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— LAW —



## TALKING POINT



**SUPREME COURT  
UPHOLDS  
DISCRETION OF  
EMPLOYER**



Can employer set its  
own evaluation  
standard?





## Supreme Court Upholds Employer Discretion: Employee cannot dictate terms

**H**ave you ever faced a situation where a former employee after resigning from the employment claims that the resignation was obtained forcefully by the employer? **Such allegations are concerning and potentially damaging for an employer.**

Recently, the issue of resignation by an employee and discretion of an employer was dealt with by the Supreme Court ("SC") in the case of *M/s Bharti Airtel Limited vs. A.S. Raghavendra*[1]. The workman contended that his resignation was not voluntary, but he was forced to tender his resignation because of discontentment with the performance appraisal rating given to him and non-recognition of his work.

After nearly 2 years of resignation, the workman raised a dispute regarding resignation being forceful and not out of free will.

The SC held that resignation was not forced upon by the employer. The Court underlined that mere dissatisfaction with working conditions, particularly regarding performance and ratings, did not amount to coercion. It is important to note that resignation letter written by the employee, despite complaints of personal and professional frustrations, lacked any evidence that might point to undue pressure and arbitrary acts of the company.

[1] 2024 LLR 714 (SC).





***The SC has categorically observed that the employees cannot dictate their terms of employment to the employer and set the evaluation standards.***

The judgment is welcome for the employers, as it reinstates the authority of the employers in defining the terms of employment, mainly with regard to performance appraisal and ratings. It also sends out a strong message that while the employees can complain about these issues, the final decision on such issues would be decided by the competent authority of the organization. The ruling underlines that in cases of dissatisfaction on the part of an employee about the appraisal or non-promotion, it cannot be said straightaway that whatever is done by the employer is unfair or coercive.

It also reminds the employer that while listening to the employee's grievance is critical, the final decision-making authority rests with the employer, as long as it is exercised bona fide and not maliciously.

Mere employee dissatisfaction over performance ratings does not amount to coerced resignation.



***Employers have the authority to define employment terms, including performance evaluation standards. Employers must document performance issues and allow employee grievances, but the final decision rests with the company.***



SC also specified the guidelines that an employer should follow while dealing with cases of non-performance. This judgment again highlights to the employers the need for clear communication and documentation concerning the performance and rating of employees.

The decision of the SC has given both employers and employees a better view of the limits of their respective rights and responsibilities in the work environment. It recommends a balanced approach to workplace relations, allowing complaints to be voiced while maintaining respect for the employer's authority.

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