

Executive development

According to Flippo, Executive development includes the process by which managers and executives acquire not only skills and competency in their present job but also capabilities for future managerial tasks of increasing difficulty and scope.

Executive Development is an ongoing process that helps managers gain knowledge, skills and abilities to handle current situations in a more efficient manner and get matured to handle future challenges successfully. Executive development is also known as management development.

Objectives of Executive Development

1. **Sustain in a dynamic and competitive environment**
2. **Ensure competent staff at all levels**
3. **Develop leaders**
4. **Executive Career Growth**

Sustain in a dynamic and competitive environment

In today's dynamic world where there is huge competition, it is very important to stay abreast with the latest technologies, business processes etc. Managerial obsolescence is avoided by investing in the executives to acquire knowledge, skills and abilities.

They need to be efficient and competent enough to be able to deal with market forces and stay ahead of the competition.

Ensure competent staff at all levels

There needs to be a competent staff at each level of the organization so that bottleneck can be avoided and business can smoothly run. Executives at each level should be good performers and their potential should be fully exploited.

Develop leaders

There needs to be a competent staff. Executive development is a futuristic and long term process. It not only helps the executives perform their current jobs in an efficient manner but also teaches them how to get prepared for larger roles.

- It creates leaders from within the organization.
- It helps them grow to look at different business situations in a matured manner, broaden their outlook, enhances their ability to make the right decisions, improves their communication skills.
- Executives at each level should be good performers and their potential should be fully exploited.

Importance of Executive Development

Executive development is important for the following reasons:

- Executive development programmes are required to train and develop professional managers.
- It helps managers to develop skills to face cut throat competition.
- It enables managers to face problems related to technology and institution.
- It helps in developing better relations with the labors.
- Executives need training and education to understand and adjust to changes in socio-economic changes.
- Executive development is required to broader the outlook of managers.

Methods of Executive Development

Executive development methods can be broadly divided into the following two categories:

1. **On the Job Training**
2. **Off the Job Training**

Methods of Executive Development are:

1. **Coaching**
2. **Job Rotation**
3. **Understudy**
4. **Projects and assignments**
5. **Lectures**

6. **Conference**
7. **Business Games**
8. **Case Study**
9. **Role playing**
10. **Sensitivity Training**
11. **In basket technique**

On the Job Training

Under on the job training the employees get trained while doing their day to day job. Skills are gained while employees are carrying out their daily tasks and responsibilities.

They learn in the real work environment by facing challenges and situations and solving them under the guidance of a much superior and experienced employee.

On the job training can take the following forms:

Coaching

Coaching is a process under which the trainee is placed under a much experienced employee or a supervisor who instructs and guides the trainee in the day-to-day work.

- He instructs him what tasks are to be completed and the procedure to successfully finish them and would guide him in times of errors committed by him.
- To help the trainee grow and to enhance his decision making and analytical skills the supervisors may also ask him to handle complex situations and problems.

Job Rotation

An employee is shifted between two or more roles or departments . This helps them gain knowledge and experience in varied fields. They get huge exposure to various aspects of the business.

- They get developed in this way to handle larger roles where knowledge of the various fields is required.
- It helps to keep them motivated as they have to face new challenges under different roles.
- It also helps to reduce the monotony of the job and does not lead to boredom.
- It helps them gain more experience and insights in the various fields of operations

Understudy

A position in the organization may fall vacant in the near future because of reasons like retirement, promotion or transfer of the current job holder.

- In such a case a junior resource is chosen by the head of a particular department who is placed as an understudy under the superior who is about to leave that position.
- The superior will train the understudy closely and make him capable to handle the role efficiently by including him in all day to day processes and decision making.
- This helps the organization to not get affected when the job holder moves on as they have trained staff ready to replace him.

Projects and assignments

Employees might be given some special projects and assignments to handle. They might have to do in-depth research, analysis and present a report that advises a solution to the problem or case in hand.

- This provides the employee a first-hand experience and in-depth knowledge to work in the field.

Off the job Training

Off the Job training is imparted when new job skills and knowledge is to be taught to the employees. Off the job training takes place away from the immediate work place.

There might be classroom sessions and trainers from outside the organization to train the employees. It is costlier and more artificial than on the job training.

Below are the various forms of Off the Job Training

Lectures

Lectures are conducted on a particular topic or a specialized area of work to a group of people. It is conducted by an experienced and learned person who has an in-depth knowledge in that area.

- It can be done in the form of a powerpoint presentation, audio-visual aids or just a speech.

- The presenter should have good communication and interpersonal skills, he should be completely confident about his knowledge and very clear while imparting it.
- He should give room to discussions and allow it to become an interactive session to keep the atmosphere lively and maintain the interest of the audience.

Conference

Conference is a meeting of people conducted to discuss a common topic of interest.

All the individuals are asked to prepare on the topic and get together to discuss about it in detail. The conference leader creates an environment that promotes healthy discussions. The participants are encouraged to freely voice out their opinions on the topic in discussion.

- It is an enriching experience for each participant as they have a lot to learn from other participants views and opinions.
- The conference leader should make sure that the conference proceeds on the desired and planned guidelines.

Business Games

Under this method of executive development, the trainees are generally divided into teams and given a hypothetical situation that is very close to a real-time situation.

- They are asked to take certain decisions and solve the situation at hand or produce the desired results.
- Once they come up with a plan it is fed in the system and they are informed about the impact and result of their decision.
- On the basis of the feedback provided to they might want to change the course of action to be adopted to solve the situation, this exercise goes on till they are able to achieve the desired results.

This exercise helps in improving the managerial and leadership skills and the decision making ability of the participants. It is a very effective tool of executive development as it allows them to experience how their decisions and actions impact the business.

Case Study

Decision making is a very important role of a manager that impacts the profitability of a business to a large extent. Case study method brings interesting real world situations into the classroom. These cases are generally based on complex situations that can arise in the business environment.

- Participants are expected to thoroughly read and master the content of the case, they should be able to grasp the objective of the case study and identify the problem.
- The solution to the problem would more or less be on the lines of the concepts already taught to them.
- They should be able to decide on a corrective course of action to resolve the case study.
- They should also be able to judge the impact and effectiveness of their corrective actions on the end result.
- This helps in improving their managerial and decision-making skills.

Role playing

Under the role playing method a complex or conflicting situation is presented to the trainees. Each trainee then plays a role of a specific organizational member whose presence and decision making is required to resolve the situation.

- It is like a spontaneous stage act where each participant plays a different role and works towards solving a given problem in hand in a different capacity.
- While they act out their roles they get familiar with their own business acumen, on immediate feedback they can correct mistakes and reorient their focus in the right way, this way they learn by doing things.
- The main purpose of role play is to enhance the interpersonal skills of the participants as they learn how others react to their suggestions and how their decisions impact other roles.

Sensitivity Training

Sensitivity training aims at developing behavioural flexibility by improving the tolerance power of the participants to each other's behaviour.

- It enables them to understand the views and opinions of others in a better manner.

- It consists of an unstructured group of 10-15 people with no trainer or leader to guide them; hence the trainees are motivated to resolve the situation themselves.
- In order to find out a solution they start forming some kind of hierarchy, some forcefully try to become leaders and might be opposed by other trainees.
- It leads to self-realization of what one wants and how the others react to their way of handling a situation.
- Without the trainers support the trainees begin to examine their interpersonal behavior, giving each other feedback and starting to experiment with range of new behaviors and values which they might further use in their workplace.

In basket technique

In this approach, the trainees are presented with a number of tasks and problems that they might find in their "basket" while performing the role of a manager.

- Various files, phone calls, reports, messages are handed over to them in no particular sequence.
- They need to priorities the tasks in hand, delegate the work and clear the basket within a given time frame.
- This helps acquaint them with the complexities of the job of a manager.

Steps of Executive Development Process

1. **Analysis of Development Needs**
2. **Appraisal of the Present Managerial Talent**
3. **Planning Individual Development Programmes**
4. **Establishing Training and Development Programme**
5. **Evaluating Developing Programs**

Steps of Executive Development Process

Analysis of Development Needs

First of all the present and future development needs of the organization are ascertained. It is necessary to determine how many and what type of executives are required to meet the present and future needs of the enterprise.

Appraisal of the Present Managerial Talent

A qualitative assessment of the existing executives is made to determine the type of executive talent available within the organization.

Planning Individual Development Programmes

Each one of us has a unique set of physical, intellectual and emotional characteristics. Therefore, the development plan should be tailor-made for each individual.

Establishing Training and Development Programme

The HR department prepares comprehensive and well-conceived programmes.

Evaluating Developing Programs

Considerable money, time and efforts are spent on executive development programmes. It is therefore natural to find out to what extent the programme's objective has been achieved.

Career planning and development

Career planning and development is a continuous process of learning from your experiences and moving forward in your life. It assists you in determining who you are and where you want to go in life

Career Planning

A career is defined as a sequence of jobs in a person's life. Career planning is defined as the process of extensively planning your career goals, your abilities, and assessing your opportunities.

Career Development

Career development is an ongoing process. Once you have set certain goals for yourself you can start working on career management. Career development can help you keep track of where you see yourself in your career trajectory in order to achieve growth, sustainability, new skills, constant learning in your career, career planning, and development.

Note: Career management includes all aspects of development and planning. Make no mistake about it: you are in command of your professional and personal growth.

Objectives of Career Planning and Development

The following are the primary goals of career planning and development:

1. Employees' favorable attributes must be identified.
2. To raise awareness of each employee's uniqueness.
3. Recruiting skilled personnel for the company.
4. Employees should be trained in team-building skills.
5. To develop appropriate coping mechanisms for dealing with disputes, emotions, and stress.
6. To respect the feelings of other employees.

Steps Involved In Career Planning?

Here are a few steps that can help you in career planning and development that will help you grow in accordance with your interests and ambitions:

1. Conduct a Self-Evaluation.

The first, and sometimes hardest, step in career planning is to make an informed judgment about yourself and your goals. You must examine your personality, strengths, limitations, values, interests, abilities, aptitude, and objectives in order to do so. You can find out by making a self-evaluation list that contains the following questions:

- What are the things that keep me going?
- What are some of my pet peeves?
- What are my strong points?
- What kind of life do I want?
- What type of work-life balance am I looking for?
- Is it better for me to work in an office or outside?
- What are my weak points?
- Do I have the traits of a leader?
- Do I have the ability to be innovative and enterprising?
- Is it possible for me to bear responsibilities?
- Is it possible for me to recover from failures and setbacks?
- Is it possible for me to remain calm and attentive in difficult situations?
- Is it possible for me to relocate for the job?

2. Carry Out Career Research

Conducting career research is the next stage in your career planning and growth. After you've determined your interests, aptitude, and capabilities, look into several sorts of occupations that could be a good fit for you. You may do this by researching the many industries that interest you and compiling a list of the jobs that are available in each. You may then study each job individually to learn about the educational requirements, skills, training, and experience required for that position. You can learn about the work duties, the work environment, and the advancement chances accessible. You may also learn about the compensation levels and benefits of the employment. It can also assist in determining the benefits and drawbacks of that career.

3. Categorize your Career Planning and Development

You need to prioritize your skills, your interests, your flexibility, your challenges, and your expectations from the job. If you can see yourself achieving your long-term career goals in your current job then this is a part of career planning and development. Once you are done sorting out all these things you will be able to manage and analyze your career wisely.

Career Objective for a Fresher

4. Analyze Your Options for Career Planning and Development

You can start by exploring your interests, **career skills**, ambitions, and abilities. Try figuring out what job role will be best suited for you. Start looking for opportunities that can help you grow. Research well about the companies to find out what they are expecting from their employees so that you can curate an effective resume and application. You can start by doing internships and part-time jobs to get an idea of the work environment.

5. Analyse Your Current Status

Is your current job giving you satisfaction and peace of mind? Career planning and development does not mean mapping out your current career. It also means exploring other fields that will provide you with better opportunities.

6. Developing New Skills

This is one of the most important aspects of career planning and development, if you have a deep understanding of a particular field you should probably develop new skills that will accentuate your profile.

7. Channel Other Factors in your Career Planning and Development

An important part of career planning and development is to consider other factors which are beyond your personal preferences. Other factors may include the demands of a particular field, how comfortable you are in managing yourself with the context of that demand, does it require additional education or training, and what are the challenges.

Importance of Career Planning

Benefits of Career Planning and Development

Here are some of the vital benefits of career planning and development that one should know about:

1. Career planning guarantees that there is a steady supply of promotable personnel.
2. It contributes to increasing employee loyalty.
3. It ensures that top management is aware of the caliber and capacity of personnel with the potential to advance.
4. It can always put together a team of employees that are ready to handle any situation that arises.
5. Career planning helps to prevent labor turnover.
6. Every business plans for succession, with career planning as the initial stage.
7. Career planning promotes the growth and development of employees.
8. It inhibits seniors' unfavorable attitudes toward subordinates' progress.

Performance appraisal

Performance Appraisal is a formal structured system of measuring and evaluating an employee's job-related behaviours and outcomes to discover how & why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employee, organization, and society all benefit.

According to Dale Yoder, Performance appraisal consists of all formal procedures used in working organizations to evaluate the personalities and contributions and potentials of group members.

Edwin Flippo says "Instead of rating an employee on characteristics such dependability, initiative and the like, there is now a tendency towards establishing job goals and appraising the work done towards these goals".

Objectives of Performance Appraisal

According to Lockett (1992), **objectives of performance appraisal** management aims at developing individuals with the required commitment and competencies for working towards shared meaningful objectives within an organizational framework. Objectives of Performance Appraisal are:

1. **Pay Rise**
2. **Promotions**
3. **Feedback System**
4. **Training and Development Program**
5. **Improves Supervision**
6. **Career Planning**
7. **Healthy and Productive Work Environment**
8. **Improves Communication**

Performance Appraisal Process

Below are the **performance appraisal process** steps that are generally followed which results in an effective performance appraisal.

1. **Objectives of performance appraisal**
2. **Job analysis and Job description**
3. **Communicate performance standards to the employees**
4. **Measuring actual performance**
5. **Discussing the appraisal**
6. **Taking Corrective Actions**

Process of Performance Appraisal

Job Analysis

Job specification and establishing performance standards- Job analysis is the second step to the performance appraisal process.

It is important to determine the job specifications i.e the precise characteristics of a job through an in-depth and detailed examination of the activities, tasks, duties and responsibilities that are required to do the job.

Once that is decided, performance standards are set against each task and activity. It is very important that the performance standards are clear and measurable. Goals behind each task of the job should be mentioned. Each goal should be achievable and measurable within a certain time and cost consideration.

Communicate performance standards to the employees

A job description should be very clear to the appraiser and the appraisee, they should know very well what all tasks and duties are expected out of them by clearly understanding the goal behind each task.

Performance standards should be communicated to the appraisee, their feedback should be taken on the set targets and standards, the communication needs to be a two-way communication where it should be open to any doubts or discussions and the appraisee should be coached and guided by the appraiser on how to achieve the performance standards effectively.

Measuring actual performance against standards set

After setting up the performance standards, communicating them to the appraisee and mutual acceptance is the next step to measure the actual performance against the standard set.

The performance can be measured objectively and subjectively through reports, information and observation by the supervisor etc. While doing this the influence on the employee performance of both external and internal factors is also considered.

Objective performance can be measured through reports, quantitative output etc and hence are easy to be verified. Subjective performance measure mainly depends on the observation and feedback by the supervisor and evaluates a person on his attitude, decision making, taking initiatives, contribution to the soci-cultural values of the organization etc.

Discussing the appraisal with the employees

The actual performance when compared to the standards might at times be above the expectation and sometimes it might go off the track and the same is discussed with the employees.

Taking corrective actions if necessary

Once the deviation from the actual performance is measured corrective actions are taken to help enhance the performance of the appraisee so that and he meets the expected standards. Similarly on the above expected performances, the employee is rewarded using different motivational tools.

Job evaluation

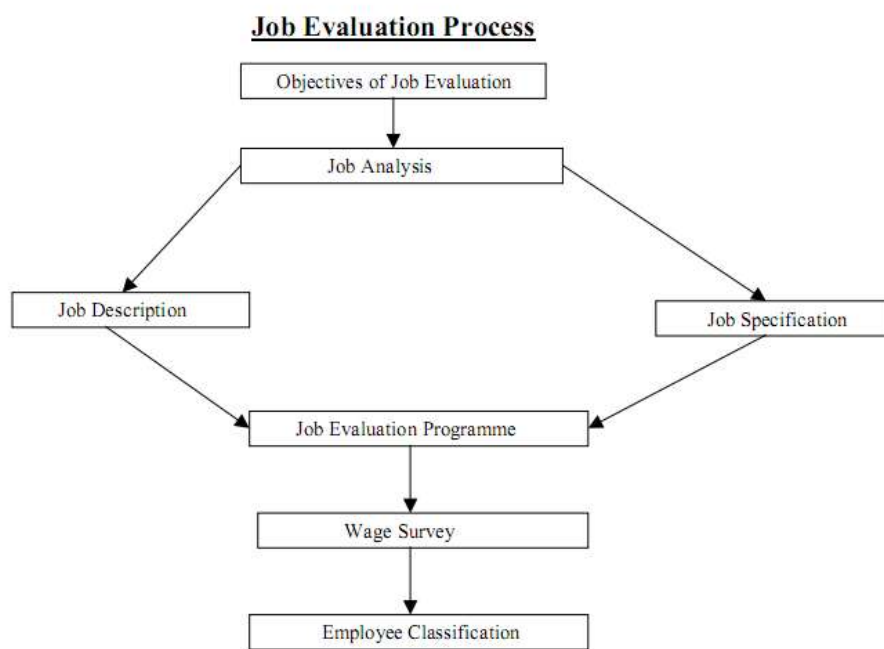
Job evaluation is the process of analyzing and assessing the various jobs systematically to ascertain their relative worth in an organization. Job is evaluated on the basis of their content and is placed in the order of their importance.

It should be noted that in a job evaluation programme, the jobs are ranked and not the jobholders. Jobholders are rated through performance appraisal.

“Job evaluation is a process of finding out the relative worth of a job as compared to other jobs”

The following objectives are derived from the analysis of the above-mentioned definitions: -

- 1) To gather data and information relating to job description, job specification and employee specifications for various jobs in an organization.
- 2) To compare the duties, responsibilities and demands of a job with that of other jobs.
- 3) To determine the hierarchy and place of various jobs in an organization.
- 4) To determine the ranks or grades of various jobs.
- 5) To ensure fair and equitable wages on the basis of relative worth or value of jobs. In other words equal wages are fixed to the jobs of equal worth or value.
- 6) To minimize wage discrimination based on sex, age, caste, region, religion etc.



Wage and Salary Administration

Wage and salary administration is a collection of practices and procedures used for planning and distributing company-wide compensation programs for employees.

These practices include employees at all levels and are usually handled by the accounting department of a company.

Wage and salary administration procedures usually involve activities such as calculating the number of hours worked in order to determine compensation, administering employment benefits, and answering payroll questions from employees.

At the majority of companies and organizations, wages are usually dispersed to all employees on a specific date. The workers in charge of salary administration may also be charged with ensuring that the company adheres to federal and local compensation laws.

Objectives and Principles of Wage and Salary Administration

The main objective of wage and salary administration is to establish and maintain an equitable wage and salary system. This is so because only a properly developed compensation system enables an employer to attract, obtain, retain and motivate people of

required calibre and qualification in his/her organisation. These objectives can be seen in more orderly manner from the point of view of the organisation, its individual employees and collectively. There are outlined and discussed subsequently:

Organisational Objectives:

The compensation system should be duly aligned with the organisational need and should also be flexible enough to modification in response to change.

Accordingly, the objectives of system should be to:

1. Enable an organisation to have the quantity and quality of staff it requires.
2. Retain the employees in the organisation.
3. Motivate employees for good performance for further improvement in performance.
4. Maintain equity and fairness in compensation for similar jobs.
5. Achieve flexibility in the system to accommodate organisational changes as and when these take place.
6. Make the system cost-effective.

Individual Objectives:

From individual employee's point of view, the compensation system should have the following objectives:

1. Ensures a fair compensation.
2. Provides compensation according to employee's worth.
3. Avoids the chances of favouritism from creeping in when wage rates are assigned.
4. Enhances employee morale and motivation.

Collective Objectives:

These objectives include:

1. Compensation in ahead of inflation.
2. Matching with market rates.
3. Increase in compensation reflecting increase in the prosperity of the company.
4. Compensation system free from management discretion.

Factors Influencing the Determination of Wage Rates

The eight factors influencing the determination of wage rates are as follows:

1. Ability to Pay
2. Demand and Supply
3. Prevailing Market Rates
4. Cost of Living
5. Bargaining of Trade Unions
6. Productivity
7. Government Regulations
8. Cost of Training.

Incentive Plan and fringe benefits

Incentives are variable rewards granted to employees according to variations in their performance. The other name for incentives is 'payment by results'. But the word 'incentive' is most appropriate because of its motivational content.

Incentive pay is performance-based compensation that rewards an employee for meeting set goals or objectives. This compensation can come in the form of money, stocks, additional paid leave, gifts, etc. Although incentives are often created for individual employees, you can also create incentive pay plans for teams or the entire company.

Advantages of Incentive Pay

- **Happier employees.** Incentive pay plans are a great way to keep employees motivated and increase both morale and job satisfaction.
- **Better employee performance and retention.** Studies show that happy employees consistently perform better for longer periods of time. By rewarding employees for high performance, incentive pay helps increase employee performance and retention.
- **Better organizational performance.** High-performing employees are good for business. If your employees are performing well, your business is likely to do better as well.
- **Helps execute business strategy.** Incentive pay is flexible and can be structured to promote the company's current business strategy.

Types of Incentive Pay

There are many types of incentive pay. Which types of incentives your company decides to use will depend on your budget for incentives, your company structure, and the industry you're in. The most common types of incentive pay include:

- Bonuses
- Commissions
- Stock options
- Additional leave
- Gifts or gift certificates
- Vouchers
- Vacations

Individual and group incentives

An **individual incentive plan** is intended to reward individual workers based on reaching certain performance goals. A common example is giving a salesperson a bonus for reaching a specified production level or providing additional compensation to a factory worker for producing a desired number of goods during his shift.

An individual incentive plan is typically more appropriate where a worker's productivity does not depend on the performance of others, such as a salesperson who works independently and has complete control over outcomes.

Group incentive plans are designed to reward each member of a team or organization for a joint accomplishment such as improving profitability or reducing expenses.

Group incentive programs can be suitable where individual contributions are more difficult to measure. An example is a profit-sharing program where all workers are rewarded based on the company's ability to reach an overall profitability goal.

Fringe Benefits

According to the Glossary of Industrial Relations and Wage Terms "**Fringe benefits** are supplements to wages received by workers at a cost to the employers.

These include such employee benefits as provident fund, gratuity, medical care, hospitalisation, accident relief, health and group insurance, canteen, uniform, recreation, bonus, paid holidays, medical reimbursement, vacations, sick leave, annual leave, maternity leave etc.

Fringe benefits are indirect compensations as they are usually extended as a condition of employment and are not directly related to performance

Promotions, Transfers and Separations

PROMOTION

Promotion means an improvement in pay, prestige, position and responsibilities of an employee within his organization. A mere shifting of an employee to a different job which has better working hours, better location and more pleasant working conditions does not amount to promotion.

The new job is a promotion for the employee only when it comes increased responsibilities and enhanced pay.

Purposes of Promotion

The purposes of promotion may be outlined as follows:

- To motivate employees to higher productivity.
- To attract and retain the services of qualified and competent people.
- To recognize and reward the efficiency of an employee.
- To increase the effectiveness of the employee and of the organisation.
- To fill up higher vacancies from within the organisation.
- To, build loyalty, morale and a sense of belongingness in the employee.
- To impress upon others that opportunities are available to them too in the promotion

Types of Promotion

(A promotion involves an increase in status, responsibilities and pay. But, in certain cases, only the pay increases, and the other elements remain stagnant. In other cases, the status only increases without a corresponding increase in pay or responsibilities.

Depending on which elements increase and which remain stagnant, promotions may be classified into the following types:

Horizontal Promotion: This type of promotion involves an increase in responsibilities and pay, and a change in designation. But the employee concerned does not transgress the job classification. For example, a lower division clerk is promoted as an upper division clerk. This type of promotion is referred to as 'upgrading' the position of an employee.

Vertical Promotion: This type of promotion results in greater responsibility, prestige and pay, together with a change in the nature of the job. A promotion is vertical when a canteen employee is promoted to an unskilled job. The concerned employee naturally transgresses the job classification.

Dry Promotions: Dry promotions are sometimes given in lieu of increases in remuneration. Designations are different but no change in responsibilities. The promotee may be given one or two annual increments.

TRANSFERS

A transfer involves a change in the job (accompanied by a change in the place of the job) of an employee without a change in responsibilities or remuneration. A transfer differs from a promotion in that the latter involves a change in which a significant increase in responsibility, status and income occurs, but all these elements are stagnant in the former. Another difference is that transfers are regular and frequent, as in banks and other government establishments, but promotions are infrequent, if not irregular.

Types of Transfer

Production Transfers: a shortage or surplus of the labour force is common in different departments in a plant or several plants in an organisation. Surplus employees in a department have to be laid off, unless they are transferred to another department. Transfers effected to avoid such imminent lay-offs 'are called production transfers.

Replacement Transfers: Replacement transfers, too, are intended to avoid imminent layoffs, particularly, of senior employees. A junior employee may be replaced by a senior employee to avoid laying off the latter. A replacement transfer programme is used when all the operations are declining, and is designed to retain long-service employees as long as possible.

Versatility Transfers: Versatility transfers are effected to make employees versatile and competent in more than one skill. Clerical employees in banks, for example, are transferred from one section to another over a period of time so that they may acquire the necessary skills to attend to the various activities of the bank. Versatile operations are valuable assets during rush periods and periods when work is dull. Versatile transfers may be used as a preparation for production or replacement transfers.

Shift Transfers: Generally speaking, industrial establishments operate more than one shift. Transfers between shifts are common, such transfers being made mostly on a rotation basis. Transfers may also be effected on special requests from employees. Some request a transfer to the second shift or the night shift in order to avail the free time during the day to take up part time jobs, although this is not permitted by law.

Remedial Transfers: Remedial transfers are effected at the request of employees and are, therefore, called personal transfers. Remedial transfers take place because the initial placement of an employee may have been faulty or the worker may not get along with his or her supervisor or with

other workers in the department. He or she may be getting too old to continue in his or her regular job, or the type of job or working conditions may not be well-adapted to his or her present health or accident record. If the job is repetitive, the worker may stagnate and would benefit by transfer to a different kind of work.

SEPARATIONS

Lay-offs, resignations and dismissals separate employees from their employers.

Separations are painful to both the parties and should, therefore, be administered of carefully.

Lay-off

A lay-off is a temporary separation of the employee from his or her employer at the instance of the latter without any prejudice to the former. **Section 2 (KKK) of the Industrial Disputes Act, 1947, defines lay-off as the failure, refusal or inability of an employer to give employment to a worker whose name is present on the rolls but who has not been retrenched.** A lay-off may be for a definite period on "the expiry of which the employee will be recalled by the employer for duty. It may extend to any length of time, with the result the employer is unable to estimate when he or she can recall his or her employees.

Resignation

A resignation refers to the termination of employment at the instance of the employees. An employee resigns when he or she secures a better job elsewhere. In the case of a female employee, when she marries and had to quit for personal reasons, or when an employee suffers from ill health, and for other reasons. The administration of separation caused by resignation is very simple because the employee himself resigns

Dismissal or Discharge

Where the termination of employment is initiated by the employer, it is known as dismissal or discharge, which is a drastic step and should be taken after careful thought. A dismissal needs to be supported by just and sufficient reasons. The following reasons lead to the dismissal of an employee:

- Excessive absenteeism.
- Serious misconduct.
- False statement of qualification at the time of employment.
- Theft of company's property.

Dismissal shall be the last step and may be resorted to after all the efforts in salvaging the employee have failed.

Retrenchment

Retrenchment, too, results in the separation of an employee from his/her employer.

It refers to the termination of the services of employees because of the replacement of labor by machines or the closure of a department due to continuing lack of demand for the products manufactured in that particular department of the organization.

However, retrenchment **differs from lay-off** in that, in the latter, the employee continues to be in the employment of the organization and is sure to be recalled after the end of the period of lay-off. But in retrenchment the employee is sent home for good, and his or her connections with the company are severed immediately.

Retrenchment **differs from dismissal** as well. An employee is dismissed because of his or her own fault. Retrenchment, on the other hand, is forced on both the employer and his employees. Moreover, retrenchment involves the termination of the services of several employees. But dismissal generally involves the termination of the services of one or two employees.

Voluntary Retirement Scheme

Voluntary retirement scheme (VRS) is yet another type of separation. Beginning in the early 1980s, companies both in public sector and in private sector have been sending home surplus labor for good, not strictly by retrenchment, but by a novel scheme called the VRS, euphemistically called the Golden Hand Shake plan.

Handsome compensations are paid to those workers who opt to leave. For example, in Hindustan Lever, the VRS consisted of:

- A lumpsum payment equal to 2.25 times the July 1992 salary multiplied by the remaining years of service (subsequently reduced to 15 years of service).
- Pension equal to 70 per cent of the July 1992 salary payable till the age of 60 (the company's retirement age).
- Prizes such as computers, trucks, houses, and so forth (99 in all) to be decided on the basis of a lucky draw.

Managements prefer to pay hefty sums and reduce staff strength than retaining pay

surplus labour and continuing to pay them idle wages. Further, VRS is perceived as a painless and time-saving method of trimming staff strength, easing out unproductive older workers and other deadwood. Unions, too, cannot object as the schemes are voluntary