

Eszter Avar & Anna Magos & János Salamon

2012

Best HR Practices of International Large Companies



Experience, pointers and techniques of Hungarian
managers

Research supported by the HR Portal, CoVa
and Analogy Dialogue

1. Acknowledgements

We are grateful to the following HR managers, senior managers and experts for assisting us in writing this paper by sharing with us their best practices, ideas and advice.

Kálmán Bacsur - HR manager	Tüv-Rheinland Csoport
Áron Berkes - HR manager	Schneider Electric Hungária Villamossági Zrt.
Bernadett Bohács - HR manager	Ericsson Magyarország
Ágnes Dalos - HR manager	Kraft Foods Hungária Káv és Édesipari Áru Értékesítő Kft.
Dezső Kirner - HR manager	Holcim Zrt.
Pál Dúcz - HR manager	AMRI Hungary Kutató-Fejlesztő Zrt.
Zsuzsa Friedl - HR manager	UPC Magyarország Kft.
György Gémes – line manager	AIB-Vincotte Hungary Kft.
Melinda Grátz - HR manager	LG Electronics Magyar Kft.
Andrea Solti Istenes - HR manager	Shell Hungary Kereskedelmi Zrt.
Mónika Jackson - HR manager	HILTI Hungária Szolgáltató Kft.
László Károlyi –CEO	Legrand Zrt.
Csaba Kiss - HR manager	Porsche Hungaria Kereskedelmi Kft.
Krisztina Kovács - HR manager	Hewlett Packard Magyarország Kft.
Anikó Kőrösi-Killeen – HR manager	GE Lighting
Linda László - HR manager	Nokia Siemens Networks Magyarország Kft.
Miklós Magyar - HR manager	XEROX Magyarország Kft.
Andrea Nagy - HR manager	Vodafone Magyarország Zrt.
Anikó Nagy - HR manager	Robert Bosch Kft.
Margit Paróczai - HR manager	Richter Gedeon Nyrt.
Levente Pátrovics - HR manager	Lufthansa Systems Hungaria Kft.
Balázs Pinczés - HR manager	Emerson Electric Magyarország Kft.
Dóra Pogány - HR manager	Cisco Systems Magyarország Kft.
Lajos Reich - country manager	GE Healthcare Technologies
Edit Safrankó - HR manager	Sara Lee Hungary Zrt.
Mónika Somogyi - HR manager	Papyrus Hungária Zrt.
Ildikó Kállai Szijj - HR manager	Praktiker Építési - és Barkácsolások Magyarország Kft.
Géza Szilágyi - HR manager	Hewlett Packard Magyarország Kft.
Andrea Szulyovszky - HR manager	NEC Eastern Europe
Roland Tischner - HR manager	Wizz Air Hungary Kft.
Dóra Tompos - HR manager	SAP Hungary Kft.
Andrea Tóth - HR manager	Boehringer Ingelheim Pharma Magyarország
Gábor Tóth - HR manager	Siemens Zrt.
Anita Urbán - HR manager	Grundfos Hungary Kft.
Imre Vadász - HR manager	SONY Hungária Értékesítő és Szolgáltató Kft.
Anita Vass – HR manager	GE Lighting
Zsolt Vuleta – CEO	Bacardi-Martini Hungary Kft.

... and many others.

2. Introduction

2. Introduction

Knowledge put in context carries enormous power. The context not only teaches and gives a model example, but also inspires and energises. You will often learn more from a case study than from a lengthy theoretical article.

The goal of this paper on the *Best HR Practices of International Large Companies* is to tell instructive and inspiring stories, the success stories told by our interviewees, from which other HR managers and senior managers interested in HR can draw ideas for the development of their own organisation.

The Research

We interviewed a total of 38 HR managers and CEOs from December 2011 to April 2012 in an effort to identify the HR challenges faced by the Hungarian subsidiaries of multinational companies and their responses to them. The goal was to collect the relevant best practices and to share them with the participants of the research for the sake of boosting knowledge transfer within the HR profession.

The interview methodology was complemented by a questionnaire-based quantitative survey in which we analysed data received from the Hungarian HR managers of 20 multinational companies.

Although the original aim was to cover exclusively the special HR features of multinational organisations, we soon discovered the need for a broader thematic approach. Lots of people expressed their curiosity concerning e.g. the performance measurement systems and talent management practices of other firms. Frequently raised topics included challenges related to Generation Y; ways and means to boost motivation and commitment; the promotion of knowledge-sharing and the integration of the culture of innovation or, for that matter, the establishment of an adequate work-life balance.

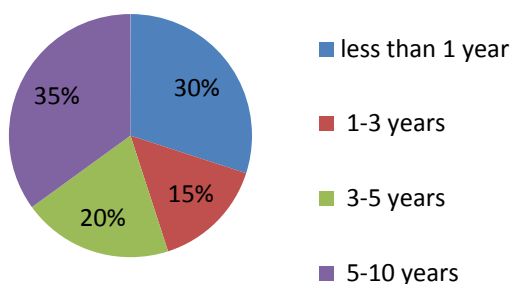
Obviously, the HR dilemmas of Hungarian multinational companies were not restricted to the classical “multi” topics. Therefore, it was decided that the paper should cover all topics of interest based on our experience, i.e. the ones in connection with which the interviewees raised many questions.

2. Introduction

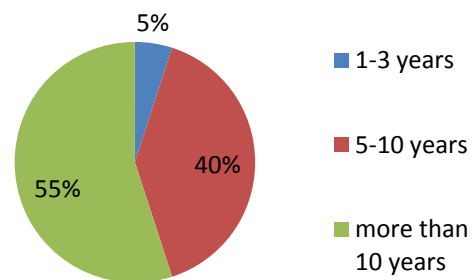
Participants of the Research

Since most multinational companies have strict rules on what internal information can be made public under the name of the company, we decided to relay the cases, pointers, ideas and quotations anonymously. However, in the following, we will share the basic data of the survey in relation to the HR managers and organisations involved in the research.

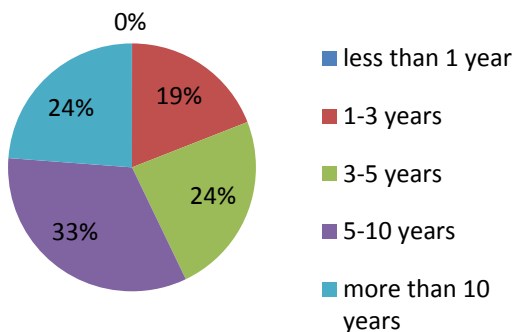
No. of years spent at current company



Number of years spent in HR



No. of years spent as HR manager



The majority of those who completed

the questionnaire have been working at their current companies for a relatively long time: 65% for at least 5 years, and relatively few are newcomers to the organisation. 95% of respondents have worked in HR for more than 5 years, and 60% as HR manager for more than 5 years.

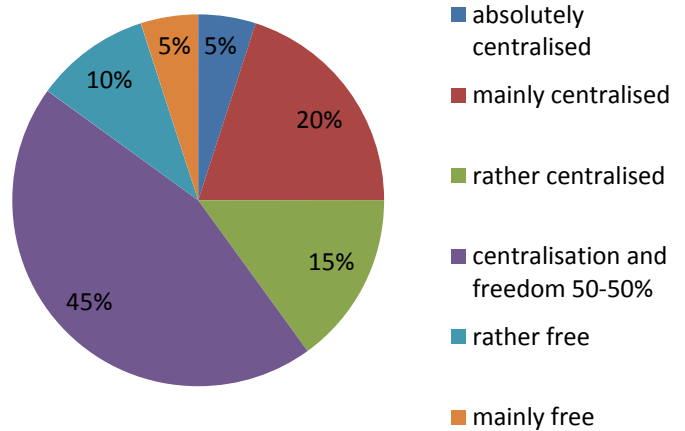
We were curious to learn what elbowroom and decision-making power the Hungarian subsidiaries had within their respective multinational company groups and to what extent HR issues were determined by the regional or global headquarters. These are most important pieces of information, providing a good indicator for assessing to what extent the techniques, ideas and best practices shared in this study can be used by other managers in the future. The diagram on the following page clearly shows that although few Hungarian companies are given carte blanche in HR decision-making that is not tantamount with saying that HR systems are centrally determined. Almost half of HR managers are of the opinion that the distribution of central regulation versus local decision-making is around 50-50%.

2. Introduction

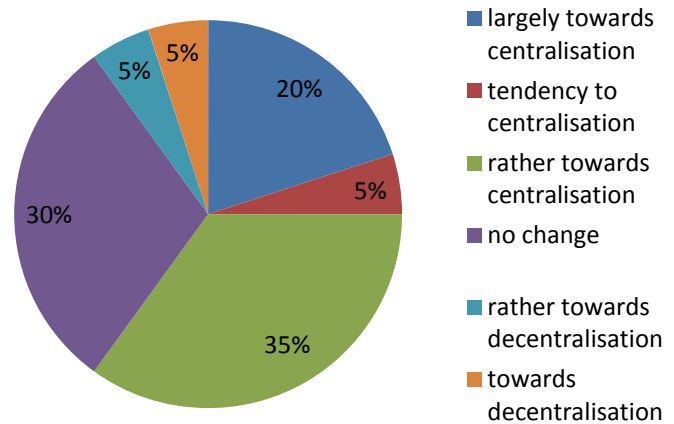
The answers to the question querying changes in the degree of centralisation, on the other hand, suggest that the general tendency is in favour of central determination: 60% of companies shifted in favour of centralisation in the past 4 years, and only 5% experienced a contrary tendency.

Our interviews confirmed this assumption. Under the impact of recession, the global and regional centres have taken control in their own hands in an increasing number of places and fields, leaving less ground for local initiatives. Many Hungarian HR managers have realised that. Whereas a few years ago the typical HR manager’s dilemma was *“how should I implement this or that initiative at the Hungarian company”*, to date one hears more frequently dilemmas of the type *“how should I make the regional HR centre adopt the ideas of the Hungarian HR team, the system that functions well at our place or “how to increase our influence on global-level decision-making?”*. We sincerely hope that our paper will be an asset also in solving dilemmas of this new type.

Degree of central determination of HR activities



Change in degree of centralisation of HR processes in past 4 years



Structure of the paper

As indicated already, the topics discussed in the paper match the interests, questions and dilemmas of the research participants.

Chapter 1 discusses the topic of the flow and sharing of knowledge, all the more so since the present research was designed to facilitate knowledge sharing within the profession.

Each chapter begins with questions formulated by the interviewees, shown in the heading above the title of the chapter. The last section of each chapter is a collection of

2. Introduction

specific cases, i.e. of success stories shared with us by the respondents in connection with the topic under study.

A few topics bear the special “Analogy Dialogue” mark on the left-hand margin. These are case studies, which have already been displayed also on the Analogy Dialogue Experience Management System. If you would like to know more about that, please visit <http://www.analogydialogue.com>.



How to proceed?

We sincerely hope that many stories in this paper will give you inspiration and ideas as to the HR-centred development of your company.

You are likely to read some stories provoking questions that you would be happy to discuss with the owner of the story, so to say.

The majority of HR managers and senior managers participating in the interviews definitely asked us to bring this virtual contact network to life, i.e. to organise meetings where the research participants can exchange their experiences concerning the topics at hand personally.

The first personal meeting is scheduled for autumn 2012. We hope that this paper will provide you a useful and pleasant pastime for the summer while waiting for that date.

Sincerely,

Eszter Avar, Anna Magos and János Salamon
organisational development experts

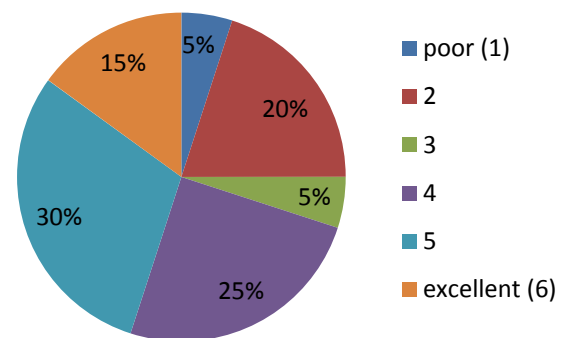
DILEMMAS OF SENIOR MANAGERS: What are the best practices in talent management? How can I identify REAL talent? What e-means are there for talent management? What programmes are available for developing the talented? What do other firms do in the talent support field?

3. How to attract and keep talents?

Most dilemmas and questions of the HR managers and senior managers involved in the research could relate to the topic of talent management. Obviously, attracting and keeping talents is an issue of high concern today for most Hungarian companies. With the ageing of the population and the parallel decline in the supply of young and talented labour, the fight for the talented is becoming keener among the companies.

Satisfied HR managers. Most of the interviewed large companies have some type of programme to identify and develop “talented” staff members. According to the conclusions of the questionnaire survey, the majority (70%) of HR managers are satisfied with the talent management system operated at the company. Nevertheless, they are most interested in further new methods. The HR staff and the management obviously consider talent management a field where development must not stop. However satisfied you are with your established talent management system, you must keep looking for new and even better options, as witnessed by the questions and dilemmas shown above the title.

Operation of the talent management system at the Hungarian company



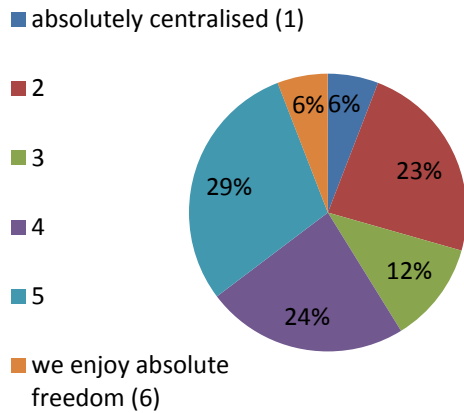
Half of Hungarian companies are given carte blanche. There is a major gap between the Hungarian subsidiaries of multinational companies in terms of the degree of freedom provided to them by the regional and global headquarters in the development of the talent management system. Around half of HR managers completing the questionnaire declared that the Hungarian subsidiary had relative (or absolute) freedom to make decisions on the issue, and only a single one said that the corporate talent management system was absolutely centralised. Apparently, that is, most Hungarian multinational companies have some liberty in the development/upgrading of the talent management system.

Best HR practices of international companies

13. Change management and change of culture

3.1. How do CEOs see the issue?

Central determination of the talent management system



Our experience – confirmed by the respondent HR managers – is that the personal commitment of the No1 leader is one of the main preconditions of an effective talent management programme. Several interviewees agreed that winning the senior management for the cause and raising their attention were key success criteria. At some places this is a given, at others, however, the support of the senior management is the result of the persistent efforts of the HR manager.

Talent management is not in the focus of the CEOs. According to the lessons of PwC’s 2012 research, Hungarian HR professionals are in a more difficult situation in that regard than their colleagues abroad. Whereas the CEOs participating in global surveys ranked talent management highest when they had to indicate the area that was most important in the life of the firm, Hungarian ones gave it the 10th, i.e. the last place. In the international sample, 78% of top managers were of the opinion that talent management was on the brink of great changes. In Hungary, however, only 3% of CEOs think that the accessibility of talented people will change in the future.

The above data and findings make it clear that talent management represents a problem of utmost importance for the international market, but Hungarian company managers do not consider the issue particularly urgent. What could be the reason for that? There are several possible explanations.

Short-term thinking. Talent management programmes do not promise a spectacular increase of company profits in the short term, so they may easily be outside the focus of senior managers thinking in a perspective of 1-2 years. Cost-cutting strategies may seem a simpler and more efficient solution since their results manifest themselves at the time of next year’s closing. Furthermore, everyday operation always raises many urgent/important tasks for the managers, so focus on talent management may get lost. Serious problems due to the lack of talent nurturing will probably appear in 3-4 years’ time. And, in Hungary, few company managers think in terms of such a long time perspective.

urgent and important	not urgent, but important
urgent, but not important	not urgent and not important

Best HR practices of international companies

13. Change management and change of culture

Thus CEOs often fall into the classical Eisenhower matrix trap: they relegate into the background/postpone the topic of talent management as one that is important, but does not appear to be urgent at the moment.

Be glad you have a job. With the protraction of the crisis, many CEOs assume that employees will not quit under such grave circumstances or, if they do, it is easy to replace them with other professionals from the labour market. This logic, however, does not apply to the really talented employees, i.e. those who produce outstanding value for the employer firm through their work. For, they are the persons who the head-hunters seek out even at times of crisis and who, if they are dissatisfied with their employers, can easily change jobs and be certain of being in demand in the labour market due to their gifts.

3.2. Criteria for developing a successful talent management concept

Some features of Generation Y:

- *on the lookout for novelties*
- *deliberate career-building*
- *influenced by brand names*
- *demands immediate feedback*
- *finds it important to be involved in decision-making*
- *appreciates value-generation*
- *more loyal to own career than to the company*
- *lives in the www*
- *driven by the experience of work*

Before the presentation of Hungarian best practices that came to light during the research, let us highlight some criteria and trends to be taken into account when a corporate talent management programme is being introduced.

Generation Y – other demands. To design an effective talent programme, you must take into consideration the typical features of the target group. What do the young talents of our days aspire for? How can they be motivated, how could they be retained by the company in the longer term? Note that the demands, motivations, ambitions of Generation Y may be different, even significantly, from those of the professionals and managers, typically

members of Generation X, who initiate the talent programmes. This is why programmes designed for young talents often comprise components that would be attractive to a member of Generation X, but do not meet the demands of one of Generation Y. The same error is frequent also in recruitment strategies: the recruitment tools and the relevant communication are not adjusted to the needs of the targeted generation. A thorough knowledge of Generation Y is imperative for effective talent management. We shall devote a separate chapter in the paper to Generation Y.

Identify talent as early as possible. At many companies, the talent management strategy means no more than the selection and in-service training of those with high

Best HR practices of international companies

13. Change management and change of culture

potential. However, approaching and attracting the most talented already in their senior years may give a company a considerable competitive edge. The firms use many methods in that field. Here are some typical strategies:

- presence at university job fairs
- intensive contacts with university organisations
- support to vocational secondary schools, vocational education programmes
- awards, sponsoring of study competitions

Raise the returns; keep in touch with those who leave you. Talent development and training is not a cheap business. It requires major investment on behalf of the firm, which will produce returns only if the staff member participating in the talent programme stays with the company to generate profits there based on the knowledge and skills acquired during the training period. The members of Generation Y, however, are increasingly mobile; they change their workplace more easily, and hence there is little guarantee for actually collecting the returns. A classical method for boosting the ROI is to have study contracts signed, but this carries a negative message for many young people who regard it as a measure limiting their freedom. A growing number of companies has realised that the returns on talent programmes can be enhanced also by nurturing intensive contacts with the talented staff members leaving the company, and by leaving the gate open for their return – maybe to a definitely higher position. Contact-keeping (in the form of regular e-mails, news about the results of the company, targeted information on open positions) imply lower costs than the identification of new staff members.

Talented. But how about commitment? Many companies commit the error of assuming automatically that staff members with outstanding abilities will also be loyal and committed to the company. However, according to the 2009 survey of the Corporate Leadership Council (CLC) (which interviewed a total of 20 000 young talents of more than 100 companies)

- one quarter of the talents plan to leave the company within 12 months,
- one third of the talented admit they do not work at 100%,
- four out of ten talents do not trust their colleagues and even less the senior management.

The reason for this phenomenon is that these persons are aware of their own abilities and the availability of alternative options at other companies. Their expectations match their outstanding talents. According to the relevant researches, recession has decreased the loyalty of the talented for their company, but that, in turn, has been conducive to a decrease in performance, since it is difficult to produce maximum performance without commitment to your company.

What lessons does that offer for talent management? The main conclusion is that talent programmes should have a positive impact not only on competence development, but

Best HR practices of international companies

13. Change management and change of culture

also on attitudes and on commitment to the company, or else the investment will yield no returns.

Career development paths. Talented employees are educated/trained and developed in vain if no career development options exist for them at the company. As shown already, the members of Generation Y assign particular importance to their professional career, so in order to keep the best, you must be able to offer them, realistic career options. Multinational companies have an advantage in this respect over Hungarian ones, since they can offer a stay abroad to Generation Y members open for that. Nevertheless, many companies do not profit from this option:

- they do not establish appropriate contacts with the parent company and with other subsidiaries that would let an increasing number of young Hungarians work abroad
- they do not support their talented colleagues in becoming visible in the international arena
- they do not make it clear during recruitment that the company offers an option to work abroad
- they are worried for the talented staff members (lest they should be “taken” e.g. by the Germans), as a result of which the talents often end up at their rivals
- they do not keep in touch with colleagues working abroad, and often lose their chance to re-employ them and make them put their talents at the service of the Hungarian company.

Enlightened companies treat the domestic and foreign career options with deliberation, and this is a considerable asset in keeping their talents.

Only one third of high performers are genuine “high-potential” staff members. As mentioned already, commitment is a major criterion to be taken into account when designing talent programmes. Let us add that ambition is at least as important when it comes to deciding whether to invest in the development of a certain person to help his/her progress to the next career level (e.g. a higher managerial position). According to the CLC research quoted above, only one third of staff members performing well in their actual position can be regarded as having high potential. As for the remaining two thirds, one of the following three constituents is missing: abilities, commitment or ambition needed for progress.

- *Committed dreamers.* These persons are characterised by high commitment and high ambitions, but their skills needed for progress are poor. 7% of employees showing good performance in their current position fall into this category. If the committed dreamer is raised to a higher position, and he cannot enhance his skills radically within a short time, the probability of success in the new position is practically zero.
- *Stars with no commitment.* 30% of persons showing good performance in their current position fall into this category. They command the skills and ambitions

Best HR practices of international companies

13. Change management and change of culture

needed for progress, but their commitment to the organisation is low. This profile warrants success in case of progress in 13% of the cases only. If, however, the company takes deliberate steps to enhance their commitment, these starts may later become highly successful leaders.

- *Stars without ambition.* They are talented and committed, but do not aspire to be promoted. 33% of the current high performers can be assigned to this category. If they are nevertheless promoted, the probability of good performance is 44%, that is, much higher than for the previous two profiles. This is attributable among other things to the changes in ambition and individual goals with time. Therefore, it is important for the company to obtain a correct picture of the ambitions and goals of the talents and to take promotion decisions accordingly.

The main conclusion is that the assessment of the skills and abilities, but also of commitment and ambition are indispensable for the development of a talent management concept and the planning of the career paths of the talented. Often the methodology applied for selecting someone to be included in the talent pool (typically DC) focuses exclusively on the assessment of skills and abilities, disregarding commitment and ambition. The negative consequences of this attitude are frequently experienced, e.g. when

- a talent selected for the management replacement programme leaves the company after the completion of the programme to use knowledge acquired there elsewhere (star with no commitment)
- the negative attitude of a promoted talent has a destructive effect on the team (star with no commitment)
- a colleague terminating the management replacement programme successfully does not agree to be promoted (star without ambition).

It is crucial for every company to reduce the number of such cases to the minimum.

Talents manage their own projects at Johnson&Johnson

It is an integral part of the talent programme of Johnson&Johnson that every young talent implements a project of his/her own during the programme (e.g. product release etc.). The commitment of the senior management is demonstrated by their joint evaluation of and feedback to the owners on the effectiveness of such projects.

Innovation through Collaboration at Cisco

As part of its talent management programme, Cisco involves the selected staff members in real project work. Under the Innovation Through Collaboration initiative, international teams are formed (with special attention to diversity in terms of nationality, professional field and sex). The teams work together on a strategic project, with the support of a coach. The most successful projects are rewarded. The initiative is a huge success, measurable also in that only 2% of participants have left the firm since its start.

Best HR practices of international companies

13. Change management and change of culture

Action learning. The implementers of the most successful talent programmes are not satisfied by organising training for the selected talents. On-the-job methods, action learning and other means through which the programme participants can test themselves in real-life situations and turn the exercise into a learning opportunity tend to come into the foreground. Our texts in italics refer to two international examples of such action-based programmes.

Networking. Many firms have realised the key importance of the extent of one's system of contacts within and without the enterprise in keeping and developing talents and in enhancing the effectiveness of their work.

- *Networking with the leaders.* Some companies give an opportunity to staff members under the programme to establish contacts with higher-level managers (e.g. such managers are regularly invited to training programmes organised for the talents).
- *Networking among the talented.* Others put the emphasis on the closest possible networking of the talents themselves, establishing thereby something of a talent programme alumni system, which supports the flow of information within the company to an outstanding extent.
- *Female network.* Many companies have realised that the potential of female employees can be put to use best if the company creates an opportunity for them to mutually help one another both professionally and as private individuals. Facilitating female networks within the organisation tends to become part of the management of female talents more and more frequently.
- *Networking between the sales personnel and the clients.* There are also examples where a firm assists its talented employees in external networking, as in initiatives to bring the talented sales colleagues in contact with the representatives of the key clients (their talents) by organising joint development opportunities where they can mutually support each other.

Communication at strategic level. Many staff members of Hungarian workplaces feel they have little information on the strategy of the company, i.e. on where it is heading. The demand for being involved at strategic level is more acute for staff members with outstanding abilities. Moreover, if care is taken that they should regularly acquire relevant information on the strategy of the company, the main market trends and the key corporate projects, that will not only make them more motivated, but also prepare them for filling a higher managerial position later on. That is, strategic-level communication through various channels is an important component of successful talent programmes:

- *Trans-hierarchical meetings.* Regular discussions of senior managers with talented staff members from lower levels of the corporate hierarchy. This method has the advantage that contact between the management and the talent is direct and personal. Care should be taken, however, that the trans-hierarchical efforts

Best HR practices of international companies

13. Change management and change of culture

should not weaken the medium management, i.e. that it should not be applied *instead of* consulting them.

- *Strategic information by e-mail* expressly for the selected talents.
- *Access to certain senior management*, where those concerned consult on strategic issues. This solution makes the talents more committed and, in addition, the senior management may access useful information coming from the “ends”.

Now that we have collected the key factors to be taken into account in the development of a talent management concept, let's present some of the Hungarian best practices shared with us by the respondent domestic senior managers and HR managers.

3.3. Success stories – Introduction of the talent programme

3.3.1. How to construct a sustainable talent and career management system? (Case study)



According to a HR manager at the head of a successful talent programme, the answer is the bonus system.

Continuous development and deliberate career planning. “We are the Hungarian subsidiary of an international company. Our previous experience suggested that the talent and career management systems often function on an *ad hoc* basis, and they often die out after a while. It was a challenge to us to construct and maintain an operational system.

To have an operational talent and career management system, you have to choose and apply such tools as will really let you identify the talents and ensure their continuous development, and make career planning a deliberate effort.”

Solution

- “At our place, the bonus of the managers depends among other things on whether they can identify a sufficient number of potential prospective leaders in their own teams. This is a major drive to make the leaders monitor their staff and look for talents.
- Naturally, it is not enough for the leaders to select at random a certain per cent of people. They must be able to justify whom they regard as talents and why, and they have to specify in what regard they ought to be developed so as to be able to realise their potentials. To do so, leaders have to inquire, gather information and keep their eyes open.

Best HR practices of international companies

13. Change management and change of culture

- We support the leaders by providing them a checklist available online. They can think over the potential of each person and their nature, what the next steps of their career path could be and what specific developments are needed to realise them on the basis of a well-specified set of criteria.”

Talent development became a common cause. “Since an annual target figure is defined for talents to be identified in the organisation, and that is linked to the bonus of the management, managers are interested in the continuous monitoring and development of those with high potentials. Thus the fulfilment of this task is no longer based on the individual effort of the HR alone, but it is in the joint interest of the HR and other managers and hence the system becomes operational and sustainable.”

Key factors:

- In the career management system, higher-level managers check whether the appointed potential individuals are actually capable of moving on to a given position; this is how we filter out random selection and concentration exclusively on reaching the target figure.
- Positions must be identified or created where the persons concerned can be promoted. If people move on, their former positions are vacated and provide for the promotion of others. This motion is all-important; otherwise, the positions get rigid and development comes to a halt.
- Lateral movement options are also essential.

3.3.2. Talent management on new grounds

At the Hungarian member of an international company group, the HR management changed the underlying concept of the talent programme in 2011-2012.

Best HR practices of international companies

13. Change management and change of culture

Big team, little added value. In the past period, more than 100 persons were identified as talents and sent to various forms of training annually. Some staff members have already been “discovered” numerous times, but apart from participation at some

Do you exploit chain reactions? “It is my obsession to make many move upwards until, finally, a single simple job is vacated which is easy to fill in from outside. When there is a vacancy, we typically fill it from inside the company, a chain reaction starts. We know for each position where we would look for replacement in case of vacancy, so it is easy to move the system and hence as many as 3 promotions can be effected in a single round. It is useful to express congratulations in a newsletter, as that gives motivation and perspective to those who work here.” (an HR director)

training programmes that has created no special value added for either the person concerned or for the company. Since the company has specified no internal career pathways and, traditionally, internal motion has been very limited, the selected persons saw no perspective in being elected to the talent programme. It was no wonder therefore, that both the staff and the management were rather sceptical about the programme.

The new talent programme differs from its predecessors in several respects:

- Contrary to previous practice, few have been chosen by the DC methodology. In an organisation with more than 1000 staff members hardly more than 20 were included in the programme, which raised the prestige of being included.
- The CEO was involved more than before: there is regular communication on the experience between the programme owners (HR) and the CEO.
- The HR and the programme facilitators pay special attention to involving the management. They make regular interviews with both the line managers and the senior leaders, and their feedback is integrated in the programme.
- Not only the talents, but also the CEO and the senior managers took part in the opening of the 1.5-year programme.
- The programme comprises a training series part designed to develop leadership skills as well as skills and attitudes pointing towards a change in culture to be launched at the company. For, the company expects the talents to become the catalysts of organisational change. This goal is made public at every level.

Best HR practices of international companies

13. Change management and change of culture

- Considerable emphasis is given to facilitating contact-building and the establishment of a talent network within the company. The 20 chosen persons together cover most company functions, and hence their active co-operation can produce major synergies for the organisation, which is rather fragmented as yet.
- An external coach supports the skills and attitude development of each programme participant for a few months.
- The enhancement of the intra-organisational visibility of the talents and the development of their skills is supported also by mentoring provided by a senior manager. This also enhances the commitment of the senior management.
- Since traditionally few managerial positions are vacated in the organisation, other career options are identified and communicated gradually (expert positions, international projects etc.)
- Special emphasis is given to boosting foreign language training with a view of creating foreign career opportunities for the selected staff members.
- A cross-departmental project is implemented as part of the 1.5-year programme, so learning and organisational value creation are realised simultaneously.

How would you set out to develop a talent management system where the relevant culture does not exist yet? "I would think only in terms of a local programme, and my target would be that the topmost manager should support it and understand why it is important. This requires also that the HR should occupy a strategic position, to be able to orient the team leaders in an authentic and efficient way. To win the MD, the potential returns of the talent programme must be expressed numerically."

The concept itself is novel in this basically conservative organisation and, therefore, it implies many challenges for the HR management. Nevertheless, it can be said of the programme launched in January 2012 that the special attention of the management of the organisation as well as the enthusiasm of the chosen talents and their gradual commitment to the programme (which typically enhances commitment to the organisation and also motivation at the workplace) were felt within half a year.

3.3.3. Motivation by job expansion and secondment

Talent programme worked out on a global scale cannot always be transposed directly to the Hungarian subsidiaries the organisational structure of which is often different from that of other subsidiaries.

“Local-level development does not manifest itself in promotion, as our organisation is quite flat. We rotate our colleagues, for example, the colleague in sales will treat VIP clients. We expand their jobs. We put several hats on one person, developing them also this way. At

Best HR practices of international companies

13. Change management and change of culture

local level, in a small organisation with low fluctuation, it does not make much sense to develop a talent programme."

In the opinion of other HR managers, the key to talent motivation in Hungarian forms may be the possibility of career opportunities abroad. "In our organisation, secondment for a few months abroad is integrated in the talent programme. Young colleagues are given a major impetus by spending a few months abroad."

3.4. Success stories – Talent selection

3.4.1. Competency-based talent selection

We have learned from a HR manager what they regarded as the 7 key dimensions for determining who is talented.

"Employees are evaluated along 7 competency-based dimensions. We take that into account, when we make interviews. These 7 dimensions are observed also in recruitment and selection, in development and also in remuneration. The 7 dimensions are the following:

- functional expertise: professional knowledge, experience, abilities, skills
- self-development and development of others: development, education, feedback
- task specification/preparation: e.g. analysis, priority ranking
- task implementation: supervises, corrects, communicates
- co-working skills: team work
- business interpretation and awareness of the strategy
- most important: to fit into the organisation culturally and to be committed to the maximum"

3.4.2. Talent selection with the contribution of an external consultant

One HR manager told that they identified talents and specified their development plans with the help of external consultants. "The talent management programme is prescribed globally. We select the talented on the basis of performance and potential. An annual 10-20% are recruited, and the goal is that they should be subjected to some change. Some kind of promotion is waiting for them in the following year: a job covering a larger scope, more responsibility. Responsibility is in the hands of the direct superior and the selected person himself, and of course the HR provides support. This is a global programme. It begins with an evaluation programme, which we purchase from an

Best HR practices of international companies

13. Change management and change of culture

external supplier, at global level. The candidates complete various tests, and they get feedback on their strengths and weaknesses. They sit down to discuss the results with the external consultant, and the candidates are also provided coaching. Then they work out a development plan with their respective superiors and with the external consultant.”

Advantage of working with external consultants. It may be an advantage of using an external consultant that he will assess the talented by appropriate means of high professional validity. It is important that external consultants are present also when the individual development programme is made, since they know the interpretation of the test results best, and hence they can develop a more concerted and more precise plan together with the superior manager. Another advantage is that the presence of an external, independent expert helps lest the talent programme should fall victim to organisational politics.



3.4.3. Visibility of talents doing field work (Case study)

Our company is a sales organisation, so it is crucial that those who work in the field should perform well. This, of course, makes it imperative to gain an insight into their work, to identify the talents, recognise the inherent potential of our people and to assure them that their work is important and valuable for the company.

Establishment of personal contacts between the senior management and those who work in the field. It is highly important for us to obtain a true picture of our colleagues working in the field, but that is far from simple for the senior management. Previously, they had had no opportunity to gain an insight into the everyday life of the sales executives to see what they did and how they worked, and neither was it revealed who among them were the real talents.

Our goal was to provide an opportunity for the senior management to see that. It was an important criterion that this should be developed through some sort of personal relationship, through involvement.

Solution. We have introduced a so-called “Talent Day”. In practice, on this day the entire senior management goes out into the field together with the employees. A senior manager joins each sales executive. They spend the whole day together; the managers sit with them at the meetings, and take part in their activities.

Best HR practices of international companies

13. Change management and change of culture

Impact. The “Talent Day” gives an opportunity to identify talents working in the field, as the managers see “live” how the sales personnel work. Since the entire senior management takes part in the effort, they see and understand quite well what happens at the “ends”. They gain first-hand experience, and learn things that are difficult to convey by a report. This solution also relays the message that this function/job is highly important for the top management.

Key factors:

- The commitment and openness of the senior management are imperative for the process.
- It is an important criterion that the presence of the manager has no blocking effect on the sales executive he accompanies, but acknowledgement is the stressed component. This, of course, requires an accepting culture providing a feeling of security to the individual.
- The personal experience and impressions of the senior managers are a

3.4.4. Real projects instead of training

“We in talent support stress that people with high potentials should take part in real projects.

The added value of the training events is low, but from real projects, they will really learn something. It is key that we involve the high potentials in projects that produce added value; that are profitable also for the company. This boosts their motivation and commitment considerably. Besides the real projects, the talents are provided leadership training, but they have to test themselves also in practice. They either receive a strategic task, or one in which they can give a glimpse of their leadership skills.”

- “An example of a task to develop managerial skills is when the selected high potential is given an apprentice for whom he makes an introduction plan in addition to assessing the apprentice’s plans, measuring his performance and providing him feedback. This way he learns how to assume responsibility for others. The apprentice, the talent and also the company profit a lot from this situation which is also cost-effective.”

Best HR practices of international companies

*Can the movement of the talented cause conflicts? At our place, it is defined by consensus that the training time is one year; in the 2nd year, the selected person will feel at home and in the 3rd he can already be moved. Both the party giving and the one getting the talent is party to the agreement. It happens from time to time that the rule is overridden by necessity and a position needs to be filled urgently, but the parties can negotiate that, too, quite well. Conflicts arise only if there is no replacement for the person being transferred. Most team leaders are not happy about that, but in such cases another high potential is offered usually at once instead of the person being moved. Some kind of trade-off starts with the talents. **The key to the solution is long-term planning, and a mode of operation in which the successor of every person is known.** (an HR director).*

13. Change management and change of culture

- “For those in the sales area, the introduction of a new product can be a suitable task: they have to explore the relevant options and barriers, make an action plan, assess the status of the product in other regions. All that is done under the supervision of the team leader, and while they learn, the company profits a lot from it.”

3.4.5. Seat reservation for the fast train – an opportunity for the talents

Another interviewed HR manager told the following: “We organise various global events for the high potentials where they can participate, build contacts, express themselves and make presentations. What we give them is like a season ticket to a fitness hall. It depends on you what you make of yourself, how many times you go, how you structure the training. It is a bit like a seat reservation for the fast train where you decide yourself whether you will get on it and you collect at the various stations and what you would take along with yourself.”

3.5. Success stories – Talent attraction

The talent brand or: treatment of the new generation as consumers. In the chapter on Generation Y we have discussed in detail that the work-related needs of this generation are radically different from those of the older generations. This also means that the HR must consider other criteria to attract the talents concerned: they must deploy a novel-type talent brand. The employer brand can be general, but the talent brand must be more specific and special, targeting a specific social group and taking into account the continuously changing needs. In the context of the development of the talent brand, the prospective labour demand must be defined and worked out in concert with the business strategy. It is important to address talents from different segments in different ways. A successful talent brand gives an impression of the experience of work, and that is what will capture most Generation Y members looking for experiences so eagerly.

Best HR practices of international companies

13. Change management and change of culture

The best example is the Google talent brand designed to conquer the cleverest, most talented and most ambitious persons. In the US, in Silica Valley, a mathematical exercise was put up on a billboard along the highway, which triggered the attention of engineers working there. The best have solved it. The figures in the solution led them to a Google website where they were given further tasks. This was the talent recruitment technique; that's how they communicated the values of the company. With this effective technique, they "hunted down" talents from Yahoo, Microsoft and other firms.

Recruitment with stories,

"Collect stories on why the employees are proud of working for the organisation, and what an experience it is for them. Make these stories visible and retrievable in a database to let employees see each other's stories. The same stories can also be used to brief new employees, and they can be applied as a recruitment strategy" (an HR director).



3.5.1. How to ensure that talented engineer undergraduates apply to us? (Case study)

"There is a shortage of engineers, and we need the most talented. Our firm has a team of highly qualified engineers, which is a must to have a competitive edge in the market. Besides the basic shortage of engineers in Hungary, due to the differences in professional skills, the shortage of highly qualified labour with excellent abilities/skills (e.g. with good foreign language skills also beyond the professional field) is even more acute. Our objective is to ensure that the more talented students should choose our company and apply to us. Therefore, we must find the ways through which we can introduce our company to undergraduate students."

Solutions

- "We propagate the engineering profession at secondary schools – e.g. a colleague goes there and tells the students why he became an engineer, why he chose that profession.
- Our colleagues also teach at various institutions, and that in itself makes propaganda for the company.
- We support the refurbishing of school labs.
- We participate at various school/professional events where we also hold presentations.
- We offer students an opportunity to take part in our corporate events of different kinds; we open our gates to them."

Effect

Best HR practices of international companies

13. Change management and change of culture

- “Students get to know the company; they are aware of what to expect there.
- We are popular among students; many apply to us.”

3.6. Summary

In summary, one of the common denominators of effective corporate talent programmes is the active support of the senior management. Our experience based on discussions with various HR managers is that on-the-job techniques appear as a component of a growing number of talent programmes, that is, the talented are given real projects and tasks, that's how they are developed. Moreover, it is also an important criterion to link the processes to performance evaluation and to a career management system.