

Chapter 11 - A New Challenge for Human Resources

The Initial Scenario

When doing business in emerging markets, human resources were challenged with new responsibilities that far exceeded its classic role in the Western world. We faced a mix of traditional tasks requiring expertise in setting up a human resources organization and handling transcultural issues that required our skills as consultants and facilitators. We also faced a new responsibility for facility management and operational business support. In addition, functions such as security, expatriate management and employee care required much more attention due to the nature of the emerging markets. We also had to take into account some critical success factors - coping with the complexity and diversity of the region, keeping up with the speed and growth of business demands, facing extended cycle times and complicated logistics and managing stand-alone situations. And of course, we had to be prepared for surprises.

The problems we faced in many developing countries were rather discouraging.

- A human resources culture and structure did not exist. Under the former regimes, personnel were an administrative function ensuring political discipline.
- The legacies of the former system still dominated large parts of daily life.
- The labor market was distorted. Clerical skills were overrated and scientific positions underpaid. There was no recognizable search and hiring mechanism.
- Compensation and benefit structures only prevailed in the state industry. Benchmarking samples and surveys were rare and unstable.
- Labor legislation was subject to frequent change. Interpretation by authorities was often protective and arbitrary.

- Employability of elderly people was rather limited. Many could not mentally adapt to the changes at hand.
- Universities were stuck with curricula not compatible with market demand.
- No support structure existed. Banks were not ready for cashless salary payment, and payroll was run manually.
- Local administration was entangled in the old bureaucracy.

What does it look like more than a decade later? Local governments and authorities, multinational corporations, law and public accounting firms, Western consulting firms, aid and support programs, and an army of Western and local professionals have turned the situation almost completely around.

- Human resources are increasingly a recognized and well-established function.
- Nations returned to their historical, intrinsic value systems.
- The labor market has stabilized to a certain degree, and professional search and hiring procedures are increasingly in place.
- External and internal compensation and benefit surveys are not yet as common as in the Western world, but are becoming more popular.
- Labor legislation was firmed up following Western models.
- A young, highly skilled and motivated workforce has emerged.
- Universities have formed partnerships with leading Western counterparts and modernized their curricula.
- Complex support infrastructures exist, and most bureaucrats have learned to relate to individuals as customers.

Nothing is perfect, and there is still plenty of room for further improvements. But the tremendous progress is impressive. Those HR professionals who were lucky to actively participate in this major change unanimously confirm that this was a unique opportunity and the best time of their careers.

“Every human resources professional should seize the opportunity to work in emerging markets,” says Marcia Carey-Ray (Director of Human Resources, EMEA). “No other environment better challenges the character of the individual and his or her competencies. The experience requires HR professionals to understand and internalize the myriad of values, beliefs