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Novartis and **EFMD** share research and 'best practices' for developing and managing talent in emerging markets

Growing talent in growth countries

Novartis Corporation and EFMD recently hosted a leadership and talent development workshop in Basel, Switzerland. The event brought together learning leaders from different industries and corporate business schools. Together they shared best practices for leadership and talent development in emerging markets.

"EFMD is about excellence in international corporate learning and development organisations," says Richard Straub, Director of Corporate Services & EU Affairs at EFMD. "Why is this necessary? Because according to surveys, learning and development is not seen as important as it truly is. The challenge, then, is to clarify this misconception and demonstrate its value to companies."

And that is exactly what the consortiums did. Key speakers included Stephen H Rhinesmith, PhD. (Oliver Wyman Leadership Development), Betty Lau (Director, Novartis China Commercial University), Victor Agnellini (Senior VP, Alcatel-Lucent University), Michael Fuerst (Manager, Corporate Citizenship, Novartis) and Frank Waltmann (Head Corporate Learning) with participation from other experts in the field of emerging market talent acquisition, training and retention. They shared the latest research and their first-hand experiences about leadership development in the BRIC nations and other emerging economies.

2012 emerging market economics and talent trends

Focusing on the BRIC countries, there are key factors at play in emerging economies that impact corporations and their learning organisations. Over the course of the workshop, several trends were identified and discussed.

Emerging markets are not bystanders. Over the next 15 years, emerging markets will not be a place where you just sell your products but also a place that develops products and companies that compete with you and your markets. GDP is expected to double over the next 20 years and 500 million people will move to urban centres by 2025. And there is a high correlation between urbanisation, innovation and education. Projections indicate there will be 500 million people in markets who will be resources, as well as competitors, on the global stage.

Emerging markets need leaders now. At present, there is a talent crisis in emerging markets. According to Waltmann, two factors that account for this are:

- Investment in talent and leadership around the world is just beginning to yield a harvest and/or robust talent pipelines have not yet been developed
- There are "talent-ready" gaps between educational graduation and the capacity to work in a corporation, running at about 10% to 25%. For example, in India 600,000 engineers graduated last year but only 125,000 were actually qualified to work in companies that needed employees. While leadership development is catching up with new generational and geographical forces, the volume of need still overwhelms resources and capable training available.

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Emerging markets tend to create high employee turnover. Talent retention is and will continue to be a challenge as competitive interests continually seek experienced employees. Therefore, what attracts and keeps a good worker at a company for the long haul must be understood, nurtured and effectively communicated. What may come as a surprise is that data shows attracting and retaining talent is more than just salary and bonus almost everywhere.

There is much to extrapolate from this information and many reasons to feel inspired today if you are a member of a corporate learning organisation since so much hinges on the work you do. The following are some "best practice" methods recommended by the experts and used by Novartis to successfully address these challenges.

Factors that attract and retain talent in emerging economies

An eight-month study conducted in 2008 involved interviewing dozens of executives from more than 20 global companies to identify the factors that differentiate successful firms in emerging markets who are able to attract and retain talent (Douglas Ready, Linda Hill and Jay Conger, "Winning the Race for Talent in the Emerging Markets," Harvard Business Review, November, 2008).

What they found were four key attributes that go beyond salary and bonus:

- company brand
- opportunities in the company
- a purpose beyond profit
- a continuous growth culture.

Company brand

"A desirable company brand associated with growth and personal advancement is particularly attractive when the brand challenges employees to develop themselves as leaders," explains Rhinesmith. "They want a company that plays on the global stage and is growing so they can help it grow further—or it is not worth it for them to be there." This is critical.

Opportunity

Emerging market talent wants challenging 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 centred around learning," adds Rhinesmith. "This is particularly true in China, somewhat true in India and moderately true in Russia and Brazil."

It's no secret that talent will hop from company to company if they do not get promoted. But there are some interesting ways of handling the "rapid turnover" problem. Salary bands could be spread out, so promotions can be awarded every six months. Also, job titles can be modified with key words like Senior, Junior etc to keep the growth going.

Mentoring is another huge issue. "Because a lot of emerging economies come from hierarchical cultures, the mentoring process, which is a classic form of development, is familiar," adds Rhinesmith. "So if you don't have a programme where an older person can help a younger person, it's a strike against you."

Purpose

Emerging market talent also looks for purpose in their work, or a game-changing business model that is engaged in redefining the nation and the world economy. "They want a mission that helps the less fortunate, based on their own experience, and one that expresses the value of global citizenship and sustainability," explains Rhinesmith. "It comes up everywhere. For example, when Novartis gives away drugs to the poor, it's a big draw for young people."

Growth culture

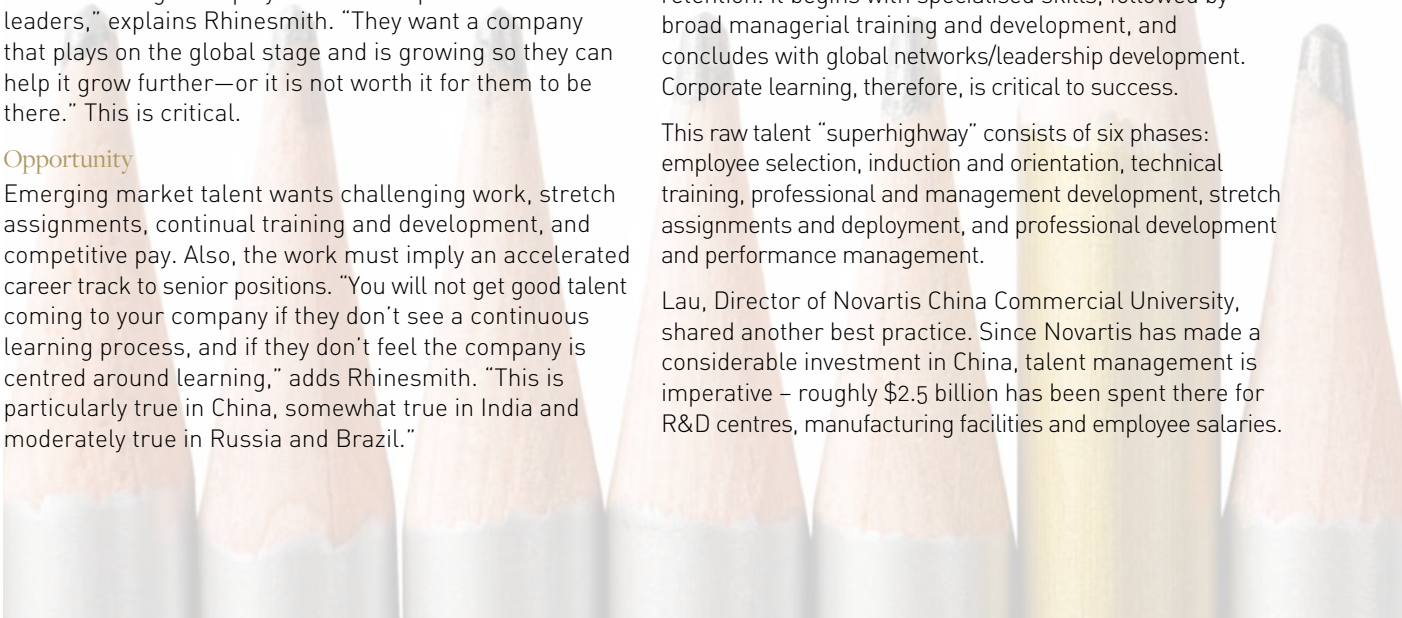
And lastly, the company culture is extremely important to incoming talent. "Research shows emerging market talent wants a story or brand promise that feels authentic, rewards based on merit, a personal connection to teams, and a talent-centric culture, so they know they are critical to the success of the company," says Rhinesmith. "In essence, they want to see a company that is really serious about their talent strategy."

Best practice: leadership development strategies

Several best practice cases were presented. The first highlighted China's Standard Chartered Bank, which engages a step-wise approach toward talent development and retention. It begins with specialised skills, followed by broad managerial training and development, and concludes with global networks/leadership development. Corporate learning, therefore, is critical to success.

This raw talent "superhighway" consists of six phases: employee selection, induction and orientation, technical training, professional and management development, stretch assignments and deployment, and professional development and performance management.

Lau, Director of Novartis China Commercial University, shared another best practice. Since Novartis has made a considerable investment in China, talent management is imperative – roughly $2.5 billion has been spent there for R&D centres, manufacturing facilities and employee salaries.



"Our strategy is based on three key fundamentals," explains Lau. "First, develop talent through traditional but world-class training and on-the-job learning. Second, deploy talent in new, exciting and stretch assignments with clearly defined career paths. And finally, connect employees so they can learn from their experienced peers and other professionals."

Alcatel-Lucent University shared its ideas about how to best train and develop emerging market talent. With 22 training centres worldwide, it believes the role of the corporate university is to quickly ramp up business-critical knowledge and skill sets linked to company strategy.

Its "Strategic Workforce Planning in a Personalised Learning Environment" model includes methods such as access to cost-effective resources (with an emphasis on technology enabled learning), transferring subject matter expertise/best-in-class practices from developed countries to emerging markets and harnessing professional development as a means of employee motivation. This is accomplished step-wise through job mapping, building a development plan, preparing an accreditation application and undergoing a rigorous accreditation process.

And finally, Novartis highlighted one of its newest learning endeavours, the "Entrepreneurial Leadership Program (ELP)." It is based directly in the emerging market and grounded on a real-world, action-based learning model. As Michael Fuerst, Manager, Corporate Citizenship, Novartis, explained, during the programme a team of talents is taken from the classroom to an unfamiliar market environment and charged with developing an innovative business solution to a societal challenge in the healthcare sector.

The programme consists of three phases: project preparation, being deployed full time in-country working on the project and a reflective "re-entry" phase to share what was learned. The goal of the ELP programme is to improve skills to successfully deal with cultural diversity, drive an understanding of the market and patient needs and develop an innovative business solution for that particular market. It serves as an innovation lab, so to speak, whereby both the participant and the company benefit.

Best practice: generational and cultural awareness

Cultural and generational considerations in emerging economies also require sensitivity and understanding in order to grow talent and better manage employees. Recent work by Tamara Erikson has revealed that different generations in different countries have had different formative experiences. The prominent events that children of any one country experience in common with each other therefore can be described as defining characteristics for their cohort. And older generations tend to have more country differences in their defining experiences because the common experiences of young people today through technology are more globally encompassing. Such generational characteristics need to be considered when doing business in these environments.

Also, throughout the BRIC countries and most emerging markets, work will not get done without a complete understanding of the government's policies and laws pertaining to the private sector. And, country-by-country, cultural laws and norms relevant to gender (such as travel constraints and expectations about child/elder care) are also factors that must be considered and built into a company's human resources plans.

Conclusion

By hosting this event, Novartis and EFMD advanced the dialogue just a bit further and confirmed how leadership development and learning organisations positively impact companies operating in emerging markets.

While the business environment for the next 10 years is going to continue to be very challenging due to talent shortages and fierce competition for trained workers, it can be managed. Data shows a strong leadership brand works very well in these markets because talent places high value on personal and professional growth. Therefore, by articulating your company's corporate culture, brand, opportunity and purpose there is a strong probability you will have an edge on producing – and keeping – leaders who are globally oriented, wise in the ways of business and government-savvy.

Keep in mind, however, that the shortage is temporary. The gap will soon close as educated workers increase. It would be prudent, then, to promote educational and talent development measures today in order to be prepared for the next wave of change that is bound to come in these exciting, growing emerging market economies. **gf**

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