

Avoiding the Potential Risks of Internal Transfers

By Lin Gensing-Pophal

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Chris works in a call center that tracks and shares statistics on representatives—the number of calls they handle, the average length of calls, the percentage of successful resolution of calls, etc. Chris—and Chris' colleagues—know where they stand, and Chris' standings are pretty dismal. So Chris begins applying for as many internal transfers as possible and finally manages to land a position in another department. Chris' supervisor, glad to hear the news, remains mum about Chris' poor performance.

Pat has a reputation for being difficult to work with, rude and, on occasion, bordering on engaging in harassment of other employees. Pat's manager arranges for a transfer to another department in the organization—a lateral move that doesn't negatively impact Pat's salary but is to a position with less visibility and less authority.

Robin and Fran have both applied for an internal transfer to a position in the sales department—a coveted role representing the opportunity to boost their income through generous sales incentives. Robin gets the job. Fran, who is 65 years old and has more experience with the company, as well as a record of strong performance, feels she was overlooked because of her age.

Each of these situations represents potential risks that can be created through internal transfer practices. It's important to understand the risks and how to successfully manage internal transfers to benefit both employees and the company.

Should You Transfer Underperformers?

Matt Gomes is a partner at Weinberg Wheeler Hudgins Gunn & Dial in Atlanta. "Transferring an underperforming employee creates the possibility that, after the person is disciplined or discharged [from that second job], he or she challenges the decision by arguing that their past poor performance could not have been that bad," Gomes said. "Otherwise, they wouldn't have been transferred, but rather, disciplined or discharged."

Another risk may be that the employee perceives the internal transfer as retaliation, said David C. Miller, a labor and employment attorney at Bryant Miller Olive in Miami. For instance, he says:

- § What if the new assignment is in a location that makes the employee's commute longer or changes the worker's hours?
- § What if it conflicts with child care arrangements or some other personal issue?

"If that difficult employee has complained in the past about anything that could be construed as discrimination or whistleblowing, you have set up a retaliation claim," Gomes said.

Whether to transfer an underperforming employee may hinge on the reason the employee is struggling. Gomes drew a distinction between a skills or experience mismatch and misconduct.

"Behavioral problems or misconduct are tougher to excuse than substandard performance," Gomes said. "If someone is engaging in bad behavior in a job, rather than underperforming, there may be an attitude problem that will recur in a new position."

It's important, though, he added, not to give up on employees too soon.

The Right Approach to Take with Internal Transfers

"Most people believe in the value of second chances, and sometimes, moving an employee from a position in which they have not been successful to a different one can rehabilitate them," Gomes said.

Tim Rowley, the CTO of PeopleCaddie, a gig-work platform in Chicago, said employers first have to examine the employee's behavior and decide if that worker is eligible for transfer. Reflecting on his time with a previous company, Rowley said, "the worst person I had on my team was a person that transferred over from another group." At the time, he says, Rowley was relatively new to the organization and not familiar with that individual's history—"and nobody apprised me of that."

If the issue is a simple skills mismatch, Rowley said, try to find a position in the company that's a better fit. But, if the worker is just not a fit with the culture, the individual "should not be allowed to transfer, and the manager they're currently working for should be forced to deal with the problem." Managers should not "pass problems along," he added.

Transfer as Retention Tactic

Opportunities to transfer into new roles can be important retention tools, Rowley said. "Employees should not be barred from pursuing other opportunities." If they are, they might just decide to pursue those opportunities elsewhere.

That said, Rowley does believe that supervisors and managers should be notified when their employees are interested in pursuing another position within the organization. "I don't think that managers should be blindsided. They should be fully aware that the employee is interested in other opportunities in the company," he said.

McLean & Company's Preparing for an Internal Talent Marketplace blueprint (https://hr.mcleanco.com/research/ss/preparing-for-an-internal-talent-marketplace?utm_source=pressrelease&utm_medium=referral&utm_campaign=MCOTalentMarketplace) suggests that employers have an opportunity to be proactive and strategic in managing their internal talent. Technology can play an important role here, such as by using AI to identify internal talent and match it to internal opportunities. Companies that do this, McLean researchers said, "are 24 times more likely to be high performing in terms of overall organizational performance."

They're also more likely to support a strong culture that leads to employee engagement and retention.

Building and Boosting Culture

Aside from potential legal risks related to internal transfers, there are cultural implications, as well, said

Ethan McCarty, CEO of Integral, which recently released its 2022 Integral Employee Activation Index (<https://www.teamintegral.com/index/>), a survey of U.S. employees designed to understand the drivers of employee attitudes and behaviors.

"We've observed in our work with organizations large and small that while global company culture is important, the relationships we have with our immediate team—and especially our immediate managers—have incredible bearing on the mindset we bring to work," McCarty said.

These relationships can spark or hinder employees' interest in moving into another role in a different department or division. His advice: "Enlist your high performers when developing the selection criteria for rotational assignments, enable them to make choices along the way, and make it socially acceptable to pass on any given opportunity for a rotation without shame or consequence."

Having policies around internal transfers can be helpful in ensuring that everyone understands the rules and expectations—and the implications of simply attempting to "kick the can" when dealing with poor performers.

"Because these situations tend to be very fact dependent, I don't believe that a one-size-fits-all written policy would be productive," Gomes said. "Rather, supervisors should be advised to work closely with human resources to determine whether a particular employee might benefit from a transfer to a different job where he or she might be more successful."

There are both upsides and downsides to internal transfers. The upside is that internal transfers can offer employees new opportunities and the potential to learn new skills and gain new experiences. For employers, transfers provide the ability to move employees into positions where they may be more successful and productive. The downside is that, in some cases, these internal transfers may be seen as retaliatory and may result in a "bad apple" being shifted around the organization rather than being appropriately disciplined or terminated. Taking the right approach to internal transfers can help companies match employees' skills with the right positions, support a strong culture, boost engagement and retention, and minimize potential risks.

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