

Intervening in Emerging Markets: Back to the Basics, or Go Home Empty-handed

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The Need for Industrial/Organizational Psychology Interventions

Organizations in Latin American, Eastern Europe, and other emerging world markets offer a fertile setting for interventions and services offered by Industrial/Organizational (I/O) psychologists. While it may seem odd to link Latin American and Eastern European countries, they do share a common economic history. These countries have suffered totalitarian governments (military dictatorships in Latin America, Communism in Eastern Europe) that followed an economic model instituted in the 1940's and 1950's: The Government had a primary role in the national economy and owned from subways and airlines to nightclubs and steel plants.

However, since the early 1980's these now so-called emerging markets are undergoing drastic changes: Individual countries are merging into economic blocs (e.g., MERCOSUR in South America), formerly state-owned companies are being privatized, and private organizations are feeling an increasing need to be competitive and global in order to survive. Consequently, hundreds of organizations in these emerging markets are desperately seeking useful tools that will allow them to make a healthy transition to a market-driven economy. In the human resources management (HRM) arena, organizations need tools that will allow them to make more effective decisions regarding employee selection, retention, promotion, training, and development.

Challenges Faced by US I/O Psychologists

Despite the apparent need for tools and methodologies in Latin American and Eastern European organizations, US I/O Psychologists need to be aware of several challenges when exporting business practices or recommending strategic plans. First, in general, the rhythms of the courtship between consultant and client are different to those common in the US (Aguinis, 1992; Perliaki, 1994). For example, a Latin American manager conveys power and status by the length of time he or she makes one wait for an appointment (cf. Aguinis et al., 1995). Rarely do meetings start on time. However, becoming annoyed only means that the subtle message has been missed, and may mark the beginning of the end of the relationship.

In our experience, in addition to the more typically acknowledged cultural differences (e.g., Adler, 1991; Hofstede, 1991; Stephens & Greer, 1995), there are *specific challenges* that US I/O psychologists face in attempting to establish partnerships with organizations in emerging markets. First, I/O

psychology may be perceived as a science irrelevant to the local ways of doing business. For example, at a luncheon with 15 Argentine Fortune 100 company human resources managers, one joked about an American consultant who offered him diversity training: "Imagine," he laughed, "this American guy wanted to sell me a program to avoid legal problems and increase the diversity in our company..." Similar to many other emerging markets, Argentina has a very homogeneous workforce and, most importantly, no specific laws regarding discrimination in the use of instruments for selecting and evaluating employees.

A second challenge facing US I/O psychologists who wish to intervene in emerging markets is the lack of a shared conceptual framework. US I/O psychologists cannot always assume that a potential client (a) shares a common vocabulary to describe human resources interventions, and (b) has knowledge regarding the "I/O psychologist bag of tools." Regarding the vocabulary, terms like validity and reliability are often unknown, as well as the concepts which underlie them. For example, at a recent meeting in a South American country, the head of the personnel selection department of a 7,000 employee electric company recently privatized stated "I like the idea of using a standardized test to select employees, however, how do you know that the test works?" In our presentation, we had made the mistake of mentioning that the test had been "validated," without expanding too much on the issue. After this manager's comment, we had to step back and use a different strategy. Not only we had to explain the specific studies we had conducted but, much to our surprise, we had to explicitly explain the *meaning of the concept of test validity*. This manager, in charge of personnel selection, was unaware that data can be collected to answer to question of whether "the test works." Many other organizations lack all forms of standardized testing, so that even the concept of a test may have to be explained.

Third, the most typical I/O psychology-based interventions such as job analysis are either non-existent or implemented by adopting very different paradigms than in the US. For example, employees (including high-level executives) are selected based on clinical diagnosis and not on identification of behavioral patterns and skills assessment. Graphology and unstructured interviews are very common tools, and these instruments are seldom challenged regarding their accuracy in identifying the best applicants for a position. A head-hunting firm may "guarantee" a placement against turnover, finding a new executive if the previously hired one leaves prior to six months. In this way, a company may believe that their executive selection process is already 100% successful, and would question the need for a new system (with an overall validity coefficient of considerably less than 1.0!).

Facing the Challenges: Back to the Basics

For much of the two years after our first trip to an emerging market country, including nearly 50 meetings and presentations with decision-makers in consulting firms and Fortune 100 and Fortune 500 companies, we struggled with finding a way of explaining the uniqueness and the value of the tools and interventions we had to offer. Finally, we discovered one key to facing the aforementioned challenges and communicating the value of what we had to offer.

In most of our meetings, a central question asked by managers and executives was "What is unique about your approach to working with organizations?" Our initial answers emphasized core I/O psychology processes such as job analysis, performance appraisal, personnel selection, and training evaluation. We spent a great deal of time explaining these concepts which were foreign to most of our interlocutors. However, we felt that our answers were typically not completely understood or judged satisfactory. As a result, we later emphasized other facets of what we believe is unique about our systems approach to applying I/O psychology: Customized interventions, transforming technology through training, and educating clients. However, this latter approach did not have the intended effect either; these are buzzwords offered by any number of US-based consultants. We still had difficulties conveying the organizational value and usefulness of I/O psychology interventions, and needed to continue to find a way to explain the value of our discipline in a way which was easily understandable.

We eventually found an answer that was effective in communicating the value and uniqueness of our training and experience. This answer may now appear obvious, but it is the result of dozens of international luncheons, meetings, and presentations. We decided to go back to the basics, and emphasized two aspects that we believe are at the core of I/O psychology-based organizational interventions:

- At its essence, I/O psychology is the application of techniques for measurement and evaluation for the goal of organizational improvement.
- Data-driven measurement and evaluation (a) helps organizations improve their decision-making processes, and (b) allows organizations to document the rationale underlying decision making and the degree of success of specific policies and interventions.

The response we received from several executives was immediate. Now they understand what we have to offer, how we differ from professionals trained in other organizational disciplines, and are eager to have us as their collaborators. Measurement and evaluation are processes perceived to be critical to organizational success (particularly in the post-TQM age), but relatively few persons are knowledgeable enough to design or implement measurement systems. Too, managers are often inherently rationale and

empirical, and are more comfortable with systems that allow them to make data-driven decisions.

In sum, we had tried to first communicate with potential clients by proposing the use of tools and techniques that we believed they would find useful. Instead, we have now evolved into using a very different approach. We emphasize what we believe are the unique assumptions and philosophy of I/O psychology: The implementation of research-based interventions that are data-driven and allow organizations to make more informed and better decisions.

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