

Lesson - 9

Transfer

Introduction

Transfer implies a lateral movement of an employee in the hierarchy of positions with the same pay and status. Transfer may either company initiated or employee initiated. Company may initiate transfer to place employees in positions where they are likely to be more effective or where they are likely to get greater satisfaction or where they are better able to meet the work schedule of the organization. Whereas employee may initiate for the reason to change of boss or location. Employee may try to obtain more allowance or better working conditions which are attached to a new position.

Definition

Transfer Involves the shifting of an employee from one job to another without special reference to changing responsibilities or compensation.

Transfer is a horizontal or lateral movement of an employee in a company which does not involve the promotion or demotion related to change in responsibility or compensation.

Transfer relate to changes where pay, status and job condition of new position are approximately same as of the old. In case of promotion the new position has higher pay status and job conditions as compared with the old.

Transfer is a horizontal or lateral movement of an employee from one job, section, department, shift, plant or position to another at the same or another place where his salary, status and responsibility are the same. It generally does not involve a promotion, demotion or a change in job status other than movement from one job or place to another.

Purpose of transfer

- a) To satisfy the needs of an organization
- b) To meet an employee's own request
- c) To utilize services of an employee properly
- d) To increase the versatility of the employee

- e) To adjust the workforce of one plant with that of another
- f) To replace a new employee by an employee
- g) To help employee work according to their convenience
- h) To penalize the employee

(a) To satisfy the needs of an organization:

This arise out of a change in the quantity of production, fluctuations in work requirements, and changes in the organizational structure; the introduction of new lines of production, the dropping of existing product lines, the reallocation of or reduction in the workforce due to a shortage or a surplus in same section so that lay-offs may be avoided; filling in of the vacancies which may occur because of separations or because of the need for suitable adjustments in business operations.

(b) To meet an employee's own requests:

When employee feels uncomfortable on the job because of his dislike of his boss, or his fellow workers, or because better opportunities for his future advancement do not exist there, or because of family circumstances which may compel him to change the place of his residence.

(c) To utilize the services of an employee properly:

In a situation when employee is not performing satisfactorily and adequately and when the management feels that he may be more useful or suitable elsewhere, where his capacities would be better utilized. This transfers is called remedial transfers.

(d) To increase the versatility of the employee:

By shifting him from one job to another so that he may have ample opportunities for gaining a varied and broader experience of work. This transfer is known as versatility transfer. They make it possible for an employee to enjoy the facility of job enrichment.

(e) To adjust the workforce of one plant with that of another:

Particularly when one is closed down for reasons beyond then control of the employer. This transfer is known as plant transfers and is generally effected on humanitarian grounds to ensure that persons who have been long in service of an organization are not thrown out of employment.

(f) To replace a new employee by an employee:

Who has been in the organization for a sufficiently long time. This transfer is known as replacement transfer, the purpose being to give some relief to old employees from the heavy pressure of work.

(g) To help employees work according to their convenience:

As far as the timings are concerned; for example, an employee is transferred from night shift to morning shift or from the first to the second shift (as in the case of women workers who may like to look after their children and do the necessary domestic work in the morning hours).

(h) To penalize the employee transfers :

Under this either a difficult trade union activities or intriguer or sea lawyer may be transferred to a remote branch or office where he cannot continue his activities.

(i) Transfer for the maintenance of a tenure system:

In senior administrative services of the Government and also in industries, or where there is a system of annual intake of management trainees, the transfers are common. In this regard employee holds a certain job for a fixed tenure but he is made to move from job to job with a view to enabling him to acquire a variety of experience and skills and also to ensure that he does not get involved in politicking informal groups.

Transfer policy

A good transfer policy should-

- i) clarify the type of transfer and the conditions under which these will be made.
- ii) locate the authority in some officer who may initiate and implement transfers.
- iii) indicate whether transfers can be made only within a sub-unit or between departments, division or plant.
- iv) indicate the basis for transfer i.e. whether it will be based on seniority or on skill and competence or any other factor.
- v) decide the rate of pay to be given to the transferee.
- vi) intimate well in advance the fact of transfer to the person concerned.
- vii) be in writing and duly communicated to all concerned.

viii) not be made frequent and not for the sake of transfer only.

Types of Transfers

1. Production Transfer:-

Is frequently made when the need for manpower in one job or department is reduced or increased because of changes in demand - the dropping of the existing product lines or the introduction of new lines of production causing fluctuations in work requirement.

2. Personnel Transfer:-

This transfer involve shifts made to meet the requests or needs of employees. This need mat arise because of faulty selection and placement of employee concerned or because the individuals concerned may find their interests changing or individuals concerned may find themselves unhappy with their immediate supervisors or co-workers.

3. Versatility transfer:-

This intended to increase the versatility of an employee through ample opportunities for gaining a varied, boarder and richer job or work experience. The facility of job enrichment and job enlargement usually makes available to the employee more effective at work and also prepares him for higher job opening in future.

4. Remedial Transfer:-

This transfer is usually made to remedy the situation arising out of a faulty selection initially. where an employee does not perform a job satisfactorily or adequately well and the management (supervisor or departmental head) feels that the employee concerned can be more useful or suitable in view of his capacities elsewhere. This transfer help individual employees to adjust themselves better with their jobs or supervisors.

5. Replacement Transfer:

This transfer is similar to production transfer and is used to replace a new employee by an employee who has been in the organisation for a sufficiently long time. This transfer is intended to prevent lay-offs.

6. Shift Transfer:-

This transfer is made to help employees work in a particular shift as per their convenience. (so far as timings are concerned). Shift transfer is introduced by the management.

7. Plant Transfer:-

This transfer is usually made to adjust the work-force of one plant with that of another where that plant is closed down for the reasons beyond the control of the employer concerned. This transfer generally made on humanitarian grounds and aim at preventing unemployment of employees who have been in the service of the organization for a long time.

8. Temporary and Permanent Transfer:-

Temporary transfer is generally made on the ground of ill-health or accident causing temporary disablement

permanent transfer is made on the ground of ill health or accident causing disablement of stable nature or the employee desire to learn a particular skill.

Benefits from transfer

Benefits from transfers through good transfer policy-

- a) they correct faulty selection and placement of employees.
- b) policy helps to stabilize fluctuations in work requirements.
- c) it increases the effectiveness of the organization and raises its productivity.
- d) effective transfer policy provides greater job satisfaction to prevent employees through job enrichment or job enlargement.
- e) transfer increase motivation and productivity by developing the skills of the employee and avoidance of monotony.
- f) transfer bring about improvement in relations between the employees and their supervisors.

Separation

Definition

Separation means cessation of service of agreement with the organization for one or other reason is known as separation.

Grounds where employee may be separated from the company pay roll

1. Resignation

2. Discharge and Dismissal
3. Suspension and Retrenchment
4. Lay-off

1. Resignation

Resignation is usually put in voluntarily by employees on grounds of health, physical disability, better opportunities elsewhere or maladjustment with company policy and officers or for the reason for marriage or they may be compulsory when an employee is asked to put in his resignation if he wants to avoid termination of his services on the ground of gross negligence of duty on his part or some serious charge against him.

2. Discharge

Discharge involves permanent separation of an employee from the pay-roll for violation of company rules or for inadequate performance

Requirement of discharge

- a) when the volume of business does not justify the continuing employment of the persons involved.
- b) when a person fails to work according to the requirement of the job either because of incapacity or because he has deliberately slowed down the work or because there is no suitable place where he can be transferred.
- c) when an individual forfeits his right to a job because of his violation of a basic policy often involving the safety of others, the morale and discipline of a group.

Discharge procedure

Proper rules are required to avoid unnecessary grievances arising discharge. Evidences are required to demonstrate that a discharge is justified and does not arise out of unfair discrimination or personal prejudice of the supervisor-

- i) permanent records of all merit ratings made by supervisor.
- ii) permanent records of rating of the defendant's traits maintained by persons other than the foreman.
- iii) a memorandum made by foreman to help the defendant to overcome his weakness.
- iv) a copy of any warning that had been sent him

v) the letter of discharge, especially if the letter states the cause of discharge.

Required elements in a discharge programme

- a) the reasons for discharge
- b) information to individual concern about the reason for his discharge
- c) action of supervisor, in-charge of initiating discharge with rules and regulations of the organization
- d) the facts regarding the violations of the rules and regulations.
- e) line officials activity with regard to discharge affairs
- f) requirement of a well-thought-out procedure
- g) provision should be for review of the discharged employee's case
- h) requirement of reasonable notice to discharged employee or an equivalent of pay in lieu of notice.

Causes of discharge

- a) **Frequent causes** – inefficiency, dishonesty, drunkenness, carelessness or indifference, violation of rules
- b) **Infrequent causes** – accidents, insubordination, personal conduct, un-cleanliness, infraction of rules, destructive negligence, wastefulness, and physical unfitness.
- c) **Other causes-** carelessness, lack of co-operation, laziness, tardiness in starting work, frequent absence without leave, dishonesty, lack of specific skill, preventing promotion, adverse attitude towards the organization.

Dismissal

Dismissal relates to the termination of the services of an employee by way of punishment for some misconduct, or for unauthorized and prolonged absence from duty.

In this case employee is provided an opportunity to explain his conduct and to show cause why he should not be dismissed. In this process there should be no violation of what is known as the principle of natural justice, usually ensures that punishment is not out of all proportion to the offence.

3. Suspension

Suspension is a serious punishment, generally awarded after conducted a proper enquiry. Due to any reason of discipline, workman may be suspended without prejudice during the course of any enquiry. During the suspension, the employee receives a subsistence allowance.

Retrenchment

Retrenchment relates to a permanent termination of the services of an employee for economic reasons in a going concern.

Retrenchment means the termination of the services of the workman by the employer for any reason.

Retrenchment does not constitute – termination of services as a punishment given by way of disciplinary action, or retirement either voluntarily or on reaching the age of superannuation, or continued ill-health, or on the closure and winding up of a business.

In case retrenchment is applied, the other part of operations is continued where the workforce is found to be superfluous.

Conditions where a worker can be retrenched

1. he has been given one month's notice in writing indicating the reasons for retrenchment and the period of notice has expired or he has been paid wages in lieu of the notice for the period of the notice.
2. at the time of retrenchment, the worker has been paid compensation equivalent to 15 days average pay for every completed year of continuous service or any part thereof in excess of 6 months.
3. notice has been served on the appropriate government authority and the permission of the authority has been obtained.

On retrenchment employee is entitled to both retrenchment compensation and gratuity. The principle of retrenchment is that the last person employed in each category must be the first person to be retrenched i.e. "last come first go". This list is displayed on the notice board at least 7 days before the actual date of retrenchment.

4. Lay-off

Lay-off relates to an indefinite separation of the employee from the pay-roll due to factors beyond the control of the employer, employee is expected to be called back

in the foreseeable future. It involves a temporary or permanent removal from the pay-roll of persons with surplus skills. The purpose of lay-off is to reduce the financial burden on an organization when human resources cannot be utilized profitably.

Lay-off means the failure, refusal or inability of an employer to give employment to a workman whose name is borne on the muster roll of his establishment.

Factors of lay-off

1. break down of machinery
2. seasonal fluctuations in markets and loss of sales
3. accumulation of stocks or financial slump
4. shortage of raw material, coal and power
5. production delays
6. other technological reason.

Performance Appraisal

Once the employee has been selected, trained and motivated, he is then appraised for his performance. Performance appraisal is the step where the management finds out how effective it has been at hiring and placing employees. If any problems are identified, steps are taken to communicate with the employee and to remedy them. A “performance appraisal” is a process of evaluating an employee’s performance of a job in terms of its requirements.

“It is the process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which he is employed, for purposes of administration including placement, selection for promotions, providing financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally. Others regard it as a “process of estimating or judging the value, excellence, qualities or status of some object, person or thing”. Individually and collectively, it is a part of all the other staffing processes, viz. recruitment, selection, placement and indoctrination.

Importance and Purposes

Performance appraisal has been considered as a most significant and indispensable tool for an organization, for the information, it provides decisions regarding various personal aspects as promotions and merit increases. Performance measures also link

information gathering and decision-making processes which provide a basis for judging the effectiveness of personnel sub-divisions such as recruiting, selection, training and compensation. Accurate information plays a vital role in the organization as a whole. They help pin point weak areas in the primary systems (i.e., marketing finance and production). It is easier for managers to see which employees need training or counseling, because jobs are grouped by categories (e.g., production foreman, sales manager, financial analyst). These categories can be broken into smaller and smaller groups, if necessary performance data are available, timely, accurate, objective, standardized and relevant, management can maintain consistent promotion and compensation policies throughout the total system.

Purpose:-

The basic purpose of performance appraisal is to ascertain whether the behavior of an employee in an organization is integrated with established role requirements that he may be considered a success or may be considered a failure.

Individual appraisal is done to determine the action relating to reward or penalty with regard to a person rank and file employee or a manager i.e. taking a decision for increasing or decreasing the person's pay or emoluments or leaving it the same.

The performance appraisal may also be used for a placement decision involving promotion, demotion, transfer, retention in the same job or even separation.

Needs to design formal performance appraisal plan like-

- (i) The systematic judgments to back up salary increases, transfers, demotions or terminations.
- (ii) They are means of telling a subordinate how he is doing, and suggesting needed changes in his behavior, attitudes, skills, or job knowledge. They let him know "where he stands" with the boss.
- (iii) They are used as a base for coaching and counseling the individual by the superior.

A performance appraisal determines who would receive merit increases; counsels employees on their improvement; determines training needs; determines promo-ability; identifies those who should be transferred. It improves employee job performance; encourages employees to express their views or to seek clarification on job duties; broadens their outlook, capacity and potential; promotes a more effective utilization of manpower and improves placement; facilitates selection, reward and promotion of the best qualified employee; prevents grievances and increases the analytical abilities of supervisors".

Functions of performance appraisal:

- (i) It seeks to provide an adequate feedback to each individual for his or her performance.
- (ii) It purports to serve as a basis for improving or changing behavior toward some more effective working habits.
- (iii) It aims at providing data to managers with which they may judge future job assignments and compensation. He stresses the fact that the existing systems of performance appraisal do not serve any of these functions effectively but focus on 'outcome of behavior'.

“The overall objective of performance appraisal is to improve the efficiency of an enterprise by attempting to mobilize the best possible efforts from individuals employed in it. This appraisals achieve four objectives including the salary reviews, the development and training of individuals, planning job rotation and assistance promotions”.

On the basis of merit rating or appraisal procedures of various companies in India, the main objectives of employee performance appraisal are:

- (i) To enable an organization to maintain an inventory of the number and quality of all managers and to identify and meet their training needs and aspirations;
- (ii) To determine increments and provide a reliable index for promotions and transfers to positions of greater responsibility;
- (iii) To maintain individual and group development by informing the employee of his performance standard;
- (iv) To suggest ways of improving the employee's performance when he is not found to be up to the make the review period.

Thus, performance appraisal is an important tool of personnel management. It is a judgment of the characteristics, traits and performance of employees and has a wide range of utility. For example:

- (i) **It unifies the appraisal procedure** so that all employees are rated in the same manner, utilizing the same approach so that the ratings obtained of separate personnel are comparable.
- (ii) **It provides information which is useful in making and enforcing important decisions** about selection, training, promotions, pay increases, transfers, lay-offs, discharges, salary adjustments, etc. The information is supplied well in advance so that spot judgments may be avoided.
- (iii) **It provides information in the form of records about ratings** which may be produced as evidence when decisions on ratings are challenged in a court of law. Even arbitrators accept these in the course of grievance handling procedures as authentic records.
- (iv) **It serves to stimulate and guide employee development; appraisal programmes** provide information on the weaknesses of employees and enable them to gauge their own value and accomplishments and to know what they are doing. The weaknesses provide the basis for an individual development programme. If used properly, this periodical appraisals usually establish an atmosphere in which criticism can be taken without resentment and can be used constructively for self-improvement.
- (v) By finding out an employee's qualifications and his work and comparing it with job requirements, **inefficient employees and those whose views are not in harmony with the company's objectives or management philosophy can be weeded out or persuaded to adjust themselves.**
- (vi) **A periodic and accurate appraisal constrains a supervisor to be alert and competent in his work,** i.e., it improves the quality of supervision by giving him an incentive to do the things, that he should normally be doing anyway.
- (vii) **It gives supervisors a more effective tool for rating their personnel,** enables them to make a careful analysis of their men and gives them a better knowledge and understanding of them.
- (viii) **It makes for better employer-employee relations** through mutual confidence, which comes as a result of frank discussions between a supervisor and his men.

In short, the main purpose of performance appraisal is to provide the 'deadlock' and research data for improving the overall personnel information system.

Approaches to Performance Appraisal

Generally speaking three approaches are used in making performance appraisal:

- (a) **A casual, unsystematic, and often haphazard appraisal:** This method was commonly used in the past, but now it has given place to a more formal method, the main basis being seniority or quantitative measures of quantity and quality of output for the rank-and-file personnel.
- (b) **The traditional and highly systematic measurement of** (i) employee characteristics, and (ii) employee contributions, or both. It evaluates all the performances in the same manner, utilizing the same approach, so that the ratings obtained of separate personnel are comparable.
- (c) **The behavioral approach, emphasizing mutual goal-setting:** in the traditional approach, the supervisor is placed in the position of 'Playing Gods". He judges and at times criticizes the personal worth of his men. Therefore, emphasis has been laid upon providing mutual goal-setting and appraisal of progress by both the appraiser and the appraisee. This approach is based on the behavioral value of fundamental trust in the goodness, capability and responsibility of human beings.

The Evaluation Process

"The process of performance appraisal follows a set pattern, viz., a man's performance is periodically appraised by his superiors. Questions are raised – Is his potential the greatest as a manager or as a staff specialist? Where can he make his great contribution? Next, sometimes in consultation with the man himself, tentative decisions are made on what might be done to advance his development.

"Usually, the resulting plan is then reviewed at a higher echelon of management, where it may be challenged, changed or added to. But out of the discussion and debate emerges a development plan tailored to the individual's unique needs".

The process of evaluation begins with the establishment of 'performance standards'. At the time of designing a job and formulating a job description, performance standards are usually developed for the position. These standards should be clear and not vague,

and objective enough to be understood and measured. These standards should be discussed with the supervisors to find out which different factors are to be incorporated, weights and points to be given to each factor and these then should be indicated on the Appraisal Form, and later on used for appraising the performance of the employees.

Next to communicate these standards to the employees, for the employees left to themselves, would find it difficult to guess what is expected of them. To make communication effective, 'feedback' is necessary from the subordinate to the manager. Satisfactory feedback ensures that the information communicated by the manager has been received and understood in the way it was intended.

The third step is the 'measurement of performance'. To determine what actual performance is, it is necessary to acquire information about it. It is concerned with *how* we measure and *what* we measure. Four sources of information are frequently used to measure actual performance; personal observation, statistical reports, oral reports and written reports.

The fourth step is the comparison of actual performance with standards. The employee is appraised and judged of his potential for growth and advancement. Attempts are made to note deviations between 'standard performance' and 'actual performance'.

At the next stage, results of appraisal are discussed periodically with the employees, where good points, weak points, and difficulties are indicated and discussed so that performance is improved. The information that the subordinate receives about his assessment has a great impact on his self-esteem and on his subsequent performance.

The final step is the initiation of corrective action when necessary; immediate corrective action can be of two types. One is immediate and deals predominantly with symptoms. The other is basic and delves into causes. Immediate corrective action is often described as "putting out fires," whereas basic corrective action gets to the source of deviation and seeks to adjust the difference permanently. Coaching and counseling may be done or special assignments and projects may be set; persons may be deputed for formal training courses, and decision-making responsibilities and authority may be delegated to the subordinates. Attempts may also be made to recommend for salary increases or promotions, if these decisions become plausible in the light of appraisals.

Methods, Techniques or Tools for Appraising Performance

First, they differ in the sources of traits or qualities to be appraised. The qualities may differ because of differences in job requirements, statistical requirements and the opinions of the management.

Second, they differ because of the different kinds of workers who are being rated, viz., factory workers, executives or salesmen.

Third, the variations may be caused by the degree of precision attempted in an evaluation.

Finally, they may differ because of the methods used to obtain weightings for various traits.

There is little agreement on the best method to evaluate managerial, professional or salaried performance. Different authors have suggested different approaches. For example:

Performance appraisal or merit rating of an employee is the process of evaluating the employee performance on the job in terms of the requirement of the job.

Rating:-

Where an individual employee is rated or ranked as excellent employee, normal or average after comparison with another and are used for determining an employee's eligibility for promotion or transfer.

SELF CHECK QUESTION

Long answer type questions

1. Define the term 'transfer'. What are its kinds? Discuss the principles of transfer.
2. What is performance appraisal? Bring out the methods of appraisal.

Short answer type question

1. Discuss the relationship between performance appraisal and transfer.
2. Discuss the approaches to performance appraisal.

Objective type questions

1. Systematic manpower planning is generally based on _____
 (a) Research (b) Training (c) Motivation
 (d) Leadership (e) None of these

Ans. (a)

2. When a new employee is provided help to adjust himself to the new job the situation comes under _____
- (a) Recruitment function
 - (b) Placement function
 - (c) Orientation function
 - (d) Development function
 - (e) None of these

Ans. (c)

3. Personnel management undertakes important activities as main objective like -
- (a) Plan for personnel
 - (b) Utilization of personnel
 - (c) Direction to personnel
 - (d) Development of personnel
 - (e) All of these
 - (f) None of these

Ans. (e)

4. Fair and efficient leadership comes under _____
- (a) Employer interest
 - (b) Employees interest
 - (c) Society interest
 - (d) Management interest
 - (e) None of these

Ans. (b)

5. In modern time personnel management is connected to _____
- (a) Personnel problems related to society activities
 - (b) Personnel problem related to union activities
 - (c) Personnel problem related to government activities
 - (d) Personnel problem related to industrial activities
 - (e) None of these

Ans. (d)