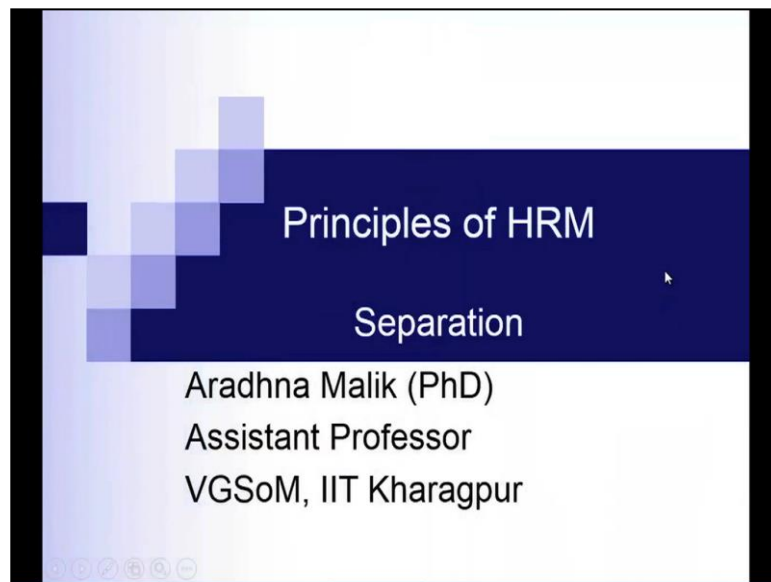


Principles of Human Resource Management
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Module No. #05
Lecture No. #14
Separation and Administration of Benefits

Welcome back, to the class on, Human Resource Management. We were talking about, various types of benefits. I am sorry, we could not finish, one part. So, i will get to it, first. And then, we move on to separation.

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So, let us get on with it. Some resources here.

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Sources

- Briscoe, D.R., Schuler, R. S. & Claus, L. (2009). *International human resource management: Policies and practices for multinational enterprises*. NY: Routledge.
- Gomez-Mejia, L. R., Balkin, D. B. & Cardy, R. L. (2012). *Managing human resources (7th Ed.)*. New Delhi: PHI Ltd.

Some sources, some books, that i have refer to. Again, i have gone through, the book by Briscoe, Schuler, and Claus. But, i am not actively taken, anything from it. So, you will not see, references to this book, in the slides. But, i have studied it. So, it is imperative that, i put it on here. The other book, that i have refer to is, by Gomez-Mejia, Balkin and Cardy.

And, it is a very good book. And, i have been following it. And, you can also buy it. It is freely available in the market, if you need it. Somebody had asked me, for softcopy, was available. I am not aware of any website, that sells soft copies. But, i really do not know. But, if you come across one, please, let me know, through the forum. Okay.

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Paid time off (Gomez-Mejia, Balkin & Cardy, 2012)

- Sick leave: "Provides full pay for each day that an employee experiences a short term illness or disability that interferes with his or her ability to perform the job."
- Management of sick leave:
 - "Wellness pay programs": Incentives for people who do not fall sick – Ethical issues
 - Flexible working hours to help employees balance work and personal lives and family needs
 - Accruing sick leave as encashable leave
 - Provision of casual leave

We were talking about, some time off. One of the benefits that, i would have liked to cover, in the last lecture. But, was not able to was, this concept of sick leave. Now, sick leave provides full pay, for each day, that an employee experiences, a short-term illness, or disability, that interferes with his or her ability, to perform the job. We are all aware of this concept of sick leave. It is a benefit that, has been mandated by law.

And, so you know, we are required as employers, to give our employees, some time for recovering, from any illnesses. We are all human. We fall ill. How do we, as human resources managers, manage sick leave. We may institute, wellness pay programs. Wellness pay programs are provide, incentives for people, who do not fall sick. The big problem with wellness pay programs, is the ethical issues.

Falling sick, most of the times, is inadvertent. I can understand, if this is due to, negligence of one's health. One can still, you know, give incentives to people, who maintain their health, and who take the necessary precautions. But, a lot of times, something as simple as, the flu, is going around. You do, whatever you need to do. You cover your head, nose, throat, everything, and you still get the bug. And, you are down with high fever, for the next 4 or 5 days.

You should not be penalized, or i am, you know, or looking at it, conversely. Somebody, who is younger, and who has a better immune system, than you, just because, their constitution is such, should not be rewarded, additionally. So again, there is an ethical issue, regarding this. But, this is one of the things, that organizations do. But, yes. They can institute, some wellness programs. They can encourage people, to stay healthy, and stay well. Okay.

Flexible working hours, to help employees, balance work in, personal lives and family needs. We all fall sick. We all have family needs. We all need to take, you know, achieve the work life balance, that we talk about, so often. And, if we are given an opportunity, to achieve this balance, our commitment to the organization, increases. And, the stress, we take on ourselves, that can result in health-related issues, comes down. So, it is a chain reaction.

If, I as an employee, i am feeling comfortable, with the way, my organization treats me. If my organization, allows me some flexible hours, to take care of some personal crisis. I do not

feel stressed, on that count. And, if I do not take on that stress, the overall level of stress, comes down. And, i stay healthier for a longer time. I do not need one more problem, in addition to the ones, that i already have, to deal with. So, that always helps. You know, it keeps people committed.

Accruing sick leave, as encashable leave, is another thing, we do. I mean, this is a very slippery slope to be on. So, but, many organizations, have this concept, of having sick leave days. A certain number of days, that one can collect as sick leave. And, you let them collect this sick leave, if they do not fall sick, in one year, two years, three years. And, in the fourth year, they suddenly have a medical emergency, for which, they need to be absent for a month.

They should be allowed, to do that, up to a certain point. So, many organizations, allow this. And, this helps us, tide over our medical emergencies. So, and many organizations also, allow you to encash, this accrued sick leave, when you leave the organization. Either, at the time of retirement, or at the time of moving to another organizations. So, if you have accrued it, you know, you can encash it. It is not really a reward for staying well. It is just something that, you did not need to use. It is a benefit.

Provision of casual leave. Now, a lot of organizations in the west, particularly in the west, i have heard, i do not know, first-hand. But, i have heard that, they do not allow people, very much time for, personal work. So, you know, they have strict categories of leaves. And, if you say, one day, you are just feeling low. You are not officially depressed. And, one day, you know, your productivity will not be very high. You just need to take, some time off, to recharge your batteries.

In India, we have this concept of casual leave. And, in the government sector, in some organizations, we are allowed, one casual leave per month. Which, i think, is quite okay. And, you know, of course, we have to give, advance notice. We cannot be permitted casual leave, when there is emergency. When, there are things to be delivered. But, if everything else is taken care of, my boss may permit me, to take that day off. You know, just to recharge my batteries.

I just want to stay at home and read. I am tired. I am running around, whether, this that, this that. I just need to sit at home, and do some personal things, or just rest. So, that is what, we

call as casual leave. You allow people, personal days off. And, they will not fall sick. Otherwise, the stress accumulates. And, one day, you just crash. So, it is always helpful, to have this kind of leave.

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Employee separations (Gomez-Mejia, Balkin & Cardy, 2012)

- **Concepts**
 - "Employee separation occurs when an employee ceases to be a member of an organization."
 - "Turnover rate is a measure of the rate at which employees leave the firm"
- **Benefits**
 - Reduced labor costs
 - Replacement of poor performance
 - Increased innovation
 - Opportunity for greater diversity

Let us come to the topic, for today. Employee separations. Separation occurs, when an employee ceases to be, a member of the organization. Separation occurs, when you physically move away, from the company. Either, you stop working, or, you move on to another organization. Turnover rate is a measure of the rate, at which, employees leave the firm. These are some concepts.

Turnover also, refers to the amount of revenue, generated by an organization. But, in human resources terms, turnover rates refer to, the number of people, or the rate at which, the employees leave the firm. How many people come and go, over a period of one year, three months, whatever, your measure is.

Benefits of employee separations are reduced labor costs. Believe it or not, again, you know, you will say, you being very mean, when you say this. But, when senior employees, who are drawing a very high salary, leave the organization, you hire junior employees. And, the person, who moves into the position, occupied by a very senior employee.

You know, when this whole change shifts up. The person, who moves into that position, of a very senior employee, who is leaving the organization. That person, does not get the high

salary, immediately. There is some lag, the person has to go through the ranks. Maybe, spend some time. And, then reach the point, or maybe, even cross the point, of that high salary.

But, at that time, for a few months, you know, everybody starting afresh. People are moving into senior positions. And, you get a new person in. Training costs included, your total cost of running the operation, could go down, very briefly, for a few months. Or, when employees leave voluntarily, we give people, additional work. But, we do not pay them, the salary, of an additional person. So, we all take on, a little bit of extra work. No benefits. No additional benefits include, may be partially.

But, the overall cost of running the operation, goes down, and we manage. So, the labor costs may go down. Replacement of poor performance is another benefit of separation. We have to ask, the underperforming employees, to leave. Okay. Poor performance is always, a drain on the organization's resources, on the organization's morale, on the organization's productivity, profitability. So, we need to have people, move on. People, who were not performing, should either leave on their own, or be, asked to leave. And, it always helps the organization.

The, other thing is increased innovation. We may become, very redundant. You know what, the ideas we have, in an organization that we serve, for a long time, start getting repeated. When, we get fresh blood in. When we get people, who have been exposed to a lot of different things, into our organization, newer things happen. They bring with them, newer experiences, newer ideas. So, the place, does not become stagnant. It is a requirement. To prevent the stagnancy, there is a requirement.

In some of the IIT's, and I believe, some of the IIM's, well, they do not immediately recruit, their own PhD students, as faculty. You have to go out, after you earn your PhD. You are required to gain, at least 3 to 5 years of experience, in another organization. Either in a research role, or in a teaching role. And then, you come back to your parent organization. Many of us, you know, would like to continue in the place, where we earned our PhD's from. Because, it is our comfort zone. We know the teachers. We are family.

But, many IIT's and IIM's, do not allow this, for the simple reason that, people become stagnant. The same ideas, are going on and on. We are doing, the same kind of research, in the exact same manner. We are dealing with things, in the same manner. So, no innovation

takes place. Where people, when people leave the organization, newer people come in, who have different experiences. And, that results in newer things, newer ways of doing things. And, that adds a lot of richness, to what you produce. You could go in directions, that you did not know about, before. And, it provides an opportunity for greater diversity.

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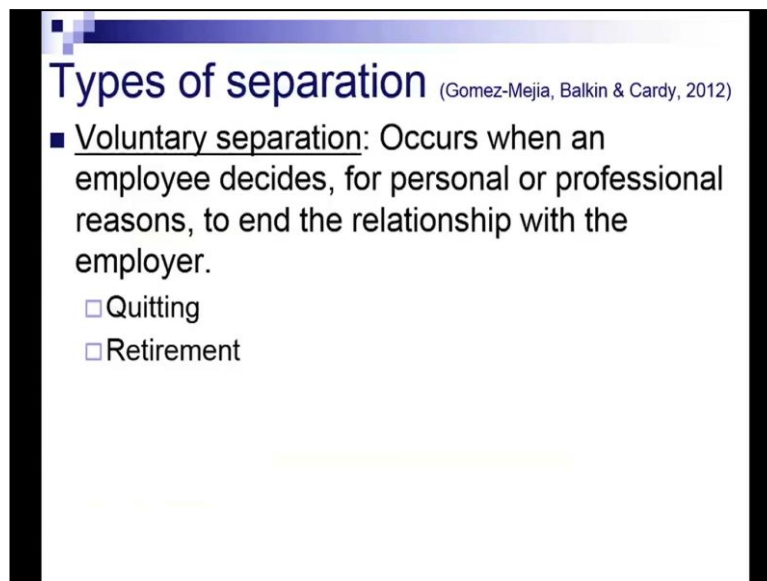
Some costs involved in employee separations. Again, we have discussed this at the, when we were discussing, recruitment. So, i will not go, too much into it. Just a little revision for you. When people leave the organization, there is a cost involved, with recruitment. There is a cost involved with selection.

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There is some cost involved in training the new employees. And, there is a separation cost, in which, you have to pay, benefits. You have to give the person, salaries. You have to give them, some separation benefits. You also need to cover, the cost of unemployment insurance. I will tell you, what that is, in a minute. You would need to have, in some organizations, you are required to have, an exit interview. So, it takes time away. So, people need sit down. And then, they tell the company, why they are leaving. What they felt about the company. And, that is called the exit interview.

You may need to help them, without placement, which is what, the armed forces do. So, you know, you have outplacement assistance. So, as they getting ready to leave, you have a re-employment, or outplacement kind of help, that you give to them. You will say, okay, your skills are redundant. But, since you been such a good worker, we will help you, get placed. But, that also costs money. And, there is a position, that is vacant. Their work, does not get done. And, we have discussed these earlier. So, i will not go in to, too much detail now. (Refer Slide Time: 12:42)



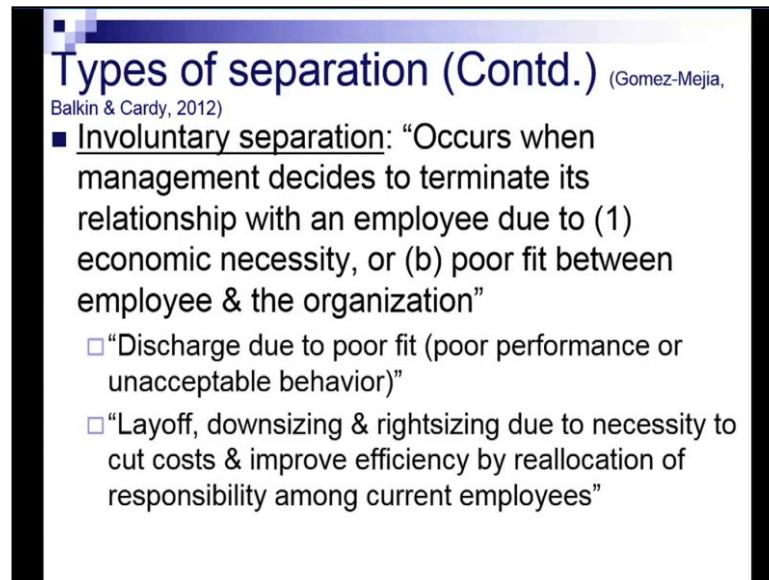
Types of separation (Gomez-Mejia, Balkin & Cardy, 2012)

- Voluntary separation: Occurs when an employee decides, for personal or professional reasons, to end the relationship with the employer.
 - Quitting
 - Retirement

Okay. Some types of separation. There could be, voluntary separation. And, there could be, involuntary separation. Voluntary separation occurs, when an employee decides, for personal or professional reasons, to end the relationship, with the employer. You will say, retirement is not a voluntary separation. Well. It is on the border. It is, it is, sorry, it is on the, you know, it is on the fence. You are required by law, to leave the place of work. We do not want to leave the place of work. Because, we enjoy it, so much.

But then, when we are 65, or 60, or 58, whatever, your retirement age, you is, you go. And, you join your place of work, knowing that, this is the age at which, you will be required to leave. So, that is, it counts as, voluntary separation.

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Types of separation (Contd.) (Gomez-Mejia, Balkin & Cardy, 2012)

- **Involuntary separation:** “Occurs when management decides to terminate its relationship with an employee due to (1) economic necessity, or (b) poor fit between employee & the organization”
 - “Discharge due to poor fit (poor performance or unacceptable behavior)”
 - “Layoff, downsizing & rightsizing due to necessity to cut costs & improve efficiency by reallocation of responsibility among current employees”

Quitting is another one. You may decide, to take voluntary retirement. And, that also counts as, a voluntary separation. You decide quitting. I leave the job. And, move on to, either stop working, or move on to something better.

Involuntary separation occurs, when the management decides, to terminate its relationship, with an employee, due to economic necessity, or poor fit, between the employee and the organization. I am sorry for the inconsistency. It should be, either one and two, or, a and b. Anyway, so, how do you decide. You may decide, to discharge the employee, due to poor fit. Poor fit is poor performance or unacceptable behavior.

So, that is when, you decide to ask, the employee to leave. Or, you may want to lay off, a whole bunch of employees. Or, you may need to downsize. Or, as we see these days, right size, due to necessity, to cut costs and improve efficiency, by reallocation of responsibility, among current employees. You do not need the skills, that these employees had. I have given you, the example of technology. You know, the storage devices, for example. It is such a wonderful example.

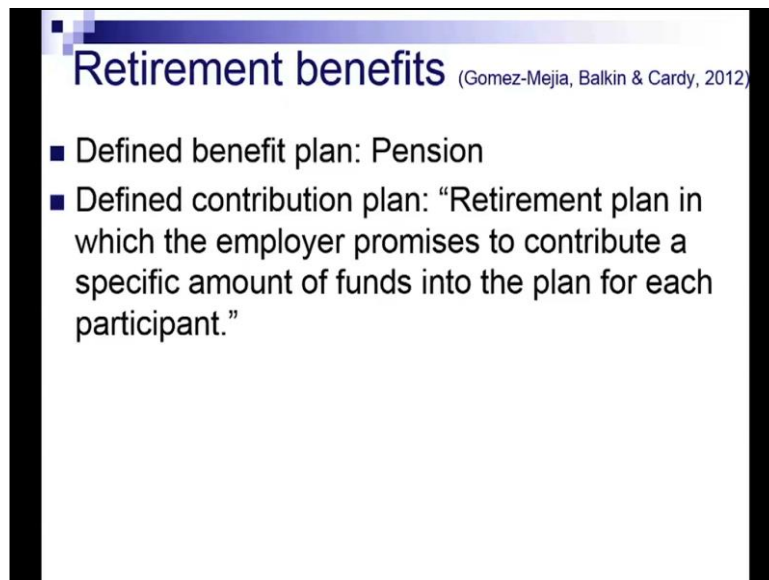
I like to use it, in so many lectures. Audiocassettes, to CD's, to DVD's, to the cloud. To pen drives, to the cloud. Audiocassettes came and went. Storage devices for the computer. My

god, it started with audio cassettes. I do not know, how many of you have, had that computer, where you would stick in. You would make a program, with the computer, with your television, as the screen. And, your audio cassette player, with regular audiocassettes, as the storage device. You connect all three. And, you spend hours, typing a program.

And, during recordings, suddenly, there is the power cut. All this effort, of two, two and a half hours, three hours, gone waste. So, that was the time, i mean, that is how, i learnt, how to use a computer, long time back. And then, you know, of course, there were very variations of this. And then, we had these floppy disks. And, we had 3 1/2 inch disks. And then, we had pen drives. And, we then, we had DVD's and CD's. And, all of this came. And then, suddenly, there was the cloud.

So, hard drives, external hard drives, a lot of us carry, that those, in our pockets. And, nobody ever gets to see, the real floppy disks, anymore. I do not think, there is any machine, that uses those, anymore. So, necessity changes in technology. And, a whole bunch of people, who knew, how to make those, who knew, how to use those, are now out. What do you do. So, they have to be laid off.

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Retirement benefits (Gomez-Mejia, Balkin & Cardy, 2012)

- Defined benefit plan: Pension
- Defined contribution plan: "Retirement plan in which the employer promises to contribute a specific amount of funds into the plan for each participant."

Let us come to retirement. A various benefit, that you can give to people, who are retiring. You could give them, a pension. You know, pension is what, you assure them, a certain amount of income, which is the percentage of, what they used to earn, when they were still in service. And, you assure them, this income, till the end of their lives. So, you tell them that,

okay, we will take care of you. And, you know, it is a form of social security, that is implemented here in India, and in some other countries.

You could also have, a well-defined contribution. Excuse me. We have something like this, in the government sector, now. Where the government, helps you decide, or, insists that, you contribute towards a pension plan. They do not want you, to be a burden on society. So, they said, this is the minimum, that you will be required, to contribute towards, your pension fund. And, you keep putting, some amount of money in it. And, the government, matches a percentage of it.

Now, if you want to put in more, the government will not match, the additional. But, you keep putting in, as much as, you want. And, the government matches, a percentage of your total income, and contributes to this pension funds. And, when you retire, you get a lump sum, either, you get it all together, or, you get it in instalments. So, different organizations, have this kind of contributory, well defined pension plan, or contribution plan.

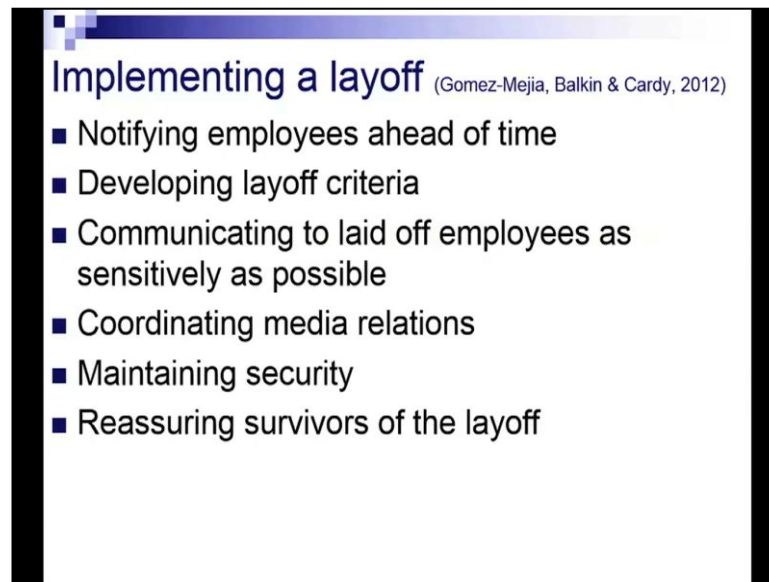
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Okay. And then, you would have layoffs. You would ask people, to leave now. How do you handle layoffs, in small businesses? You need to be clear, for the reason, for the layoff. Retirement is, yes, people go. And, they take the, golden hand shake. I mean, sorry, they take the money, that is given to them, and they move on. Then, you also need to have, you have layoffs.

How do you handle layoffs? Layoffs are, when you ask people, to leave. So, you need to be clear, about the reason, for the layoff. you need to be sure of, why you are laying people off. You need to explain, the criteria for layoffs, to your employees. And, you need to take legal precautions, for laying people off.

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How do you implement a layoff? You notify employees, ahead of time. You develop layoff criteria. You communicate, to laid off employees, as sensitively as possible. You coordinate media relations. You maintain security. And, you reassure survivors, of the layoff. You tell them, you know, you let people know that, they are going to be laid off. You develop some criteria. You let them know, that they are going to be laid off, because of these reasons. You communicate this fact to them, in as sensitive a manner, as possible.

There is an English movie. I do not know, if should be mentioning, the name here. And, i hope, i am right, when i say this. I think, the movie is called, Up in The Air, where it is a story about two people, who are, or, about one person, whose job is to, lay off people. I think, that was there, in that movie. Again, i do not know, if it is appropriate to mention it here. But anyway, so, you know, the way you fire people, who goes around the country, and tells people that, they are going to be fired.

So anyway, so you coordinate, let people. Because, people are going to be hurt, when you tell them that, they have lost their jobs. They do not know, where the next meal is, going to come from. They do not know, whether, you know, they will be able to retain the house, that they

have bought, for themselves. They may have made plans, to put their children, in a particular school or college. And, suddenly, those plans go kaput.

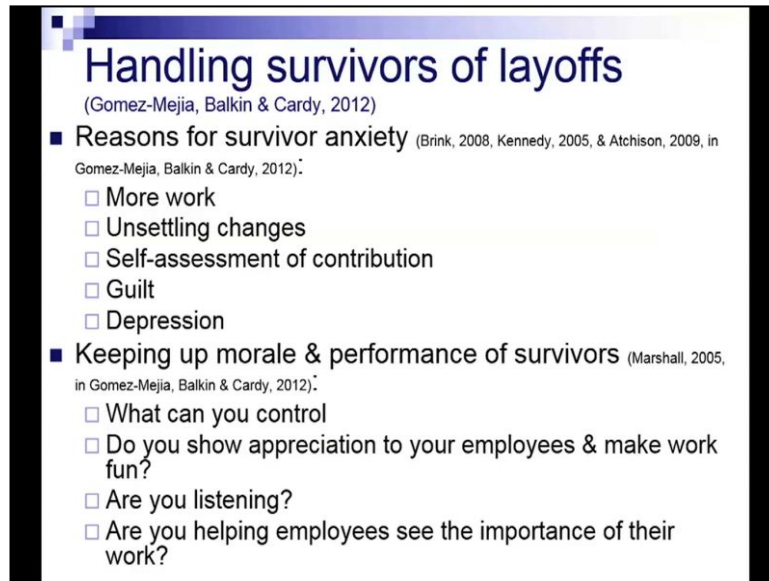
So, what do they do. So, you know, they are not going to take it, very well. And especially, if you are not at fault in, you are being laid off. It is going to hurt you. People have been known, to have heart attacks. People have been known, to have died, when they hear the news of, they are being laid off. You know, they could be in debt, and they could be counting on this job, to help them, get out of debt. People could have family members, who are sick, who need expensive medical care.

Suddenly, you tell them that, thank you very much, please do not come to the office, from tomorrow. What do they do. And, they are older in age. And, nobody else will hire them. Because, the organization, or the industry, needs younger bloods. So, one fine day, you say, okay, fine, you are 50 years old. Please go. Do not come back. And, i do not care, how you spend, the rest of your life. Now, with longevity going up. The people are active. People are, can be productive, till 70 or 80's.

So, this person, becomes a burden on society, after a while. So, you know, it can be difficult. So, we need to be nice, to people. Then, how do you coordinate, media relations. We, depending on the size of the layoff, depending on, how many people are laid off, depending on, the reasons for the layoff, human rights organizations, may take you to task. They may ask you, why you have made, so many people suffer. And, people could, go up in arms, against you.

Especially, if the reasons for the layoff, are not convincing enough. And, that can get your organization, into deep trouble. So, one has to know, how to handle, media relations. And, how to minimize, the damage to, one's public image. Layoffs are not easy, for the employees. They are even more difficult, for the organizations. And, this is one of the problems. Maintaining security. If you lay off, too many people, it could be a threat, to your organization. And, reassuring survivors, of the layoff.

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Handling survivors of layoffs

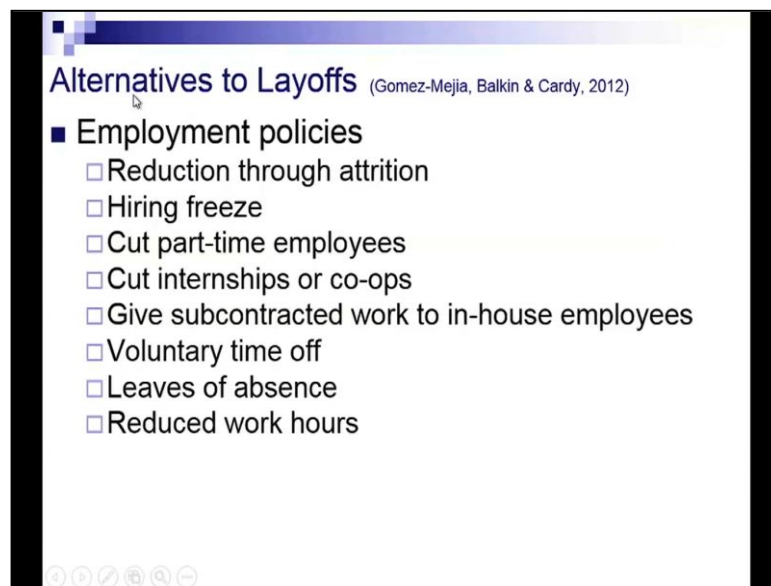
(Gomez-Mejia, Balkin & Cardy, 2012)

- **Reasons for survivor anxiety** (Brink, 2008, Kennedy, 2005, & Atchison, 2009, in Gomez-Mejia, Balkin & Cardy, 2012).
 - ☐ More work
 - ☐ Unsettling changes
 - ☐ Self-assessment of contribution
 - ☐ Guilt
 - ☐ Depression
- **Keeping up morale & performance of survivors** (Marshall, 2005, in Gomez-Mejia, Balkin & Cardy, 2012).
 - ☐ What can you control
 - ☐ Do you show appreciation to your employees & make work fun?
 - ☐ Are you listening?
 - ☐ Are you helping employees see the importance of their work?

Handling survivors of layoffs. Reasons for survivor anxiety. When we talk about layoffs, we survivors, may feel uncomfortable. The people, who are left behind, may feel uncomfortable. There could be more work. There could be unsettling changes. There could be self-assessment of contribution. There could be guilt. There could be depression. So, all of these things, you know, can happen, and can add, to the anxiety of the people, who are left behind.

Now, how do you keep up morale and performance, of survivors. You let them know, what you can control. You help them understand, what you can control. You need to show, appreciation to your employees, and make work, fun. You also need to find out, you know, you need to convince them, that you are listening to, what they have to say. And, you need to help employees. See the importance of their work.

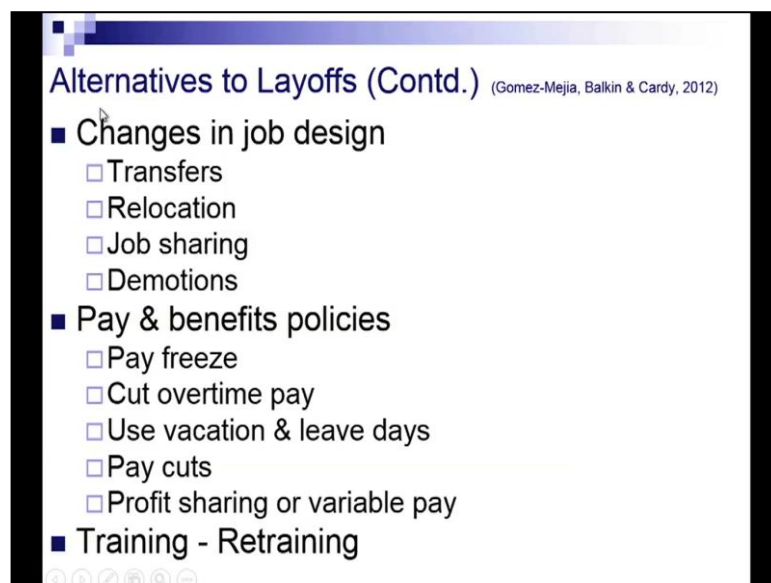
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Some alternatives to layoffs. You could have employment policies. You could reduce the layoffs. You know, employment policies could be used, to reduce the layoff, due to attrition. There could be a hiring freeze. There could be cut. You could cut, part-time employees. You could cut, internships or co-ops.

Or, you could give subcontracted work, to the in-house employees. You could give them, voluntary time-off. You could let them take, some time-off and come back. You could also give them, leaves of absence. And, you could, maybe, reduce work hours. So, these are, some of the alternatives. You can build, these things into your employment policies.

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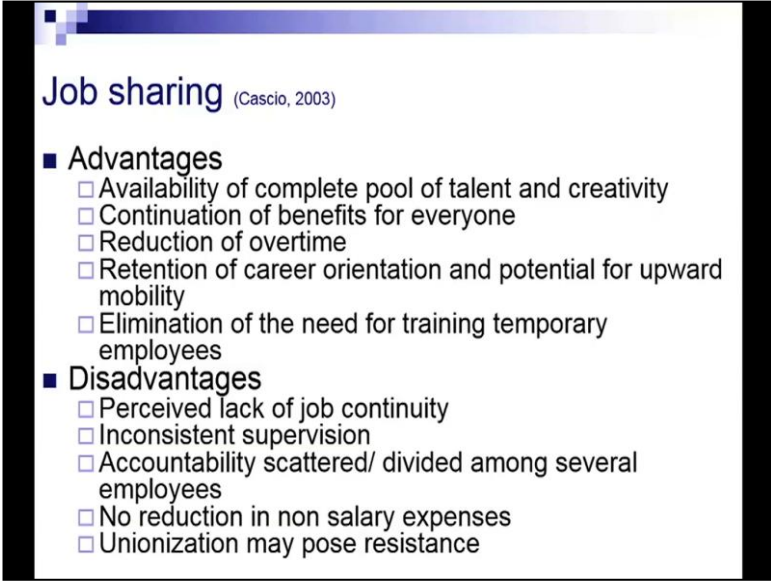


And, you could also make, some changes to the job design. You could transfer some employees, and put them in places, where you do not have to give them, so many benefits. You could, relocate them. You could, encourage job sharing. We have discussed, job sharing, earlier. You could, even demote them. Because, if given a choice, there are some employees, who might prefer to continue working, with the organization, at a lower salary, till this time is, you know, taken care off, instead of being completely, out of a job.

So, they may agree to a demotion. They may not like it. But, they may agree to it. Because, they are not able to find a job, anywhere else. So, that could be one. Pay and, benefits policies. You could, freeze the pay. You can say, we are not going to give you, any increments. We are not going to give, any bonuses.

You could have, you could, cut the overtime pay. You tell them, not to come to work, late. And, you say, you just get your salary. And, you could use, vacation and leave days. You could, cut down on their vacations. You could institute, pay cuts. You could institute, profit-sharing or variable pay. You could, train and retrain your employees. Okay.

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Job sharing (Cascio, 2003)

- **Advantages**
 - Availability of complete pool of talent and creativity
 - Continuation of benefits for everyone
 - Reduction of overtime
 - Retention of career orientation and potential for upward mobility
 - Elimination of the need for training temporary employees
- **Disadvantages**
 - Perceived lack of job continuity
 - Inconsistent supervision
 - Accountability scattered/ divided among several employees
 - No reduction in non salary expenses
 - Unionization may pose resistance

We have already discussed, job sharing, earlier. So, i will not go into it, again. We have discussed this, in a previous lecture. But, this can also be, a part of this lecture. So, it is here.

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Administering benefits (Gomez-Mejia, Balkin & Cardy, 2012)

- Flexible benefits program: "Allows employees to choose from a selection of employer provided benefits such as vision care, dental care, health insurance, child care, more paid vacation days, legal services, [etc.]"

Types:

- Modular plans: "Consist of a series of different bundles of benefits or different levels of benefits coverage designed for different employee groups."
- Core plus options plans: "Consist of a core of essential benefits and a wide array of other economic security for employees, & usually includes basic health insurance, life insurance, [etc.]"
- Flexible spending accounts: Individual employee accounts funded by the employer, the employee, or both.

How do you administer benefits? We administer benefits, using a flexible benefits program. One of the ways, of administering benefits is, using a flexible benefits programs. Flexible benefits program allows employees, to choose from a selection of employer-provided benefits, such as vision care, dental care, health insurance, child care, etcetera. So, you have various types of benefits. And, you let people choose, what they need. Some types of, flexible benefits plans could be, modular plans.

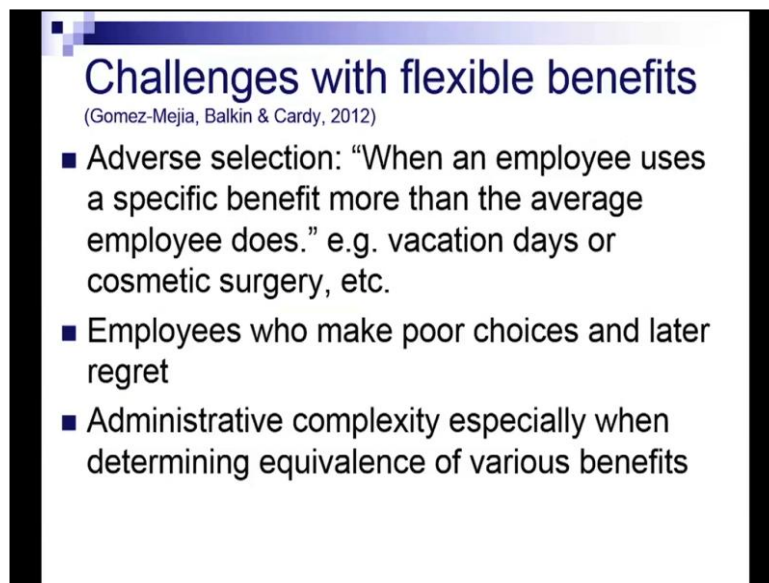
That consist of a series of, different bundles of benefits, or, different levels of benefits coverage, designed for different employee group. So, you will say, okay. People at this level, say, the lower management, will get this bundle of benefits. People, you know, middle management, you could give them more of, say, help with tuition fees for their children, or, care for their elderly ageing parents, and less of vacation benefits. So, you know, i mean, i am not saying that, they do not need it.

But, their needs would depend, on their demographics status, their family size, family structure, family needs. So, these things might be, more helpful for them. So, you will say, people between the age of, say, 30 to 40, or, 30 to 50, will get more benefits, in terms of, parent and child care, and less benefits, in terms of vacation. And then, after 50, most of us, you know, have lost one or both parents. And then, so these benefits, do not make, so much sense to us. So, you say, okay.

After the age of 60, you will get more vacation benefits. For example, care for spouse, or, more health benefits, at that point of time. So, that is a modular plan. Different bundles for different people, different groups, depending on various things. Core plus option plans, consists of a core of essential benefits, health benefits, child care, family care, and either, vacation, or education, or training, or discounts, etcetera. So, one core said, that this is what, you will get. And then, you can choose, from this basket of benefits.

Flexible spending accounts. Individual employee accounts, funded by the employer, the employee, or both. So, you could have spending accounts. And, you will say, okay, this is your spending account. I would not ask you, where the money is going. You spend it, anyway you want. And, this is quite prevalent, in the west. So, you say, either you take the benefit, or you take money, in exchange for it. And, that might be, helpful for you.

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Challenges with flexible benefits
(Gomez-Mejia, Balkin & Cardy, 2012)

- Adverse selection: "When an employee uses a specific benefit more than the average employee does." e.g. vacation days or cosmetic surgery, etc.
- Employees who make poor choices and later regret
- Administrative complexity especially when determining equivalence of various benefits

Some challenges. One is adverse selection. When an employee uses a specific benefit, more than the average employee does. For example, the vacation days, or cosmetic surgery, or dental care, etc. If somebody is given dental care. And, you say, okay, you can spend. You know, the person decides to use, only dental care. And, they get their braces, i mean, the whole bunch of things.

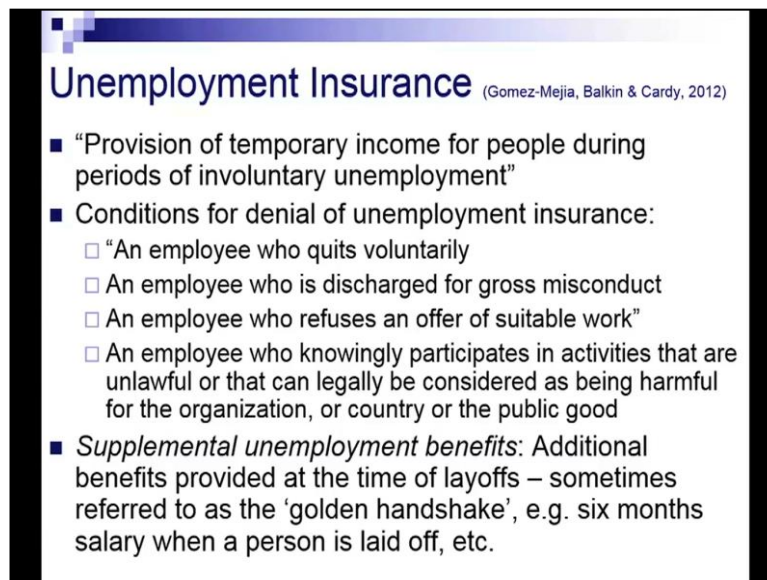
And, that ends up costing, a lot more than the average cost, of the company would have incurred, for giving benefits, to their employees. So, that is called, adverse selection.

Employees, who make poor choices, and later regret. So, it is a basket. So, we all get tempted. And, so you know, i will say, okay, great. I will get this done, that done. And then, i realize, oh my god, i made a bad choice. And then, you cannot go back, and say, no, please give me something else.

you have already used it, or, you have already decided it, and the company is planned for it. Administrative complexity, especially, when determining equivalence of various benefits. How do you decide, which mix is going to be, equivalent to what? So, dental care, and child care, and elderly care, and vacations, may not be at par, with each other. And, somebody could question you, and say, okay, well.

so and so person is taking, so many vacations. So, this person is spending, so much on dental care. Why cannot i. You know, why cannot you determine, you know, or, why cannot i do the same, for taking care of my elderly parents. Or, why cannot i, spend the same amount of money, on my education fees. Either, one year of education, or one year of dental care. And, one year of education may cost, much lesser than, one year of dental care. So, that could be a problem.

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Unemployment Insurance (Gomez-Mejia, Balkin & Cardy, 2012)

- "Provision of temporary income for people during periods of involuntary unemployment"
- Conditions for denial of unemployment insurance:
 - "An employee who quits voluntarily"
 - An employee who is discharged for gross misconduct
 - An employee who refuses an offer of suitable work"
 - An employee who knowingly participates in activities that are unlawful or that can legally be considered as being harmful for the organization, or country or the public good
- *Supplemental unemployment benefits*: Additional benefits provided at the time of layoffs – sometimes referred to as the 'golden handshake', e.g. six months salary when a person is laid off, etc.

You could also have, unemployment insurance. Unemployment insurance, deals with the provision. It is the provision of, temporary income for people, during periods of involuntary unemployment. Some conditions, that you can use, to deny unemployment insurance are, an

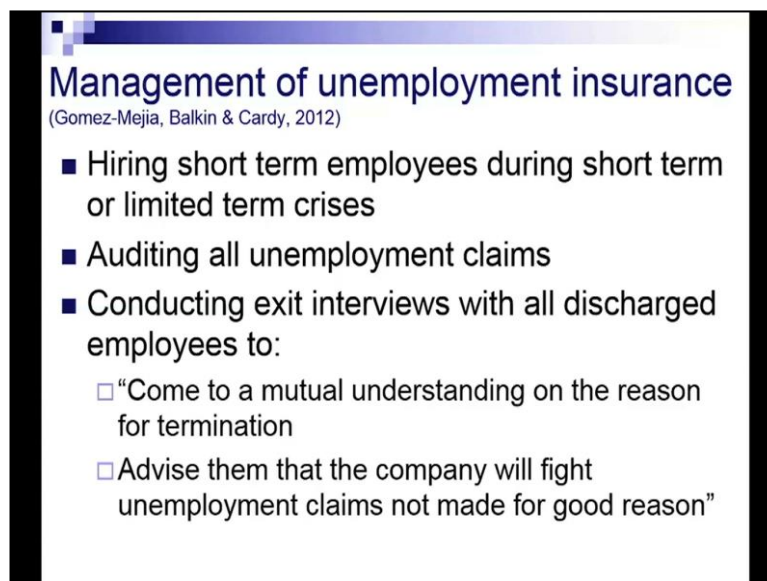
employee, who quits voluntarily. Somebody, just leaves their job. You are not bound by law, to give them, unemployment insurance.

An employee, who is discharged for gross misconduct. You do not need to give them, unemployment insurance. An employee, who refuses an offer of suitable work. You tell the person, to do some work. And, the person says, no, i will not do it. And, if it is appropriate suitable work. And, the person is qualified. And says, no, to it. You can let them go. And, you do not have to give them, any unemployment insurance.

An employee, who knowingly participates in activities, that are unlawful. Or, that can legally be considered as, being harmful for the organization, or country, or the public good. Somebody engaging in illegal activities, somebody engaging in sabotage, somebody engaging in something, that can hurt the organization, is not entitled to unemployment insurance.

Supplemental unemployment benefits also, can be there. Additional benefits provided at the time of layoffs. So, sometimes referred to as, the golden handshake. For example, six-month salary, when a person is laid off. So, this kind of thing, also counts. You know, some, it borders on unemployment insurance.

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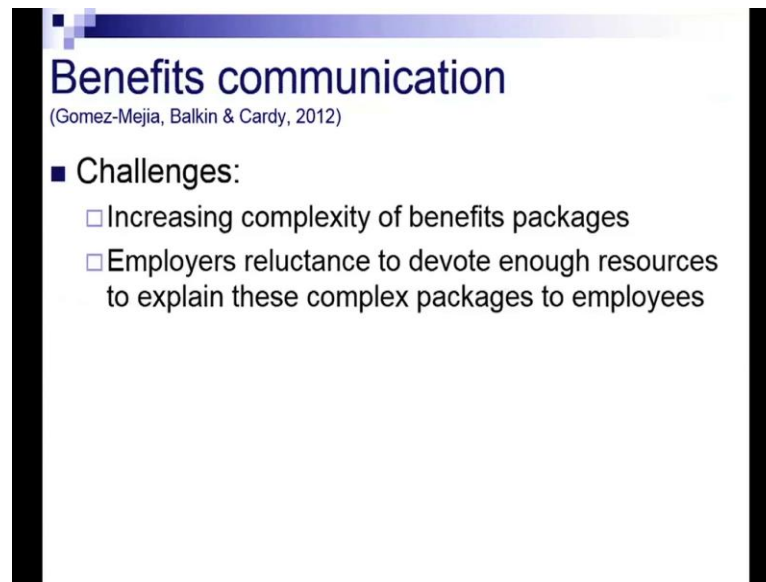
Management of unemployment insurance
(Gomez-Mejia, Balkin & Cardy, 2012)

- Hiring short term employees during short term or limited term crises
- Auditing all unemployment claims
- Conducting exit interviews with all discharged employees to:
 - “Come to a mutual understanding on the reason for termination
 - Advise them that the company will fight unemployment claims not made for good reason”

How do you manage, unemployment insurance? You hire short-term employees, during short term or limited term crises. You audit all unemployment claims. And, you conduct exit

interviews, with all discharged employees. To one, come to a mutual understanding, on the reason for termination. Let them know. Convince them that, they had to be terminated. And, let them know that, if they file a false complaint. The company will defend it, as much as possible, within the purview of the law.

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Last topic, for today's discussion is, benefits communication. You need to tell people, what they are entitled to, and what they are not entitled to. The biggest challenge in this is, increasing complexity of benefits packages, always helps to retain, very good employees. But, what do you do, with it. How do you manage it? So, that becomes a big challenge. Employers reluctance, to devote enough resources, to explain these complex packages, to employees.

So, you have a complex package. But, you do not know, how to explain it, to employees. Employees, do not know, what they are entitled to. They do not take benefit of it. And, the organization saves money, where it should not be saving money. So, it becomes a difficult thing for them. Because, sometimes, these packages are very complex. And, people need to be told, in a clear-cut manner, as to what, they can, and cannot have. So, that becomes a very big challenge. And, that has to be dealt with, very, very, tactfully.

So, this is all, i have for you, today. And, we will continue with more HR stuff, in the next lecture. Thank you for listening.