## Study unit 13: INTERNAL STAFF ADJUSTMENT

## Introduction

Internal structural adjustments are characterized by changes made within an organization mainly to maintain the right number of human resources. It should be noted that internal staff adjustments are good for organizations, because they help organizations to have effective and efficient employees, which leads to effective overall organization performance. However it should be noted internal staff adjustments can only yield good results if only proper guidelines are followed while implementing them otherwise they cause more harm than good.

## Learning Outcomes of Study Unit 13

By the end of this topic you should be able to:

13.1 Explain the various forms of internal staff adjustments in organizations.

13.2 Evaluate the impact of the staff adjustments to the organization.

13.3 Explain the guidelines followed in the implementation of the staff adjustments.

13.4 Identify the rationale for the choice of a staff adjustment method.

**1. Employee Promotion**

Employee promotion involves an appointment to a position requiring higher qualifications in form of better skills or longer experience and involving a higher level of responsibility, and a title change is considered a promotion and will be classified as such in all human resource documents. In order to avoid conflicts and other costs, promotions should be made without regard to the race, color, sex, religion, age, ethnic origin, or disability of the employee.

Employee promotion can also be looked at as advancement in rank or position in an organizational hierarchy system. It may be an employee's reward for good performance reflected by positive appraisal. Before management promotes an employee to a particular position it ensures that the person is trained to handle the added responsibilities. This is marked by job enrichment and various training activities.

Promotion is at times used as an internal recruitment source for higher positions. This could encourage the existing employees, provide them with motivation and at the same time creating room for recruitment at the lower end of the hierarchy for outsiders.

Employee promotion can be categorized into formal and informal types;

**Formal promotion:**

As opposed to the informal system, management with the help of the Human resource Management specialist uses objective evaluations of the responsibilities of position and an appraisal of the individual’s capabilities in terms of potential performance.

**Informal promotion**:

It should however be noted that not all organizations have a systematic approach to promotion or that it is organized. Many organizations still depend upon informal promotion systems, where managers would request certain individuals in whom they have confidence or with whom they have had previous working experience, to be assigned to projects involving more responsibility

**Open and closed promotion system:**

A company is said to have an open promotion system where it is willing to consider all individuals within its organisaton as potential candidates and also takes time to announce internally such position openings. Where an organisaton does not announce vacancies, or where the candidacy is restricted and is not open for all individuals within the organisation for promotion openings, the company is said to have a closed promotion system .Very often, a company has a combination of these two systems. For example, openings below a certain managerial level, such a company would adopt an open promotion system and give every interested employee a chance. However for levels above that particular managerial level, the selection would be done in a more secret manner.

***Guidelines for effective employee promotion***

* Ensuring that an extensive search for potential candidates has been carried out.
* Availability of standard and clearly understandable data about all potential candidates.
* Involving affected parties in the actual process i.e. those that get promoted and those that are by passed to minimize grievances and dissatisfaction.
* Recognize that competence does not necessarily mean a promotion i.e. there should be clear standards and data about all potential candidates and not basing only on their superior performance in the current job as the only determinant.
* Spell out why you'd promote an employee i.e. give the details of those attributes you look for in promotion-worthy personnel. So, take the time to delineate what you think is important in employees with promotion potential, be it leadership characteristics, an ability to foster teamwork, or other attributes related to those positions. .
* Look at weaknesses as well as strength within the new position. Don’t ignore all their positives, but consider as well their struggles and challenges - be they technical or managerial in nature-and be prepared to offer after-the-fact support and if necessary, supplementary training to address them.
* Know the importance and prepare for detachment i.e. the move from a buddy to a boss; prepare to adjust to a whole different set of professional and social demands.
* Let the proposed employees for promotion have a say in the matter i.e. never lose sight of the fact that employees can turn down a promotion for all sorts of reasons/including necessary travel or family reasons. Respect their choice.

**Benefits of promotions**

* Timely promotion helps in employee retention
* Enable organisations to utilize employee skills and abilities to full maximum.
* Reward employees for excellent performance
* Improves on the employee motivation levels and thus greater organizational effectiveness
* Helps to control and save costs
* Internal promotion reduces employee resistance
* Helps to improve corporate image
* Enhance employee job satisfaction.

**2. Employee Demotion**

Demotion is just the opposite of promotion. It involves reduction in an employee’s pay, status, privileges or opportunity. They are also part of the disciplinary action; sometimes demotions give employment to employees displaced from highly rated jobs other than being laid off. Demotions tend to be accompanied by problems of employee depression and inefficiency, which can undermine the moral of a worker. Because of this it may be better to terminate the employee’s services rather than demote them unless mutually agreed upon between the employee and the organization.

Employee demotion can be brought about by poor employee performance, bad fit, or as a cost-cutting alternative to layoffs. If you're faced with demoting a staff member, know that there's a right way and a wrong way to handle it.

***Guidelines for effective employee demotion***

**Justification:** There must be justification for employee demotions, that is, the reasons for demoting an employee must be clear, objective, and completely justifiable in order to avoid claims of discrimination. Is the business downsizing? Is there a performance or attitude problem on the part of the employee? Is the person simply a bad match for his or her current position? Be sure in order to reduce the risk. If the demotion being considered is performance related, the following questions must be asked:

* Did the employee understand the job, its duties, and expectations?
* Did the organization give the employee appropriate time, resources, and supervision to allow him/her to do the job well?
* Was the employee given adequate feedback and opportunity to improve? Is this feedback documented?
* Did management promote the employee inappropriately or prematurely?
* Can the employee contribute value to the company in a different role?

**Empathy:** A demotion can damage a person's self-esteem and sense of self-worth. In many ways, demotion is more traumatic than firing since the employee must face his or her co-workers - some of whom may have been former direct subordinates, if he or she chooses to stay on. If the demotion is due to poor performance, it should come as no surprise. If it is due to business circumstances beyond the employee's control, this should be made clear to the employee. Regardless of the circumstances, be empathetic.

**Preparation of new Job Description:** A formal and complete description of the new position should be drawn up, including duties, level of responsibility, reporting chain of command, compensation, and so on. If the new position offers new opportunities not available in the former position, they should be spelt out. All questions arising should be answered appropriately.

**Softer Financial challenge:** In most cases, demotion is accompanied by a cut in pay. There are several ways you can soften the sting:

Offer a transitional salary that gives the employee an opportunity to get his/her finances in order.

If the demotion is due to a bad job fit, consider keeping the employee at the same pay level, with the expectation that future pay increases will be less than he/she would have received in the former position.

Give the employee the option to resign on good terms with a severance package.

**Preparation for resignation:**

Being demoted can be a humiliating experience, regardless of the reason. No matter how sensitively it's handled, most employees find it too upsetting to stick around. Assume the demoted employee will quit and make sure you have a contingency plan at-the-ready.

**Demotion versus Firing.**

Don't Demote When Firing Is Called For. Demotion is not a substitute for firing - demotion rarely corrects performance or attitude problems unless a serious commitment is made on both sides. Use demotion sparingly. If the staff member in question needs to be fired, then fire him/her. If demotion is truly the best option, and the employee won't accept the demotion, then you have to let that staff member go.

**3 Employee Transfers**

A transfer is a lateral move to a position in the same classified pay range (classified position) or to a position with comparable duties and responsibilities (non-classified positions).

Production, Remedial, and versatility Transfers

**Production transfers** are made from one department where the human resource needs or requirements are generally minimal to departments where human resource needs are increasing or vacant positions have occurred through separations. Such production transfers are made to prevent lay-offs, simply because it is meaningless to have in the same organization layoffs in one department and employees being needed in another departments for similar type of work. Thus production Transfers, at about the same occupational group, help to stabilize employment in an organization.

**Remedial transfers** are made to save the situation. For example, if the initial placement has been imperfect, or the worker cannot get a long with his supervisor, a transfer to a more appropriate job or more agreeable supervisor might result in better performance .In this way a good organization treats its employees as individuals, but of course, within the broad policy frame work.

The objective of **versatility transfers** is to increase the flexibility of the employee by shifting him from one job to another so as to provide him with a wide-ranging and broader job experience. This helps the employee through job enrichment and job enlargement. It can also help him get prepared for future promotions

***Benefits of Transfers***

The following are some of the benefits of a good transfer policy.

* It increases the productivity and effectiveness of the organization.
* It improves the skills of the existing employees
* It provides greater job satisfaction to the existing employees
* It helps stabilize fluctuating work requirements.
* It increases motivation and productivity through avoidance of monotony
* It develops the employee for future promotion.

**Employee layoff**

A layoff is the termination of employment of an employee or (more commonly) a group of employees for business reasons, such as the decision that certain positions are no longer necessary. Originally the term "layoff" referred specifically to a temporary interruption in work, as when factory work cyclically falls off. However, the term has long been applied also to the permanent elimination of positions as a cost-cutting measure (or for other reasons).

This term has and is most widely used in the management alternatively with downsize and right size, workforce reduction and reduction in force. Mass layoff implies laying off a large number of workers.

Most times, layoffs are a result of two forces. In the first instance, the objective is to decrease a company's labor cost. Typically the thinking is that the company will be able to generate the same gross revenues in the future with a smaller number of workers

In the second case, la is driven layoff macroeconomic forces. A company determines that its workers can no longer profitably produce products at current market prices. A company will only employ workers when the per-hour value of their output exceeds the cost to employ those workers.

Lay off also means the refusal of the employer to assign the job to an employee because of certain factors beyond his/her control like displacement caused by technology, shortage of raw materials etc. Some layoffs are temporary and others are permanent

***Examples of layoff actions due to lack of work may include, but are not limited to:***

* Termination of a project or special employment.
* Availability of fewer positions than there are employees entitled to such positions.
* Employee’s ineligibility to continue in a position following its reallocation to a class with a higher salary range maximum; or
* Employee’s ineligibility to continue or choice not to continue, in a position following its reallocation to a class with a lower salary range maximum.

Most unions place for seniority rules, when there is any lay off it is the junior and new employees that are laid off. Announcing layoffs is a sensitive task that requires preplanning and integrating numerous complex variables to offset the possible negative employee reactions.

***Guidelines for effective employee lay off.***

* Evaluate legal issues. Legal concerns cannot be ignored. Although seemingly obvious, legal ratification is at times bypassed when developing a layoff announcement.
* Recognize the importance of grapevine information and monitor it. Rumors have an impact on culture, climate and timing.
* Search for the right person to announce the layoff to employees. Top management needs to consider whether managers and supervisors support the layoff and whether they will be the best people to announce the layoff to employees.
* Make sure employees hear about a lay off from management before learning about it from the media. It is crucial to keep in mind that the more time it takes to plan and announce a layoff, the greater the potential may be for rumors and leaks to the media, loss of management’s credibility and employees trust tend to be common when employees hear about layoffs through other sources first.
* Evaluate the message content carefully .The kind and amount of information management communicates to employee about lay off needs to be carefully considered for legal and controversial reasons .if management is compelled to announce a layoff before all the details are not ascertained, its best to limit the information presented to what is known for certain.
* Tell the employee that it’s not his fault, that if you had a choice you could be keeping him/her.
* Do not rush the employee to pack up and leave. Give him or her reasonable amount of time; don’t show that you’re standing over waiting for him to get out.
* Tell the employee that if the economic situation changes you could be happy to rehire him, and back it up by making sure that the termination agreement had no clause preventing him or her from reapplying to.
* Give the employee a beautiful letter of recommendation, which can help him land next job.
* During the period when that employee is still unemployed, keep in contact with him.

**RETIREMENT**

Retirement is the point where a person stops employment completely. A person may also semi-retire and keep some sort of job, although usually out of choice rather than necessity. This usually happens upon reaching a determined age, when physical conditions don't allow the person to work anymore (by illness or accident), or even for personal choice (usually in the presence of an adequate pension or personal savings). The retirement with a pension is considered a right of the worker in many societies, and hard ideological, social, cultural and political battles have been fought over whether this is a right or not. In many western countries this right is mentioned in national constitutions, including in Uganda.

The retirement age varies from country to country but it is generally between 55 and 70. In some countries this age is different for male and females. Sometimes certain jobs, the most dangerous or fatiguing ones in particular, have an earlier retirement age.