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Two top leaders of the Middle East telecom company Etisalat explain how they recruit and retain people in frontier markets—the most challenging business environments in the world.

BY DAVID TUSA AND MELISSA MASTER CAVANAUGH

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In recent years, many multinational companies have adapted to the challenges of doing business in emerging economies. But as countries such as Brazil, Russia, India, and China (the BRICs) become more familiar, unfulfilled opportunities await in other, less-developed countries. These frontier markets, as they're called, include much of sub-Saharan Africa, along with some countries in Central Asia, Latin America, and Southeast Asia. The telecommunications industry is frequently among the first sectors to enter these newly emerging economies, often bringing financial services as well as connectivity to poor but ambitious populations who are eager for education, telecommunications, electricity, and mobility.

Companies operating in frontier markets face hurdles more challenging than anything they have seen in the BRICs, especially in recruiting, retaining, and developing employees. Implementing a talent strategy might involve persuading expatriate managers to spend a year in Afghanistan and convincing homegrown talent in Nigeria not to jump ship when recruiters are beating down their doors.

One company in particular — telecom operator Emirates Telecommunications Corporation (Etisalat), based in the United Arab Emirates (UAE) — has deliberately built the capabilities needed to provide a variety of services on the frontier. Since 2007, Etisalat has energetically expanded its footprint beyond the UAE, Saudi Arabia, and Egypt into 14 more countries, many of which represent uncharted territory for many multinationals: Afghanistan, Benin, Central African Republic, Gabon, India, Indonesia, Ivory Coast, Niger, Nigeria, Pakistan, Sri Lanka, Sudan, Tanzania, and Togo. With 27 operating companies in the countries it serves, Etisalat now reaches 167 million customers and employs 53,000 people.

Because frontier markets are at the heart of the company's long-term growth strategy, Etisalat has adopted a deliberate approach to talent strategy, to ensure that it can compete effectively in emerging economies for years to come. We sat down with Ahmad Abdulkarim Julfar, CEO of Etisalat Group, and Abdulaziz Al Sawaleh, Etisalat Group's chief human resources officer, in Abu Dhabi to discuss what they have learned from launching and maintaining operations in frontier markets

S+B: How critical is talent management to Etisalat's overall strategy?

JULFAR: Although we are in the technology business, technology is not our main challenge today in the way that it was 20 years ago. Our main challenge is having the best people in the market. Telecom is making a steady transition to becoming a service industry.

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Although we still have considerable assets in the form of infrastructure, at this point our most irreplaceable asset is our human capital.

The nature of our industry and the dynamics of the market dictate that we need people who are not just very capable but very adaptable. In Dubai and Abu Dhabi, for example, we needed people with the skills to cope with the boom time of the 2000s and the downturn that followed. We also need people who can adapt to different environments — working in markets like the UAE, Saudi Arabia, and Egypt as well as less-mature markets such as Ivory Coast and Afghanistan.

Our strategic plan for 2011–16, which we call "Engage," addresses these demands. Naturally, it covers the aspirations critical to our business — being a premier provider of digital content, leading the market in mobile broadband, actively driving the regulatory agenda. One of the key pieces of this strategy is to be an employer of choice in the markets where we operate.

That means that building our people capabilities is at the core of the strategy, with programs that identify and nurture high-potential talent. The CEOs of each of our operating companies — not the people below them but the CEOs — have KPIs [key performance indicators] related to talent management. It is at the top of the leadership agenda.

For us, one of the most difficult issues is not just finding but retaining talent. Because Etisalat invests so much in the development and education of our people, our employees are targeted by other companies in the markets where we operate, especially where talent is scarce. CEOs of other companies have told our employees that if they have been with Etisalat for five years, they can consider themselves 90 percent of the way through the interview process, since they must be good. So we began developing more robust retention packages and incentives in response.

S+B: What are the key elements in your approach to keeping the best people?

AL SAWALEH: Our capacity to attract, retain, and manage executive talent depends not just on the compensation package, but also on our ability to create a long-term relationship and opportunities for professional development. We try to create a snapshot of each individual in our talent pipeline in terms of the three Es: education, experience, and exposure. And then we create the opportunities to make sure that they are well rounded.

We provide education through Etisalat Academy, a state-of-the-art facility for leadership training in Dubai, and through qualified local training services in the markets where we operate. In terms of experience, we ensure that high-potential employees rotate through a variety of assignments to get a broad background. This may include placement with outside companies that have international expertise [including Booz & Company, publisher of *strategy+business*]. Last, for exposure, we want to ensure that people are comfortable in different working environments. They must be culturally resourceful. So we make sure they have the chance to work in different markets.

S+B: Is this approach to creating loyalty effective in all markets?

AL SAWALEH: It varies by individual, of course, but it also varies by market. In markets where there is no long-term stability — such as Afghanistan and West Africa

— people will naturally focus on short-term incentives rather than long-term development opportunities. But even in these countries, people are attracted to us because of our brand, our values, and our reputation.

Naturally, we make sure that we offer compensation and benefits that are competitive, and other perks that make Etisalat an attractive place to work. First and foremost is the safety and security of our people, especially in high-risk locations. It is really important to us to ensure our employees' well-being. There have been cases where a member of an employee's family had a medical issue, such as cancer, that was not fully covered by our health insurance, and we have picked up the full cost of care. And then we have family gatherings, social clubs, social networks. Finally, functional forums let people — for instance, in HR — from different operating companies meet and network.

S+B: How does the talent strategy work on the ground in some of your more challenging markets?

AL SAWALEH: Take Afghanistan as an example. Since the 1980s, there has been a steady exodus of educated, qualified Afghan nationals to other countries. The challenge now is to develop a new talent pipeline amid a continuing state of war.

To do so, we're focusing on two programs in Afghanistan. The first is our graduate trainees program, which takes 60 new graduates and fast-tracks their career via a two-year training program in Afghanistan and the UAE. We teach them skills in technology, finance, marketing, sales, and customer service, together with programs in personal effectiveness. The other is the management succession program, which in 2010 identified 50 managers, all Afghan nationals, to participate in a 15-month program to build their skills and enhance their performance.

We are already seeing the effects of these programs. Annual employee turnover has dropped from 40 percent to 10.4 percent, which offers obvious savings. We'll see further savings when we can replace the majority of our expatriate managers with locals.

JULFAR: Or look at Nigeria. West African markets are among the most competitive in the world for telecom operators today. As we try to differentiate our product and service offerings in an increasingly crowded market, we need people who can respond rapidly and nimbly to changes in the market environment.

But many highly qualified West African professionals would prefer to live and work in Europe, the U.S., or Asia. It is a constant challenge to attract those with the necessary skills — who are often recruited elsewhere — to stay in the country.

So we are doing a few things. One is to grow the pool of people with the technical skills we need by partnering with engineering institutions and telecom vendors to develop learning programs, and by creating graduate development programs for entry-level hires to make up for the gaps in the existing education systems.

Another is giving our employees room to grow in the organization. We want to make sure that the people who have the right technical skills also have leadership ability, so we have put in place leadership development programs for middle and top management. This builds their people and business skills and also loops them into our global network of talent.

Finally, many employers in West Africa's cash-driven economies focus mostly on salaries in developing compensation packages. We were able to differentiate ourselves by offering both monetary and nonmonetary rewards — housing, cars, phone bill subsidies for employees' families, and education allowances — to meet employees' needs.

S+B: As you have grown from a local to a regional to a global company, how have you maintained a consistent culture and talent management strategy?

AL SAWALEH: Our preferred profile for talent is changing. We look for people who can embrace Etisalat's values and also be extremely mobile — understanding the norms and cultures in different countries. This is one of our screening criteria for talent. It allows leaders to move across the group and work effectively in each market while still upholding Etisalat's corporate culture.

We design our programs for high-potential employees the same way. We have a group-level program, which develops managers who can work in any of our operating companies, as well as specialized leadership programs for each operating company to meet its unique needs. But these programs are carefully designed to monitor progress using similar metrics. So at the end of the day, we are comparing oranges to oranges across the company.

We have tough standards for measurement, and we see people work very hard in order to achieve them. They are the pillars of our success. Our people are really dedicated, and we must take care of them in return. +

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