COMMON HR TERMS

Attrition

This term refers to the voluntary and involuntary terminations, deaths and employee retirements that result in a reduction to the employer's physical workforce. If you work in a human resources department at a large organization, keeping track of attrition trends can be a job in and of itself.

Balanced scorecard

Developed in the early 1990s by Drs. Robert Kaplan and David Norton, the term "balanced scorecard" refers to a management and measurement system, which evaluates four areas of business: internal business processes, financial performance, customer knowledge and learning and growth.

Behavioral competency

Behavioral competency is essentially an evaluation of the behavior qualities and character traits of an employee. How these competencies are defined can vary by employer, but fundamentally they revolve around people skills, managerial skills and achievement skills. Certain positions work better for certain behavioral competencies, and these particular markers will help determine whether a candidate will be successful at the position he or she is applying for—as you might imagine, a candidate applying for a managerial position should have strong achievement and development-related competencies.

Benchmarking

Benchmarking is a process of measuring the performance of an organization or team through a variety of metrics—for example, customer satisfaction rate, sales and retention—for future comparison. Benchmarking can be used to compare internal performance and the external performance of competitors to measure if improvement has occurred.

Broadbanding

Broadbanding is a pay structure that places less emphasis on hierarchy than job duties, skills and performance. This type of pay structure encourages the development of a wide variety of employee skills and growth but comes with a significant decrease in promotion opportunities. For example, a company that subscribes to broadbanding may have a larger range of potential salaries for a marketing specialist, while a company that doesn't is likely to have multiple titles with

a smaller range of potential salaries for each (for example: junior marketing specialist, marketing specialist and sr. marketing specialist).

Bumping

Bumping is a practice that gives established senior employees whose positions are to be eliminated the option of taking other positions—often a step down, complete with less pay—within the company that they are qualified for and that are currently held by employees with less seniority. This is a way for an organization to retain institutional knowledge and experienced workers.

Change management

This is a considered approach for transitioning individuals or organizations from one state to another in order to manage and monitor change. Companies can stay ahead of the game when they think ahead about how they can manage the introduction, implementation and consequences of major organizational changes.

Confidentiality agreement

This is an agreement between an employer and employee in which the employee may not disclose branded, patented or confidential information. Many companies have protected information that, if leaked, could be devastating for the brand or welfare of the organization—a confidentiality agreement serves as legal protection from this.

Distributive bargaining

Distributive bargaining is the negotiation between competing parties that involves the distribution of a finite resource. One party prevails, to the detriment of the other.

Due diligence

Generally speaking, due diligence refers to the steps taken to ensure compliance with laws and regulations. In mergers and acquisitions, due diligence is the process of thoroughly examining the details of an investment or purchase to ensure all paperwork and documentation is up to date and compliant.

Emotional intelligence

Emotional intelligence is the ability to recognize, assess and manage one's own emotions, as well as others' emotions. High emotional intelligence is a must-have skill for those working in human resources.

Exit interview

An exit interview is the final meeting between management and an employee leaving the company. Information is gathered to gain insight into work conditions and possible changes or solutions, and the employee has a chance to explain why he or she is leaving.

Freedom of association

Freedom of association is a right for people to associate with (or leave) any group of their choosing. That group also has the right to take collective action in pursuit of its members' interests. In an HR context, this generally refers to workers' freedom to form labor unions.

Grievance

A grievance is a complaint brought forward by an employee about an alleged violation of law or dissatisfaction with work conditions.

Gross misconduct

Gross misconduct is an action so serious that it calls for the immediate dismissal of an employee. Physical violence and intoxication at work are two common examples of this.

Hawthorne effect

The Hawthorne effect is a phenomenon observed as a result of an experiment conducted by Elton Mayo. In an experiment intended to measure how a work environment impacts worker productivity, Mayo's researchers noted that workers productivity increased not from changes in environment, but when being watched. Applied to HR, the concept is that employee motivation can be influenced by how aware they are of being observed and judged on their work—a basis for regular evaluation and metrics to meet.

Nepotism

Nepotism is preferential hiring of relatives and friends, even though others might be more qualified for those positions. The favoritism is generally showed by individuals in a position of authority such as CEOs, managers or supervisors.

Onboarding

Onboarding is the process of moving a new hire from applicant to employee status, ensuring that paperwork is done and orientation is completed.

Retention strategy

Retention strategy refers to the processes and policies used to ensure employees stay. In order to retain employees and reduce turnover, managers must help employees meet their goals without losing sight of the organization's goals. This is always a balance that must be managed carefully.

Succession planning

This is the process of identifying long-range needs and cultivating a supply of internal talent to meet those future needs. It assists in finding, assessing and developing the individuals necessary to the strategy of the organization.

Employment law

Employment law is a set of laws that affect workplace conduct and fair practices. Some types of laws set forth for employment issues include affirmative action, discrimination and employee benefits.

Retention

Retention is the process of keeping skilled, successful employees at a specific company. Retention can succeed with perks and benefits for the employee, including vacation time, sick leave and recognition programs.

Competency assessment

A competency assessment is a measure of the performance of an individual employee based on criteria that meets the requirements for what a company deems as standard performance.

Employee development, human resources development

Employee development is the specific education and training of new employees. Employee development can also refer to an employee's continued education or retraining.

Performance review

A performance review is a written evaluation of an employee's success to show how well he or she has performed for a specific amount of time. This is given to the

employee and used as a learning tool on areas where the employee needs to improve.

Succession planning

Succession planning is another way that HR management can help employees determine their strengths and weaknesses. Succession planning is a way top executives are evaluated by senior management. This helps to prepare backup options for senior officials in the company.

APPLICANT TRACKING SYSTEM

Software that helps an organization with all recruitment needs.

AT-WILL EMPLOYMENT

An at-will employee can be fired at any time for any reason. If the employer decides to let that employee go, the employee has limited legal rights to fight the termination. Additionally, an employee may leave at any time for any reason with or without notice. Essentially, all states recognize at-will employment, but, some states place limitations on it.

BACKGROUND CHECK

A background check is a form of investigation into a potential employee's background, based on certain criteria. That could include employment, education, criminal records, vehicle, and license record checks. It also may or may not include a credit check, which looks into the credit history of a candidate (there are a number of laws surrounding this).

BENEFITS

In general, benefits include some sort of 'perks' provided to employees that an employee receives in addition to wages. This could include health insurance, pension plans, sick leave, vacation, etc.

COBRA

The Consolidated Omnibus Budget Reconciliation Act (COBRA), passed in 1985, is a law that requires employers with 20 or more employees that offer health care benefits to offer a continuing coverage option to those who lose their benefits due to termination, reduction in hours, etc. COBRA compliance failures can result in significant penalties for employers.

DEPARTMENT OF LABOR (DOL)

This cabinet-level department of the government is responsible for a number of areas as it relates to the welfare of workers. This includes occupational safety, wage and hour standards, unemployment insurance benefits, and more.

EMPLOYEE (VS. INDEPENDENT CONTRACTOR)

In the most basic sense of the word, an employee is someone who performs a service for a company. In general, a business owner must withhold income taxes, withhold and pay Social Security and Medicare taxes, as well as pay unemployment tax on wages paid to an employee. An independent contractor is an individual who provides services or goods to another individual or business under terms laid out in a contract.

EMPLOYEE ONBOARDING

On boarding refers to the action of integrating a new employee into an organization by providing the necessary knowledge, skills, and behaviors to be successful in the role. The onboarding process starts with the background check and involves everything from filling out paperwork to meeting co-workers.

EQUAL EMPLOYMENT OPPORTUNITY (EEOC)

The EEOC is an organization responsible for enforcing federal laws that make it illegal to discriminate against a job applicant for a variety of factors. This includes a person's race, color, religion, sex, national origin, age (40 or older), disability, or genetic information. Most employers with at least 15 employees are covered by EEOC laws.

ESSENTIAL JOB FUNCTIONS

The fundamental duties of a position are used to determine the rights of an employee under ADA. If an employee cannot perform the essential job functions (even with reasonable accommodation), he or she is technically not considered qualified for the job, and therefore would not be protected from discrimination.

EXEMPT (AND NON-EXEMPT) EMPLOYEES

An exempt employee is someone who is excluded from minimum wage, overtime regulations, and other protections under the Fair Labor Standards Act. A non-exempt employee is required to be paid minimum wage and overtime pay for any time worked over 40 hours in a week.

EXIT INTERVIEW

This is a conversation with an employee who is about to leave an organization, about said employee's reasons for leaving and overall experience while at the organization.

FULL-TIME (AND PART-TIME)

The difference between full-time and part-time employees is based off the number of hours worked in a standard week. The distinction is critical for purposes of the Affordable Care Act (ACA). A basic answer would be that a full-time employee is someone who works between 30-40 hours a week, and part-time is less than 30 hours a week. The FLSA actually does not have a definition of full-time vs. part-time employment; employers determine their own definitions.

HANDBOOK

An employee handbook or manual is a guide given to employees that includes everything related to your company policies. This could include information on culture, vacation time, and procedures. There are no federal or state laws that specifically require you to have one.

JOB DESCRIPTION

A job description is a written outline of a specific job that includes the job title, duties, scope, and information on the company. Having a thorough and well-written job description is the first step in obtaining great employees.

LABOR LAW POSTER

These posters are mandated state and federal employment law notices that employers are required to post conspicuously in an area frequented by all employees. If a business has at least one employee, labor law posters are required.

NON-COMPETE AGREEMENT

A non-compete agreement is a contract between employees and employers that states the employee must not enter into competition with the employer after that employee is no longer with the company.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

Congress created OSHA from the Occupational Safety and Health Act of 1970, to ensure safe and healthy working conditions for employees. OSHA also sets and enforces standards by providing training, outreach, education, and assistance.

OVERTIME

Unless an employee is exempt, an employee covered by the FLSA must receive overtime pay for over 40 hours in a Work week. According to the DOL, the rate is supposed to be not less than time and one-half of the employee's regular rate of pay.

PERFORMANCE REVIEW

A performance review is a discussion between the employer and employee that evaluates and documents the employee's job performance.

WORKERS' COMPENSATION

Workers' comp is a form of insurance that provides benefits to employees who suffer job-related injuries or illnesses. Each state has certain laws and standards for workers' compensation. On the federal level, the government also has a separate workers' comp program, but it's mostly for federal employees.

A Seat at the HR Table

Imagine a group of decision-makers sitting around a conference table making a decision. Anyone who is there at the table has a "seat," meaning they were invited to the meeting. HR managers often talk about having a "seat at the table" to emphasize that someone from HR needs to be at a company meeting to make sure the department's perspective is taken into consideration when decisions are made.

Additionally, the term refers to a seat with the executive leadership in the executive conference room. This is where HR really wants inclusion, making sure its input is heard when decisions are made that affect the company's strategic direction, particularly when deploying people is involved. HR wants that seat to participate as one of the company's strategic decision-makers.

Balanced Scorecard

The term balanced scorecard comes out of Harvard Business School, and as such, can be explained in either a very complicated manner or in this way: everything matters. You can't just ignore your people and focus on the numbers. You cannot expect people to produce quality products if they are judged by the number of parts they produce.

The scorecard looks specifically at four different areas: Learning and Growth, Business Process, Customers, and Finances. Often, the HR business partner is heavily involved in the learning and growth portions of determining this scorecard for

each senior person. In some organizations, the administrative and customer-focused jobs in the organization also report to HR.

Competencies or Core Competencies

These are generally the skills needed to do a particular job, but the reference is often a little fuzzier. Skills imply something concrete, such as, "must know how to do financial modeling," while competencies can also include soft skills, such as problem-solving abilities.

When HR managers talk about core competencies, they are referring to the knowledge, skills, and abilities that are absolutely critical to the job. So, while it's nice to have an accountant with good interpersonal skills, all accountants must first have the ability to work with numbers.

Corporate Culture

Every company has its own culture. Cultures can develop naturally without any effort, but often the HR department will attempt to build a specific culture. You'll see mission statements and team-building activities and a number of other activities that are designed to create a specific culture within the organization.

Good HR departments make weeding out bad managers (or training bad managers to become good managers) a priority when creating a good corporate culture. Bad HR departments focus on mission statements and then wonder why the culture is still toxic.

Downsizing, Reorganization, Restructuring, or Rightsizing

As a general rule, these terms all mean that a company is going to lay off a number of employees. It's possible to reorganize and restructure and keep all of the employees, but in reality, if you hear discussions about company-wide reorganizations or downsizing, freshen up your resume, because you might need it.

Family-Friendly

Businesses often claim that they are family-friendly when they have policies that are meant to support working parents. Benefits such as flexible schedules, on-site daycare, and generous sick leaves to care for yourself and your sick children are often cited as important aspects of a family-friendly business. HR departments are usually the ones who develop and implement such family-friendly policies.

Good HR departments recognize that what their employees want from their benefits is the most significant factor when determining what employee benefits to share. The benefits play a significant role in employee retention.

Gross Misconduct

If you do something that is so bad the only consequence is for the company to immediately fire you, your actions were "gross misconduct." For instance, if you set fire to the boss's office, it doesn't matter that you had a perfect performance appraisal the week before, the boss will fire you.

Gross misconduct is generally determined by company policy rather than by law. But just because the employee handbook doesn't say "no arson allowed" doesn't mean that the company won't fire you — and have you arrested — for that action. Hitting another employee is another example of gross misconduct, as is stealing the company's products.

Let Go

"Let go" is one of many euphemisms employers and employees use to say that an employee was fired. Now, of course, there are two main types of "fired." The first is when an employee is terminated for business reasons unrelated to performance. This is generally known as a "layoff."

The second is a true firing — when the employee has done something wrong. That something wrong can include poor performance as well as something more terrible, such as stealing. Another common term for firing an employee is "employment termination" or "terminating the employment relationship."

Onboarding

When you're hired, you have a lot of paperwork to fill out. This is the very basic step that is done for all new employees and, in some cases, this is the entire "onboarding" program.

Some companies have elaborate onboarding programs that involve cultural integration and building a general company knowledge base. The goal of all onboarding programs is to bring new employees into the company and get them working effectively as quickly as possible. The ultimate goal is to build a positive relationship that enables you to retain the employee.

Talent Management

When HR people talk about talent management, they are really just talking about making sure they recruit, train, manage, develop and retain the best people.

Sometimes talent-management programs don't include everyone in the organization, but only the high-potential employees and current leaders. Both management and HR departments are involved in developing and implementing a talent-management system.

80/20 Rule

This terminology is used in many different situations, but in HR, it typically means that 80 percent of the problems are caused by 20 percent of the employees. HR departments may also speak of "frequent fliers." These are employees who seem to have problems with everything and everybody and take up a great deal of HR time. They take up HR time disproportionately to better-performing employees—the employees that the HR staff would rather spend their time developing.

Digital HR

Let's start off with the term in the title: digital HR.

Digital HR is a process optimization in which new technologies are leveraged to make HR more efficient. All HR processes can be digitized and to some degree automated. Think for example of recruitment apps that enable candidates to auto-assess themselves (through games and the upload of video introductions).

SMAC

SMAC is the enabler of Digital HR. SMAC is short for social, mobile, analytics, and cloud.

Every employee and potential hire has a smartphone. Using analytics, employers can quickly analyze vast quantities of data and make predictions about the workforce. Information is increasingly stored in the cloud and employee profiles can be shared amongst one another for learning purposes and to improve performance.

Digital transformation

Another term that's often used is digital HR transformation. Digital transformation is the change process that describes the move from traditional HR towards a more digital approach.

Onboarding apps are a good example. While new hires traditionally were designated to a mentor, today, apps can be of assistance during the onboarding process; they guide the new recruits through their first few weeks and introduce them in a playful way to their new colleagues, thus reducing onboarding time.

However, providing access to an app and a successful integration of said app in daily practice are two different things. The process of selecting the right software (or application), implementing it, making sure it's sticking, and measuring its success is referred to as digital transformation.

Successful transformations make the difference between 'shiny object syndrome' and real business impact.

Digital workforce

The digital workforce is another term that is often mentioned in relationship to digital HR.

Technology changes the way we work and this holds true for employers too; they are becoming increasingly digital.

Staff is increasingly flexible and on-demand, sometimes working from the other side of the world

Data and analytics enable us to operate more effectively, and

Technology enables automation of many of the traditional administrative tasks that HR was doing

These changes require a high degree of flexibility, the ability to work remotely, and the ability to automatically gain real-time insight into data.

Go here to read more about the digital workforce.

Agile HR

Agile HR is another term. To understand what it means, we first need to know what agile is.

SKILLS FOR YOUR HR FUTURE

Individuals and processes go over processes and tools. This is a statement that every HR professional will agree with!

Working software goes over comprehensive documentation. This means that a quick and dirty fix is better than a well-documented but unsolved problem.

Customer collaboration goes over contract negotiation. The customer comes first and creating customer delight is a top priority for everyone in the business. For HR this is primarily the internal customer: the employee.

Responding to change goes over following a plan. A plan becomes less valuable in a rapidly changing world.

The agile principles were primarily oriented towards developing software. However, as you can see they apply almost one-on-one to HR.

Compared to traditional HR, agile HR is a customer-oriented, collaborative way of working in which the aim is (continuous) learning and improvement. This way of working results in superior service delivery through HR technology.

People analytics

People analytics, or HR analytics, is the application of statistics on people data to help solve business problems.

People analytics is especially relevant for larger organizations, starting at around 500 people. There are different kinds of analyses. Descriptive analytics, for example, looks at what happened. These kinds of basic statistics provide insight into the workforce, often through HR dashboards.

More advanced statistics, like predictive analytics, help to predict what will happen in the future. Using people analytics you can predict who will leave the organization, which candidates will perform best if hired, and which employees will be the most suitable future leaders.

Digital HR strategy

We're almost at the end of the list. At this point, we need to talk about digital HR strategy.

Digital HR strategy is about leveraging SMAC technology to redefine HR processes in terms of design, delivery, access, and operations.

A digital strategy is new for most HR departments – but nonetheless essential. A digital strategy helps to integrate the different digitalization transformations. A solid strategy makes the difference between 70 different HR apps (yes, I've come across this in an organization) and one integrated HR platform that guides the employee to whatever he needs.

In the former scenario, more than half of the HR service tickets were questions about where employees could find essential functionalities to do their job. The latter fixes this in a customer-centric way.

Real-time & On-demand

We finish our list with real-time. Real-time, or on-demand, is a trend that has been going on for a few years now.

On-demand feedback apps like Impraise are based on the idea that feedback is most effective when it's provided directly after the interaction.

Real-time learning is knowledge acquisition based on immediate needs. Employees don't have to wait until the next training session, no, they can get what they need on-demand (a term that would have been worthy of inclusion in this list individually as well). Real-time and on-demand learning provides the relevant knowledge precisely when it's required thus greatly increasing its effectiveness.

Real-time analytics also fits into this category. Applications in HR are pulse surveys that enable a company to collect feedback on culture and employee satisfaction day-to-day. This kind of feedback helps to smother conflicts and prevent the escalation of small problems.

To cut this long story about 9 digital HR terms short: HR is changing rapidly – and often for the better. Subscribe and stay up-to-date.

General Best HR Practices:

Safe, healthy and happy workplace

Creating a safe, healthy and happy workplace ensures that employees feel at home and stay with the organization for a very long time. Capture their thoughts through frequent surveys.

Open book management style

Sharing information about contracts, sales, new clients, management objectives, company policies, employees personal data, etc. ensures that the workforce is as enthusiastic about the business as the management. It helps in making people interested in your strategic decisions, thus aligning them to your business objectives. Be as open as you can. Employee self-service portal, manager on-line etc. are some tools available today to practice this style.

Performance linked bonuses

Awarding bonuses or including a variable component in compensation can be both an incentive and a disillusion based on how it is administered and communicated. Bonuses must be designed in such a way that employees understand that there is no payout unless the company hits a certain level of profitability. Additional criteria could be the team's success and the individuals performance. It is good for employee retention also.

360 Degree performance management feedback system

This system, which solicits feedback from seniors (including the boss), peers, and subordinates, has been increasingly embraced as the best available method for collecting performance feedback. Every person in the team is responsible for giving relevant, positive and constructive feedback.

Fair evaluation system

Develop an evaluation system that clearly links individual performance to corporate business goals and priorities. Each employee should have well-defined reporting relationships. Self-rating should be a part of the evaluation process as it empowers employees. Evaluation becomes fairer if it is based on achievements of the employee, tracked over the year. For higher objectivity, besides the immediate boss, each employee should be evaluated by the next higher level (often called a reviewer). Cross-functional feedback, if obtained by the immediate boss from another manager (for whom this employee's work is also important), will add to the fairness of the system.

Knowledge sharing

Adopt a systematic approach to ensure that knowledge management supports strategy. Store knowledge in databases to provide greater access to information posted either by the company or the employees on the knowledge portals of the company. When an employee returns after attending any competencies or skills development program, sharing essential knowledge with others could be made mandatory. Innovative ideas (implemented at the work place) should also be posted on these knowledge sharing platforms. However, what to store and how to maintain a knowledge base requires further and detailed plans.

Highlight performers

Create profiles of top performers and make these visible though company intranet, display boards, etc. It will encourage others to put in their best, thereby creating a competitive environment within the company.

Open house discussions and feedback mechanism

Ideas rule the world. Great organizations recognize, nurture and execute great ideas. Employees are the biggest source of ideas. The only thing that can stop great ideas being implemented in your organization is the lack of an appropriate mechanism to capture ideas. Open house discussions, employee-management meets, suggestion boxes and tools such as Critical Incidents Diaries can help identify and develop talent.

Rewards

Merely recognizing talent may not work, you need to couple it with public appreciation. Getting a cash bonus is often less significant than listening to the thunderous applause by colleagues in a public forum.

Delight employees with the unexpected

Last but not least, occasionally, delight your employees with unexpected things in the form of a reward, a gift or a certificate. Reward not only the top performers but also a few others who need to be motivated to exhibit their potential.

HR Best Practices from Fortune's Top 10 Companies

Let's learn from these top 10 employers how they create the workplaces that boost engagement and nurture loyalty.

Google Inc (Fostering Employee Growth)

Create an environment that fosters growth among all employees, regardless of what their personal and professional backgrounds. This way, you'll be able to ensure consistent employees' experiences.

Wegmans Food Markets (Be Kind)

Treat your employees as your one big family; a simple act of kindness can go a really long way.

Boston Consulting Group (Sense of belongingness)

It's critical to create a sense of belonging in your company, to ensure that all employees are recognised for their contributions, regardless of their backgrounds.

Baird (Healthy Employee engagement)

Cultivate healthy working relationships among your staffs so that everyone can grow together. If you want to boost employee loyalty, let them get involved on a more significant level.

Edward Jones (Employee Development)

In order to achieve the business goals, you must enable everyone to achieve their career development goals at the same time.

Genetech (Individual and Team recognition)

Don't overlook the effects of individual and team recognition, even just for their small accomplishments. It's also important to maintain a positive vibe in the company in order to keep everyone motivated.

Ultimate Software (People First)

Your business can only achieve success when you put people first.

Salesforce (Sharing Vision)

The best way to build a sustainable business is to support your community and let all employees involved in the company's mission.

Acuity Insurance (Two Way Communication)

No matter how big your team is, always maintain an open (two-way) communication to help each other realise their strengths and weaknesses at work.

Quicken Loans (Open Door Policy)

If you expect honest feedbacks from your employees, you need to let them know that their contributions matter. Try to foster an open-door policy as much as you can.

Best Practices: India

Employment Contracts

India does not mandate a written employment contract for local employees. However, it is advisable for companies to use contracts to limit risk and define the terms and conditions of employment.

Indian employment laws are diverse and form a complex framework that employers must navigate carefully when constructing contracts. Apart from labor laws, there are industrial laws, The Companies Act, and the Contract Act, 1872 that govern employment conditions in India. Both the state and federal governments create and enforce laws pertaining to employment, which can complicate compliance for those that are unfamiliar with the country. HR managers should keep themselves updated and develop employment contracts in accordance with these to prevent future legal complications.

Wages

Employers should seek to periodically audit their wage structure to ensure it remains competitive within the local labor market. However, it is perhaps more important to ensure wages are compliant with prevailing laws.

Under the Minimum Wages Act, 1948, all employers in the organized sector must provide 'the basic cost of living' to employee categories specified within the act. The Code on Wages Bill, 2019 further enables the federal government to fix minimum statutory wage for millions of workers.

The Equal Remuneration Act, 1976 mandates non-discrimination for payment of wages to men and women, while The Payment of Wages Act, 1936 orders the timely disbursement of wages to employees.

Payment of wages below the minimum wage limits amounts to forced labor. This is prohibited under the Bonded Labor System (Abolition) Act, 1976.

Companies should ensure that employment contracts consider this while defining the terms and conditions for the remuneration for employees.

Termination of employment

Employees in India may only be terminated as per the terms and conditions within their employment contract.

However, companies should note that all employers must adhere to the federal and state labor laws when laying off or terminating workers – the conditions drafted in company contracts cannot supersede these legal statues.

Finally, termination without notice is prohibited in India. Termination periods vary by function and length of employment.

Maternity and paternity leave

The Maternity Benefits (Amendment) Act, 2017 applies to all shops and any establishments that employ over 10 workers. Under the Act, 26 weeks of paid leave is available for women for the first two children, and 12 weeks subsequently. Companies employing more than 50 people must also provide crèche services.

The Paternity Benefits Bill, 2017 is set to be up for discussion in the next parliamentary session. However, a significant number of organizations, especially foreign companies like Microsoft and IKEA, already include a mutually decided paternity leave clause within their company policy.

This practice has been well received by the Indian workforce and lauded as a good HR move.

Prevention of sexual harassment in the workplace

The Indian government has brought the safety of women in the workplace to the forefront of its law making.

An Internal Complaints Committee must be set up by all organizations with more than 10 employees in accordance with the norms laid out in the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013. All complaints should be actively pursued, evidenced, and redressed immediately.

To guarantee employee safety, companies must draft appropriate HR policies within the firm, and ensure they are clearly communicated to all personnel.

HR personnel should organize workshops or sensitization programs and encourage communication to promote an organizational culture that provides for a fair and safe working environment for all its employees.

Public holidays and work weeks

India observes three national holidays – Republic Day (January 26), Independence Day (August 15), and Gandhi Jayanti (October 2).

On these days, all institutions, whether public or private, must remain closed.

Government approval is necessary for any organization to function on these days. Only certain establishments, such as factories, and industries where the work process is considered to be continuous, including hospitals, and travel agencies, are allowed to operate over 24 hours across 365 days. However, establishments that operate on these days are subject to provide additional wages for staff working on those days. Additionally, firms must inform the annual list of holidays and weekly offs available to employees each year. The number of leaves and categories of leave must ideally be explained in the employee contract. Many laws in India, such as the Factories Act, 1948, also provide for the maximum number of work hours and the amount of overtime wages to be paid to labor employed. Restrictive clauses in employment contracts

Employers should note that including restrictive clauses into a contract might not be enforceable through the Indian courts. The Contract Act, 1872, necessitates the fundamental right of all citizens to carry on any profession, trade, or business.

Non-compete, non-disclosure, non-solicitation, and 'garden leave' clauses are examples of restrictive clauses that can only be imposed by the courts if plausible grounds – with respect to time-period and nature of activities involved – are provided.

The best way to ensure enforceability is to restrict the scope of the clauses as much as possible within these dimensions. However, this does not guarantee legal protection to employers.

Gratuity and Provident Fund

The Payment of Gratuity Act, 1972 provides the guidelines for gratuity owed to an employee.The number of years of service of the employee is the criteria for deciding the amount of gratuity owed, and this payment by the company is obligatory by law.

The minimum amount (more may be approved) must be given to an employee in case of the following circumstances:Retirement; Resignation; Disablement due to accident or illness; or, Death of the employee (gratuity paid to employee's nominees).

However, if an employee is dismissed for proven criminal or moral reasons, no gratuity is owed to him. Similarly, the Employees Provident Fund Organization of India (EPFO) oversees and regulates the Employee's Provident Fund (EPF).

Under this scheme, the employer and employee contribute an equal amount to the fund every month, which is accessible to the employee at certain points in their career. The EPF scheme is mandatory for a salary below Rs 15,000 (US$220) and voluntary thereafter.

Impact of digitalization

Workplaces are becoming increasingly virtual. Firms and employees both require real time employee information to improve critical efficiencies and maintain core compliances within the organization.

Adaptive work culture Job seekers in India are moving away from traditional work modes – such as a '9 to 5' time pattern – to a more holistic view of career development. Organizations are also gradually incorporating the idea of work-life balance into their corporate culture. Responsive and adaptive HR departments are key to cultivating these organizational values, and fostering a balance between employee satisfaction and productivity. Working conditions in Indian multinational companies are also changing to incorporate flexi-time or work from home options into employment contracts to boost employee retention and loyalty.