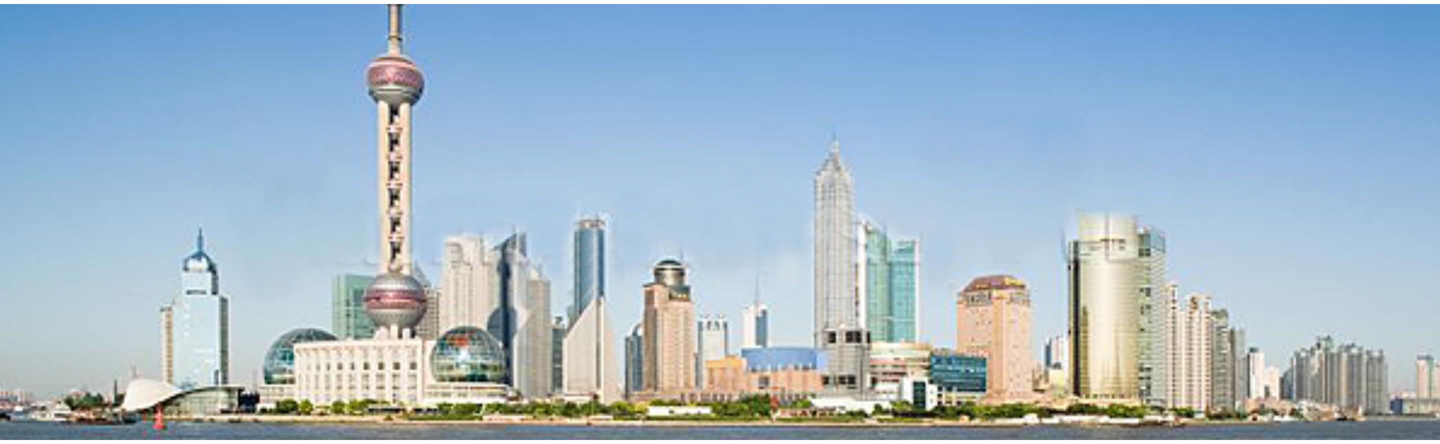

Winning Talent Strategies for *Emerging Markets*

Emerging markets have become the new centers of gravity for the global economy but they raise real challenges to corporations due to talent shortages and competition. Here are responses that differentiate successful firms in attracting and retaining talent in emerging markets.

Not so long ago, multinational companies managed without significant presence in emerging markets, and for those who were there early on, a basic business strategy was sufficient to succeed. In the last five years, the environment has radically changed. The BRIC countries and newer emerging markets have become the new centers of gravity for the global economy. However, this new business environment promises to be a very testing one for the next 10 to 20 years, due to talent shortages and fierce competition for competent employees.

Two main challenges seem to be at play in emerging economies and these will deeply influence your company and your talent strategies now and for the decades to come.

Challenge #1: Emerging Markets Need Skilled Employees and Competent Managers

... "could do better"

There is an acute misalignment of education and employable skills. A recent study by the Organisation for Economic Co-operation and Development that assessed the alignment of countries' higher-education curricula with employer's needs revealed that BRIC countries score from 4 to 6 out of 10, significantly low alignment. Brazil, for instance, ranks fifth from the bottom of a list of 58.

Overall, the "talent-ready" gap between university graduates and their capacity to work in a corporation, runs at about 10 to 25 percent.

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As an example, in 2011, India had 600,000 graduate engineers, but of these, only about 125,000 were qualified to work in a corporate environment.

In general, while leadership development is catching up with new generational and geographical forces, the volume of need still overwhelms ready resources and available training. Investment in talent and leadership around the world has just begun to yield some return. But in many cases, robust talent pipelines have not yet been developed.

Challenge #2: Emerging Markets Tend to Create Low Engagement and High Employee Turnover

... "what's in it for me?"

Various studies find engagement below the global average in many emerging markets. In China, the engagement level is roughly half the global average. Weak engagement contributes to high rates of employee turnover, which is both disruptive and costly. In India, voluntary attrition is running at 19 percent per year and has reached 55 percent in the BPO industry.

Talent retention is, and will continue to be a challenge as experienced employees are continually hunted away by competitors. Therefore, what attracts and keeps a good worker at a company for the long haul must be scrutinized, understood, nurtured, and effectively communicated. What may come as a surprise is that according to the latest data, almost everywhere, attracting and retaining talent is more than just a matter of good salary and bonus. So, if money alone is not the driving force behind staying at a job, what is it that employees in emerging markets want from their employers?

How should global companies respond to these challenges? Let's take a closer look at how you might drive your approach to talent acquisition, retention and development.

Creating a Strong Leadership Brand to Attract and Retain Talent

An eight-month study conducted in 2008 interviewed dozens of executives from more than 20 global companies. They were asked to identify the factors that differentiate successful firms in emerging markets with regard to attracting and retaining talent (Douglas Ready, Linda Hill, and Jay Conger, "Winning the Race for Talent in the Emerging Markets," Harvard Business Review, November 2008). They found four key attributes that go beyond salary and bonus: the company brand, opportunities to develop within, a purpose beyond profit, and a continuous growth culture.

• ***Brand*** – A desirable company brand associated with growth and personal advancement is particularly attractive when the brand challenges employees to develop themselves as leaders. Emerging market talent wants a growth-driven company that plays on the global stage. They aspire to contribute to this growth, and will not settle for less. This is absolutely critical.

• ***Opportunity*** – Employees want testing work, stretch assignments, continual training and

development, and competitive pay. Also, the work must imply an accelerated career track to senior positions. You will not get good talent coming to your company if they don't see a continuous learning process, and if they don't feel the company is centered on learning and promotion. Here, mentoring is a key strategy, as is spreading salary bands so promotions can be awarded more frequently. Also, job titles can be modified with key words such as Senior, Junior, etc., to keep the growth going.

• ***Purpose*** – Emerging market talent seeks a game-changing business model engaged in redefining their nation and the world economy. They want a mission that helps the less fortunate, due to their own experiences growing up. They want to work for a company that expresses—in both words and action—the value of global citizenship and sustainability.

• ***Growth*** – A continuous growth culture in a company is crucial to incoming talent in an emerging economy. Research shows emerging market talent wants a story or brand promise that feels authentic, company rewards based on merit, a personal connection to teams, and a talent-centric culture so they know they are critical to the success of the company. In short, they want to see a company that is serious about their talent strategy, or they're gone.

So, a strong leadership brand may very well be the winning formula as data continues to show that, when choosing where to build a career, talent looks for, and places a high value on, personal and professional growth. But there is definitely some catching-up to do in the meantime.

Enhancing Middle Management and Building Your Leadership Pipeline – Starting Now

... "nothing has more strength than dire necessity" (Euripides)

Building the base of middle-management talent internally has direct economic returns and enhances a company's value proposition. In high-growth markets, companies have six to seven years at most to develop a generation of leaders, not the more traditional decade or more. Manager development can be accelerated by identifying high-potential employees early on and over-investing in them through accelerated job rotation, opportunities for project leadership, and a variety of assignments. Here are two examples of how companies may choose to make investments in personal growth and leadership development.

In 2009, Novartis, a leading global pharmaceuticals and life-sciences company, created a China Leadership Development Center to develop future leaders. It successfully launched its new BiMBA program: forty-six high-potential Chinese associates participated in a mini-MBA course during a consecutive 18-

month period. Attendees worked in English in four-day modules over sessions of four to eight weeks. The learning center offers a wide range of tailored, localized corporate programs to develop leadership, marketing excellence, global project management, and frontline management skills. To quote Frank Waltmann,

Head of Global Learning for Novartis "We were careful to adapt our global programs and make them relevant to the challenges Chinese managers face in their markets and the leadership and project-specific issues they face, as well. It's not a one-size-fits-all solution."

Standard Chartered Bank (SCB), a 150 year-old British bank which operates in some of the world's most dynamic markets and has more than 90 per cent of their income and profits derived from Asia, Africa and the Middle East, provides another great example of large investments in professional and management development.

SCB's retail division offers extensive training, and relationship managers in its wholesale business must complete a rigorous five-day "boot camp." All trainees must pass a strict examination before they are exposed to the bank's customers and clients. SCB's raw recruits also get intensive training in the English language, communication and listening skills, and business etiquette, and they have a variety of ongoing educational opportunities. SCB also offers the Great Manager Program, which has won best-practice awards in China and elsewhere in Asia for its creativity and effectiveness in management development. The company has regional learning centers throughout China as well as e-learning platforms, so development is accessible to all. SCB is forming strategic partnerships with Chinese universities, both to strengthen relationships for recruitment and to offer those who join the company ongoing professional development at those schools. One SCB message to recruits is captured in "Go places...", which has a double meaning: it tells people that if they join the bank and do well, they will move ahead in their careers, and it reminds them that SCB is a global company with opportunities around the world. Chinese talent is often moved overseas, including to the group head office in London.

Ultimately, whatever the country or region, and its level of development, executing a company's business strategy means possessing the ability to operate effectively in a global economy. A commitment to long-term employee and career development will make the difference in attracting talent in emerging markets. By articulating your company's corporate brand, opportunity, purpose, and growth culture, there is a greater likelihood that you will have an edge on producing—and keeping—leaders who are globally oriented and culturally adaptable. It would be wise, therefore, to promote the proper educational and talent development measures in your company to prepare for the next wave of change that is bound to come in these exciting, growing, emerging market economies.

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