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## Successful Lateral Transfers

**How to Identify and Grow Stars & Performers: Insights from  
Srishti Software Pvt Ltd.**

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## About Srishti

Srishti Software is a leading software product company providing innovative solutions in the Healthcare domain with its flagship product being PARAS. It was founded in 1997 and reconstituted in the year 2005. Srishti has its headquarters in Bangalore and today has operations in USA, UK, Middle East, Africa, China, India and ASEAN Region.

Srishti software has developed an innovative approach to lateral transfer of employees. In this paper we capture the process adopted by the company and present a normative model based on the insights gained.

## Introduction

What happens to employees when they feel the need to do away with their routine work they have been doing for couple of years? Employees may feel their skills and knowledge is providing diminishing returns in the current job and find role lacking any challenges. Some might enjoy the job stream they are in, but may desire more involvement in decision making and monetizing their experience. An exposure to different domains or tasks may provide newer insights into the business and drastically enhance their career and develop newer skills. Even organisations feel the need to embed the experience of employees at more senior levels and they reflect the ethos of the organization better & understand the nuances of the work. Employers pursue lateral transfers to retain experienced employees with more challenges in the service-profit chain and more involvement in decision-making.

A lateral transfer is the movement of an employee from one position to another within the organisation. For instance, an employee in testing may move to other functions like marketing or HR position at the same level. However, when the employee moves from an existing position in a function to another function at a higher position, the transfer is termed as lateral promotion.

Organisations as well as employees make lateral moves for many reasons. Organisations may recognise potential of individuals beyond their current job and align them to newer tasks. Organizations also use this as a rewarding program to retain and train employee.

Prince (2002) observed that selection of employees in horizontal transfer results in fairer procedure thus increasing the organisational commitment of the employee. Job rotation and lateral transfers have been assumed to lessen redundancy and enhance the knowledge base of the employees about the organisation processes.

Cohen and Levinthal (1990) suggested that job rotation increases the effectiveness of knowledge absorption as it promotes the complementarity of experience in the firm.

Several approaches to horizontal transfer is enunciated in literature- Noe and Ford (1992) explain that job rotation or lateral transfer is a method to provide opportunities to obtain an overall appreciation of organisation goals where the knowledge and work experience can be based on different functional areas.

According to Campion et al (1994), lateral transfers are seen as a tool useful for enhancing employees' working skills.

Majority of literature on lateral transfer is based on large companies and little insights are available on lateral employee movement in small and medium companies. However, their application to small company in a developing country is not established.

Small and Medium Enterprises are the second largest employment generator after agriculture. SMEs have contributed in the growth of Indian economy in terms of both GDP as well as employment. SMEs contribute to approximately 20% of the GDP and are the largest generators of employment (SEBI, 2008)

How lateral transfer process works in a product development company in a developing country needs more insights. Product development requires emergence of innovative routines and may require employees to learn and unlearn continuously which makes horizontal transfer in such a knowledge intensive setting quite challenging. Whether the process that large firms incorporate to do horizontal transfer may directly be applied to SME, needs validation.

Case studies are best suited to explore the dynamics within an organization in a descriptive and narrative way. Case study method is defined as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not evident; and in which multiple sources of evidence are used (Yin, 1984).

Case studies can offer rich insights based on the association of events, predecessors for an event and help build primitive causal mental models. Hence, we have used case study approach of an innovative product company, Srishti Software. The expected outcome could be a benchmark process of horizontal transfer that other product and innovation focussed companies could employ effectively.

We chose Srishti as a case for our study because it is an innovative software product development company from SME segment. Moreover, at Srishti lateral transfers had taken place successfully involving multiple employees over different functions in the last couple of years.

Srishti has won multiple awards for innovation in Software products since its inception from NASSCOM, Deloitte and other organizations. Srishti has grown from a 10 people entity to a 118 people organization and has been voted as 'one of the five most promising companies to look out for' (Information week, 2005).

Srishti has positioned itself in the market as an innovative and product focussed company and aims at 'successfully

delivering high impact, intuitive technologies to knowledge-based enterprises'.

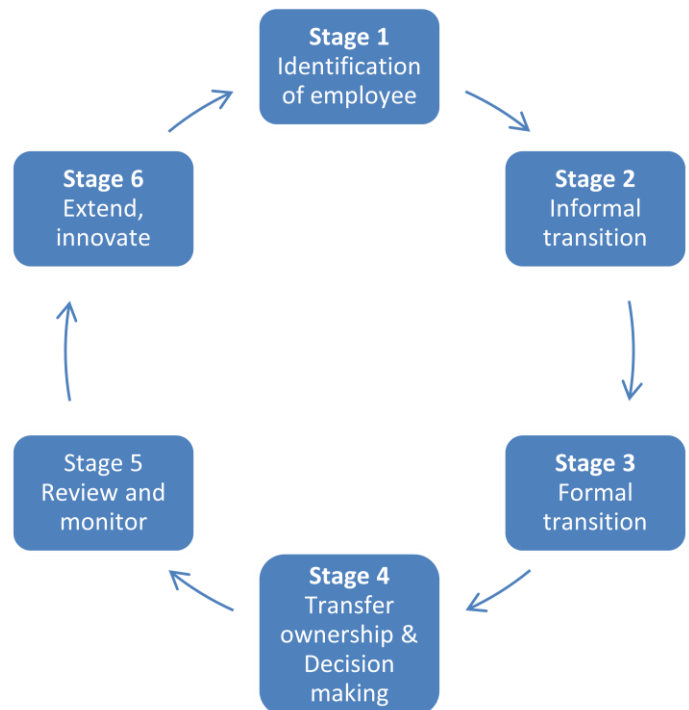
Data was collected from the employees who had undergone the lateral moves in last 5 years. We used an open ended questionnaire capturing the various aspects of lateral transfer process from the HR and senior management of Srishti. We also captured the experiences of the employees who have undergone the lateral transfer. There were different set of questions for the employees and the HR of the organisation.

### Insights from the Srishti Case

Based on our study conducted at Srishti, the lateral transfer process contains six stages, as shown in Figure 1.

The six stages- identification of the employees for the lateral transfer is carried out in stage 1. In stage 2 it is discussed as to what initial changes in the roles and responsibilities and mentoring that has to be executed before the individual gets on to the job formally.

**Figure1-** Stages in Later Transfer Process



Stage 3 is the process when the employee is formally moved into the new role with all officiating powers. Stage 4 speaks about the change in the level of ownership and the decision-making abilities that take place throughout the process. Review and monitoring is the 5<sup>th</sup> stage where assessment of the individual on various factors is carried out.

Stage 6 is 'Innovate and extend' where the employee goes beyond his current roles, responsibilities, and his extension to newer roles.

## Stage 1- Identification of Individuals

Identification of the employees for lateral transfer is a process in itself. Organisations must take extra care in identifying individuals for a lateral transfer.

It is important that the organisations clearly outline the characteristics required for a specific role and measure the individual based on the same. Only when there is congruity between the desired characteristics and the individual characteristics, the outcome will be a favourable one.

Apart from the job characteristics, the organisations must also be vigilant in identifying manifest behaviours like proactive behaviour, sustained performance, efficiency in providing quality work, high level of ownership.

These provide better insights on the individual's ability to extend job role or take up a new role.

Leader Member Exchange theory (LMX) – Graen & Cashman (1975) describe how leaders develop individual and mutually exchanged relationships with subordinates, which affects the behaviour of leader and subordinates. This theory examines the relationship and role processes between leader and followers.

One of the implications of the LMX is that the nature of the exchange is determined by the leader based on some

presumed characteristics of the follower. This LMX can be used in understanding and identifying 'in group' and 'out group' individuals.

LMX relationship is based on perceived favourable/unfavourable personality, compatibility and competency of the individuals.

'In group' individuals perform jobs in accordance with the employment contracts and also perform certain unstructured tasks and take additional responsibilities. 'Out group' individuals perform only in accordance with the prescribed employment contract. Identification of these individuals is not difficult since it is performance based.

Based on our study conducted at Srishti, inputs on how the organisation carried out the first stage in the transition process can be observed.

Hiring an individual who should not have been (type 2 error) is one of the mistakes organisations tend to commit. This may result in low productivity, high attrition etc. Thus, identifying individuals must be done with utmost care.

*With an educational background of Computer Science, Gargi joined as a marketing trainee after a personal break of over 4 years. The job involved hard core sales activities and she could not cope up with the monotonous work of cold calling customers. After the probation period of three months, Gargi wished to move to technical area. After evaluation, she was offered a role in testing.*

*Another example of proactive thinking by Srishti in identifying employees was when Roshith, who joined as pre-sales resource initially was found to be high stickler to quality and could not compromise with the quality of the product. After 18 months of effectively handling the job, his role was changed to the role of a Quality Assurance professional.*

The focus of the program was to identify and groom individuals to discover their natural troughs and

capabilities and align them to the newer position even if they were productive in their current role.

Srishti has put in careful efforts in identifying employees which have resulted in successful lateral transfers. Thus, identification of employees must be carried out in a cautious manner since this is the preliminary and a very crucial stage where the success of the process rest on.

## **Stage 2- Informal Transition**

Once the employees have been identified, they go through a mentoring stage. Initial handholding is taken care of in this stage where the employees are given clear idea about the role, performance expectations etc. Here, the employer mentors the employees on specific tasks and evaluation of the same is carried out. After the assessment, the employee goes through the next stage in the process- informal transition. In this stage, the employee goes through an informal process of lateral transfer where the employee, though not officially has gone through the change, is made to handle tasks pertaining to the new job role.

Employee is evaluated to see if his contributions are more than the accomplishment of the said tasks. Decision making ability is low and the ownership of the tasks is nil. Here, the employees are made familiar with the work process and later are measured. The ability to initiate and negotiate their role expansion beyond their role expectation is observed. The informal stage is where the whole process of lateral transfer begins. This is the stepping stage from where ownership of the job, decision making has to be taken off to further improved levels of the same.

According to Vivek, one of the employees at Srishti, *'The change process took 30days. This was the period when I had to prepare for the role change and the new role, expectations from this job was communicated to me in great detail.'* The employee also mentions that the period was important for both the employee and the employer to gauge if there was job and skill fit.

## **Stage 3: Formal transition**

The next stage in this process is the formal transition where the employee formally undergoes the process of lateral process. The employee is entitled with the changed role.

The roles and responsibilities of the employee are according to the new role. This process takes place after the evaluation of the employee in the informal lateral stage where he/she is found to be able to handle the new role competently.

Over a period of time, the employee's level of readiness and maturity increases. In this stage, the employee's level of competence and level of commitment is slightly higher than compared to the informal transition stage and hence the leadership style used by the employer is different. This is where the employee becomes experienced at job, and becomes comfortable with his/her own ability to carry out the tasks.

## **Stage 4- Transfer of ownership and decision making**

Learning process includes an employee's upward movement from following predetermined procedures to owning up work independently. Transfer of ownership takes place at three stages. The employer/delegator first defines the task and duties to the subordinate along with the outcomes expected from the subordinate. Clarity of duty as well as result expected is the first step in delegation. Next is the co-ownership stage and finally the complete ownership of job/processes.

In stage 4, the decision making ability of the employee is high. The employee is in the stage of learning where he/she applies the learning in the work. Hence the employee is trained enough to own up the work and take decisions with limited guidance from the employer.

## **Stage 5- Review and Monitor**

Reviewing and monitoring the employees is very essential. This not only gives insights on how the

employee is performing but also identifies avenues where training is needed to improve the performance.

Every employee who is in the process of lateral transfer must go through specific training.

Training is one of the ways to control both pre and post job anxieties in an individual. The various training stages includes on the job training, projects etc. At each of these stages, evaluation of the training take place alongside.

Evaluation of the training is based on 5 dimensions:-

1. Task vs. Complexity
2. Managing certainty vs. uncertainty
3. Decision making
4. Resourcefulness
5. Ownership of process/companies

These five dimensions to a certain degree are interwoven. Training and evaluation go hand in hand and these dimension help in procedural evaluation of the employee.

Evaluation on the first criteria which is task vs. complexity refers to how the employee manages the level of work or the role complexity. The degree of complexity varies from most complex to least complex jobs where the least complex job would involve tasks as simple as following a predefined procedure. Individual's ability to handle certain levels of capability can be evaluated. The performance of the employee on complexity levels and the job certainty levels is assessed.

Similarly like complexity, the degree varies from relative certainty to great uncertainty. In a situation involving certainty, people are reasonably sure about what will happen when they make a decision. Under sudden and unanticipated changes which may occur inside the organisation or externally, decision making plays an important role. How the employee manages in situations similar to this will give a clear picture on his ability on decision making during certain or uncertain situations.

Employees are evaluated on how, as a resource they contribute and bring in measureable outcome to the organisation. How can their knowledge and skills be used and extended to newer avenues.

Finally, in the last criteria, ownership of the process, employees are evaluated on how they take initiatives, if they are able to work better with less management attention etc.

Constant review and monitoring must be considered as vital. This not only helps in identifying underperformers but also results in identifying individuals with additional potential.

*Gargi's role involved testing after the lateral transfer from being a marketing trainee. Her capabilities were observed for 3-4 months and she was then promoted as a Project Manager where her role involved managing 30-40 people and handle client assignments. The management realised that Gargi could much more than she was actually doing since she was already showing her ability and interest to do more.*

## **Stage 6 - Extend and innovate**

Evaluation of the performance is the essential part of the process. At each stage, employee is evaluated to measure if the performance has been consistent with the task Evaluation of the performance of the employee takes place at all the stages of transition.

This is a stage where the employee thinks beyond his set roles and responsibilities. The decision making ability of the individual is high in this stage. Here, the employee associates what has been learnt and understood and carries out subsequent application of the learning.

There is also task uncertainty as there are no set processes that have to be carried out and the employee possesses implicit knowledge which is the knowledge that has been obtained through experience.

The employee has complete ownership of tasks and process in this stage. The individuals also delegate tasks to their subordinates.

Gargi shares her experience on how Srishti has helped her grow beyond- *‘Culture at Srishti is such that the employee is encouraged to think beyond what he/she is currently doing. Apart from how Srishti empowers its employee to grow and develop leadership qualities, smaller things like trophies and certificates awarded for exceptional work at Srishti also encouraged her to perform better and be motivated.’*

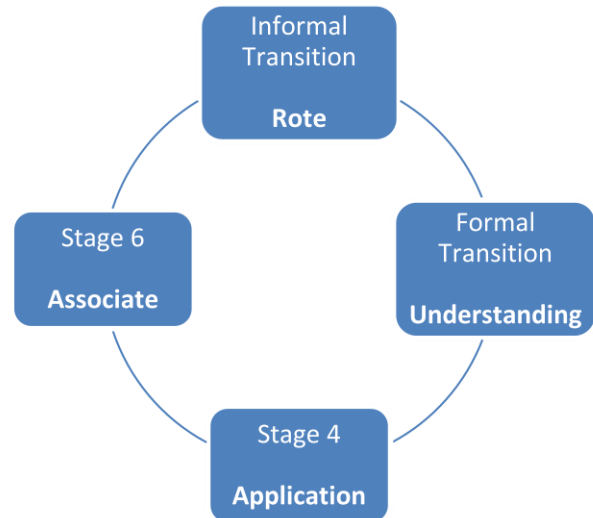
During the lateral transfer process the employee goes through, there are many aspects which overlap over multiple stages. Characteristics like learning, decision making, ownership and the leadership style evolve over multiple stages. The following paragraph describes the progression of some of these dimensions in detail.

## Learning and Decision Making

Learning is a continuous and a cumulative process. Learning results in empowering individuals and organizations in rational thinking, decision making and come up with innovative techniques of applying newer methods in tasks. The employees’ learning and decision making abilities develop as they move further in the process of transition.

Employee learning differs at each stage. Based on the level of learning, the decision making ability also varies consciously or unconsciously in the employee. In the informal transition stage, an employee learns by repeating. In this stage the employees learning is based on explicit and formal sources of knowledge and routinized scheme of information.

Figure 2- Learning at different stages of transition



## Levels of learning

- Learning by repeating- Rote
- Learning by understanding- Understand
- Learning by doing- Apply
- Learning by learning- Associate

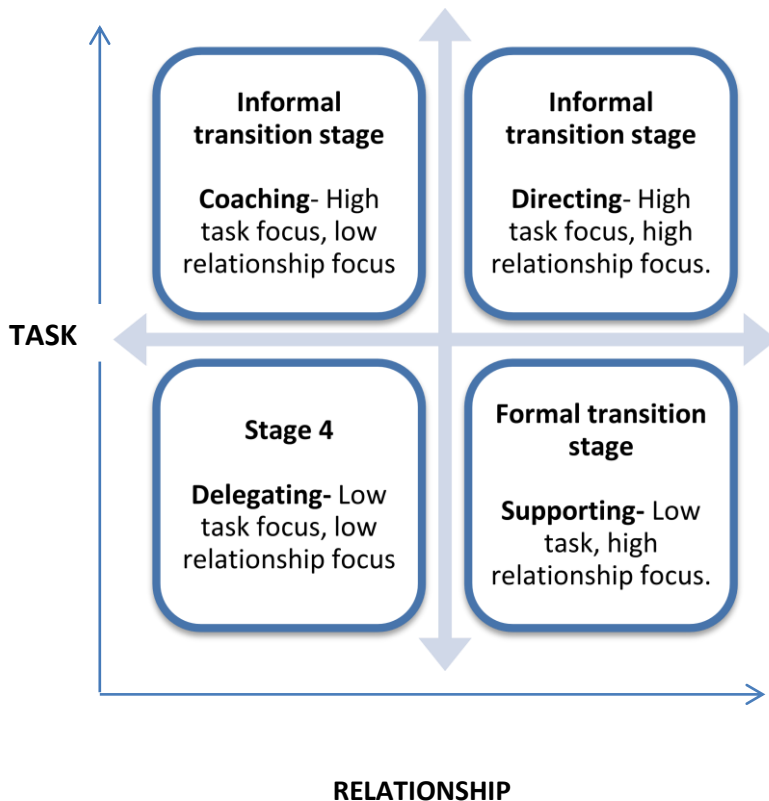
The employee learns by repetition and reproduction. Here, the employee has the ability to repeat something back which is learned but not understood and there is high certainty of the task. Also, the employee has explicit knowledge of the work which is the knowledge generated through logical deduction and acquired by formal study. In this stage, organisation limits the decision making ability of the employee. This is to ensure quality outcomes

The competence and commitment level is also low and hence according to Hersey and Blanchard’s situational leadership theory, the employer implements the Coaching style of leadership.

‘Coaching’ style of involves high task and low relationship focus. This means that the manager’s focus is task related as the employee requires full guidance and support from the employer or the mentor in this initial stage of transition.

This is where the employer gives the employee specific task with clear instructions. This emphasizes shared ideas and participative decisions on task directions.

**Figure 3-** Situational leadership model



Consistent with the learning and decision making, the ownership aspects also have to be planned effectively. In the initial stages, the ownership of the quality of outcomes of process and the new job should not be assigned to employees who have moved to the new job. The underlying reason being, they may not be exposed to several elements of the job or organisational approval and processes associated with it. By limiting the ownership in the initial stages, the focus in the lateral transfer process is more on ensuring the employees acquire technical and administrative skills consistent with the job.

Over time the ownership is transferred in a tapered form from their superiors directly to them.

This helps in ensuring employees are not demotivated for any inconsequential failures and are sufficiently motivated to be successfully transferred.

Co-ownership of tasks is introduced in the formal stage of transition where the employer delegates a share of his work to the subordinate who is given enough independence to carry out the task. Though there is delegation of a part of the work, the employer ensures that the outcomes are definite and controllable and measures the employee on the same. This is followed by feedback which gives a clear idea on how the outcomes can be improved.

In the formal transition stage, the employee has grown beyond learning by repeating and moved on to the next stage of learning by understanding. The employee comprehends and understands the meaning of what has been learnt and acquired through practical experience and knowledge gained over time.

It can be said that the decision making ability of the employee starts at this juncture. The employee is delegated with a part of work and measured on the definite outcomes.

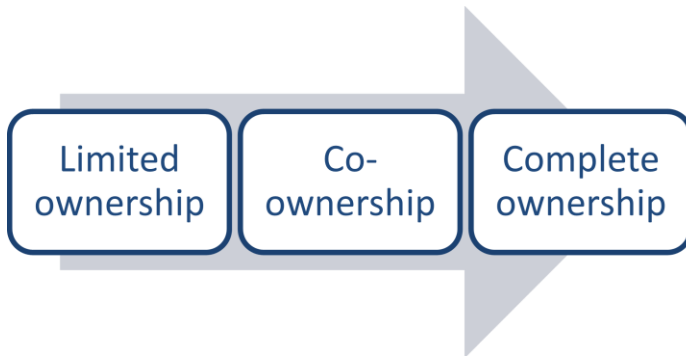
In this stage, employee has relevant skills to do the job but not confident to do the job alone. Hence the employer adopts the Directing style of leadership which involves high task and high relationship focus. This is where the employer explains task directions in a supportive and influential way.

Supporting style of leadership is adopted by the employer when the employee has gained experience and is capable of carrying out the new job but lacks confidence to handle the job alone. Supporting style of leadership involves low task and high relationship focus where the employer focuses more on making the

employee self-reliant and capable of handling the tasks alone.

Each of these leadership styles is adopted in a way which helps the employee in increasing the learning and attaining higher level of decision making abilities.

**Figure 4-** Transfer of Ownership



The elements of delegation of authority are explained below.

- Authority- the power or the right to make decision and give orders.
- Responsibility- the duty of the person to perform the task
- Accountability- alignment of authority and responsibilities.

The above dimensions change over a period of time depending on the ownership levels. When the individual attains complete ownership, he/she gains the power to make decisions and give orders to his subordinates.

Delegation of the authority moves from line authority (right to make decisions, give orders) to staff authority (right to advise those who possess line authority) over a period of time. Similarly, responsibility is the duty of the individual to perform tasks assigned to him. Responsibility flows from bottom to top- the lower and the middle management are delegated.

Accountability primarily means being answerable for the outcome. It cannot be delegated in the initial stages and hence accountability stays with the employer. However, when there is complete ownership of tasks, accountability is high.

Complete ownership of task and processes is delegated in the stage 4. Taking complete ownership of the task means that the individual takes up the responsibility and accountability of the task he is doing. In this stage the employee has successfully undergone the learning by repeating and understanding stage and is capable of learning by applying the concepts learned.

Due to high decision making ability and complete ownership of tasks, the individual is self-supporting and handles tasks without any external help. The leadership style used by the employer is the delegation style as the individual is experienced at job and is comfortable with own ability of accomplishment of the tasks. Here the employees rely on very limited mentoring from their employers. Growing beyond set roles and responsibilities is expected in this stage.

Innovating and extending is the final stage where the employee extends from his set roles and responsibilities, learns by associating with subsequent application of learning and thus the complete transformation of the employee from his earlier role to the present has said to have taken place.

### **Apprehensions at each stage**

Lateral transfer may not always result in positive outcomes. Lateral transfers may result in apprehensions and stress in the employee. Below given are few reasons where the lateral transfer negatively affects the employee and the organisation.

When an organisation commits an error of choosing an individual for lateral transfer who should not have been (type 2 error), it results in incongruity between the employee and the job thus causing stress and under performance.

Secondly, the fear of not fitting into the new profile may arise due to lack of information on how the job has to be carried out, not enough inputs from an experienced professional etc. Tackling challenges and complexities after the lateral transfer is another concern. The employees may fear the complexities and uncertainties in the new role which may arise after the lateral transfer thus causing stress.

## **Stage 1: identification of employees**

- Ways to handle new responsibility
- Learning new things and Delivering results in a short span of time while under constant observation
- Fear of not fitting into the new role which might pull down the confidence level.

### **Managing these apprehensions**

- Hand-holding in the initial stage till the employee gains confidence
- Provide scope for committing errors and to try out newer ways of doing things. Design buffers, conduct simulation and dry-runs.
- 

## **Stage 2: Informal Transition**

- Unclear about the complete process and expectations
- As this stage involves learning by repeating or observing, the employee only gets a broader picture.

## **Managing these apprehensions**

- Divide the task into clear sub-tasks that can easily codified and outcome measurable.
- Let the employee learn from each step and gain confidence.

## **Stage 3: Formal transition**

- The employee can identify if he'll fit into the new role and if he likes doing the task
- Start the activities in the new role which might require re-doing the same thing many times

### **Managing these apprehensions**

- Provide immediate feedback on the activities do
- Define few sub-tasks and make the employee responsible for the outcomes. Transfer tasks that are not critical . Create redundancies if required.

## **Stage 4: Transfer Ownership and decision-making**

- The employee is in complete control of his activities and has to be able to manage uncertainties and extra responsibilities
- Has to also handle his team and guide them

### **Managing these apprehensions**

- Provide the employee with necessary freedom to act on his decisions and encourage him when necessary
- Assess how employees handles the team and guides them and provide continuous feedback on the same.
- Ask the employee to document implicit learning of the new job with the help of a learning diary.

## Conclusions:

After the careful observation at the processes at Srishti, it was found that the organisation has been following the lateral transfer framework rather unconsciously. Srishti has been instrumental right from identification of employees, through informal transition stage, formal transition stage till the stage of extension and innovation. There have been as many as eight instances of lateral transfers in the organisation, all of which have proved to be a successful lateral transfer. The inputs from the employees at Srishti also gave us insights on the various apprehensions they undergo during the process. Understanding which helped us in recommending the measures which have to be taken care of while handling such apprehensions.

## Dos and Don'ts in a Lateral Transfer:

### Dos

- Identify the right candidate – Employee who is looking for a change, wants to move from his current position in the organization, is efficient and flexible to adopt a different way of working and who willingly accepts the transfer.
- Guidance – Help the employee overcome the initial fears and the fear of failure or underperforming by being there to support till the employee can operate independently.
- Sense of progression – Transfer the employees by providing perquisites along with extra responsibilities.
- Create a sense of ownership and leadership – The whole change process helps in identification of strengths and weaknesses in the employee and hence there is scope for constant improvisation and this In turn can develop leadership qualities and help own up the processes as the employee would be familiar with various aspects of the organization and in a better position to make informed decisions.

- Work as a partner - the relationship between the leaders and workers have to be such that the distinction between the two is negligible.

### Don'ts

- Pressurize – In the initial stages when the employee is still discovering the nuances and familiarizing himself with the different role, the focus should be on the way he is shaping up than about delivering results.
- Do not force the person to take up a new role unless there is complete agreement from both the sides

A successful lateral transfer results in innovation by the employee in the role and extension to newer roles. Every organisation which aims to take its employees through a worthwhile journey of lateral transfer must be vigilant in following the framework discussed above. However, lateral transfers must be considered keeping in mind the kind of employees, size of the organisations, organisational structure, and also the result of intra and inter departmental shifts. Careful identification of employees, effective training, review and evaluation may reduce the errors organisations may commit in the lateral transfers. Organisations that methodically follow the framework may have higher chances of having success stories of lateral transfer in their organisation.

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