

Compensation: Employee Retrenchments or Layoffs Due to Non-Disciplinary Termination of Employment in the Private Sector

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During 1971 Sri Lanka was faced with a financial crisis due to political instability prevailed at that time. Hence, the government of Sri Lanka was compelled to impose drastic control on imported goods. During that time the government only applied the provisions of Industrial Act for termination of employment due to retrenchment or layoffs and it was not sufficient to serve a large number of retrenchments effected by the employers. During this period of the closed economy in 1971 the Termination of Employment of Workman (special provisions) Act No 5 was enacted. This became a land mark in the history of labor law of our country. The Act has wide coverage to all employee retrenchments or layoffs due to non-disciplinary termination of employment of private sector. Act was amended three times in the years 1976, 2003 and 2005 respectively. This research adopted both the methods of research namely, Empirical Research as well as Doctrinal Research. Within the qualitative paradigm an exploratory case study was used to investigate the phenomenon being studied. The researchers used judgments, principles and Acts relating to this study while consulting different books, journals, magazines and papers presented in seminars and conferences. The researchers also referred a number of books published in periodicals related to labour law. The Termination of Employment of Workman (special provision) Act No. 5 of 1971 undertook various ameliorative legislative measures to provide safety and protection measures to workers from non-disciplinary termination or closures, but in practice the employers do not seem to be complied with provisions of this Act.

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