

BBA (ITM) SEM - III

HUMAN RESOURCE MANAGEMENT – I

(CODE: UM03DBBI21)

UNIT – 3 PROMOTION, TRANSFER AND ABSENTEEISM

- Promotion: Meaning, Policy, Types and Basis
- Transfer: Meaning, Types, Policy
- Demotion: Meaning, Causes
- Absenteeism: Concept, Causes
- Separation: Meaning, Forms

PROMOTION

MEANING

Promotion is vertical movement of an employee within the organisation. In other words, promotion refers to the upward movement of an employee from one job to another higher one, with increase in salary, status and responsibilities. Promotion may be temporary or permanent, depending upon the needs of the organisation.

Promotion has an in-built motivational value as it elevates the authority, power and status of an employee within an organisation. It is considered good personnel policy to fill vacancies in a higher job through promotions from within because such promotions provide an inducement and motivation to the employees and also remove feelings of stagnation and frustration.

DEFINITIONS

According to Mr. Scott, “Promotion is transfer of an employee to a job which pays more money or carries some preferred status.”

According to Paul Pigors and Charles A Myers, “Promotion is advancement of an employee to a better job – better in terms of greater responsibility, more prestige or status, greater skill and especially increased rate of pay or salary.

Arun Monappa and Mirza S Salyadain defined promotion as “the upward reassignment of an individual in an organisation’s hierarchy, accomplished by increased responsibilities, enhanced status and usually with increased income though not always so.”

POLICY

The following characteristics make a promotion policy as sound and good policy:

1. It must provide equal opportunities for promotion across the jobs, departments and regions
2. It must be applied uniformly to all employees irrespective of their background
3. It must be fair and impartial
4. The basis of promotion must be clearly specified and made known to the employees
5. It must be corrected with career planning. Both quick and delayed promotions must be avoided as these ultimately adversely affect the organisational effectiveness
6. Appropriate authority must be entrusted with the task of making final decisions.
7. Promotion must be made on trial basis. The progress of the employee must be monitored. In case, the promoted employee does not make the required progress, provision must be there in the promotion policy to revert him/ her to the former post.
8. The policy must be good blending of promotion made from both inside and outside the organisation.

TYPES OF PROMOTION

Promotion given to employees in an organisation can be classified into three types:

1. Horizontal Promotion

When an employee is shifted in the same category, it is called 'horizontal promotion'. A junior clerk promoted to senior clerk is such an example. It is important to note that such promotion may take place when an employee shifts within the same department, from one department to other or from one plant to another plant.

2. Vertical Promotion

This is the kind of promotion when an employee is promoted from a lower category to higher category involving increase in salary, status, authority and responsibility. Generally, promotion means 'vertical promotion'.

3. Dry Promotion

When promotion is made increase in salary, it is called 'dry promotion'. E.g. a lower level manager is promoted to senior level manager without increase in salary or pay. Such promotion is made either there is resources/ fund crunch in the organisation or some employees hanker more for status or authority than money.

BASES OF PROMOTION

Organisations adopt different bases of promotion depending upon their nature, size, management, etc. Generally, they may combine two or more basis of promotion. The well – established basis of promotion are seniority and merit.

(1) Merit as a bases of promotion

Merit is taken to denote an individual employee's skill, knowledge, ability, efficiency and aptitude as measured from educational, training and past employment record. The merits of merit system of promotion are:

- (a) The resources of higher order of an employee can be better utilized at higher level. It results in maximum utilisation of human resources in an organisation.
- (b) Competent employees are motivated to expert all their resources and contribute them to the organisational efficiency and effectiveness
- (c) It works as golden hand-cuffs regarding employee turnover

- (d) Further it continuously encourages the employees to acquire new skills, knowledge, etc. for all round development.

Despite these advantages, the merit system suffers from some demerits are:

- (a) Measurement or judging of merit is highly difficult
- (b) Many people, particularly trade union leaders, distrust the management's integrity in judging merit
- (c) The techniques of merit measurement are subjective
- (d) Merit denotes that past achievement, efficiency but not the future success. Hence, the purpose of promotion may be served if merit is taken as the sole criteria for promotion.

(2) Seniority as a bases of promotion

Seniority refers to relative length of service in the same job and in the same organization. The logic behind considering the seniority as a bases of promotion is that there is a positive correlation between the length of service in the same job and the amount of knowledge and the level of skill acquired by an employee in an organisation. This system is also based on the custom that the first in should be given first chance in all benefits and privileges.

The advantages of seniority as a basis of promotion are:

- (a) It is relatively easy to measure the length of service and judge the seniority
- (b) There would be full support of the trade unions to this system
- (c) Every party trust the management's action as there is no scope for favoritism and discrimination and judgement
- (d) It gives a sense of certainty of getting promotion to every employee and of their turn of promotion.
- (e) Senior employees will have sense of satisfaction to this system as the older employees are respected and their inefficiency cannot be pointed out.
- (f) It minimizes the scope for grievances and conflicts regarding promotion

- (g) This system seems to serve the purpose in the sense that employees may learn more with increase in the length of service.

In spite of these merits, this system also suffers from certain limitations. They are:

- (a) The assumption that the employees learn more relatively with length of service is not valid as this assumption has reverse effect. In other words, employees learn up to a certain age and beyond that stage, the learning ability that is the cognitive process diminishes.
- (b) It demotivates the young and more competent employees and results in employee turnover particularly among the dynamic force
- (c) It kills the zeal and interest to develop as everybody will be promoted with or without improvement
- (d) Organisational effectiveness may be diminished through the declaration of the human resources effectiveness as the human resources consists of mostly undynamic and old blood.
- (e) Judging the seniority though it seems to be easy in the theoretical sense, it is highly difficult in practice as the problems like job seniority, company seniority service in different organisations, experiences as apprentice trainee, trainee, researcher, and length of service not by days but by hours and minutes will crop up.

Thus, the two main basis of promotion enjoy certain advantages and at the same time suffer from certain limitations. Hence, a combination of both of them may be regarded as an effective basis of promotion.

(3) Seniority – cum – merit

Managements mostly prefer merit as the basis of promotion as they are interested in enriching its human resources. But trade unions favour seniority as the sole basis for promotion with a view to satisfy the interests of majority of their members.

Hence, a combination of both seniority and merit can be considered as the basis for promotion satisfying the management for organisational

Unit 3: Promotion, Transfer and Absenteeism

effectiveness and the employees and trade unions for respecting the length of service. A balance between seniority and merit should be struck and a new basis developed. There are several ways in striking the balance between these two bases:

- (a) Minimum length of service and merit: under this method, all those employees who complete the minimum service, say five years, are made eligible for promotion and then merit is taken as the sole criteria for selecting the employee for promotion from the eligible candidates. Most of the commercial banks in India have been following this method for promoting the employees from clerk's position to officer's position.
- (b) Measurements of seniority and merit through a common factor
- (c) Minimum merit and seniority: in contrast to the earlier methods, minimum score of merit which is necessary for the acceptable performance on future job is determined and all the candidates who secure minimum scores are declared as eligible candidates. Candidates are selected for promotion based on their seniority only from the eligible candidates.

TRANSFER

MEANING

A transfer refers to lateral movement of employees within the same grade, from one job to another. According to Flippo "a transfer is a change in the job (accompanied by a change in the place of the job) of an employee without a change in responsibilities or remuneration".

Transfer differs from promotion in the sense that the latter involves a change of job involving increase in salary, authority, status and responsibility, while all these remain unchanged /stagnant in the case of former. Also, transfers are frequent and regular whereas promotions are infrequent, if not irregular.

Transfer may be initiated either by the company or the employee. In practice, the company may transfer the employee to the place where he/she can prove

more useful and effective. Similarly, employee may initiate transfer to a location where he/she is likely to enjoy greater satisfaction.

Transfer could be permanent, temporary or ad hoc to meet emergencies. Usually, permanent transfers are made due to changes in work load or death, retirement, resignation, etc. of some employee. As regards temporary transfer, it arises mainly due to ill health, absenteeism, etc. of some employee.

Transfer decisions may be perceived as negative or positive depending upon an individual's personal preferences, needs and aspirations. For example, an organisation may consider transfer from Guwahati regional office to Delhi-head office as positive and reward because it will enable the employee to broaden his/her knowledge and work experience. On the contrary, the employee may look down upon it as it breaks ties with his people and community in Guwahati.

Sometimes, transfers are used as an instrument for victimizing the employees by management. Realizing it, provisions are made by constituting labour courts to set aside transfer orders proved as management strategy to victimize employees. In order to make transfers useful for employee and the company, some organisations have clear agreements with trade unions for the transfer of unionized staff especially on promotions.

There are some public sector organisations like Minerals and Metals Trading Corporation (MMTC) who have entered into agreements, with employees for creating two cadres of officers, namely. Local Officers and All India Officers wherein promotions to and within the former are less accelerated than in the latter, but do not entail transfer.

TYPES OF TRANSFER

Employee transfers may be classified into following types:

1. Production Transfer:

Such transfers are made when labour requirements in one division or branch is declining. The surplus employees from such division are transferred to those divisions or branches where there is shortage of employees. Such transfers help avoid lay off and stabilize employment.

2. Remedial Transfer:

Such transfers are affected to correct the wrong selection and placement of employees. A wrongly placed employee is transferred to more suitable job. Such transfers protect the interest of the employee.

3. Replacement Transfer:

Replacement transfers are similar to production transfers in their inherent, i.e. to avoid layoffs. Replacement transfers are affected when labour requirements are declining and are designed to replace a new employee by an employee who has been in the organisation for a sufficiently long time. The purpose of these transfers is to retain long service employees in the organisation and also give them some relief from the heavy pressure of work.

4. Versatility Transfer:

These transfers are also known as 'job rotation'. In such transfers, employees are made move from one job to another to gain varied and broader experience of work. It benefits both the employee and organisation. It reduces boredom and monotony and gives job enrichment to the employee. Also, employees' versatility can be utilized by the organisation as and when needed.

5. Shift Transfers:

These transfers are affected in the organisations where work progresses for 24 hours or in shifts. Employees are transferred from one shift to another usually on the basis of mutual understanding and convenience.

6. Penalty Transfer:

Management may use transfer as an instrument to penalize employees' involved in undesirable activities in the organisation. Employee transfer from one's place of convenience to a far-flung and remote area is considered as a penalty to the employee.

TRANSFER POLICY

Transfer involves costs as well. Therefore, every organisation should have a just and impartial transfer policy for its employees. Transfers should then be affected according to such policy only. In fact, a good and fair transfer policy serves as a guide-post to the manager in affecting transfers as and when required in the overall interest of the organisation.

A good transfer policy should satisfy the following requirements:

1. Specify the circumstances under which transfers will be made. These should be in writing and should be communicated to the employees. For example, defence personnel and government employees are subjected to transfer once in three years. The employees in these organisations know when they are due for a transfer and are prepared for it.
2. Specify the basis for transfer i.e., whether transfer will be made on the basis of seniority or skill and competency or on any other basis.
3. Decide the authority which would handle transfers.
4. Intimate the fact of transfer to the person concerned well in advance.
5. Specify the jobs to which transfers will be made and duties and salary on assumption of new jobs should also be clarified.
6. Clarify whether transfer is permanent or temporary.
7. Indicate whether transfers can be made within a department or between departments or between units.
8. Not to be made frequent and not for the sake of transfer only.

However, one should not expect for a uniform transfer policy in all the organisations. Depending on the type, kind and size of the organisation,

transfer policy is subject to vary from organisation to organisation. In any case, a good transfer policy should be consistent with the overall objectives of the organisation.

DEMOTION

MEANING

Demotion is just opposite to promotion. In demotion, the employee is shifted to a job lower in status, grade and responsibilities. "Demotion refers to the lowering down of the status, salary and responsibilities of an employee."

In the words of Dale Yoder, "Demotion is a shift to a position in which responsibilities are decreased. Promotion is, in a sense, an increase in rank and demotion is decrease in rank."

When an employee is demoted, his pride suffers a more severe jolt than it does when he is superseded by his junior. Some managers hesitate to demote a man. They prefer to discharge him rather than to demote him on the lower job because he will not accept the lower job and will turn to be a disgruntled employee and his position will not be good for better industrial relations.

CAUSES OF DEMOTION

Here are several reasons for demoting a man from his present position.

Some of these reasons are as follows:

1. Inadequacy on the part of the employees in terms of job performance, attitude and capability. It happens when an employee finds it difficult to meet job requirement standards, following his promotion.
2. Demotion may result from organisational staff reductions. Due to adverse business conditions, organisations may decide to lay off some and downgrade some jobs.
3. Demotions may be used as disciplinary tools against errant employees.
4. If there is a mistake in staffing i.e., a person is promoted wrongly.

5. When, because of a change in technology, methods and practices, old hands are unable to adjust or when employees because of ill health or personal reasons, cannot do their job properly.

ABSENTEEISM

CONCEPT

The co-operation of workers is essential for the good health of any organisation. Sometimes labour turnover and absenteeism become a major problem for the management. The exit of workers or their absence from work disrupts production schedules. Any make shift arrangement for absent workers will be a costly affair for the enterprise.

According to Websters' Dictionary, "absenteeism is the practice or habit of being in 'absence', and an 'absenter' is one who habitually stays away". As per Labour Bureau, Simla, "absenteeism is the total man-shifts lost because of absence as a percentage of the total number of man-shifts scheduled to work".

It denotes the absence of an employee when he is scheduled to work. An employee is considered 'scheduled to work' when the employer has kept the work ready for him and the worker is aware of it but still does not report for duty. A leave taken by an employee is not absenteeism.

Absenteeism is not the problem of underdeveloped countries only but it is a universal phenomenon. It varies from 7 percent to 30 percent, but in extreme cases it goes upto even 40 percent.

The degree of absenteeism may differ from place to place, occupation to occupation and industry to industry. It may be high in some occupations and industries as compared to others. Even in a particular industry, the degree of absenteeism may vary in different departments.

CAUSES OF ABSENTEEISM

Some of the causes of absenteeism are discussed as follows:

(i) Maladjustment at Work Place:

Workers, sometimes, do not adjust to the situation prevailing at work place. Workers coming from rural to urban areas do not adjust at those places. The congestion, insanitation, fast life at urban areas is not to the liking of village folk. They frequently go back to villages after absenting from work.

(ii) Unhealthy Working Conditions:

If working conditions are not good then workers frequently absent themselves from work. Heat, moisture, noise, bad lighting, dust, over-crowding affect workers' health causing them to remain absent for longer periods.

(iii) Social and Religious Ceremonies:

Social and religious ceremonies are a major cause for absenteeism. These functions divert the attention of workers and they spend too much time on these activities. Some studies have shown that rate of absenteeism has been higher during festival periods as compared to other periods.

(iv) Industrial Fatigue:

Fatigue is also an important cause of absenteeism. To earn more wages, workers may do overtime or may work at a higher speed under incentive plans and start feeling tired for the next day. Low wage rates also compel them to do some part time work after working hours. They may not be able to face additional burden and thus fall ill leading to long absenteeism.

(v) Inadequate Welfare Facilities:

Inadequate welfare facilities also lead to absenteeism. There may be inadequate facilities for drinking water, sanitation, canteen, rest rooms, crèches etc. Workers feel inconvenience at work. They go back to their homes for having some rest.

(vi) Alcoholism:

The habit of alcoholism is very common among workers. They want to forget their domestic worries by drinking alcohol. Drinking becomes their habit and

its hangover on the next day compels them to absent from work. Workers indulge in more drinking after getting their wages and more absenteeism is reported in these days.

(vii) Inadequate Leave Facilities:

The workers do not get proper facilities for attending to family work. Since they are entitled for limited number of leaves, they do not go to work whenever they have to attend to family needs.

(viii) Age:

Absenteeism is higher among teenagers and old persons. Teenagers are casual in their work and old people exhaust after continuous work.

(ix) Absence of Housing and Transport Facilities:

Housing is a major problem in cities and in the absence of company houses, workers either stay alone or at far off places. Thus, quite often they have to travel long distances to reach of the work place. Without company transport, they are often unable to reach in time. Thus, housing and transport problems result in absenteeism.

(x) Management Systems:

When the managers treat workers as mere tools, the rate of absenteeism is likely to be high. In the absence of proper management control, workloads, shift arrangements and personnel policies may be unbalanced causing absenteeism.

(xi) Rural Ties:

Most of the factory workers come from villages. They leave behind their families and relatives while coming to cities for employment. They go to their villages often for festivals, religious and social ceremonies, sowing and harvesting of crops etc. This leads to high rate of absenteeism.

(xii) Indebtedness:

Most of the workers suffer from a high degree of indebtedness. Some workers absent themselves or even resign to escape the usurious money lenders. As a result, absenteeism is high.

SEPRATION

MEANING

Separation is a situation when the service agreement of an employee with his/her organisation comes to an end and employee leaves the organization. In other words, separation is a decision that the individual and organisation part from each other.

Employees may be separated, or say, may move out of organisation for a variety of reasons like retirement, resignation, suspension, discharge, dismissal and layoff.

FORMS OF SEPRATION

1. Retirement

Retirement is the major cause of separation of employees from the organisation. It can be defined as the termination of service of an employee on reaching the age of superannuation. For example, at present the superannuation age for the teachers working in the Central Universities is 62 years and in case of some state government employees, it is 58 years. Some people characterize retirement as 'role less role'.

Retirement may be of two types:

(a) Compulsory Retirement

This is the retirement when employees retire compulsorily from service on attaining the age of superannuation. Some organisations like Universities may have a policy to reappoint professionals and others who possess rare skills and expertise for a limited time even after attaining superannuation.

(b) Voluntary Retirement

When organisations give option to its employees to retire even before superannuation, it is called 'voluntary retirement'. This scheme is termed as, 'voluntary retirement scheme (VRS)'. Of late, in their efforts to downsize the employees, organisations by providing certain incentives, are trying to encourage their employees to opt for voluntary retirement. Employees in return of voluntary retirement are given lumpsum payment. This type of retirement is also called 'Golden Hand Shake'.

2. Resignation

Resignation is termination of service by an employee by serving a notice, called 'resignation' on the employer. Resignation may be voluntary or involuntary. A voluntary resignation is when an employee himself/herself decides to resign on the grounds of ill health, marriage, better job prospects in other organisations, etc.

Resignation is considered involuntary or compulsory when the employer directs the employee to resign on grounds of duty and indiscipline or face the disciplinary action. However, in case of involuntary resignation, a domestic enquiry should be conducted before asking the employee to resign. This is because otherwise the affected employee can go to the union or court of law and complain that he was asked to resign under duress.

While some resignations may be advisable and beneficial for the organisation to rectify the mistakes committed in hiring the employees, excessive turnover may be alarming as well. In such case, it is appropriate for the organisation to trace out the reasons behind resignations by conducting 'exit interviews' with the employees who are leaving the organisation. Exit interviews may enable the organisation to curb the employee turnover before it reaches to the proportion of exodus.

Death comes without call. Some employees may die in service before attaining the age of superannuation. When death occurs due to occupational hazards, the employee gets compensation as per the provisions of Workmen's Compensation Act, 1923.

3. Layoff

Layoff implies denial of employment to the employees for reasons beyond the control of employer. Breakdown of machinery, seasonal fluctuations in demand, shortage of power, raw materials, etc. are the examples of reasons leading to layoff.

It is important to note that the employee-employer relationship does not come to an end but is suspended for some time. Layoff may be temporary. In seasonal Industries like mines, sugar, etc., lay off occurs routinely. Layoff also may occur for an indefinite time. When layoff becomes a permanent one, it is called 'retrenchment'.

4. Retrenchment:

Retrenchment means permanent termination of an employee's services for economic reasons. Retrenchment occurs on account of surplus staff, poor demand for products, general economic slowdown, etc. It's worth noticing that termination of services on account of retirement, winding up of a business, illness or on disciplinary grounds does not constitute retrenchment.

Retrenchment is mainly seen in plantations, agricultural services, forestry and logging, food products, manufacture of machinery and cotton textile. The reasons pointed out behind retrenchment were mainly financial stringency and lack of demand for their products.

5. Dismissal:

Dismissal is termination of service of an employee as a punitive measure. This may occur either on account of unsatisfactory performance or misconduct. Persistent failure on the part of employee to perform up to the expectations or specified standard is considered as unsatisfactory performance.
