

Management in Kazakhstan: Myths and Realities

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"We are creating a unique environment conducive to the development of creativity and establishment of a new identity"



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Why management in Kazakhstan?

- **Globalization**
- **Information Society**



Information society

Progress in information technologies and communication is changing the way we live: how we work and do business, how we educate our children, study and do research, train ourselves, and how we are entertained.

The information society is not only affecting the way people interact but it is also requiring the traditional organisational structures to be more flexible, more participatory and more decentralised.

(Chair's conclusions from the G-7 Ministerial Conference on the Information Society, February 1995.)

Information Society:

A society characterised by a high level of information intensity in the everyday life of most citizens, in most organisations and workplaces; by the use of common or compatible technology for a wide range of personal, social, educational and business activities, and by the ability to transmit, receive and exchange digital data rapidly between places irrespective of distance.

(The IBM Community Development Foundation in a 1997 report, "The Net Result - Report of the National Working Party for Social Inclusion.")

Globalization

Globalization has meant that the
world
economy has become integrated,
that
there cannot be a major downturn
in the world's richest
country
without
implications
for every other country

**“The global crisis, social protection
and jobs”**

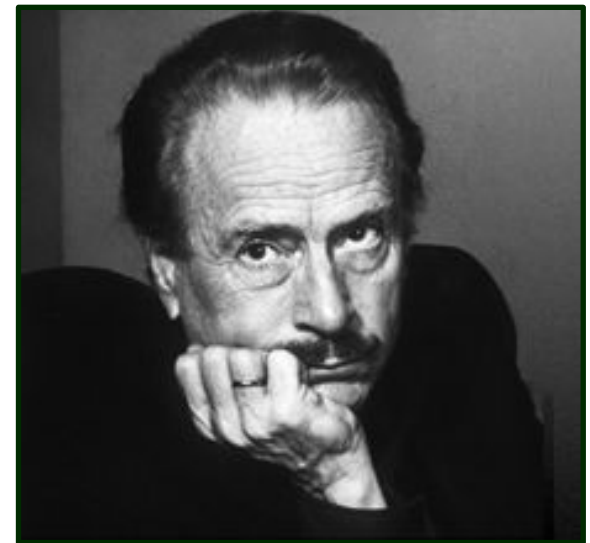
**Joseph
Stiglitz**



“Global village”

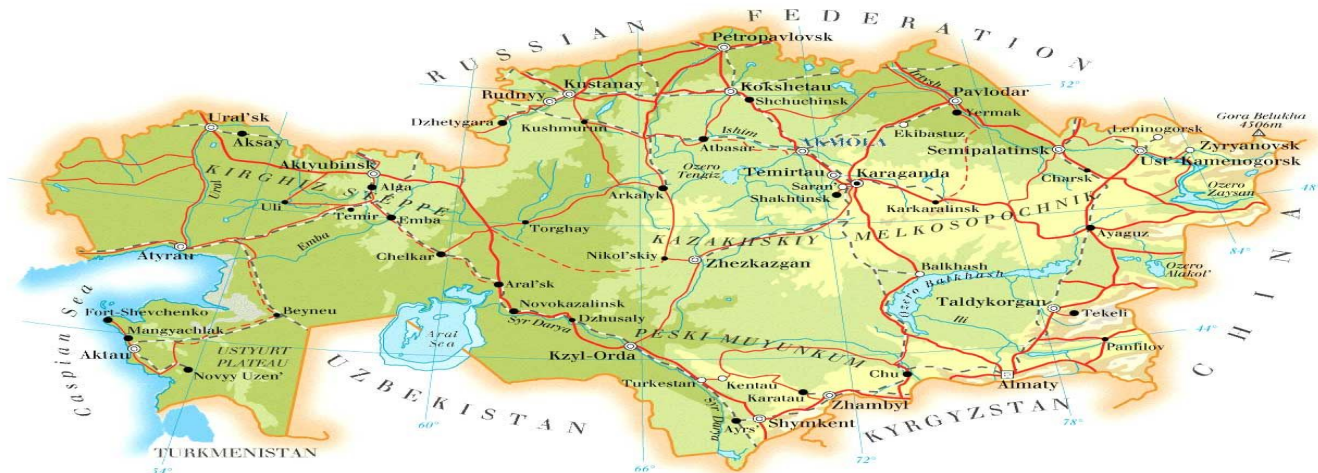
The idea of a global Information Society can be viewed in relation to Marshall McLuhan's prediction that the communications media would transform the world into a "global village."

Marshall McLuhan



Since 1991 after the utterly unexpected transition from planed to market economy Kazakhstan has experienced revolutionary changes in all spheres of life activities in a society.

Kazakhstan is located in the centre of the Eurasian continent. Its territory is as large as 2 million 724, 9 thousand square kilometers and accordingly it occupies the ninth place in the world by its size.



The first years of independence were characterized by a steep decline in output and hyperinflation.

Country	1991	1996	2001
<u>Kazakhstan</u>	100	69.3	88.5
<u>Kyrgyzstan</u>	100	58.9	76.1
<u>Russia</u>	100	63.1	74.5
<u>Ukraine</u>	100	47.2	51.8

Kazakhstan is in third place after China and Qatar among 25 countries with most dynamic economies of the XXI century's first decade.

The country is in upper middle income group of countries as per World Bank's classification.

According to British experts' estimations

Kazakhstan gained independence on December 16, 1991. Since 1991 GDP per capita has increased by 16 times - from 700 to 12 000 US dollars

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What is management?

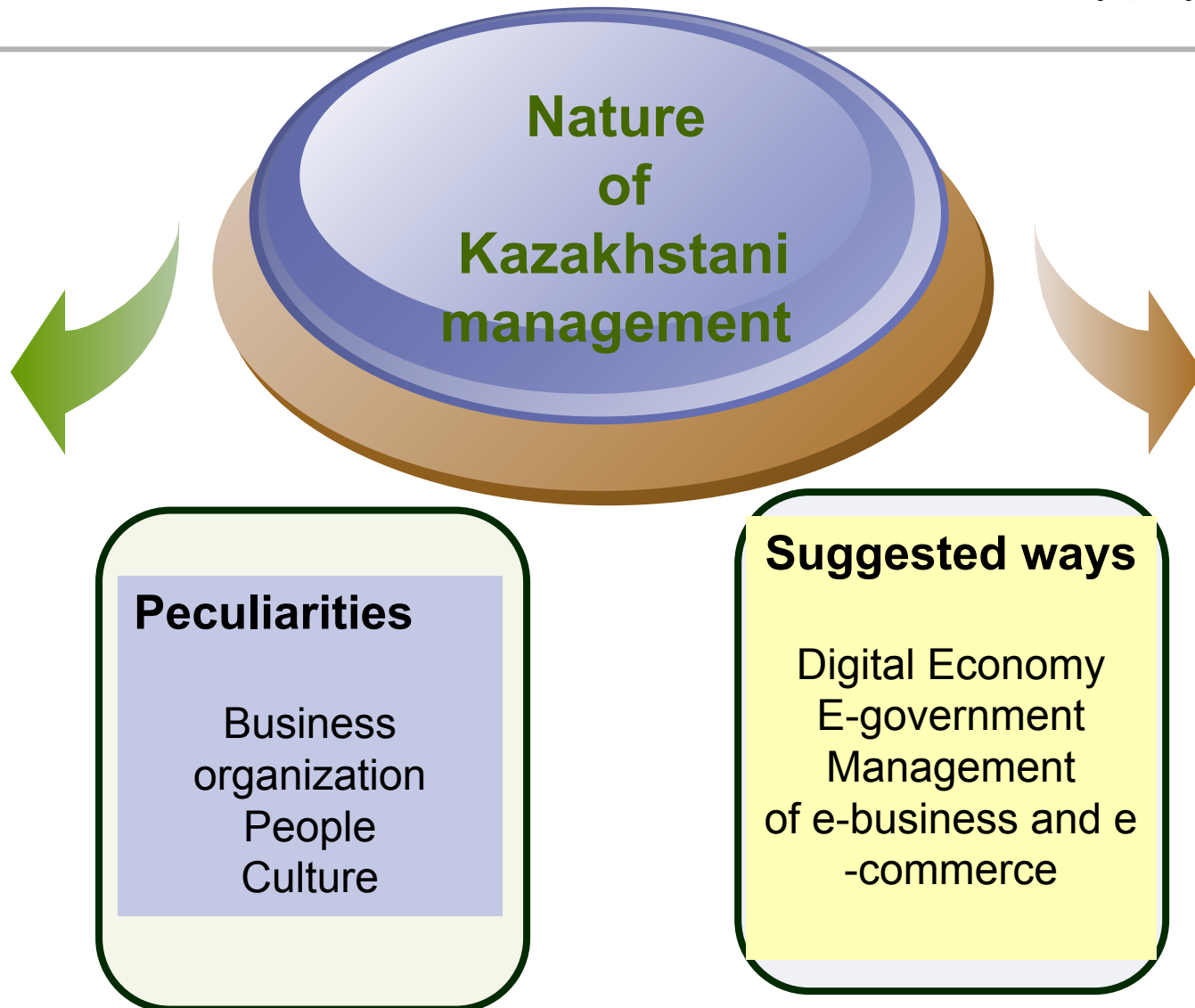
I prefer a general definition: getting things done through other people.

Important is that management is always about people.

Because management is always about people, it is part of the culture of the society in which it takes place.

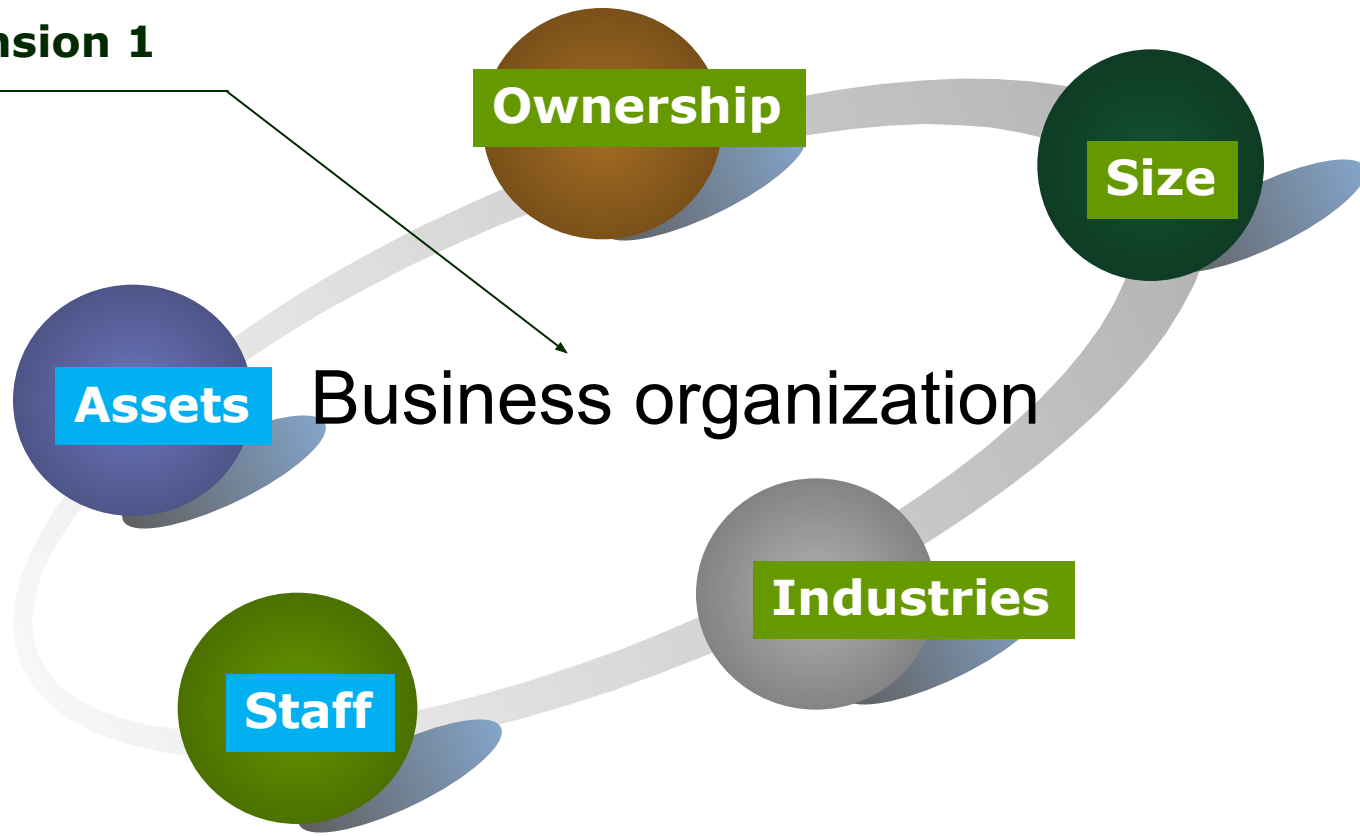
Asian management in the 21st century

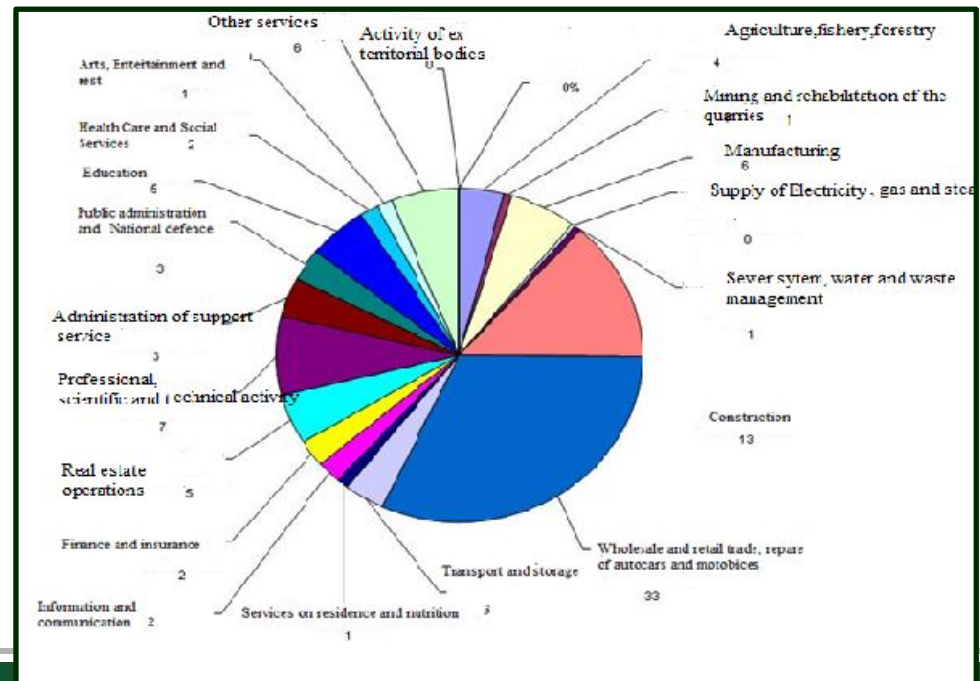
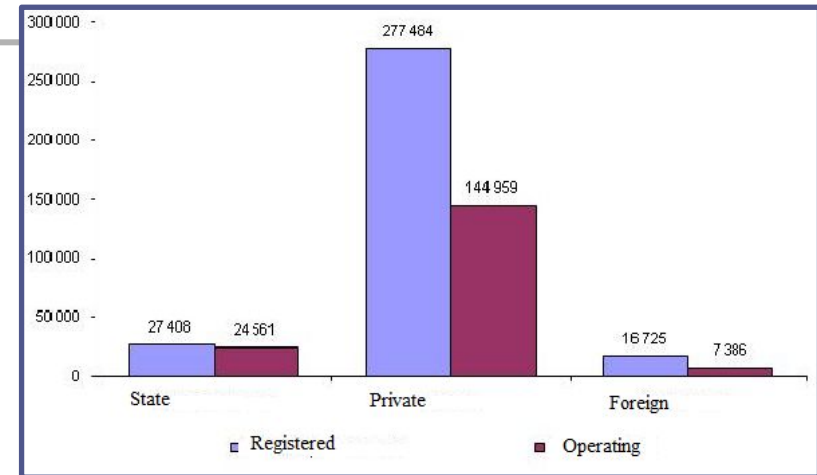
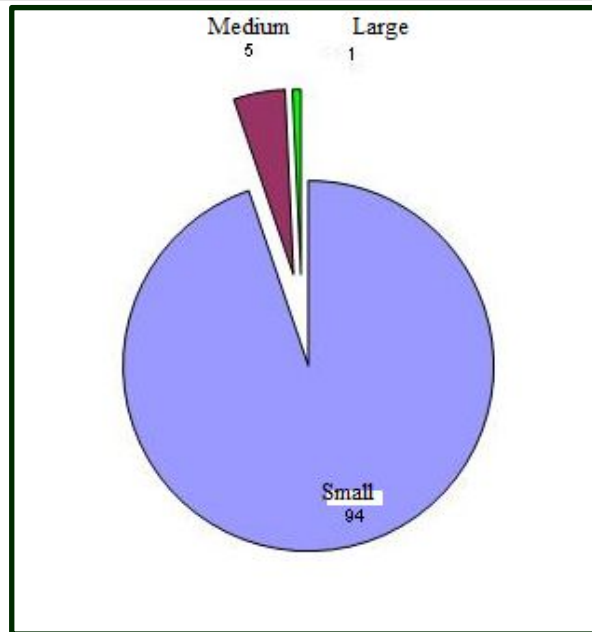




Peculiarities

Dimension 1





321 617- total number
of enterprises
174 953 – Number of operating
enterprises

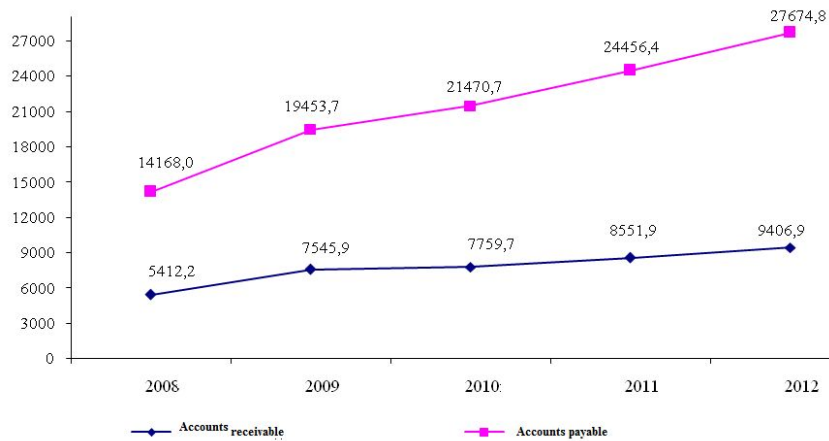
Doing Business 2013 data for
Kazakhstan
49/185
Starting a Business
25/185

Small entities in total number of enterprises
reached 91 % in 2012 followed by medium
business- 7,7 % and big companies - 1, 3 %
Share of SMB in GDP-17,5%

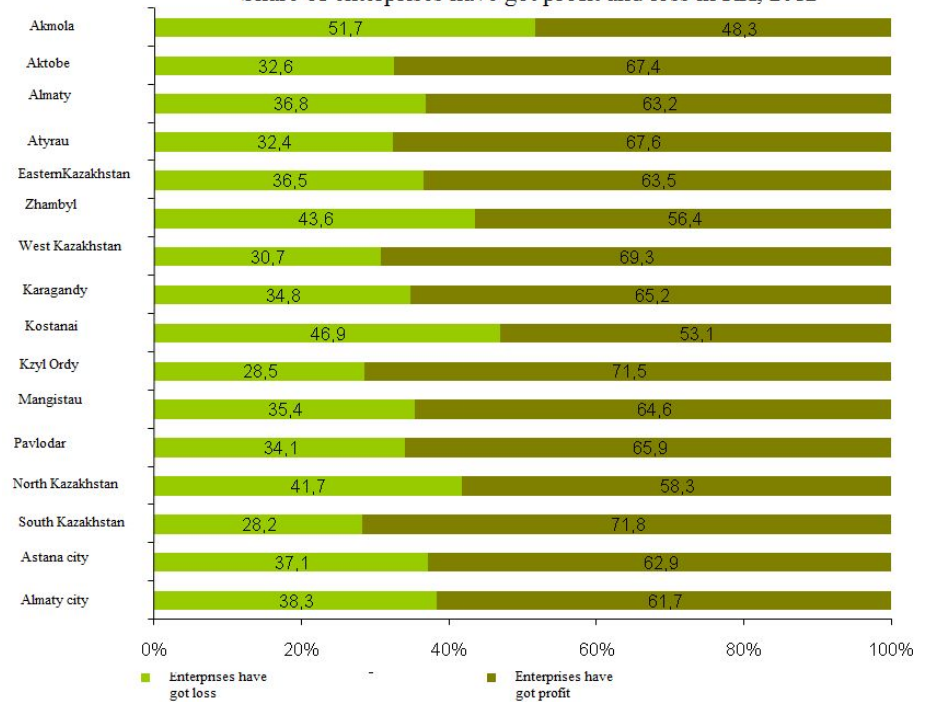
Myth #2
Start/Run
Business

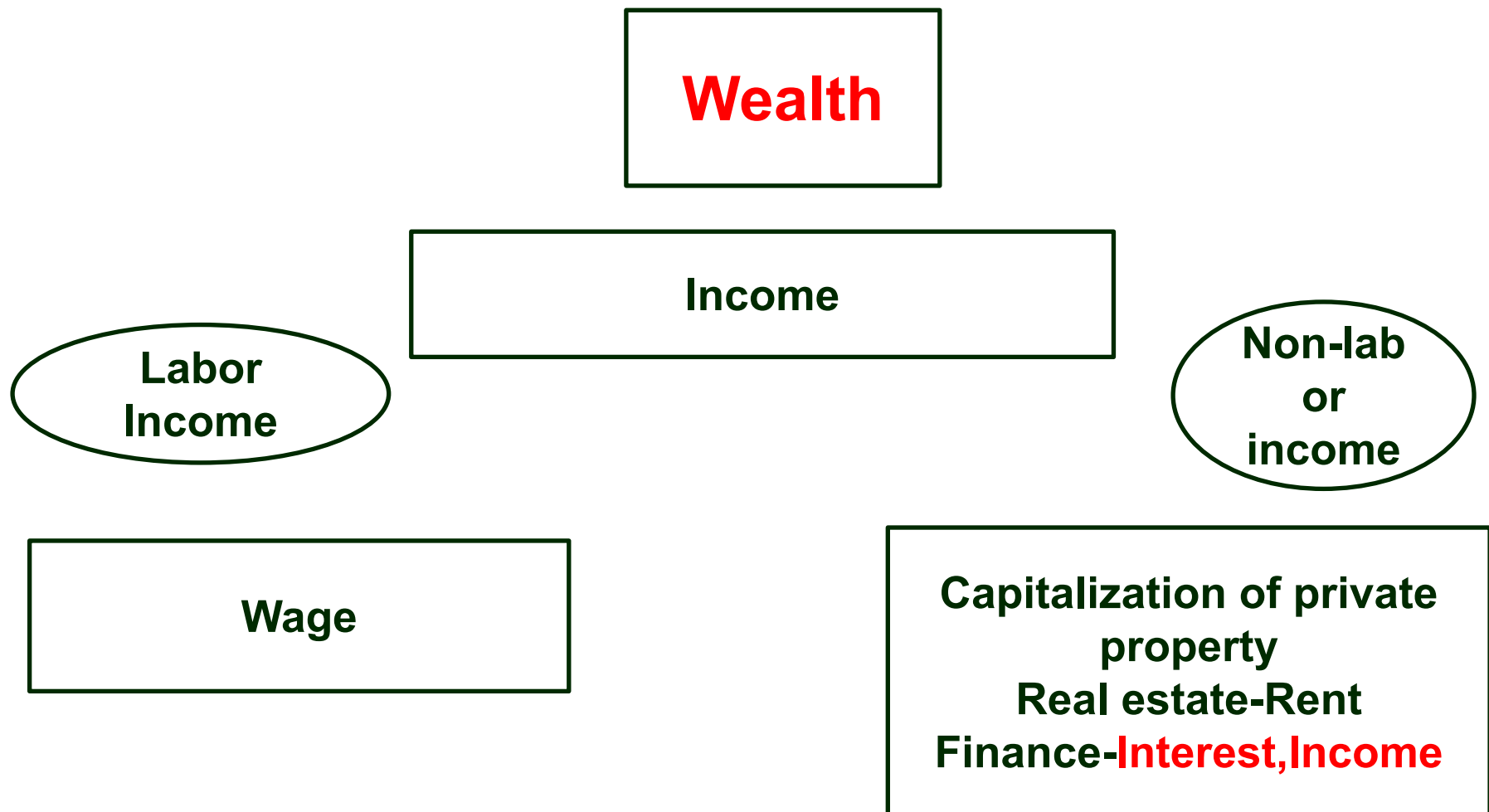
Myth #1
Effectiveness/Property

dynamics of receivable and payable accounts of big and medium enterprises in RK , bln. tenge

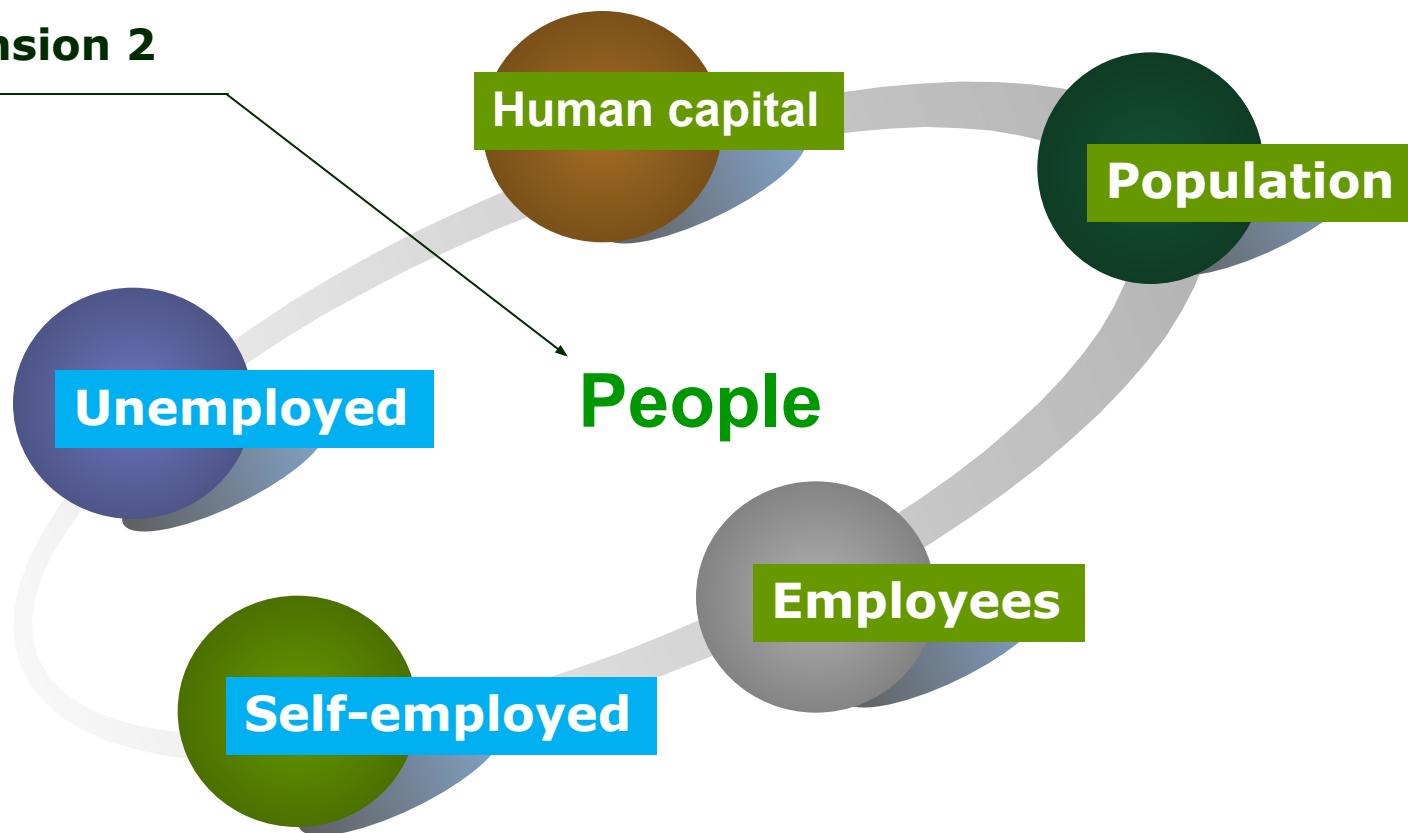


Share of enterprises have got profit and loss in RK, 2012





Dimension 2

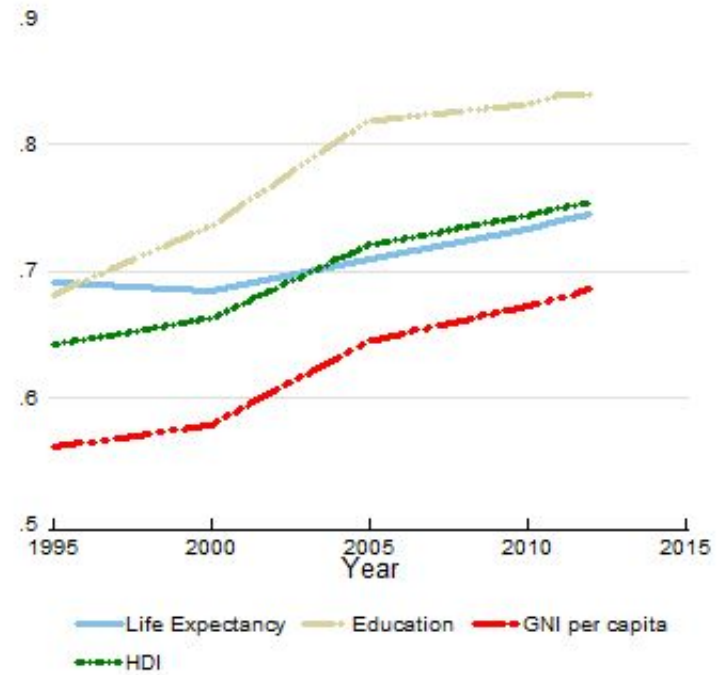
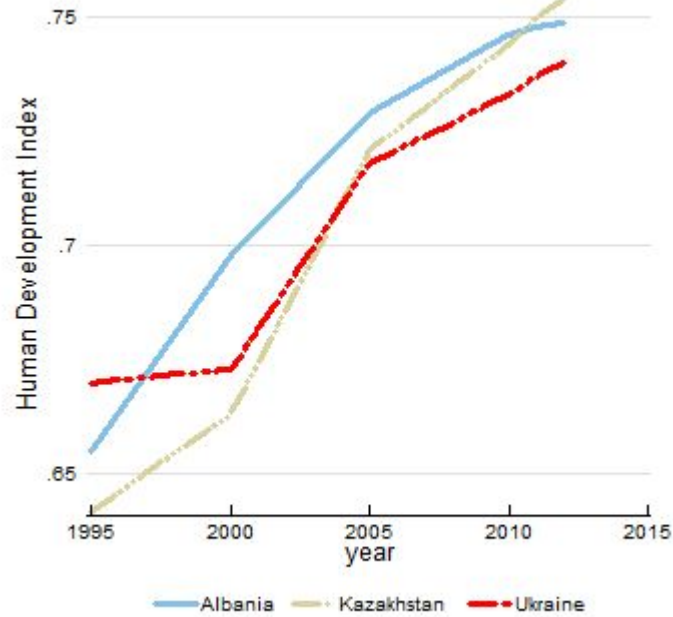


Group, years	Share ,%	Amount, Male	Amount, Female
0-14	24.4	2,154,544	2,126,508
15-24	17.7	1,578,385	1,530,091
25-54	42.4	3,609,125	3,828,084
55-64	8.6	659,481	855,815
65 and over	6.7	404,254	775,723

Median age

Group,	years
Total	29.3
Male	27.9
Female	30.8

	2012
Labor force, th.	9013,1
Share, %	72,0
Employed, th.	8540,3
Share, %	68,2
Hired, th.	5838,8
Share, %	68,4
Self-employed , th.	2701,5
Share, %	31,6
Unemployed, th.	472,8
Share, %	5,2



8540,3 - Total number
of employed
472,8 – Number of unemployed
5,2 – rate of unemployment
HDI-Ranking 69/186

Myth #4
Low level
of unemployment

Myth #3

Human development index
/
Human capital

If you get the people issues right, your business will grow;
get them wrong and your business will inevitably stagnate.

“Human Capital
in Kazakhstan”

**The size of informal employment
is not excessive
heavily concentrated in
agriculture
non-agricultural informal
employment, although
significant, is much smaller
informal jobs require low skills
and are of low productivity**

The main cause of informality in Kazakhstan is the high costs of doing business, which induces firms to exit the formal sector and limits opportunities for formal employment

Many workers lack skills that would allow them to take higher productivity formal jobs. Also the existing social protection system provides limited incentives to contribute.

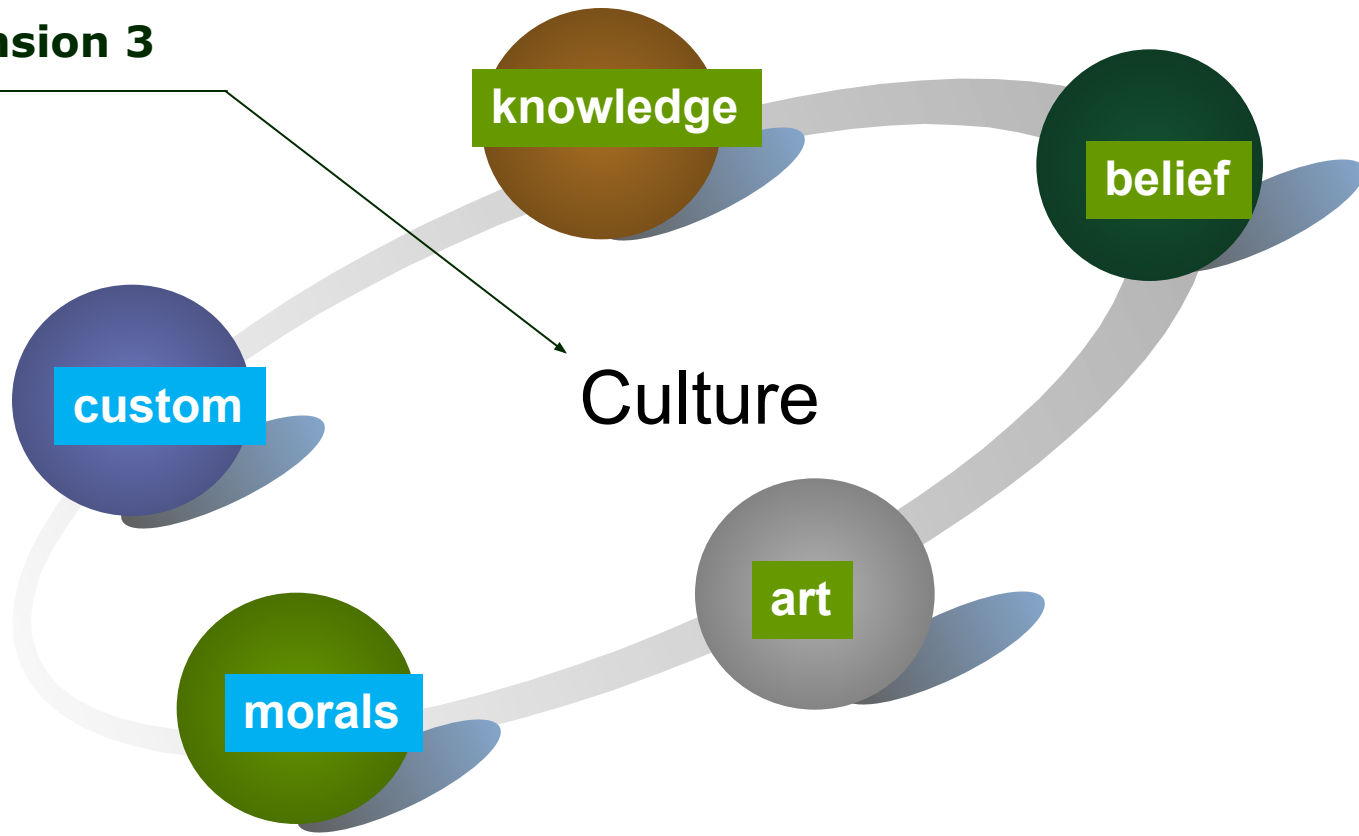
1) to reduce the costs of doing business and to create more and better jobs.

2) to invest in human capital

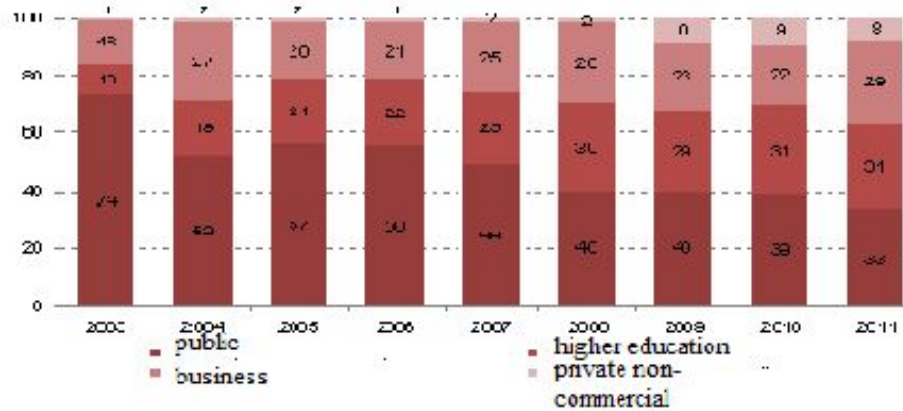
the Government's own policy priorities
ambitious reforms intended to improve the business environment
Substantial progress has already been made in reducing the costs of doing business, nonetheless there is room for further improvements.

Peculiarities

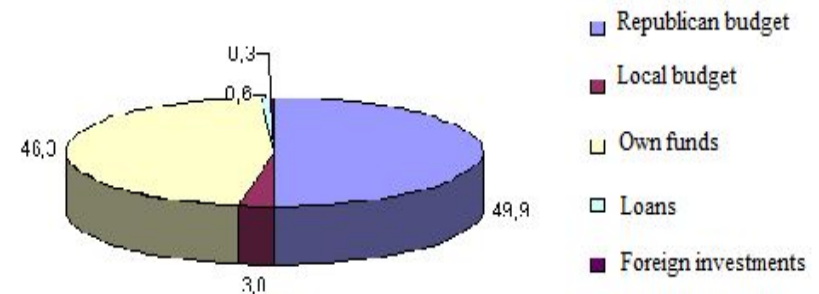
Dimension 3



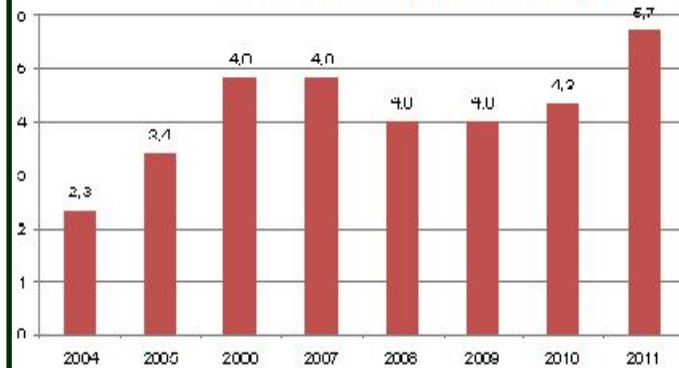
People engaged in R&D on different sectors



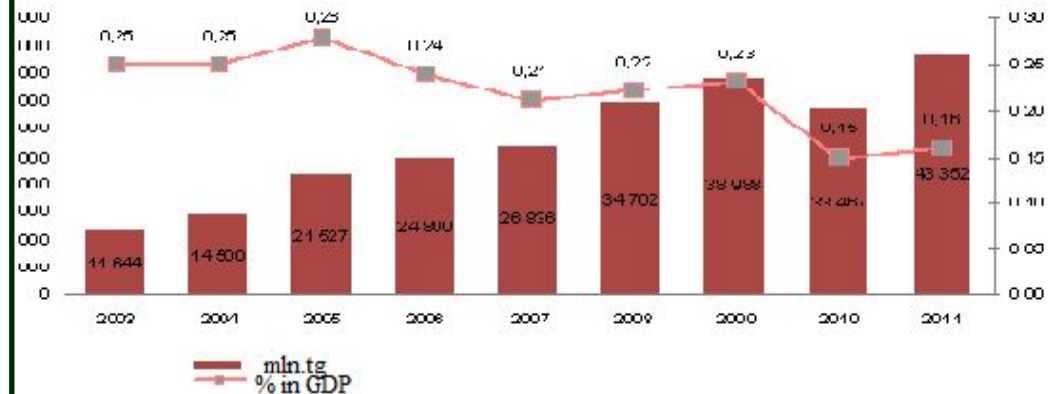
R&D financing structure



Share of innovative product in GDP, %



Internal expenditures on R&D in RK



1

The Soviet people evolved from the Soviet ideals and - technical progress, scientific outlook, humanity, equality and a brotherhood of all people

2

Most important of these features :

- Ideological ban on exploitation of the person by the person.
- The science is the productive force of society.
- Bases are not religious dogmas, but scientific representations

3

- The right to creativity has to become one of fundamental human rights.
- Perception of the American civilization as the main rival

Kazakhstan has faced tremendous social changes after collapse of the U.S.S.R. in terms of employment, and social infrastructure.

Population quality is the functional characteristics (abilities) of population, which allow population to meet new challenges and use the socio-objective reality, not only to live in these various new situations, challenges and changes (structural, ideological, economic, social, political), but also use them for its development.

Based generally on public property, headed by the Communistic Party, used the centralized planning, Kazakhstani reality as well as realities of other soviet republics of the former USSR reflected an utopist intention to build communism and make happy all mankind in the world.

At the same time so called “the soviet civilization” with own system of values, beliefs and culture have been created by two generations of soviet people.

**Having lost former way of life
Kazakhstan is seeking and building
the new model adapted not only to
capitalism but to new global
challenges of radically changed world
order.**

Five relatively most and five
relatively least important perceived
goals

Geert Hofstede



Myth #6

Profit/Money

Myth #5

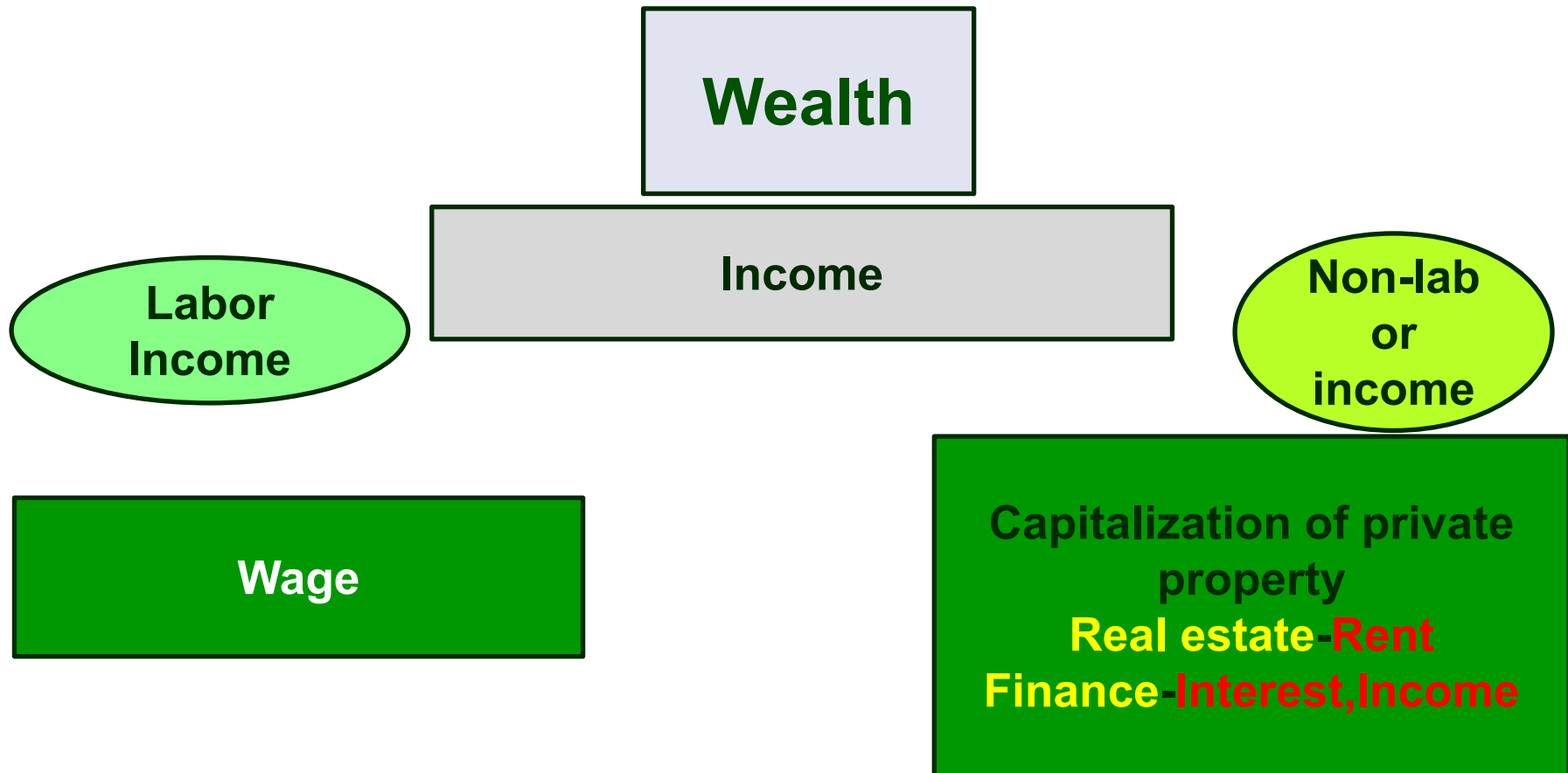
"Kazakh
management"-?

If we have Kazakh football then we should have
Kazakh management.

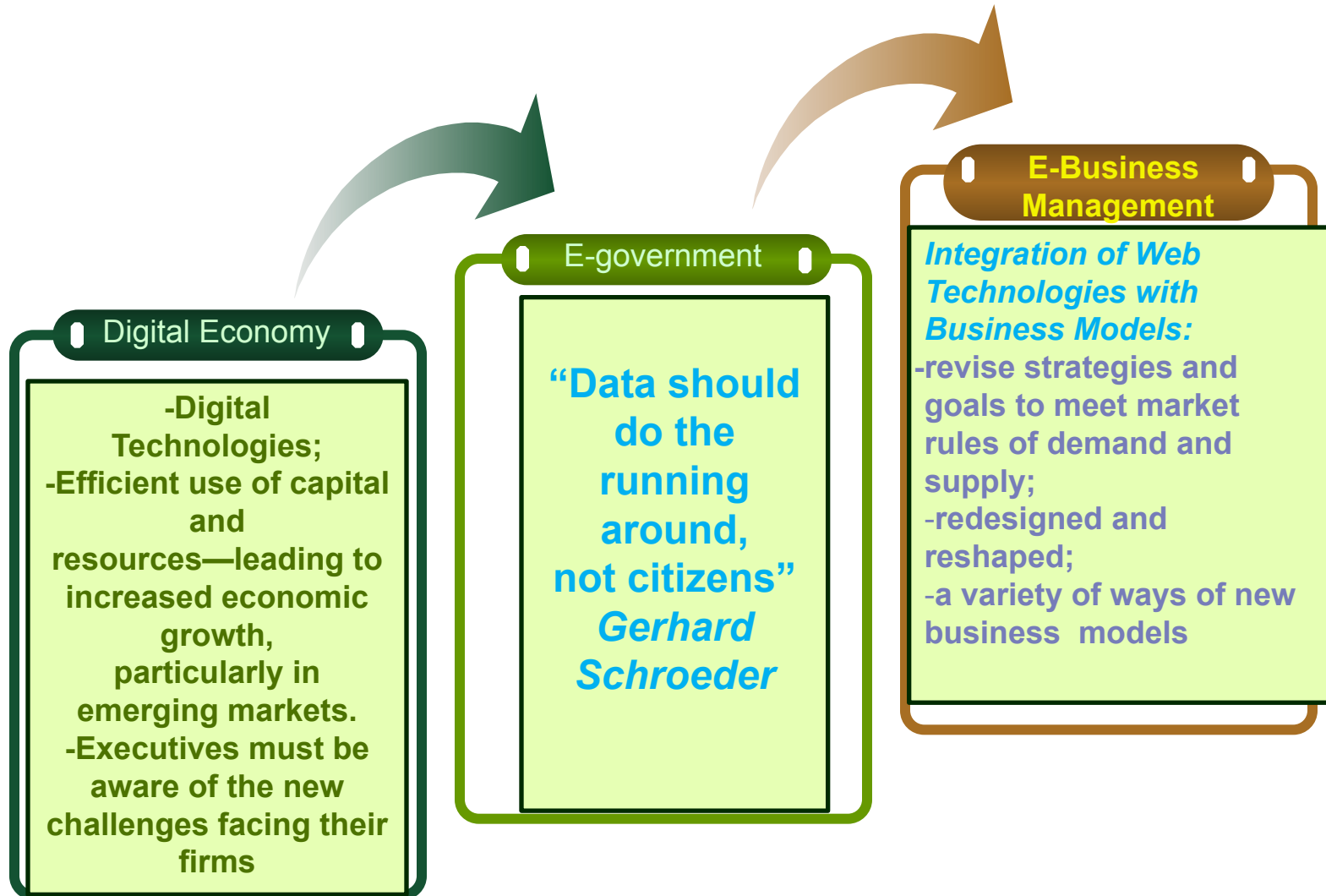
Local experts' opinion.

China	USA	Denmark	Kazakhstan
Respecting ethical norms	Growth of the business	Creating something new	Personal wealth
Patriotism, national pride	Personal wealth	Profits 10 years from now	This year's profits
Power	This year's profits	Honor, face, reputation	Profits 10 years from now
Honor, face, reputation	Power	Staying within the law	Power
Responsibility tds society	Staying within the law	Responsibility tds employees	Family interests

China	USA	Denmark	Kazakhstan
Creating something new	Profits 10 years from now	Family interests	Patriotism, national pride
Game and gambling spirit	Responsibility tds employees	Power	Game and gambling spirit
This year's profits	Family interests	Responsibility tds society	Staying within the law
Personal wealth	Continuity of the business	Personal wealth	Responsibility tds employees
Staying within the law	Creating something new	Continuity of the business	Creating something new



Suggested ways



Type of society	Type of economy	General sector of economy	General factor of production	Period of time
Pre-Industrial society	Agrarian economy	Agriculture	Land	Before second part of XIX c.
Industrial society	Industrial economy	Manufacturing industry	Capital	Second part of XIX c.- mid. of XX c
Post-Industrial society	Post-Industrial economy of mass production	Service sector	High-Tech	End of 1950-s-1990-s
	Knowledge economy		Human capital	1990-s-2000 –s.
	Digital economy		ICT	Since 2000s.

The political leadership
has placed high
expectations
on the e-government
policy as a panacea
from public service
failures and corruption.

	2008	2010	2012
<i>e-Government Development Index</i>	81	46	38
Online services	95	24	14
Telecommunication infrastructure	96	91	77
Human capital	16	22	25
<i>e-Participation Index</i>	98	18	2

University hymn



*We meet the world to take one step
The knowledge wait for you
Stream to the high of learning days
You'll see dreams coming true
Everything you need
You can find right here
Don't waste your time and just begin
To get your best in IT*

*IT - I can touch the sun I can fly
IT - you're the one, you're the brightest light
IT - thank for making me strong and wise
Thank you for being in my life
IT - it's the best way for everyone
IT - you're reliable you're number one
IT - you rise up leaders this is true
I'm so proud of learning with you*

**Rector - Damir Abduhalievich
Shynybekov**
**Vice-Rector - Uskenbaeva Raisa
Kabievna**
**Director of Marketing and PR -
Taykenova Mayrash Gomarovna**



Bachelor

- ❖ Information Systems
- ❖ Computer Science and Software Engineering
- ❖ Computer Science
- ❖ Management in IT
- ❖ Finance in IT
- ❖ Electronic journalism
- ❖ Radio Engineering, Electronics and Telecommunications
- ❖ Mathematical and computer modeling

Master

- ❖ Information Systems
- ❖ Computer Science and Software Engineering
- ❖ Project management
- ❖ Mathematical and computer modeling

PhD

- ❖ Information Systems
- ❖ Computer Science and Software Engineering
- ❖ *Project management*
- ❖ *Mathematical and computer modeling*

iCarnegie courses

Education in International IT University goes by education programs of iCarnegie - branch enterprise of Carnegie Mellon

Myths

Private
property/effectiveness
Easy
to Start/Run Business
Human
development index
/Human capital
Low
level of unemployment
Kazakh
management"-?

Profit/Money

Suggested ways

Digital Economy
E-government
e-business
management

Thank You!

*"We are creating a unique environment
conducive to the development of creativity and
establishment of a new identity"*

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Рейтинг развития электронной экономики за 2011

LOGO

Страны	Место в Рейтинге
Швеция	1
Дания	2
США	3
Финляндия	4
Нидерланды	5
Россия	59
Украина	64
Казахстан	67
Азербайджан	70

Изменение структуры

использования Интернет в РК



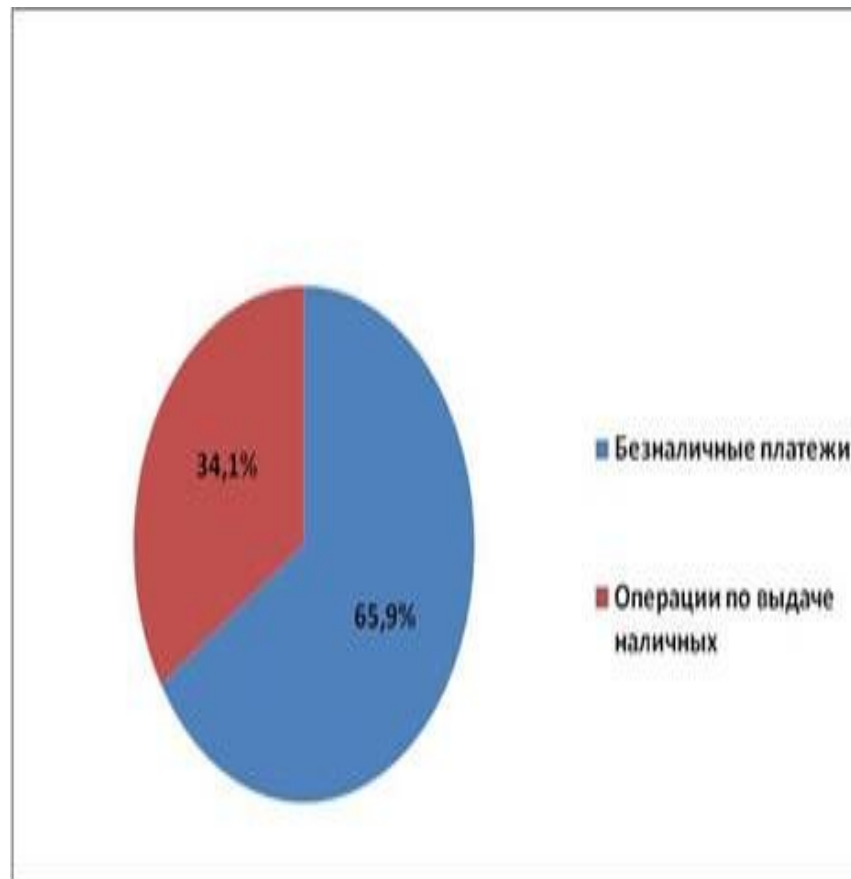
	Комму никации	Поиск информации и он-лайн услуги	Покупка и продажа товаров и услуг	Контакт с обществен ными и государств енными организац иями	Занятие, образование, повышение квалификац ии
2007	70,4	71,8	4,7	14,9	39,9
2008	181,5	71,8	6,0	18,7	34,1
2009	89,4	81,2	4,4	19,6	23,6
2010	88,4	84,6	4,2	22,3	25,9
2011	69,8	83,8	20,2	14,5	18,5

Показатели лидеров отечественного интернет-банкинга



	Количество клиентов, чел	Количество операций в месяц ,миллион тенге	Общий оборот по счетам клиентов в месяц , миллиард тенге
РК	600 000	11,4	285,8
Доля интернет- банкинга от всех транзакций	3,2%		
общее количество транзакций с использован ием мобильных устройств в			

Структура операций по картам в Казахстане



- ◆ Для сравнения:
- ◆ расчеты с помощью бумажных банкнот и металлических монет составляют только 3% от денежных средств в экономике Швеции
- ◆ в Еврозоне средний

Сравнение стоимости on-line и off-line транзакций



Транзакции	Стоимость,\$
Традиционное обслуживание	1,05
Телебанкинг	0,5
Интернет-банкинг	0,05

Текст надписи