

LOGO

< Organization name>

Effective Date of Policy- DD/MM/YY

Employee termination Policy

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1.0 Employee Termination Policy

An employee termination policy is a document that provides guidelines for when one can terminate the employee and what are the consequences of termination.

After an employee is terminated they are no longer associated with the company and its workload. Employee termination can be voluntary if the employee resigns out of their own will.

A company can fire employees under certain circumstances, including layoff, reduction, poor performance, or unethical acts.

Every organization must follow a specific procedure to terminate an employee.



2.0 Types of Termination

Termination can either be voluntary or involuntary.

2.1. Voluntary termination

Voluntary termination means that an employee leaves the organization on his own will. There may be a variety of reasons for voluntary unemployment. These reasons include better job opportunities, higher education, personal reasons etc.

An employee must write a resignation letter to leave his job. They have to service a standard 30-day notice period, but this time may vary from organization to organization.

2.2. Involuntary termination

Involuntary termination is when employees are asked to leave against their own will. There are various reasons for involuntary unemployment, such as downsizing, layoffs, and firing of employees.

- **Layoffs and Downsizing**

Layoffs and downsizing are significant causes of involuntary unemployment. Employees are asked to leave the organization without fault. A company usually downsizes to save costs, restructure or merge. Downsizing may also occur when a company files for bankruptcy.



- **Getting fired**

Employees may get fired by the organization due to underperformance or unethical behavior. In India, employees are generally not asked to serve a notice period in case of unethical behavior. Employees that are hired due to violation of company policy are given a chance to prove themselves.

- **Illegal dismissals**

An employer has the right to hire and fire their employees. However the employer cannot fire an employee without sufficient reason or cause.

If the organization is found guilty of wrongfully terminating the employee they are liable to compensate and restore their job position.

3.0 Procedure of Employee Termination

Firing is one of the most challenging things leaders have to do. However specific procedure has to be followed in employee termination:



3.1. Identify and document the issue

The first step is to identify and document the issue because of which employee is being terminated. It's essential to report the matter as there will be no chance of retention without documentation of the problem. So it is necessary to document and solve the whole issue if possible.

3.2. Counseling of employees to rectify the issue

Employees must be counseled and coached at the first signs of performance issues. Some employees may require additional training to perform well. And if this issue persists, the training should be arranged as soon as possible. Coaching is essential to rectify the problem.

3.3. Create a performance improvement plan

An employee should be kept under a performance improvement plan if he is not performing as per the desired standards.

This plan should contain organizational training for every individual employee who is put under a performance improvement plan.



3.4. Terminate the employee

The best practice regarding how to terminate an employee involves sitting face to face with them.

Employers should take necessary steps to retain employees if possible on their part.

3.5. Conduct an exit interview with HR

An interview between the terminated employee and HR should be scheduled in order to make a final settlement of the employee.

The final settlement includes a payout to the employee if any outstanding leave payout settlement. If the employee possesses any asset of the organization, they are asked to return them.



4.0 Employee Termination Policy Template

Termination Letter for Cause

June 22, 2023

Mr. X

This separation letter informs you that your employment with XYZ Ltd (Name of the company) will terminate as of July 15, 2023. This decision is not reversible.

We decide to terminate your employment for the following reasons (reasons may vary)

On April 20, 2023, you were absent from work without leave. You were given a second warning that your absence without prior information violates company policy.

On May 10, 2023, you were again absent from work without prior information. You were given a second warning and informed that the third case would lead to your termination.

On May 20, 2023 you were absent from work for the third time and it's intolerable for us this time. You are being terminated for the above reasons. Your healthcare benefits will remain active for 60 days from the issue of the termination letter.



You are requested to return company assets, including laptop, books, and keys before the end of the day.

If you have any questions about your complete and final settlement or policies you have signed, please contact Y (HR Manager).

Yours _____

B (name of the person sending a letter on behalf of the company)

To know more about the policy, please visit

www.zimyo.com