

Executive Search in Azerbaijan

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Management Demand

Over the past decade Azerbaijan has attracted significant amount of foreign investment. Investors are mainly global energy firms: Russian, Turkish, British and others.

The influx of foreign capital leads to increased demand for qualified managers. Also, fast development of the country and its integration into the global markets requires managers with different type of thinking, knowledge and education. There is a lack of such executives in Azerbaijan and the few local managers who have the necessary experience and skills are in very high demand.

Local Azeri firms also lack strong managers. However there are only a few local firms who have already realized the importance of having good managers. Most local firms still prefer to recruit family and friends, rather than the most competent professionals.

In Azerbaijan, the key demands at the executive level are for leadership skills, good business judgment, hands-on operational orientation, transparency, and pro-activeness. A good manager should be a leader and visionary, able to create a team that will follow his or her vision. This person should be able to outline specific goals and motivate people to achieve them. He or she also needs to set an example for the rest of the team in self-development and ethical behaviour, honesty and openness. The shortage of these skills requires more focus on human capital issues, as well as selection and development of managers.

The most important resource for any organisation are its people, since the success of any company depends on them. Having the right people, especially at the executive level is paramount. However in many cases this remains only in theory. Companies are used to fighting for suppliers, raw materials, investments, but not for the best managers. It is often forgotten, that the higher the manager is, the more expensive are the mistakes of hiring an unqualified person.

Also the timing of management change is important. A firm that is run by a bad manager is not generating optimal shareholder value. Supervisory Boards and other senior executives sometimes forget, that there are "good and fair" ways to dismiss a

non-performing manager. Management upgrades need to be implemented just as efficiently as a poor marketing campaign.

Management Availability

If we look at overall picture of management availability in Azerbaijan, we will see that executives can be roughly divided into two generations:

1. Executives older than 45, who gained their first experience before Azerbaijan gained independence and might lack language skills. They may have strong contacts within certain industries, but tend to lack the classical leadership skills requested by multinational firms, so they are often considered yesterday's executives.
2. Executives 30-45 years old, greater part of them gained experience within multinational companies. The positive aspect of younger executives is that they often bring refreshing dynamism to business. On the other hand, they might bring a certain immaturity, inexperience and arrogance.

This division is very general and executive recruitment is always a company specific task, but it is important to keep the history in mind.

The education system in Azerbaijan in the first part of the 1990's was not able to generate new young managers in a classic sense. International companies essentially represented the real management education system. There are some private business schools, which try to change the situation, yet results remain to be seen in 2 – 5 years and theoretical knowledge alone is not enough.

Due to the low availability of good and experienced managers in Azerbaijan, many multinational companies bring expatriates to fill in the gaps. Another option that multinationals resort to is repatriating Azeri managers, who left the country some time ago and now, having gained valuable education and experience, might be willing to come back home. Such professionals might be found in Moscow, Istanbul, London and other locations.

Management Recruitment

The demand for expatriates or repatriates will probably not be reduced in the short term, but sooner or later it will go down as local managers develop and grow professionally. In more developed markets like Hungary, Czech Republic and Poland, in the early 1990's there was a high demand for expatriates, but today such demand is low.

Pedersen & Partners advise multinationals to be open minded and not pre-decided whether they want to recruit an expatriate, repatriate or local manager. At the end it comes down to an individual. It is however important to ensure, that the recruitment and executive search process covers candidates from all three groups. Senior positions are too often filled by expatriates without even considering local candidates. And opposite, too often, positions are filled by local managers without comparing with expatriate/repatriate candidates.

There are many reasons why companies prefer to fill management positions through internal recruitments. However, if internal candidates are not available, executive search for external candidates is one of the options.

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Through executive search, the company can ensure that relevant candidates, whether actively looking for a job or not, will be approached in a professional manner. It can ensure that both candidates based in Azerbaijan as well as candidates based abroad will be considered. While others might have different views, we strongly believe that for senior positions executive search, as a methodology, highly outperforms alternatives such as newspaper advertisement, database selection, word-of-mouth or internet recruitment.

Should you want to discuss management issues in Azerbaijan in more details, please contact Ilham Hajiyev at: ilham.hajiyev@pedersenandpartners.com

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