HUMAN RESOURCE DEVELOPMENT IN THE CIVETS COUNTRIES: IMPLICATIONS FOR LEADERSHIP AND INNOVATION IN EMERGING MARKETS

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ABSTRACT
As world economy shifts both economically and politically new power blocs of countries such as BRICS, CIVETS, MIST, Next 11 emerge. While most of these blocs are rather conceptual (except for BRICS), nevertheless they provide hypothetical and financial scenarios both for businesses and organizations. As emerging markets these countries are still struggling many issues including human rights, labor issues, poor environmental regulations, and widespread corruption. The CIVETS economic bloc is composed of Columbia, Indonesia, Vietnam, Egypt, Turkey, and South Africa, all of which are part of the Asia-Pacific region and represent a large number of population and economy of the region. This paper examines Human Resource Development (HRD) in CIVETS countries and discusses its implications for leadership and innovation for firm success.

Keywords: Human Resource Development; CIVETS; emerging markets; leadership; innovation

INTRODUCTION
As the world economy is shifting from West to East and North to South, world economists are in an ongoing attempt to classify certain countries and regions for financial investment and economic growth purposes. Terms such as G-7, G-20, BRIC, and the Next Eleven have certainly helped to achieve this. However, the changes in the world economy, where many G-7 countries have either been in a recession, or even worse, in an economic crisis, are main reasons why new approaches to financial outlook were needed to capture the evolving nature of the world economic map. The fields of finance and economics also invented other country groupings such as the CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa), the Next 11 (Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, Philippines, Turkey, South Korea and Vietnam), and MIST (Mexico, Indonesia, South Korea and Turkey) to highlight the promising potential of these countries for investment and growth (O'Neill, 2011).

Although recent studies provided a general view of HRD in emerging economies (Akdere & Dirani, 2014; Githens, 2014; Krak, 2014; Oh, et al., 2015, Oh, Choi, & Choi, 2013; Oh, Ryu, & Choi, 2013; Ghosh & Barman, 2014; Shah & Kolachi, 2013; Tomè & Goyal, 2015), studying CIVETS within the Human Resource Development (HRD) context is crucial because this topic has never been explored and discussed in the HRD literature through the CIVETS context. Furthermore, this paper provides a foundation to both HRD professionals and researchers in a global economy where organizations are either operating internationally or impacted by international companies conducting business in their markets. Similar to other emerging markets such as BRICS or MIST, this paper aims to serve as a seminal work for HRD to better understand CIVETS as an emerging market and the countries within this market in terms of their workforce, talent development, organization development, and human resources. Considering the success of organizations heavily depend on their ability to attract and retain the most talented employees as well as engage in continuous learning, HRD is uniquely position to help the organizations and workforce in these countries for their transformation to become successful competitors in a global knowledge economy.

This paper first provides an overview of CIVETS and then explore each individual CIVETS country geographically, economically, financially, socially and educationally. The paper concludes with discussion of HRD practice and research in the region from institutional, societal and cross-cultural perspectives. Implications for technology and innovation are also included. The paper further highlights the role of HRD in national development as associated with many aspects of the society in these emerging
markets. The basic HRD related issues in these markets such as literacy, lower levels of education, infrastructure as well as proper application of governmental regulations and policies in terms of employee safety, compensation, and benefits present some significant challenges in terms of technology and innovation in CIVETS.

HISTORICAL, INSTITUTIONAL, & CULTURAL CONTEXT

Merged as an economic block of countries that have emerging markets, CIVETS is a term offered for investors to demonstrate potential the markets of these countries would offer. First used by Michael Geoghegan in 2010, CIVETS is an acronym for six favored countries with emerging markets representing Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa. He proposed the terms CIVETS:

… after the cat-like animals found in many of these countries. These are the new BRICS: Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa. Each has large, young, growing population. Each has a diverse and dynamic economy. And each, in relative terms, is politically stable. Each has a very bright future (Geoghegan, 2010).

Different from the financial concept for BRIC, “countries that make up CIVETS will benefit from fast-rising domestic consumption” (Greenwood, 2011) and, “they are also all fast-growing, relatively diverse economies” (2011); thus “unlike the BRICs, they should be less heavily dependent on external demand” (2011). One of the main reasons why this term was proposed was to help “to attract investment to countries that have traditionally been somewhat neglected” (Schiller, 2011). A young and dynamic population would certainly be considered an emerging market and CIVETS all fit in this category. As a very new term CIVETS is not well-established in the literature as compared to its predecessor BRIC. And, most certainly, it has not yet been explored in the realm of Human Resource Development (HRD).

As with any emerging markets around the world, CIVETS offer both opportunities such as development and growth as well as challenges such as improvement and sustainability.

As a concept, CIVETS countered have a total population of approximately 605 million (CIA, 2013). When compared to the population of the BRIC countries—Brazil: 201 million; Russia: 143 million; India: 1.221 million; and China: 1.350 million—with a total of almost three billion people, CIVETS countries have relatively smaller populations except for Indonesia. The median age of CIVETS is almost 28 years—Colombia: 29; Indonesia: 29; Vietnam: 29; Egypt: 25; Turkey: 29; and South Africa: 26 while the median age for BRIC countries is 33–Brazil: 30; Russia: 39; India: 27; China: 36. It is important to note here that neither the BRIC countries nor the CIVETS countries are considered a political alliance; rather, they are a powerful economic bloc. These countries are among the biggest and fastest growing emerging markets already accounting for more than 50 per cent of the world’s population, 40 per cent of its total geographic area, and 50 per cent of global GDP (CIA, 2013). So, when put in a global perspective these economies based on various economic and financial indicators do form a very strong market.

Table 1 illustrates macroeconomic indicators—providing insights for economics performance including, population, Gross National Income (GNI) per capita (the total domestic and foreign output claimed by a country), Gross Domestic Product (GDP) per capita (GDP divided by the midyear population), GDP growth (the percent rate of increase in real GDP), unemployment rate as to the percentage of the labor force, and literacy rate of adults—for CIVETS countries. The continuous economic and population growth and expansion of these countries over the last decade as seen in these figures provides a framework for the grouping they are placed (Yi, Qi, & Wu, 2013). These macroeconomic indicators are further crucial in understanding CIVETS and exploring how HRD might contribute to this growth and development.
Table 1: Macroeconomic indicators for CIVETS

<table>
<thead>
<tr>
<th>Macroeconomic Indicators</th>
<th>Colombia</th>
<th>Indonesia</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (in millions)</td>
<td>39.8</td>
<td>45.0</td>
<td>45.7</td>
</tr>
<tr>
<td>GNI (in USD million)</td>
<td>5,740</td>
<td>8,500</td>
<td>9,990</td>
</tr>
<tr>
<td>GDP per capita (in USD)</td>
<td>2,504</td>
<td>5,405</td>
<td>7,748</td>
</tr>
<tr>
<td>GDP growth (annual)</td>
<td>4.4</td>
<td>3.5</td>
<td>4.2</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>16.6</td>
<td>11.1</td>
<td>10.6</td>
</tr>
<tr>
<td>Literacy rate (%)</td>
<td>89</td>
<td>93</td>
<td>94</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Macroeconomic Indicators</th>
<th>Egypt</th>
<th>Turkey</th>
<th>South Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (in millions)</td>
<td>67.7</td>
<td>81.7</td>
<td>85.2</td>
</tr>
<tr>
<td>GNI (in USD million)</td>
<td>3,810</td>
<td>5,940</td>
<td>6,450</td>
</tr>
<tr>
<td>GDP per capita (in USD)</td>
<td>1,510</td>
<td>2,157</td>
<td>3,256</td>
</tr>
<tr>
<td>GDP growth (annual)</td>
<td>5.4</td>
<td>7.2</td>
<td>2.2</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>9.0</td>
<td>8.7</td>
<td>12.7</td>
</tr>
<tr>
<td>Literacy rate (%)</td>
<td>60</td>
<td>66</td>
<td>74</td>
</tr>
</tbody>
</table>

Even though both CIVETS and BRIC countries are presently experiencing significant economic slowdown they all share one common aspect: a rapidly growing middle-class, representing their economic power to become significant markets for consumption (Biller & Colitt, 2013; Krishnan, 2013; Rose & Tanas, 2013; Wolf, 2013). The concept of knowledge economy is vital for the survival and sustainability of these economies particularly the focus on innovation and knowledge creation. In a study comparing BRIC and CIVETS countries Yi, Qi, and Wu (2013) argue that “the main findings are that at the country group level, there is no significant difference between CIVETS and BRICs in knowledge-based economy performance, scientific research quality and scientific research structure and that the number of scientific research papers is the clear gap between them” (p. 615). According to Muddyman (2013) CIVETS have seven commonalities including having young, sizeable and increasing populations—with an average age of 28 as compared to the West's average age of 40; demonstrating significant economic growth and resilience—with an average annual GDP growth of 4.5% until 2030; having diversified economies—through diversifying their economies so as not to be overly reliant on one sector; their geo-strategic locations—the CIVETS markets are all well placed to become ripe targets for foreign investment; enjoying political stability—with a supportive political baseline; implementing investment-friendly policies—with many projects to improve transportation systems and business conditions; and possessing potential for digital growth—with an untapped potential as digital markets. Furthermore, these emerging economies have controlled inflation, low sovereign debt and sophisticated financial systems making them more attractive to foreign investment. In addition, these countries have large national resources, and a variety of exports; thus, reducing the dependence on external demand. As also demonstrated by the economic indicators, CIVETS countries are on the steady path for economic growth and development. However, these countries are also facing high unemployment, corruption, and inequality which are significant barriers for development. With labor participation already high and unemployment rates low, emerging economies will need to rely increasingly on capital accumulation and productivity gains to
Colombia

Colombia is a republic located in the northern tip of South America, bordering Ecuador, Panama, Peru, Brazil, and Venezuela as well as the Atlantic and Pacific Oceans. Colombia has almost a population of 46 million with almost 26 per cent of the population under the age of 14, and 18 per cent between the ages of 15 and 24, and 42 per cent between the ages of 25 and 54; and, at least one-third of the population live below the poverty line (CIA, 2014a). About 94 per cent of the population is considered literate and its national education expenditures constitute about 5 per cent of its GDP. In terms of gender equality “even though the Colombian Constitution upholds the principle of equality between men and women in all public and private spheres, yet many forms of discrimination persist” (OECD, 2010, p. 102), particularly in terms of unemployment wages where women are more affected.

Colombia has a number of significant natural resources such as oil, coal and natural gas and industries of textiles, coffee, nickel and emeralds. Over the last decade Colombia has consistently improved its economic policies and signed a number of free trade agreements with the US, Canada, Chile, Mexico, Switzerland, the European Union, Venezuela, South Korea, Turkey, Japan, and China among others. However, Colombia’s main export industry is oil which makes its economy more vulnerable with any drop in the crude oil prices. It is the third largest exporter of oil in Latin America (after Brazil and Venezuela) and the largest source of US coal import (CIA, 2014a).

As a Latin American country, Catholicism has a dominant influence on the Colombian society. The Colombian culture is characterized by the values of personalism (sense of connection and respect to individual dignity), particularism (legitimacy of using personal connections for one’s personal benefits and advancement), and paternalism (the extent one belongs to a larger family either defined by blood, religious ties—baptismal ceremony, and close friendships) (Osland, De Franco, & Osland, 1999). One of the biggest challenges Colombia was facing over the last decades was the high rates of crime and security issues. Colombia has been successfully making significant progress towards security and prevention of drug trafficking and revitalizing its government and financial structures that would help modernize its institutions, attract foreign investors, and help the country to compete in a global economy. “Moreover, understanding the Colombian state as failed and its democracy as qualified does not explain the recent reduction in violent crime throughout the country, the continued salience of the state in structuring daily life, or how this `failed’ state came to be seen by development agencies and international organizations as an exemplar of good governance” (Hunt, 2009, p. 331). In addition, like many countries in Latin America, Columbia, too, “suffer from endemic violence and state corruption” (Grugel, 2006, p.211). However, even though Colombia has made significant improvements to its governmental and institutional structures, income inequality, underemployment, and drug trafficking are most notable challenges for further development. Investment in its infrastructure is also urgently needed to maintain and sustain its economic growth.

Growth for Colombia is expected to be moderate reaching to more sustainable levels where strong wage growth and low unemployment would support consumption (IMF, 2013a). Colombian economy has significantly grown and expanded in the last two decades, reducing its unemployment rate to under 10 per cent in 2013 (p. 69). Specifically, Colombia has a “rapidly growing middle class with need for new housing stock and retail supplies” (Whittington, 2011, p. 29). Strengthening competitiveness, raising productivity, and increasing saving and investment rates remain critical medium-term challenges for Colombia. Furthermore, “low levels of education and enormous income asymmetries” (Cruz, et al., 2010a, p. 253) will negatively impact progress toward a knowledgebase economy. Finally, “higher levels of training and permanent retraining to enable staff to keep pace with the changing technology” (Cruz, et al, 2010b, p. 233) is needed to integrate more technology infrastructure into businesses and organizations.

Indonesia

Indonesia is the world's third most populous democracy, the largest archipelagic state, and the largest Muslim-majority nation (CIA, 2014b). Indonesia has an estimated population of 254 million with a median age of about 29 years, with almost 26 per cent of the population under the age of 14, and 17 per cent between the ages of 15 and 24, and 42 per cent between the ages of 25 and 54; and, about 12 per cent maintain high growth rates (IMF, 2013, p. 68). As an applied field, HRD is positioned well to be instrumental in developing highly-skilled workforce and unleash human expertise.
of its population live below the poverty line (2014b). Having the largest economy in Southeast Asia and being a member of the G-20, both private sector and government organizations play significant role in the Indonesian economy. The GDP was reported to be $5,200 for 2012 (2014b).

Indonesia’s vast natural resources are becoming more important to its government where it is taking policy steps to achieve better natural resource management (Burgers, Pandu, And, & Tu, 2011). While the Indonesian “government is keen on attracting foreign investment to meet the country's growing investment needs, especially in the coal, railways, ports and bauxite mining sectors” (Indonesia Economy, 2014), “continued uncertainty in mining regulations and the global economic slowdown, together with the political uncertainty, are major deterrents” (2014) for attracting foreign investment. Furthermore, “robust domestic demand helped Indonesia to achieve steady growth in industrial production” (Das, 2012). Basri and Rahardja suggest for “a strategy of safeguarding a balance between domestic economy and global orientation, such as becoming part of a production network and promoting export-oriented growth, must be a part of the development strategy of the national economy (2010, p. 77).”

As a Southern Asian country, Indonesia historically received considerable levels of immigrants from China and maintained its strong economic ties with China, South Korea, Taiwan, and Japan (Gupta & Hanges, 2004). One of the indicators of becoming an emerging market, the majority of Indonesia’s labor force works in the service sector (about 48 per cent), which indicates a major shift from the historically largest sector of agriculture (about 38 per cent). A vast island nation, Indonesia has extensive natural resources such as crude oil, natural gas, tin, copper, and gold and exports many commodities including oil and gas, electrical appliances, plywood, rubber, and textiles (2014). With about a 6 per cent unemployment rate, Indonesia is better situated in terms of employment; however, high levels of poverty, inadequate infrastructure, corruption, a complex regulatory environment, and unequal resource distribution among regions (2014) as well as its large account deficit further makes it financially vulnerable (South-East Asia, 2014) are major challenges the country needs to tackle. Furthermore, “the lack of basic civic amenities and inadequate communications, ports and power infrastructure are important constraints to sustainable development” (Indonesia, 2014). The major cause of Indonesia’s unemployment is related to rural migrants to urban areas (Dhanani, Islam, & Chowdhury, 2009; Newberry, 2010). Transition from unskilled workforce to a highly skilled workforce will require Indonesia to heavily invest in education, workforce development, and training (Blöndal, Hawkesworth, & Choi, 2009).

Vietnam

Vietnam, one of the four remaining communist country in the world is located in the South East Asia bordering with China in the North and Cambodia and Laos in the west. It has a population of over 93 million with a median age of 29 (CIA, 2014c). About 24 per cent of Vietnam’s population is under 14 years of age while 18 per cent are between the ages of 15 and 24, 45 per cent between the ages of 25 and 44, and 11 per cent are 55 years of age and above (2014c). As one of the emerging economies, Vietnam has a GDP per capita of $1,527 (IMF, 2013b), and, 6 per cent of its GDP is allocated for education. Vietnam is Asia’s second fastest growing economy after China, and it has been forecast that Vietnam will become the world’s 17th largest economy by 2025 (Karmel, 2010).

Traditionally an agricultural society that heavily depends on cultivation of wet rice, Vietnamese agrarian economy was destroyed during the Vietnam War which led the socialist government to reinvest in agriculture and industry after the War. Food processing, garments, shoes, machine-building; mining, coal, steel; cement, chemical fertilizer, glass, tires, oil, and mobile phones are main industries of Vietnam while manufacturing, information technology and high-tech industries fast-growing part of the national economy (CIA, 2014c). Vietnam has significantly increased its oil production and it is now the third largest oil producer in the Southeast Asia and the 8th largest crude oil petroleum producer in the Asia Pacific region (Vietnam, 2011).

As a country that is heavily based on Confucian belief system and values, Vietnamese society in general values harmony, hierarchy, collectivism, and personal relations, which are very strong in the societal level. As a result of the Vietnamese government’s policy shift to constrain price hikes and boosting more economic confidence, Vietnam maintains its stable position for its economy while keeping the inflation rates stable (Vietnam Economy, 2014a), which are great signs that its “economy is turning a corner” (Vietnam Economy, 2014b). In addition, “Vietnam's policymakers are pushing to lower lending rates to
boost economic growth” (Vietnam Economy, 2014c). Although the Vietnamese government made progress on reducing poverty, it is still challenged with maintaining economic stability, improving its monetary and banking systems and policies (Vietnam, 2014), and dealing with its property market which has been a significant drag on its economy (Vietnam Economy, 2014d). As an emerging economy Vietnam is at the unique in terms of its economic ambitions and socio-political formation particularly with its private businesses, most of which are young and small in size (Le, Venkatesh, & Nguyen, 2006). Vietnam has also successfully eliminated some of its significant challenges for its entrepreneurs and start-up companies (Scheela, et al., 2015), which most certainly contribute to its economic and business growth.

Egypt

Host to the many historical great civilizations, Egypt is strategically located in Northern Africa and the Middle East. It is the largest Arab nation with a population of 87 million with 33 per cent under the age of 14, 18 per cent between the ages of 15 and 24, 39 per cent between the ages of 25 and 54, and 10 per cent are 55 and older. Since its inclusion in CIVETS, Egypt has gone through a number of significant political challenges and has almost become identical with the social uprising of Arab Spring. Egypt is still “facing the daunting prospect of making the transition from decades of authoritarianism to democracy” (Broadbent, 2011, p. 1). Inescapably, this severely impacted Egyptian society, economy, and institutions, and organizations. As a result of the military coup that has overthrown a democratically elected government in 2013, Egypt has been under the military rule and little progress has been made to normalize the society. Nevertheless, Egypt’s GDP per capita was reported to be $6,600 with 47 per cent of its labor force in the services, 29 per cent in agriculture, and 24 per cent in industry (CIA, 2014d). Egypt mainly produces cotton, rice, corn, wheat; and among its major industries are textiles, food processing, tourism, chemicals, pharmaceuticals, hydrocarbons, construction, cement, metals, and light manufactures (2014d).

As a Muslim country, Egypt’s culture was shaped by Islamic moral and legal code (the Qur’an and Sharia). Among Egypt’s major problems are political instability (a so-called democracy where democratically elected governments can be thrown out of power by military coups leading to long-lasting dictatorships); high levels of urbanization—almost half of Egypt's population live in Cairo, the capital; widespread poverty; and lack of Infrastructure. Despite this bleak picture, however, Egypt's young population and the resiliency of its people (Broadbent, 2011), and geopolitical status, including its role in the Arab world, are promising aspects for its future. At present, Egypt is at crossroads in terms of economy, politics, and societal change. Furthermore, “Western innovative culture and technologies are slowly permeating the business culture” in Egypt (Wongtada & Rice, 2008, p. 538). As the largest Arab nation it has the both manpower and historical tradition to move forward towards becoming a stable developing nation. But, achieving this will require a strong political and societal will that will serve as a catalyst to enable national change since most of societal “protests have been sporadic at best and therefore failed” (Kienle, 2012, 553).

Turkey

Turkey is considered the cradle of civilizations where the West meets the East. Home to many great civilizations throughout the history (Phoenicians, Hittites, Byzantine, and the Ottomans) Turkey has made significant progress both politically and economically specifically in the last decade. Evidence for this is the lower levels of unemployment—9.2 per cent during 2012 as compared to over 25 per cent observed in many European countries such as Spain, Portugal, and Greece; or its lower levels of public spending under 36 per cent, which is lower than 24 European Union countries, or its increased level of labor participation to over 51 per cent of its population (Iskur, 2013). It should be noted here that Turkey has achieved this despite many political and economic problems took place in its region such as the Arab Spring or the economic crisis in many European countries. One of the labor related challenges Turkey needs to immediately address is the low labor share in the income of Turkey (Unveren & Sunal, 2015).

As a country that inherited the cultural and social norms of the Ottoman Empire, Turkey often finds itself between Europe and Asia. Culturally, it is Asia (more specifically Middle Eastern because of its Islamic roots) and societally and geographically it is European with the highest levels of education, women in the workforce, and economic well-being (Syed, 2008). “The disestablishment of Islam and the dismantling of its central institutions under the republic are primarily evaluated as a wholesale attempt by republican
elites to adopt Western positivist notions of progress and a Jacobin mode of enforcement of new cultural standards and practices” (Kandiyoiti, 2012, p. 515). Turkey’s geographic and political location, a country located both in Asia and Europe as well as its vast natural resources (one of the few countries in the world that produces enough to sustain itself), and strong manufacturing and production tradition uniquely position it for growth and development that has been coupled with a long political stability and strong political leadership to help the country make significant institutional changes that were often results of high levels of bureaucracy and economic instability. Founded after the collapse of the Ottoman Empire, Turkey’s road to democratization has rather been bumpy with three military coups and two postmodern coups since its foundation in 1923. Its prolonged effort to become a member of the European Union and its secular model of democracy has often been considered as a model to other Muslim nations in the region. Turkey is continuing to establish business relations with many countries around the world, particularly Africa, China, and South America. Even though significant progress has been made over the last decade, Turkey still needs to focus on tackling its issues around human rights, freedom of speech, and justice systems, which are also needed for accession to the European Union. Furthermore, “Turkey’s relatively high current account deficit, uncertainty related to monetary policy-making, and political turmoil within Turkey’s neighborhood leave the economy vulnerable to destabilizing shifts in investor confidence” (CIA, 2014e). Nevertheless, with a growing young population (per cent of its population is under the age of and per cent of its population is between the ages of), stable political will and power, and determined economic policies, Turkey is a strong candidate to be welcome to European Union and a powerful member of the CIVETS.

South Africa

South Africa is the last of the CIVETS nation that is also considered as part of the BRIC countries (officially invited to join The BRIC in 2009). With a population of nearly 49 million, South Africa is considered as the most developed nation in the African continent. Located at the tip of the African continent, South Africa also has a very young population—28 per cent is under the age of 14 while 20 per cent is between 15 and 24 years of age. About 80 per cent of its population is black while 9 per cent is white. As an African country, South Africa mainly challenged by racial issues and racial segregation that “remains to be bridged socially and mentally” (Gupta & Hanges, 2004, p. 187) throughout the country, despite its abolition in 1991 and “diversification vies with deepening commitment” (Bolt, 2013, p. 201). After decades of apartheid regime, South Africa, under the leadership of Nelson Mandela, has made significant progress towards a democratic government where all South Africans are equal under the law. South Africa is a country that is considered both as part of CIVETS and BRICS. It has an emerging market with vast natural resources as well as well-developed financial, legal, communications, energy, and transport sectors and a stock exchange that is the 15th largest in the world (CIA, 2014f). GDP per capita is $11,500 with main industries including corn, wheat, sugarcane, fruits, vegetables; beef, poultry, mutton, wool, and dairy products (2014f). Besides poverty, racial inequality, and high levels of unemployment (about 25 per cent) unstable electricity supplies also remain as significant challenges to South Africa’s economic growth (2014f).

HRD RELATED ISSUES, POLICIES AND PRACTICES

In general, CIVETS presents a number of issues to HRD particularly around literacy as well as higher levels of education, employee and talent development, organizational learning, management and leadership development, workforce development, skilled labor force, lack of policies or regulations or inadequate practice of existing laws and legal practices in the workplace. In addition to lacking government oversight associated with many of these challenges, cultural traditions, societal norms, and status quo also directly impact and contribute to the current HRD issues. In fact, some of them directly cause such issues in the first place. Broader HRD issues associated with Colombia stems from societal issues and governmental policy challenges in which Colombia as a country has suffered from prolonged civil unrest; and still, some parts of the country is still under rebel control and is considered unsafe. Even though Colombia has made significant strides over the last decade, its investment in human resources and training does not match up to its growth rate. Despite all of these developments noted here, the most significant challenge ahead of Colombia is to secure all its territories, increase government oversight on financial systems, and invest in its educational institutions (Riggiorozzi, 2014). With respect to HRD practice, supervisors/managers are “expected to attend family functions of their employees” (Gupta & Hanges, 2004, 186). This confirms their cultural basis for individualism, particularism, and paternalism.
Indonesia, on the other hand, has recently demonstrated significant signs of development and growth. More investors are exploring possibilities of doing business in Indonesia which is also supported by the Indonesian government. Furthermore from a management and leadership development perspective, “Indonesian inspirational leaders need to pursue their followers about the leaders’ own competence” (Mabey & Finch-Lees, 2008, p. 30). Thus, in addition to traditional HRD issues such as an uneducated population as well as lack of adequate educational infrastructure, and government policies to promote and foster learning in the workplace, issues related to diversity, cultural barriers to research and development, and challenges to innovation and technology-integration.

Vietnamese people value higher levels of harmony (both at the individual, group, organizational, and societal levels), hierarchy (particularly with regards to seniority), collectivism (well-being of everyone), and personal relations (very important in daily work and life). These value system has a significant impact on how Vietnamese employees conduct, perform, and engage at work. Additionally, in such a value system, management and leadership practices usually based on subordinates’ acceptance of the authority of managers and leaders in order to achieve and maintain harmony (Mabey & Finch-Lees, 2008). A major challenge for HRD professionals is to bridge the gap between Vietnamese cultural value system and the capitalist global approach that is heavily based on self-promotion and interest as well as confrontation and competition.

As a country that once became the hope for millions in the Arab world through the Arab Spring, Egypt is currently under a military dictatorship that overthrew a democratically elected government. As such, HRD challenges are urgently focused on the policy and legal matters associated with the workplace where basic human rights are often not allowed. Additionally, Egypt suffers from low levels of literacy, the lack of technological and other infrastructure, as well as a chronic economic turmoil, all of which significantly impacts Egypt’s ability to attract foreign investment and focus on its immediate issues surrounding HRD.

As a member candidate to European Union, Turkey has steadily grew over the last decade both in the areas of attracting foreign investment, lowering unemployment, increasing educational opportunities, investment in infrastructure both land, sea, and air as well as its technology (getting ready to implement 4G network while discussing 5G). Turkey’s HRD challenge, however, is to make the biggest leap in terms of investing in its human capital and talent which is a major concern for companies to find and attract best talent. Although the government has steadily and significantly invested in education (including higher education where the number of universities has more than doubled in the last decade) and research (annual expenditures also has more than double in the last decade), the country can benefit from a systematic approach to develop and utilize its human resources. Although Turkey has implemented a national HRD policy over a decade ago (Akdere & Dirani, 2014), a national agency for Human Resource Development may be instrumental.

The last country in the CIVETS bloc, South Africa, is still going through a societal transformation from the apartheid system that ruled South Africa for many decades since its independence. With 11 official languages and many diverse groups coexisting in the country, South Africa is also considered the land of contrasts. A country with space technology yet limited roads and transportation infrastructure with high demand for limited natural resources; a complex history and an emerging democracy are significant aspects of South Africa. As a result, the need for HRD at the individual (training), group/team (performance), organizational (learning and change), and societal (talent development) levels are significant challenges for the South African economy.

Each year, United Nations Development Program offers Human Development Index (HDI), which is “a simple average of the life expectancy index, educational attainment index (a combination of adult literacy and elementary school enrollment), and real gross domestic product per capital (Javidan & Hauser, 2004, p. 106). According to Table 2, in 2013, Turkey ranks number one among CIVETS countries followed by Colombia, Indonesia, Egypt, South Africa, and Vietnam. All CIVETS countries demonstrated an annual increase over half point compared to the previous year. Similarly, these countries are categorized as developing based on their global ranking in this index.
Table 2. 2014 Human Development Index (HDI) of CIVETS Countries

<table>
<thead>
<tr>
<th>HDI rank globally</th>
<th>Country</th>
<th>HDI value</th>
<th>Life expectancy at birth</th>
<th>Mean years of schooling</th>
<th>Expected years of schooling</th>
<th>GNI (gross national income)</th>
<th>Change in rank 2012-2013</th>
<th>HDI rank in CIVETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>98</td>
<td>Colombia</td>
<td>0.711</td>
<td>74.0</td>
<td>7.11</td>
<td>13.2</td>
<td>11.527</td>
<td>0.708</td>
<td>2</td>
</tr>
<tr>
<td>108</td>
<td>Indonesia</td>
<td>0.684</td>
<td>70.8</td>
<td>7.5</td>
<td>12.7</td>
<td>8,970</td>
<td>0.681</td>
<td>3</td>
</tr>
<tr>
<td>121</td>
<td>Vietnam</td>
<td>0.638</td>
<td>75.9</td>
<td>5.5</td>
<td>11.9</td>
<td>4,892</td>
<td>0.635</td>
<td>6</td>
</tr>
<tr>
<td>110</td>
<td>Egypt</td>
<td>0.682</td>
<td>71.2</td>
<td>6.4</td>
<td>13.0</td>
<td>10,400</td>
<td>0.681</td>
<td>4</td>
</tr>
<tr>
<td>69</td>
<td>Turkey</td>
<td>0.759</td>
<td>75.3</td>
<td>7.6</td>
<td>14.4</td>
<td>18,391</td>
<td>0.756</td>
<td>1</td>
</tr>
<tr>
<td>118</td>
<td>South Africa</td>
<td>0.658</td>
<td>56.9</td>
<td>9.9</td>
<td>13.1</td>
<td>11,788</td>
<td>0.654</td>
<td>5</td>
</tr>
</tbody>
</table>


Another highly regarded index is the Global Competitiveness Index, by the World Economic Forum, defines “competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country” (2015, n.d.). Thus, “the level of productivity, in turn, sets the level of prosperity that can be reached by an economy” (2015, n.d.); and this productivity level further “determines the rates of return obtained by investments in an economy, which in turn are the fundamental drivers of its growth rates”. In other words, the more competitive a country’s economy is the more likely it is to grow faster over time (2015, n.d.). Based on the 2014 data, Indonesia is ranked highest among CIVETS in terms of its global competitiveness while being ranked 34 globally. Following Indonesia in the Global Competitiveness Index are Turkey, South Africa, Colombia, Vietnam, and Egypt. Most significant information from this piece of data is that 5 countries ranked top 70 globally in the Index in 2014 while Egypt ranked 119th, which is a result of its political and economic turmoil caused by the military coup and a consequent dictatorship.

Table 3. The 2014 Global Competitiveness Index of CIVETS Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>GCI rank globally</th>
<th>GCI rank in CIVETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colombia</td>
<td>66</td>
<td>4</td>
</tr>
<tr>
<td>Indonesia</td>
<td>34</td>
<td>1</td>
</tr>
<tr>
<td>Vietnam</td>
<td>68</td>
<td>5</td>
</tr>
<tr>
<td>Egypt</td>
<td>119</td>
<td>6</td>
</tr>
<tr>
<td>Turkey</td>
<td>45</td>
<td>2</td>
</tr>
<tr>
<td>South Africa</td>
<td>56</td>
<td>3</td>
</tr>
</tbody>
</table>


CONCLUSION

This paper examined the CIVETS economic bloc and provided an overview of the countries grouped as CIVETS through economic, institutional, and societal perspectives. The CIVETS are projected to experience similar levels of economics growth that will rival the development that the BRIC nations have undergone over the past 10 years (Alexander, 2011). All CIVETS countries with their large amount of youth population and vast natural resources have significant potential to make impact both locally and globally. In fact, the CIVETS countries are considered as the “second generation emerging markets characterized by dynamic, rapidly changing economies and young growing populations” (S&P, 2014). As an interdisciplinary field, Human Resource Development (HRD) has the capacity and functions to help these emerging markets where there is much need for investment in human capital through training and institutional change through organization development.
Considering a large amount of the population of CIVETS is young, education and learning is crucial for the growth, development, and sustainability. “Proficiency in literacy, numeracy and problem solving in technology-rich environments is closely related to age, reaching a peak at around 30 years of age and declining steadily, with the oldest age groups displaying lower levels of proficiency than the youngest” (OECD, 2013, p. 24). There is an urgent need for policy changes in CIVETS countries to heavily invest in education and development to achieve highly-skilled labor force that can compete in a global economy and fiercely competitive marketplace.

Overall, CIVETS countries rely significantly on investments which are considered one of the most important sources of economic growth, invest in societal development and modernization, increase employment opportunities and enhance income generation. The economic growth of these countries is also related to the level of economic freedom. Table 4 illustrates the ranking of the CIVETS countries in the 2015 Index of Economic Freedom (IEF). According to this Index, Colombia ranked highest while Vietnam ranked the lowest among CIVETS (Miller & Kim, 2015).

Table 4. 2015 Index of Economic Freedom for CIVETS Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>IEF rank globally</th>
<th>IEF rank in CIVETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colombia</td>
<td>28</td>
<td>1</td>
</tr>
<tr>
<td>Indonesia</td>
<td>105</td>
<td>4</td>
</tr>
<tr>
<td>Vietnam</td>
<td>148</td>
<td>6</td>
</tr>
<tr>
<td>Egypt</td>
<td>124</td>
<td>5</td>
</tr>
<tr>
<td>Turkey</td>
<td>70</td>
<td>2</td>
</tr>
<tr>
<td>South Africa</td>
<td>72</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Heritage Foundation, 2015

The traditional functions of HRD such as Training & Development and Organization Development can be instrumental in helping developing skills and knowledgebase necessary for achieving innovation and discoveries of new technologies. This will also enable CIVETS transform their economies from production/service base to technology and know-how oriented knowledge economy. In fact, this is in fact a bigger challenge for CIVETS to transition to a different economic model that aim at increasing human capital at the societal level. Organization Development, on the other hand, can help bring change many institutions of these countries need. The principles of OD may also be instrumental in designing processes for effectiveness and efficiency. Furthermore, national HRD approach provides opportunities to bring change at the country level by tackling issues around higher levels of unemployment, poverty, and inequality. It is not clear how long the term CIVETS will hold for these countries or how much they can maintain their current economic, political, and societal achievements. Nevertheless, CIVETS represent a significant portion of the emerging markets and deserve further empirical studies exploring how HRD can be operationalized and utilized in a given setting in these markets.

Despite certain differences such as population, geographical location, and natural resources, all these six countries that make up CIVETS has similar issues and challenges associated with HRD. Among these commonalities are high unemployment rates; lack of technology integration as well as technology infrastructure; short-term and long-term global economy (including dramatic changes in the exchange rates and increase global demand for natural resources particularly oil and gas); lack of highly skilled professionals to address increase talent gap and decreasing the migration of skilled labor force; and governments’ inability or will (in some cases) for oversight and control of the laws. The recent and current developments in the exchange rate (particularly that of the U.S. dollar), a significant and stable economic growth in the U.S. (causing investors to consider US), global economic downturn and slow down as well as the political turmoil and social instability would further impact HRD practice in the CIVETS. Stemmed from a financial trajectory, the CIVETS do not present any social, cultural, or political comparability. However, as emerging economies, HRD related issues in CIVETS remain similar as HRD is an emerging field as organizations in general and businesses in particular are becoming more aware of the need for continuous learning as a result of globalization and technology. Organizational change, often in the form of transformation, is rampant as both governmental and for-profit organizations struggle to remain competitive both locally and globally. Issues associated with management and leadership emerge as generations clash, often resulting in ineffective management outcomes and leadership behaviors. Furthermore, western philosophies of HRD should also be re-considered when
dealing with CIVETS as they often operate within the national traditions and norms which largely impact HRD functions.

Despite the scarce literature on CIVETS as an economic bloc or the lack of popularity or support for the idea of CIVETS, this paper provides the first comprehensive study on CIVETS within the HRD literature in which studying this emerging market economy lends itself to a useful analysis of HRD at a global level. Thus, the paper presents an analysis of the CIVETS as an economic bloc and discusses the outcomes of HRD such as employability, human capital, talent development, social impact, poverty reduction, national competitiveness and productivity. The extended focus on technology and innovation is crucial to consider these countries as it related to transferability of HRD practices and addressing the weaknesses of the system and the challenges to overcome. Although the future of CIVETS as an economic bloc is blurry and it may soon be dismissed to take its place in the history, approaching HRD through such venues is critical in understanding global potential and capabilities of the field.

IMPLICATIONS FOR LEADERSHIP AND INNOVATION

Leadership coupled with innovation is crucial for organizations in any given market. This is even more vital for emerging markets in which many factors such as technology, organizational practices, human resources, entrepreneurship, and business models (Guo, Su, & Ahlstrom, 2015). Today’s world economy is growing through data and the role of leadership is shifting as innovation is becoming an integral process for any given organization as the “business as usual” motto is no more the norm. In fact, for innovation performance, Yang, Zhou, & Zhang, (2015) argue that human capital, charismatic leadership, and entrepreneurial orientation are important factors to enable organizations to “simultaneously address the drawbacks of information flow and behavior change in a centralized organization” (p. 417). Leaders in emerging economies such as CIVETS need to identify ways and approaches to work with the traditional mindsets and all challenges associated with them while gaining new skills to complement leadership competencies to help their organizations effectively handle globalization, strong competitive market demands in terms of human resources and knowledge, skills, and abilities associated with them.

Leadership in organizations of the emerging economies are not only charged with transforming their organizations through completely unorthodox methods because of the constant need to adopt and be agile but also engage in innovation and entrepreneurship in order to effectively compete in a global economy. Chen, et al. argue that leadership facilitates innovation and competitiveness, which are important to sustaining growth in emerging markets facing a growing global pressure to constantly innovate (2012, p. 240). How leadership facilitates this process is yet to be thoroughly explored. Furthermore, most of the CIVETS countries share a communal culture, different from their Western counterparts with individualistic life philosophies. Consequently, organizational culture in these countries require better utilization of social capital which has immense impact and influence in the way leaders lead, managers manage, and people work together (Teagarden & Schotter, 2013). Thus, human capital as well as social capital are necessary ingredients for organizations to achieve effective leadership and innovation through learning at organizational levels. Shah (2012) argues that “strategic flexibility, local sourcing, engagement of nontraditional partners, and local entrepreneurship will be important factors for successful pursuit of the emerging markets” (p. 4).

The field of HRD is well positioned to assist organizations in emerging economies to achieve the organizational transformation which is a result of the emerging economies in which they compete.

This paper aims to explore CIVETS economic bloc through the lenses of the field of HRD. Budhwar and Debrah (2009) argue that globalization and international competitiveness forced emerging economies to adopt appropriate human resource practices as they embrace to achieve competitive advantage. Furthermore, “the emergence of knowledge-intensive society has changed the nature of business competition” (Lu, et al., 2008, p. 361). The result of a knowledge economy is a greater need for knowledge management which is considered an important managerial task in formulating a successful innovation strategy for a strategic HRD approach for emerging markets. “Over time with enhanced investment in research and development, both in terms of financial capital and human capital, firms in these economies were able to provide more innovative offerings”. HRD is also instrumental in facilitating technology innovation as technology intensive organizations are becoming increasingly significant for CIVETS countries. Specifically, most of the CIVETS countries possess industries that are technology-intensive which lack organizational transformation and change.
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REFERENCES


