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Are There Companies that Build Business Rotations into their HR Development Strategies?

Abstract

[Excerpt] Among the many important tools in the Human Resource Management toolbox, rotation programs are excellent tools for recruiting, professional development and retention of top HR talent. In a survey conducted by Hay Group involving 1279 companies to determine best business practices, offering rotational programs for high potential employees ranks among the top five. By implementing such best practices, HR managers are more satisfied with the number and quality of their HR employees. In addition, when non-HR placements are incorporated they also provide the opportunity to enhance business acuity for HR professionals. Business acumen is a badly needed skill for HR and many companies have difficulties developing the necessary skills in this area. Deloitte's research confirms that "less than 8 percent of HR leaders have confidence that their teams have the skills needed to meet the challenge of today's global environment and consistently deliver innovative programs that drive business impact." Using this systematic method to expose Human Resources to different business functions, rotation programs clearly benefit both the company and employees. This paper summarizes research, and provides recommendations, surrounding business rotational programs for HR professionals.

Keywords

human resources, HR, business rotations, HR development strategy, business acumen, rotation programs, recruiting, professional development, high potential, career development opportunities

Comments

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Research Question

Are there companies that build business rotations into their HR development strategies?

Introduction

Among the many important tools in the Human Resource Management toolbox, rotation programs are excellent tools for recruiting, professional development and retention of top HR talent.¹ In a survey conducted by Hay Group involving 1279 companies to determine best business practices, offering rotational programs for high potential employees ranks among the top five. By implementing such best practices, HR managers are more satisfied with the number and quality of their HR employees.³ In addition, when non-HR placements are incorporated they also provide the opportunity to enhance business acuity for HR professionals. Business acumen is a badly needed skill for HR and many companies have difficulties developing the necessary skills in this area. Deloitte's research confirms that "less than 8 percent of HR leaders have confidence that their teams have the skills needed to meet the challenge of today's global environment and consistently deliver innovative programs that drive business impact."² Using this systematic method to expose Human Resources to different business functions, rotation programs clearly benefit both the company and employees. This paper summarizes research, and provides recommendations, surrounding business rotational programs for HR professionals.

Benefits and Drawbacks of HR Business Rotation Programs

While there are many benefits of rotational opportunities for HR professionals in different areas of a business, there are also some drawbacks to them as well. Listed below are the pros and cons of having such programs including their implications for the organization.

Benefits:

- HR employees involved in rotation programs increase business acumen in different functions (finance, operations, etc), while also being provided the opportunity to enhance KSA's in two categories: technological and administrative.⁴
- Business rotations reduce exposure to repetition and increase both commitment and overall satisfaction for HR professionals. By participating in business rotations, HR employees can add new perspective to the Human Resource function at the firm.⁵
- Rotations provide information that HR can use to improve career development opportunities. Rotation programs are always considered to have close connection with future promotions and personal development which give employees great incentive to participate.⁶

Drawbacks:

- HR professionals learn about the internal mechanics of business practices of their respective company, however broader knowledge of commonly accepted industry business practices may not be taught; this inadvertently limits business acumen to the company's practices for the HR employee.⁷

- HR business rotational programs can be a challenge to administer due to possible turnover as a result of experience gained; inability to assign long-term projects to the HR employee during rotation period; and/or employees not selected for rotations may seek out other opportunities with different firms.⁸

Case Studies

Many companies offer rotations through different business functions for HR professionals. These rotations are linked to leadership, as well as professional development for eligible employees. There are two case studies that help illustrate the importance of business rotational programs for HR:

- **General Motors:** In what is known as the Technical Rotation and Career Knowledge (“TRACK”) Program, selected HR employees can pursue two different HR paths, one of them being on the manufacturing side of GM appropriately called “manufacturing HR” while the other path is “corporate HR.” Manufacturing HR have three different assignments during a three-year period (12-month rotations) with at least one rotation in labor relations as an HRBP and in a production group. Corporate HR participants also rotate through labor relations however have limited rotational options; they must rotate through global compensation and benefits and either talent acquisition or management.⁹
- **General Electric:** GE found that HR rotational programs are vital to aligning HR employees with overall business strategy. GE’s entry-level employees rotate through labor relations, compensation, staffing, and other HR functions. However, GE also provides its HR professionals the opportunity to rotate cross-functionally through marketing, auditing, operations, or other business functions. This increases HR’s connectivity and credibility in the business. Another benefit of these rotations emphasizes the importance of networking both in and out of the HR function.¹⁰

Best Practices

Based on the research and examples provided, we have devised four recommendations to ensure rotational effectiveness:

1. Have a clear understanding of which knowledge/skills will be enhanced for HR employees once the business rotation program is implemented.¹¹
2. All business executives should emphasize importance of training in each function to assure the effectiveness of business acumen growth for the HR employee.¹²
3. HR managers with less than 10, and HR professionals with less than 5 years’ experience (show the most interest in rotational should rotate through other business functions (Appendix A).
4. HR employees must focus on five key competency areas during their rotations: leadership and navigation, communication, business acumen, critical evaluation and relationship management; heavy emphasis should be placed on business acumen (Appendix B).

Conclusion

Overall, there is significant research suggesting that rotation programs that include rotations through non-HR business departments are beneficial to both HR professionals and the firms that employ them. Rotational programs help sharpen business acuity, provide networking opportunities and finally contribute strategically to the development of strong HR leadership across the enterprise.

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Appendices

Appendix A



Source: Cheraskin, L., & Campion, M. A. (1996). Study clarifies job-rotation benefits. *Personnel Journal*, 75(11), 31-38. Retrieved from <https://search.proquest.com/docview/219762264?accountid=10267>

Appendix B

Missing HR Competencies

The percentage of business unit executives who view the following competencies as lacking in the labor pool of candidates for human resource positions.



Source: *Using Competencies to Achieve Business Unit Success—The Executive Perspective*, SHRM (2016).

Source: “Using Competencies to Achieve Business Unit Success – The Executive Perspective,” *SHRM.org* (2016). Retrieved 10 October 2018. <https://www.shrm.org/hr-today/news/hr-magazine/0517/pages/how-hr-can-build-its-own-talent-pipeline.aspx>