

Layoffs – out spring of today’s world

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Abstract: This study is an analysis of the existing situation in the technological world. With transition in the economy, constant innovations are nurtured in technical industry, massive money is being earned by mobile application developers. Little have known about the technology, robotics, Artificial Intelligence, Internet of Things are harbingers of wider economical changes. Competitive world does not spare anybody, everybody are the participants of the competition, and nobody wants to be out of the race. People are ready to sacrifice their personal life for the heck of the competition, they don't find time for their personal assignments. Mobile apps are designed to meet the constraints of people. Mobile applications are the software applications developed for use by wireless devices. Online transactions, online payments, online shopping and online sharing of information are made easier through mobile apps. Mobile app developers function beyond boundaries to spat problems. To counter such attacks unrestricted arrivals of competitors are siphoning the market.

Doctalk Solutions India Private Limited

Doctalk is a mobile app created by three genius graduates from different precincts. Krishna Chaitanya Aluru (Computer Science graduate from Brown University) along with Akshat Goenka (Wharton graduate specialized in investment banking) and Vamsee Chamakura (Engineer from IIT, Hyderabad) are the founders of health tech called Doctalk. Doctalk Solutions India Private Limited was found the year 2016 and is located at Mumbai. Question to be answered here is “How does this mobile app work”? Doctalk started off as an enabler of communication between doctors and patients through its mobile app, the Doctalk allows for a sequence of conversation between doctors and patients. This app functions as Dropbox and WhatsApp solution for the Indian healthcare ecosystem. Doctalk app basically concentrates on patient’s post follow-up consultations and sharing of

prescription and health history records. This app creation was a result of problems faced by doctors getting calls and messages through out continuously, this app helps in accessing the patient’s health history records during their first visit and follow-up dates, where 70% of the times, follow-up consultation includes discussion of report or prescription.

Doctalk currently is backed by Y Combinator, Khosla Ventures, Vy Capital, Liquid2Ventures, Venture Highway, AltaIR Capital and Matrix Partners as investors. The Doctalk is making good profits, there is a 100% increase in the doctor base, patient’s base and 70% increase in revenue generation every week. Since the beginning of the year, Doctalk, which has raised roughly \$5 million from Matrix Partners and Khosla Ventures, among others.

Doctalk has laid off nearly 100 people (a temporary or permanent discharge of a worker or workers). “It was good time for the team to restructure some of the performing and non-performing people. But apart from that, I don’t see anything completely unforeseen happening”. Goenka’s exit comes ahead of the two year old company’s pivot to a new business segment. The company has not less than 40 employees.

“India is second to the US in terms of applications received, higher than both the UK and Canada”. It has now built an electronic medical record (EMR) solution, which will help doctors write prescriptions digitally and provides customized prescription templates “We have been planning for a while, but there is no big business model change per se”, Goenka added

Akshat Goenka, Co-founder and CEO took a voluntary decision to detach from the Doctalk, he resigned in the month of August. One of the reason being health issues, and experiencing some personal issues.

Key players along with Doctalk are Sequoia and Tencent-backed practo and lybrate are extending their application services on discover, consultation, medical records and medicine delivery.

Questions

1. Do employers have to give layoff notice?
2. What might be the reason for Layoff in this case study?
3. What do you understand by Industrial Disputes Act?

Teaching and Case discussion notes

Look at illegal reasons for terminating employees. Thumb rule would be to always consult your state laws on the matter and consult an HR expert in your area to ensure your reasons for terminating are indeed legal and justified.

Certain justifications for laying off an employee are just plain illegal. It is against law, laying off is purely illegal. If an employer want to layoff employee/s, it is better to have a look at the state laws or consult the specialist/HR expert to understand the reasons for layoff and to check the reasons stated for layoff are justified.

Lay off will increase the responsibilities of the employer towards the employee termination or layoff. Layoff may have strong two reasons being the requirement of the law and the other brand image.

Indian Scenario – Discussion of Industrial Disputes Act - Layoff is usually known as permanent termination of an employee.

Notice of Termination

- Very important point to note is that “Termination should not be the cause of non-performance”, misconduct is the only reason for termination.
- A notice period of 30 to 90 - day is mandatory in order to terminate ‘employee’ (as per Industrial Disputes Act, 1947)
- Indian employment Law is federal in nature. Each state has “Shops and Establishments Act”. The

state law is similar, some states have procured permissions to amend the central law.

- Indian law prohibits the ‘work for hire’ principle.
- For any employer, if employee has worked for more than 48 hours in a week, Overtime is to be considered. However, this is seldom identified.
- Many states restrict night shift for women. If so, prior approval is essential, permission is granted to limited business sectors. Women working in night shifts should be provided with door drop and pickup.

US Scenario

Notice of Termination- Discuss the notice of termination act (FLSA)

According to Fair Labor Standards Act – states that there is no need of prior notice to an employee about termination or layoff. If the employee is a union member or is involved in the collective bargaining agreement, prior notice of termination to be given to employee.

Minimum Notice and Terms of Employment Acts (1973-2001)

Minimum notice period should be provided by employer to the employee working on contract basis

Employees being in continuous employment for a period of minimum thirteen weeks to be provided with one week’s prior notice of termination of employment. If the contract of employment has clear guidelines for termination and if the termination period is more than one week, then notice of termination is compulsory.

Employer - Based on the length of the continuous service of the employees, employers checklist for minimum notice periods to be given to employees

Required Notice	Minimum Notice
Length of Service	
13 weeks- 2 years	1 week
2-5 years	2 weeks
5-10 years	4 weeks
10-15 years	6 weeks

2A. Reasons for Lay off

1. Cost cutting
2. Mergers & Acquisitions
3. Shifting of business from one place to another
4. Changes – Company may undergo changes like changing the product, leaving the product market, modernization of plant and machinery
5. Outsourcing/offshoring some of their processes

3A. Legality of Layoff

- As per Indian Employment Law, employer has the right to layoff subjected to certain regulations
- Chapter V-B of the Industrial Disputes Act prohibits lay off, if the company has 100 or more employees. To layoff, the organization has to obtain prior permission of the government or authority.
- If the number of employees are less than 100, industrial standing orders are applicable. The employee should be paid with 50% of the total of basic and Dearness Allowance during the period of lay off.
- If the number of employees range between 50 and 100, no prior permission is to be obtained for laying off.
- If the industrial establishment has less than 50 employees, Chapter V-A of the Industrial Disputes Act are not applicable, the employer has the rights to lay off without prior government's permission. In case of missing/absence of service conditions, instead of compensating on 50% of Basic and DA, the employer may lay off the workers but is required to pay 100% wages.

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