

ROTATION AS A DEVELOPMENT TOOL IN GLOBAL TALENT MANAGEMENT

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Abstract

The aim of this paper is the analysis of the usage of rotation as a development tool in global talent management in the Czech subsidiaries of the multinational companies. Talent management represents an advantage for both sides, for the employer and the employee. For multinational companies is the global talent management the necessity. Globalization brings the obligation to develop the future leaders internationally. The talent identification, global leadership competency model and global talent management program will help to prepare the successors for the top leadership positions of international firms. The research goes form the quantitative survey provided among 85 companies in 2016. The output from the structured questionnaire was analyzed using statistical methods. The researched companies put a strong emphasis on the talent selection and talent development through the international assignments. There were identified differences according to the size, ownership, and country of headquarters location. It was also confirmed that human resource departments play an important role in the talent identification and talent development. The talent management is in multinational companies led globally, regarding the local specifics. Most of the respondents involved in the survey confirmed the international rotation as an essential tool for the preparation of top leaders.

Key words: rotation, talent management, career development, leadership

JEL Code: M12, M59

Introduction

The global companies need global leaders. For multinational companies is the global talent management the necessity. Global organizations need to act at both local and global levels in a way that recognizes the interdependence between the two (Luo, 2016). Global talent management is a developing tool for future successors of global leaders. Global leadership is the ability to develop peak performance through the talents and potential of a diverse set of people, organizations, and societies (Dunn, 2012).

1 Talent management

1.1 Global talent management

Globalization represents the need for global leaders nowadays. Based on previous research the approaches to planning the managerial career and skills development have been shown to vary across countries (Boussebaa, Morgan, 2008). Talent management plays an important role in planning human resource management. It is important for not only for the employer, but also for the employee. Companies are developing their own managers and their successors and the talent is more motivated to stay with the company. Talent management can be managed locally or globally. For multinational companies is the global talent management the necessity. Global organizations need to act at both local and global levels in a way that recognizes the interdependence between the two (Luo, 2016). Human Resource Department can play a significant role in the global talent management programs. It can coordinate the balance between the central and local needs (Reilly, 2015). Talent management and succession planning develop corporations with bigger or smaller success. The primary task is the establishment of a leadership competency model. The difficult issue represents the diversity of leadership capabilities of different leaders. It is even more visible in multinational companies with different national culture. The leadership style is individual and not easy to transfer. Some leadership skills can the talents learn; with some, they have to be born. For this reason, it is very important the right selection of candidates to the talent programs (Ram, 2008). The structure of talent program should support the corporate strategy, goals and needs of human resources. The talent management program may involve passive or active learning approach. International rotation as an active form of learning can be recommended for global talents.

1.2 Rotation

Rotation means changing position with the aim to develop employee skills actively. Learning by doing is the most effective learning method. Rotation between several jobs and scopes is essential for the talent preparation for the strategic position in high international management. Rotation can be horizontal, vertical or diagonal. For the employee is the most motivational vertical rotation. It is connected with higher responsibilities and reward. Horizontal rotation can be seen as a necessary step for the next promotion. International rotation prepares future leaders of multinational companies. Rotation can be short-term or long-term. Short-term rotation for the global talents' development to is not used frequently. An exception can be made for example as one-day or one-week internships in the shared service center. The future leader meets with the environment and the problems that the staff at lower levels solves.

In contrast, the long-term rotation takes up to several years and is organizationally and financially demanding for the company.

International rotation usually takes 18 months to 4 years and for the enterprise and the employee is very demanding. It means the full relocation of the employee, usually with their family. Support for the following employee may include relocated cultural training and language training. In multinational enterprises is a general practice that the candidate for the position of senior management, i.e., at the level of General Manager or a member of the Board of Directors, must pass through several different departments within the company. The fact that they spend several years in various positions always gets an overview of the business as a whole.

According to the Conference Board (Maximizing Rotational Assignment, 2006) is also used extensively as a rotation of the development program for senior management in the successors international undertakings. Leadership skills acquired during rotation have been identified as crucial for further development. These skills include communication skills, teamwork and the ability of rapid decision-making in the context of the changed conditions and under stress. Businesses such as General Electric or Procter Gamble plan to carefully the development of their leaders by using rotation, including relocation. Individual development plan is designed individually for employees with high potential. In the framework of the Belgian KBC, it is a condition for progress to the senior management position horizontal rotation between the commercial and non-commercial part of the company. The aim is to prepare the future leader to understand how the needs of the trade and the support departments are. The talent gets the strategic insight, which is necessary for the role of global leader of the company. Therefore, the rotation is considered as one of the very efficient and effective tools for the development of global leaders.

While managers do appear to appreciate the importance of talent management, they often fail to manage it effectively, and the linkages between talent management and organizational performance remain unclear (Collings, 2014). For the successful implementation of global talents' program is needed to set up the entire process.

These are the steps recommended in The Conference Board's research (2006):

- selection of talent
- preparation and support of talent
- preparation steps in receiving company
- regular evaluation and feedback of talent
- plan for returning back to the corporate structure

The correct selection of the candidates for the rotation is a key success factor. In the selection, it is important to assess competencies and personal characteristics of the candidates. Competencies that are essential for a correct selection of the candidates for the rotation: focus on results, the ability to define and motivate people, ability to adapt to changes, willingness to learn, teamwork, clear communication, energy and enthusiasm. Some companies add to these competencies the integrity of personality, acceptance of diversity, determination. In the selection of suitable candidates, the department of human resources management cooperates with senior management. Together they propose candidates for the rotation and these candidates go through the selection process. In the context of the selection, procedure is recommended for a structured interview. In the context of this conversation is discovered an interest in a candidate for the rotation and possible risks with it. All parties approve the final selection: talent, representative of the human resources management department, representative of top management. They also prepare the program for the rotating employee. The best forms of preparation represent coaching or mentoring. In addition, a short-term project in the final destination could help for better adaptation to different culture.

Programs that support rotation as the development of their future leaders also have some risks. It is recommended to rotate a maximum of one position above, to make demands on the talent reasonable. Risk can also be the talent's or his family's inability to adapt to the environment, in particular as regards the relocation to countries with vastly different cultures. As already mentioned, in particular, rotation within the international environment for business is financially demanding. Finally yet importantly, it should be as a risk to state the fact that talent may have exaggerated expectations about their further career development. If it does not, you may lose the motivation to go to a competitor.

In addition to the above-described rotations, the enterprises for the development of their future leaders are using their participation in the international or global teams. The teams do not mean long-term residence abroad, as in the case of an international rotation, but shorter-term inclusion in the project, which is usually beyond the job description. Allow the participant to tell the international environment, the processes that are being used and learn to work in a multicultural team with all its specifics. At the same time, it is also about virtual teams where members do not socialize in person, but they can work on a project through e-mail, telephone communications or with the use of modern communication tools, such as teleconferencing and video conferencing.

Global talent management is the set of HRM activities undertaken in the context of international business to manage talent for differentiated roles (Scullion and Collings, 2011).

Implementing international talent management effectively requires consideration of the full breadth and range of activities within the talent system, collaboration amongst inter-dependent actors and awareness complementary roles and scope of influence as stakeholders (King, 2015). The people within each subsidiary use social networks, routines, processes, and systems to share knowledge with one another. This exchange also leads to greater understanding among employees (Morris, 2016).

2 Research

The research took place in the year 2016 among the Czech subsidiaries of international companies. A total number of 85 enterprises, branches of international companies with the place of head office in 15 different countries responded to the questionnaire. The return rate of the questionnaires was 43 %. In the framework of the research has been used the quantitative method in the form of a structured questionnaire. Top manager or HR managers were addressed directly by email. Distribution of respondents by country of residence of the headquarters:

Austria 8, Belgium 12, France 5, Germany 20, Italy 4, Japan 3, Korea 3, Netherlands 2, Poland 2, Russia 3, Slovakia 3, Spain 3, Taiwan 1, UK 3, USA 13.

The establish hypothesis should confirm that the subsidiaries use the global talent rotation to a large extend.

It was not confirmed that the place of the registered office of the owner plays an important role in the use of international rotation as a form of development of top talent. The business size plays a greater role. Distribution of firms by size is shown in Table 1. The most represented were companies with the number of employees 250-499.

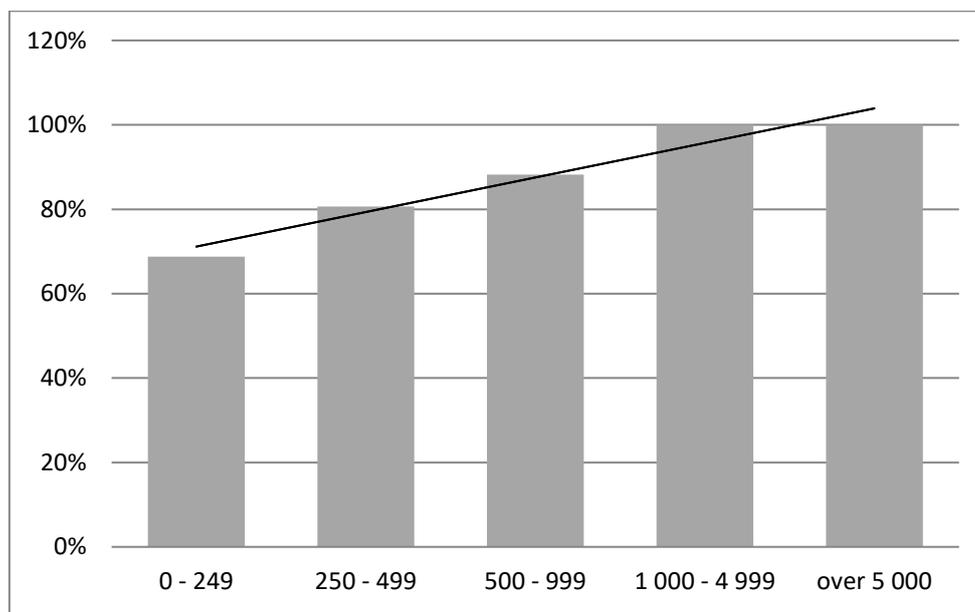
Tab. 1: Number of employees and usage of rotation

FTEs	Respondents	%	Using rotation	%
0 - 249	16	19%	11	69%
250 - 499	31	36%	25	81%
500 - 999	17	20%	15	88%
1 000 - 4 999	13	15%	13	100%
more than 5 000	8	9%	8	100%
Total	85	100%	72	85%

Source: own research

From the sample of respondents, 13 (14%) companies do not use the talent rotation. The biggest companies are using the rotation in 100 %. There was confirmed the correlation between the size of companies and use of talent rotation. The dependence is linear up to the size of company to 999 employees (see Figure 1).

Fig 1: Use of rotation according to the size of the company.



Source: own research

The talents can rotate to another subsidiary in a different country or to the head office. From the sample of respondents the ratio of rotation to the headquarters or a subsidiary in another country is almost identical, as well as the use of both options. Thirteen companies participating in the research do not use the rotation at all. Table 2 shows the result.

Tab. 2: Number of employees and usage of rotation

Location	Respondents	%
to the headquarters	24	28%
to another country	25	29%
both types	23	27%
no rotation	13	16%
Total	85	100%

Source: own research

The length of rotation was another part of the research. From the data in Table 3 it is clear that mostly the companies are using the three or four year's rotation. More than fourteen percent of respondents are sending their global talents for assignment to another country for less than one year. The cost with such short allocation could be higher than the expected benefits.

Tab. 3: Length of rotation

Length of rotation	Respondents	%
less than 1 year	10	14%
1 year	5	7%
2 years	8	11%
3 years	15	21%
4 years	24	33%
more than 4 years	10	14%

Source: own research

The role of HR department in global talent management is important. Seventy percent of the companies confirmed that the global HR talent management department is involved in the completely global talent program. The cooperation on the HR global and local level is necessary for success of international rotations.

The research has also its limitations. It was provided only on the Czech market. For further research, we recommend involving more countries or more companies with different location of headquarters. The new hypothesis suggestion: the companies involved in this research are using the same approach towards all subsidiaries located in different countries. The results can vary country by country.

Conclusion

International rotation can play an important role in the global talent management. The survey provided in the Czech subsidiaries of foreign companies confirmed this fact. Globalization brings the necessity to develop the future leaders internationally. The talent identification, global leadership competency model and global talent management program will help to prepare the successors for the top leadership positions of international firms. Most of the respondents involved in the survey confirmed the international rotation as an important tool for the development of successors of the top leaders.

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