WITH ECONOMIC ACTIVITY in emerging markets growing at compounded rates of around 40% – as compared with 2% to 5% in the West and Japan – it’s little wonder that many companies are pegging their prospects for growth to Brazil, Russia, India, and China (BRIC) and, increasingly, other developing nations. Businesses based all over the globe are feverishly competing for people who, often for the first time in their lives, have numerous options and high expectations. Not even companies with established global experience can coast on past success in meeting their staffing needs.

New research shows how to attract and retain the best employees in developing economies.  
by Douglas A. Ready, Linda A. Hill, and Jay A. Conger
One might assume, for instance, that Standard Chartered Bank, whose heritage dates back to the 1850s in India, Hong Kong, and Singapore, could easily maintain a lead in the race for Asian talent. But just a couple of years ago SCB’s China division was unable to find seasoned managers to lead the bank’s retail and commercial banking operations. In the words of Hemant Mishr, the head of corporate global sales, “These people and the generations that preceded them have known nothing but poverty and the lack of opportunity. Yet we expect them to be patient, loyal soldiers, and to advance at an orderly pace. It is time to get real. It is their time now.”

All three of us have spent decades studying talent management and leadership development, but this war for talent is like nothing we’ve ever seen before. We recently completed an eight-month research project that involved interviewing dozens of executives and collecting data from more than 20 global companies. Our goal was to identify the factors that differentiate the successful from the less so in emerging markets, and our first analysis revealed four: brand, opportunity, purpose, and culture. These may sound somewhat generic – and logical in any talent market – but they play out in developing nations in particular ways.

Employees in the developing world aren’t used to thinking about the future in expansive terms. Now they can look beyond simply making a living. They are particularly attuned to brand, for instance, because a desirable affiliation may lead to personal advancement – especially when the brand is associated with inspirational leadership, the kind that challenges employees to develop themselves as leaders and to help build a great company that plays on a global stage.

Not surprisingly, opportunity means much the same in the developed and developing worlds: challenging work, stretch assignments, continual training and development, and competitive pay. In emerging markets, however, opportunity must imply an accelerated career track to senior positions. High-potential employees don’t focus exclusively on climbing the ladder, however; they are willing to make lateral moves as long as their skills and experience accrue at a pace that matches the growth in their markets.

As for purpose, emerging-market job candidates prize a company with a game-changing business model, where they can be part of redefining their nation and the world economy. They are also attracted by a mission that focuses on helping the unfortunate – many have experienced poverty firsthand – and expresses the value of global citizenship.

A company’s culture matters in several distinct ways in emerging markets. First, its “story,” or brand promise, has to feel authentic. Second, employees must be rewarded for reasons of merit; a high potential from Brazil or Dubai must believe that the executive suite in China or the United Kingdom is within reach. Third, although employees want to be recognized for individual achievements, they also want to feel a connection with their teams. Finally, the culture has to be truly “talent-centric,” so that people know they’re critical to the company’s success.

A closer look at our interviews gave us new insights into how these four factors work in concert. We found that they could be united under two guiding principles: promises made and promises kept.
(the combination of brand, opportunity, and purpose) and promises kept (most significantly, employees’ day-to-day experiences within an organization’s culture). All four factors play a role in all aspects of the talent management process, but each influences recruitment and retention in different ways. (See the exhibit “A Framework for Attracting and Retaining Talent.”) Promises made and kept affect any quest for talent, but the intensity of competition in the fast-growing BRIC and other economies makes strong differentiation urgent. Most companies continue to believe that a big salary and a name brand will suffice to meet their needs, but a local company that creates genuine opportunities and exhibits desirable cultural conditions will often win out over a Western multinational that offers higher pay.

We’re not proposing a simple solution to a complex problem. Company needs vary by market (see the exhibit “The Talent Market in BRIC”). Prospective employees don’t necessarily value the same things: Among certain demographic groups opportunity may matter more than purpose, for instance, and individual preferences vary widely as well. But regardless of any company’s strategy for a given market, the same overarching principles apply.

Attracting Talent: Promises Made

Lenovo is a good illustration of the strong lure of brand, opportunity, and purpose. Its acquisition of IBM’s personal computer operations, in 2005, made it the third-largest personal computer company in the world. In 1994 the founder of Legend (as Lenovo was then known), Liu Chuanzhi, forecast that it would be a great company—an astonishing leap of faith in the early 1990s. “At the time, there were very few great Chinese companies, so Chuanzhi’s vision stood out,” Chen Shaopeng, president of Lenovo Greater China and senior vice president of Lenovo Group, told us. “In China, the biggest draw is Lenovo’s ambition and vision.” The IBM acquisition produced something of a halo effect for Lenovo, and Chinese workers felt pride that China had been able to buy part of an American business icon. Lenovo’s brand was and is attractive to ambitious young workers with dreams of their own—people who are building careers and not simply looking for jobs. Lenovo was an early standout for these rising stars.

### IDEA IN PRACTICE

To find and keep employees in China, Brazil, and other developing nations, recruiters have to offer a whole lot more than a fat paycheck and a standard career path. These young managers have a tremendous sense of opportunity—in many cases, for the first time in their lives. Companies that succeed at recruitment and retention in emerging markets focus on four key distinctions: brand, purpose, opportunity, and culture.

<table>
<thead>
<tr>
<th>Factor</th>
<th>What Matters</th>
<th>EXAMPLE</th>
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<tr>
<td>Brand</td>
<td>A reputation for excellence; a ticket to future success; inspirational leadership</td>
<td>TCS Iberoamerica, which provides software and technology services in Latin America, Spain, and Portugal, stands for technical excellence. When expanding into Brazil and Uruguay, the company first hired engineers—not salespeople—and sent them to India to observe TCS’s core strengths and standards firsthand. They returned energized and eager to recruit their compatriots.</td>
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<td>Purpose</td>
<td>Opportunity to be part of a game-changing business model; a chance to participate in cultural transformation</td>
<td>The acquisition of IBM’s personal computer operations helped Lenovo become a leader in the global PC market. Its founder’s vision, to be a “great company,” attracted employees who wanted not a job but a career—at a time when China had very few “great” companies. And workers felt pride that their country had bought part of an American icon.</td>
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<td>Opportunity</td>
<td>Accelerated career path from day one; seemingly unlimited prospects for growth</td>
<td>Lenovo has methodically developed career maps and talent pipelines for everyone in its pool of high potentials, including the CEO. Career maps link directly to key slots across the globe; accountability for the entire process rests with line leadership, not with HR.</td>
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<td>Culture</td>
<td>Meritocracy and transparency; follow-through on promises</td>
<td>The CEO of HCL Technologies, a global IT company headquartered in India, posted his own 360-degree feedback on the company intranet; 2,000 managers now publicly post theirs. The intranet also invites employees to approach the CEO with any question at all; he personally answers as many as 100 inquiries a week.</td>
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Winning the Race for Talent in Emerging Markets

Lenovo also built a global perspective into its brand promise; to become a great company it would have to expand beyond its home market. That meant opportunity. President and CEO Bill Amelio describes his company as a “stage without a ceiling for every employee” worldwide. In a truly global spirit, Lenovo’s top-team meetings rotate among Beijing, Hong Kong, Singapore, Paris, and Raleigh, North Carolina. “Instead of having everyone travel to me, I travel to them,” Amelio says. Lenovo’s brand promise credibly communicates that nationality doesn’t matter; if an employee demonstrates capability and vision, there are no limits. The playing field is level.

TCS Iberoamerica, a $160 million unit of Tata Consultancy Services (itself a division of the $28.5 billion Tata Group), provides software and technology services to clients in Latin America, Spain, and Portugal, while also contributing to other TCS endeavors worldwide. It’s easy to understand why an Indian would want to work for Tata Group in India. But what motivates a Uruguayan software engineer to work for an Indian company in Brazil? The combination of a strong brand and opportunity. TCS Iberoamerica’s president, Gabriel Rozman, told us, “When people in our region read about Tata buying Jaguar or making a $2,000 car that will change the industry…they get excited.”

The Tata brand stands for technical excellence, so when expanding into Brazil and Uruguay, Rozman started by hiring engineers – not salespeople – and sent them to India to observe firsthand the company’s core strengths and standards. They returned energized and eager to recruit their compatriots. One Uruguayan engineer saw working at Tata as an opportunity to help his country make its mark; he said, “I wanted to work at TCS because I wanted to show the world what Uruguay was all about. Even though we’re a tiny country, we have value to add.” Rozman also emphasized the appeal of having local Brazilian and Uruguayan leaders who are well connected and admired in the community heading up operations, rather than expatriates.

Many other managers spoke of the pride they felt in working for companies with strong brands that were also contributing to their countries’ economic development. Novartis’s sense of purpose, for instance, is a major draw for talent. Its Project Arogya, one of Novartis’s socially conscious business operations, provides services to some 10 million villagers in 24 ter-

The Talent Market in BRIC

ALTHOUGH THE TALENT GAP between supply and demand is pervasive in the developing world, the particulars vary by country. The charts below show where deficits and surpluses exist in Brazil, Russia, India, and China at four levels: entry, middle management, country leadership, and regional leadership. The shaded areas represent the talent pool; the white areas show deficits or surpluses of talent. The charts illustrate averages for these countries; further analysis reveals variations across business sectors. A few highlights are boxed below.

![Talent Market Chart](chart.png)
ritories of India. Arogya’s leader, Olivier Jarry, joined because of the brand promise to make lives better around the world. “We improve the health and health education of the villagers,” he says. “We provide a source of revenue for local talent working with us on the ground. We are helping local doctors and pharmacists. This is a tremendously exciting mission.”

How do brand, opportunity, and purpose come together as a promise made at Standard Chartered Bank? The company’s CEO, Peter Sands, explains, “We are serious about being a force for good in the world. It’s not an add-on for us. We are leaders in microfinance, supporting fledgling entrepreneurs in some of the world’s poorest regions. We seek out, as a part of our strategic intent, opportunities to support renewable-energy businesses. By design we are among the world’s most diverse organizations, so top talents from all walks of life are attracted to us because they know they will be embraced as central to our mission, not peripheral.”

**Retaining Talent: Promises Kept**

Brand, opportunity, and purpose can create compelling promises, but in such a competitive market the temptation is to overpromise just to get people in the door. Failure to deliver will sour current employees on the company and ultimately hurt its appeal for potential employees. That is why keeping promises — important in any market — takes on particular urgency in emerging markets, where employees can quickly and easily move to global competitors or local companies that appear to offer greater overall rewards. Many companies we’ve studied have experienced extraordinarily high attrition rates.

Culture, however, can play a central role in employee retention. Hemant Mishr’s team at SCB sells into several of the most economically depressed areas in the world; Mishr joined SCB largely because of its brand and its purpose, which includes a commitment to supporting local communities. He stays, he says, because of the culture: SCB is a meritocracy that carefully nurtures his career, and it lives up to the values that attracted him in the first place. “It’s not about pay,” he says. “I could go elsewhere and earn more – lots more.”

Like Mishr, many of the people we interviewed were seeking a culture that would support the promise of an accelerated career path with growth opportunities for everyone, a commitment to meritocracy, and custom career planning. HCL Technologies has such a culture. A global IT company headquartered in India, HCL employs about 55,000 people in 18 countries. When Vineet Nayar became its president, in 2005, he knew he had to do something drastic to turn around the company, formerly one of India’s most innovative, which in 1999 had been first in the country in terms of revenues but by 2005 was fifth.

Nayar started with culture. He told us, “I wanted to create an environment where employee development and empowerment was the most important thing, because ultimately I wanted value-focused employees who were willing and able to drive an innovative, sophisticated experience for customers.” Nayar quickly assembled a 20-person team of “young sparks,” an energetic group from among HCL’s top employees; they coined the slogan that became HCL’s strategy for the next two years: “Employee first, customer second.” The notion is simple — the best way to bring value to customers is to empower employees.

Throughout 2005 Nayar and the young sparks unveiled initiatives designed to remove barriers to employees’ doing their best work. They started by revamping the company’s intranet. Using a software application, employees can “raise tickets” to...
report problems with HCL services and processes. In real time they can watch the actions taken to correct a problem, and a ticket can be closed only by the employee who raised it. By 2006, employees were raising 30,000 tickets a month. The site also created transparency: An employee can pose any question at all to Nayar, who personally answers up to 100 inquiries a week. Shortly after its revitalization the intranet was being visited by close to 25,000 employees every week.

In addition, after a few months in office Nayar posted his own 360-degree feedback on the intranet and encouraged his senior managers to do the same; today more than 2,000 managers publicly post their feedback. Indian companies traditionally control information at the top, so the move to public 360s truly distinguished HCL. In interview after interview employees told us of the tremendous impact such transparency has on their career choices.

In another differentiating move, HCL instituted “trust pay.” Many IT companies in India offer employees a combination of 70% fixed pay and 30% variable pay. In practice, high internal targets make it difficult to earn that 30%. HCL decided to offer 85% of its employees (mostly junior engineers) a fixed compensation rate, to be set at the beginning of each annual cycle. Some new hires actually thought a mistake had been made in their offer letters, because they’d never known another company to offer trust pay. This is very appealing to recruits from the developing world, because often their whole families are invested in their success. Parents, siblings, and other relatives have worked hard to send them to school, and once they know they can support their loved ones, they can focus on their work.

Because HCL has stayed true to its promises, its employees are dedicated and its customers are taking note. The company’s reputation for customer service has consistently improved over the past four years, resulting in major new contracts. Nayar, who is now the CEO, says, “Putting employees first isn’t about launching a few initiatives that make them feel good. It’s about offering a workplace where employees, no matter their level, can have an impact, can be a part of something exciting, and can grow professionally and personally.”

Leadership development is another cultural element that strongly influences retention. Careers must be carefully nurtured, and finding the time to do that may seem like a luxury when the pressure to grow is so great. But companies can’t set such concerns aside, lest they lose high-potential talent as fast as they bring it in.

Lenovo very methodically provides accelerated development opportunities for its employees. Mary Eckenrod, the head of talent management, has conducted extensive research into how leaders learn and the potential career stages at technology-based organizations in emerging markets. She has worked with Lenovo’s top team to construct career maps and pipelines for every member of the company’s pool of high potentials, including the CEO. All employees are asked to reflect on their career aspirations, the experiences and education that have led to their current roles in the organization, and the development they need to reach their goals.

What makes Lenovo’s talent-tracking process work, however, is that the career maps are linked to key slots across the globe and accountability for the entire process rests squarely with line leadership, not with HR. Its employees are ambitious, and Lenovo needs to demonstrate that it is serious about developing their careers.

Do SCB, HCL, and Lenovo have a choice about how they approach development? Absolutely. They could focus on attracting the small handful of people with proven experience, as many companies do, but instead they hire largely on the basis of potential. They could enroll in the “cream rises to the top” school of leadership development, believing that the best talent will emerge even if the company fails to provide development opportunities. But the companies that are winning the talent race in emerging markets are not only using brand, opportunity, and purpose to attract the best people; they are investing heavily in career planning and professional development even at the lowest levels, because the workforce is so young. These companies’ cultures send a powerful message to employees: Your potential is limited only by your dedication, effort, and ability to produce results.

The Talent Compact at Standard Chartered Bank

As China’s economy continues to grow at a breakneck pace, thousands of new businesses are starting up, discretionary income is growing rapidly with the emergence of a new middle class, and wealth is being created as never before. Trying to recruit and retain high-caliber
In emerging economies, companies have no choice but to nurture local talent—and those bright young recruits want to see others like them in positions of power.

Moreover, China’s one-child policy has created a unique problem. As one manager put it, “Consider that millions of young Chinese have no siblings and no cousins. It’s not too difficult to see how the child can become the center of attention for the entire family. It’s not easy giving critical feedback to someone who is not used to it and who has lots of employment options elsewhere.”

Recall SCB’s former difficulty in recruiting leaders for its banking operations in China. The company’s strategy illustrates our framework in particularly illuminating ways.

Katherine Tsang, the CEO of SCB China since 2005, says, “These challenges forced us to tell the SCB story with passion, but to make sure that our culture and management practices matched that story in an honest way. We tell lots of stories here about our mission, our sense of purpose, and our brand, and the many opportunities that young people will get when they come to work for us. But we need to keep those promises.” Together with Geraldine Haley, SCB’s group head of talent management, Tsang created what the company calls the “raw talent superhighway” for SCB China, which is designed to attract and retain good people. The bank emphasizes acquiring specialized skills, followed by broad managerial training and development, followed by global networks and leadership development. Several components went into the highway’s construction.

Selection. Tsang’s and Haley’s teams conducted extensive analyses of the skills and talents required by both retail and commercial bankers in China. Then they investigated nonbanking industries, such as travel and tourism, that had developed similar expertise, especially in customer relations. SCB China set out to aggressively recruit promising employees from these other industries; it was able to offer higher pay and significantly greater opportunities for career advancement.

Induction and orientation. SCB runs a standard induction program, but it offers an intensive version for its raw-talent hires—employees who demonstrate the desired behaviors and values but have no skills in financial services. This program introduces recruits to the company’s culture and values and teaches them the ethical management of financial services, including money-laundering prevention and codes of conduct.

Technical training. 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. Skilled and seasoned managers conduct most of these sessions.

Professional and management development. 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. They receive career guidance and access to networking sessions, enabling them to explore different paths at the bank. In addition, SCB 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 and 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.

Stretch assignments and deployment. 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 elsewhere, including to the group head office in London.

Personal development and performance management. SCB employees explore their passions and strengths, with coaching and guidance, to find a starting point for their careers. Although the SCB environment is nurturing, Tsang and other leaders don’t hesitate to give regular and often tough feedback. “We deal with problems openly and honestly, and
that has led to the creation of an authentic and trust-based culture. People know we are a straight meritocracy, and that motivates them.”

CEO Peter Sands says, “We have an exciting growth story, but more important, people can translate that story into growth opportunities for themselves. We have 25-year-olds looking at 32-year-olds doing big jobs. These young people see who they can become, and that they don’t have to wait 30 years to do it.” Through these efforts the bank was able to decrease attrition by 3% from 2007 to 2008. That may not sound like much, but consider that SCB is bringing thousands of people on board every year. What’s more, most companies in these markets are experiencing a dramatic increase in attrition.

thoughtful execution
We have described principles that any company, in any market, would probably do well to heed. But emerging markets pose some special challenges worth noting. First, beware of exporting your domestic talent strategy to emerging markets. Even if that strategy is highly successful at home, it will probably need extensive tailoring to succeed in the developing world. Second, it’s critical to establish a core of local talent (or of outsiders with a long history in emerging markets) that can guide you in understanding the region. Sending in a talent officer from the corporate center is unlikely to do the trick; despite the pressure to bring people on board quickly, investments in talent take root only with patience. Third, keep in mind that an overreliance on English as the “official language” of the business may prove an impediment to spotting talent. Some of your most promising people may not speak English fluently.

Finally, it’s not easy to embrace and leverage diversity; companies struggle with this in the developed world, too, and very few demonstrate much diversity at the top. In emerging economies, companies have no choice but to nurture local talent, because that’s the pool available and because those bright young recruits want to see others like them in positions of power. A truly merit-based company will stand out to them – particularly in hierarchical societies where getting ahead has often relied on family connections and other relationships, social status, age, or length of tenure.

People in different cultures want and expect different things from their work. Gabriel Rozman, of TCS Iberoamerica, reminded us that leading a team in India is not the same as leading a team in Brazil or Uruguay. He recognizes that his company must develop people who can lead diverse teams in various settings. Of course, this makes a commitment to keeping promises made all the more daunting, because companies can’t implement one-size-fits-all processes. First figuring out which aspects of the strategy can be standardized and executed at scale and which must be sharply tuned to local needs and then coordinating implementation takes some effort – but it delivers payback. Over time, global companies may even be able to bring home some lessons about meritocracy and diversity.

As global companies are well aware, winning the race for talent in emerging markets is hard work. It requires both the explosiveness of the sprinter and the determination of the marathon runner. The framework we have outlined here should help companies assemble the workforce they need to compete on a world-class level.