UNIT 5

PERFORMANCE EVALUATION AND CONTROL

Method of performance evaluation

What are the Different Methods of Performance Management?

Now that you appreciate the multifaceted benefits, let's equip you with the right performance management methodology tailored to your organization's needs.

Management by Objectives (MBO)

This method involves setting specific, measurable goals with employees and then periodically reviewing performance toward these goals over a period. It creates transparency by linking evaluations directly to the objectives agreed upon by the manager and the employee. This also encourages adjustability as you can change the goals if situations change.

Management by Objectives (MBO) is time-intensive to create detailed objectives and maintain frequent progress discussions, and you also have to consider that the goals may not always capture all performance events. It is definitely harder to implement this method for jobs with undefined outcomes.

Here is how you can set up an MBO in your organization:

Set your manager and employee up for a meeting to review past performance data. During this meeting, they can identify any issues or problems that occurred.

Based on this, they can jointly decide on goals and objectives for the next performance period.

Each employee receives their own tailored set of objectives and a specific timeline to achieve them.

Make sure both parties meet regularly to discuss progress made towards goals and course-correct if needed.

At the end of the performance period, managers conduct evaluations of employees based on the achievement of the predefined objectives.

When to use it

This method is useful in professional services, construction, and IT services where deliverables and milestones can be pre-defined. It can be used in high-growth startups where goals need to be flexible. It fits very well with businesses with a lot of quantitative goals.

Objective and Key Results

OKRs or Objectives and Key Results focus on stretch goals, or long-term goals, instead of incremental goals like MBO. The "objectives" part of the method sets ambitious goals for the employees. The "key results" part of the method focuses on shorter-term goals or metrics that help keep the employees on track with achieving said ambitious goal.

Simply put, the objectives define the qualitative aim while key results set quantitative targets essential to measuring achievement.

Though they sound similar, OKRs vastly differ from management by objectives. This is because OKRs operate on shorter cycles that allow for more adjustment, unlike management by objectives (which usually take place annually and are less responsive).

OKRs also focus on key results that assess the impact of an employee's actions. This instantly tells you whether business goals are being met or will be made in the future.

OKRs are set collaboratively and made public across the organization so everyone can appreciate the big picture. It becomes easy for the employee to connect their day-to-day responsibilities with long-term business goals, increasing their focus and sense of purpose. This is why it is important to use an effective tool to showcase and track your OKR dashboards, like Peoplebox.

The other benefit of using OKRs is that it becomes easy for remote teams to feel aligned year-round with this method. It simultaneously allows for envisioning ambitious goals without forgetting about the smaller, tangible goals that you need to fulfill to get there.

Wondering what a good OKR looks like? Check out our blog post where we share 70+ OKR examples you can use for your teams.

Here is how you can set up an OKR in your organization:

Begin by setting organizational objectives.

Define quantitative key results tied directly to achieving these objectives. There should be typically 2-5 key results per objective.

Upload the objectives and key metrics on your OKR dashboard.

Begin monitoring the progress of these goals. You could be doing this every month and assess % completion towards key results.

At specific intervals, evaluate your employee's contribution based on OKR achievement.

Identify progress and lagging indicators, and take action.

When to use OKR-based performance evaluation

Companies experiencing rapid growth or change align best through OKRs. Regular goal-setting and tracking routines help teams stay focused when priorities shift quickly.

Innovative organizations can use OKRs to set ambitious targets beyond normal capabilities. The transparency motivates teams to experiment in achieving big goals.

Distributed companies can use public OKR dashboards to ensure remote employees see the broader objectives and how their work contributes to them. This maintains engagement.

Here are four "Also Read" suggestions with hyperlinks for the blog on performance evaluation methods:

180-Degree Feedback

This method of performance evaluation involves the employee and their direct manager. Employees review themselves and are also reviewed and rated by the latter, offering a mix of self-evaluation and perspective.

New development areas are revealed in this feedback method, with weightage from both parties. This method also encourages employees to introspect as they evaluate their performances.

However, it's important to use a performance management platform that makes it easy to track data. In the absence of one, using 180-degree feedback may lead to recency bias — as both parties will only have a memory of recent events.

With Peoplebox, managers can easily provide goal-focused feedback, ensuring data-driven evaluations and avoiding arbitrary assessments.

Here is how you can set up 180-degree feedback in your organization

Design a 180-feedback survey questionnaire. This should include quantitative ratings and qualitative questions that are consistent across participants.

Collect answers from the survey and review.

Benchmark self-ratings to manager scores and analyze gaps and common themes.

Review benchmarked scores and come up with a development plan together.

When to use it

You can use 180-degree feedback in any company, regardless of working style or size. It's simple to set up and encourages discussion.

360-Degree Feedback

Another performance evaluation process is the 360-degree feedback method. You can get confidential feedback from all directions — managers, peers, and direct reports — with this method. The main aim of this method is to reduce bias and increase the scope of perspective.

It mitigates some of the bias that exists with 180-degree feedback, as you're gathering feedback from multiple sources. Therefore, it gives you a more holistic view of the employee's strengths and weaknesses. There are performance blindspots that the manager might have missed that can be identified with this method.

However, implementing this is time-consuming as it involves waiting for feedback from multiple stakeholders. You should also note that peer reviews may be biased in some cases, as they are often influenced by the employer's working relationship with the employee and not an objective assessment of their capabilities.

Here is how you can set up 360-degree feedback in your organization

Assign a process owner, typically from HR or Talent functions. This person will handle all communications and scheduling and serve as the point person for questions.

Leverage existing feedback software if the company uses a performance management system. If not, select a purpose-built 360 tool.

Schedule the feedback process and send calendar invites/reminders to participants.

Ensure adequate time for the process — if the deadline is March, launch the process in early January.

Collect feedback via surveys across four sources — self, manager, peers, and direct reports. Ask 360 degree review questions that matter.

Analyze responses and look for gaps.

When to use it

You can use it when assessing employees in leadership roles across the organization. This also works well to assess performance in jobs where cross-departmental collaboration is key.

720-Degree Feedback

This is an expansion of 360-degree feedback that includes additional sources such as clients, suppliers, or board members. This method is even better because it incorporates client perspectives, which are missing from the 360-degree feedback method.

The 720-degree feedback is a strong method to evaluate customer-facing competencies, as it quantifies areas of improvement from their point of view. There is even less bias as it involves parties that are not directly involved in the daily office routine and are not affected by office politics or existing biases. It can also open your eyes to what is visible to external stakeholders that you may have missed.

However, you'd have to assume longer wait times for so many stakeholders to synchronize the feedback for one employee. Collating the feedback once you have it can be overwhelming. If your employee works with clients on a retainer basis, and they submit very specific complaints that you choose to act on — it's very likely the employee in question will be able to connect the dots to figure out who it is, compromising anonymity.

Here is how you can set up 720-degree feedback in your organization

Follow the same steps involved in the 360-degree feedback process.

Additionally expand the sources of feedback to include the employee's clients, which could be internal (e.g. other teams within the company) or external clients.

Conduct the first feedback meeting to discuss initial survey results and insights with employees.

Hold a second follow-up meeting a few months later to review progress made by the employee on their personal development plan and make any course corrections.

When to use it

For customer-facing roles where getting client perspectives is critical and for senior leadership roles to evaluate company vision, alignment with market demands, and strategic decisions. Feedback from the board, investors, and partners can be invaluable for roles like these.

Critical Incident Method

The critical incident method documents employee behaviors in high-impact situations over time. Because you'd be logging behaviors over time, this method enjoys very little recency bias but is time-consuming to execute.

This is also a very qualitative method, which means the context you have for every feedback is high, but objectivity is not. The method largely depends on your interpretation of the incidents that take place and could discourage risk-taking behaviors which are essential for certain roles.

Here is how you can set up the critical incident method in your organization

Record specific important situations, both positive and negative, and note how an employee handled the situation.

Compile all the recorded employee behaviors over some time in an incident log.

During annual appraisal meetings or regular one-on-one check-ins, review all the employee's performance incidents with them over the evaluation period.

Gather perspectives and facts about each high-impact incident from other team members also involved, if possible.

Analyze the facts to pinpoint any issues or problems.

Collaboratively determine solutions to mitigate those problems in the future.

When to use it

You can use this to evaluate individual performance in customer-facing roles where employee behavior carries consequences and jobs that require quick thinking and decision-making.

Checklist Method

This performance management methodology uses a predetermined checklist of metrics to evaluate employee performance. There are two main kinds of checklists. A developmental checklist and a demanding events checklist. A developmental checklist keeps track of skills and traits gained over time, while a demanding events checklist records important work milestones or situations that have stood out.

Because the performance criteria are outlined so minutely, the review process is bound to be standardized, with ratings being consistent. This method also makes it easy for you to outline the expected competencies and behaviors that every role carries. Since evaluators have to score employees on existing criteria, the data they collect is objective and easily comparable over time.

However, there's a risk of fixating on the checklist rather than actual progress, potentially overlooking new beneficial behaviors. Additionally, this performance appraisal method lacks qualitative input, missing key contextual factors during evaluations, such as the origin of behaviors and justifiable reasons behind undesirable actions.

Here is how you can set up the checklist method in your organization

Identify the most important performance criteria and competencies employees need to demonstrate for a given role. These form the topics on the checklist, some examples of which are:

Meeting deadlines and timeliness

Productivity and workload management

Goal progress and achievement

Job and industry knowledge

Technical/hard skills and proficiency

Communication skills

Critical thinking and problem-solving

Creativity and innovation

Initiative and self-motivation

Standardize a master checklist template that managers across the organization can use for evaluations.

Create checklists in one of three formats: Simple yes/no answers, forced-choice type answers with predefined options to select from, or weighted checklists with numeric scoring scales.

Include space for open-ended comments by reviewers to provide qualitative context justifying the rating on each checkpoint.

Collect all checklist data and analyze results to identify strengths, weaknesses, and gaps across the workforce.

Generate performance analytics reports and insights that managers can use for calibration.

When to use it

Since the checklist method defines behaviors well, is very applicable to metric-oriented roles.

For example, a CMO can create checklists to grade marketing managers on metrics like delivering campaign briefs a week before launch, incorporating requested feedback from stakeholders, and updating status reports bi-weekly.

Psychological Appraisal

This method leverages psychological tests and tools like personality and IQ tests to evaluate capabilities. They focus on future performance and capabilities instead of past performance.

The main strengths of this method lie in the in-depth analysis of traits it provides you with, uncovering core strengths and weaknesses in the process. Because most of this data can be quantified(for example, scores on intelligence and emotional quotient tests), it is easy to track and extract insights from. There's also very little room for bias with this method, as the evaluations are conducted by qualified psychologists.

However, psychological appraisals are time-consuming to structure and may need to be customized for every employee. This makes it difficult to scale. Employees could also feel like their privacy is being invaded, as these evaluations go a lot deeper than analyzing work behaviors.

Here is how you can set up psychological appraisals in your organization

Break down behaviors critical for success into core components that can be measured. These might include interpersonal traits, cognitive abilities, emotional intelligence, and leadership capabilities.

Partner with a qualified psychologist who can design and administer a comprehensive set of psychological assessments.

Conduct evaluations using situational scenarios to evaluate behaviors (e.g. handling an aggressive coworker).

Psychologist presents detailed results to the employee and manager during an appraisal meeting.

Leadership works with HR to create development plans and career progression paths based on psychometric evaluation insights.

When to use it

Use this to evaluate roles like managers, directors, and executives. The method spots potential and analyzes personality types for traits like leadership and dependency. It is a science-backed evaluation process to analyze high-potential employees who you want to advance into more senior roles.

Assessment Center Method

This method uses multiple evaluation tools and techniques through group exercises and simulations at a dedicated facility to evaluate employees over a longer period against pre-established criteria. It effectively evaluates leadership competencies through realistic simulations and mitigates bias by using multiple assessors.

However, developing a range of simulations for assessments is very expensive and might tempt you to place more importance on the simulation results than actual job performance.

Here is how you can set up the assessment center method in your organization

Identify core leadership capabilities that assessments will measure – decision-making authority and strategic thinking.

Design real-world simulations and group exercises that test competencies critical for the role.

Partner with an external assessment center that can host activities over multiple days.

Schedule employees to attend the assessment center in batches. Explain what to expect and the evaluation criteria.

Observe behaviors during simulations and exercises, taking notes on strengths and development areas.

Employees attend final feedback discussions with reviewers on performance.

When to use it

Use the assessment center method for roles focused on managing teams, processes, and operations. Since this method evaluates quick decision-making, use it for mission-critical jobs where this is a required trait. Senior leadership roles like executives will benefit from the insights this method will bring you.

Behaviourally Anchored Rating Scale

This method provides specific examples of effective and ineffective behaviors for each performance dimension.

You can then use these as "anchors" to rate overall performance. Rater subjectivity goes down as the behaviors are outlined. The method quantifies qualitative data, making it easy to set benchmarks for desired behaviors and remain objective about mostly subjective factors.

Behaviourally anchored rating scales may seem similar to the checklist method, but the latter primarily focuses on completed tasks, while the former focuses on core behaviors themselves.

However, creating the initial framework for this method is time-consuming, and the success of the evaluations depends on whether you have set the right anchors.

Here is how you can set up the behaviourally anchored rating scale in your organization

Compile a list demonstrating effective and ineffective behaviors. Examples could be patience and quick thinking in the effective behavior category, and impatient and indecisiveness could be in the ineffective category.

Link behaviors to performance results and impacts. Did your employee's patience lead to happier customers after a service call? Did their indecisiveness lead to closing fewer deals, while a quick thinker closed more deals?

Classify examples into scale with scores tied to behaviors.

Match employee behaviors to levels on the scale.

Employees are scored based on behavior-result alignment.

When to use it

The BARS approach could work for managers, leaders, and executives by tying leadership behaviors to team performance or business KPIs. For example, defining scales based on conflict management, change advocacy, or coaching.

Self-Assessment

In this method, employees complete their own appraisal process. This can include self-ratings across criteria and remarks which feed into formal evaluations. It encourages employee ownership over development and illuminates potential blindspots between manager and employee perceptions. However, this method can lack objectivity, as there is only one assessor.

Here is how you can set up self-assessments in your organization

Employees conduct structured introspection on their performance.

They complete standardized self-evaluation forms similar to peer reviews.

Self-assessment includes objective ratings on capabilities, task achievement.

Employees provide evidentiary support and examples for self-ratings.

You review self-appraisals and discuss.

When to use it

The self-assessment method works best in businesses that rely on skilled individuals in charge of their goal setting, the ones completing specialized work independently. When experts have freedom over their tasks, managers cannot always fully see their strengths and weaknesses.

Peer Review

In a peer review, colleagues assess each other's performance against set criteria during the review cycle. This provides additional perspectives that can be factored into appraisal decisions. This gives you more perspective beyond just manager insights which can be one-dimensional

We understand writing peer reviews can be daunting. To help your team, we have curated a list of peer review examples you can share with your team right away for an effective review cycle.

Here is how you can set up peer reviews in your organization

Identify employees to be reviewed by their peers on skills critical to roles

Select peer reviewers who work closely and can assess performance

Create standardized review forms with performance dimensions and rating scales

Peers complete reviews anonymously, providing qualitative feedback

Managers aggregate feedback and data, discuss with employees in appraisal meetings

When to use it

Peer reviews are ideal for team-based organizations where collaboration is essential to achieving goals. Getting input from colleagues mitigates biases and provides well-rounded insights.

Peoplebox lets you conduct effective peer reviews within minutes. You can customize feedback, use tailored surveys, and seamlessly integrate it with your collaboration tools. It's a game-changer for boosting development and collaboration in your team.

Promotion

means the advancement of an employee to a higher job involving more work, greater responsibility and higher status. It may or may not be associated with the increment in salary.

Promotion is one of the best forms of incentives and it provides higher responsibilities, better salary, high morale and job satisfaction to the employees. Practically, all the employees aspire for career advancement and promotion is an advancement of the employee in the organisational hierarchy.

Edwin B. Flippo, "A promotion involves a change from one job to another that is better in terms of status and responsibilities."

Opportunities for advancement in service are one of the best incentives an organisation can provide to its employees. Practically, in all organisations, there are only a few employees who are always satisfied with their existing jobs. The desire to advance and increase one's status is a basic urge in all human beings.

Satisfaction of that desire keeps most people striving for higher status and better pay, which in turn improves their standard of living, morale and job satisfaction. Thus, advancement is one of the best forms of incentives, which generates a sense of loyalty towards the organisation and keeps the employees busy in investing their sincere efforts in the hope of getting further advancement.

For an employee, a job may be better even if it has more favourable working hours, better location or working conditions. Employees do seek their placement to better jobs in these terms as well. But such placements cannot be called promotions. Only the advancement of a present employee to a job which involves greater skill or responsibilities and higher pay is considered as promotion.

It will be seen that promotion is the way of recognising and developing the abilities of present employees by filling the skilled and responsible positions from within rather than from outside.

However, all promotions do not possess all the aforesaid characteristics, for example, there may be no increase in pay in a promotion. Sometimes it may happen that the promotion may be a 'dry promotion. A dry promotion refers to an increase in responsibility and status without an increase in pay.

A company may have a formal as well as an informal promotion system, an open or a closed promotional system and so on. Promotion is distinguishable from transfer also in the sense that the latter refers to changes in jobs that involves little or no change in status, responsibility and pay.

Promotion – Meaning and Definition

Promotion means the advancement of an employee to a higher job involving more work, greater responsibility and higher status. It may or may not be associated with the increment in salary. Sometimes, salary of the employee also increases with the promotion. Sometimes it is not so. When an employee is promoted but his salary does not increase it is known as dry promotion. Promotion means the placement of an employee on a higher post involving greater amount of responsibility, better status, more pay and more perks.

Some people think that promotion means the increment in pay. The reality is not so. If the salary of an employee increases or the pay scale changes to a higher one, it is only known as up grading or salary

increment. However, it can now be regarded as promotion. Generally, promotion is associated with the increase in salary, status, facilities, responsibilities and job.

Performance appraisal forms a basis for HR decisions on training, salary increase, promotion, transfer and separation. Of these, promotion, transfer and separation functions are effective methods to adjust the size of the workforce of an organisation. Promotion, transfer and separation provide workforce flexibility and mobility required to meet the needs of the organisation.

Promotion is one of the best forms of incentives and it provides higher responsibilities, better salary, high morale and job satisfaction to the employees. Practically, all the employees aspire for career advancement and promotion is an advancement of the employee in the organisational hierarchy.

The term promotion has been defined by eminent authors as follows:

Edwin B. Flippo, "A promotion involves a change from one job to another that is better in terms of status and responsibilities."

Scott & Spriegal, "A promotion is the transfer of an employee to a job that pays more money or that enjoys some better status."

In the words of Paul Pigors and Charles Myers, "Promotion is an advancement of an employee to a better job, better in terms of greater responsibilities, more prestige or status, greater skill and specially increased rate of pay or salary".

Thus promotion is a term which covers a change and calls for greater responsibilities, and usually involves higher pay and better terms and conditions of service and, therefore, a higher status or rank.

Promotion, in the words of Dr. L.D. White, "means an appointment from a given position to a more difficult type of work and greater responsibility accompanied by change of title and usually an increase in pay." Real promotion means rising to a higher post carrying a higher grade.

The change in duties and responsibilities form the essential characteristics of the promotion process. If a lecturer is appointed the Head of the Department in a college, it is promotion, similarly if the Head is appointed Principal it is promotion because it has led to a change of duties and responsibilities.

On the basis of analytical study of above definition, it may concluded that promotion means the transfer of an employee to a job involving more work and greater responsibility and enjoying better pay, status and facilities.

Promotion – Top 6 Features

a. Promotion is a reward for consistently good performance of the employee.

b. It enhances employee morale and job satisfaction.

c. It involves higher responsibilities, better job status and increase in salary.

d. Provides opportunities for career advancement.

e. Promotion is beneficial to both employees as well as organisation. It motivates, increases the involvement and commitment of the employees, leading to increased productivity.

f. It helps the organisation to attract and retain good performers.

Promotion – 7 Main Purposes (With Some Other Purposes Mentioned by Watkins, Dodd and Others)

Promotion from within is a very good policy. It is useful for both – employees as well as organisation. Every organisation, therefore, needs a formal and systematic programme of promotion. This promotion programme can be said to be promotion policy.

The main purposes of promotion are:

(a) To recognize and reward the efficiency of an employee.

(b) To attract and retain the services of qualified and competent people.

(c) To increase the effectiveness of the employee and of the organisation.

(d) To motivate employees to higher productivity.

(e) To fill up higher vacancies from within the organisation.

(f) To impress upon those concerned that opportunities are available to them also in the organisation if they perform well.

(g) To build, loyalty, morale and sense of belongings in the employees.

Watkins, Dodd and others mention the purposes of promotion as under:

(a) To reduce discontent and unrest.

(b) To furnish an effective incentive for initiative, enterprise and ambition.

(c) To conserve proved skill, training and ability.

(d) To attract suitable and competent workers.

(e) To suggest logical training for advancement.

As Youder and others observe, "Promotion provides incentive to initiative, enterprise and ambition, minimizes discontent and unrest, attracts capable individuals, necessitates logical training of advancement and forms an effective reward for loyalty and cooperation, long service, etc."

Promotions have a salutary effect on the satisfaction of the promoted person's needs for esteem, belonging and security. They are also offered an opportunity for greater self-actualization through more varied and challenging assignments.

Promotion – System

Promotion system involves clear-cut definitions of line of future advancement, detailed personnel records, specific promotion plans, definite allocation of responsibility for identifying promotable individuals and a centralised co-ordination of promotion function.

Beach has very aptly described promotion systems for different categories of personnel in the organisation. He observes- "For unskilled and semi-skilled workers, entry is made into 'labour pool' and thereafter upgrading takes place on the basis of seniority or a combination of both seniority and ability. The skilled craftsmen are recruited as helpers or apprentices and thereafter upward mobility occurs up to position of foremen, inspectors or production coordinators. Entry in clerical jobs is through appointment as clerks, typists or stenographers and subsequently promotions are made to higher positions such as that of secretaries or administrative assistants. In professional jobs, entry is made as assistant engineers, engineers, senior engineers, project engineers or even managers. Jobs in managerial positions are filled up by individuals who enter as management trainees or assistant supervisors, finally they are promoted to middle level management positions and ultimately to top management positions."

Promotions may be based on either the "rank-in-the-job" or "rank-in-the-man". In former system, the content of the job including level of skill, efforts and responsibility form the basis. In this system, emphasis is laid on job analysis, job evaluation, organisational planning, etc. These determine the pay and status in the organisation.

In the latter system, emphasis is put on proficiency of the individuals. It determines the position level in the hierarchy of career pattern.

Promotion – 3 Types: Horizontal Promotion, Vertical Promotion and Dry Promotion

Promotions may be multiple chain promotions which provide for a systematic linking of each position to several others. Such promotions identify multi-promotional opportunities through clearly defined avenues of approach to and exit from each position in the organisation.

In an up or out promotion, a person must either earn a promotion or seek employment elsewhere. Many universities and other organisations follow this practice. Such promotions often lead to termination of services.

Dry promotions are those which are given in lieu of increases in compensation, i.e., when all compensation is adjusted upward to keep pace with the cost of living, we have dry promotions.

Promotion becomes a delicate problem not in the matter of selection of the right incumbent for the right job, but it poses a constant challenge to executives at all levels and impels them to chalk out a well thought-out programme by which the best and the most capable individuals may find an opportunity to go up to the top.

The procedure for promotion, therefore, starts right at the bottom from the shop-floor and ends with the managing director of a company.

All promotions should be on a trial basis (from 6 months to one year) for if the promoted person is not found capable of handling his job, he may be reverted to his former post and former pay scale.

Promotion may be temporary or permanent, depending up on the needs of an organisation, an employee is promoted.

Promotion may be classified into the following types:

1. Horizontal Promotion:

When an employee is shifted in the same category with increase in pay, responsibilities and change in designation, it is called horizontal promotion. For example Second Division Assistant is promoted as First Division Assistant. This type of promotion may take place within the same department or from one department to another or from one plant to another plant.

2. Vertical Promotion:

When an employee is shifted from a lower category to higher category with increase in pay, status and responsibility it is called vertical promotion. For example a sales Manager is promoted as General Manager in the company.

3. Dry Promotion:

When promotion is made without increase in salary or remuneration, it is called "dry promotion". For example a college professor promoted as Head of the Department without increase in salary. In dry promotion there will be a change in designation and responsibility without corresponding change in remuneration.

Promotion – 2 Important Bases: Promotion by Seniority and Promotion by Merit

There are two bases of promotion, i.e.:

1. Promotion based on Seniority and

2. Promotion based on Merit/Performance.

Of course, there is also the third method, a blend of seniority and merit used in a balanced manner.

1. Promotion by Seniority:

Promotion by seniority is one of the popular methods followed for giving promotion to the employee. Seniority is based on the total length of service and is counted from the date of his appointment in the organisation. This method is followed in Government service. However, merits such as qualifications, knowledge, skills, performance, etc., are not given weightage as promotion is based on seniority.

Advantages/Merits of Promotion by Seniority:

a. In business and industrial undertakings, this method is followed for patronising employees and has wide acceptance by trade unions and among employees.

b. It is very simple and objective method of identifying employees for promotion.

c. Creates a sense of security among employees since they can predict in advance when they will get promoted.

d. Leads to congenial industrial relations as decisions on promotions are based on seniority alone.

e. Avoids bias, favouritism and nepotism in identifying employees for promotion.

f. Employees will remain loyal to the organisation even when there are better opportunities elsewhere.

Disadvantages:

a. Seniority very often ignores merit and good performance in the job. The person with long service need not be competent in the job.

b. Overemphasis on seniority and no incentive for high/improved performance the job.

c. Ambitious people who are highly career oriented, may not stick to the job and leave the organisation.

d. It is difficult to attract talented people unless they are placed in special category for promotion.

e. No differentiation between efficient and inefficient employees and promotes mediocrity in the organisation.

f. Management is not generally favourable to promote employees based on seniority. They prefer to combine merits and seniority.

2. Promotion by Merit:

Promotion by merit is generally followed in private organisations. Promotions are based on merits of the employees, i.e., qualifications, knowledge, skills, honesty, initiative, interpersonal relationship, effective communication and of course performance in the job. Seniority is not given weightage. However, unions demand promotions based on seniority, i.e., length of service of the employee.

The HR department has to keep updated records about each employee and such records should include details, performance in the job, increments, performance awards etc. Performance appraisal records would also provide information on the past performance and strengths and weaknesses of the employee.

Advantages of Promotion by Merit:

a. It appreciates and recognises the knowledge, skills and performance of the employee. Even employees with less experience can expect promotions.

b. It motivates the employees to perform better as promotions are based on merits.

c. The management is able to retain competent employees as they are eligible for promotions based on merits.

d. Leads to increased productivity in the organisation.

e. Management support promotions based on merit.

f. It is a scientific and objective method of promoting employees.

Limitations of Promotion by Merit:

a. Scope for favouritism and bias.

b. The method is not accepted by trade unions.

c. Defining merit is difficult and complicated in the absence of updated and accurate records.

d. No guaranteed promotion even if the person has put in several years' service in the organisation.

Promotion – 7 Important Principles

There are certain principles of promotion which must be observed in framing promotion policy and making promotion decisions.

These principles are as follows:

1. Uniformity:

Promotion policy must provide for a uniform distribution of promotional opportunities throughout the organization. As far as possible, the ratio of internal promotions to external recruitment must be the same in all the departments. In absence of this, morale of employees will be seriously impaired in the departments in which rate of promotions is lower.

2. Consistency:

Promotion should have consistency, that is, it must be applied to all personnel concerned. Consistency demands that promotion is linked with career planning of all individuals and promotion is not a sudden spurt and ad hoc to benefit a few individuals.

3. Fair and Impartial:

Promotion policy should be fair and impartial. Fairness and impartiality in promotion ensure that only right personnel are promoted, and other factors such as family connection, caste connection, etc. do not play their role. Further, fairness and impartiality in promotion should not be only for communication but these must be followed in practice, otherwise, promotion may create more conflicts and politics in the organization.

4. Planned Activity:

Promotion policy should ensure that promotion is undertaken as a planned activity and as a regular process, rather than ad hoc process. Promotion must be seen as a backward linkage with assessment of the promotion opportunities on the one hand, and forward linkage with the development of personnel to make them promotable, on the other hand.

5. Sound Basis of Promotion:

There should be sound basis of promotion and it must be made known to the employees. In the light of this, the employees develop their promotability. In absence of sound basis of promotion, organizational politics is heightened because every aspirant for promotion may try for promotion and is likely to use all possible tricks for promotion.

6. Sanction:

All promotions should be finally sanctioned by the concerned authority. Generally, organizations make a provision that HR department proposes the names of potential candidates and send their records to the department making the requisition to fill vacancies through promotion. In this way, the staff authority of HR department does not intrude upon the authority of the department served.

7. Follow-Up:

There should be a suitable system of follow-up to assess the how the promoted employee is working in his new position. The HR department should hold a brief interview with the promoted employee and his new superior to determine whether everything is going well. Many organizations make provision that the promoted employees should be kept on probation for a specified period. If their performance during period is not satisfactory, they may be reverted back to their previous positions. In this case, follow-up action is necessary.

Promotion – 10 Reasons for Promoting Employees in an Enterprise

There may be many reasons for promoting the employee in an enterprise.

Main reasons are as under:

1. To Reward the ability and efficiency of the employees.

2. To develop the feeling of integration with the enterprise among the employees.

3. To maintain discipline in the enterprise.

4. To provide an opportunity of development to the employees.

5. To motivate them to do their jobs with responsibility.

7. To develop the feeling of loyalty towards employers among the employees.

8. To fill up the higher posts.

9. To establish cordial human relations in the enterprise.

10. To maintain the industrial peace.

Promotion – Policy: Meaning, Areas, Elements, Guidelines, Benefits and Drawbacks

A sound promotion policy means a policy, which is fair, impartial and enjoys consistency. It should state management's intention regarding filling of vacancies from within the organization (i.e. by promotions) or recruiting from outside or from both. In most cases, the superior/higher vacancies in an

organization are filled through external recruitment, while the lower level vacancies are filled by promotions.

A promotion policy should provide a well-defined and clear-cut promotion chart. Management should state clearly the base of promotion, i.e. whether seniority is considered or merit, or both. Seniority means the length of service and is counted from the date of employee's appointment in the organization.

Merit refers to a person's qualifications and his competence. There has always been a great controversy with regard to the question whether promotions should be based on seniority or merit, or both. Each base has its own advantages/ merits and disadvantages/demerits.

The various requirements are:

(a) Showing ratios of internal promotion to direct recruitment

(b) Identifying the network of the related jobs and the promotional channels for each job.

(c) Developing the procedural norms for determining employees' seniority and deciding upon whether it should be considered plant wise or occupation wise.

(d) Developing relationship between disciplinary action and promotions.

The usual policy is to take merit into consideration. Sometimes length of service, education, training courses completed, previous work history, etc., are factors which are given weight while deciding on a promotion. Although promotions are made on the basis of ability, hard work, co-operation, merit, honesty, many informal influences are powerful determinants of a promotional policy.

For higher posts, persons are picked by the top executives:

(i) Who think and feel just as he does;

(ii) Who value loyalty to him and to the organisation; and

(iii) Who have social, political, economic and religious interests similar to his own.

Top executives tend to choose those who are carbon copies of themselves.

Seniority versus Merit- "Seniority" refers to length of service in the company or in its various plants, or in its departments, or in a particular position. Under straight plant-wise seniority in all jobs, promotions go to the oldest employees, provided that he is fit for the job. Occupational seniority may be within a department, within a division or in the entire plant.

Seniority offers certain rights and benefits.

These are:

(a) Some rights are based on competitive seniority among employees. Rights to promotion, transfer, lay-off and recall are such examples.

(b) Other benefits have nothing to do with one man relative to another, e.g., a man may be entitled to have 15 days' casual leave in a year, a pension after 30 years and a certain amount of sick leave after 6 months' service.

Areas of Promotion Policy:

1. Promotion Policy Statement should cover the following-

i. Internal sources of personnel promotion or external source through recruitment

ii. Promotion policy with regard to direct recruits

iii. Increase in pay and benefits on promotion

iv. Promotion of consistently good performers in the absence of vacancies

2. Basis for giving promotions–

i. Performance appraisal system/Confidential reports

ii. Promotion based on length of service, performance or both

3. Prepare formal and systematic promotion channels for the benefit of employees. Example- Promotion charts/Opportunity charts/Dead end jobs

4. Provide training for career advancement,

Example- On-the-job training, job rotation, under study, special assignments etc.

5. Communicate the Policy to the employees through union agreement, circulars, manuals, intranet etc.

6. Use of Personnel Records for taking decisions on promotion.

Elements of Promotion Policy:

Promotion from within is a very good policy. It is useful for both employees and organisation. Every organisation, therefore, needs a formal and systematic programme of promotion. The promotion pro-gramme can be said to be a promotional policy.

A sound promotion policy should be invariably based on merit, but seniority should also be taken into consideration. In addition to the relative emphasis on merit and seniority, there are certain other elements which must be duly incorporated in a sound promo-tion policy.

Considering the need for promotion, every organization should formulate its promotion policy. Promotion policy is a statement or an understanding which provides guidelines for making promotion decisions. The promotion policy should be a comprehensive one which should provide guidelines on all important issues related to promotion.

From this point of view, a promotion policy must deal with the following elements:

1. Promotion Policy Statement:

Promotion policy statement should specify whether a particular position will be filled by internal promotion, or it will be filled by open competition involving both internal and external candidates. If it is to be filled-up by open competition, whether some kind of preferential treatment will be given to internal candidates and in what forms.

2. Promotion Routes:

The organization must define the channels for promotion of different categories of employees — unskilled workers, apprentices, technical personnel, and managerial personnel. For each category of employees, it must define the ladder up to which they can ride.

For example, promotional ladders for different categories of employees may be as follows- for unskilled and semi-skilled workers, entry is made into 'labour pool' and, thereafter, upgrading takes place on the basis of seniority or a combination of both seniority and ability.

The skilled craftsmen are recruited as helpers and apprentices and, thereafter, upward mobility occurs up to the positions of foremen, inspectors, or production coordinators. Entry in clerical jobs is through appointment as clerks, typists, or stenographers, and subsequently, promotions are made to higher positions such as that of secretaries or administrative assistants.

In professional jobs, entry is made as assistant engineers and promoted as engineers, senior engineers, project managers or even managers. Jobs in managerial positions are filled-up by individuals who enter as management trainees or assistant supervisors, finally they are promoted to middle level management positions and ultimately to top management positions.

3. Promotion Procedure:

Promotion policy should spell out the procedure which will be followed in promotion and the personnel who will be involved in promotion decision. Generally, the promotion process is initiated by HR

department and is completed in association with line managers. For example, Udai Pareek has observed that "top management critically review the promotion system developed by HR department and ensure objective promotions of senior managers.

It is the line management function to carry out periodical potential appraisal of the executives, participate in developing critical attributes (CA) of various roles, recommend promotions according to the policy, and provide feedback to HR department on the working of the system. HR department helps line management in promoting competent workers."

4. Basis of Promotion:

Promotion policy should spell out the basis on which the promotion will be made- whether it will be based on merit or seniority, or a combination of both. If there is combination of both, the policy should indicate their relative weight in the promotion of various grades of employees. Further, guidelines should be provided how the merit and seniority should be determined. The basis for promotion is critical issue in any promotion decisions.

When promotion policy is formulated, it should be communicated to personnel concerned because if the policy is not communicated, there may be suspicions and misgivings about promotion policy which is detrimental to the organization.

Guidelines Promotion Policy:

A sound promotion policy provides decision-making criteria so that consistency of action can be maintained across the organization, and thus it obviates the need for frequent repetition of an extended decision-making process.

It provides basic guidelines as to certain questions like:

(i) Whether vacancies are primarily to be filled up from within an organization or by recruitment from outside?

(ii) Is any preferential treatment to be given to direct recruits?

(iii) Would it be sound to deny promotion to otherwise qualified personnel?

(iv) Whether an increase in pay is to be given? If so, when and how much?

(v) What should be the criteria of promotion – seniority or merit and ability? etc.

The promotion policy laying down the criteria, standards, measures, weightages, and the process and procedures for evaluation and communication must be specified and explained clearly. It should be in

writing and must be understood by all so that there is no chance of suspicion on the part of any employee.

It is also helpful to communicate the rationale of promotion decisions to those who were superseded even though their seniority was considered. So, a promotion policy may lay down that if a senior person is not selected for promotion, he will be told the reason for his suppression.

Benefits of Promotion Policy:

The formation of a formal and sound promotion policy in any organisation offers the following advantages:

(a) It increases job satisfaction and improves their morale.

(b) It develops employee's loyalty by assuring his promotion within the organisation.

(c) It attracts good and efficient employees from outside also.

(d) A sound and well organized promotion policy, if followed in a no partial manner removes the chances of subjectivity in promotional decision.

(e) It Increases the effectiveness of the organisation too.

(f) The policy of promotion from within is economical for organisation also.

(g) The efficiency of the employee and production of the organisation also increases.

Drawbacks of Promotion Policy:

The policy of filling up higher posts from among the internal candidates may be associated with the following drawbacks:

(i) Better qualified outsiders may not be reached by the management. Moreover, the person promoted to a senior job may not possess the required qualities.

(ii) The mobility of manpower is restricted. Once a man joins an organisation, he will stick to that organisation. Employee turnover to a certain extent is good for the health of the organisation.

(iii) In promotion, there may be clash between factors like seniority and ability. The decisions may lead to favouritism.

(iv) Further growth of the business is hindered by the limited talent of the insiders. The entry of fresh talent into the organisation will be restricted.

Therefore, in order to avoid the disadvantages of filling up senior vacancies through promotion, a sound policy of promotion should be designed. It should lay down what percentage of vacancies in higher posts are to be filled up by promotion from within the organisation and what shall be the basis for promotion, i.e., seniority or ability.

It should not bar the outsiders who may bring valuable ideas and may be more suitable to handle the job than the insiders.

However, discards of other organisations should always be avoided. Ordinarily, the demands made upon the outside labour market should be for the beginners only unless some specially qualified outsiders fit better than any of the insiders. Sound personnel policy demands that internal staff should be given fair chance for promotion before posts are filled up from outside recruitment.

Meaning of Demotion:

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."

Causes of Demotion:

There 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.

Demotion Policy:

Demotion is very harmful for the employees' morale. It is an extremely painful action, impairing relationships between people permanently. While, effecting demotions, a manager should be extremely careful not to place himself on the wrong side of the fence. It is, therefore, necessary to formulate a demotion policy so that there may be no grievance on the part of the trade unions.

Yoder, Heneman, Turnbull and Stone have suggested a five-fold policy in regard to demotion practice:

1. A clear list of rules along with punishable offences be made available to all the employees.

2. Any violation be investigated thoroughly by a competent authority.

3. In case of violations, it is better to state the reasons for taking such a punitive step clearly and elaborately.

4. Once violations are proved, there should be a consistent and equitable application of the penalty.

5. There should be enough room for review.

Demotions have a serious impact on need fulfillment. Needs for esteem and belongingness are frustrated leading to a defensive behaviour on the part of the person demoted. There may be complaints, emotional turmoil, inefficiency or resignation. Hence, demotions are very rarely resorted to by managers. Managers prefer to discharge employees rather than facing the problems arising from demotion.

What is Transfer?

A transfer is a change in job assignment. It is the internal movement of an employee from one section to another without involving any substantial change in his duties, responsibilities, required skill, status, and compensation. A transfer does not imply any ascending (promotion) or descending (demotion) change in status or responsibility.

Purposes of Transfer of Employees

These are the purposes of transfer of employees in HRM:

   (a) To Meet the Organizational Requirements
   (b) To Meet Employees' Requests
   (c) To Ensure Better Utilization of the Employees
   (d) To Make the Employees More Versatile
   (e) To Adjust the Workforce
   (f) To Provide Relief to the Employee

(g) To Reduce Conflicts and Incompatibilities

(h) To Penalise the Employees

(i) To Maintain a Tenure System

(j) To Accommodate Family-Related Issues

To Meet the Organizational Requirements

Organizational changes may demand the shift in job assignments with a view to place the right man on the right job, Such changes may be changes in technology, changes in the volume of production, product line, production schedule quality of products, change in the job pattern, fluctuations in the market conditions, reallocation of or reduction in the workforce due to a shortage or a surplus in the same section so that layoffs 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.

To Meet Employees' Requests

Sometimes, the transfer is done at the request of the employer himself. Employees may need a transfer in order to satisfy their desire to work under a different superior in a department/region where opportunities for advancement are bright, in or near their native place or place of interest, doing a job where the work itself is challenging, etc.

To Ensure Better Utilization of the Employees

An employee may be transferred because the management feels that he 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.

To Make the Employees More Versatile

Employees may be shifted from one job to another to expand their capabilities. Job rotation may prepare the employee for more challenging assignments in the future.

To Adjust the Workforce

The workforce may be transferred from a plant where there is less work to a plant where there is more work. Thus, the employees who have been in service of an organization are not thrown out of employment but adjusted elsewhere.

To Provide Relief to the Employee

Transfers may be made to give relief to employees who are overburdened or doing hazardous jobs for long periods. The transfer may also be made to break the monopoly of the employee. The climate of a place may be unsatisfactory for an employee's health. He may request a transfer to another place, where his health may not be affected by the climate.

To Reduce Conflicts and Incompatibilities

Where employees find it difficult to get along with colleagues in a particular section or department, they could be shifted to another place to reduce conflicts.

To Penalise the Employees

Transfers may be effected as disciplinary measures to shift employees indulging in undesirable activities to remote, far-flung areas.

To Maintain a Tenure System

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

Types of Transfer in HRM

Let's discussed the types of transfer in HRM:

Production Transfers

Replacement Transfers

Versatility Transfers

Shift Transfers

Remedial Transfers

Precautionary Transfers

Sectional Transfers

Departmental Transfers

Inter-Plant Transfers

On the Basis of Purpose

Production Transfers

A shortage or surplus of the workforce is common in different departments in a plant or several plants in an organization. Surplus employees in a department have to be laid off unless they are transferred to another department. Transfers affected to avoid such inevitable layoffs are called production transfers.

Replacement Transfers

A replacement transfer is the transfer of a senior employee to replace the junior employee or a new employee, when the latter is laid off or shifted to another job, Sometimes, it is a temporary arrangement to make use of the services of the senior personnel.

Versatility Transfers

Versatility transfers are effected to make employees versatile and competent in more than one skill. It aims at giving training to the employees of various jobs of similar nature having different operations. It helps the employees to get themselves prepared for promotions and also helps the employer in developing the effective manpower prepared to handle the higher openings.

Shift Transfers

When the unit runs in shifts, employees are transferred from one shift to another on similar jobs. In some undertakings, where shifts are operated regularly, employees may be recruited permanently for the shift, but in some cases, they are rotated from one shift to another as a matter of practice because many employees dislike second or third shift assignment as it interferes with their social or family engagements.

Remedial Transfers

Remedial transfers are effected at the request of the employees and are, therefore, called personal transfers. Personal transfers take place because the initial placement of an employee may have been faulty or the worker may not get along with his supervisor or with other workers in the department.

He may be getting too old to continue his regular job or working conditions may not be well adapted to his personal health. If the job is repetitive, the employee may stagnate and would benefit by transferring to a different kind of work.

Precautionary Transfers

Such transfers are made as a precautionary measure to avoid the misuse of office or misappropriation of funds by the employees. In some undertakings, there are more chances of misuse of office or misappropriation of funds than in others. Generally, it is mentioned in the transfer policy of the organization that an employee cannot stay at one post for more than 3 years or so.

On the Basis of Unit

Sectional Transfers

These transfers are made within the department from one section to another. The main purpose of such transfers may be to train the workers and prepare them to handle the operations of different sections of the department.

Departmental Transfers

Transfers from one department to another department within the plant is called departmental transfer. Such transfers are made if the nature of work is the same or substantially the same in both the departments such as clerical or routine jobs.

Inter-Plant Transfers

If there is more than one plant under the control of the same management, the transfer may be made from one plant to another for varied reasons. Such transfers are called inter-plant transfers.

Causes of Transfer in HRM

In modern organizations, these are the causes of transfer in hrm:

Meeting Organizational Needs

Meeting Employee's Requests

Better Utilization of the Employees

Developing All-Rounder

Manpower Adjustment

Avoidance of Conflicts

Punishing the Employees

Relief to Employees

Tenure System

Causes of Transfer in HRM

Meeting Organizational Needs

A company may transfer employees due to changes in the volume of production, technology, production schedule, product line in organization structure, market conditions, etc. filling in the vacancies which may occur because of separations or because of the need for suitable adjustment in business operations. In short, the purpose of the transfer is to stabilize employment in the organization.

Meeting Employee's Requests

Transfers are also done at the request of the employees. Employees may need transfers in order to satisfy their desire to work under a different superior in a department/region where opportunities for advancement are bright, in or near their native place, doing a job where the work itself is challenging, etc. Many employees seek transfer because of family-related issues such as marriage or illness.

Better Utilization of the Employees

An employee may be transferred because the management feels that he 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.

Developing All-Rounder

The employees may be transferred to different jobs to widen their knowledge and skills. In some companies, transfers are made as a matter of policy after an employee has stayed on a job for a specified period. Such rotation from one job to another serves as a tool for developing versatile workers.

Manpower Adjustment

The employees may be transferred from a plant where there is less work to a plant where there is more work. Thus, the employees who have been in service of an organization are not thrown out of employment but adjusted elsewhere.

Avoidance of Conflicts

Where employees find it difficult to get along with colleagues in a particular section or department, they could be shifted to another place to reduce conflict.

Punishing the Employees

Transfers may be made as a disciplinary measure. The employees indulging in undesirable activities may be transferred to remote, far-flung areas or transferred to less important jobs.

Relief to Employees

Transfers may be made to give relief to employees who are overburdened or doing hazardous jobs for long periods. The transfer may also be made to break the monopoly of the employee. The climate of a place may be unsuitable for an employee's health. He may request a transfer to another place, on health grounds.

Tenure System

In senior administrative services of the Government and also in industries, the employees hold certain jobs for a fixed tenure. They are made to move from job to job with a view to acquire a variety of experience and skills and also to ensure

Transfer Policy

A sound, just and impartial transfer policy should be evolved in the organization to govern all types of transfers. This policy should be clearly specified so that the superiors cannot transfer their subordinates arbitrarily and the subordinates may not request transfers even for petty issues.

The management must frame a policy on transfers and apply it to all the transfers instead of treating each case on its merit. Such a policy must be based on the following principles:

Transfer policy must be in writing and be made known to all the employees of the organization.

The policy must very clearly specify the type and the circumstances under which company-initiated transfers will be made.

The basis for transfer should be clearly mentioned in the policy. Whether it will be based on seniority or on skill and competence or any other factor.

It should indicate the executive who will be responsible for initiating and approving the transfers.

The policy should specify the region or unit of the organization within which transfers will be administered.

The effect of the transfer on the pay and seniority of the transferred employee may be clearly evaluated.

It should be prescribed in the policy whether training or retraining is required for the new job

Transfers should be clearly defined as temporary or permanent.

The interests of the organization are not to be forgotten in framing a policy of transfer.

Reasons for mutual transfer of employees or reasons to be considered for personal transfers should be specified.

The fact of transfer should be intimated to the person concerned well in advance.

Transfers should not be made frequent and not for the sake of transfer only.

Generally, line managers administer the transfers, and personnel managers assist the line managers in this respect.

Implication of Job change Effects of Promotion

A Promotion results in an employee taking on responsibility for managing or overseeing the work of other employees.

A Promotion is viewed as desirable by employees because of the impact a promotion has on pay,authority,responsibility,and the ability to influence broader organizational decision making. It is a form of recognition for Employees.who make significant and effective work contributions.

An individual who receives a promotion normally receives additional financial rewards and the ego boost associated with achievement and accomplishment.

A promotion is apowerful communication tool about what is valued within an organization.

Effects of Demotion:

·	Demotion sends a strong signal to the employee that his behavior is not acceptable to the organization.

·	It can also have a demoralizing effect on other employees who happen to work with the demoted employee

·	Demotion will have a serious impact on need fulfillment.

·	If demotion is choosen over termination,efforts must be made to preserve the self esteem of the individual.A positive image of th projected.

Causes of Demotion

Demotion may be used as a disciplinary weapon.

Demotion may be resorted to when employees, because of ill health or personal reasons, cannot do their job properly.

If a company curtails some of its activities, employees are often required to accept lower-level position until normally is restored.

If an employee finds it difficult to meet job requirement standards, following his promotion he may be reverted to his old position.

Controlling is the process of assessing and modifying performance to ensure that the company's objectives and plans for achieving them are met.

Control is the final role of management. The controlling function will become obsolete if other management functions are properly carried out. If there are any problems in the planning or actual performance, control will be required

Controlling ensures that the proper actions are taken at the appropriate times. Control can be thought of as a process through which management ensures that the actual operations follow the plans

The company's managers check the progress and compare it to the intended system through managing. If the planned and real processes do not follow the same path, the necessary corrective action can be implemented.

The control process is the careful collection of information about a system, process, person, or group of people which is required to make necessary decisions about each of the departments in the process. Managers in the company set up the control systems which consist of the four prior key steps which we will discuss in the later section.

The performance of the management control function is important for the success of an organization. Management is required to execute a series of steps to ensure that the plans are carried out accordingly. The steps that are executed in the control process can be followed for almost any application, also for improving the product quality, reduction of wastage, and increasing sales.

What is Controlling?

The Controlling process assures the management that the performance rate does not deviate from its standards.

The controlling Process consists of five steps:

Setting the standards.

Measuring the performance.

Comparing the performance to the set standards

Determining the reasons for any such deviations which is required to be paid heed to.

Take corrective action as required. Correction can be made in regards to changing the standards by setting them higher or lower or identifying new or additional standards in the department.

Elements and Steps of Control Process

Establishing Performance Measuring Standards and Methods

Standards are, by definition, nothing more than performance criteria. They are the predetermined moments in a planning program where performance is measured so that managers may receive

indications about how things are doing and so avoid having to monitor every stage of the plan's execution.

This simply means setting up the target which needs to be achieved to meet the organizational goals. These standards set the criteria for checking performance. The control standards are required in this case.

Standard elements are especially useful for control since they help develop properly defined, measurable objectives.

Measuring the Performance

Performance against standards should be measured on a forward-looking basis so that deviations can be discovered and avoided before they happen. Appraising actual or predicted performance is relatively simple if criteria are properly drawn and methods for determining exactly what subordinates are doing are available.

The actual performance of the employee is then measured against the set standards. With the increase in levels of management, the measurement of performance becomes quite difficult.

Determining if the Performance is up to par with the Standard

In the control process, determining if performance meets the standard is a simple but crucial step. It entails comparing the measured results to previously established norms. Managers may assume that "all is under control" if performance meets the benchmark.

Comparing the degree of difference between the actual performance and the set standard.

Developing and Implementing a Corrective Action Plan

This phase becomes essential if performance falls short of expectations and the analysis reveals that corrective action is required. The remedial measure could include a change in one or more of the organization's functions.

This is being initiated by the manager who corrects any sorts of defects in the actual performance.

Types of Control

There are five different types of control:

Feedback Control: This process involves collecting the information on which the task is being finished, then assessing that information and improvising the same tasks in the future.

Concurrent control (also known as real-time control): It investigates and corrects any problems before any losses arising. An example is a control chart.

This is the real-time control, which checks any problem and examines the same to take action before any loss has been caused.

Predictive/ feedforward control: This type of control assists in the early detection of problems. As a result, proactive efforts can be done to avoid a situation like this in the future. Predictive control foresees the problem ahead of its occurrence.

Behavioral control: This is a direct assessment of managerial and staff decision-making rather than the consequences of those decisions. Behavioral control, for example, sets incentives for a wide range of criteria in a balanced scorecard.

Financial and non-financial controls: Financial controls refer to how a firm manages its costs and spending to stay within budgetary limits. Non-financial controls refer to how a company manages its costs and expenses to stay within budgetary constraints.

Features of Controlling

The features of controlling are discussed point-wise to give a clear insight into the concept. The features are as follows:

Controlling helps in achieving organizational goals.

The process facilitates optimum use of resources.

Controlling judges, the accuracy of the standard.

The process also sets discipline and order.

The controlling process motivates the employees and boosts the employee morale, eventually, they strive and work hard in the organization.

Controlling ensures future planning by revising the set standards.

This improves the overall performance of an organization.

Controlling minimizes the commission of errors.

Advantages of Controlling

The organization inculcates the process of controlling due to its undying advantages. The advantages of control are as follows:

The Controlling Process saves time and energy.

This allows the managers to concentrate on important tasks, and also allows better utilization of the managerial resource.

Assures timely and corrective action to be taken by the manager.

In contrast to this, controlling suffers from the disadvantage that the organization has no control over the external factors that also affect the organization. The controlling Process becomes a costly affair, especially for small companies.

What is Employee Grievance?

Employee Grievance means any type of disappointment or unhappiness arising out of factors related to an employee's job which he thinks is unfair. A grievance can be factual, imaginary or disguised.

A grievance arises when an employee goes through an unfair, unjust or inequitable situation or treatment at the workplace. This feeling grows over a period of time and leads to a complaint by the aggrieved employee. And if his complaint goes unheard or unattended for a long time it takes the form of grievance.

A well-defined grievance procedure is an important element of sound industrial relation machinery. To maintain industrial peace prompt actions should be taken and the grievance of the employees should be effectively attended to.

Causes of Grievance

There are various factors that leave an employee unhappy and dissatisfied at the workplace. They become a cause of concern and results in a demotivated staff. Below are some of the causes of grievance:

Inadequate Wages and Bonus

Unachievable and Irrational Targets and Standards

Bad Working Conditions

Inadequate Health and Safety Sevices

Strained Relationship Amongst the Employees

Layoffs and Retrenchment

Lack of Career Planning and Employee Development Plan

Inadequate Wages and Bonus

When the workers are not paid an adequate amount of wages and bonuses for their hard work or if equal wages are not paid for the same work, the grievance may arise.

Unachievable and Irrational Targets and Standards

Sometimes targets set by the managers are so impractical, that they cannot be achieved easily. Workers eventually get under tremendous stress and pressure in the effort of chasing the targets, which leads to grievance among the employees.

Bad Working Conditions

Working conditions is a very important factor that impacts the satisfaction level of an employee. Bad working conditions, unavailability of tools and proper machinery etc lead to grievances amongst the employees.

Inadequate Health and Safety Sevices

Companies while paying attention to maximizing their profit end up compromising the health and safety conditions of the employees. An unhygienic environment, poor safety conditions etc demotivate an employee to come to the workplace.

Strained Relationship Amongst the Employees

Sometimes the employee feels jealous, anxious, nervous etc. working with their employees, superior or subordinate. The absence of healthy relationships amongst the employees leads to an environment which is conducive to unhappiness, dissatisfaction and grievance.

Layoffs and Retrenchment

At the time of economic breakdown, every company try to reduce the strength of their employees so that they can cut down the overall cost. In such cases, the retrenched employees feel cheated and it also instils fear in the minds of the employees who are retained.

Lack of Career Planning and Employee Development Plan

Planning enables employees to think about their future and overall development. For the employees to stay successful in their career it is a must for them to keep pace with the changing trend and environment. Lack of planning and showing no interest in the development of an employee makes them dissatisfied and stagnant in life.

Effects of Grievance

A dissatisfied and unhappy employee will not be able to perform to the best of his ability. His mind will be preoccupied with the things that are bothering him which leads to a lack of focus on his current job in hand. It leads to a drop in productivity and efficiency of the employee and the organization as a whole.

Below are some of the effects of employee grievance:

Demotivated Staff

Low Productivity

Labor Unrest

Absenteeism

High Rate of Attrition

Strains the Superior-Subordinate Relationships

Reduces Employee Morale and Commitment

Increase in Wastage and Cost

Demotivated Staff

If there is no corrective action taken when an employee approaches with a complaint regarding something that is troubling him at the workplace, he may end up feeling frustrated and demotivated. A

demotivated employee losses his interest in his work or job assigned. He works only for the sake of wages or salaries.

Low Productivity

If the grievance is not sought out in proper time or as and when it arises employees become dissatisfied and will not work to their full potential which leads to low productivity overall.

Labor Unrest

Distressed employees if not handled properly eventually can even get violent which will cause heavy damage to the company.

Absenteeism

Delay or neglect in solving the problem of the employee will kill the drive in him to report to work every day This may cause an unwanted increase in absence rate.

High Rate of Attrition

Attrition rate refers to the number of people leaving an organization over a period of time. If an employee is unhappy with the organizations working conditions, culture etc, the organization may end up eventually losing the employee to its competitors in the industry.

Strains the Superior-Subordinate Relationships

Once disciplinary action is taken against a subordinate it strains the relationship between the superior and him as he feels that the action must be taken as per superiors' recommendation or with his consent and knowledge.

Reduces Employee Morale and Commitment

An unattended grievance of an employee may make him feel that he is been taken for granted by the organization. His morale and faith in the organization may come down tremendously and he may not feel committed to the organization anymore.

Increase in Wastage and Cost

With an occupied mind the employee may not be able to focus in utilizing the factors of production to the optimum level, this might lead to wastage of materials and lead to high costs.

Grievance Handling Procedure

The effectiveness of a grievance procedure depends on some prerequisites which are as follows:

Acknowledging Grievance

Quick Action

Adherence to Prevailing Law

Clarity

Grievance Handling Training should be given to Senior

Execution and review (follow up)

Grievance Handling Procedure

Acknowledging Grievance

Any kind of discontent or dissatisfaction whether expressed or not, whether valid or not, should be entertained by the superiors and managers, there should be a free flow of communications and the employees should feel free to express whatever is troubling them.

Acknowledgement of their problems instills confidence in them that they are in safe hands and their problems will be resolved.

Quick Action

As we all know justice delayed is justice denied. A grievance should be settled at the lowest stage, it will ensure the worker that management is listening to them and trying to solve their problems. The grievance procedure must aim at a speedy settlement of a grievance.

Adherence to Prevailing Law

The grievance procedure should be planned in compliance with the existing law. In other words, the existing grievance machinery as provided by law should be strictly followed.

Clarity

The procedure should be clear and simple enough to be understood by each and every employee. Every employee must clearly understand the different stages of the procedure, the forms to be filled up etc.

Grievance Handling Training should be given to Senior

Training should be imparted to the supervisors and union representatives because they are the one, who guide, supervise or spend more time with workers at the workplace.

So if any grievances arise it will instantly come to their knowledge, it is most effective if the grievances are resolved at that stage itself, there will be no need of taking it further to the next level.

Execution and review (follow up)

A regular follow up of the system increases the faith of the people in the system. The HR department should periodically review the grievance procedure of an organization and make the necessary changes whenever required.

Steps in Grievance Handling

Grievance affects not only the employee and the manager but also the organization as a whole. The grievance procedure has to be carefully designed and implemented as it deals with human sentiments.

Below steps should be followed to redress the grievance for the smooth functioning of the organization.

Acknowledge and understand grievance

Gathering facts and data

Analysis of the grievance

Deriving a solution

Redressal

Execution and Follow up

Steps in Grievance Handling

Steps in Grievance Handling

Acknowledge and understand grievance

The first step in grievance handling is to timely acknowledge the problems before they turn into actual grievances through several means such as:

Observation: Through observation, a manager/supervisor can easily track the behaviour of people working under him. He can easily find out the unusual behaviour and prepare report accordingly.

Opinion surveys: Periodical interviews, group meetings, collective bargaining sessions etc with the workers are also helpful in knowing employee discontent before it becomes a grievance.

Gripe boxes: It is a box in which employees can drop their complaints. Employees do not have to disclose their identity while expressing their feelings of injustice or discontent.

Exit interviews: Employees usually leave their current jobs due to dissatisfaction regarding some areas at work. Exit interviews, conducted properly, can provide important information about employee's grievances.

Open door policy: This policy is useful in keeping touch with the employee's feelings as some organizations extend a general invitation to their employees to talk over their grievances in the manager's room.

Gathering facts and data

The next step is to collect facts and data about the grievance from all the parties involved. Everyone's opinion should be given equal importance and no fact should be neglected or ignored

Analysis of the grievance

The problem should be analyzed on the basis of the facts and data received after taking into consideration the economic, social, psychological and legal issues involved in them.

Deriving a solution

After analyzing all the facts and data, different alternative solutions to the problem should be discussed and the best solution should be selected.

Redressal

The grievance should be redressed by promptly putting into action the best solution selected. The employee should be relieved of the stress and discontent as soon as possible.

Execution and Follow up

Once the solution is executed and implemented, there should be a timely follow up registering the employee's reaction to the decision. Also, it should be checked time and again whether the issue has been properly closed and it should be made sure that it does not reoccur.

Benefits of Grievance Handling

The benefits of a good grievance handling system are as follows:

Avoids Disputes

Opportunity for the Workers to Express their Dissatisfaction

Boosts Morale and Emotional Security

Enhances Commitment of the Staff

Helps Maintain Cordial Relationship

Improves Staff Productivity

Benefits of Grievance Handling

Benefits of Grievance Handling

Avoids Disputes

Before a grievance takes the form of any kind of dispute, it is the duty of the management to solve it as soon as possible. Timely redressal of grievance saves the organization from settling a dispute that may arise otherwise.

Opportunity for the Workers to Express their Dissatisfaction

It provides the workers an opportunity to express their fears, anxieties and dissatisfaction. It brings grievance to the open and to the knowledge of the managers so that they can take a step to resolve it.

Boosts Morale and Emotional Security

It provides employees a platform where they can formally release their emotional stress and dissatisfaction. It thus builds within him a sense of emotional security.

Enhances Commitment of the Staff

When the employees feel emotionally secured that their problems and grievances are being attended to and resolved promptly, they feel a sense of commitment to the organization. Their drive to perform to the best of their ability increases and they become more loyal towards the organization.

Helps Maintain Cordial Relationship

Acknowledgement of employee grievance by the managers and redressal of the same as soon as possible promotes a healthy relationship between the subordinate and the superior. The subordinate feels cared for and in return would follow the instructions of the superior with greater dedication.

Improves Staff Productivity

When an employee grievance is attended to and a prompt action is taken to redress it, it boosts the employee's morale, motivates him to maximize his potential and work with full dedication and commitment. This results in higher standards of productivity and optimum utilization of resources.

Labour Laws to Deal with Grievances in Indian Context

Indian Governmentratified Article 1 of the Convention 122 of the International Labour Organization in 1998. According to Article 1 of the Convention, it can thus be concluded confers upon workers the right to have redressal mechanisms to their grievances and thus the Indian Government has ratified Article 1 of the Convention 122 obligated to look into such interests if the workers. The government of India had initiated few laws which partially focus on the mechanism or aspect of an employee grievance. Such act as follows;

The Industrial Employment (Standing Orders) Act, 1946

The Industrial Disputes Act, 1947

The Factories Act, 1948

The Sexual Harassment at The Workplace (Prevention, Prohibition and Redressal) Act 2013

Labour Laws to Deal with Grievances in Indian Context

Labour Laws to Deal with Grievances in Indian Context

The Industrial Employment (Standing Orders) Act, 1946

According to this act that every industrial establishment wherein one hundred or more workers are employed or were employed on any day of the preceding 12 months should frame standing orders,

which should contain a provision for the redressal of grievances of workers against unfair treatment and wrongful actions by the employer or the supervisor at that establishment.

Model Grievance Procedure was adopted by the Indian Labour Conference in 1958 and presently the Indian industries are adopting either the Model Grievance Procedure or procedures formulated by themselves within the guidelines of the act.

The Industrial Disputes Act, 1947

The act was amended in 1965 which provides for the redressal of individual disputes relating to discharge, dismissal or retrenchment. Amendment Act 1982 has made provision for the install of a grievance settlement committee. Any employer of any industrial undertaking employing 50 or more workers is required to provide for a grievance settlement authority for settlement of industrial dispute connected with an individual worker.

Two most important aspect of the act is Section 2A and 11A. This act has provided various dispute settlement machineries such as Works committee, Conciliationofficer, Board of a conciliation officer, Courts of Inquiry, Labour Courts, Tribunals and National Tribunals

The Factories Act, 1948

Workplace condition is a major source of an employee grievance. Therefore Government of India made provision of welfare officers as well as a safety officer under the factories act. This act mandates the appointment of a WelfareOfficer in every factory ordinarily employing five hundred or more workers.

The Sexual Harassment at The Workplace (Prevention, Prohibition and Redressal) Act 2013

Sexual harassment of women at the workplace is another source of grievance among female employees. Therefore Government of India initiated this act. It stated that any aggrieved woman may make, in writing, a complaint of sexual harassment at the workplace to the Internal Committee if so constituted, or the local Committee, in case it is not so constituted, within a period of three months from the date of incident and in case of a series of incidents, within a period of three months from the date of last incident.

Emerging Area of Employee Grievance

A grievance can be because of wage and salary, working hours, condition of work premises, employment conditions. Following are some emerging factors of grievance as a whole;

Emerging Area of Employee Grievance

Weakness and failure of Trade Union

Because of easiness to form a trade union, multiples unions exist in one industry and among unions, differences use to start relating to various issues and not able to solve their grievance. The politicization of trade unions is also one of the reasons for becoming weakness and failure to function properly on behalf of employees' grievance redressal.

Sexual Harassments in the Work Place

Though the Government of India has passed the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 but still implementation and effectiveness of this act is a big question. Day by day incidents of sexual harassment cases are rising in the workplace. If it continues like this Indian industry will face a gradual decline of the women work force.

Unorganized Employment Sector

In the unorganized sector, no concern about healthy working conditions, job security, career growth, leaves and paid holidays. The workers have lower protection against unfair or illegal practices and in every means maximum labour exploitations are there. Govt. of India enacted an act on the Unorganized Workers' Social Security Act 2008 for providing social security and welfare of the unorganized workers. But in practically speaking, workers of the unorganized are being exploited continuously so if grievance of employees in this sector is not redressed it may bring industrial unrest in future.

Contract labour issues

In a globalized and knowledge economy dependence on contracts, labour are increasing drastically. There are not that many amendments in the Contract Labour (Regulation and Abolition)act 1970, which could really cover all the dynamism of Contract Labour issues. Recently in India, more protests and labour unrest took place due to contract labour issues.

In maximum cases contract, labours are getting exploited by employers. So there should be proper mechanisms and guidelines which must be followed and implemented in ground reality to redress and manage employee grievances of contract labour.

Grievance Redressal

Grievance Redressal is a very complex and important topic from the examination perspective. Any aspiring Civil Servant should have excellent grip on the topic.

Grievance Redressal Mechanism is an important cog in the wheel of any Government.

Without efficient grievance redressal mechanisms, the Government and its administration can never be accountable and effective.

In Democracy, citizens make the Government and hold them accountable.

Some of the public grievances against the Government could be a shortage of food, overcrowded public transport, late running of trains etc.

Grievances of Citizens in India – Different Types

We can classify public grievances into different categories which are mentioned below.

Grievances against Policies

Citizens may have grievances against the policies of the Government, which may affect a large group of people.

Such grievances are raised in the media and legislatures.

Grievances due to Maladministration

This grievance arises when the Government policies are not implemented efficiently by the administration due to various issues like lack of coordination between different departments or agencies or may be due to inefficiency of officials stemming from the heavy workload.

Grievances due to Corruption

This arises due to a lack of integrity among officials working in the administration. For many years India is known for its high levels of corruption. For many years the public has been suffering due to

rampant corruption at all levels. However, there are efforts from the current Government to control corruption.

Grievances in Rural Areas

Majority of the population in India resides in rural areas. The grievances faced by them are given below.

Non-availability of supplies – Grievances due to intermittent supply of essential commodities like electricity, seeds, pesticides, fertilizers, medicines etc. Instead of making sure the supplies reach intended beneficiaries, it gets leaked into black markets for profiteering.

Delay in Supplies or Services – This happens due to inefficient public distribution systems.

Harassment – Many villagers at the hands of officials when they wanted to avail medical, administrative and agricultural services.

To know what are the components of a Grievance Redressal Mechanism, visit the linked article.

Grievance Redressal – Nodal Agencies & Other Mechanisms

The 2 most important nodal agencies that are responsible for addressing grievances at the Central Government are listed below.

Department of Administrative Reforms and Public Grievances (DARPG) – It functions under the Ministry of Personnel, Public Grievances and Pensions.

Directorate of Public Grievances – It is part of Cabinet Secretariat

Department of Administrative Reforms and Public Grievances (DARPG)

The primary role of this department is to plan and implement citizen-centric measures in the domain of public grievances and carry out administrative reforms so that the Government is in a position to deliver quality public services without any obstacles.

The grievances received will be forwarded to the respective ministries, departments, and state governments. The cases will be followed until it is closed.

Directorate of Public Grievances (DPG)

It was set up in the Cabinet Secretariat in 1988. They handle complaints pertaining to 16 Central Government Organisations.

Ombudsman

This concept came from Sweden. It means an officer appointed by the Legislature to handle complaints against a service or administrative authority. In India Government has appointed Ombudsmen to resolve grievances in the following sectors.

Insurance Ombudsman

Banking Ombudsman

Income Tax Ombudsman

Lokpal

Lokpal was established under the Lokpal and Lokayuktas Act 2013 to investigate corruption against public functionaries, even the Prime Minister. Lokpal can order investigation from its internal inquiry wing, Central Bureau Investigation (CBI), Central Vigilance Commission (CVC).

Tribunals

Tribunals are formed to address delays in disposal of cases in courts. These are quasi-judicial institutions. Some of the most important tribunals are mentioned below.

Central Administrative Tribunal (CAT)

Railway Claims Tribunal

Debt Recovery Tribunal

Customs, Excise and Service Tax Tribunal

Income Tax Appellate Tribunal

Labour Tribunal

Committee on Petitions – Parliamentary Committee

This is a Parliamentary Committee which works on redressing grievances of the public, and a citizen can submit petitions to secure redress against grievances.

E-Governance – To Address Public Grievances

The current Government has been working on addressing the public grievances by utilising Information and Communications Technology (ICT). Some of the noteworthy efforts of the Government to implement E-governance to reduce Public Grievances in a timely manner has been mentioned below.

Central Public Grievance Redress and Monitoring System (CPGRAMS) – It is an integrated online grievance redressal and monitoring system developed by National Informatics Centre (NIC) in collaboration with DARPG and DPG. Citizens can lodge complaints and monitor the status of their complaints through CPGRAMS. This system was developed in 2007.

Pro-Active Governance and Timely Implementation (PRAGATI) – It is a multi-modal and multi-purpose grievance redressal system designed by the Prime Minister's Office (PMO) and NIC. It increases the cooperation and coordination between the Union Government and State Government in addressing the grievances and monitoring government schemes.

E-Nivaran – It was launched by the Central Board of Direct Taxes for online redressal of grievances related to taxpayers. The taxpayers can register and track their grievances in this system.

Unified Mobile Application for New-Age Governance (UMANG) – It is a single platform through which citizens across India can access e-governance services, starting from Central Government to local government bodies.

MyGov – It is a platform launched in 2014 to disseminate information by the Government and Government can seek public opinion.

Nivaran – It is an online portal launched by the Indian Railways in 2016, to address the grievances of lakhs of Railway Employees.

Integrated Grievance Redressal Mechanism (INGRAM) – It is a portal launched by the Ministry of Consumer Affairs to address grievances of the public when they purchase any goods or services.

Mera Aspataal (My Hospital) – It was an app and portal launched by the Ministry of Health in 2017 under the National Health Mission. It was to capture patient feedback for the services received at the Government Hospitals. This is to help the Government enhance the quality of health care services provided across public facilities.

Other Citizens Grievance Redressal Mechanisms

Right to Information Act (RTI) – The RTI act was passed in 2005. It empowers the citizens to ask any questions to the Government, seeks information, obtains Government documents, inspects Government works. This act is to not only empower citizens but also promote transparency and accountability in the functioning of Government.

Citizens Charter – The task of formulating and operationalising Citizens Charter was undertaken by DARPG. The idea was to bring in transparency in public services and to correct things when they go wrong. The idea of Citizen Charter was first pioneered in the United Kingdom in 1991, with a focus on public services. However there have been many loopholes in the citizens charter which needs to be fixed.

Gram Sabha – Conducted at village levels to address the grievances of village community members.

Senior Citizen Act – It has been passed to address the grievances of senior citizens.

Hostels Act – This has been passed to address the grievances of working women.

Administrative Reforms Commission (ARC) – 2 Commissions

The Administrative Reforms Commission (ARC) is the committee appointed by the Government of India for giving recommendations to reform the Public Administration System in India. So far there have been 2 Administrative Reforms Commissions. The details are shared below.

1st Administrative Reforms Commission (ARC)

The 1st ARC was established on 5th January 1966.

The commission was chaired by Morarji Desai and was later chaired by K. Hanumanthaiah
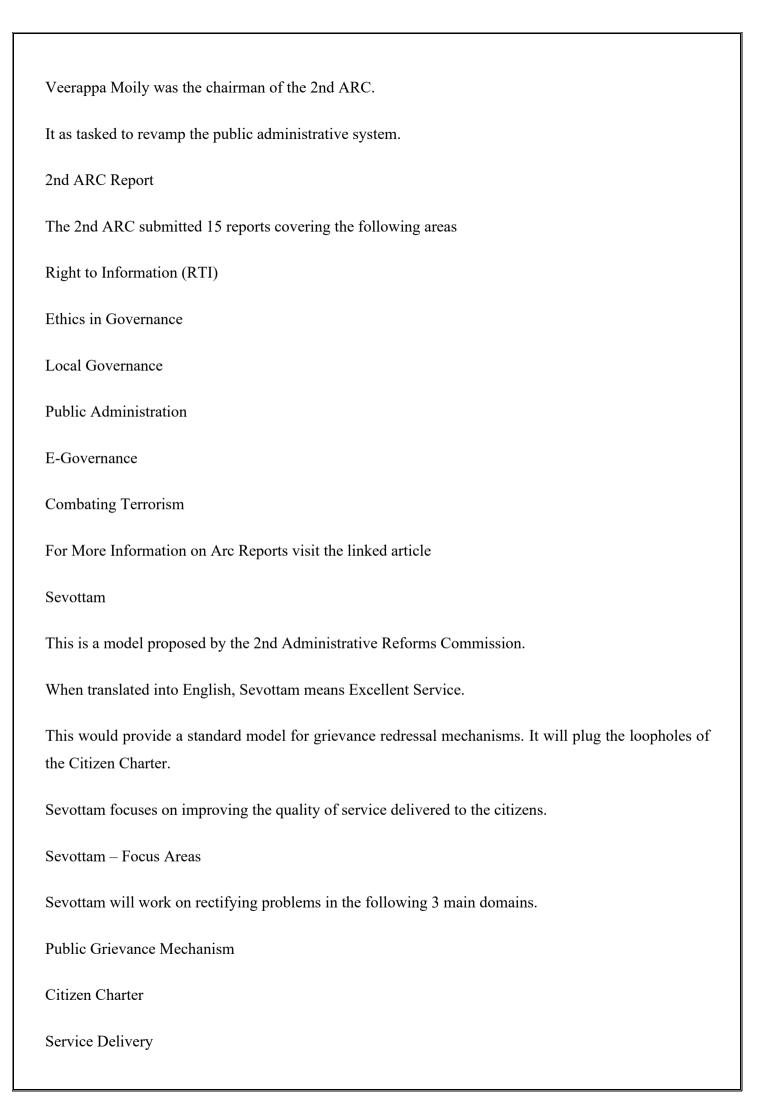
The mandate of 1st ARC

They were tasked with the mandate to suggest measures to improve financial, personnel, economic, district, agricultural administrations.

The administrations concerning Defence, Intelligence, External Affairs, Railways were excluded from the purview of 2nd ARC.

2nd Administrative Reforms Commission (ARC)

2nd ARC was constituted on 31st August 2015.

Veerappa Moily was the chairman of the 2nd ARC.

It as tasked to revamp the public administrative system.

2nd ARC Report

The 2nd ARC submitted 15 reports covering the following areas

Right to Information (RTI)

Ethics in Governance

Local Governance

Public Administration

E-Governance

Combating Terrorism

For More Information on Arc Reports visit the linked article

Sevottam

This is a model proposed by the 2nd Administrative Reforms Commission.

When translated into English, Sevottam means Excellent Service.

This would provide a standard model for grievance redressal mechanisms. It will plug the loopholes of the Citizen Charter.

Sevottam focuses on improving the quality of service delivered to the citizens.

Sevottam – Focus Areas

Sevottam will work on rectifying problems in the following 3 main domains.

Public Grievance Mechanism

Citizen Charter

Service Delivery

Grievance Redressal Mechanism – UPSC Notes:-

Frequently Asked Questions about Grievance Redressal

Q1What is Grievance Redressal in India?

Grievance Redressal is a management- and governance-related process used commonly in India. While the term "Grievance Redressal" primarily covers the receipt and processing of complaints from citizens and consumers, a wider definition includes actions taken on any issue raised by them to avail services more effectively.

Q2What are the challenges of Grievance Redressal in India?

Grievance Redressal challenges are:

Unavailability or Difficulty to access means to report grievances, at times done so purposefully, or due to lack of priority

Lack of authority of PRO over relevant departments and executives in Government organizations

Disconnect of senior decision-maker executives with end customers

Non-motivation of front-end managers to forward negative feedback to higher-ups

Fear of citizens / consumers to report malpractice about officers with substantial authority

Inability of smaller private organizations to set up computerized mechanisms

Inaccuracy and spamming of feedback forms, driving false impressions

Delayed feedback acceptance, as feedback is taken after service has been provided, while corrective action may be taken typically during the delivery of service.