

Executive Search in Kazakhstan

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Management Demand

It's obvious to anyone crossing Kazakhstan today that this vast country located between the Russian, Indian and Chinese Giants is a paradox, though relatively unknown worldwide, its abundant natural resource wealth makes its population one of the potentially richest per capita.

The perspective of the Kazakh economy is closely connected with further integration into international economic relations, utilisation of unique reserves of energy and mineral resources, vast possibilities to export industrial and agricultural products and optimum employment of the country's transit potential. The main goals of the current structural policy are diversification and the strengthening of the non-oil sector. A number of development agencies have been established and the Government is looking at establishing techno and science parks to support higher-value added industries.

Consistent high GDP increases by around 10% annually has allowed the Kazakh government to develop virtually all sectors, and now Kazakhstan is leading the CIS space on indicators such as currency stability, investment climate, volume of FDIs per capita, development of securities market legislation, price stability and labour stability.

More and more foreign investors are attracted to Kazakhstan, mainly from the USA, EU, China, Russia, Turkey and Israel. The country has also joined IMF, World Bank and the European Bank for Reconstruction and Development, and has signed a partnership and co-operation agreement with the EU. In addition, Kazakhstan also belongs to the main regional economic co-operation venture, the Central Asian Economic Union (ECO).

However, there are still certain obstacles inherited from the past to overcome, and the Kazakh management culture is starting a process of considerable changes. The Kazakh population constitutes today no more than 53% of the total population of Kazakhstan (35% Russian; 4% Asian; 2% Tatars; and a total of approximately 100 other minorities represented within the country), but the overall working culture is similar among ethnic groups and mainly influenced by the Soviet past. There is a tendency for strong leadership with little delegation of power, strict hierarchy and working abilities are

sometimes judged by relations, rather than by competencies. Nevertheless, today a good manager in Kazakhstan should be a leader and visionary, able to delegate and outline specific goals, 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 the selection and development of managers.

The most important resource for any organisation is its people, and the success of any company depends on having the right people, especially at the executive level. Yet in many cases in Kazakhstan, this still remains theory, as companies are used to fighting for suppliers, raw materials and investments, but not for the best managers. It is an often forgotten reality, that the higher the manager is, the more expensive are the mistakes when hiring unqualified persons for such positions.

Management Availability

If we look today at the overall picture of management availability in Kazakhstan, we will see that executives can be roughly divided into two generations among all ethnic groups:

1. Executives older than 45, who gained their first experience before Kazakhstan gained independence. 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. English skills are rare.
2. Executives 30-45 years old, a greater part of them have gained experience and English skills 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.

In the first part of the 1990s, the education system in Kazakhstan was not able to generate new young managers in a classic sense, and as a result, international companies essentially represented the real management education system.

Due to the low availability of good and experienced managers in Kazakhstan, many multinational companies bring expatriates in to fill the gaps. Another option that multinationals resort to is repatriating Kazakh 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 and other locations, mainly in Central and Eastern Europe.

Management Recruitment

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

Pedersen & Partners advises multinationals to be open-minded and not pre-determined whether they want to recruit an expatriate, repatriate or local manager in Kazakhstan. In 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: too

often, expatriates fill senior positions without the company even considering local candidates. The opposite also occurs when, too often, positions are filled by local managers without comparing the 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.

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

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