
UNIT 19 TRANSFER, PROMOTION AND REWARD POLICIES

Structure

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19.0 OBJECTIVES

After going through this Unit you should be able to understand the:

- purpose of and reasons behind transfers and promotions,
- changes in **organisational** structure **necessitating** transfers and promotions,
- exigencies arising out of expanding activities, and
- requirement of retraining on transfers or promotions in view of **changing** technology, automation and electronic revolution.

19.1 INTRODUCTION

In order to conduct business effectively, certain changes need to be made in the organisation's structure. This necessitates the regrouping of jobs, changes in departmental functions, repositioning of jobs and status, grade-wise changes in departmental **functions**, elevation or lowering job categories and the physical relocation of employees, jobs and departments.

Moreover, the expansion of business and the introduction of new products, services, processes and methods of operations, necessitate the creation of new jobs and promotion of employees to positions with greater scope and responsibility.

Shifting of personnel is also necessitated by employee-turnover, vacancies created by **resignations and dismissals**, and when suitable persons are promoted or transferred to fill the vacant posts. Change in employee status and job is also necessary to satisfy employee aspirations and needs.

Such movements of employees within a hotel establishment, is a usual phenomenon reflecting internal mobility.

However, in a certain context, transfer is also used as a convenient device to punish and remove an undesirable employee or officer **from** his or her present post, as other disciplinary actions require lengthy procedures under the rules. This Unit **takes** into account the various issues listed above.

19.2 NEED FOR A TRANSFER POLICY

A transfer is a change in job assignment. It may involve a promotion or demotion, or no change at all in responsibility and status. It is a change in assignment in which the

employee moves to another job **at** approximately the same level of **responsibility**, demanding the same skill and at about the same level of pay. Transfer is to be distinguished from promotion and demotion which imply an ascending or descending change respectively in the hierarchy of positions. A transfer may be either temporary or permanent, depending upon the need, and may occur within a department, between departments and divisions, or between plants or officers within a departments and divisions, or between plants or **officers** within a **company/organisation**. Many a times, transfers are used to fill a vacancy or **shift** employees who are not giving their best to the company. At **the same** time, in many cases promotions come with transfers.

Two main conditions generate transfer **situations**:

- An individual employee may request a transfer in seeking his or her preference **and** benefits.
- Organisations may initiate **transfers** as a requirement for more effective operations, or as a solution to human relations problems.

It is to be appreciated that transfers are made for a number of reasons and are initiated by either the supervisor or the subordinate. If transfers are left entirely to the discretion of **either** supervisors or the subordinate or employees, a number of problems are likely to occur, such as favouritism or victimisation. For example, a few employees would get transfers as and when they want, while the request of many others would **be** turned down. On the other hand, some may get transferred repeatedly, causing them great **inconvenience**. Supervisors may transfer their subordinates arbitrarily, just to get rid of them?. Some employees, for various reasons, may ask for transfers repeatedly. Some departments may get the reputation of being easy to transfer from, whereas others may be regarded as exactly the opposite and so on.

The absence of well-formulated transfer policy will undoubtedly breed a 'state of uncertainty among the employees. In case where a union exists to protect the workers there may be an increase in the number of grievances and a continuous turmoil and conflict will exist between the employees and the **firm**.

To avoid these problems **which** would cause considerable inconvenience and disruption in an **organisation**, it is imperative that the personnel department should evolve a transfer policy. Only a systematic policy can ensure a reasonable consistency of treatment throughout the organisation.

A transfer policy should consist of the following elements:

- 1) A clear delineation of the conditions and "circumstances" under which an employee can be transferred, **i.e.**, what types of transfers (such as those discussed above) would the organisation permit, both in terms of the organisation's **technology** and job-relatedness, and **from** an individual's point of view.
- 2) The **transferability** of both jobs and individuals **needs** to be examined in terms of job descriptions, interdepartmental divisions and plants, and between **streams** of specialisation either on the job or individual background and training. Therefore, policies **on these** aspects must be clearly stated.
- 3) The third aspect is a consideration on the basis for transfer; should it be on the basis of seniority and merit test – especially if it is a production job – or should it be on the basis of seniority alone, assuming minimum ability to handle the job.
- 4) Finally, in the pay scales and exact wage and perquisites that the transferee would receive in the transferred job, if there is any difference it should be specified.

The **personnel** department should be the monitoring unit facilitating line personnel to redeploy manpower depending on the exigencies of work-situation, or helping employees on compassionate grounds, within the framework of the transfer policy. Thus, transfer policy will help effective employee redeployment and protect, to some extent at least, employees from arbitrary transfers.

Maximising employee effectiveness by increasing the utilisation of available manpower is one of the important intended consequences of job reassignment. Position reassignments have motivational force and an impact on employee attitudes. Transfer policy in an organisation is very important as transfers can affect the employee's attitude towards work, either positively or negatively.

19.3 TYPES OF TRANSFER

As you know transfer is a change in job assignment. One might be transferred from one job department to another or from one city to another city. The transfers in an organisation can be categorised as:

i) **Personal Transfer**

Personal transfers are those occasioned by desires of the employee and are primarily in his or her interest.

The reasons for such requests could be to:

- 1) To correct erroneous placement,
- 2) relieve the monotony of a job, acquire better working conditions or join **friends/spouse/** family,
- 3) provide an outlet from blind alley jobs,
- 4) avoid interpersonal conflicts,
- 5) consider the interests of **age/health**, education of children, housing **difficulties** and to join immobile dependents,
- 6) **search for creative opportunities**,
- 7) avail of training elsewhere to facilitate later advancement or promotion,
- 8) seek financial gains like high frequency or overtime payments, or the feeling that opportunities for advancement **are** better in another department.

In such cases there is a need for some probing because if it is found that a number of employees want a transfer from a unit, the real issue may be a **difficult** supervisor, a promotion or some other ulterior motive. In such cases simple transfers would not solve the problem and other measures such as counselling might have to be taken.

ii) **Organisation Initiated Transfer**

A company may initiate transfers for the following reasons:

- 1) The need for temporary adjustments for the convenience or benefit of the organisation or the employee, such as leave replacement or very short assignments.
- 2) To meet emergencies or changes in operations, to deal with fluctuations in work requirements necessitated either by volume of output or separations.
- 3) To make use of the increasing versatility and competence of key employees.
- 4) Where there **is** more than one shift and shift assignments are not rotating, transfers are also made **from** one shift to another on the same type of work.
- 5) To manage new responsibilities, **etc.**

The nature of transfer should be taken into account while determining the type of transfer, keeping in view the purpose for which it is made. One major type, the **discipline-transfer is a remedial transfer, which is extensively used in government and public sector, etc.** The second type of personal convenience based transfer is also pretty common in some countries. Thirdly, transfers are also made on the boss's wishes. Many

a times, as higher level manager moves on, he or she gets the personnel under him or her transferred along to the new position. They are transferred along as every higher level manager usually forms a team consisting of personnel working under him or her and prefers to work with the team in new environment to get a good result and also the personnel know the working manner and pattern of the manager which makes working easier in the new position also.

19.4 PROMOTIONS AND PROMOTION POLICY

As stated earlier in the Unit, promotion is an upgradation or advancement in the organisation and is very different from transfer. Though many a times promotion and transfer go hand in hand. A promotion policy is required by an organisation to check favouritism in promotions and also employee discontent regarding career advancement.

i) Promotions

Promotion or upgrading maintains organisational effectiveness through maintenance of employee morale and favourable attitude towards the organisation. Promotion of employees also enables the **organisation** to **utilise** expertise to the optimum level by providing adequate opportunities to those who have developed it through training and experience within the organisation.

Promotion should be fair and on the basis of merit of the employees, as promotion is a great morale booster for an employee. Promotions are a major incentive for hard work and better performance. They usually mean more power, salary and perks along with the responsibilities of the job.

A few characteristics of Promotion are that it is:

- a recognition of a job well done by an employee,
- a device to retain and reward an employee for his or her years of **service** to the company,
- to increase individual and organisational effectiveness,
- to promote a sense of **job** satisfaction in the employee,
- to build loyalty, morale and a sense of belongingness in the employee, and
- to impress upon others that opportunities are open to them also.

ii) Promotion Policy

As mentioned earlier, promotion is the incentive for getting motivated and staying motivated. Sometimes favouritism is shown or else some employees are discriminated against on the basis of sex, age and so on, and are overlooked when promotion time comes up. Also if an employee is being constantly bypassed for promotion, no matter for what reasons, the employee will tend to be resentful, angry and hurt. So, it is very important that all the promotions in an **organisation** are properly monitored and for this there is the need of a promotion policy.

Organisational policy on promotion helps to state formally the organisation's broad objectives, and to formulate both the organisation's manpower and individual career plans. Such documents are being increasingly issued by organisations in keeping with the changed environment of employee awareness and the increasing emphasis on career planning.

One of the first requirements of a promotion policy is a **statement of the ratio of internal promotions to external recruitment at each level, the method and procedure of selection (trade-test, interview), and the qualifications desired**. Such a statement would help individuals as well as manpower planners to project numbers of internally available candidates for vacancies. In some organisations, such a ratio is fixed by a collective bargaining agreement, or in government and public sector it is laid down in rules.

The second exercise is to identify the network of related jobs and the promotional channels of each job, taking into **account** job relatedness, opportunities to interact with higher-placed executives to foster job learning, and qualifications – both academic and work experience required. Such an exercise will help in succession planning and also help aspirants to **acquire** the necessary formal qualifications or on-the-job training, and encourage them to attend suitable external development programmes. The network of related jobs can be established by job analysis. This process would also help in identifying promotion channels and **stepping-stone** jobs, which once **finalised** should be made known to the employees concerned.

Such channels and training leading to promotion are well defined in organisations. While exercising the right of promotion, the criterion of seniority (length of service) has to be given the highest weightage along with eligibility and suitability.

Seniority is given very heavy weightage in government and this has led to the law also providing for its consideration.

To show favouritism or partiality to one set of workers regardless of merit will be considered to be unfair and under the law, trade unions or officers associations can take it to courts as an “**Industrial Dispute**”. It is pretty common in government and also frequently resorted to even by **officer’s** associations in public sector and private sector. Therefore, in some countries promotion does not remain only a matter of rational personnel policy, as it is subject to **legal** disputes and **unfavourable** court awards.

19.5 REWARD POLICIES AND PROCESSES

Performance follows the selection process. Once people **are** in their jobs, they need to be rewarded for good performance. The list of rewards that exist in organisational settings is surprisingly long. The following is a partial list of potential rewards:

- Pay in its various forms: **salary**, bonuses, stock options, benefits, and perquisites,
- Promotion : **both** upward mobility and lateral transfers into desirable positions,
- Management praise, letter of appreciation, personal praise,
- Career opportunities: a long-term chance for growth and **development**,
- Appreciation **from** customers and **or/clients** of the organisation,
- Personal sense of well-being: feeling good about one-self for accomplishing objectives,
- Opportunity to learn: a chance to expand one's skills and knowledge base through organisation training programmes,
- Security: a sense of job and financial **security**,
- Responsibility: **Providing** individuals with a sense of organisational responsibility,
- Respect **from** co-workers,
- Friendship with co-workers,
- **Increase** in percentage of commissions,
- Sponsoring employees **for** higher training, **seminars** and workshops, and
- Incentive travel, **etc.**

Most **organisations**, however, **find** it difficult managing these rewards to produce desired organisational **behaviour**. As a result, the reward system is one of the most **underutilised** and mishandled managerial tool for driving organisational **performance**. Rewards are a

major factor in influencing performance. **Assuming** that the organisation **can appraise** performance, the organisation has a rationale for **allocating** rewards based on how well people perform. Many times organisations think of rewards only in terms of managing pay or perks.

Reward systems can be designed to motivate both short-term and long-term performance. The organisation that rewards exclusively on the basis of today's performance may well **be** hindering the achievement of its long-term strategic goals. Several approaches to reward systems -work to integrate strategy with management incentives without sacrificing short-term performance, weighted factors, long-term evaluation, strategic and a combined approach that utilises features of the other three.

As against promotion, a **wage/salary** increase, with a possible change of designations, is usually referred to **as** an upgrading of a post.

Frequently, status symbols are attached to the higher positions such as a more important job-title, a bigger desk, more expensive **office** decor, less supervision, and greater freedom of movement.

19.6 VEHICLES FOR REWARDS

As we have seen earlier, the behaviour of both, groups of managers and individual managers can be measured, and such behaviour does affect the organisation's performance. Managers and groups of managers can be rewarded in various ways on the basis of their performance measurement. Compensation is the most obvious and tangible means of reward. It includes salary, bonus, benefit packages, perquisites, insurance, pension plan, stock-options and grants, deferred income, and so forth. Obviously, this is a very direct reward and is a very powerful motivator in many cases. However, people's psychological needs often go beyond pure compensation.

Two other important factors need to be considered. The first is power. Power can be granted through promotion, organisational placement, recognition, title, or even simple **visibility** within the **organisation**. For some individuals this is an extremely powerful motivator. A second factor at the disposal of management is personal development and career planning. Education and personal growth and development are rewards that can be used to motivate a desired performance. These alternative factors may become more important in the less hierarchical, "atomised" organisations in future.

For the reward system to work well, it must complement the **measurement** system and, in turn, be complementary to all of the other elements. The reward system must balance the organisations long-and short-term **behaviour** incentives to managers.

From an internal point of view, the reward system needs to be consistent within the **environment**. Obviously, this means that, to be fair, rewards must be aligned along the continuum from best performance to worst. They must also be aligned within the organisation to maintain a competitive position.

19.7 NEED FOR CONTINUAL RETRAINING ON TRANSFERS OR PROMOTIONS

At the beginning of 21st Century, the impact of rapid technological changes, increasing automation, computerisation, and other changes are the most prominent factors affecting government, public sector and private sector. However the need for continual training and retraining at many levels for employees is imperative.

As most of the routine, repetitive and clerical jobs are being remodelled by Electronic Data Processing machines, it is necessary for managements to give more and more thought to retraining employees for changing over to jobs, or to the remodelled roles.

As we are witnessing in the hospitality and tourism sectors, electronic revolution is fast taking over. The rapid far-reaching changes that are taking place make it imperative for all organisations to retrain their employees for adopting new techniques.

Check Your Progress

- 1) What do you understand by Transfer? State the need of a transfer policy.
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- 2) What do you understand by organisation initiated transfer? How is it different from personal transfer?
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- 3) What is Promotion Policy? Why is it necessary in an organisation?
.....
- 4) What do you understand by 'Rewards'? How is it different from Promotion?
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- 5) What is the connection between measurement and reward systems? What are the different vehicles for reward?
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19.8 LET US SUM UP

This Unit gave some definitions of transfer, the types of transfer, and pinpointed the need for a positive transfer policy. It also outlined the implications of transfer in the context of restrictions imposed by law.

It is also emphasised the need for defining a clear promotion policy to ensure employees that they have a foreseeable future with the organisation. It underlined the need for retraining on transfer or promotions. Besides, it also made you aware of the reward policies and processes that can be adopted by an organisation. It also familiarised you with the vehicles of rewards.

19.9 CLUES TO ANSWERS

Check Your Progress

- 1) Read Secs. 19.2 and 19.3.
- 2) Compare your answer with the contents of Sec. 19.4.
- 3) See Sec. 19.5.
- 4) Read Sec. 19.5 and 19.6.
- 5) See Sec. 19.6 and 19.7.

Some Activities

- 1) Find out the reward policies adopted by star category hotels.
- 2) Visit a chain of hotel and seek information as regards the retraining policy.