase in workload, etc.), with the exception of a few occupations. Extent of use determined in consultation with union delegates. No limit specified for maximum number of renewals and cumulated duration, negotiable by both parties.</p>	0.5	No limit	No limit
<p><b>Netherlands</b> No restrictions on valid cases. Three successive fixed-term contracts not exceeding a period of 3 years permitted by law. A fourth renewal or a renewal exceeding a total period of 3 years will alter the fixed-term contract automatically into a contract of indefinite time. The number of renewals and/or the duration can be changed (more/less) by collective agreement. No limit on duration for first fixed-term contracts, but 3 years in case of renewals.</p>	3	3	No limit
<p><b>New Zealand</b> The ERA provides that the employer must have genuine reasons based on reasonable grounds. No limit specified on renewal, but there may be a risk that upon continuous renewal the Courts will find a fixed-term agreement to be a "sham".</p>	2	Scored 4	No limit
<p><b>Norway<sup>d</sup></b> Permitted for specific tasks/projects, the hiring of trainees, athletes and chief executives, temporary replacements of absent employees, and job creation measures. In case of successive contracts, justification of limitation of contract subject to court examination.</p>	1	Scored 1.5	No limit
<p><b>Poland</b> No restrictions (modified by the new Labour Code in 2002) until the Polish accession to the EU, then 2 successive fixed contracts allowed.</p>	3	No limit	No limit

Table 6 Regulation of fixed-term contracts<sup>a</sup> (cont.)

	Legal provisions	Valid cases for use of FTC (scale 0-3)	Maximum number of successive contracts	Maximum cumulated duration (months)
<b>Portugal</b>	Permitted, <i>inter alia</i> , for a) business start-ups, b) launching a new activity of uncertain duration and c) recruiting workers in search of their first job and long-term unemployed. At first the contract cannot be longer than 3 years renewals included nor be renewed more than twice. After the 3 year period or the maximum number of renewals, the contract can be subject to one more renewal for no less than 1 year and no more than 3 years, except for new activities and business start-ups (2 years).	2	4	48
<b>Slovak Republic</b>	Generally permitted for a maximum of 3 years. <i>Firms with more than 20 employees</i> : duration can be extended for “objective” reasons (such as exceptional workload, replacement, specific task) and certain categories of employees <sup>e</sup> . <i>Firms with a maximum of 20 employees</i> : no restrictions on renewal or duration.	3	No limit	Scored 60
<b>Spain</b>	Permitted in case of objective reasons without any restrictions on maximum number of renewals and cumulated duration, except for temporary increase in workload where 2 successive contracts for up to 6 months are permitted (12 months by collective agreement). In addition to objective reasons, permitted <i>inter alia</i> for: temporary training purposes (3 contracts, up to 2 years or 3 by collective agreement); hiring of handicapped workers (3 contracts, up to 3 years).	1.5	3	24
<b>Sweden</b>	Permitted, <i>inter alia</i> , for a) temporary replacement of absent employees for up to 3 years in 5 years period; b) temporary increases in workload for up to 6 months in 2 years period; c) trainee work; d) since 1997 also allowed without specifying the reason, but only where no more than 5 employees are covered by such contracts, for up to 12 months in 3 years period, or 18 months for 1 <sup>st</sup> employee.	2.5	No limit	Scored 12
<b>Switzerland</b>	No restrictions. No limit specified for the number of renewals, but successive contracts imply the risk of a court declaring the fixed-term contract null and void.	3	Scored 1.5	No limit
<b>Turkey</b>	Restricted to “objective situations”, particularly seasonal and agricultural work. Fixed-term contracts cannot be successively renewed without serious reason, otherwise the renewal will alter the fixed-term contract into a contract of indefinite time.	0	Scored 1.5	No limit
<b>United Kingdom</b>	No restrictions for up to 4 years, after which the worker will be treated as a permanent employee.	3	No limit	48
<b>United States</b>	No restrictions	3	No limit	No limit

- a) For scoring methodology, see *OECD Employment Outlook* (2004), Chapter2, Annex 2.1, Table 2.A1.1- item 9.
- b) France: Fixed-term contracts are not allowed in a period of six months following dismissals for economic reasons.
- c) Ireland: The Act also provides that a fixed-term employee shall be informed in writing by his/her employer of the objective condition determining the contract *i.e.* whether it is (a) arriving at a specific date (b) completing a specific task, or (c) the occurrence of a specific event.
- d) Norway: Employers have to give notice to fixed-term employees, instead of simply letting their contracts run out. Fixed-term workers dismissed before expiry date because of lack of work are entitled to preferential rehiring later, under certain conditions.
- e) Slovak Republic: For example managing employees, creative employees working in science, research and development; employees, beneficiaries of retirement pension, disability pension, ex-service pension or disability ex-service pension.



Table 7 Regulation of temporary work agency (TWA) employment<sup>a</sup>

	Legal provisions	Valid types of work (scale 0-4)	Restriction on the number of renewals	Maximum duration (months)
<b>Australia</b>	No restrictions.	4	No	No limit
<b>Austria</b>	Permitted for all types of work if contract is indefinite, but limited to "objective reasons" if it is of fixed duration. There are no restrictions on the number of renewals.	3	No	No limit
<b>Belgium</b>	Limited to objective situations, including: replacement of absent workers (limited to 12 months), temporary increases in workload (18 months or extended by collective agreement), exceptional work (3 months). Renewal requires prior authorisation.	2	Yes	11
<b>Canada</b>	No restrictions	4	No	No limit
<b>Czech Republic</b>	Generally permitted, with restrictions for certain categories of employees, such as the disabled, those under 18 and recent graduates of apprenticeship and higher education.	2.5	No	No limit
<b>Denmark</b>	Generally permitted. No limit on renewal but the Danish Confederation of Trade Unions states that court rulings suggest that 4-5 renewals entail notification procedures.	4	No	No limit
<b>Finland</b>	No restrictions.	4	No	No limit
<b>France<sup>b</sup></b>	Limited to "objective situations". One prolongation possible. A new contract on the same post can only start after a waiting period amounting to one third of initial contract. Maximum duration is 18 month in principle but can vary from 9 to 24 months depending on the reason.	2	Yes	18
<b>Germany</b>	General permitted, with exception of construction industry. Same restrictions on renewal as for fixed-term contracts. From 1.1.2004 no limit on duration (previously 24 months)	3	Yes	No limit
<b>Greece</b>	Generally permitted, for up to 8 months for initial contract. One renewal is allowed for further 8 months.	4	Yes	16
<b>Hungary</b>	No restrictions.	4	No	No limit
<b>Ireland</b>	No restrictions.	4	No	No limit
<b>Italy<sup>c</sup></b>	<b>Reform of 2000:</b> extended TWA to the construction and agricultural sectors (with reference to white collar workers) and removed the restrictions concerning unskilled workers. <b>Reform of 2003:</b> opened up the market for the placement and management of work to private companies to the extent that TWA can now be used for technical, production and organizational reasons including the replacement of absent workers. Can also be used for types of work normally carried out by the enterprise but collective agreement may lay down upper limits for the use of temporary workers.	3	Yes	No limit
<b>Japan</b>	"Dispatching agencies" allowed for all occupations, except port transport services, construction work, security services, medical-related work at hospital etc. and manufacturing products. Two prolongations possible (but only 1 year possible with no renewal for the newly allowed occupations). Duration of 36 months (12 months contracts renewable twice) for the 26 original occupations.	3	Yes	36
<b>Korea</b>	In principle, allowed in only 26 occupations requiring professional knowledge, skills or experiences (up to 2 years, renewable once). In case the reasons are temporary and intermittent, all occupations are allowed for only up to 3 months, renewable once.	2.5	Yes	24
<b>Mexico</b>	Not allowed	0	-	-
<b>Netherlands</b>	Generally permitted, with the exception of seamen. After the first year, 8 renewals allowed, each for 3 months. After 3 years of cumulated duration, the contract will be altered into a contract for an indefinite period with the TWA.	3.5	Yes	36

Table 7 Regulation of temporary work agency (TWA) employment<sup>a</sup> (cont.)

	Legal provisions	Valid types of work (scale 0-4)	Restriction on the number of renewals	Maximum duration (months)
<b>New Zealand</b>	Generally permitted. No limit specified for number of renewals and cumulated duration, except that the employer must have genuine reasons based on reasonable grounds.	4	Yes	No limit
<b>Norway</b>	Conditions similar to fixed-term work (permitted for specific tasks/projects, temporary replacements of absent employees, etc...). No limit specified for number of renewals and cumulated duration, as long as there is an objective reason.	2	Yes	No limit
<b>Poland</b>	Permitted for seasonal tasks or specific projects, temporary replacements of absent permanent employees; temporary increase in workload. Within 3 years, the maximum duration of TWA employment for a single employer is 12 months, 36 months for a replacement. A new contract with the same employer can only start after a waiting period of 36 months.	2	No	Scored 24
<b>Portugal</b>	Restricted to "objective situations", including seasonal activity and replacement of absent permanent workers. Only certain categories of contract may be renewed, always with the permission of the Labour Inspectorate. Succession of temporary workers in the same post is expressly forbidden. Duration of 6 or 12 months, depending on reason.	2	Yes	Scored 9
<b>Slovak Republic</b>	No restrictions.	4	No	No limit
<b>Spain</b>	Legal since 1994, limited to "objective situations". No limit on duration for substitution and contracts related to a specific task; 6 months for temporary increase in workload; 3 months to cover temporarily a post while carrying out a selection process.	2	Yes	Scored 6
<b>Sweden</b>	Generally permitted. Same rules on duration as for fixed-term contracts.	4	No	Scored 12
<b>Switzerland</b>	Generally permitted. No renewals possible with the same client employer.	4	Yes	No limit
<b>Turkey</b>	Prohibited (with the exception of agricultural work).	0	-	-
<b>United Kingdom</b>	No restrictions.	4	No	No limit
<b>United States</b>	No restrictions.	4	No	No limit

- a) For scoring methodology, see *OECD Employment Outlook* (2004), Chapter2, Annex 2.1, Table 2.A1.1–item 12.
- b) France: TWA contracts are not allowed in a period of six months following dismissals for economic reasons.
- c) Italy: An important novel aspect of the new Law no. 30/2003 is that in addition to the supply of workers on temporary contracts there now exists staff leasing *i.e.* supply of workers on permanent contracts (excluded for firms which have resorted to collective dismissal in the previous 6 months).

Table 8 Procedures for collective dismissals: definition and notification requirements

	Definition of collective dismissal	Notification requirements
<b>Australia</b>	Termination of 15 or more employees for reasons of an economic, technological or structural nature, or for reasons including such reasons.	<b>Notification of employee representatives:</b> Obligation to inform and consult with employees and trade union (if requested by an affected employee), where relevant. <b>Notification of public authorities:</b> Notification of competent labour authorities.
<b>Austria</b>	Within 30 days, 5+ workers in firms with 20-99 employees; 5%+ in firms with 100-599; 30+ workers in firms with > 600+; 5+ workers over the age of 50.	<b>Notification of employee representatives:</b> General duty to inform the Works Council about changes affecting the business. <b>Notification of public authorities:</b> Notification of local employment office.
<b>Belgium</b>	Within 60 days, 10+ workers in firms with 20-99 employees; 10% + in firms with 100-300; 30+ workers in firms 300+ employees	<b>Notification of employee representatives:</b> Obligation to inform and consult with Works Council or trade union delegation. <b>Notification of public authorities:</b> Notification of sub-regional employment office and report on the results of consultations giving full information of planned dismissals.
<b>Canada<sup>a</sup></b>	Within a period of 4 weeks, 50+ employees in federal jurisdiction, Alberta, Manitoba, Newfoundland and Labrador, Ontario (some exceptions) and British Columbia (in 2-month period). Between 10+ and 25+ employees in the other jurisdiction.	<b>Notification of employee representatives:</b> a copy of the notice must be given to the bargaining agent of each affected employee in the federal jurisdiction, British Columbia, Manitoba, New Brunswick, Quebec and Saskatchewan. <b>Notice to public authorities:</b> in all jurisdictions (except Prince Edward Island), the employer must notify the competent labour authorities (e.g. Minister of Labour).
<b>Czech Republic</b>	Within 30 days, 10+ workers in firms with 20-100 employees, 10% workers in firms with 101-300 employees, 30+ workers in firms with >300 employees	<b>Notification of employee representatives:</b> Duty to inform competent trade union body. <b>Notification of public authorities:</b> Notification of district labour office.
<b>Denmark</b>	Within 30 days, >9 workers in firms with 21-99 employees; >9% in firms with 100-299; >29 workers in firms with 300+ employees.	<b>Notification of employee representatives:</b> Inform and consult with Works Council or trade union delegation. <b>Notification of public authorities:</b> Notification of public employment service.
<b>Finland</b>	>9 workers in firms with >20 employees, in case of dismissal for financial or production-related reasons.	<b>Notification of employee representatives:</b> Consultation with trade union or personnel representatives. <b>Notification of public authorities:</b> Notification of local employment office.
<b>France</b>	No specific definition of collective dismissals in the Labour code. Requirements in the case of more than 10 dismissals within 30 days are nevertheless significantly more important.	<b>Notification of employee representatives:</b> Full information to be given to personnel delegates or Works Council and consultation meetings to be held. <b>Notification of public authorities:</b> Notification of departmental labour market authorities (DDTEFP).
<b>Germany</b>	Within 30 days, 5+ workers in firms with 21-59 employees; 10% or 25+ workers in firms with 60-499; 30+ workers in firms with 500+ employees.	<b>Notification of employee representatives:</b> Consultation with Works Council. <b>Notification of public authorities:</b> Notification of local employment office.
<b>Greece</b>	Within a month, 4+ workers in firms with 20-200 employees; 2% + or 30+ workers in firms with 200+ employees (at the beginning of the month).	<b>Notification of employee representatives:</b> Notification of reasons of dismissal and consultation with employee representatives. <b>Notification of public authorities:</b> Notification to Prefect and Labour Inspection, with request for approval.
<b>Hungary</b>	10+ workers in firms with 20-299 employees; 10% + in firms with 100-299; 30+ workers in firms with 300+ employees.	<b>Notification of employee representatives:</b> Committee to be set up, including Works Council or trade union representatives to consult on procedures and benefits. <b>Notification of public authorities:</b> Notification of local employment office.

Table 8 **Procedures for collective dismissals: definition and notification requirements** (cont.)

	Definition of collective dismissal	Notification requirements
<b>Ireland</b>	Within 30 days , 5-9 workers in firms with 20-49 employees; 10+ workers in firms with 50-99; 10% in firm with 100-299; 30+ in firms with 300+ employees.	<b>Notification of employee representatives:</b> Duty to inform and consult with competent trade union. Further requirement to consult with employee representatives whether unionized or not under 2000 Regulations. Civil remedy introduced for failure to do so. <b>Notification of public authorities:</b> Notification of Ministry competent for labour and employment.
<b>Italy</b>	In firms with 15 and more employees and over a period of 120 days, 5+ workers in a single production unit; 5+ workers in several units within one province.	<b>Notification of employee representatives:</b> Duty to inform employee representatives and competent trade union and set up a joint examination committee. <b>Notification of public authorities:</b> Notification of labour authorities (at local, regional or national level, depending on size of redundancy).
<b>Japan</b>	No special statute on collective dismissal, but notification requirement in cases of 30+ dismissals.	<b>Notification of employee representatives:</b> information and consultation with trade union or employee representatives required. <b>Notification of public authorities:</b> Notification of public employment service.
<b>Korea</b>	10+ workers in firms with < 100 employees; 10% + workers in firms with 100-999; 100+ workers in firms with 1000+ employees.	<b>Notification of employee representatives:</b> Information and sincere consultation with trade union or employee representatives. <b>Notification of public authorities:</b> As from 10 dismissals, notification to Ministry of Labour (30 days before dismissals).
<b>Mexico</b>	Unspecified number to be dismissed for economic reasons; provisions restricted to companies with 20+ employees.	<b>Notification of employee representatives:</b> Duty to inform and consult with trade union or employee representatives. <b>Notification of public authorities:</b> Notification to Conciliation and Arbitration Board ( <i>Junta</i> ) if no agreement with union can be found.
<b>Netherlands</b>	Over 3 months, 20+ workers dismissed by one employer in one employment service region.	<b>Notification of employee representatives:</b> Duty to inform and consult with Works Council and trade union delegation. <b>Notification of public authorities:</b> Notification of regional employment office.
<b>New Zealand</b>	No definition of collective dismissal.	<b>Notification of employee representatives:</b> No special regulations for collective dismissal. <b>Notification of public authorities:</b> Not required.
<b>Norway</b>	10+ employees within a month.	<b>Notification of employee representatives:</b> Duty to inform and consult with trade union or employee representatives. <b>Notification of public authorities:</b> Notification of district employment office.
<b>Poland</b>	10 workers in firms with < 100 employees. 10% in firms with < 300. 30 workers in firms with 300+ employees.	<b>Notification of employee representatives:</b> Duty to inform competent trade union. <b>Notification of public authorities:</b> Notification of local employment office.
<b>Portugal</b>	Within 90 days, 2+ workers in firms with < 51 employees; 5+ workers in firms with 51+ employees.	<b>Notification of employee representatives:</b> Duty to inform and consult with Works Council or trade union delegation. <b>Notification of public authorities:</b> Notification of Labour Inspectorate.
<b>Slovak Republic</b>	Within 90 days, 20+ workers.	<b>Notification of employee representative:</b> Duty to inform the competent trade union body with full information in a written report (reasons, number and categories of workers to be dismissed, selection criteria). <b>Notification of public authorities:</b> Duty to give a copy of the written information to the National Labour Office.

Table 8 **Procedures for collective dismissals: definition and notification requirements** (cont.)

	Definition of collective dismissal	Notification requirements
<b>Spain</b>	Within 90 days, 10+ workers in firms with < 100 employees; 10%+ in firms with 100-299; 30+ workers in firms with 300+ employees.	<b>Notification of employee representatives:</b> Duty to inform and consult with Works Council or trade union delegation. <b>Notification of public authorities:</b> Notification of local labour market authorities.
<b>Sweden</b>	Collective dismissal governed by regulation on redundancy dismissal.	<b>Notification of employee representatives:</b> Duty to inform and consult with competent trade union. <b>Notification of public authorities:</b> Notification of county labour board.
<b>Switzerland</b>	10+ workers in firms with 20-99 employees; 10%+ in firms with 100-299; 30+ in firms with 300+ employees.	<b>Notification of employee representatives:</b> Obligation to inform and consult with Works Council or trade union delegation. <b>Notification of public authorities:</b> Duty to notify cantonal employment service.
<b>Turkey</b>	Within a month, 10+ workers in firms with 20-100 employees, 20+ workers in firms with 101-300, 30+ workers in firms with 300+ employees.	<b>Notification of employee representatives:</b> Not legally regulated. <b>Notification of public authorities:</b> Duty to notify regional employment office (reasons and periods planned for dismissals, number and categories of workers to be dismissed).
<b>United Kingdom</b>	Within 90 days, 20+ employees.	<b>Notification of employee representatives:</b> Duty to inform and consult with trade union or employee representatives. <b>Notification of public authorities:</b> Requirement to notify the Department of Trade & Industry (DTI), so that the appropriate Government agencies can take action to help the affected employees.
<b>United States</b>	In firms with 100+ employees and over a period of 30 days, 50+ workers in case of plant closure; 500+ workers in case of layoff; 50-499 workers, if they make up at least one third of the workforce.	<b>Notification of employee representatives:</b> Duty to inform affected workers or labour unions (where they exist). <b>Notification of public authorities:</b> Duty to notify state and local authorities.

- a) Canada: Definition of collective dismissals – Ontario: within 4 weeks, dismissal of 50 employees or more, representing more than 10% of employees at an establishment or where the termination is caused by the permanent discontinuance of part or all of the employer’s business at an establishment. Northwest Territories, Nunavut, Yukon: 25 employees or more in 4-week period. Nova Scotia, Saskatchewan: 10 employees or more in 4-week period. Quebec: 10 employees or more in 2-month period (some exceptions). New Brunswick: more than 10 employees in 4-week period, representing at least 25% of employer’s workforce. Prince Edward Island: no collective dismissal provisions.

Table 9 Procedures for collective dismissals: delay before notice can start and other special costs

	Delays involved before notice can start	Other special costs to employers <sup>a</sup>
<b>Australia</b>	No specific delay in Act or Regulations, but must go through consultation steps with relevant unions.	<b>Type of negotiation required:</b> Consultation on alternatives to redundancy and selection standards. <b>Selection criteria:</b> Law requires fair basis of employee selection. <b>Severance pay:</b> No special regulations.
<b>Austria</b>	30 days waiting period before first notice can become effective.	<b>Type of negotiation required:</b> Consultation on alternatives to redundancy and ways to mitigate the effects: social plan to be established in firms with >20 employees. <b>Selection criteria:</b> No criteria laid down by law. <b>Severance pay:</b> No legal requirements, but often part of social compensation plans.
<b>Belgium</b>	30 days delay after notification to the sub-regional employment office, can be lengthened to 60 days by the sub-regional employment office manager.	<b>Type of negotiation required:</b> Consultation on alternatives to redundancy and ways to mitigate the effects. A social plan can be established. <b>Selection criteria:</b> No criteria laid down by law. <b>Severance pay:</b> Severance pay during four months equivalent to half the difference between UB and net remuneration (up to a ceiling). Reduced to 3 months when the notice period exceeds 3 months.
<b>Canada<sup>b</sup></b>	In 7 jurisdictions, the notice that must be given to each employee affected by a collective dismissal is normally longer than for an individual termination of employment (between 4 and 18 weeks).	<b>Type of negotiation required:</b> In British Columbia, Manitoba and Quebec, employer may be required to establish a joint committee with employee representatives to discuss alternatives to redundancy and measures for finding new employment. The establishment of such a committee is mandatory in the federal jurisdiction. <b>Selection criteria:</b> As laid down in any collective agreements. <b>Severance pay:</b> No special regulations for collective dismissals in federal jurisdiction. <b>Other costs:</b> In Quebec, an employed may be required to make financial contribution to the operating costs of the committee and its reclassification activities. Obligatory in federal jurisdiction.
<b>Czech Republic</b>	Information to trade union and PES office 30 days before implementation.	<b>Type of negotiation required:</b> Consultation on alternatives to redundancy and measures for finding new jobs. An employer is also required to submit a written report to the labour office about the results of discussions with the relevant union body or employee council. <b>Selection criteria:</b> Not set out by legislation. <b>Severance pay:</b> No special regulations.
<b>Denmark</b>	30 days delay after notice to PES; longer in firms with 100+ workers that seek to dismiss over half of staff.	<b>Type of negotiation required:</b> National agreement obliges companies to organise transfer and/or retraining whenever possible. <b>Selection criteria:</b> No criteria laid down by law. <b>Severance pay:</b> No special regulations.
<b>Finland</b>	Consultation for at least 42 days, plus 5 days advance notice of the need for consultation	<b>Type of negotiation required:</b> Consultation on alternatives to redundancy and ways to mitigate the effects. <b>Selection criteria:</b> As laid down in collective agreements, selection procedure usually takes account of seniority, family circumstances and the retention of skilled personnel. <b>Severance pay:</b> No legal requirements.
<b>France<sup>c</sup></b>	30-60 days in firms with 50 or more employees; 21-35 days in firms with fewer than 50 employees (depending on number of proposed dismissals).	<b>Type of negotiation required:</b> Consultation in several phases on alternatives to redundancy, such as redeployment or retraining; consultation on social compensation plan which is obligatory in companies with 50 or more employees. No veto power by employee representatives, but possibility of rejection of social plan by labour market authorities. <b>Selection criteria:</b> Labour law requires to take account of family responsibilities, seniority, age, disability and professional qualification (by job category). <b>Severance pay:</b> No special regulations.

Table 9 Procedures for collective dismissals: delay before notice can start and other special costs (cont.)

	Delays involved before notice can start	Other special costs to employers <sup>a</sup>
<b>Germany</b>	1 month delay after notice to PES, can be extended to 2 months.	<p><b>Type of negotiation required:</b> Consultation on alternatives to redundancy and ways to mitigate the effects; social plan to be set up in conjunction with Works Council, regulating selection standards, transfers, lump-sum payments, early retirement etc.</p> <p><b>Selection criteria:</b> Social as well as economic considerations can enter the selection criteria, e.g. labour market prospects of concerned employees and economic viability of the company.</p> <p><b>Severance pay:</b> No legal requirements, but often part of social compensation plans.</p>
<b>Greece</b>	If social partners agree and Ministry approves, notice can be given after 10 days. Ministry can extend time for negotiation by another 20 days.	<p><b>Type of negotiation required:</b> Negotiation with employee representatives on dismissal procedures. If no agreement is reached, Labour Ministry can impose its own terms.</p> <p><b>Selection criteria:</b> Law lays down union participation, but no specific selection criteria for dismissal.</p> <p><b>Severance pay:</b> No special regulations for collective dismissals.</p>
<b>Hungary</b>	30 days delay after the notification of employment office.	<p><b>Type of negotiation required:</b> Consultation on principles of staff reduction, and ways to mitigate its effects.</p> <p><b>Selection criteria:</b> Law lays down union participation, but no specific selection criteria for dismissal.</p> <p><b>Severance pay:</b> No special regulations for collective dismissals.</p>
<b>Ireland</b>	Information to trade union and Ministry 30 days before implementation.	<p><b>Type of negotiation required:</b> Consultation on alternatives to redundancy and ways to mitigate the effects. Since the 2000 regulations, consultations must include employee representatives in non-union employment.</p> <p><b>Selection criteria:</b> Law lays down union participation, but no specific selection criteria for dismissal.</p> <p><b>Severance pay:</b> No special regulations, but legally required severance pay usually topped up in cases of mass redundancies.</p>
<b>Italy</b>	Up to 45 days negotiation in joint examination committee before implementation. Conciliation if no agreement reached.	<p><b>Type of negotiation required:</b> Consultation on alternatives to redundancy, scope for redeployment and ways to mitigate the effects; severance agreement usually reached after negotiation with union and (in major cases) labour authorities, determining selection criteria and use of financial support.</p> <p><b>Selection criteria:</b> Law specifies social and economic criteria (length of service, number of dependants, technical and production requirements), but does not specify priorities.</p> <p><b>Severance pay:</b> There is no exact equivalent of severance pay in Italy but so-called 'availability-for-employment payments' (indennità di mobilità) are made in the event of collective redundancies in the industrial and construction sectors. Mobility indemnities are financed through the social security system; when accessing the scheme enterprises have to pay, for every worker dismissed, a sum equal to six times the first month mobility allowance. Temporary income-support payments (cassa Integrazione guadagni) can be made in the industrial and construction sectors in the case of a company crisis in order to support businesses in difficulty and to compensate workers for a reduction in their remuneration (in all cases prior to dismissal, whereas 'availability-for-employment payments' presuppose the cessation of the employment contract altogether). Finally, sectoral funds have been established to provide assistance in other specific areas (for example, banking and insurance).</p>
<b>Japan</b>	No special regulations.	<p><b>Type of negotiation required:</b> Courts will require sincere consultation on need for redundancy, dismissal standards and employee selection.</p> <p><b>Selection criteria:</b> No specific selection criteria for dismissal.</p> <p><b>Severance pay:</b> No special regulations for collective dismissals (social plan required only for threatened sectors)</p>

Table 9 Procedures for collective dismissals: delay before notice can start and other special costs (cont.)

	Delays involved before notice can start	Other special costs to employers <sup>a</sup>
<b>Korea</b>	No special regulations.	<p><b>Type of negotiation required:</b> Sincere consultation on need for redundancy, dismissal standards and employee selection. An employer should make efforts to avoid dismissals for managerial reasons. In order to justify them, he/she should take such measures as voluntary retirement, reassignment, out-placement, temporary shutdown, and working hour reduction.</p> <p><b>Selection criteria:</b> Law lays down union participation, but no specific selection criteria for dismissal other than "rational and fair standards".</p> <p><b>Severance pay:</b> No special regulations for collective dismissals (it has become common practice to pay retirement bonuses to voluntary retirees).</p>
<b>Mexico</b>	No special regulations.	<p><b>Type of negotiation required:</b> Negotiation with employee representatives on conditions and procedures of dismissal. If no agreement is reached, agreement by <i>Junta</i> on terms of dismissal required.</p> <p><b>Selection criteria:</b> Usually seniority-based.</p> <p><b>Severance pay:</b> No special regulations for collective dismissals.</p>
<b>Netherlands</b>	30 days waiting period to allow for social plan negotiations (unless the social partners have agreed in writing to refrain from the waiting period).	<p><b>Type of negotiation required:</b> Consultation on alternatives to redundancy and ways to mitigate the effects; social plan will normally be agreed outlining transfers, re-training, early retirement measures and financial compensation.</p> <p><b>Selection criteria:</b> Employment service can determine mix of selection criteria ("last in-first out" principle, or "mirror-image" of existing workforce).</p> <p><b>Severance pay:</b> No legal entitlement, but social plans often contain severance pay or top-ups to unemployment benefits.</p>
<b>New Zealand</b>	No special regulations.	<p><b>Type of negotiation required:</b> No legal requirements apart from procedural fairness and consultation requirements.</p> <p><b>Selection criteria:</b> The duty of good faith requires that an employer's basis for redundancy selection be fair.</p> <p><b>Severance pay:</b> No special regulations for collective dismissals.</p>
<b>Norway</b>	30 days waiting period after notification of employment service.	<p><b>Type of negotiation required:</b> Consultation on alternatives to redundancy and selection standards.</p> <p><b>Selection criteria:</b> Accepted custom is by seniority, but recent case law gives more weight to business needs.</p> <p><b>Severance pay:</b> No special regulations for collective dismissals.</p>
<b>Poland</b>	Information to trade union and PES 45 days before implementation.	<p><b>Type of negotiation required:</b> Agreement to be reached with trade union on alternatives to redundancy and ways to mitigate the effects.</p> <p><b>Selection criteria:</b> Law lays down union participation, but no specific selection criteria for dismissal.</p> <p><b>Severance pay:</b> 1 month &lt; 2 years of service; 2 months &lt; 8 years; 3 months &gt;= 8 years</p>
<b>Portugal</b>	75 days if agreement on dismissal procedures can be reached; otherwise 90 days.	<p><b>Type of negotiation required:</b> Consultation on alternatives to redundancy, selection standards and ways to mitigate the effects; written agreement to be reached, if necessary via conciliation by Labour Inspectorate.</p> <p><b>Selection criteria:</b> No criteria laid down in law, except for priority to trade union representatives and members of Works Councils.</p> <p><b>Severance pay:</b> No special regulations for collective dismissals.</p>
<b>Slovak Republic</b>	1 month at least in order to reach an agreement with trade-union or other employee representatives.	<p><b>Type of negotiation required:</b> Consultation on alternatives to redundancy and ways to mitigate the effects of collective dismissals. The competent trade union body may submit comments to the National Labour Office. An employer shall negotiate with the National Labour Office such measures enabling prevention of collective dismissal or its limitation (in particular, negotiation over conditions for maintaining employment; possibilities of employing discharged employees with other employers; possibilities of discharged employees applying themselves at work in the event of their retraining).</p> <p><b>Severance pay:</b> No special regulations for collective dismissals.</p>



Table 9 Procedures for collective dismissals: delay before notice can start and other special costs (cont.)

	Delays involved before notice can start	Other special costs to employers <sup>a</sup>
<b>Spain</b>	Employer must consult 30 days in advance (15 days in firms with < 50 employees). Further 15 days delay for approval of labour market authorities, if required (only required if failed to reach agreement)	<b>Type of negotiation required:</b> Consultation on alternatives to redundancy, selection standards and ways to mitigate the effects. Written agreement to be reached, otherwise approval by labour market authorities is required. <b>Selection criteria:</b> No criteria laid down in law, except for priority to trade union representatives and members of Works Councils. <b>Severance pay:</b> Same amounts as in case of individual dismissals based on "objective" reasons.
<b>Sweden</b>	Waiting periods after notification of employment service are from 2 months (when 5-24 workers involved) to 6 months (when 100+ workers involved).	<b>Type of negotiation required:</b> Consultation on alternatives to redundancy, selection standards and ways to mitigate the effects; notice may not take effect before negotiation with trade union. <b>Selection criteria:</b> Usually based on seniority within a job category, but deviations by collective agreement are possible. <b>Severance pay:</b> No special regulations for collective dismissals.
<b>Switzerland</b>	30 days waiting period.	<b>Type of negotiation required:</b> Consultation on alternatives to redundancy and ways to mitigate the effects; obligation to negotiate a social plan frequently contained in collective agreements. <b>Selection criteria:</b> No selection criteria laid down in law. <b>Severance pay:</b> No legal requirements, but often part of social plans.
<b>Turkey</b>	1 month waiting period starting from the notification to public authorities.	<b>Type of negotiation required:</b> After the notification procedure, consultation of the relevant trade union body on alternatives to redundancy and way to mitigate the effects. <b>Selection criteria:</b> Usually employer prerogative. <b>Severance pay:</b> No special regulations for collective dismissals.
<b>United Kingdom</b>	Dismissals may not take effect until 30 days delay after notifying of DTI if 20-99 workers are involved, 90 days when 100+ workers are involved.	<b>Type of negotiation required:</b> Consultation on selection standards and dismissal procedures. <b>Selection criteria:</b> No criteria laid down in law, except for prohibition of discrimination. Often mix of seniority and performance-based criteria. <b>Severance pay:</b> No special regulations for collective dismissals.
<b>United States</b>	Special 60-day notice period. Exceptions to the notice period include layoffs due to risk of bankruptcy, unforeseen circumstances, or ending of a temporary business activity.	<b>Type of negotiation required:</b> No legal requirements. <b>Selection criteria:</b> As laid down in collective agreements or company manuals; usually seniority-based. <b>Severance pay:</b> No special regulations for collective dismissals.

- a) Type of negotiation required: Including obligations, if any, to conclude compensation agreements ("social plans"), detailing *inter alia* measures for re-deployment, re-training, outplacement and severance pay, between the enterprise concerned, its employee representatives and/or the competent labour authorities.
- b) Canada: Depending on the number of employees dismissed, notice ranges from 4 to 12 weeks in Saskatchewan; 8 to 16 weeks in British Columbia, Newfoundland and Labrador, Nova Scotia and Ontario; 10 to 18 weeks in Manitoba; and 6 weeks in New Brunswick. Moreover, in British Columbia an employee must be given notice of individual termination in addition to a notice of collective dismissal (the two notice periods are consecutive, not concurrent).
- c) France: Procedures for collective dismissals have been subject of legislative modifications in January 2002. The law of January 2003 suspended these modifications and restored the former situation, in order to make it possible for trade-unions and employers organisations to negotiate on desirable modifications.