



## Landmark dates for Cyprus

JUNE 10 AND 11, 2004 will surely go down in the history of HR in Cyprus as two truly landmark dates. For, as if it was not enough for that country to be chosen from the 10 new EU member states to host the first European Association for Personnel Management Executive Committee meeting

following the accession, among the delegates from 18 countries who attended the next day's HR Directors Summit was a group of HR practitioners from the northern (Turkish) part of that divided island.

Notwithstanding the vote against unification in the recent referendum, an early resolution to the political problems of Cyprus is the most earnest wish of CyHRMA President Artemis Artemiou, who hosted the EAPM meeting and HR Summit in Paphos on the island's south coast.

Speaking to *WorldLink* earlier this month, he attributed the outcome of the vote to a "bad exercise in change management", a failure to understand people's fears and insecurities. He hoped that events like the Summit, which brought HR professionals together, would play a large part in rebuilding trust between north and south.



▲ Cyprus HRM Association president Artemis Artemiou (left) with EAPM president Filippo Abramo when the CyHRMA celebrated Cyprus' accession into the EU by hosting an HR Directors Summit in Paphos last month

placed in the Cypriot press for positions in Brussels had created considerable interest, he said.

However he consoled himself with the thought that life in Cyprus was so good for families that younger people working abroad tended to return when they got married.

It was a hard country to leave, he added, as he returned to a little well-deserved post-Summit sunbathing.

### Canadian to head NAHRMA

The North American Human Resource Management Association will have its first ever Canadian President when Brian Foster takes over the role from Carolyn Gould of the United States in mid-August. A former treasurer of the Canadian Council of Human Resources Associations (CCHRA) and past president of both the HR Institute of Alberta and the HR Association of Calgary, Brian is an outplacement specialist, currently Vice President, business development with Right Management Consultants.



Another first for Canada is the appointment of Genevieve Fortier to succeed Anne Charette as President of the CCHRA in the autumn, which will be the first time someone from Quebec has occupied the position. Genevieve is Vice President, HR, with Reitmans, Canada's largest women's fashion retailer.

#### Wake-up call

As far as European accession was concerned, he felt it had acted as a real wake-up call to the importance of HR to Cypriot business. Evidence of awareness could be seen in the number of vacancies for HR people and the high educational standards of those coming into the profession.

Also a professional qualification scheme accredited by the Chartered Institute of Personnel and Development was being developed by Cyprus College in conjunction with the UK's Sunderland University.

Meanwhile, priorities for Cyprus, said Artemiou, were to adjust to the EU regulations and to convince small and medium-sized firms, which constituted about 96 per cent of all Cypriot businesses, that they too needed HR specialists.

While there have not been the barriers preventing Cypriots working in the rest of Europe that have been experienced by the former communist eastern European countries who have just joined the EU (see 'What price European enlargement?', pages 2 and 3), Artemiou nevertheless hopes the opening up of Europe will not create a brain drain from Cyprus. A recent European Commission advertisement

### IN THIS ISSUE

- What price European enlargement? **2**  
by PETER REID
- Focus on... **4**  
10th World HR Congress  
Detailed programme
- Profile of Ricardo Semler **6**  
by PROFESSOR CHARLES HANDY
- Global HR calendar **8**

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WorldLink

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Next issue

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# What price European enlargement?



In May the member states of the European Union (EU) increased from 15 to 25. Here Peter Reid assesses the impact of the accession of the former communist eastern Bloc countries on HR professionals both in Europe – ‘old’ and ‘new’ – and beyond

In every member state of Europe people describe themselves by their national origin and describe all ‘other’ nationalities as ‘European’. As a consequence someone is ‘German’ first and ‘European’ second. The notion of ‘otherness’ that this creates has been reinforced by individual member state governments claiming European achievements as ‘national’ achievements. The corollary, of course, is that they also treat national disasters as ‘European’ disasters. Not surprisingly, therefore, in a Europe-wide opinion poll run by the European Commission immediately before 1 May 2004, a majority of citizens of the ‘old’ member states viewed ‘Europe’ negatively.

For the regulatory framework within which all HR professionals operate, Europe represents a ‘double whammy’. Individual member states have well-developed national labour, employment and social legislation supported by structures and enforcement mechanisms that have developed to reflect local, national and sometimes regional political and economic developments over decades. Unfortunately for HR it is in the employment and labour market arena where the pan-European legislative framework is dominant and has such an impact on the day-to-day work of the HR professional.

**Ideology and national psyche**

Unsurprisingly, as Europe is a political construct, the European ‘social model’ is based on an ideology, essentially Christian Democratic. This promotes collective action over individual responsibility, centralisation over localisation and state monopoly over free enterprise. Such ideology sits comfortably within the national psyches of countries such as France, Germany and Belgium, where Christian Democratic thinking is an accepted underlying basis for their societies, but not in Denmark, Sweden or, in particular, the UK where such ideas are alien and have never been part of those countries’ philosophical traditions.

As far as the new member states are concerned, these countries, like the UK, share if anything an antipathy to the European ‘social model’. More importantly, they have none of the structures in place that form or can be adapted to support it. Trade unions and employer organisations are

central to the European process, with a unique legislating role over all employment and social policy matters. Indeed, the exercise of this role has institutionalised such organisations within the constitutional process. They need to be seen as transparent, democratic and, critically, to have authority at national level in order to be regarded as legitimate. Also, it can be argued, they must exercise a clear majority mandate of members – respectively, individual trade unionists or companies in employer organisations.

Apart from Malta and Cyprus, neither of which was communist and both of which have tourist and service-based economies close to the systems of some of the existing 15 member states, the trade unions and employer organisations in the new acceding countries have, where they exist at all, developed on very different lines and fulfilled different functions to those in the ‘old’ Europe. Like everything else in those countries, unions and employer organisations were either reflections of or opposed to the communist state.

While trade union membership levels in many of the acceding countries are almost non-existent, where unions do exist, their members’ behaviour and actions (fuelled by inter-union disputes) can be militant and pose a challenge to HR professionals used to more benign regimes.

Reliable figures on union membership levels are difficult to find. Where information is known, it suggests a rapid decline, as the old traditional state-owned businesses are privatised and the public sector reduces in scale. In Latvia, for example, fewer than 20 per cent of employees belong to unions. This figure is decreasing and reflects a similar level of coverage by collective bargaining. A recent ILO study concluded that most existing collective agreements were neither faithfully implemented nor reasonably formulated.

Stratification among unions is also widespread. In Poland, for example, there are two trade union confederations at national level, the slightly larger OPZZ and Solidarnosc, well-known in the past for its political campaigns against the communist state from the shipyards of Gdansk. But relations between them are at best fraught and membership overall is estimated at 11 per cent and falling fast. Collective bargaining, where it exists, is almost

entirely at local level and, from a practical HR perspective, where both Solidarnosc and OPZZ are present in a company, management needs to deal with each union separately.

Where employer organisations exist in the accession member states, they are often new bodies established by the ILO and heavily supported by the European Commission. With no collective bargaining role or history, these institutions are ill-equipped to fulfill the task of negotiating employment legislation imposed by participation in the EU framework.

When a Commission report itself says that one of the consequences of incorporation into the EU of states without well-developed ‘social partner systems’ may be a review of the power of the European employer and trade union organisations to negotiate legislation, then it is cause for thought. Anything that may limit the ‘ongoing’ European regulatory burden should make all HR professionals sit up.

And not just in Europe. Personnel and HR professionals should be aware of the expansionist approach of the European institutions: as a means of combating ‘social dumping’, they are exerting political pressure on the ILO, WTO and OECD to adopt a similar social legislative framework at global level.

**Special teams**

Meanwhile, given the limited development of employer and trade union organisations in eastern Europe, the EC in conjunction with the ILO has been funding special teams to foster and encourage institutional development in each country.

It is difficult to imagine the governments of the new member states doing anything other than attempting to block potentially costly social legislation at the EU level, not least since the funds they will receive are far less than those Greece and Portugal got when they joined the EU. Otherwise they are eroding the one differential they have to encourage jobs and investment and provide growth and benefits to their countries.

The Commission’s work programme for 2003 through 2005/6 includes legislation on over 26 different issues, including minimum wage, portability of occupational pension schemes and more on data protection, as well as a review of the need for harmonised European dismissal law. So any reduction in the EU legislative programme will give all HR professionals operating in Europe a welcome respite from compliance.

Each acceding country was supposed to enact into their domestic law the same directives as the ‘old’ EU member states have had to comply with. This was like cramming 25 years of legislation into a four-year time frame. However, post-accession, the pressure has diminished and HR colleagues operating in the ‘new’ countries should be starting to see fewer laws introduced. The degree of enforcement will vary with location.

**The migration myth**

Also, now that accession has occurred, migration is legal. Well, not quite... The free movement of labour has long been a myth in Europe. Aside from the UK and Ireland, all other ‘old’ member states have placed temporary blocks on the free movement of labour from the new countries, rendering them second-class citizens in terms of the European ‘club’. Something similar happened when Spain and Portugal joined, and it led to lasting disaffection, a situation likely to be replicated in the new member states. That will probably matter little to the HR professional in Hungary, who is wrestling with recruitment problems because that country’s most able graduates would rather pick fruit in the UK where they can earn more than as an engineer at home.

There are huge disparities between countries in terms of wealth, behaviour, lifestyle and expectation that accession has made so much more apparent. The average family in Denmark, for example, has a household income which is more than 18 times greater than that of the average Lithuanian family. In 2007 that divide could double with the accession of Romania and

Bulgaria, making issues like ‘wage’ migration absolutely critical for HR professionals in Europe for years to come.

From May 1, 2004 Europe went from 10 to 19 official languages. But the challenge for HR people in this regard will be as for linguists – that the mere translation of words will not be enough. It is what words ‘mean’ that is important. Just as the languages of the acceding countries do not share the common European basics of Latin and Greek, neither do their employment and social policy law, customs and practice mirror existing European norms.

So, for HR professionals using employees from Eastern Europe, aside from work permit issues, there are significant linguistic and cultural issues that need to be addressed to turn the paper promise into reality. For HR professionals in the new member states, balancing the opportunities that access to the European market brings will be tempered by the need to be able to continue to recruit and retain labour at rates significantly below those of existing member states. Such advantage as exists may only last as long as it takes for labour costs to harmonise with those elsewhere.

Taking account of the above, and the risk of reduction in the speed of further regulation, the integration of the eight acceding former communist East European member states may prove to be a challenge too far for Europe. ○

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**INCIDENCE OF TRADE UNIONISM AND COLLECTIVE BARGAINING IN EASTERN EUROPE**

Country	% of working population belonging to trade unions	% of working population covered by collective agreements	Incidence of national and sectoral collective agreements	Incidence of agreements at company level
Czech Republic	24%	20%	N/A	N/A
Estonia	5%	10%	5%	7%
Hungary	12%	38%	8 – 11%	30%
Latvia	20%	13%	N/A	4%
Lithuania	9%	6%	N/A	8%
Poland	11%	N/A	6%	25%
Slovakia	32%	40%	45%	High frequency
Slovenia	36%	75%	70%	High frequency

*This data has been collated and amended from ILO, EC and OECD sources*

RioCentro, Rio de Janeiro, Brazil

# 10th World Congress on Human Resource Management

## Tuesday 17 August 2004

09.30 – 12.00 Opening of CONARH, Brazil's 30th National People Management Conference

Presentations from pre-conference forums of Chief Executives, Employees and Young Managers

Presentation of 2003 Oswaldo Checchia Award

### Lunch

#### 13.30 – 14.30 World Congress Opening Ceremony

Luiz Edmundo Prestes Rosa, Congress President  
Luiz Carlos Campos, President, ABRH  
Cássio Mattos, President, FIDAP  
Carlos Aldao Zappioli, President, WFPMA

#### 14.30 – 16.00 Building connections, getting results

Oscar Motomura, Chief Executive, Amana-Key, Brazil

#### 17.00 – 18.30 Concurrent sessions

Global HR survey findings: a function in change  
Fermin Diez, Worldwide Partner, Mercer Human Resources Consulting

HR qualifications: the conflict between supply and demand  
José Luis Rocas, Vice-Principal, Technological Institute of Buenos Aires (ITBA)

HR management: the Chinese view  
P. O. Mak, Senior Vice President, HR - GE Consumer Finance Asia, and Madam Liu Yirong, Vice-President, China Star Corporation

Change and awareness: the power of human networks in modern organisations  
Susan Andrews, Instituto Visao Futuro

Cultivating connections in a complex organisation  
José Maria Gasalla, Founder, Desarrollo Group

A labour scenario of discards and innovations  
Fernando Tadeu Perez, Human Resources Director, Banco Itau SA

#### Masterclass: Zig-zag change management

Paul Evans, Professor of Human Resources, Organisational Development and Organisational Behaviour, INSEAD, France, and Visiting Professor, London Business School, UK

## Wednesday 18 August 2004

#### 09.00 – 10.30 People management in global companies: best strategies and practices

Jacques Beauchet, HR Director, Carrefour Group  
Günther Fleig, Board member for HR, DaimlerChrysler  
Cathy Kopp, HR Director, Accor Group



Fleig,  
DaimlerChrysler

#### 11.30 – 13.00 Concurrent sessions

Best practices in human capital  
Günther Fleig, Board member for HR, DaimlerChrysler

Best practices in productivity  
Jacques Beauchet, HR Director, Carrefour Group

Best practices in social responsibility  
Cathy Kopp, HR Director, and Firmin Antonio, President, Accor Brazil

Project management as a strategic tool for HR: what next?  
Paul Dinsmore, Dinsmore Associates

Global survey: the maturing profession of human resources  
Lisbeth Claus, Associate Professor, Atkinson Graduate School of Management, Willamette University, Oregon, USA

The new dimensions of corporate education  
Antonio Batista, Professor of Entrepreneurial Strategy, Dom Cabral Foundation and Dominique Héau, Professor of Business Policy, INSEAD, France  
Co-ordinator: Betânia Tanure, Dom Cabral Foundation, Brazil

#### Masterclass: The burdens and privileges of effective leadership Antonio Maciel Neto, President, Ford, South America

### Lunch

#### 14.30 – 16.00 The future is no longer what it was!

Jean Paul Jacob, University Relations Manager,  
IBM Almaden Research Centre, San Jose, California, USA

#### 17.00 – 18.30 Concurrent sessions

China: crossing the big wall  
Hsu O'Keefe, Professor of International Economics, Fairleigh Dickinson University, USA, and William M. O'Keefe, Vice-President, Services, Caliper consultancy, USA

Appreciative inquiry: positive changes agenda  
Ilma Barros, Organisation development director, International Federation of Physical Education (FIEP), Brazil, and Ronald E. Fry, Associate Professor of Organisation Behaviour, Case Western Reserve University, Cleveland, Ohio, USA

Entrepreneurship and career matching  
G. M. (Bud) Smith Jr, Katz Business School, University of Pittsburgh, USA

Strategies, metrics and results: integration through human resources  
Alexandre Gonçalves da Silva, President, General Electric, Latin America

The integration of e-learning and job processes  
Marta Enes, President, Menes LearnInsight, Brazil

If there is to be change, it should be radical!  
Antônio Luiz Seabra, Co-President, Natura, Brazil; Betânia Tanure, Dom Cabral Foundation, Brazil; Edson Vaz Musa, President, Caloi Bicycles, Brazil; and Fernando Tigre, Managing Director, Alpargatas Sports Goods, Brazil

#### Masterclass: Linking business and HR strategies Dominique Héau, Professor of Business Policy, INSEAD, France

#### 19.00 – 20.30 Meeting of gurus: those who think and those who make us think

Luiz Carlos Cabrera, Dom Cabral Foundation,  
Marco Aurélio F. Vianna, President, MVC Institute, Brazil, and  
Mario Sergio Cortella, Professor of Philosophy, PUC, Sao Paulo, Brazil

## Thursday 19 August 2004

#### 09.00 – 10.30 The seven day weekend: work in the new economy

Ricardo Semler, President, Semco Brazil

See Semler profile by Professor Charles Handy, page 6

#### 11.30 – 13.00 Concurrent sessions

Talent management makes the show  
Suzanne Gagnon, Vice-President, HR, Cirque du Soleil

People strategies in winning corporations  
César Souza, Partner, Monitor Group

Creating value through compensation  
Speaker to be confirmed

Public administration: integration with society  
Francisco Longo Martinez, Professor of HRM and Director, Institute of Public Management, ESADE, Spain

Work, jobs and income  
Hélio Zylberstjan, Department of Economics, University of Sao Paolo and Marcio Pochmann, Professor of Politics and Economics, Universidade Estadual de Campinas  
Co-ordinator: José Emidio Teixeira

Changing culture to compete globally  
Ernesto Heinzelmann, Managing Director, Embraco, Santa Catarina, Brazil

#### Masterclass: The heart of human capital Dr Kenneth Cooper, Founder, Cooper Aerobics Centre, Dallas, Texas, USA

### Lunch

#### 14.30 – 16.00 A world of excellence: the best companies to work in

Panellists from Asia and the Americas  
Co-ordinator: Robert Levering, Co-Founder, Great Place to Work Institute

#### 17.00 – 18.30 Concurrent sessions

Best companies - USA  
Michael Campbell and Michael Bonds, Vice-Presidents, HR, Continental Airlines

Best companies - India  
Adi Godrej, Chairman, Godrej Group; Anil Sachder, CEO, Grow Talent; Santrupt Misra, Chairman, Birla Corporation; and Sarthak Behuria, President, Bharat Petroleum

Best companies - Latin America  
Ramón Eluchans, President, Security Bank and Ricardo Gonzales Sada, Director of Planning and HR, Femsa Services Group

Best companies - Brazil  
Luiza Helena Rodrigues, Director, Magazine Luiza stores

Connecting for results: paths and opportunities  
Speaker to be confirmed

Strategies, processes and attitudes: the three faces of communication  
Saul Bekin, Endomarketing

#### 17.00 – 19.15 Masterclass - Multimedia Session: The future of knowledge management

Hirota Takeuchi, Dean, Hitotsubashi University, Tokyo, Japan and Non-Executive Director, Orix Corporation;  
Karl-Erik Sveiby, Principal, Sveiby Knowledge Associates and Professor in Knowledge Management at the Swedish Business School in Helsinki;  
Fritjof Capra, Founding Director of the Centre for Ecoliteracy in Berkeley, California, USA; Amory Lovins, Chief Executive, Rocky Mountain Institute, Colorado, USA; Janine Benyus, author and lecturer on life sciences, USA;  
Lama Tsering Everest, Tibetan Buddhist teacher based in Sao Paulo, Brazil;  
Eider Prudente de Aquino, Director, Oil Refinery Division of Petrobras  
Co-ordinator: Oscar Motomura, Chief Executive, Amana-Key, Brazil

21.00 Congress party - at Ribalta, Barra da Tijuca  
featuring 'Salgueiro', one of Rio's premier samba schools

## Friday 20 August 2004

#### 9.00 – 10.30 Concurrent sessions

Human capital: the return on investment - connecting people, brands and markets  
Jac Fitz-Enz, Chairman, Saratoga Institute

People and business performance  
Geoff Armstrong, Director General, Chartered Institute of People and Development and Secretary General, WFPMA, and Angela Baron, Adviser, Employee Resourcing, CIPD

The meaning of work in modern times  
Estelle Morin, Director, Research Centre for Work, Health and Organisational Effectiveness, University of Montreal

Key questions in convergence: lessons from Africa  
Daniel Yaw Adjei, Ghanaese Ambassador to Brazil, and Jurie Serfontein, Janssen-Cilag, South Africa

Involvement and commitment: similar but not equal (survey findings)  
Zilda Knoploch, Chief Executive, Enfoque Pesquisa de Marketing, and Stephen Moylan, Vice-President, Employee Equity

Management strategies where talent is the most important asset  
Roberto Duailibi, Director, DPZ Advertising, Brazil, and Vicky Bloch, Managing Director of DBM, Brazil  
Co-ordinator: Marcos Felipe Magalhaes

#### Masterclass: Getting high performance from cultural diversity Joe DiStefano, Professor of Organisation Behaviour and International Business, IMD, Switzerland

#### 11.30 – 13.00 Corporate social responsibility and competitiveness: the HR challenge

Oded Grajew, Founder and President of the Ethos Institute for Business Social Responsibility, and Sergio Foguel, Vice-President, Odebrecht Group

#### Closing ceremony

President of Brazil - Luiz Inácio Lula da Silva  
WFPMA Presidential handover: Carlos Aldao Zappioli to Geoff Armstrong  
Presentation of 11th World Congress, Singapore 2006



Fitz-Enz,  
Saratoga



Gagnon,  
Cirque du Soleil

# GURU ON GURU

As part of his BBC World Service series, *The Handy Guide to the Gurus of Management*, British 'guru' Charles Handy gave a talk on Brazilian 'guru' Ricardo Semler. Semler, whose most recent book is *The Seven-Day Weekend: Changing the Way Work Works*, is one of the keynote speakers at the 10th World HR Congress to be held in his own home country. *WorldLink* reproduces edited highlights of that talk here, with Professor Handy's permission, as a foretaste of what delegates can expect



**R**icardo Semler, author and business manager extraordinary, is celebrated as a role model of a chief executive who breaks all the traditional rules and succeeds, massively. Admiring though many are, few have tried to copy him. It seems that the way he works, letting his employees choose what they do, where and when they do it, and even how they get paid, is too upside-down for most managers. But, just maybe, his is the way for the new world of business.

Semco, his company, is far from exotic in what it makes and does. It manufactures pumps, high volume dishwashers, cooling units for air conditioners, basic things, although more recently it has diversified into high margin services and e-business. It does all this, too, in the difficult economic conditions of Brazil, where the currency rises and falls unpredictably, and inflation can range from 1000 per cent to under ten.

In his book, *Maverick*, Ricardo describes how he took over as chief executive of the company from his father at the beginning of the '80s, when he himself was not yet 20, straight out of Harvard. He started out by doing things the traditional way, wielding the corporate axe to cut a failing organisation into shape. He ran the company himself, from the top, with tight disciplines and controls. The stress he created was

enormous. Semler himself was being physically destroyed by the workaholic lifestyle he had to adopt, and he was forced to make a dramatic change to his work patterns; more than that, he had to rethink his whole way of managing the business.

He began by attacking what he called 'corporate oppression'. Time clocks, dress codes, security procedures, privileged office spaces and perks – they all went. There were to be no receptionists or secretaries; everyone was to meet their own visitors, send their own faxes, make their own coffee.

## Hierarchy out

To reduce his own workload he had to get more people involved in taking decisions. The first thing was to eliminate needless layers of hierarchy. Now a front-line lathe operator is only one layer away from the general manager of his division. He put more new ideas to the test. They needed to relocate a factory, so they closed the firm down and everyone boarded buses to inspect three possible sites; then it was put to a vote.

That, however, was only the beginning. He next set up what he called 'factory committees' to run the plants, in an attempt to get more worker involvement. It was slow going at first. Many did not want to be involved or were worried about losing their

## ◀ Work-life balance? Semler – and son – after addressing the SHRM Global conference in Miami this year

jobs if they spoke out. Semler therefore guaranteed that no-one could be fired while serving on the committees or for at least a year afterwards. It was a crucial decision that won their trust and it turned the culture around from one of fear to cooperation.

He then introduced far-reaching profit-sharing schemes for all the workers. The thought that they could directly influence their own pay encouraged the committees to look for savings and to question any procedures or layers of management that didn't seem to add value. As the committees grew in confidence, so the attacks on the traditional ways of managing increased, but this time from the workers themselves.

## Self-regulating units

Factories and business units were progressively spun off into self-regulating units with their own profit and loss accounts. Managers were hired and fired by their own employees. And, to keep employed yourself, you had to find a way to add visible value so that your team would still want to include you in their six-monthly budget.

More than that, the units were now inventing new businesses for themselves. For example, 10 years ago they were manufacturing cooling towers for large commercial buildings. Talking to the customers for these towers the Semco people heard a familiar refrain – complaints about the cost and trouble of maintaining them. The Semco unit therefore suggested that they should start a new small business themselves, offering to maintain the towers they had installed. They would charge the customer 20 per cent of whatever savings they generated for them, give Semco 80 per cent of that income and keep 20 per cent for themselves. Semco management agreed to try it and that led into yet another business maintaining airconditioners.

A partnership managing retail facilities followed and that, in turn, encouraged one group of workers to sense the opportunities that existed in managing inventories with the help of the internet. And so Semco grew, entirely due to the initiatives of its workers.

Ricardo meanwhile was redefining his own role, since so much of the organisation was really running itself. He now sees himself as the 'questioner', the 'challenger' and the

'catalyst', as the person who asks basic questions and encourages people to bring things down to the simplest level, to apply commonsense to complicated issues.

Many are still sceptical that such a radical way of managing can actually work, but here are the facts.

## How it works

The workers decide between themselves in each unit how to divide the profit-sharing bonuses. They are also given 11 different ways to be paid, ranging from a fixed salary to stock options or royalties on sales, or any combination of these. They have unrestricted access to all corporate records and are taught how to read financial reports; they set their own wages and their own production quotas; they hire and fire their fellow workers and they all vote on major decisions.

Semler believes that small is, if not beautiful, at least essential for people to know and trust each other. So, when the number of people in a Semco unit hits the 100 to 200 mark, it is split in two.

"No matter what the economics of scale might be in theory," he says, "we find a way of splitting it."

So does Semler have a theory of management? Well, sort of. Give people the freedom to do what they want, he says, and over the long haul their successes will far outnumber their failures. It seems that if you trust people to do the right thing and if it is obviously in their interest to do so, then they will do their best to make it happen. Common sense, you might think. So why is it still so uncommon?

## The six principles

Semler goes on to list six principles that guide his always experimental company:

### 1 Forget about the top line

He means that the passion of most businesses to keep on growing can be misplaced. Some are meant to stay small. What matters is that they make enough money to survive, whatever the size of their sales.

### 2 Never stop being a start-up

Every six months Semco forces each business to rethink its purpose. If it didn't exist today, they ask, would we launch it?

If we closed it, would we upset important customers? Could we make better use, elsewhere, of the talents and resources tied up in that business?

### 3 'Don't be a nanny'

Most companies treat their workers like children, telling them what to do, when to do it, how to dress and how to behave. That way they'll never think for themselves.

### 4 'Let talent find its place'

Semco allows people to choose the projects they want to work on, provided they can persuade the rest of the group that they can contribute. New recruits join a programme called 'Lost in Space', spending their first six months trying out different jobs until they find a match for their talents.

### 5 'Make decisions quickly and openly'

### 6 'Partner promiscuously'

You need help, Semler says, to start a new business. It is pure arrogance to think that you can do it all yourself. Every new venture at Semco has involved some sort of alliance, be it to gain access to software, to draw on someone else's depth of experience, or just to share the risk. Don't be too proud to ask for help, in other words, particularly if it is a market new to you.

Looking around at the world outside Semco, Ricardo is worried about a hardening of the arteries in many of what were the exciting new businesses around Silicon Valley and elsewhere. The respect for individuals and their ideas, a distrust of bureaucracy and hierarchy, a love of openness and experiment – all the things that Semco holds dear, are beginning, he feels, to be throttled by the old ways of business.

CEOs from older businesses are being brought in to provide focus and discipline. Strategies are being written, human resource departments formed to issue policies and plan careers, entrepreneurs are being pushed to the margins where they are less disruptive. It's sad, says Ricardo, and it isn't necessary.

So listen, finally, to his heartfelt plea. "You can build a great company," he insists, "without fixed plans. You can have an efficient company without rules and controls. You can be unbuttoned and creative without sacrificing profit. All it takes is faith in people." I just wish more people believed him.

*Charles Handy was for many years a professor of management development at London Business School. Now an independent writer and broadcaster, he describes himself these days as a social philosopher. His most recent book, The Elephant and the Flea (Looking Backwards to the Future), is published by Arrow, a division of Random House: 0099415658*

## THE WORLDBLINK HR CALENDAR

**August 16, 2004**

Rio de Janeiro, Brazil

**WFPMA Board Meeting**

**August 17-20, 2004**

**WFPMA 10th World Congress on Human Resource Management**

Contact: Luiz Edmundo Rosa  
Tel: +55 11 3256 0455  
Fax: +55 11 3214 0858  
Email: information@hr2004.org  
Website: www.hr2004.com

**August 22-24, 2004**

Sun City, South Africa

**48th Annual IPM Convention**

Tel: +27 11 803 3887  
Fax: +27 11 803 5316  
Email: eunice@ipm.co.za

**September 8-10, 2004**

Wellington, New Zealand

**HRINZ Annual Conference and Expo**

Contact: Peter Marshall  
Tel: +64 4 499 2966  
Fax: +64 4 499 2965  
Email: hrinz@hrinz.org.nz

**September, 2004**

Swakopmund/Windhoek, Namibia

**IPM Namibia conference**

Contact: Sam Januarie  
Tel and fax: +264 61 228877  
Email: ipm@africa.com.na

**September 22-23, 2004**

Berne, Switzerland

**HR Swiss Congress**

Tel: +41 61 211 9544  
Fax: +41 61 212 1876  
Email: info@hr-swiss.ch

**September 29-October 1, 2004**

Baguio City, Philippines

**PMAP 41st National Conference**

Contact: Gerardo Plana  
Tel: +632 726 1532  
Fax: +632 726 1530  
Email: pmapadmin@pmap.org.ph

**September 30-October 1, 2004**

Bratislava, Slovak Republic

**6th Slovak National HR conference**

Contact: Jitka Zatkuliakova  
Tel: +421 255 64 2473/1  
Fax: +421 255 64 2472  
Email: zrrlz@stonline.sk

**October 14-15, 2004**

Nairobi, Kenya

**8th National HRM Conference**

Tel: +254-020-213745  
Fax: +254-020-244557  
Email: ipmk@wananchi.com

**October 19-21, 2004**

Buenos Aires, Argentina

**ADRHA Annual Conference**

Tel/Fax: +54-11-4342-6163  
Email: : adrha@adrha.org.ar

**October 22, 2004**

Athens, Greece

**GPMA Annual Conference**

Tel/Fax: + 30 210 682 4092  
Email: costaspap@freemail.gr

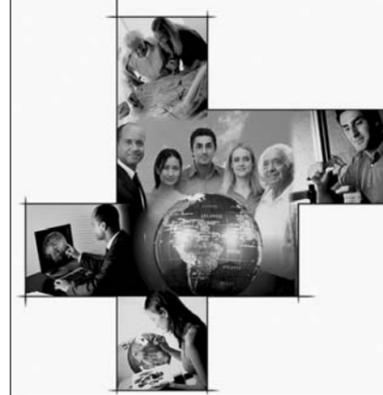
**October 27-29, 2004**

Harrogate, England

**CIPD 57th National Conference**

Tel: +44 20 8263 3434  
Fax: +44 20 8263 3223  
Email: conf@cipd.co.uk

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