You Make the Call: Must Employers Give a Reason for Termination?



You don’t have to give a reason for without cause termination but you must provide notice and act in good faith.

Termination is often a harrowing experience for employers and employees alike. The first thing any employee who gets a pink slip is bound to ask is “Why?” Is that a question you actually have to answer? Consider the following scenario.

SCENARIO

An energy company lays off an oil well pump installation worker without cause. He wants to know why but the company refuses to provide a reason. As fate would have it, the worker lands an even better job with a competing company the very next day. Although he’s received the termination notice to which he’s entitled and has suffered no financial loss, he’s still annoyed that the company didn’t tell him why he was laid off. So, he sues for wrongful termination.

YOU MAKE THE CALL

Does the worker have a valid claim for wrongful termination?

ANSWER

No

EXPLANATION

This scenario, which is based on an actual Nova Scotia case called *Bruckschwaiger v Island Well Drillers Limited,* 2023 NSLB 2 (CanLII), is an excellent illustration of the employment standards laws governing whether employers must give a reason for termination. The key is that the termination in this case was without cause. Thus, as long as the company provided the termination required by the Nova Scotia Labour Standards Act (LSA), it didn’t have to give a reason for dismissal.

3 TAKEAWAYS

There are 3 things HR directors need to understand about their obligation to furnish a reason for termination:

1. You do have to provide a reason when you terminate an employee for cause;
2. You don’t have to provide a reason when you terminate an employee without cause, provided that you give the employee whatever termination notice is due under the employment standards laws of your jurisdiction;
3. You must act in good faith not only in making the decision to terminate but in carrying it out—if you don’t, you can be liable for aggravated damages, including damages to compensate employees for the mental distress or humiliation they suffered due to the bad faith you displayed during the termination process.