

Chapter 1: INTRODUCTION

1.1 Background to the research

On March 1 2006 in his State of the Nation Address and then again in November of the same year at a joint press conference with Tony Blair in London, President Nursultan Nazarbayev announced his intentions for Kazakhstan to become one of the world's fifty most competitive countries (Kazembassy.org.uk, 2008). At the time of his announcement the World Economic Forum had just included Kazakhstan on their list of the most competitive countries in the world for the first time. Kazakhstan was listed at number 61 of 117 nations (Shikoh, 2006). For a country just twenty years young and still emerging from the long shadow cast by more than seven decades of communism, top 50 nation status appeared an extraordinarily ambitious target. While Kazakhstan had made very significant economic progress since 1991, especially in terms of developing a business environment conducive to attracting foreign firms to the country (World Bank, 2012), becoming and then remaining one of "*the fifty most developed nations in the entire world*" (Kazembassy.org.uk, 2008, p. 1) appeared a challenging goal.

Yet by 2012 Kazakhstan was on the cusp of achieving top 50 most developed nation status and quite a few other development targets in had set itself in the Strategy 2030 document launched in 1997. This, along with unexpected external events such as the global financial crisis, encouraged the Government to revise the strategic plan for the development of the nation. The result was that in the last few days of 2012, President Nazarbayev unveiled 'Strategy 2050'. This new strategic plan incorporated and built upon the existing Strategy 2030 document by revising the development agenda and setting new goals. For example; the country was set a new revised target of now becoming one of the top 30 most developed nations by 2050.

Kazakhstan has a history of setting itself ambitious targets and then achieving them. Muzaparova (2010) notes that; essentially all of the economic and social targets of the 2000-2009 National Strategic Plan for Kazakhstan were achieved. She goes on to say that the country's future strategic development

objectives are “achievable and realistic” (p.2) despite the global slow-down following the economic crisis of recent years past. This research project uses, in part, the current strategic plan for Kazakhstan and other documents of state such as Presidential speeches as the basis for assessing whether the country’s human resource management professionals are working sufficiently strategically to help organisations make the necessary reforms to contribute to Kazakhstan’s goal of becoming a top 30 nation by mid century. The Strategic Development Plan of Kazakhstan Till 2020 (part of the broader Strategy 2030 document) and the supporting strategic plans of the various ministries constitute the first measurable milestones and encapsulate the most immediate challenges on the road to top thirty nation status.

It is interesting to note that given the current profile of HRM in Kazakhstan that is discussed in detail in the following chapter, human resource management has been highlighted as a critical contributor to realizing both the Strategy 2030 and Strategy 2050 goals. *The Strategic Plan of the Kazakh Ministry of Industry and New Technologies for 2011 – 2015* and *The Strategic Plan of the Kazakh Ministry of Labor and Social Protection 2011 – 2015* mention the central importance of human resource management to achieving national development and innovation targets. President Nazarbayev’s annual State of the Nation addresses, including his two most recent ones in January and then in December 2012, also recognise that HRM is inextricably linked to the country’s future development and success. The President and his Government have clearly articulated a key role for human resource professionals in preparing employees and organisations to achieve greater international competitiveness.

The specific role human resource management professionals can play in contributing to the country’s development plans was described by President Nazarbayev in his January 27th, 2012 State of the Nation address (Caspionet, 2012) where the central theme was the social and economic modernisation of Kazakhstan. The president outlined ten directions for the nation's future of which the first was aimed at increasing labour force mobility. This will be

achieved through a large-scale national program focused on employment skills training and job placement assistance. The program will begin 2013.

Kazakhstan is on the one hand well positioned to become a fully developed nation, while on the other hand, it is well behind the developed nations it seeks to be likened to. Kazakhstan does have a workforce that is becoming increasingly well educated and skilled. In 2010, for example, a large new university bearing the President's name opened in Astana the nation's capital. Academics from UK universities have been flying in to run start-up courses and now the university is recruiting full time faculty internationally. Further; in the previous year the United Nations identified Kazakhstan as a country with high human potential along with Malaysia and Brazil (Muzaparova, 2010). Foreign investment in Kazakhstan too has been steadily increasing, especially in the resources sector, and this has brought a growing number of skilled expatriate workers to Kazakhstan.

Meanwhile, Almaty, Kazakhstan's largest city, has evolved to become the regional headquarters for international corporations including Proctor and Gamble; Ernst and Young; Kimberly Clark; Coca Cola and Pricewaterhouse Coopers. Along with these companies come foreign managers and international human resource management policies and practices. Further, The World Bank has championed the reforms Kazakhstan has made to encourage small business and relax regulations restraining private sector business activity generally. Kazakhstan is now ranked as the 47th best country in the world for doing business from 183 countries (World Bank, 2012).

Yet there remain major obstacles to future development: a gross national income per capita well below leading industrialized nations; a life expectancy rate at birth of just 67 years; a human development index ranking of just 68th (United Nations, 2011; UNDP, 2012); an undiversified economy over-reliant on oil and gas for revenue (IMF, 2012; Muzaparova, 2010; Brauer, 2007); relatively high inflation especially affecting staple food prices (Al-Eyd et al., 2012) and high levels of corruption with a perception of corruption ranking of 120th from 183 countries (Transparency International, 2012). Kazakhstan's

endemic corruption is a theme common to many papers on the country and Bhuiyan and Amagoh (2011) present an interesting account of corruption in Kazakhstan's public sector by way of example.

Importantly, most of these challenges and most of the specific objectives in Strategy 2050 provide an important role for human resource management professionals to fulfill. If Kazakhstan is to become and then secure a place in the world's top 30 most developed nations then it will be critical that strategic human resource management plays a leading role in the nation's organisations. This research project explores through the literature review and then through the interviews with Kazakhstani employees, the relationship between strategic human resource management in organisations and the attainment of organisational success. From this, the research project explores the challenges facing Kazakhstan-based organisations as the country progresses towards fully developed nation status and the country's preparedness to meet those challenges under the current human resource management regime practiced in organisations.

1.2 Value and importance of the research project

An important enabler of a country's development and its organisations' competitive advantage is its workforce and the skills and knowledge of those workers. Strategic human resource management (SHRM) practices provide firms with the means to innovate, develop and compete. Within this context, SHRM is an important component of sustainable economic and commercial development. The evidence, scant as it is at the present time, indicates that Kazakhstan has not embraced SHRM, particularly within its indigenous firms. This suggests both a missed opportunity and a potential impediment for Kazakhstan's development aspirations detailed in the preceding section. A failure on the part of organisations to embrace SHRM practices could have serious implications for the country's economic growth in coming years. This research project explores this issue and provides the clearest picture to date of the current state of human resource management practices in Kazakhstan-based organisations.

There is evidence that suggests Kazakhstan-based firms, especially indigenous firms, are likely to be largely unaware of how to make human resource management strategic. This poses a significant barrier to maximising local human capital for the achievement of the Strategy 2050 targets. For example; Kazakhstan has no national human resources institute or association yet many other emerging, industrialising economies such as India, Philippines, China and Russia have well established associations. Critically, such professional associations provide an important forum for the exchange of ideas and experiences; an opportunity to build a helpful professional network and opportunities to organise, develop an agenda and influence decision makers.

Kazakhstan also has no national or regional regularly published periodicals for human resource professionals such as those published by human resource associations in many countries. This inhibits the dissemination of new knowledge and the propagation of best practice. Further, Kazakhstan is off the international conference circuit and it is expensive and bureaucratically difficult for Kazakhstani human resource professionals to attain visas and afford flights to attend international conferences. There have been no international human resource management conferences hosted by Kazakhstan. The cumulative effect of all this is the development of a culture of isolation and disconnectedness for human resource management professionals in Kazakhstan. It follows that building a shared practice and a community of professionalism for human resource professionals in Kazakhstan is likely to be very difficult and that anything that may happen would probably be sporadic and lacking in strategic focus.

The literature that does exist on human resource management practices in Kazakhstan-based organisations reveals a bleak picture of the employee experience at work. A recent exploratory study by Davis and Yugay (2012), for example, discovered that Kazakh-owned firms tend towards a highly dogmatic, prescriptive and functional approach to employee management. The authors found that managers are focused on controlling employee behavior and enforcing conformity. One firm actually measured the height of the heel of its female employees' shoes to ensure the heel height was within the

designated range. Similar criticisms have been made before. Minbaeva *et al.*, (2007) studied HRM practices in multi-national subsidiaries in Kazakhstan and found many of the old Soviet-style work practices remain. This was especially true regarding employee relations; employee communications; management development and flexible work practices.

Indeed, the evidence suggests that not only is SHRM not understood in many organisations in Kazakhstan, but even the less strategically focused predecessor, HRM, is not commonly practiced. In Soviet times organisations had only the *Adil Kadraff* (АДИЛЬ Кадраф) which translates literally from Russian as 'Personnel Department'. This department had no interest in employee welfare, development, engagement or broad organisational participation. The personnel department was a faceless, process-driven, technocratic bureaucracy that was consumed with paperwork. Its job was essentially focused on monitoring, checking and controlling employees.

The research that is available suggests that Kazakhstan has largely continued with the Soviet personnel department model and this would imply a cavernous gap between global best practice SHRM and traditional personnel management many Kazakhstani employees would be experiencing. This research project is designed to explore this apparent problem, evaluate the extent to which it seems to be accurate and to highlight where possible opportunities exist for change to advance human resource management practices in Kazakhstan. Improved human resource practice in organisations could in turn enhance organisational success and competitiveness in support of the country's modernisation goals.

Employee rights and protections in Kazakhstan (Human Rights Watch, 2012); employee health and safety and employee training and development (Tatibekov *et al.*, 2004); administering labour law that governs employee working conditions (Davis and Abdiyeva, 2012) and effectively identifying and managing talented employees (Davis and Pavlova, 2012) have all been found to be managed insufficiently well or in reactionary ways in Kazakhstan. It would seem clear that there do exist opportunities for HRM in Kazakhstan

to become much more progressive in nature and strategic in outlook. Further, that should such a transformation be possible that there would be considerable benefits to employees, firms and commercial activity in general that would contribute more meaningfully to Kazakhstan realizing its goal of becoming one of the world's 30 most developed nations.

It should be stated here that the challenge for Kazakhstan is not that it has an incapable labor force lacking the skills or enthusiasm to work towards achieving Strategy 2050 targets but rather the challenge is about having the policies and practices in place in firms that enable and encourage employees to fully utilise their skills and knowledge. Indeed, the opportunity to adopt more forward-looking HRM frameworks in firms becomes ever more important if there does exist a skilled and knowledgeable workforce that is ready and able to contribute fully to achieving the President's Strategy 2050 objectives but is prevented from doing so due to ignorance, and outdated, opportunity-limiting HR practices.

1.3 Research problem and research questions

The principal research problem addressed by this study is the apparent poor state of human resource management in Kazakhstan-based organisations. The research project conceptualises this as a problem because, as the literature review will demonstrate, organisations that adopt SHRM principles and practices can enjoy considerable advantages.

The research problem has a further dimension relating to the above point which is that Kazakhstan as a nation has ambitious modernisation and development goals. The country aspires to become as fully industrialised and developed as the world's leading economies. A well developed and implemented SHRM strategy can support organisations in Kazakhstan achieve the success needed to meet these goals. Conversely; those organisations which fail to develop a modern and strategic approach to how they manage employees are likely to hold back Kazakhstan's progress.

The research problem can be summarised thus: *To what extent and in which ways is human resource management in Kazakhstan-based organisations sufficiently strategic in nature to positively contribute to achieving the country's modernisation and development goals?*

In pursuit of the research problem, interviewee participants were asked to respond to the following questions:

1. Do you think human resource management has a role to play in organisations and if so, what is that role?
2. Does your organisation have a HR department and, if so, please explain its current functions?
3. To what extent and how does your organisation's HR team/department contribute to your organisation's business goals?
4. In what ways do the activities of the HR team/department interface with you and your work?
5. Describe the importance of and approach to leadership development at your organisation.
6. How important is the role of the HR team/department in your organisation to the organisation's success comparative to other organisational functions (e.g. sales; operations)?
7. To what extent and in what ways do you think that your organisation's employees contribute to your organisation's competitive advantage?
8. Is there anything else you would like to say about human resource management in your organisation specifically or in Kazakhstan generally?

1.4 Aims of the research

The research project was embarked upon with three principal aims. These can best be distinguished as practical, theoretical and academic. The first of these intended to contribute to informing and guiding practitioners working in organisations in Kazakhstan and the other two aims intended primarily to contribute to the pursuits of academics and students interested in the topics of this research project.

Now that this research project is completed it is the researcher's intention to write two or three papers for publication. Therefore this study could make a much needed and highly original contribution to the literature. Kazakhstan, in all respects, has been paid scant attention by researchers and this is reflected in the available literature. Kazakhstan is a new country with an underdeveloped research culture but it has also been relatively ignored in terms of business and commerce. This is now changing and research on Kazakhstan is accordingly becoming more relevant to scholars of business, commerce, industry, economics and organisational studies. Any publications from this study are likely to offer insights of value beyond SHRM in Kazakhstan and be of interest and use to scholars of transitioning and emerging economies in other Central Asian countries and perhaps countries at a similar stage of development in other parts of the world too.

This study sought to provide direct and indirect benefits to organisations in Kazakhstan. Firstly, this study has the potential to be very important to the economic and corporate development of Kazakhstan and the local and national policy makers in areas that bridge human resource planning, organisational development and economic progress. Secondly, the research offers insights to Kazakh organisations looking to improve how they manage employees and thirdly the research offers hundreds of thousands of employees who work in these organisations a potentially more satisfying and liberating work experience.

This research project identifies significant opportunity for firms to maximise the capability of their workforce by transitioning from transactional HR practices to strategic HR practices. On a large scale this could contribute to the development of firms in Kazakhstan so that they may achieve more towards the country's development goals. For the individual firm, strategic HR practices contribute to supporting firm strategy and achieving organisational goals. Strategic recruitment and selection, for example, can both save and make organisations money by hiring well-suited candidates who contribute more and stay longer. In short, embracing SHRM directly contributes to organisational success. For the individual employee, especially those who

experienced working life under communism, a move away from transactional HR in favour of SHRM practices significantly enriches the working experience. SHRM policies and practices heighten the sense of well being, purpose and belonging through, for example, increased organisational participation in decision making or through doing jobs that have been designed to maximise individual autonomy.

Secondly, this research is likely to serve as the first introduction to SHRM for many human resource professionals in Kazakhstan. Research has revealed that there is currently no national professional human resource association in Kazakhstan and there have also been no recognised HR conferences hosted in the country to date. As such, human resource management in Kazakhstan has no discernable profile or coordination and so arguably little influence on contributing to develop human resource management practices in organisations in Kazakhstan. The research project will result in the production of a report for practitioners, translated into Russian, to inform and guide human resource specialists in Kazakhstan. The report will propose some recommendations, based on the findings of the research, to guide human resource professionals in improving current practice in their organisation where the opportunity exists to do so.

Resource-based theory is a popular and well researched theory of the firm yet this study will add to the existing body of knowledge on resource-based theory in several important ways. Firstly, this study presents a highly original perspective on resource-based theory by exploring the theory as it applies to a newly emergent, transitioning, post-communist business environment and, as such, distinguishing the study from others utilising resource-based theory. Secondly, this study specifically explores the relationship between resource-based theory and leadership development which is a novel approach. Thirdly, some recent literature speculates that resource-based theory has come to the end of its life and is a dying theory either in need of a complete overhaul or ready to be superseded (Barney *et al.*, 2011; Kraaijenbrink *et al.*, 2010). This study explores this hypothesis in light of what is discovered through data analysis and reflects on whether resource-based theory does still have

something to offer in its existing incarnation or whether some reconceptualisation of the theory is warranted.

The third principal aim of the research is to make a contribution to the literature by addressing a gap in the empirical research on SHRM in Kazakhstan. To date there is no such research and as Kazakhstan develops and integrates further with other countries it will become increasingly important to know more about this country. Kazakhstan's rise is likely to attract the attention of academics in the future. Therefore, this research project may be helpful as a reference point to those who come later looking to conduct their own studies in Kazakhstan.

The researcher also wishes to acknowledge that conducting and publishing original research, especially on Kazakhstan, is an important part of his job. This research contributes a little to the reputation of the researcher's institution which in part assists the institution in achieving its goals such as student recruitment; community promotion and international accreditation.

1.5 Research design

This research project is a qualitative study adopting a grounded theory approach to data collection, organisation, analysis and interpretation. Because the study focused on social action in organisations, the approach to constructing meaning from the data is interpretive.

The research method adopted for this proposed study was semi-structured interviews. Ninety-two interviews were conducted. Interviews were in-person, face-to-face with the exception of four interviews conducted using Skype and two interviews that were written and emailed. The interviews were audio-recorded and later fully transcribed and printed for analysis.

The ninety-two research participants were Kazakhstani citizens either employed at the time of interview or employed within the 12 months prior to the interview in organisations in Kazakhstan. With just five exceptions these

organisations were in Almaty, Kazakhstan's largest city and commercial hub. The research participants represented a mix of private, public and aid organisations. Organisations included locally owned, foreign owned and jointly owned interests. The research participants included men and women who were current Master's degree students, alumni or HR Club members at KIMEP University (the researcher's employer) at the time of interview.

1.6 Overview of chapters

This thesis is arranged into nine chapters. This first chapter is an introduction to, and justification for, the research project. The remaining chapters are:

Chapter Two: A literature review of the research topics and Kazakhstan. This chapter begins by explaining Kazakhstan's ambitious development goals and the progress made thus far toward achieving these goals. The role SHRM can play in contributing to Kazakhstan achieving its goals is described. This chapter also details the current nature of human resource management in Kazakhstan-based organisations; what we know about leadership in Kazakhstan-based organisations and the extent to which resource-based theory would be contributing to the success and competitiveness of Kazakhstan-based organisations.

Chapter Three: A literature review of global best practice in SHRM. This chapter explores current international practices in SHRM in organisations to identify what constitutes 'strategic' in human resource management policy, planning and practice in various facets of people management in organisations. By identifying the ways in which human resource management becomes strategic in nature, it will be possible to ascertain later, from the interviews, the extent to which and in what ways human resource management is strategic in Kazakhstan-based organisations.

Chapter Four: A literature review to identify global best practices in leadership development internationally. This chapter identifies what constitutes excellent leadership development in terms of creating leaders that 'add value' to their organisations. This review will reveal the link between investing in leadership

development and leaders being a source of competitive advantage for an organisation. An objective of this chapter is to clarify how well Kazakhstan-based organisations are developing their leaders, based on the interviews, in comparison with best practice internationally.

Chapter Five: A literature review of Resource-based theory. This chapter identifies what Resource-based theory is and how in practice an organisation's human resources can be a source of competitive advantage for an organisation. The review explores the variety of ways that resources can be utilised for competitive advantage and limitations to this. The efficacy of the theory is also discussed. The review will allow a comparison between Resource-based theory in action internationally and the extent to which the theory is or could be applied in organisations in Kazakhstan.

Chapter Six: This chapter introduces the research methodology, research design and data analysis activities that were part of this project. An explanation of and justification for the interaction-based, interpretivist paradigm is given. A defence of the semi-structured interview as the data collection method is advanced. This chapter explains why grounded theory was chosen as the methodological framework to guide the inquiry for this project and how grounded theory was applied to each step of the research phase of the project. A defence of manual data analysis over the use of software packages is also included.

Chapters Seven and Eight: These two chapters present the findings of the research activity (semi-structured interviews) and give a comprehensive discussion on those findings in relation to what was learned through the literature review. At first there is the presentation of the demographic data and then the findings are discussed following the interview schedule question by question. The discussion highlights the extent to which and in what ways human resource management and leadership development in Kazakhstan is strategic and contributing toward organisational competitive advantage. The discussion will highlight the disparity between the Kazakhstan experience and the global best practices identified through the literature review.

Chapter Nine: The conclusions and implications drawn from the research findings are presented in this chapter. The conclusions focus on addressing the principle research question. The implications of the conclusions are focused on the opportunities and challenges for human resource practitioners in Kazakhstan and government policy makers and planners. Additionally, the implications for Kazakhstan as a nation and its longer-term aspirations are evaluated. The implications reflect upon Kazakhstan's future development targets and the likelihood that the country's current human resource practices will contribute to the achievement of those targets.

1.7 Delimitations of scope

This study has some delimitations of scope that may influence the applicability and transferability of the research findings to other situations. This can impact on the merits of applying the conclusions and recommendations of this study to other situations.

Firstly, the research participants were reflecting on working experiences, with just a few exceptions, in Almaty-based organisations. Kazakhstan is a very large and diverse country and working experiences in Almaty are not necessarily indicative of working experiences in other regions. In northern Kazakhstan, for instance, people's lives are much more influenced by Russia than they are in the south east where Almaty is situated. Almaty is a relatively wealthy, international city. This is certainly not the case of many other cities and towns in other parts of Kazakhstan.

A second delimitation of scope to note is that only ninety-two people participated in the research. While this is a high number of interviewees for a PhD research project, it is clearly a miniscule percentage of the target research population. Almaty has a population of approximately 1.3 million. Therefore, it is reasonable to conclude that such a small sample size is most likely not representative or does not comprehensively capture the full range of views and experiences of the potential pool of people who would have met the selection criteria to participate in an interview.

A third delimitation of this research project is that research participants were not interviewed in their native language. Indeed, for many of the participants English is their third language; for a few, their fourth language. Participants understood this would be the case and the standard of their English, with just a few exceptions, was high. Participants were also given a copy of the interview questions before the interview commenced in Russian. Nevertheless, the participants' ability to fully express their thoughts and experiences in English would have been hampered by not having recourse to the depth of vocabulary they would have in their native language.

1.8 Conclusion

This first chapter began by introducing and contextualising the research topic. The importance of the topic was explained in terms of Kazakhstan's explicit modernisation and development goals over the coming few years as determined by the Strategy 2030 and Strategy 2050 national development manifestos. Following this, a justification for the research topic was given where it was explained that Kazakhstan-based organisations could benefit considerably from embracing SHRM practices which the evidence suggests they do not currently do. The aims of the research were outlined briefly and it was explained who might benefit from this research project. This first chapter also set out the research problem and listed the eight interview questions which were designed to interrogate the problem. The research design was briefly introduced and some information was included on the research method and the research participants. This was followed by a short summary of the principal theme of each chapter of this thesis. Finally, some delimitations of the research project were acknowledged. This introduction has therefore provided an overview of why and how this research project was conducted. The chapters that follow will expand on this in detail.

Chapter 2: KAZAKHSTAN: GOALS AND CHALLENGES

2.1 Introduction

The objective of this chapter is to introduce the principal research themes in the context of Kazakhstan's development goals and to highlight the challenges apparent in the achievement of these goals. While details about Kazakhstan may be unfamiliar to the reader, a section introducing Kazakhstan has not been included here. Firstly, a geopolitical, historical or social commentary on the country itself would not add insight to the concerns of this research project *per se*. Secondly, where specific contextual information about Kazakhstan may be helpful to understand particular points made in this thesis then that detail is provided at the time it is judged helpful to the reader.

Section 2.2 of this chapter introduces the specific development and modernisation goals of President Nursultan Nazarbayev and the Government of the Republic of Kazakhstan to 2050. The first part of the section focuses on the strategic development plans that were the precursors of Strategy 2050 and then the second part of this section focuses on Strategy 2050 which was unveiled by the President in the final days of 2012. The information is largely taken from the State of the Nation speeches of the President and official government documents such as departmental strategic plans. Little information is available on this topic in the academic press. Specific attention is given to the relationship between the Government's goals and the need for SHRM practices in organisations to contribute to achieving the goals.

The distance that Kazakhstan is away from realising the Government's goals and Kazakhstan's achievements to date are discussed in Section 2.3. The data are taken from a range of official independent sources including agencies of the United Nations and the World Economic Forum's Global Competitiveness Reports. This section compares a number of specific development goals highlighted by President Nazarbayev (such as eradicating corruption) and examines recent progress made in accomplishing the goal and discusses the size of the challenge that remains.

The following section of this chapter, 2.4, reviews the literature relating to the nature of human resource management in organisations in Kazakhstan. It will be discussed that there is very little substantial research on HRM in Kazakhstan and the first real article on the topic was not published until 2004. However, the research data that are available show that modern employee management practices appear uncommon in the country and that organisations in Kazakhstan take a paternalistic and dogmatic approach to managing people in organisations which is contrary to strategic human resource management principles. The data also reveals a significant gap between the HRM practices of multinational companies that have subsidiaries in Kazakhstan and are applying policies and practices from their headquarters in Europe, for example, and the HRM practices of indigenous companies.

Section 2.5 reviews the available literature on leadership styles, practices and development in Kazakhstan. There is very little literature on this topic and the papers that are available are dated and comparative in focus so that managers and leaders in Kazakhstan are referenced fleetingly in relation to their counterparts in other countries. For the most part the available literature focuses on the influence of national culture on leadership styles. It is also notable that the research reveals Kazakhstani managers to be reactionary, uncharismatic and short-term thinkers in their management style which is contrary to best international practice. This section finishes by revealing that only one paper is available that specifically references leadership development in Kazakhstan.

The penultimate section of Chapter Two is an assessment of Kazakhstan's current situation based on the literature just discussed in relation to the aspirations of the Government. In brief, the assessment finds that HRM and leadership development are poorly developed and that much must be done to advance these areas in organisations in Kazakhstan. An assessment of Kazakhstan's ability to become one of the world's most competitive nations finds that the challenge ahead is very significant and not completely within Kazakhstan's control. The assessment finishes by discussing the apparent

under utilisation of employees as a source of competitive advantage for organisations in Kazakhstan.

The final section of the chapter, 2.7, draws some conclusions on the issues discussed. The conclusion is that not enough data is available to make sound judgments on the issues discussed. However, based on what is known, change appears to be required in organisations in Kazakhstan. The conclusion is that available data are dated; not on the specific topics of this research project; not substantial enough in number to be conclusive on the research topics and based on a lot of small samples sizes. The need for this research project is therefore justified.

2.2 Government of Kazakhstan's Development Agenda

2.2.1 The road to Strategy 2050

When the preliminary literature review for this PhD began in early 2012, Kazakhstan was striving toward development goals set out in the Strategy 2030 manifesto. However, as the President noted in his speech to launch Kazakhstan's new modernisation blueprint, Strategy 2050, in December 2012: "*Strategy Kazakhstan 2030 was developed for the period of formation of our sovereignty... its basic parameters have been accomplished*" (Akorda, 2013, p. 21). One example of a Strategy 2030 basic parameter having been accomplished is the goal Kazakhstan set itself of becoming one of the world's top 50 most competitive nations by 2020. With this target almost achieved, Strategy 2050 extends the challenge for Kazakhstan to now enter the world's top 30 most competitive nations by the middle of this century. According to the President, such targets will be achieved as part of the long term sustainable development of the country based upon principles of universal economic pragmatism (Jamestown Foundation, 2013).

Before discussing Strategy 2050 itself, this thesis will detail some of the strategic imperatives of Strategy 2030 which inform and contextualise the newly launched strategy. Specifically, it will be demonstrated that Strategy 2030 identified important development targets for Kazakhstan that implied a

key role for human resource professionals that Strategy 2050 has now built upon, clarified and extended.

Strategy 2030 was developed in 1997 and constituted the first long-term strategic plan for the development of the Kazakhstani state. The plan was updated and revised countless times before essentially being superseded by Strategy 2050 which was launched by the President in December 2012. Within the broad framework of Strategy 2030 were a multitude of separate strategic plans and initiatives that ran for shorter periods and were specific to particular topics or government departments. Indeed, while campaigning for the January 2012 presidential elections, Nazarbayev spoke separately about three national programs: “Quality of Life – 2030”, “Healthy Nation – 2030” and “Intelligent Kazakhstan – 2030 (Delaney, 2012). In the following paragraphs the specific names of the various sub-strategies are provided where available but the reader can assume all were encompassed under Strategy 2030.

On January 11 2006, President Nursultan Nazarbayev was sworn in for his fourth consecutive presidential term having won 95.5 per cent of the popular vote during the earlier election. During his swearing-in address to the gathered dignitaries he remarked that:

“For a long time I have had one goal, to make Kazakhstan one of the world’s 50 most competitive nations...this will require a comprehensive program envisaging serious economic, administrative, political and legislative changes. A great deal of work awaits us.” (NCSJ, 2006).

Shortly before his inaugural address, the World Economic Forum (WEF) had listed Kazakhstan, for the first time, in its annual ranking of the world's most competitive nations. The WEF is an independent body based in Switzerland and its annual report of the relative economic competitiveness of nations is internationally recognised. Indeed, Shikoh (2006) observes that President Nazarbayev took notice of Kazakhstan's entry into the WEF annual ranking and used it as a benchmark for measuring future economic development.

Kazakhstan entered the WEF list of the world's most competitive nations at number fifty-one. By March, when Nazarbayev gave his annual State of the

Nation address, he had transformed his vision for top fifty most developed nation status into a strategic plan that set the course for future economic and social development. The 2006 State of the Nation address is entirely built around the goal of becoming one of the world's top fifty most advanced nations (President Nazarbayev's Strategic Vision, 2008).

President Nazarbayev soon began to spread his vision for Kazakhstan's economic transformation outside the country. It was the theme of a joint press conference he gave with then UK Prime Minister Tony Blair in London in November 2006 (President Nazarbayev's Strategic Vision, 2008) where he reiterated the goal within the context of already accomplished economic success. The following year, the President's 2007 State of the Nation address began to articulate with more clarity the specific challenges and reform objectives necessary for the country's evolution to a truly competitive nation.

It was in 2011 that a clear role for human resource practitioners began to be articulated by the President in his speeches and described in official government documents. In his 2011 State of the Nation address the President describes some development challenges including: fighting state corruption, encouraging the development of business and reforming the healthcare and educational institutions (Delaney, 2011). However, it is the first of his 2012 State of the Nation addresses, delivered in January, in which he directly specifies a role for human resource practitioners. In this address the President introduces ten new directions which he claims will achieve the ultimate goal of economic success married with public good (Caspionet, 2012).

Of these ten new directions, three present a challenge to human resource professionals. Direction one outlines the need to strengthen employment options and the employability of the workforce through better training and development to increase employee mobility. Direction four describes the need to improve public services by having better public officials and fighting corruption. Direction five calls specifically for the improvement of human resource capacity in Kazakhstan by developing a new, highly skilled class of professional managers: *"a new managerial elite to lead the country into the twenty-first century"* (Caspionet, 2012).

Government documents also reveal an important strategic role for human resource professionals over the coming years. The Strategic Plan of the Kazakh Ministry of Labor and Social Protection for 2011 - 2015 (Kazakhstan 207-2011 in Figures, 2011d) nominates several key initiatives that would rely on human resource professionals in Kazakhstani organisations. For example: advancing labour rights of workers; reducing workplace accidents; development and implementation of collective bargaining mechanisms between unions and management and improving working standards in hazardous industries.

The document also highlights measures to continue easing the pressures that fuel unemployment, specifically the ongoing reduction of the Foreign Labor Quota (FLQ). This is the fixed number of foreign workers permitted to work in Kazakhstan each year. The FLQ, according to the Ministry's strategic plan, was reduced from 54,204 people in 2008 to 30,988 in 2009. Further, additional rules over the hiring and employment of foreign workers have been introduced. This presents two significant challenges to HRM professionals in Kazakh-based organisations: Firstly, developing innovative learning and development strategies to quickly skill local workers to compensate for the reduction in skilled foreigners available. Perhaps also there would be a need to develop coaching and skill-transfer initiatives whereby foreigners train their local counterparts to do their jobs. The second challenge is that with fewer foreigners able to be hired and tougher rules regulating hiring and employment, the talents of good recruitment specialists will become critical to meeting the skill needs of their companies.

Another of Kazakhstan's ministries, The Ministry of Industry and New Technologies, has, according to its strategic plan, the mission: "The creation of conditions necessary for development of advanced, high-tech competitive productions" (Kazakhstan 207-2011 in Figures, 2011c). The strategic plan goes on to talk about a national innovation system and the need to create business environments conducive to attracting foreign investment. Human resource specialists will play a key role in designing workplaces that foster innovation through their roles designing and implementing leadership

development, job design, performance management systems, safe workplaces, compensation and benefits strategies and many other HR initiatives.

The centrality of human resource professionals to Kazakhstan's economic development agenda 2006-2012 is also apparent in other important documents of state. The Strategic Development Plan of Kazakhstan Till 2020, for example, says a key priority for future development will be "*Increasing the potential and efficiency of human capital...as well as more effective human resource management*" (Kazakhstan 207-2011 in Figures, 2011b, p.1). Another important official document, Key Development Directions Till 2020, declares that: "*By 2020 the country will possess human resources sufficient for [the] development of [a] diversified economy...*" (Kazakhstan 207-2011 in Figures, 2011a, p.2). Thus the profile of the contribution human resources must make to Kazakhstan's future prosperity was established. The following paragraphs continue the narrative with the advent of Kazakhstan's new strategic plan; Strategy 2050.

2.2.2 Strategy 2050: Towards top 30 nation status

On 14 December 2012 President Nursultan Nazarbayev outlined the new strategic plan for Kazakhstan's development to mid-century. The ambitious goals are part of the Government's "Strategy 2050" document which the President presented to parliament during his annual State of the Nation address. Strategy 2050 updates and broadens the Government's goals set out in Strategy 2030 which was launched in 1997. The President clarified the relationship between Strategy 2030 and Strategy 2050 in his address when he said the two strategies will be integrated to clarify where the country is going next (Akorda, 2013). In addition, Strategy 2050 also targets several new policy areas that now form part of the Government's social and economic modernisation and development agenda for Kazakhstan.

During his 14 December address the President explained that Strategy 2030 was designed to be updated and re-launched, if necessary, before it had run its course. He talked about the need to "*look beyond the 2030s...to live up to the challenges and threats of a new reality*" (Akorda, 2013, p. 21) citing the unexpected global financial crisis as an event that essentially created new

challenges requiring new plans. The President also explained that: "*Strategy 2030 was developed as an open document; the possibility for correction has been incorporated in it from the outset*" (Akorda, 2013, p. 21).

As with earlier incarnations of the national strategic plan for development of the nation, Strategy 2050 presents an inherent challenge to human resource professionals in Kazakhstan. Strategy 2050 sets targets to find new sources of economic development; further enhance the business climate to attract more foreign investment; grow private sector businesses; increase the proportion of small and medium sized businesses; develop economic infrastructure; diversify exports; develop technological innovation and encourage ecologically friendly business practices. All of these ambitions depend heavily on the contributions of employees in organisations. Therefore, in areas such as recruitment, job design, talent management, learning and development, employee empowerment and workforce planning, human resource specialists will need to take a leading role in shaping Kazakhstan's organisations so that they can compete, innovate and grow.

The obstacle to realising this will be if HRM specialists are not working strategically enough to be able to integrate HRM strategy with the wider business strategy and individual HRM initiatives with each other. While a great opportunity exists for HRM specialists in Kazakhstan, leading the change in working practices that is required in Strategy 2050 will demand a high level of skill and knowledge in contemporary HRM practice.

The following few paragraphs highlight some of the most pertinent parts of Strategy 2050 in terms of the challenge they pose to human resource professionals in organisations in Kazakhstan. The single most important challenge the President has set, which he calls "*our main goal*" (Akorda, 2013, p. 22) is for Kazakhstan to become one of the top 30 most developed countries of the world by mid century. The rhetoric in government documents, media commentary and Presidential speeches interchanges the words 'developed' and 'competitive' but it amounts to the same thing; measured by the World Economic Forum's Global Competitiveness reports which annually rank

countries on a broad range of development indicators that reflect the relative competitiveness of their economies.

The President's commitment to this goal, demonstrated by his recent comments, is unambiguous:

"By 2050 Kazakhstan must enter the top 30 club of the most developed states in the world. The competition among developed countries for a place in that club will be intense. The nation must be ready to face challenges in the global economic climate, realizing clearly that the desired spot is guaranteed only to those with the strongest economies."

(Akorda, 2013, p. 23)

Human resource professionals will play an important role in helping Kazakhstan's public and private organisations modernise so that they become as developed and competitive as those organisations in the most advanced nations. In the following sections of this chapter, a review of current literature indicates that organisational reform in Kazakhstan is an urgent challenge. There needs to be, it seems based on available data, a considerable transition from organisations that are bureaucratic, paternalistic, controlling and process-focused to organisations that liberate employees through well designed jobs, good leadership and cultures of autonomy.

Strategy 2050 also calls for a new personnel policy; a direct challenge to the country's human resource specialists to ensure that the people are in place in organisations to bring Strategy 2050 goals to fruition. The President made the following remarks in his address to Parliament when revealing Strategy 2050:

"We must enhance the managerial resources and potential we possess and introduce modern management tools and principles of corporate governance in the public sector. We must attract the best foreign specialists in the open market and invite them to work in our country. The use of managers with extensive international experience will have a dual effect: we will modernize management of our production and teach our own domestic workers. This is a new practice for us."

(Akorda, 2013, pp. 24-25)

The role for human resource specialists in delivering the new personnel policy is explicit: learning and development; management development; employee empowerment; high level recruitment, selection and placement; on-the-job

training; mentoring and skills coaching. The new personnel policy will rely on human resource specialists taking a leading role in the planning and implementation of strategic programs to achieve the President's aims. Not merely because such a policy lies directly in their sphere of expertise, but because, as the President noted, this approach to skilling employees is new for Kazakhstan and so organisations cannot just replicate past training programs. The new approach will need to be designed from scratch and organisations will look to learning and development experts to do this.

Strategy 2050 also calls for a modernisation of Kazakhstan's labour policy (Akorda, 2013, pp. 37-38). The document outlines the need to modernise employment and salary policy to reduce the pressures that stimulate unemployment. Although lacking in detail, the document identifies the need to create a new model of labour relations that balances the interests of employees and employers and maintains the integrity of unions. A further issue is expressed as the need to take measures to minimise wage disparities.

One of the biggest challenges that human resource professionals will face over the coming years is their role in the reinvention of Kazakhstan's public sector. Strategy 2050 details plans for the professionalisation of public service officials. In the President's words:

"We expect to create a professional state apparatus...service to the people and the State is paramount. We should qualitatively improve the personnel of the public service through the introduction of improved methods of selection and professional training...decision makers should be accountable for the multiplicative effect of the management decision. I have signed the New Public Service Law; this will increase the transparency of the selection of public servants and promote the best personnel."

(Akorda, 2013, pp. 47-48).

The President goes on to explain that the Government will create a National Personnel Policy Commission which will oversee the creation of a new class of highly proficient professional public service managers. He adds that he has instructed his administrators to begin identifying the qualification requirements for this new class of managers. The reinvention of the public

service will require human resource professionals to play a major role in designing recruitment, selection, orientation, professional training, leadership and promotion initiatives to accomplish the President's objectives.

The President was even more specific about career development of public service officials and has tasked the State Service Agency to introduce a mechanism to achieve the following before the end of 2013:

"From now on every public servant has to demonstrate clear progression in their career through the development of skills and experience that allows them to increase their professional level. Exceptions should be made to cover public servants who demonstrate outstanding performance against key indicators demonstrating clear achievement at a senior level."
(Akorda, 2013, p.48)

The final specific challenge for human resource professionals in organisations in Kazakhstan regarding Strategy 2050 is the fight against corruption. Corruption is endemic in Kazakhstan; it seemingly permeates all organisations, public and private, and ranges from being a clumsy experience with a lowly, opportunistic official through to an experience of well organised, systematic, widespread and apparently accepted corruption. The researcher has lived in Kazakhstan for four years and has personally experienced corruption numerous times...to get a visa more quickly; to jump a queue in a government office; to get a medical certificate; to avoid a traffic infringement notice and so on. Section 2.3 of this chapter discusses this topic in detail.

In Strategy 2050 the President states that the ultimate goal is to completely eradicate corruption within Kazakhstan (Akorda, 2013, p.50). He is brief and vague on the topic but acknowledges that corruption undermines public trust and threatens national security. Corruption is also a threat to the President's objective of reforming the public service. Indeed, corruption threatens most of what the country seeks to do in order to become one of the world's 30 most competitive nations.

Human resource professionals are at the centre of the fight against corruption in organisations. They have an educative role, a training and consulting role, a policy development and implementation role and perhaps a monitoring,

reporting and investigative role too. Anti corruption questions may become included in recruitment and selection activities and anti corruption policy and procedures will need to be included in orientation sessions and materials for new employees. Anti corruption exercises may well be included in management development programs and could be written into job descriptions and performance appraisal documents. It all points to HR.

In addition to the sections of Strategy 2050 that clearly outline a specific challenge for human resource specialists in Kazakhstan as discussed so far, there are many implied challenges too in other sections of the document. The sections on tax policy, infrastructure, diversification of exports and privatization, for example, all present challenges to human resource professionals involved in organisations concerned with these specific economic issues. Just managing the employee-related aspects of organisational change projects such as restructuring, downsizing, and job redesign extend a significant challenge to human resource specialists.

Strategy 2050 also identified social issues including gender equality, secularism, improved healthcare, tertiary education and quality of life as key development challenges for the coming decades. The President spoke out strongly against both conservative elements of Islam threatening the Kazakh way of life and the inequality of opportunity women often face (Jamestown Foundation, 2013). Human resource specialists, who write policy, deliver educative training and oversee equity and wellbeing initiatives in organisations can therefore play an important role in contributing to the achievement of not only the new economic targets in Strategy 2050 but the social targets too.

Following the President's address to unveil Strategy 2050, there was the characteristic chorus of enthusiastic support which shadows Presidential announcements in Kazakhstan. According to The Jamestown Foundation (2013) leader of the Maijilis (Kazakhstan's lower house of parliament), Maulen Ashimbayev, endorsed the target of top 30 most competitive nation status as ambitious but achievable. Others associated with the President's ruling Nur Otan Party found cause to celebrate the President's mostly

inconsequential concessions toward greater democratisation in regional elections in Kazakhstan or the President's great long-term vision. Bauyrzhan Baibek, deputy head of the presidential administration commented that every government official and agency must now provide quality services to the public efficiently, transparently and effectively because the President reiterated the fight against corruption in his address (Jamestown Foundation, 2013).

Kazakhstanis writing for foreign-owned media were more circumspect in their assessment of Strategy 2050. Criticisms included the significant role of the state in implementing the strategic plan; poor progress to date in diversifying the economy away from oil and petrochemicals and Kazakhstan's poor performance in scientific and technological innovation (Forbes, 2013).

One thing that is certain is that Kazakhstan will pursue the goals and targets in Strategy 2050 with, as the President has asked, "*the eternal qualities... diligence, industry and purposefulness*" (Akorda, 2013, p.65). The country has already made remarkable economic and social progress in the twenty one years since independence, an achievement starkly in evidence when Kazakhstan is compared to its failing neighbours that emerged independent at the same time as Kazakhstan from the demise of the Soviet Union. While they have squandered their opportunities, Kazakhstan alone has thrived. Kazakhstan now has the financial resources, national pride and the lack of effective permissible dissent to give Strategy 2050 every chance of success.

Nevertheless, the active and imaginative contribution of people who shape the country's organisations: people like human resource professionals, will ultimately be decisive. This is because real development results from innovations and reforms driven by people practicing creativity and self-empowerment in trusting and supportive work environments. These ideal workplaces are a radical departure from the workplaces Kazakhstan inherited from the Soviet Union and it will require enlightened human resource professionals to take the lead responsibility in creating work cultures that breed success.

2.3 Kazakhstan's development progress to date

2.3.1 Achievements

Kazakhstan has achieved some remarkable indicators of positive development since independence a little over twenty years ago. Much of this has been made possible by the country's great fortune to have an abundance of oil and gas. The US Energy Information Administration estimates that Kazakhstan's known oil reserves are the 11th greatest in the world at over thirty billion barrels and natural gas reserves are the 14th greatest in the world at eighty-five trillion cubic feet (USEIA, 2011). With as yet unexplored regions of the Caspian Sea widely believed to be oil-rich, Kazakhstan is set to become one of the world's leading oil exporters by 2015 (Brauer, 2007).

However, there is a great deal more to achieve other than what oil can finance if the country is to reach its objective of becoming one of the world's thirty most competitive nations by 2050. An example of the limitations of income from resources is that the Government of Kazakhstan has set the goal of increasing labour productivity to three times the 2000 level by 2015 (Iskakov, 2012). This will require not only the most advanced equipment that oil money can buy, but safe, satisfying, meaningful work that empowers and appropriately rewards employees. Currently, on many measures of development and competitiveness, Kazakhstan lags far behind those countries it seeks to join company with; members of the 'top thirty club.'

Achievements are numerous but include: average Gross Domestic Product (GDP) growth rates of ten per cent per annum between 2008 and 2012 (Shikoh, 2006); A doubling of GDP between 2000 and 2008 (Muzaparova, 2010); The development of an entrepreneurial society with more than 675,000 small and medium-sized businesses in the country (KazCham, 2011); the attracting of foreign investment in Kazakhstan to the amount of US\$130 billion (KazCham, 2011). Between 2000 and 2008 average monthly wages have increased five-fold and government pensions three-fold while the percentage of the population with incomes below the minimum level fell from

fifty to just twelve per cent (Muzaparova, 2010). Gross national income per capita has increased by 134 per cent since 1995 (UNDP, 2013).

Some progress has also been made with public sector reform. Although corruption remains a serious challenge, Bhuiyan and Amagoh (2011) note substantial progress has been made to improve service delivery in the public sector. They cite the introduction of e-governance which has improved service delivery systems by making them quicker and more accessible. The authors also claim that governance in general has improved over the past decade in Kazakhstan's public sector organisations.

It is also fair to say that Kazakhstan has succeeded in becoming a stable and safe state in which religious freedom for all is guaranteed by the Constitution. Kazakhstan has achieved harmony within its borders among many ethnic and cultural groups. It has established good relationships with its many disparate neighbours as well as with European countries and the United States. Kazakhstan voluntarily surrendered a huge nuclear arsenal left on its soil to Russia when the Soviet Union collapsed and the nation has actively pursued a path of peace. Private ownership, freedom of movement without conditions and basic rights under law are enjoyed by Kazakhstani citizens and democracy is beginning to take roots. Kazakhstan, with perhaps one or two arguable exceptions, is the true success story among the ex-USSR and this is startlingly apparent when Kazakhstan is compared with its central Asian neighbours: Kyrgyzstan; Tajikistan, Turkmenistan and Uzbekistan.

2.3.2 Ongoing challenges

Although Kazakhstan has achieved a great deal over the past two decades, particularly economically, there remains numerous barriers to modernisation, development and economic competitiveness. There is still much work ahead until Kazakhstan would be comparable with the world's top thirty most developed nations and overcoming many of the remaining obstacles will require a lead contribution from the country's human resource professionals.

Taking serious measures to eventually eradicate corruption has been a theme of the President's speeches for many years, yet real progress seems elusive. Transparency International (2012) measures people's perceptions of corruption in their country on a range of topics and then ranks countries on a Corruption Perceptions Index (CPI). Although the validity and reliability of the CPI as an accurate barometer of corruption in a country could easily be challenged, the CPI does at least provide an important benchmark for countries on the topic of corruption and so a point from which to address perceptions of corruption. The table below reflects Kazakhstan's ranking on the CPI in recent years.

Table 2.3.2.1 Kazakhstan CPI rankings 2006-2012

Year	Ranking	Total # of countries ranked
2012	133	176
2011	120	183
2010	105	178
2009	120	180
2008	145	180
2007	150	179
2006	111	163

(Transparency International, 2013)

Table 2.3.2.1 reveals two noteworthy things: Firstly, Kazakhstan ranks poorly on perceptions of corruption from the view of its citizens. Secondly, from 2007 to 2010 Kazakhstan appeared to be making progress in the fight against corruption but for the last two years the trend has reversed markedly and the public, it appears, senses increasing levels of corruption. The concern is that high levels of corruption run counter to the desire to attract more foreign investment and make domestic organisations more internationally competitive. Worse still for Kazakhstan; the world's most developed and competitive countries such as USA, UK, Northern Europe, Scandinavia and Australia are all in the top 25 most transparent countries on the CPI. It demonstrates just how far away Kazakhstan is from achieving one of its major objectives.

Inflation is another challenge for Kazakhstan. Inflation in Kazakhstan has been running at three or more times the inflation rate of the world's most

competitive countries cited in the paragraph above. In a recent paper published by the IMF, Al-Eyd *et al.*, (2012) warn of slowly building financial, social and economic problems with Kazakhstan's relatively high and fluctuating inflation rate. The authors note that Kazakhstan's financial markets lack the sophistication, and the Reserve Bank the independence, to manage inflation as well as many other countries.

Table 2.3.2.2 Kazakhstan inflation rate 2007- 2013

Period	Inflation Rate (%)
First 9 months of 2013	6.25
2012	5.2
2011	8.3
2010	7.4
2009	7.9
2008	9.5
2007	7.9

(Muzaparova, 2010; Index Mundai, 2013; Trading Economics, 2013)

A high inflation rate comparable to other countries makes Kazakhstan less attractive to foreign firms seeking direct investment opportunities. Moreover, it diminishes the purchasing power of domestic wages, fuels wage increase demands and increases the costs of doing business and so profitability.

The United Nations Development Program (UNDP) has released its latest Human Development Report (HDR) on 187 countries and UN recognised territories. The data on Kazakhstan compares well globally but less favorably with the world's top thirty most developed nations. For example; gross national income per capita in Kazakhstan is US\$10,400 while in the USA it is \$43,480 (UNDP, 2013). Kazakhstan's overall Human Development Index (HDI) ranking is 68 which puts it in the top forty per cent of nations but well behind the most developed and competitive nations who mostly fall well inside the top twenty on the HDI rankings for 2013.

The UNDP report on Kazakhstan also reveals that Kazakhstanis have a much shorter life expectancy (just 67 years) than the most developed nations and

that this has barely increased in the past thirty-two years (UNDP, 2013). Because the HDI is an average score, it masks inequality within a country. The UNDP, therefore, also adjust the average HDI score to take into account inequality. For Kazakhstan the average HDI score drops 16.2 per cent when inequality in life expectancy at birth is calculated; 6.9 per cent reduction for inequality in education and 17.3 per cent decrease in the HDI score due to inequality in income between men and women (UNDP, 2013).

The UNDP also publish data computed under their Multidimensional Poverty Index (MPI) which identifies multiple deprivations in the same household in health, education and standard of living. Each deprivation is calculated from multiple indicators. The data for Kazakhstan is comparable to that in neighbours Russia and Ukraine except that on the MPI five per cent of Kazakhstanis are categorised as living in a situation where they are vulnerable to poverty compared to just one per cent in the Ukraine and under one per cent in Russia (UNDP, 2013). In comparison with the world's most developed nations, Kazakhs face a great deal more deprivation.

The most authoritative data on global competitiveness is contained in a report published annually by the World Economic Forum (WEF). Their report ranks countries on their relative economic competitiveness in the global marketplace as determined by their Global Competitiveness Index Framework (GCIF). The GCIF has twelve pillars including Goods and Market Efficiency (Pillar Six); Labor Market Efficiency (Pillar Seven); Business Sophistication (Pillar Eleven) and Innovation (Pillar Twelve). Each pillar has sub-categories which in turn have numerous individual indices. The data is collected from a wide range of sources including the IMF; UNESCO and WHO and from executive surveys conducted in each country. Through a series of complex weighting calculations, countries are given a score for every measure and ranked on the Global Competitive Index (GCI). It is the top thirty countries on the GCI that President Nazarbayev has determined Kazakhstan join.

Table 2.3.2.3 shows the GCI overall ranking for Kazakhstan since 2005 - 06 when the country was first included on the list. It is interesting to note that

when first included on the list Kazakhstan was ranked as the 51st most competitive economy in the world: on the cusp of achieving the President's original vision of 2006 of being in the top fifty countries. From this position, however, Kazakhstan began to fall down the rankings until regaining its original position of 51st place in the most recent WEF report. A six year, round-about journey that ended where it began. Of course, it is not necessarily the case that Kazakhstan became increasingly uncompetitive from 2006 to 2012. Indeed, the evidence provided in this chapter so far suggests the opposite is true. The most probable explanation for Kazakhstan's apparent decline in competitiveness is that other countries became more competitive relative to Kazakhstan and so have pushed Kazakhstan further down the GCI. The challenge, then, is only partially with Kazakhstan's control. Not only must the country increase its own competitiveness but it must institute reforms that make its economy more competitive than those with a higher CPI ranking.

Perhaps of most significance to those designing strategy and policy to improve Kazakhstan's relative competitiveness are the specific sub-rankings of particular key result areas where Kazakhstan is performing very poorly. For example; currently Kazakhstan is placed 99 out of 144 countries for business sophistication and 103 out of 144 countries for innovation (WEF, 2012). These would be two important areas influencing the competitiveness of organisations and if Kazakhstan is to improve its overall ranking on the GCI then very considerable improvement is required in these two areas of business competitiveness. Again, the central role of human resource professionals in effecting improvement in these areas through the work they do in organisations is immediately apparent.

There are numerous sub-indices of the twelve pillars on which Kazakhstan is performing well behind the most competitive nations. It is pertinent that so many of these indicators of competitiveness intersect with the core functions performed by human resource specialists in average organisations. It further underscores the point that Kazakhstan's hopes of entering and remaining in the list of the world's thirty most competitive nations rest to a significant degree with human resource professionals in Kazakhstan's organisations. By way of

example, Table 2.3.2.4 provides a partial list of indices on which Kazakhstan is performing poorly and which relate to the work of human resource specialists.

Table 2.3.2.3 Kazakhstan's economic competitiveness rankings (GCI)

Year	Ranking	Number of countries ranked
2012-13	51	144
2011-12	72	142
2010-11	72	139
2009-10	67	133
2008-09	66	134
2007-08	61	131
2006-07	56	125
2005-06	51	117

(World Economic Forum (WEF) Global Competitiveness Reports 2005-06 to 2012-13).

Of particular relevance to one of the principal themes of this research project, is Kazakhstan's exceptionally poor rating of 124 out of 144 countries on 'nature of competitive advantage.' It is the single worst rating Kazakhstan has on more than 100 indicators of competitiveness that comprise the GCI score for each country. The score represents the fact that Kazakhstan-based organisations have a primitive approach to competitive advantage which is based upon driving down costs and exploiting natural resources. Countries that ranked high on this indicator have developed a sophisticated approach to competitive advantage based upon offering unique products and services (WEF, 2012). This research paper explores the premise of resource-based theory which posits that an organisation's human resources can become a source of competitive advantage for the organisation. Where Kazakhstan firms may be able to harness this practically, it would clearly be an advantage over their current orientation to competitive advantage which, according to the WEF, is not competitive at all.

Table 2.3.2.4 GCI Sub-indices: Kazakhstan's performance

Indicator of Competitiveness	Rank for Kazakhstan /144
Nature of competitive advantage	124
Intensity of local corruption	113
Degree of customer orientation	104
Company spending on R&D	94
Capacity for innovation	92
Favoritism in the decisions of government officials	91
Quality of professional management	87
Managerial willingness to delegate authority	85
Production process sophistication	76
Brain drain	72
Ethical behaviour of firms	70
Irregular payments/bribes	64

NOTE: Ranking is out of 144 countries. WEF (2012)

In regards to entrepreneurship and small business, the World Bank (2012) ranks Kazakhstan 47 from 183 countries for 'ease of doing business.' That is up eleven places on 2011. This is an overall positive result that suggests Kazakhstan is a relatively good place to start and build a small business. The World Bank does note, however, that on some individual measures Kazakhstan performs very poorly in making it easy for people to be successful entrepreneurs. For example; on the bureaucracy (number of procedures and duration) involved in getting certain permits Kazakhstan is placed 147 from 183 countries. For Kazakh small businesses wishing to trade across borders the bureaucracy is even worse and Kazakhstan is placed 176 from 183 countries on this indicator. In a 2011 article on entrepreneurship in Kazakhstan, government bureaucracy was cited as the major obstacle confronting self-employed people in Kazakhstan (Davis and Abdiyeva, 2011).

It was noted earlier that Kazakhstan is a country of small businesses and their contribution to the economy is very significant. For this reason, making it difficult for Kazakh small businesses to trade across borders is counter to the government's goal of increasing the competitiveness of firms in Kazakhstan and becoming one of the most competitive economies in the world.

The academic literature has little to say about Kazakhstan's future challenges. A few exceptions are discussed here. Two studies have found that retail service quality in Kazakhstan needs to be improved (Das *et. al.*, 2010; Rajasekhara, *et. al.*, 2010). A survey of managers in fifty different Kazakh companies found that thirty-two per cent did not recognise the importance of after-sales service; thirty-eight per cent did not promise to give courteous service to customers and forty-two per cent said that their company did not follow a fair trade policy (Rajasekhara *et. al.*, 2010).

Another study found that judicial reform in Kazakhstan lags well behind reform in most other areas and that the independence of the judiciary is of particular concern (Shin, *et. al.*, 2004). This is important within the context of this research project because an independent judiciary protects and upholds the rule of law in a society. The authors go on to make the point that the rule of law guarantees property and economic rights, human and intellectual rights, access to the law, transparency of the law and government that governs by the law. It would seem self-evident that it would be extremely hard to attract foreign investment, foreign workers and to nurture local business confidence without the rule of law being in effect. Therefore, Kazakhstan's economic development targets will be greatly served with further judicial reform.

Altaliyeva (2003) found in a small study that companies are ignorant of, or indifferent to, the concept of global responsibility; especially environmental responsibility. Williams (2010) conducted some interesting research which concluded that capitalism and what he terms 'commodification' have actually not permeated Kazakhstan anywhere near as deeply as it is often assumed. At the micro level (individuals and households) traditional customs persevere. The survey of 2,000 households found that only fifty-three per cent of households derive their main income from formal employment. The others continue to thwart the penetration of capitalism and derive their main income in ways that they always have: barter; goods or labour exchange; cash-in-hand work; help from family or friends; the black market; state pensions or self-sufficiency. The author also found that twenty-nine per cent of surveyed households receive no income at all from formal employment. It could be

concluded that the non-participation of so many in the formal labour force and the continuation of non-contributory economic activity to the nation's competitiveness will impede Kazakhstan's economic development agenda.

Of most interest on the topic of Kazakhstan's future development challenges emanating from academia is a damning paper (Iskakov, 2012) by a local economics professor at The Kazakh Economic University in Almaty. He argues that Kazakhstan has squandered its opportunities to diversify its economy and invest in new technologies; that the government does not understand the concept of innovation as being anything more than an idea; that corruption in the public sector diverts business to friendly cartels and that technological advances are hindered by aged scientists using antiquated equipment. He summarises the economic development challenges facing Kazakhstan as a combination of poor internal coordination, missed opportunities to develop economic competitiveness and poor investment choices of the Government. It is uncommon in Kazakhstan for academics employed by the state to criticise the Government publicly and so Iskakov's article is of special interest. He notes that:

"Against the backdrop of world economic globalization, the economy of Kazakhstan faces a number of problems, such as raw-material orientation, low level of integration with the world economy, low intersectoral and interregional economic integration within the country, low level of consumer demand for goods and services in the domestic market, low development level of the production and social infrastructure, general backward technological level of economic entities, lack of active ties between science and production, and a low level of expenditure on R and D."

(Iskakov, 2012, p. 517).

To the extent that Iskakov is right, Kazakhstan faces a mountainous challenge over the coming years to increase its economic competitiveness to a level comparable with the most competitive nations in the world. The following section offers an assessment of the nature of human resource management in Kazakhstan with a view to ascertaining the extent to which HRM professionals in the country are suitably equipped to play their part in achieving Kazakhstan's economic objectives in the Strategy 2050 document.

2.4 Human Resource Management in Kazakhstan

The approach taken here to discussing the nature of human resource management in Kazakhstan is deliberately chronological. The reason for this is that Kazakhstan has moved from being a communist state with a centrally planned economy and no private ownership to a capitalist, free-market economy hosting multinationals in just over twenty years. The point is that articles on human resource management in Kazakhstan published ten years ago will have dated far more than articles discussing HRM in the UK or USA published ten years ago. A chronological approach will provide important context for the reader in understanding the development of HRM in Kazakhstan over a short period of time.

That said, the research on HRM in Kazakhstan is scarce and sketchy; this is one of the main reasons for undertaking this research project. Close to half the available research on the topic was conducted by the author of this thesis with colleagues between 2010 and 2013. Minbaeva *et. al.*, (2007) support the view that very little has been published on HRM in Kazakhstan. In the literature review for their paper they cite only Tatibekov *et. al.*, (2004) as having written specifically on the topic before the publication of their own paper.

Tatibekov *et. al.*, (2004) provide a commentary in their article which explains that Kazakhstan inherited its approach to managing employees in organisations from the USSR of which it was a part for over seven decades. In this context, the authors highlight several HRM problems that persist in Kazakhstani organisations as a legacy of this inheritance. These include: pay is not based upon performance; health and safety of employees is not a priority; recruitment and selection practices are very poor evidenced by high voluntary turnover despite high unemployment; pay within organisations is inequitable and processes for determining pay are discretionary; training and development is poor quality and delivered mainly by the State.

It is interesting to note that eleven years after independence, according to Taitbekov and colleagues, HRM in Kazakhstan had made no discernable

progress away from the Soviet 'personnel management' model. This is despite the economic and commercial environment in which HRM professionals operate having left communism far behind by 2004. The authors make a thoughtful observation that may explain this:

"The challenge is not just improving systems and processes but also the psychological transformation of employees and employers in the country. The difficulty breaking the psychological contract created under communism has been widely noted."

(Tatibekov *et. al.*, 2004, p. 6)

The next article, it seems, on HRM in Kazakhstan was published as a working paper through Monash University in Australia. This paper (Minbaeva *et. al.*, 2007) arguably does not provide a particularly comprehensive assessment of HRM in Kazakhstan because the research sought only the input of foreign-owned subsidiaries in Kazakhstan (although not all of those were fully foreign-owned). In the following paragraphs it will be shown that there is a noticeable gap between the HRM practices of foreign-owned companies in Kazakhstan and those of state-run or Kazakh-owned organisations. Minbaeva and colleagues sent a questionnaire to HR professionals in 200 foreign-owned subsidiaries and seventy responded.

Table 2.4.1 HRM policies: foreign-owned subsidiaries in Kazakhstan ($n=70$)

	Yes, written policy	Yes, unwritten	No policy	Don't know
Employee relations	34	24	12	
Performance appraisal	42	15	12	1
Compensation	42	22	6	
Employee promotion/demotion	41	21	8	
Training and development	38	23	9	
Recruitment and selection	43	26	1	
Job analysis and design	43	21	6	

Adapted from Minbaeva *et. al.*, (2007)

The authors go on to explain that in each of the HRM functions more than twice as many fully foreign-owned subsidiaries had written policies than joint Kazakh-foreign owned subsidiaries. In other findings the authors report that

forty per cent of responding companies do not conduct a one-on-one interview as part of their hiring selection process for every position and only twenty-four per cent of companies conduct reference checks for every new appointee.

Fifteen of the seventy companies surveyed reported not conducting staff performance appraisals at least once per year and the authors noted that performance appraisal was used mainly as a means of controlling employees and ascertaining their suitability to the position they held. (Minbaeva *et. al.*, 2007). A similarly tactical rather than strategic approach, according to the research, seemed to characterise many companies' approach to training and development: *"They seem to still exercise a rather chaotic approach to training so their training strategies respond to the particular production needs at the time"* (Minbaeva *et. al.*, 2007, p. 11).

The evidence from the first two articles discussed above suggests that SHRM in Kazakhstan has not been well developed. Firstly, the Soviet legacy of personnel management has ingrained itself on the psyche of employers and employees. Secondly, when foreign-owned subsidiaries become joint ventures with Kazakh companies they seem to adhere much less to formal HRM policies than they do if they remain fully foreign-owned concerns.

Writing a few years later, Bhuiyan (2011) offers a more positive analysis of Kazakhstan's human resource capability. He concludes that Kazakhstan has made reasonable progress transitioning to a knowledge-based economy. However, he adds that good governance and the development of quality human capital need to be given more priority.

2011 also witnessed violent strikes by workers of three oil companies in Western Kazakhstan. Human Rights Watch covered the story extensively and report that twelve workers were shot dead by police (HRW, 2011). The strikes also witnessed violations of workers' rights such as their right to freely assemble and their right to associate and speak out. It is claimed that in the beginning the strikes were peaceful protests about working conditions which became violent when the Government took harsh measures to disperse and

silence the protesters. The three oil companies dismissed more than 2,000 workers for taking part in strike action (HRW, 2011).

The oil workers' strikes in 2011 highlight the challenge facing HRM specialists in Kazakhstan. If the Government is willing to ignore labour laws at its discretion and ruthlessly suppress employee rights then HRM specialists could be providing services to employees that might not mean anything. For HRM to support and develop and motivate employees it is necessary that the organisational environment is stable, predictable and supportive. Labour laws need to mean something: they need to be guaranteed under the rule of law.

The remaining articles on human resource management in Kazakhstan discussed in this section were written by the author of this research project with colleagues. The articles were published in 2012 with the exception of one published in 2013. The articles were written between August 2010 and May 2012 (before this research project was commenced) with the exception of the 2013 article which was written in March 2013.

Davis and Pavlova (2012) conducted the only study to examine talent management (TM) in Kazakhstan. Talent management is critically important to the principle theme of this research project because TM helps organisations to compete by retaining their best employees and reducing costly and undesirable turnover which contributes to maintaining stability and continuity in the organisation. TM has been a popular topic for research, as the literature shows, in western countries for many years.

The authors conducted twelve in-depth interviews with HR managers in foreign-owned firms, Kazakh-owned firms and state run entities. They found that the state run organisations are ignorant of TM and are not doing anything specific to identify, develop and retain their best people. In Kazakh-owned companies the approach to TM varied from no knowledge of the subject to a basic but uncoordinated approach. The researchers found that lack of understanding; lack of funding; organisational instability and frequent management turnover were major inhibitors of good TM practices being

developed and practiced. Only the foreign-owned organisations had good or very good TM policies and practices in place.

Another comparative study that sought to identify similarities and differences between foreign-owned firms and indigenous firms in Kazakhstan was conducted by Davis and Yugay (2012) on the topic of corporate identity. Specifically, this study investigated employee behaviour-shaping strategies used by companies as part of corporate identity building initiatives. The authors interviewed six HR or HR related managers in foreign-owned multinationals and nine in Kazakh-owned companies. All companies were in Almaty, Kazakhstan.

The research identified a series of very significant differences between the foreign and the Kazakh companies on the topic. In response to the question: "What is corporate identity?" The Kazakh HR managers focused almost exclusively on the miniature. They saw corporate identity as being about the clothes their employees wear; staff reliability and staff punctuality. The multinationals did not mention these things at all. They spoke about company image, reputation, branding and values.

There was a similar divergence of opinion when the interviewees were asked who is responsible for shaping corporate identity in an organisation. The Kazakh respondents nominated particular individuals: CEO; HR Director; senior management. The representatives of the multinationals saw the responsibility as a shared responsibility between employees and management but also including other stakeholders such as customers and shareholders.

When the interviewees were asked "How do you achieve the employee behaviours your company desires?" there was a stark difference between the responses provided by the Kazakh HR managers and their counterparts in the multinational subsidiaries. The interviewees from the Kazakh companies said "force people by rules"; "hire young people who can be easily controlled"; "use monetary rewards" and "fines for non-compliance." Interviewees from the multinationals highlighted incentives and rewards, but mostly they spoke

about role-modeling desired behaviours; encouraging and supporting employees and providing training. This represents a very different mindset.

The Kazakh-owned companies' orientation towards their employees was characterised by a desire to micro-manage; to control; to monitor and to enforce. They also took a very prescriptive and dogmatic approach to rules which were extensively documented in various employee handbooks. One Kazakh company even stipulated the acceptable height range for the heel of female employees' shoes. In contrast, the multinationals tended towards a more empowering approach to employee management where only ethics and core obligations were stipulated in writing. Their approach was characterised by trust; engagement; support and teamwork.

Davis and Mukhametshina (2012) conducted an e-survey in a large automobile retailing company in Kazakhstan on the topic of managerial decision making and the implications for HRM. Eight senior managers and twenty-six middle managers completed the survey. It was found that the majority of respondents do not follow either a systematic method or decision making tools to make business decisions. With a few exceptions, the managers reported making decisions based upon experience, instinct and common sense. The research concluded, based on an analysis of relevant literature, that poor decision making methodology in organisations increases employee resistance and resentment towards managers and negatively impacts employee motivation and employee willingness to take on responsibilities. This, in turn, can negatively impact business success. While the study only examined one company, the implications for HRM professionals are clear: poor management decision making makes the work of HR professionals much more difficult.

In a case study examining directorship of Kazakhstani companies including the national airline, Air Astana, Davis and Callahan (2012) identified a strategic leadership opportunity for HR. The case study revealed that even company directors have learning needs but these often go unmet because learning and development professionals focus on the learning needs of employees and have no knowledge of or contact with the board of directors.

However, identifying and serving the professional development needs of directors offers HR a chance to influence at the highest level of the organisation as well as providing an avenue to raise their profile as a strategic business partner.

Davis and Abdiyeva (2012) conducted a survey of sixty small business owners in Almaty ostensibly to assess gender differences in relation to entrepreneurship in Kazakhstan. Twenty-eight men and thirty-two women entrepreneurs responded to the survey. Relevant to the HRM theme being discussed in this section, the study found that twenty-eight and a half per cent of female and twelve per cent of male respondents found the laws related to hiring and firing employees were a business challenge. Over one-third of women respondents and one-third of men respondents said that administering labour law governing employee working conditions was a challenge for them in their business. However, one-third of male respondents and two-thirds of female respondents said it has become easier to fire employees in recent years.

The most recent article examining human resource management in Kazakhstan compared several HRM practices between Kazakh-owned and Korean-owned companies in Almaty (Kim and Davis, 2013). HR managers in four Kazakh companies and four Korean companies participated in in-depth interviews on the topics of recruitment, learning and development, promotion and career development. It was found that the Korean companies' HRM approach was planned, coordinated, integrated and long-term. The Kazakh companies' approach to HRM was inconsistent, arbitrary and reactive. The Kazakh companies appeared to do what they could when they could; HRM was subject to what senior management wanted them to do. One example of this is that the Korean companies applied the principles of workforce planning to identify future recruitment needs and then acted in advance of the needs. In the Kazakh companies recruitment activity only began when positions were vacated.

While there is not a wealth of literature on HRM in Kazakhstan, what there is appears to be communicating a consistent message. The literature reflects the poor state of HRM policy and practice in organisations in Kazakhstan;

especially Kazakh-owned organisations. It seems apparent that HRM in Kazakhstan has not been strategic in orientation to date. The research suggests HR is in its infancy in Kazakhstan and struggling. It has been somewhat left behind by the rapid pace of economic development fuelled by direct foreign investment and the quick transition from communism to capitalism. There is a lot of catching-up to do for HRM to meet the aspirations of the President. Simply put:

"Ambition and investment have outpaced the capacity of human resource management specialist to provide frameworks to develop the human capital competencies required to propel Kazakhstan forward."
(Davis, 2012, p.45)

The evidence suggests a very significant improvement will be required if HRM is going to contribute to making organisations in the country smart enough to compete with the world's thirty most competitive nations. A main purpose of the research component of this project was to test the validity of this assertion, to explore it in greater detail and to identify in what ways HRM might reconfigure itself to help organisations compete more successfully.

2.5 Leadership and Leadership Development in Kazakhstan

Just as Kazakhstan was found to have inherited a legacy of rather inept HRM practices from the Soviet Union, so too, it seems, the nature and style of organisational leadership. Indeed, the first two published articles on leadership in Kazakhstan (Charman, 1998; Safavi, 1997) both observe that leadership development and the quality of leaders in Kazakhstan is poor and inadequate for the future given Kazakhstan's ambitious modernisation plans. Both authors call for a radical new approach to developing modern corporate leaders and comment on the importance of executive education and the role universities can play in meeting this need.

Regrettably, the literature on leadership and leadership development in Kazakhstan is even sparser and more dated than the literature on HRM. In fact, nothing of any purpose, as far as could be discovered, has been published on leadership in Kazakhstan in more than ten years; an infinity in the context

of the duration of the Kazakh nation. Ismail *et. al.*, (2012) have the most recently published paper pertaining to leadership in Kazakhstan but, disappointingly, their data sets come from the archives, the most recent of which being 2004. Indeed, they previously presented their paper at a conference five years before the publication date referred to here.

The second most recent article purportedly discussing leadership in Kazakhstan actually substitutes Kazakhstan, which was part of the earlier study the authors build their paper on, for Kyrgyzstan (Kuchinke *et. al.*, 2011). The authors attempt a long and unconvincing justification for this based upon the notion that the two countries are essentially the same and would most probably return the same data. Yet the earlier study on which they build their argument, The Global Leadership Organizational Behaviour Effectiveness research program (GLOBE) found differences between Kazakhstan and the other 'like' countries it was grouped with (Northouse, 2010).

The closest the literature comes to illuminating leadership in Kazakhstan in recent years are studies on leadership in Russia. It is true that leadership styles and behaviours of Russian managers and Kazakh managers are, to a significant degree, similar. The following few paragraphs will give examples of this. There are, however, important differences between Russian and Kazakh managers noted in almost all of the studies on leadership which have included both countries in their sampling (Cseh *et. al.*, 2004; Ardichvili and Kuchinke, 2002; Muratbekova-Touron, 2002).

It is noteworthy, however, that some of the more recent studies on leadership in Russian organisations do validate many conclusions of the earlier research regarding the similarities between Russian and Kazakh leaders. For example; Vadi and Vereshagin (2006) studied Russian managers to identify how national culture influences leadership style. They concluded that an orientation towards collectivism in leadership style reflects the collectivist nature of society. Further; high levels of collectivism correlate negatively with task orientation. In a similar vein, Khoo and Tan (2007) examined leadership in Russian organisations to ascertain the likelihood that quality management

principles can be successfully implemented there. They concluded that important success factors for quality management to work are absent from the predominant Russian leadership style and that Russian business leaders tend to be autocratic and non-consultative in how they lead others.

Another study, however, also adopting the GLOBE leadership dimensions, has concluded that the typical and generalised leadership styles of Russian leaders popularly ascribed them in the literature are not universal. Omeltchenka *et. al.*, (2006) found that female Russian leaders are much more humane-oriented than their male counterparts and, in addition, that young Russian leaders are far less collectivist in orientation than middle-aged male Russian leaders. It would seem that things have changed since the first research published on this topic and that broad leadership styles cannot simply be ascribed to an entire nation. Other studies have not drawn a distinction on leadership styles based upon age or gender. It is likely that emerging leaders in Kazakhstan, too, are developing different leadership styles as they did not grow up under communism and have capitalism as their context, just as their young Russian colleagues have. Women too are likely to lead in different ways than men in Kazakhstan. Indeed, the author found this to be the case in regards to small business leadership and management (Davis and Abdiyeva, 2012). This all adds justification for leadership being a focus of this research project; there just is not sufficient data on leadership in Kazakhstan today upon which to draw conclusions and suggest recommendations.

The commentary will now move to examine those few leadership studies which have included Kazakhstan in their data collection. The first study was conducted by Ardichvili (2001) and surveyed 2,900 managers and employees in nine manufacturing firms in Russia, Georgia, Kazakhstan and Kyrgyzstan. The study found that Kazakh managers had leadership styles that were low on individualism (high collectivism) and low on long-term planning yet highly oriented towards masculinity, fatalism, paternalism, contingent reward and management by exception. This, to the extent that it is still accurate today, contrasts sharply with the leadership styles of Nordic Europe countries

including Denmark, Finland and Sweden and with Anglo countries (England; Australia; Canada and USA) (Northouse, 2010).

This revelation is important in the context of this research project for two reasons. Firstly, the world's most developed, successful and competitive economies are largely Nordic European and Anglo while other countries that have less than dynamic economies (Albania; Greece; Hungary; Poland) are grouped with Kazakhstan in the GLOBE studies as displaying common leadership styles among their managers (Northouse, 2010). Remembering that Kazakhstan has set itself the goal of joining the world's thirty most competitive nations by 2050, it is particularly poignant that Kazakh leaders appear to lead in ways diametrically opposite to those in the top thirty on many dimensions of leadership while instead leading very much like those who are concentrated in countries with faltering, even moribund, economies.

The second reason that Ardichvili's research finding is important in the context of this research project is because there is apparent unanimity among leadership scholars that the leadership orientations of the Kazakh managers are inefficient and negative (Abib-Pech, 2013; Yukl, 2013; Nahavandi, 2012; Northouse, 2010; Cseh et. al., 2004; Ardichvili and Kuchinke, 2002). Indeed, these leadership orientations, particularly in the context of the capitalist environment within which organisations must compete, would seem to thwart competitiveness. For example; high collectivism is correlated negatively with individual accountability. According to Tatibekov *et. al.*, (2004), leadership accountability in Kazakhstan follows the 'Russian doll' school of management: after one doll (lack of leadership accountability) is removed, another doll, with exactly the same characteristics, is revealed. It is an overly-hierarchical structure where ultimate responsibility and accountability are never attributable to anyone.

It is also self-evident that a fatalistic attitude, a reluctance or inability to plan long-term and a preference for rewarding employees contingent upon an agreed deliverable are not the best ways to inspire and motivate employees. Such leadership is also likely to hinder creativity and risk-taking on the part of

employees. Paternalism too seems a poor choice for a leadership approach in modern organisations as it is the opposite of empowerment and employees who are empowered rather than 'mothered' would probably be more valuable and would contribute more.

Yet Ardichvili's findings are replicated by several other studies that follow including another paper the same year (Ardichvili and Gasparishvili, 2001). Ardichvili and Kuchinke (2002) in an extended study the following year, drew similar conclusions from their data. They studied the leadership styles and cultural values of 4,000 managers and employees in ten organisations in USA, Germany, Russia, Georgia, Kazakhstan and Kyrgyzstan. In addition to the earlier study's findings they also found Kazakhstani leaders were characterised by high power distance (hierarchical organisations where there is a great distance between employees and management) and quite high laissez-faire leadership (abdication of responsibility and an avoidance of decision making). Kazakhstani managers showed higher levels of laissez-faire leadership than in any of the other participating countries.

Cseh et. al., (2004), surveyed 118 managers and 267 employees in several countries on the same topic of culture and leadership. They found the Kazakh managers scored low on individualism and long-term orientation and highly on fatalism, obligation to others and paternalism, therefore reinforcing the findings of the studies conducted in the preceding years. Low (2007) also found in his study of small business owners in Kazakhstan a strong inclination to what he termed 'father leadership' (paternalism). Interestingly, Low concluded that this was a positive thing in small business because it motivates employees, strengthens communication and even encourages high levels of productivity. Low provides no compelling evidence for his assertions and they contradict the prevailing wisdom in the literature on leadership styles as discussed already.

The GLOBE studies, mentioned already, that began in 1991 are the most comprehensive on the topic of culture and leadership styles. Writing in 2010, Northouse observes that 160 studies incorporating 17,000 managers, 62

different cultures and over 950 organisations have now contributed to the GLOBE data sets (Northouse, 2010, p. 339). According to the findings, Kazakh managers score high on assertiveness, in-group collectivism (pride and affinity with their organisation) and gender egalitarianism. More importantly, Kazakh managers score low on performance orientation, future orientation and uncertainty avoidance (they are not good at avoiding uncertainty and unpredictability in organisations; events seem sudden and come as a surprise).

An interesting study by Muratbekova-Touron (2002) drew similar conclusions about Kazakh managers but this study differed because it sought the opinions of French managers who had worked in Kazakhstan. The French managers observed their Kazakh counterparts as favouring a high power distance, being inclined to a social orientation at work over a task orientation, working in a collectivist way and that Kazakh managers were about *being* rather than doing.

All of the research on leadership in Kazakh organisations appears to have limited itself to assessing leadership styles through the lens of national culture. While this is interesting and worthy research, it is narrow and the findings repetitive. Nothing significantly new has been learned about Kazakh managers since Ardichvili's first paper in 2001. Indeed, original research on leadership in Kazakhstan appears to have ceased more than five years ago. For this reason, the writer's research project chose to incorporate leadership, and specifically leadership development, in Kazakhstan as a central theme of this research project.

An exhaustive literature review uncovered a solitary research article that made mention of leadership development in Kazakhstan. This article (Wilson *et. al.*, 2002) is dated, is only partially about leadership development and focuses only on local government managers in Kazakhstan. Essentially the article was concerned with the ability of local government managers to lead government in Kazakhstan through the ongoing transition to a market economy. 195 local government managers were surveyed (predominantly from Almaty and

surrounding districts) and their feedback on professional development is shown in Table 2.5.1

In addition, the local government managers were asked to assess their current level of knowledge in key business disciplines. They were asked whether they believed their current level of knowledge in each discipline was sufficient for them to do their jobs well as government organisations transition to a free market. One of the disciplines they were asked to self-assess was human resource management. Interestingly, only twenty-three per cent of managers believed their current level of knowledge in HRM was sufficient to do their future work well. Fifty per cent said their level of knowledge on HRM was insufficient and twenty-seven per cent did not respond.

The authors speculated that the very high percentage of 'no response' responses was most likely a reflection that the local government managers did not know what HRM was. If the authors were right, and based on the evidence detailed in section 2.4 of this thesis it is most plausible, then not much would seem to have changed with the profile of HRM in the past decade. Indeed, in Kazakhstan HRM is still a developing terminology for what has always been known as 'personnel department'.

Table 2.5.1 Local government managers and professional development

	Strongly agree (%)
The transition from a centrally-planned to a market economy requires local government managers to acquire different skills	98
The transition from a centrally-planned to a market economy requires local government managers to undertake professional development	96
Nationally, I believe local government managers in Kazakhstan possess the skills required to deliver excellent services in a market economy	63
I possess the skills a local government manager requires to deliver excellent services in a market economy	87
My colleagues possess the skills a local government manager requires to deliver excellent services in a market economy	78

(Adapted from Wilson *et. al.*, 2002)

2.6 Assessment: Evaluating Kazakhstan's Future Challenges

2.6.1 Top 30 nation status

It is difficult to predict with any degree of assuredness whether Kazakhstan will become one of the world's thirty-most competitive economies by 2050 for a number of reasons. Firstly, Kazakhstan has not consistently improved its ranking on the WEF Global Competitiveness Index year-on-year. After debuting on the list just outside the top fifty countries, Kazakhstan spent several years falling further down the list as other countries initiated more effective reforms. Only in 2012 did Kazakhstan reclaim its original position of 2005. It is therefore quite conceivable that in next year's list Kazakhstan's relative competitiveness with other nations will have worsened again. If this is the case then not only will Kazakhstan not be moving closer to top thirty nation status, but it will be a fact that Kazakhstan still has not even become one of the top fifty most competitive countries despite being very close to achieving this on two separate occasions.

Another important reason that predicting Kazakhstan's future relative competitiveness is problematic is that despite the measures the country's government takes to improving the competitiveness of the economy, Kazakhstan cannot control what other countries do to increase their own competitiveness. It is quite possible that other countries with a ranking on the list close to that of Kazakhstan's will introduce better or more reforms which make their economies even more competitive still. Also, most of the other countries on the list do not have the abundance of natural resources that Kazakhstan has and will, therefore, be forced to diversify their economies and more keenly embrace competitive technologies than will Kazakhstan.

Table 2.6.1.1 shows the countries that are ranked both just ahead and just behind Kazakhstan on the current GCI. It is an interesting mix of countries that, like Kazakhstan, are reforming and now emerging as countries attractive for foreign investment. Countries like Brazil, Indonesia and Azerbaijan will surely prove challenging competition for Kazakhstan as it seeks to develop its own economy. It is also noteworthy that most of the countries on the list have

improved their ranking on that of the year previous and that no other country was ranked as low as Kazakhstan in 2011-2012.

Table 2.6.1.1 Kazakhstan's Competition: GCI 2012-2013

Country	Rank /144	GCI Composite score (1 - 7)	2011-2012 Rank /142
Azerbaijan	46	4.41	55
Malta	47	4.41	51
Brazil	48	4.40	53
Portugal	49	4.40	45
Indonesia	50	4.40	46
Kazakhstan	51	4.38	72
South Africa	52	4.37	50
Mexico	53	4.36	58
Mauritius	54	4.35	54
Latvia	55	4.35	64
Slovenia	56	4.34	57

(Adapted from WEF GCI 2012-2013)

Table 2.6.1.2 shows the world's current thirty most competitive economies and the ranking for the world's top thirty countries for the previous few years. It is important to observe that there is relatively little movement among the world's thirty top countries on the WEF GCI. This suggests that these nations have developed their economies to the extent that they are very advanced in terms of competitiveness and they will be hard to dislodge from where they are currently situated. It is also significant that the top thirty nations are largely western countries; countries with developed democratic governments; countries with highly diversified economies; countries that have little perceived corruption; countries that are technologically advanced with good infrastructure or countries with knowledge-based economies. Kazakhstan is conspicuous for lacking all of these characteristics.

The four notable exceptions from most of the characteristics on the aforementioned list are Saudi Arabia, United Arab Emirates, Qatar and Brunei. However these four countries do have one important thing in common that undoubtedly contributes a great deal to them being in the world's top

Table 2.6.1.2 Top thirty most competitive nations 2012-2013

Country	Rank /144	GCI Score (1-7)	Rank /142 2011-12	Rank /139 2010-11	Rank /133 2009-10
Switzerland	1	5.72	1	1	1
Singapore	2	5.67	2	3	3
Finland	3	5.55	4	7	6
Sweden	4	5.53	3	2	4
Netherlands	5	5.50	7	8	10
Germany	6	5.48	6	5	7
United States	7	5.47	5	4	2
United Kingdom	8	5.45	10	12	13
Hong Kong SAR	9	5.41	11	11	11
Japan	10	5.40	9	6	8
Qatar	11	5.38	14	17	22
Denmark	12	5.29	8	9	5
Taiwan	13	5.28	13	13	12
Canada	14	5.27	12	10	9
Norway	15	5.27	16	14	14
Austria	16	5.22	19	18	17
Belgium	17	5.21	15	19	18
Saudi Arabia	18	5.19	17	21	28
South Korea	19	5.12	24	22	19
Australia	20	5.12	20	16	15
France	21	5.11	18	15	16
Luxembourg	22	5.09	23	20	21
New Zealand	23	5.09	25	23	20
United Arab Emirates	24	5.07	27	25	23
Malaysia	25	5.06	21	26	24
Israel	26	5.02	22	24	27
Ireland	27	4.91	29	29	25
Brunei	28	4.87	28	28	28
China	29	4.83	26	27	29
Iceland	30	4.74	30	31	26

(Adapted from WEF GCI reports 2010-2011 & 2012-2013)

thirty most competitive economies: They rely very heavily on importing highly skilled and educated foreigners to lead and staff their organisations. The importance of human resource management to organisational

competitiveness can be seen again. Kazakhstan, as previously discussed, is actively reducing the number of working permits it is issuing to foreigners as a way to control unemployment.

While the challenge for Kazakhstan to become one of the world's top thirty most competitive nations is daunting, there are some positives to consider. Firstly, 2050 is still thirty-six years away and that is a long time. It is long enough to instigate complex and far-reaching reforms; to significantly diversify the economy and reduce the dependence on oil and gas exports. It is also long enough to upgrade Kazakhstan's poor infrastructure and transition to a knowledge-based, innovative society. The proof is simply to see what Kazakhstan has achieved in the twenty-one years since independence. Kazakhstan also has a good record of achieving its strategic plans. In the Strategy 2030 document, for example, it was noted earlier in this chapter that Kazakhstan set itself the goal of becoming one of the world's top fifty most competitive nations by 2030. In the WEF GCI rankings for 2012-2013 Kazakhstan was just one place away from achieving this target; seventeen years ahead of plan. Other targets in other plans have also been accomplished ahead of time.

2.6.2 Human resource management

It seems evident from the literature that Kazakhstan still applies the principles of 'personnel management' the country inherited from the Soviet Union. It is not merely that SHRM principles and practices are not commonly in use in Kazakhstan, but even HRM seems not to have taken hold, particularly in Kazakh-owned organisations. Given the lack of a national HR association for practitioners and an absence of international HR conferences in Kazakhstan, the current state of affairs may not be especially surprising. The evidence is that formal, written HR policies are largely absent and that important, modern HR initiatives such as managing talented employees are mostly unknown in indigenous organisations. Moreover, employees seem to be treated with distrust by organisations. This is evidenced by the lack of empowerment they experience in their jobs and the overly-prescriptive rules that are forced upon them. This is in no way *strategic* management of human resources.

Currently, organisations are not managing employees in ways that are conducive to achieving the President's strategic plans for future economic development in Kazakhstan. Important things such as training, performance management, effective recruitment and career development are poorly managed or absent. The assessment based on current data is that HRM in Kazakhstan appears a long way behind many other countries if the gap between Kazakh-owned and foreign-owned companies in Kazakhstan is a reliable indicator.

2.6.3 Leadership Development

Leadership styles in Kazakhstan, based upon a small amount of reliable evidence, are not positive or desirable in the context of modern organisations. This is to the detriment of organisational development and organisational effectiveness. The evidence is that Kazakh leaders are fatalistic, paternalistic, short-term planners who cannot deal with uncertainty and do not want to accept responsibility. While this thesis is not concerned with leadership for its own sake, the poor habits of Kazakh leaders do strongly indicate a need for professional development for Kazakhstan's managers in leadership competencies. For example; it is difficult to see how short-term planners can lead the implementation of long-term plans that Kazakhstan is so driven by. Executing the 2050 Strategy successfully will require visionary, optimistic managers who can visualise the future and delegate others to make it happen.

Leadership development, however, *is* a theme of this research project and the evidence is that good quality leadership development is lacking in organisations in Kazakhstan. Indeed, the President's call for a new class of elite managers to lead Kazakhstan into the coming decades is recognition that in general managers in Kazakhstan are not on par with managers in other countries. The need for high quality leadership development initiatives appears evident both because of the current style and behaviours seeming popular among managers in the country and the paucity of published research on leadership development in Kazakhstan.

As with HRM, the nature of leadership in Kazakhstan has been attributed to the legacy of seven and a half decades of communism. This will take time, perhaps a generation or two, to completely change. An important part of that change is for Kazakh-based organisations to introduce quality leadership development initiatives for their managers and aspiring managers. This will be an important step to having leaders who can contribute positively to playing a part in Kazakhstan's future economic development and the achievement of the President's ambition that Kazakhstan join the world's top thirty most competitive nations.

2.6.4 Employee competitiveness

The evidence presented in this chapter strongly indicates that employees in organisations in Kazakhstan; specifically in Kazakh-owned companies and in the public sector, are not using their employees as a source of competitive advantage. This means that employees are neither being developed nor their talents being deployed in unique ways not easily copied or commonly used by their competitors. This is the basic premise of resource-based theory (RBT) which is the topic of chapter five.

The WEF Global Competitiveness reports show that Kazakhstan is far behind the world's top thirty most competitive nations on key indicators such as quality of management; sophistication of businesses and innovation. Corruption appears a perennial problem in Kazakhstan. Having made inroads into the perception of corruption in the country, Transparency International, as discussed a little earlier in this chapter, now claims Kazakhstan is perceived as more corrupt than it was just a few years ago. While corruption has been a popular theme in the President's annual Stat of the Nation speeches, it would appear that less rhetoric and more action is required if Kazakhstan is to make serious progress on corruption in the country.

Kazakhstan must also make more progress on diversifying its economy if it wishes to compete with European and other Western countries. New opportunities are available for well led intellectual capital to develop other avenues of commercial activity which would give Kazakhstan other

opportunities to compete with other nations. Since its inception Kazakhstan has focused on developing its oil and gas resources to the expense of other industries. The abundance of natural gas and oil deposits and the international investment this has attracted in Kazakhstan have diverted attention from developing other sectors of the economy. Two casualties are agriculture (which has been a major focus of the last two 'Presidential State of the Nation' addresses) and tourism.

Kazakhstan has great potential for tourism with international quality ski resorts; a rich culture and interesting cities. It is connected with direct flights to London, Frankfurt, Amsterdam, Moscow, Beijing, Seoul, Kuala Lumpur and many other major cities. However in 2011 Kazakhstan was only the world's 54th most visited country with just 3.39 million visitors. To put this in perspective, that is forty per cent less visitors than Poland entertained and six times fewer than Ukraine attracted. Syria, Finland, Jordan, Romania and Bulgaria all attracted significantly more visitors than Kazakhstan in 2011 (Index Mundi, 2012).

The sections in this chapter on HRM and leadership provide further evidence that employees and their talents are being under-utilised in Kazakhstan-based organisations. Employees are being led by managers in ways that hinder the development of positive and supportive working environments. HRM is focused mostly on controlling employees rather than empowering them. Therefore, there seems to be a need for a radical change in how employees and their work are organized in organisations in Kazakhstan if workers are to become a source of competitive advantage through their labour.

2.7 Conclusion

The conclusion is that there is currently not enough quality data on the research topics upon which to make any definitive statements about human resource management in Kazakhstan today. While the evidence that does exist has clearly demonstrated that HRM and leadership development in

Kazakhstan-based organisations is very poor, this evidence is unreliable for a number of reasons.

In the first instance, there is very little data available on the research topics. A few papers on leadership styles and national culture which include Kazakhstan only as part of a multi-country study; there is no focus on Kazakhstan at all in these papers. There is a solitary paper on leadership development which is limited to local government managers in Kazakhstan. There is nothing at all on resource-based theory and Kazakhstan. The papers on human resource management are also few and half were produced by this author and his colleagues.

Secondly, much of the material available is very dated, especially in terms of Kazakhstan's existence. The leadership development article on local government managers is more than ten years old; half the life span of the nation. The articles on leadership styles are as old. The HRM literature on Kazakhstan is also dated except the papers by this author and his co-authors. However, a third criticism of the available data is that it comes from small studies. While the recent papers on HRM in Kazakhstan illuminate current practice, this light is dimmed somewhat by the small sample sizes of the studies; often just a few interviews, and so the reliability of the findings of these studies is limited. Other papers, such as Low (2007) use small sample sizes.

A fourth limitation of the available data is that it does not deal specifically with the principle research interests explored in this research project. For example; the leadership papers are focused only on leadership styles and their relationship with national culture. The paper on leadership development had nothing to do with the private sector. The papers on HRM focus a lot on comparing and contrasting HRM practices in multinationals or foreign-owned firms with Kazakh owned firms. None of the papers address resource-based theory and its application to HRM in Kazakhstan. None of the papers reflect on the President's 2030 or 2050 Strategies and do not mention Kazakhstan's ambitions to join the world's most competitive nations.

Therefore, given that no conclusion on the strategic readiness of HRM in Kazakhstan-based organisations to achieve the President's goals can be reached on the data available, a further conclusion is that this research project has relevance, is timely and is needed.

Chapter 3: HUMAN RESOURCE MANAGEMENT

3.1 Introduction

This chapter begins with an introduction to, and an overview of, Strategic Human Resource Management (SHRM). It introduces the major themes for discussion that the chapter will focus on and highlights the importance of SHRM to the development and success of organisations. The second section (3.2) of this chapter examines some ways in which transactional or routine HRM can become strategic and thereby be a contributor to an organisation's success. This is achieved, for example, through the development of specific HR strategies that are integrated and aligned with overall business strategy.

Section 3.3 takes three key responsibilities of HR departments in typical organisations and discusses contemporary trends and practices in these areas to highlight their importance to organisations. The objective is to show how different functions of HR departments can or do use innovative and creative practices to contribute to organisational success. The three HR practices examined are: recruitment and selection; learning and development and compensation and benefits.

The section following this examines how SHRM adds value to organisations; how it makes a difference to what happens to organisations. It is explained that SHRM has a profound impact on the fortunes of organisations in both financial and non-financial terms. This section is followed by a review of how SHRM could be a valuable approach to take in Kazakhstan-based organisations in the context of their role in achieving Strategy 2050 goals. Specific 2050 goals are cited and examples of SHRM practices are given to show the contribution that SHRM could make in realising goals such as fighting corruption and developing world class managers. This section's theme is at the center of this research project's core research problems. Chapter three finishes with a brief conclusion that finds that SHRM has a lot to offer Kazakhstan-based organisations as they develop and as they become more competitive in order to help realise President Nazarbayev's objective of Kazakhstan entering the world's thirty most competitive nations by 2050.

SHRM can be described as the link between human resource practices and business strategy (Karami *et al.*, 2004). That is to say, for HRM to be strategic it must be integrated with the strategic objectives of the organisation. If HRM planning and delivery is not aligned with the organisation's strategic plans and goals then it remains HRM, not SHRM. Specifically; SHRM aligns various human resource activities such as recruitment, training and performance management with broader strategic objectives pursued by the organisation generally. A simple example of this might be designing and facilitating a competency-based learning program to develop specific skills for some factory workers which supports the firm's wider strategic objective to improve production efficiency and reduce costs.

There is a wealth of literature on the topic of SHRM and its contribution to organisational effectiveness, organisational performance and business results. It is the link between contemporary SHRM practice and the development of organisations that is especially relevant to this research project and Kazakhstan's development agenda set out in Strategy 2050. Specifically; how best-practice SHRM can enable organisations in Kazakhstan to increase their competitiveness through their employees to contribute to President Nazarbayev's vision of Kazakhstan becoming one of the world's top thirty most developed nations by mid century.

There is considerable evidence that SHRM does matter to organisations and is worth investing in. For example; aligning HRM practices with the organisation's wider business goals can increase an organisation's competitiveness (Liao, 2005). Alignment can be achieved, for instance, through the identification of core organisational competencies and then developing employees against these competencies across the suite of human resource interactions with employees (Bergenhengouwen *et al.*, 1996). This competency-driven alignment approach is an example of SHRM that has been credited with contributing to the firm's competitive advantage (Ordonez de Pablos and Lytras, 2008).

More broadly, human resource orientation, when aligned well with the organisation's business strategy, has been found to positively influence the organisation's fortunes in a number of studies. For example, Panayotopoulou and Papalexandris (2004) discovered a positive link in Greek firms between a well fitting HRM strategy and business strategy and firm growth and innovation. Studies have also positively attributed close alignment between HRM orientation and a firm's business strategy with improved financial performance (Panayotopoulou *et al.*, 2003; Michie and Sheehan-Quinn, 2001). How this is achieved will be discussed in detail in this chapter.

Contemporary SHRM directly impacts organisational performance and organisational results in two other ways. Firstly, as the world's organisations become increasingly technology-driven and knowledge-based, there is an urgent need for employees with greater knowledge and better skills. According to Dessler (2014), superior employee ability will be increasingly essential for organisational success. He also makes the point that HRM professionals will themselves need better knowledge and skills to be able to develop exceptional employees. The second relatively recent trend in some organisations is the repositioning of HR as a profit center. While measuring the results of various HR initiatives and benchmarking in HR are not new (Fleming and Wilson, 2001), conceptualising HR as a distinct money-making arm of the business is a recent development. Now, rather than HR being perceived as an expense and non-contributor to the company's bottom line, organisations such as IBM (Dessler, 2014, p.40) are increasingly requiring their HR departments to demonstrate a financial return on the services they provide to the organisation. HR is now in the business of not just measuring non-financial returns on its services, such as employee satisfaction, but how these services save or make money in their own right.

This chapter examines SHRM practices as they apply to organisations in general. The purpose is to show that SHRM is important to organisational success and to give a wide variety of specific examples from the literature that illustrate this. The author is not ignorant of the fact that not all of the examples of SHRM provided in this chapter are either universally or equally applicable

to all organisations. The literature certainly highlights the limitations of specific SHRM practices to particular environments or conditions. In other words; the applicability of SHRM approaches and practices have been found to be contingent upon a number of variables, not least of which is the organisation's business strategy (Stewart and Brown, 2009; Kelliher and Perrett, 2001). It is therefore acknowledged that not all of the organisations participating in this research project would necessarily benefit from blindly copying the best-practice examples of SHRM discussed in this chapter. They would, however, benefit from adopting the principles of SHRM generally.

Some of the other variables that have been found to influence the nature of SHRM practice in organisations include: the notion that different human resource approaches should be adopted in different geographic regions or for different cultures to improve business outcomes (Khatri and Budhwar, 2002); evidence that some approaches to HRM are more appropriate for or applicable to certain types of industry (Timo and Davidson, 2005; Haynes and Fryer, 2000) or sector, such as the public sector, (Jarvalt and Randma-Liiv, 2010; Truss, 2003); research suggesting that different SHRM approaches and practices are required at different stages of an organisation's life cycle (Stewart and Brown, 2009).

A final observation worth acknowledging here is that, according to some, SHRM has been usurped as the preferred ideal model for human resources in organisations by *sustainable* HRM. Indeed, some see SHRM as a stage on the upward journey to sustainable HRM; a new strategic direction. (de Souza-Freitas *et al.*, 2011). In this new role, human resources focus on ensuring the long-term sustainability of the firm. In fact sustainability is really a component of business strategy and would already be something that good SHRM professionals would be supporting the firm with anyway. To try and separate and then elevate sustainability above the planning and execution of strategic activities as the ultimate and singular goal for human resources seems to this author disingenuous because any organisation's strategy would be premised on the goal of staying around.

3.2 Making HRM strategic

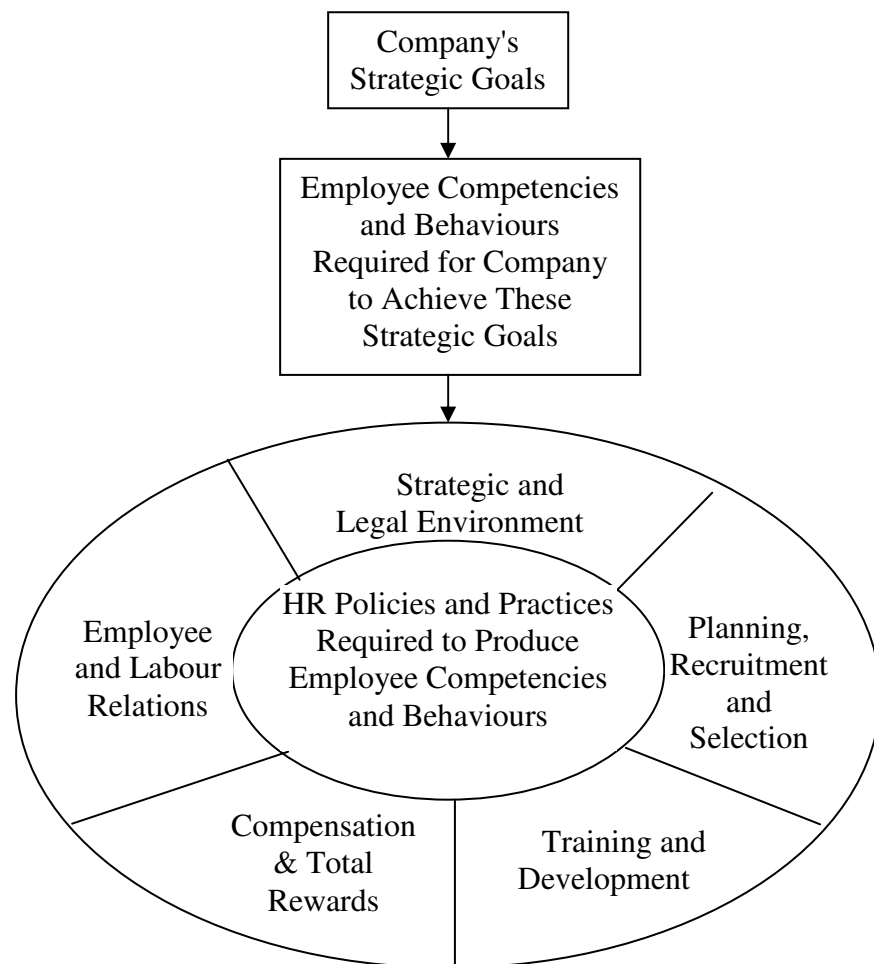
A foundation principle, it would seem, for enabling HR to play a strategic role in any business, is to integrate the work of HR with the broader business strategy. Integration of HR and alignment of the work of HR with other business functions so as to contribute to the achievement of business objectives has been, according to Khatri and Budhwar (2002) a noticeable global trend in recent years. This section of the thesis will explore how HR can be aligned and integrated with business strategy so that HRM becomes SHRM. The following sections will give examples of SHRM in action and demonstrate how SHRM makes a valuable contribution to organisations in a variety of important ways.

Two studies of the hotel industry, one in Australia and one in New Zealand, illustrate very well that aligning HR strategy with business strategy pays dividends for organisations and is a powerful way to make HR a strategic business partner. Timo and Davidson (2005) studied budget hotel chains in Queensland, Australia that were following a cost minimization business strategy. They found that, to be successful, it is critical that HR must design and implement people policies that support cost minimization. For example; hiring low-cost workers to work under highly flexible labour conditions with minimal, generic training are practices that support a cost minimization business strategy.

The New Zealand study, in contrast, examined a single luxury hotel in Auckland (Hayes and Fryer, 2000). Here the business strategy was driven by an emphasis on service quality rather than cost. The HR department designed policies and practices specifically to support service quality improvement. These included high investment in tailored training and targeted compensation and benefits policies to incentivise and reward high performance in key deliverable areas. The new HR practices were measured and found to have a quantifiable positive impact on key indicators of service quality.

In addition to it being important to align business strategy with HR policies and practices, HRM has also been observed to be an important mediating variable between business strategy and management orientation. Othman and Poon (2000) surveyed 108 manufacturing companies in Malaysia and found that a total quality management (TQM) approach and a competitive business strategy were reconciled compatible in part by the role played by HR. Specifically; the HR policies and practices created synergy between, and facilitated a linkage of, the focus of an organisation's management and the realisation of the organisation's business strategy.

Figure 3.2.1 HR strategy model

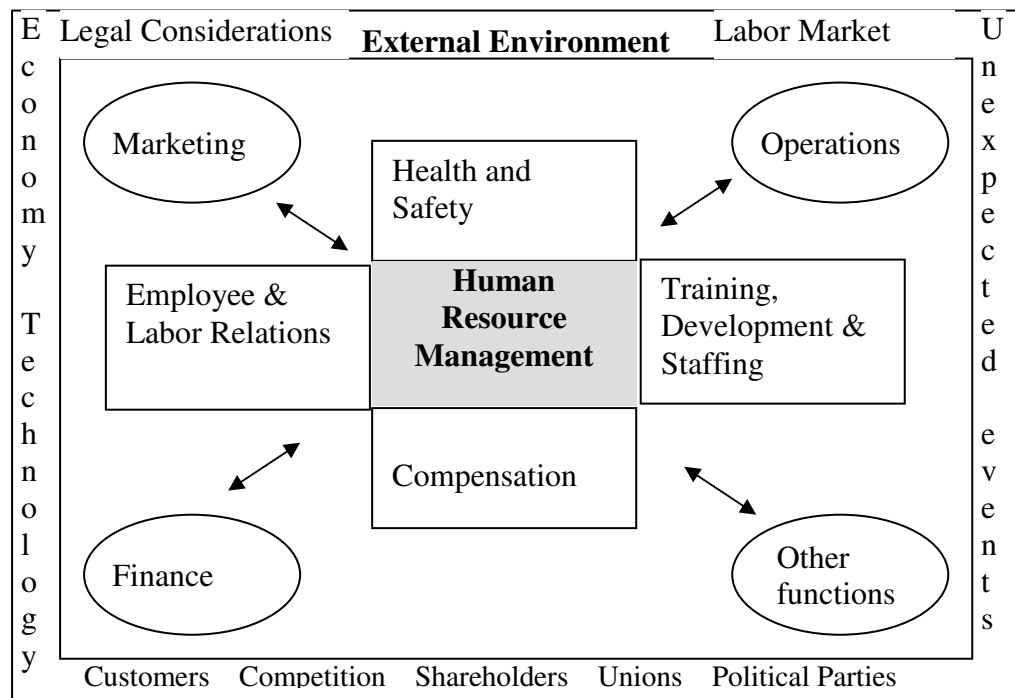


Various diagrams have been developed to capture the interplay between HR, what it does and the wider organisational strategy. Dessler (2014, p. 59) provides a model which shows that the organisation's strategic goals come first and that these goals directly dictate the specific behaviours, competencies and

behaviours desired for the organisation to achieve its strategic goals. The desired behaviours are manifested in five key result areas of which four (planning, recruitment and selection; training and development; compensation and benefits; employee relations) are core HR functions. At the heart of the diagram are the HR policies and practices that shape the key result areas and drive the desired behaviours (Figure 3.2.1).

Mondy and Mondy (2014, p.30) capture the strategic role that HRM plays by explaining that the organisation exists within the context of a dynamic external environment of varied forces and interests. Further, that within the organisational environment there are inter-relations with other core functions of the business such as operations and marketing. It is explained that HR does not exist to serve other business functions but has a more equal relationship of cooperation and exchange. Figure 3.2.2 provides a diagrammatic representation of the Mondy and Mondy model.

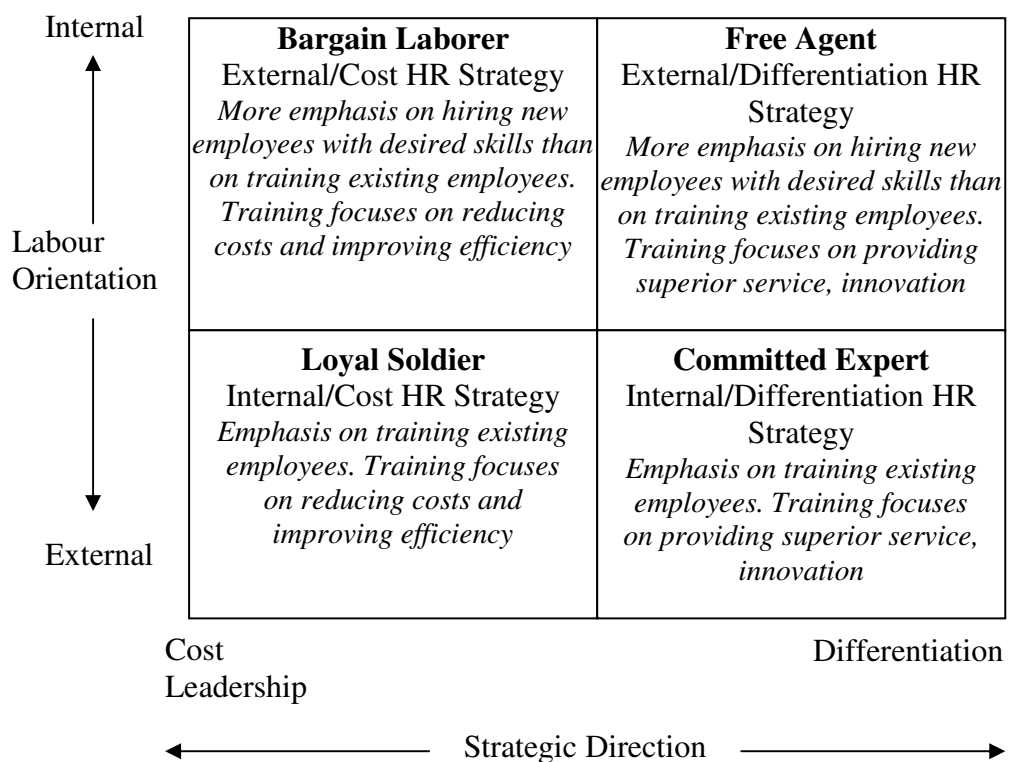
Figure 3.2.2 Environment of Human Resource Management



In a different approach to communicating the relationship between HR, its roles and the wider business strategy, Stewart and Brown (2009, p. 325) identify four different HR strategies that an organisation can pursue. The

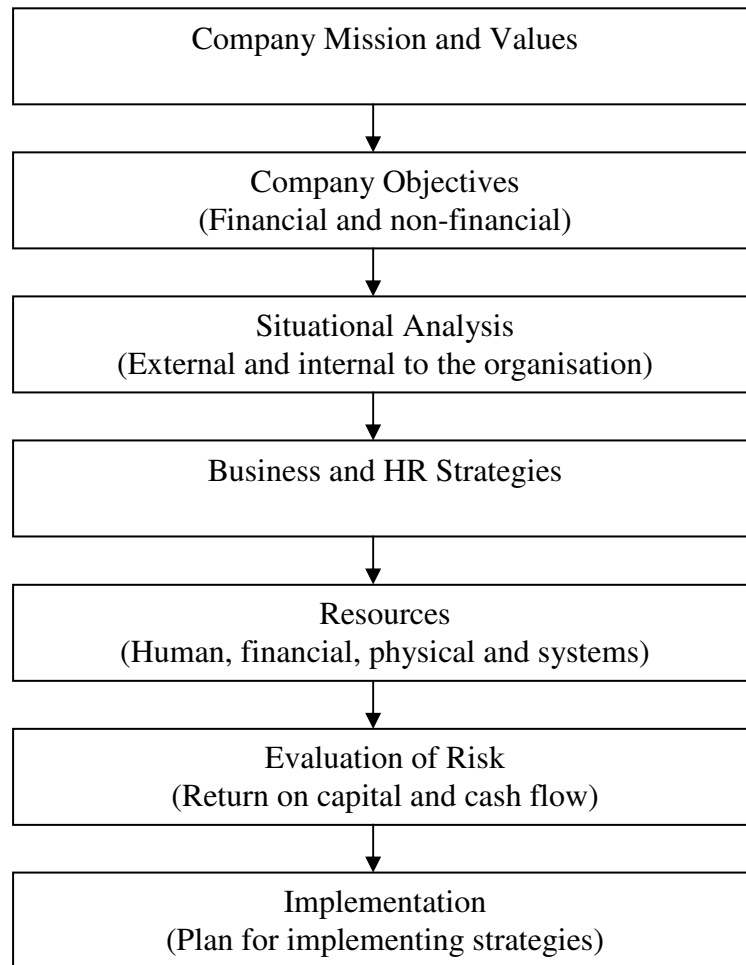
selection of the correct HR strategy is critical for success and is influenced by two important considerations: the organisation's business strategy and whether the organisation has an internal or external labour orientation. These two variables dictate the most appropriate HR strategy for organisational success. An example is provided in Figure 3.2.3 which illustrates the focus of each of the four HR strategies in relation to an organisational training and learning.

Figure 3.2.3 Strategic framework for employee training



The Aston Centre for Human Resources (ACHR, 2008, p. 39) provides a flowchart that explains exactly how HR strategies are developed after the broad HR strategic approach has been identified. The ACHR flowchart shows that there are considerations to weigh before HR identifies appropriate strategies (much as the previous three diagrams have shown) and that there are considerations to factor once the appropriate strategy has been selected. The seven step process is reproduced in Figure 3.2.4

Figure 3.2.4 Flowchart of HR strategy process



For HR to be able to play the role of strategic business partner discussed in the paragraphs above, it must first be formalised and internally consistent. Khatri and Budhwar (2002) identified that in practice HR functions take one of four forms but only one of these is suitable for HR to contribute strategically to organisational strategy.

The authors cite two dimensions that characterise the nature of HR in organisations: Formality and Communication. They argue that these dimensions give rise to four forms of HR (See Figure 3.2.5). Of these four only the 'Formal and Communicated' form positions the HR function to play a strategic role in the organisation. The term 'formality' relates to whether HR policies, practices and activities have been formally adopted, are written and followed. The term 'communication' refers to the extent to which HR

Budhwar, in an earlier paper, argues that more devolution of HR responsibilities to line managers would further support the integration of HR with the wider business strategy because of the critical importance of the position of line managers in the execution of business processes (Budhwar, 2000). Renwick (2003) is more cautious in his assessment of the strategic benefits of devolving HR tasks to line managers. He conducted forty interviews with line managers in the UK and found a mix of costs and benefits for the business in having line managers responsible for more HR responsibilities such as interviewing, selection and performance appraisal. According to Renwick, it is inconclusive whether the devolution of HR roles to line managers provides an organisation with any discernable strategic value. Nevertheless, the importance of the issue is underscored by the evidence that devolution of HR responsibilities to line managers is an increasing trend in organisations (Valverde *et al.*, 2006). Devolution of HR to line managers is a topic revisited and discussed in more detail within the context of the employee performance appraisal process in section 3.3.4

Another way in which HRM can be made strategic is through the alignment of employee competencies (skills, knowledge and attitudes) to organisational core competencies (for example; safety or innovation). In an early paper on this topic Bergenhenegouwen *et al.*, (1996) cited the example of the petrochemical industry where the strategic objectives of companies in this industry can be better achieved when employee and organisational competencies are aligned. In more recent literature the alignment of employee-organisational competencies has evolved past identifying strategic advantage to highlighting competitive advantage for companies that adopt the practice. Ordonez de Pablos and Lytras (2008), for example, have stated that knowledge-based competencies, when aligned well with business competencies, can be a source of competitive advantage for an organisation.

The subject of employees being a direct source of organisational competitive advantage, known as Resource-based Theory (RBT) is the subject matter of chapter 5 of this thesis. However, it is pertinent just to say here that RBT in practice is another way that HR can become a strategic contributor to

organisational success and achievement. Karami *et. al.*, (2004) explain that innovative HR policies and practices can enable employees to work in ways that make them a source of competitive advantage. An interesting and specific example of this is given by Graham and Lennon (2002) who cite the case of tourist heritage sites in Scotland. They explain that employees in this sector are often short-term, seasonal volunteers without special skills working in a non-competitive, non-profit environment. In other words; employees who are arguably ill placed to be driven to provide competitive advantage for their employer. However, the authors argue that by focusing these employees on organisational mission, purpose and objectives, the workers can become a source of value to the organisation through heightened levels of motivation and job engagement.

3.3 Contemporary trends and practices in HRM

3.3.1 Recruitment and selection

Strategic recruitment and selection methods have been found to provide organisations with numerous advantages. Strategic recruitment and selection involves understanding the wider business strategy and developing tailored practices that support the achievement of organisation-wide business goals. This section will first look at some of the benefits of strategic recruitment and selection practices and then some of the contemporary trends and practices in this facet of HRM.

McDonalds is a global fast food restaurant chain operating in dozens of countries in a highly competitive environment. Stewart and Brown (2009) explain that recruitment and selection practices, tailored for each country's various demographics and labour laws, provide the company with competitive advantage through the constant supply of job-suitable employees. McDonalds promotes aspects of its business that will appeal to its target employee demographic and so attracts people seeking what the company can offer, rather than attract people who have expectations that cannot be satisfied. Another company that derives competitive advantage from its hiring practices is Singapore Airlines. Wirtz *et. al.*, (2008) note that Singapore Airlines has for

many years been internationally recognised as one of the best airlines in the world. Their study of the carrier found that very stringent and exhaustive recruitment and selection practices results in the continuous hiring of excellent people who provide the company with sustained competitive advantage in the industry through service quality.

According to Weyland (2011) organisations can also benefit from hiring people who are culturally aligned with the organisation. She observes that employees whose attitudes, beliefs and values are mirrored by the organisation's core values deliver some important advantages to their organisation including higher levels of commitment; improved job performance; vocal advocacy for the company and longer tenure. Crain (2009), writing more from a marketing perspective, also noted the importance of values-alignment between employer and employee. He argued that employees can be strategic assets of firms and key parts of their employer's value proposition when their values match the company's values.

Overall company performance can also be improved through well-designed hiring practices. Chand and Katou (2007) studied 439 hotels in India on 27 HRM practices, five organisational variables and ten demographic variables. They found a direct positive link between hotel performance and high quality recruitment and selection practices.

Contemporary practices in recruitment and selection do not resemble the more traditional ways of hiring people and the recent literature suggests that organisations that hope to hire the best people need to embrace modern technology. Recruitment and selection in many big companies, for example, is now frequently completed online. Faliagka and Tzimas (2012) found that e-recruitment is common in the pre-screening stage where large numbers of applications must be processed to identify the few that will proceed to interview. Innovative software allows companies to quickly and cheaply rank applicants electronically and this software can be integrated with other HR programs. Technology like this gives companies an advantage by saving time, money and human resources on recruitment activities like ranking candidates.

Another use of technology in recruitment and selection is the increasing reliance on social networking websites (SNW) like Facebook and LinkedIn to 'check up' on the profiles of people who apply for jobs. Kluemper and Rosen (2009) found recruitment managers are increasingly researching the backgrounds of potential hires by gathering information on candidates from the information they upload onto SNW. They conducted a study to examine the reliability of such selection methods and found that different raters mostly rated candidates very similarly based upon the candidates' SNW presence. Further, raters were able to distinguish between high and low performers using the information provided on candidates' online profiles.

In addition to embracing modern technology, companies must also increasingly view the hiring process, especially of highly desirable employees, from the candidate's viewpoint. Talented, valuable job seekers have high expectations of how prospective employers should conduct recruitment and selection activities. They expect to be treated in a certain way and, if a company fails to meet this standard then it may fail to hire the best people. The more traditional attitude of, arguably, the employer selecting the candidate seems to have been replaced by a more equal relationship whereby the candidate and the company are actually selecting each other.

A study of 350 UK companies' graduate recruitment and selection practices found that these practices were changing (Branine, 2008). The study discovered that hiring practices were becoming more sophisticated, objective, person-related rather than job-related and cost-conscious to reflect the expectations of modern graduates. Recruiters were also focusing more on attitudes and transferable skills and less on the traditional consideration of qualifications. Carpenter (2013) has claimed based on a large amount of UK and US data that excellent recruitment practices are essential to hiring the best people. She contends that candidates expect a certain experience when applying for jobs which includes a timely process; accurate and transparent communication and personalized attention.

3.3.2 Learning and professional development

Much the same as contemporary practices in recruitment and selection, modern learning and development in organisations appears to have a very different form compared with traditional, classroom-based, facilitator-led learning programs. Trends in contemporary learning and development include the integration of modern technologies and a shift away from structured learning environments to virtual and unstructured modes of learning where the learner has more responsibility for constructing their own meaning. Swerin *et. al.*, (2009) provide the example of workplace-based learning coaches replacing classroom instructors in some organisations and situated, work-based projects usurping the classroom. Rather than learning books and manuals, the learning experience is embedded in the work tasks that can be designed to stretch the employee. The authors cite the case of a hospital in Sweden where these approaches have increased employee innovation and better helped employees acquire core workplace competencies.

Another trend apparent in the literature is a reconceptualisation of learning from being a function of the business or a service provided by specialists to everyone else in the organisation in favour of a continuous, tacit experience embedded in work itself. It is implied that organisations that have not embraced current modes of learning and developing employees are missing opportunities to reduce learning and development costs and to maximise the potential value of workplace learning to the organisation. A Dutch study of twenty HR professionals (Poell *et. al.*, 2003) revealed learning and development in the surveyed companies takes many different forms with varied and flexible strategies to encourage business-wide cooperation and input into learning programs. In some cases, individual learners were designing and administering their own professional development activities and taking responsibility for the outcomes.

Although not new, a much discussed learning mode in the literature is the Community of Practice (CoP). These often virtual and free-form collegial learning groups have been found to deliver many and varied benefits to the

organisation including improved business performance, new innovations and reduced costs (Borzillo et. al., 2012; Schenkel and Teigland, 2008; Boud and Middleton, 2003). CoPs have the distinct advantage of being flexible so as to form precisely when needed (such as when a difficult business problem arises that needs to be solved quickly) and focus on very specific needs in ways that best suit the individual members of the group. The group set their own rules and agrees on how they will work together without control or structure being imposed by the organisation that could well limit the efficiency of the CoP. Members can leave when they have contributed and extracted what they can. These learning communities can provide individuals and organisations with innovative solutions through knowledge-sharing across the organisation or by linking people in a number of organisations.

Another topic that continues to receive a lot of attention in the academic literature is the concept of the Learning Organisation (LO). This is a theory that elevates the learning process and experience so that it transcends individual, formal learning activities that are apart from the organisation and instead embeds learning as a continuous, often tacit experience that permeates everything in the organisation. Learning organisations are seen to be the epitome of what a modern organisation should be: adaptable; flexible; resilient; innovative and forward-looking. LO have been credited with producing some very good results for organisations all over the world. Lee-Kelley et. al., (2007) discovered that the dimensions of LO have been positively linked to improved retention rates of knowledge workers and that properly established LO can reduce the number of people expressing an intention to leave the employer in surveys.

In a study on the acquisition of workplace competencies, Kock and Ellstrom (2011) found that the positive learning culture typically present in LO enhanced employees' ability to learn required skills. Weldy (2009) conducted research which investigated the relationship between LO and the transfer of training as strategies for learning and managing knowledge to gain performance improvement and competitive advantage. Her findings were sufficiently positive for her to recommend further study on the topic. Another,

more recent study, also looking at LO and knowledge transfer, found that individual performance was improved where interactive games using web-based technology were used to support knowledge transfer. Arora (2012) found that interactive games facilitated inter-disciplinary cooperation and learning transfer in LO because these types of organisations have positive learning cultures.

Technology has come to play an increasingly important role in the design and delivery of workplace learning and development initiatives. E-learning is not new, but it is continually evolving as the technology becomes more sophisticated. Sarmiento (2010) in a study of thirty-four hotels in Portugal found that e-learning initiatives can increase productivity and volume production. He also stated that e-learning contributes to employee motivation when it is designed to allow individuals to control their own learning programs and the pace at which they work through them. Hotel performance in India (Chand and Katou, 2007) and Australia (Davies, 2001) has also been positively linked to innovative learning and development programs. In the Australian study it was found that hotels are reluctant to invest in employee development because of high turnover rates. However, hotels that overlooked this potential barrier and invested in staff training found harmonious employee relations, organisational commitment and productivity measurably increased.

Other innovations in learning and development include the trend towards embedding intrapreneurship in learning activities. This is essentially entrepreneurship for people who are employees. It seeks to encourage employees to think and act as though they owned the business they are employed by. Intrapreneurship seeks to encourage a greater personal investment in a company by employees as well as more calculated risk taking and other such entrepreneurial actions. Molina and Callahan (2009) claim organisational performance is improved through the marrying of intrapreneurship and learning.

3.3.3 Compensation and benefits

Compensation and benefits play a very important role for organisations in terms of attracting, motivating, engaging and retaining employees (Moody and Moody, 2014; Dessler, 2013). Moreover, it has been found that the nature of an organisation's compensation strategy influences how potential hires perceive the culture of an organisation. Li and Roloff (2007) conducted an experiment with 288 undergraduate students to see how they perceived different companies based upon how they rewarded their employees. The study concluded that merit-based compensation systems were perceived as aggressive and reward-oriented. The study also found that the students were least attracted to organisations that paid and rewarded employees based upon seniority. The implication for organisations is that they need to take a strategic approach to the design and implementation of their compensation and benefits policies in order to appeal to the type of employees they most desire.

There is also evidence to suggest that compensation and benefits strategies can help organisations compete and succeed. Appelbaum and Fewster (2003, p.61) note that *"There appears to be a fairly strong correlation in the airline industry between how well an organisation compensates its employees and how well the organisation performs."* They found that certain compensation practices attracted and retain high quality employees. These practices included stock options for employees; above average industry pay rates; pay-for-performance; bonuses for meeting agreed targets and incentives to encourage achievement.

Studies conducted on the hotel industry have similarly found that compensation strategy has an impact on organisational performance. In a study of hotels in Western Australia, Davies (2003) found that contingent reward had a positive influence on employee productivity. Contingent reward is the practice of rewarding people only if they achieve certain pre-agreed tasks. Chand and Katou (2007) studied three to five star hotels in India and found compensation and benefits strategy to have a positive relationship with overall hotel performance.

Some current practices in compensation and benefits practices include differentiated compensation for different groups of employees and leveraging compensation strategy to retain top talent employees. Kelliher and Perrett (2001) studied the restaurant industry and found some businesses were using one compensation strategy with skilled and hard to replace employees such as chefs, and another strategy with unskilled, easy to replace employees such as cashiers and waiting staff. Specifically, they noted that the compensation and benefits strategy for chefs was aimed at encouraging commitment through incentives, bonuses and high-level workplace involvement in decision making.

An interesting study of Swedish firms (Edvinsson and Camp, 2005) found that compensation can be used to help companies innovate and retain their most valuable employees. CEOs were interviewed and they largely expressed the opinion that compensation and benefits is an integral part of their company achieving its business objectives, especially concerning the retention of top performers who are key to the firm's efforts to innovate. CEOs reported that it was important to provide these employees with benefits they actually value rather than generic benefits that are convenient or cost-effective for the firm to provide. Furthermore, top performers expected, in addition to performance-based bonuses, intangible rewards such as recognition, praise and quality professional development.

Recognition programs are another trend to acknowledging and rewarding high performance and outstanding achievement. Dessler (2013) explains that these programs can either be formal such as employee-of-the month awards, or informal such as managers praising employees or expressing appreciation. Non-financial rewards are cost-effective for organisations but can have a big impact on employee morale and sense of importance. Dessler also claims that these programs have been found to have a positive impact on employee performance.

3.4 How SHRM adds value to organisations

According to Luoma (2000) the full strategic potential of HRM can be derived through three focus areas. The first is capability-driven which is ensuring that the right employee skills, knowledge and attitudes are in the right place at the right time in sufficient numbers to achieve organisational goals. The second focus area is needs-driven. This is reactive or responsive HRM whereby HR activities respond to changing circumstances the organisation experiences. An example of needs-driven HRM and therefore SHRM is provided by Zhang (2003) who explains that HRM acts strategically when it responds and adapts to companies that become multi-nationals. Multi-nationals must adapt and respond to a range of differing environments which, for example, may dictate the necessity for varying employment conditions of workers to comply with local legislation. HR specialists must make this happen but they must also identify how best practices can be copied successfully to new operating environments. The third focus area is opportunity-driven. This is proactive HRM that takes the initiative to seek ways to add value to the business. It is opportunity-driven HRM that is the topic of this section because this focus area is the one critical to HRM in Kazakhstan being able to contribute to the achievement of Strategy 2050 goals and therefore is directly related to the research problems at the heart of this study.

The literature abounds with examples of how SHRM adds value to organisations. The apparent lone exception to this is a Greek study (Panayotopoulou and Papalexandris, 2004) which found that HRM strategy had no influence on firm financial performance and that there is little link between HRM orientation and overall firm performance. The finding may be explained by the fact that the study concentrated on many small firms where, as discussed earlier in this chapter, often there is no discernable HR function or HR roles are tacit and ad-hoc in nature. Secondly, the study measured managers' perceptions rather than objective data and so if HR is not a discernable presence in a firm then it seems most likely that managers would not cite it as having an impact on firm performance.

An interesting view on the subject of SHRM adding value to organisations is to observe a large organisation with no central HR strategy. Jarvalt and Randma-Liiv (2010) examined the Estonian government which had no explicit central HR strategy in the years after independence. It was found that the absence of a central HR strategy caused a multitude of problems for agencies and departments of the government in the execution of their particular responsibilities. The authors found that there were no common values; little inter-departmental trust and cooperation and that communication and accountability on HR issues was fragmented. The lack of a central strategy also had a profound impact on the integrity of core HR roles such as succession planning and career-path planning.

A common theme in the literature is that SHRM adds value to organisations by enhancing organisational functioning or effectiveness. This is especially true where senior managers in organisations support the role of HRM. Maxwell and Farquharson (2008) studied the perceptions of senior managers in the Sunday Times list of the best UK companies. They discovered that in the best companies a common theme is that senior managers strongly support the role of HRM in their organisation and acknowledge HRM to be a key contributor to organisational effectiveness. In these companies HRM is also fully integrated in the organisational strategic planning process.

Senior manager support for HRM was also found to be important in the British National Health Service (NHS). Truss (2003) argues that strategic HRM has long been constrained by the size and complexity of the NHS. Yet he found that at the individual agency level SHRM is found to play an important role in developing the effectiveness of some individual agencies; especially where senior managers actively support the role of HRM professionals.

Other studies that support the positive impact SHRM has on organisational effectiveness include an Indian study of twenty-five transport companies (Nigam, *et al.*, 2011). The firms were surveyed on thirteen separate HR indices such as job security and performance appraisal and the authors concluded from the data that HR strategy had a direct and positive impact on

key measures of organisational effectiveness including quality, efficiency, flexibility and adaptability. In a Taiwanese study (Wang and Shyu, 2008) it was concluded that the degree of synergy between a firm's HR strategy and overall business strategy had a positive influence on measures of organisational effectiveness including labour productivity.

The significance of an organisation's HR strategy on measures of organisational effectiveness was well highlighted by Wang (2005) who reported that different HR strategies seem to deliver different organisational outcomes. For example; personnel strategy was found to increase the level of employee entrepreneurship while a systems HR strategy facilitated better technological innovation outcomes. The organisational HR strategy was linked to improved outcomes in the development of a positive organisational culture and supporting high employee performance. Wang also noted that HR strategies such as the systems strategy enhance the outcomes of Knowledge Management (KM) initiatives.

Other researchers have similarly found that SHRM adds value to organisations by enhancing the outcomes of KM initiatives. Again, on the theme of differing HR strategies, Shih and Chiang (2005) identified that certain HR strategies compliment certain business strategies which in turn impact the learning outcomes of KM programs. Selecting the right HR strategy with the right business strategy therefore can determine the return an organisation derives from its investment in KM. Liao (2011) more recently found the same to be true. His paper argues that the relationship between KM strategy and firm performance is contingent upon the nature of the firm's HR policies and practices.

Another KM study of 242 medium-sized service firms in Greece found that pursuing 'best practice' HRM policies and initiatives helps service firms achieve better performance through linking these practices with KM practices and organisational learning practices. The authors (Theriou and Chatzoglou, 2009) considered best HR practices to be those which encourage high levels of employee involvement in decision making and those which encourage high

levels of commitment on the part of employees. In a similar study in Canada, Christensen-Hughes (2002) also found KM initiatives were supported by implementing best practice HR initiatives particularly concerning employee motivation and employee contribution programs.

The single-most researched area about how SHRM adds value to organisations concerns organisational performance. There is a great deal of literature over a long period and from a diverse range of countries and organisations that concludes that there are clear links between SHRM practices and organisational performance. The remainder of this section of the thesis will provide an overview of this literature with a sample of studies presented in chronological order. The studies to be discussed were also chosen as they were conducted in a range of very different countries.

Davies (2001) studied the HR practices in a number of hotels in Western Australia. He identified that certain practices encourage high levels of employee commitment towards the hotel which in turn positively influenced workplace relations in the hotel between employees and management. Improved workplace relations positively impacted service quality and productivity and this had a measurable impact on hotel profitability. Therefore, according to Davies, HR practices can influence the financial performance of organisations. Huang (2001) also found a causal link between HR strategy and firm financial performance. In a study of 315 Taiwanese companies he found that different combinations of HR and business strategies had different effects on firm performance. He also noted that employee morale was impacted by different combinations of strategies.

A Spanish study looking at flexible workplace practices also concluded that innovative HR practices that gave employees better work-life balance had a positive relationship with firm performance. Sanchez (2007) examined 479 small and medium sized firms and found that practices such as flexible job design; teleworking; flexi-time and contingent rewards encourage greater inputs from employees which improved efficiency and effectiveness of work in the studied firms. In India a study looking at some other HR practices

concluded that core HR work contributes to overall business performance. Chand and Katou (2007) studied the HR practices of 439 three to five star hotels and discovered that recruitment; remuneration; training; job design and workforce planning had a positive influence on hotel performance where they were practiced well.

Christensen-Hughes and Rog (2008) studied the impact of talent management (TM) programs in Canada and found these programs to be an important way in which SHRM adds value to organisations. Specifically, TM initiatives deliver results in areas including employee recruitment; employee retention and employee engagement. In the study these outcomes were linked to improved operational and financial performance. A study in Oman (Moideenkutty, *et. al.*, 2011) of 87 companies found that high involvement HRM practices were positively related to subjective organisational performance and one measure of objective organisational performance: the ratio of market value to book value of the company.

Finally, a recent study in Lithuania (Buciuniene and Kazlauskaite, 2012) examined the relationship between HRM and corporate social responsibility (CSR). 119 medium and large organisations in Lithuania were studied to understand the relationship between CSR, HRM and organisational outcomes. The study found that the organisations with a strategic approach to HRM have the better developed CSR policies and these companies also enjoyed better financial performance. It was observed that those following a strategic approach to HR were more likely to see the importance and value of CSR.

3.5 SHRM and Strategy 2050

As with earlier incarnations of the national strategic plan for development of the nation, Strategy 2050 presents an inherent challenge to human resource professionals in Kazakhstan. Strategy 2050 sets targets to find new sources of economic development; further enhance the business climate to attract more foreign investment; grow private sector businesses; increase the proportion of small and medium sized businesses; develop economic infrastructure;

diversify exports; develop technological innovation and encourage ecologically friendly business practices. All of these ambitions depend heavily on the contributions of employees in organisations. Therefore, in areas such as recruitment, job design, talent management, learning and development, employee empowerment and workforce planning, human resource specialists will need to take a leading role in shaping Kazakhstan's organisations so that they can compete, innovate and grow.

In Chapter 2 Strategy 2050 was discussed in detail and a number of specific new policy directives were highlighted. Many of the Government's latest policies for the development of Kazakhstan present a challenge to HRM professionals that a SHRM approach is well suited to dealing with. These new policy challenges revealed by the President in December 2012 include Kazakhstan entering the list of the world's thirty most competitive nations by 2050 (from fifty-first place currently) and economic diversification away from the petro-chemicals industry that currently dominates Kazakhstan's international exports. Other policy challenges for HRM include developing a new class of highly competent public sector officials and introducing compulsory skills-based career development programs for all public sector officials. The Government's new Personnel Policy calls for international standards of corporate governance in Kazakhstani companies; new and modern management tools; the attraction of the best foreign specialists in diverse fields and formal skills transfer initiatives from foreign workers to local workers. Other initiatives set out in Strategy 2050 include improving labor relations through a new salary policy and tackling wage disparities as well as the ongoing fight against corruption and imperative for creating greater gender equality in schools and workplaces.

The evidence provided in Chapter 3 strongly suggests that SHRM and the benefits it has been found to provide companies worldwide would be most advantageous in helping Kazakhstan-based organisations achieve the new policy objectives of Strategy 2050. For example; it has been shown in this chapter that organisations are able to improve performance on various measures of internal and external effectiveness. SHRM would clearly be valuable in helping to reform the public sector in Kazakhstan and to help

organisations attract foreign specialists. Improved organisational effectiveness would also contribute to the fight against corruption in organisations and would facilitate the development of better skills-based professional development and career planning too.

It has also been explained that evidence exists to suggest that SHRM has a positive relationship with improving KM outcomes in organisations when aligned with other business strategies. This is extremely important to Kazakhstan as Chapter 1 presented data showing that Kazakhstan ranks very poorly on the WEF tables for innovation in business and other associated measures of creative and forward-thinking business practices. Chapter 1 also discussed literature which reveals that Kazakhstan-based companies micro-manage employees and stifle their ability to innovate and experiment. Therefore, a shift in favour of SHRM could create a change in the way work and employees are managed in organisations so that knowledge can become a focal point of developing systems and organising work. This change is necessary if Kazakhstan's organisations hope to compete with the world's best and if Kazakhstan is to enter the club of the world's top thirty most competitive nations by 2030.

Finally, evidence has been cited to illustrate that when SHRM practices are applied to core HR responsibilities such as compensation and benefits, recruitment and selection or learning and development, then there are many benefits to be reaped by organisations. This chapter has shown that both financial and non-financial measures of firm performance such as profitability, book-to-market company value, service quality, employee commitment and productivity increases are results derived from SHRM in action across key HR portfolios. It is self-evident that such an approach would be advantageous to Kazakhstan-based organisations as it has been to so many diverse organisations around the world. The research does not suggest that such SHRM practices are culture-sensitive or oriented only to western, industrialized nations that predominantly use them. Indeed, examples were cited in this chapter that shows SHRM is an appropriate model for managing the portfolio of HR responsibility areas globally.

Again, there are links between strategic compensation management practices and Strategy 2050 policy objectives. For example; strategic compensation initiatives will make it easier to attract the best foreign specialists to Kazakhstan. Strategic learning and development practices would address the Strategy 2050 objective of knowledge transfer from foreign workers to local workers. Strategically designed and implemented recruitment and selection practices, also discussed earlier in this chapter, would help attract foreign specialists, support the Government's aims to professionalise the public service and develop a new class of elite managers.

3.6 Conclusion

The evidence presented in Chapter 2 revealed that, as far as it is known, SHRM is not practiced in Kazakhstan-based organisations. Indeed; HR practices in Kazakhstan-based organisations appear to be decidedly un-strategic. The evidence presented in this chapter revealed that SHRM is the best way to manage HRM in organisations because it supports organisational strategy and objectives and it delivers numerous benefits to the organisation. The conclusion is, therefore, that organisations in Kazakhstan should embrace SHRM principles and practices across the portfolio of common HR responsibilities because it will be advantageous to the country's organisations and their employees. Furthermore; this chapter has highlighted that there are numerous strong links between what SHRM can deliver and the Government of Kazakhstan's latest policy directives to guide the country's future development. Specifically; SHRM would seem to be an extremely valuable model for organisations to adopt so that they may increase their competitiveness and contribute to the President's vision of Kazakhstan becoming one of the world's thirty most competitive nations by 2050.

The central research themes of this research project are validated further by the evidence presented in this chapter. This chapter has shown that, as documented in Chapter 2, organisations in Kazakhstan have a great deal of opportunity to radically change their current approach to HRM. The opportunity is for organisations to discard the Soviet era 'personnel department' model whereby HRM is transactional, dogmatic and controlling in

character and adopt a strategic approach to employee management that seeks to support business strategy and build competitive advantage. This chapter has provided many specific examples of the kinds of practices not evident in Kazakhstan-based organisations that could transform the very nature of HRM in the country.

Chapter 4: LEADERSHIP DEVELOPMENT

4.1 Introduction

One of the primary challenges organisations face when they seek to develop senior managers and executives (leaders) is convincing these people that they are in need of professional development (Jones *et al.*, 2006). While it is regarded as the norm that regular employees require ongoing development, once people ascend to leading others there is a mindset often common among leaders that they do not or should not require 'training'. In fact they do, and their needs relate to both personal growth and job competency development (Preece and Iles, 2009). In Kazakhstan, where the dearth of literature on leadership development suggests that little may be happening regarding leadership development and leadership capacity building, the need could be very great. Kazakhstan's hopes of transitioning to a more strategic HRM model hinge largely on organisational leaders and how they lead.

It is difficult to write a prescription for what constitutes excellence in leadership development. Variables such as work context; learning objectives; industry; participant composition and numerous other considerations might well result in contrasting leadership interventions of equal worth. Nevertheless, the literature does largely agree on some of the critical components of a good leadership development initiative. Haskins and Shaffer (2009), for example, identify twelve best practice principles (some of which will be explored in detail a little later in this chapter) of a good leadership development program. These principles include: winning CEO support; conducting a needs analysis; having a clearly defined target audience and ensuring thorough post-intervention review and analysis. Other scholars concur; some of these principles are repeated in numerous other papers. Perhaps, then, while the content and delivery mode for leadership development interventions will vary, the design, implementation and management of leadership development activities should conform to a quality assurance-driven process which includes some important steps. In this sense, at least, it is possible to define some key ingredients for excellence in leadership development.

Leadership development activities assume many different forms. Coaching has become a popular form of leadership development, especially for more senior leaders (Jones *et al.*, 2006) while other organisations send some select leaders to retreats or academies for their professional development (Preece and Iles, 2009). It is also the case that leadership development learning methodology can be mixed for a richer and perhaps more challenging or holistic leadership experience. Queensland Health, for example, has for the past twelve years simultaneously used short and long formal workshops; self-paced online learning modules; 360 degree feedback; coaching and web-based support to develop its clinical and non-clinical leaders (Crethar, 2011). Similarly, Philips, the electronic consumer goods multinational, has a leadership program which utilizes classroom sessions; experiential learning through collaborative project work; coaching and action learning activities (Korde et al., 2011).

Leadership development has been chosen to receive specific attention in this research study as one critical aspect of SHRM. There are a number of reasons why leadership development rather than, say, compensation and benefits was the area of human resource management selected for deeper investigation. As a sub-discipline of the SHRM portfolio, leadership development is an excellent barometer for gauging an organisation's general approach to human capital investment and management. Furthermore; leadership development is important to Kazakhstan and Kazakhstan-based organisations as they seek to become more internationally competitive. This is because it is an organisation's leaders who drive the agendas of their respective organisations.

This research will compare what is happening with leadership development in Kazakhstan with international best practices. It is also true that by surveying the nature and extent of leadership development in Kazakhstan-based organisations it will help explore the opportunities for the application of the theoretical theme of this research: resource-based theory. By understanding the extent and nature of leadership development in Kazakhstan-based organisations some conclusions will be able to be formulated assessing opportunities for resource-based theory to be applied to help firms build success through more strategic use of their human resources. More than this,

however, is the fact that leadership development is especially critical to the known shortcomings of organisations in Kazakhstan such as innovation and organisation development. In this sense, there is a clear link between quality organisational leadership and the achievement of President Nazarbayev's 2050 vision of Kazakhstan becoming one of the world's thirty most competitive nations.

The remainder of this chapter is divided into sections addressing some fundamental issues relating to leadership development. The next section explains the significance of leadership development to this study by highlighting how important well-developed organisational leaders are to Kazakhstan's 2050 vision and by noting that this area appears un-researched in Kazakhstan to date. The following section (4.3) surveys the international leadership development landscape with the objectives of identifying benchmarks of excellence in the development and design of leadership initiatives. 4.3 also surveys the many and varied forms that leadership development activities can take and then finishes by reviewing a number of leadership development programs in different organisations. This chapter ends with some conclusions on the topic of leadership development and the opportunities good leadership initiatives may offer Kazakhstan-based organisations. Specifically; how locally based organisations could derive important, future-building benefits from some of the examples discussed.

4.2 Significance of leadership development to this study

There are several important links between the topic of leadership development in organisations and this research project on SHRM in Kazakhstan. The first justification for making leadership development the specific lens through which to examine SHRM in Kazakhstan generally is that there appears to be no scholarly research published on this topic to date. Therefore the extent to which and the ways in which Kazakhstan-based organisations may be investing in leadership development activities is not publicly known. Although unknown it is important. Leadership development has been extensively studied for decades in other countries by scholars and their

accounts are replete with the benefits and advantages derived by organisations that invest in leadership development programs. It follows, then, that Kazakhstan-based organisations can also expect to achieve success through quality leadership and development initiatives. Chapter two of this thesis revealed that only a few, dated and comparative studies on leadership styles of Kazakhstani managers exist and the findings of these inquiries were not flattering. On the topic of leadership development initiatives in Kazakhstan there is no empirical data from scholarly studies available. Therefore, choosing leadership development as a topic for particular investigation as part of this study will address a gap in the literature.

The second reason that leadership development in Kazakhstan-based organisations is an especially significant topic for this study on SHRM is that it will play a major role in Kazakhstan achieving President Nazarbayev's vision of top thirty nation status for Kazakhstan by the year 2050. Firstly, as mentioned in the previous paragraph, and scant though the evidence is, leaders in Kazakhstan-based organisations appear to be leading in ways contrary to universal opinions about what constitutes enlightened and progressive leadership. Therefore, leadership development is very much needed to transform current leaders into people who can contribute to the President's vision rather than unintentionally impede it.

It has also been previously noted that that the President has called for the creation of an elite managerial class to lead the country's public organisations. Part of this, he said, includes ongoing professional and career development for senior managers in public organisations. This is recognition by the President of the importance of leadership development to the country's strategic plans and development agenda.

The third principle reason for selecting to focus on leadership development as an indicator of general SHRM in Kazakhstan is that leadership development fits very well with Resource-based Theory (RBT) the theoretical framework for this study which in turn is about competitive advantage; the foundation

principle of Strategy 2050. RBT is the topic of the following chapter but suffice it to say here, leadership development and RBT inform each other.

Leadership development can be a tangible enactment of RBT whereby leadership development activities may instil in leaders attitudes, skills and knowledge that translate into practices that then can become a source of competitive advantage for the organisation. Conversely, RBT can be the theoretical starting point that informs the development and design of specific leadership development activities for the purpose of generating competitive advantage through people. The following chapter will provide examples of both leadership programs that have achieved competitive advantage for organisations and examples where RBT has been deliberately chosen as a framework for programs to deploy people as strategic assets for the objective of achieving competitive advantage.

4.3 International trends and practices in leadership development

4.3.1 Principles for leadership development activities

There exists no single, definitive list of principles that define excellence in leadership development initiatives. It is interesting, however, that there are a number of principles which are often repeated throughout the leadership literature. It suggests relatively widespread, general agreement on a number of important principles that good leadership development activities should encompass. While the purpose here is not to be too prescriptive or to attempt to create a checklist against which leadership initiatives must measure up, it is necessary to be able to identify some standards of excellence. This is because the interviewee responses to the question about leadership in their organisation during the research phase of this project need to be able to be gauged in some way in order that the quality of leadership in Kazakhstan-based organisations be assessed. Identifying some principles of excellence will allow this researcher to make some conclusions and recommendations regarding leadership development in Kazakhstan as described by the interviewees.

The first principle for quality leadership development initiatives commonly referred to in the literature is that organisations must objectively assess their

leadership development needs through an organisational review. The purpose of this review, or needs analysis, is primarily to identify leadership skill and knowledge gaps across the organisation so that the leadership development initiative is targeted at meeting the specific needs of the organisation. Addison and Cunningham (2006) suggest the needs analysis not merely identify current competencies leaders have but also determine whether these competencies are adequate to serve the business. They also suggest that inadequate competencies, not only missing competencies, are identified and subsequently addressed in the leadership development initiative that follows.

As organisations are continuously developing and having to face new challenges, leadership competencies, as Addison and Cunningham (2006) note, that serve the business, must be future-focused. Therefore, a good needs analysis will not just determine competency gaps that exist today, but the competency needs of the organisation over the coming few years. Leaders may not need to be able to speak Chinese today, for example, but if the organisation has plans to relocate its manufacturing to Shanghai within two years then this becomes a competency need of the business of concern today. Just as many organisations develop their future leaders over many years to meet business needs, so too the development of leadership competencies. It is also important that money invested in leadership development is not wasted. Conducting a thorough, objective needs analysis helps the organisation invest in leadership in a strategic way that maximises the value of the initiative to the business. Without a needs analysis, the organisation is just guessing about its leadership competency deficiencies or perhaps merely running a generic 'off-the-shelf' program and hoping for the best. Such an approach lacks strategic intent. Not only would it represent a poor financial investment for the organisation but leadership deficiencies would still be likely to persist and this would threaten the future ambitions of the organisation.

Davis and Callahan (2012) have gone further on the topic of assessing leadership competency needs by stating that an individual needs analysis for each leader should be conducted. They state that, especially at the senior level, leaders often have quite different needs depending upon their professional

backgrounds and that these specific development needs should be catered to. For example, at the director level, it is likely that directors have pursued quite different career paths whereby some may be especially strong technically but weak interpersonally. Some may be excellent public speakers and networkers; others may have had limited interest or exposure to these skills. At the senior level a leader's salary package and influence on the organisation is significant enough to warrant an individual needs analysis with an individual leadership skills development plan. The authors note that individual needs analysis is best conducted through a one-on-one interview with the intended program participant supplemented with that individual completing a self-assessment of their current skills and those they perceive might be a weakness. In their article Davis and Callahan (2012) interview a board director with two of Kazakhstan's biggest companies. The interviewee notes that even at his very senior level, he and other directors in Kazakhstan do have development needs that often go unmet.

The next guiding principle for leadership development in organisations is well summarised by Allio (2005) who asserts that while leadership cannot be taught, it can be learned. Allio goes on to say that leadership is best learned through deliberate acts of leadership (practice). The advice for leadership development planners here is that people cannot be instructed how to be leaders. Therefore, classical teaching methodology such as that which has traditionally dominated schools and universities - classroom-based, instructor-led, content-heavy, knowledge-imparting - is not, it is widely contended, an effective way to structure leadership development activities. This revelation is somewhat alarming as quite a lot of evidence exists to suggest that classical teaching methodology still dominates leadership development activities in organisations (Suutari and Viitala, 2008). Fortunately, there is evidence that many organisations do use a range of alternate development methodologies to skill their leaders (Vloeberghs *et al.*, 2005) and this is the subject under discussion in the following section.

Allio's observation implies that leadership is somewhat ethereal and intangible by nature; it cannot be reduced to a concrete formula or condensed into a

simple checklist. Classroom-based teaching and learning may only be able to address the theory and concepts of leadership but for an individual to make the transition to leader they need to experiment and practice the theory in the workplace. Developing leadership initiatives that encourage practice requires a very different approach to planning leadership initiatives that are centred on a classroom. It demands that leadership planners be more creative in their approach and cognisant of the limitations that traditional teaching may have.

A more recent principle to guide leadership development initiatives is that activities must provide the organisation with a return on investment (ROI). While measuring ROI is a contentious issue, Archer (2013) provides a wide range of indicators that can be measured in some way and that would reflect whether a leadership initiative has delivered a ROI for the organisation. He goes on to say that ROI should be thought about in the planning stage of a leadership development intervention and that it should be part of every such initiative. ROI does not necessarily mean a financial return. Many excellent leadership development experiences can be very expensive - such as retreats with quality international speakers - yet they may never be seen to return value that can be easily written up on a balance sheet. They may, however, generate ROI that indirectly returns a financial windfall through leaders applying newly learned competencies that may be attracting new clients or investors.

Another such scenario might be that following a leadership development program aimed at enhancing leaders' interpersonal skills, a company has a sharp decline in staff turnover. Perhaps a staff satisfaction survey subsequently discovers that employees are now much happier with their leaders because leaders listen more, are more empathetic and more open to being approached with concerns: exactly what the leadership development initiative focused on. It would be reasonable to conclude that the leadership development initiative had been successful and contributed to increased employee retention and therefore provided a ROI. Archer's point is that conducting ROI analyses provides accountability to the organisation and justifies the investment in leadership development. A positive leadership development initiative ROI result would tell the organisation that it is doing things well; a negative ROI

would challenge the planners to re-think their strategy and methodology and, in this sense, ROI also serves the function of being a quality assurance measure.

Post-program review and evaluation is another principle, according to the literature, that is essential for a high quality leadership development initiative. According to, among many others, Bekas (2014), all leadership initiatives should be assessed post-completion for their effectiveness as measured against their espoused pre-program objectives and stated learning outcomes. This necessarily implies an additional principle for leadership initiatives being that they should have explicit objectives and well defined learning outcomes. As with ROI, post-program evaluation serves as a quality assurance mechanism whereby the success and any shortcomings of an initiative can be readily identified and remedied for future initiatives. This equates to a continuous improvement tool for leadership development initiatives. Post-program evaluation, if it involves, as it should, the program's participants, can also serve to generate new ideas to be incorporated into future programs to enhance the enjoyment and learning process for learners. M.S. Rao (Bell, 2012) adds that it is critical that once opinion has been solicited from participants that it is acted upon. Participants must see that their opinions are taken seriously and that they can have an influence over the initiative's evolution.

Post-initiative evaluation could take several forms. Participants could complete a questionnaire that solicits their opinions about what they have learned; what worked well; what they would change and so forth. Questionnaires should be anonymous and confidential to encourage honest feedback and may be best completed some days after the initiative has ended to allow time for participants to reflect on their experience. Evaluation could take the form of a focus group led by someone involved in the planning or delivery of the leadership initiative. A further idea could be some kind of simulation activity or assessment to identify what participants have learned. Any such test for leadership competencies might best be conducted as observation or through some simulations rather than a written exam which is less suited to assessing new behaviours and attitudes.

In an interview (Bell, 2012) with internationally renowned leadership scholar, author and corporate speaker M.S. Rao, the interviewer asked Rao to share his thoughts about what constitutes quality leadership development. Rao made a number of points that serve as guiding principles including the observation that only highly qualified, reputable and specialist people should be designing and delivering leadership development initiatives. The same point has been made by Santora *et al.*, (2010). For organisations that outsource their leadership development this means there is onus on the organisation to carefully check and validate the credentials of anyone they seek to engage for leadership development. Where leadership development is catered for by employees of an organisation, it is important to actively build internal capability to meet leadership development needs. This means hiring, developing and retaining excellent specialists in learning and development. Again; this principle supports a commitment to investing wisely in leadership development and to addressing quality assurance as an important issue.

Rao (Bell, 2012) as well as Hurt and Homan (2005) have emphasised the importance of actively involving senior leaders in leadership development initiatives. Passive involvement is much less powerful than having senior leaders make the time to spend with new and developing leaders. Rao suggests it is important that senior figures in the organisation share their experiences and stories with developing leaders. Not only is this an excellent way to transfer knowledge, values, attitudes and corporate identity, but it adds gravitas to a program when busy senior executives are actually involved as speakers or facilitators. It sends an important message to the entire organisation that leadership development is a priority for the organisation and that it is taken very seriously.

Some writers, notably Clayton (2012) have written about the importance of leadership development initiatives being aligned with the organisation so that the individual and the organisation are simultaneously being developed. Therefore, competencies that are most worth developing in leaders are those which grow the business at the same time. Clayton argues this can be achieved by having leadership development initiatives grounded in organisational

development (OD) theory and practice. Formulating initiatives with an OD grounding can have the benefit of maximising ROI by having developing leaders take on tasks and projects as part of their development that might otherwise need to be done by external consultants.

In a similar vein, Crethar (2011) and Hurt and Homan (2005) have argued that leadership development should be fully integrated with and aligned to other key business imperatives and projects. Key business imperatives, depending upon the industry might, for example, be safety (mining; oil drilling; commercial aviation); customer service (supermarkets; hotels; call centres) or quality (restaurants; manufacturing; construction). Projects could include product diversification; entering new markets; downsizing or takeovers for example. The important point is 'integration'. Leadership development should not be conducted in isolation from what the organisation is striving to achieve or become because leadership is essential to achieving broader organisational plans and goals. Integration facilitates consistency in organisational messages and nurtures a shared understanding by all stakeholders. Integration also provides a leadership development initiative with focus and direction when participants can see the links between development activities and what the organisation represents. Santora et al., (2010) have said specifically that leadership development ventures should actually be a part of an organisation's strategic plan.

Another principle advanced by Clayton (2012) is that contemporary leadership development initiatives must be designed with maximum versatility and flexibility in mind so that program participants can access knowledge and activities on a 'just-in-time' basis. The thinking is that programs planned months in advance and that are rigidly fixed in terms of time, place and process do not reflect the reality of modern organisations nor the work-lives of their leaders. Organisations seldom have the level of predictability that allows for a leadership development activity planned in January and scheduled for September to proceed as planned. Ultimately, leadership development, irrespective of the rhetoric, will take second place to an urgent business problem that requires leaders' attention. Inflexible initiatives may often have to

have activities postponed and then rescheduled. This can be costly to the organisation and perhaps cause frustration to all concerned. Another problem with planning fixed development events far ahead is that the content may not be relevant or in need when the program finally comes around but was urgent three months before it was available. Therefore, flexible and readily available development opportunities are more likely to meet the individual and organisational needs when they arise.

Haskins and Shaffer (2009) interviewed a broad cross-section of leaders from various businesses and asked them what, in their opinion, a good leadership development program should look like. The respondents made a number of astute observations, some of which have already been discussed but several which have not. The first principle from this study is that if organisations engage external providers for the leadership initiatives then the organisation's leadership development sponsors must maintain active input. This observation from respondents may imply that they have had experiences where the organisation engages leadership specialists and then entrusts the entire process to those people with the assumption, perhaps, that experts are flawless. Yet such arrangements between organisations and contractors should be partnerships with both partners equally involved and accountable. Contractors should still take advice and direction and would benefit from guidance on the organisation's internal politics and culture. The leadership development initiative would most assuredly benefit from a collaborative approach. Further, as noted several times already, quality assurance is important in leadership development and it is much harder to guarantee quality if the organisation engages contractors and then takes a 'hands-off' approach.

A second finding from the study conducted by Haskins and Shaffer (2009) worthy of being included here as a guiding principle for quality leadership development initiatives is to always pilot (trial) a program before officially launching it. Moreover, ensure pilot participants are carefully selected for a valuable cross-section of relevant interests. These participants should provide post-pilot suggestions for how the program might be enhanced and then these suggestions should be incorporated where prudent into the program before it is

officially launched as part of the broader leadership development initiative. Piloting programs can reveal weaknesses or more serious issues that only a trial run would have revealed. Piloting a program with a range of people from across the organisation can also be a rich source of constructive criticism that may help avoid later negative criticism from real participants who spot inaccuracies or faults with the program which should have been seen earlier.

The third principle of a good leadership development program according to the many leaders surveyed by Haskins and Shaffer (2009) is that all leadership initiatives should have an in-built and comprehensive communications plan. Such a communications plan would ensure that two-way communication between the participants and the facilitators / program managers is encouraged, frequent, open, honest and meaningful. Good communication helps to identify and resolve issues quickly and can remove concerns and doubts so that participants can focus their time on enjoying and benefiting from the development activities. Communication also provides a voice for participants so that they can feel more a part of the journey and not simply vessels for whatever the organisation feels they should be filled with.

Hurt and Homan (2005) have said that it is important that leaders who have attended professional development activities are held accountable for implementing what they have learned in their work. This is especially important to monitor when leaders have been learning away from the workplace. It seems that too often when leaders attend professional development activities these opportunities are viewed simply as an event and learning is not applied back at work. Clearly, leaders who do not apply what they have learned are undermining the purpose of the development activity while ensuring there can be no ROI. It is important that leadership initiatives are unambiguously promoted as attempts to improve practice and the organisation. Workshops, seminars and retreats all have the character of being an event detached from 'real work' and pose a challenge to leadership program sponsors who must help leaders make the link back to the workplace.

One solution is to make it mandatory that every leadership activity a developing leader attends is 'returned to the organisation' in some way. It could be through a presentation; a written report; a demonstration; an address; coaching others; contributing to a project and so forth. This could be checked by a senior manager and assessed during annual performance appraisal time. By making leaders accountable for the investment made in their development, it may well increase their level of engagement with development activities and so the ROI that the organisation derives from the venture.

In the most recent literature on leadership there is a growing focus on global leadership, intercultural sensitivity, international awareness and leadership as citizenship. Leading university texts on leadership devote a lot of space to these themes (Yukl, 2013; Nahavandi, 2013; Northouse, 2010). These topics are now being mentioned in recent articles on leadership development. Karakas *et al.*, (2013) note that the globalising world has resulted in business being dominated by multinational companies that transcend cultural, linguistic, religious and social boundaries. This has given rise to the need for a differently skilled kind of leader who is at ease in a diverse range of business contexts. The authors argue that at the core of the new leader should be strong ethical and social principles and that this need has been highlighted by the Global Financial Crisis (GFC) a few years ago.

Leadership activities need to reflect the changing expectations of leaders that communities now have. As Karakas *et al.*, (2013) astutely observe; values such as global awareness, social responsibility and sustainability are already mainstays of university executive education programs but have not become anywhere near as ubiquitous in leadership development programs designed by organisations for their own leaders. Therefore there is a real need for organisation leadership development activities to incorporate a new set of attitudes, values and beliefs into their offerings to reflect a change in the reality of their operational environment.

The key learning point of this from a development perspective is that leaders need to understand that today their decisions have wide and far-reaching

ramifications for people they will never know of. To this end, Sheppard *et al.*, (2013) suggests that quality contemporary leadership development initiatives should also incorporate topics such as climate change; environmental sustainability; cross-cultural leadership; leading remote teams and diversity management. It is also the case that the GFC has highlighted the need for leaders to be more transparent, accountable, moral and compassionate. Leadership texts call this type of post-GFC leadership 'authentic leadership' (Yukl, 2013; Northouse, 2010) and it has an important place in contemporary leadership development initiatives. In summary, an important principle for modern leadership development initiatives is the incorporation of the concept of and values associated with 'global leadership'.

The focus of the principles up to this point has largely been on what programs and developing leaders should be doing. Leskiw and Singh (2007) argue that good leadership programs execute a rewards and recognition plan for participating leaders who do well on their learning and demonstrate the desired behaviours, skills and attitudes back in the workplace. This serves the purpose of encouraging participation in activities and then application on the job. Reward and recognition for those who apply what they have learned also sends a strong message to the organisation generally that certain behaviours and attitudes are desirable and are what the organisation values. Rewards could vary depending on how demanding the program was or how much impact a certain individual's application of learning has had on the organisation. Perhaps rewards could include quicker promotions or 'perks' such as a trip to an overseas conference or a bigger, better equipped office. Smaller rewards that could be given immediately for minor but noticeable contributions might include discount vouchers; movie tickets or a hamper.

Another principle for excellent leadership development initiatives is making a concerted effort to fully embrace modern technology into the design and delivery of development activities. Technology should not *become* the learning or become the focal point of any activity; the technology must serve the learning objectives. Technology should be utilised to enhance the learner's

acquisition of skills and knowledge by making learning more realistic, enjoyable and accessible.

Mustafa (2013) cites examples of e-learning applications like podcasts and virtual classrooms which can enhance learning and reduce costs without compromising quality or learning outcomes. Mustafa also argues that computer-based technologies provide twenty-four hour access to development activities anywhere in the world which reflects the needs of many modern business executives. Mustafa continues that e-learning applications allow for greater flexibility in delivery such as simulating dangerous work environments for learners without exposing them to real risk while learning. Computers also help program managers manage and track participants and their progress more efficiently than traditional learning management methods. Other applications such as wikis; blogs; file sharing software; VOIP programs like Skype can all enhance leadership development programs and reduce costs such as travel; photocopying; phone calls and training venues.

The final 'principle of excellence' concerns financial resourcing. Santora *et al.*, (2010) have said that leadership initiatives need to be well funded and that organisations must set aside dedicated funds for leadership development. In other words; leadership development should be planned for when budgets are being developed and that a distinct budget of protected funds should be set aside expressly for leadership development. Santora's and his colleagues' observation tends to imply that in some organisations leadership development is an afterthought or something that the organisation hopes to be able to do subject to funds being available after other projects have been paid for. This would often result in leadership activities being under-funded or leadership planners being expected to achieve too much with too little.

This approach communicates several unhelpful messages to the organisation at large. Firstly; leadership development is not a priority or something the organisation especially values. Secondly; planning for the organisation's future is not a priority or something the organisation especially values. The third message this approach communicates is that the organisation is willing to

compromise on the quality and capacity of leaders. This in turn is troubling to the regular non-leadership workforce who would hope to have leaders that are effective and well disposed to leading them.

Represented below in Table 4.3.1 is a summary of important principles for leadership development activities as identified through the literature review and reported on in this section. It is not a definitive list and the principles are not listed in any particular order.

Table 4.3.1. Principles for leadership development activities

Leadership Development Principle	Source
Conduct a thorough review of the business to identify current leadership competencies and the gaps.	<i>Addison & Cunningham (2006)</i>
Leadership cannot be taught; programs must be based around practice and practicing; not theory.	<i>Allio (2005)</i>
Initiatives should provide a return on investment and this must be measured.	<i>Archer (2013)</i>
Leadership initiatives should: <ul style="list-style-type: none"> - Utilise quality, qualified specialists - Actively involve senior leaders - Solicit, listen to and act on participant feedback 	<i>Bell (2012)</i>
Initiatives must be flexible and versatile to meet 'just-in-time' needs of leaders	<i>Clayton (2012)</i>
Leadership initiatives should be fully integrated with and aligned to other key business strategies	<i>Crethar (2011); Hurt & Homan (2005)</i>
Identify the specific development needs of leaders on an individual basis; they are likely to differ	<i>Davis & Callahan (2012)</i>
<ul style="list-style-type: none"> - When using external providers; the internal specialists must be actively involved throughout the process - Always pilot any initiative before launching it - All initiatives must have an inbuilt communications plan 	<i>Haskins & Shaffer (2009)</i>
Participants must be made to practice what they have learned	<i>Hurt & Homan (2005)</i>
Initiatives must reward those who do well and demonstrate the desired outcomes	<i>Leskin (2007)</i>
Initiatives must embrace available modern technologies for the learning advantages they offer and cost reductions they can deliver	<i>Mustafa (2013)</i>
Initiatives must incorporate strong ethical and social principles and values of global awareness, CSR, citizenship and sustainability	<i>Karakas et al, (2013); Sheppard et al, (2013)</i>
<ul style="list-style-type: none"> - Allocate sufficient funds to do development well - Incorporate leadership development as part of the organisation's strategic plan 	<i>Santora et al, (2010)</i>

4.3.2 *Types of leadership development activities*

The focus of this section is to highlight the diverse range of leadership development activities that are used by organisations for the professional development of leaders. The point was made in the introduction that quality leadership development could be the outcome of any one or any combination of these activities. A range of organisational and perhaps environmental variables will ultimately guide an organisation to selecting different leadership development activities. The purpose of reviewing a selection of the most commonly used leadership development activities here is to illuminate the responses to the leadership development question put to the interview participants of this study. It will help this author to identify the extent to which leadership development in Kazakhstan-based organisations is imaginative, varied and consistent with approaches being taken by organisations internationally. This, in turn, will provide a basis for analysing where leadership development in Kazakhstan might be improved upon and how HRM professionals might best make those improvements.

There is mixed news concerning the ways in which organisations deliver leadership development initiatives. Vloeberghs *et al.*, (2005) conducted a study of how 86 Belgian companies develop their emerging leaders. While the study found that many companies adopt an ad-hoc approach to leadership development, they also found many companies embracing mentoring and job rotations as modes of leadership development. This is positive but perhaps not a universal trend. Three years later, for example, a study of 278 Finnish senior managers (Suutari and Viitala, 2008) found that the most common form of leadership development activity the participants had engaged in over the previous three years was formal training programs. 83 per cent of the participants had taken formal training courses as a leadership development activity. In contrast, only 14 per cent of the Finnish managers had experienced e-learning as a leadership development activity and just 9 per cent had participated in mentoring to advance their leadership competencies.

The Finnish study was conducted as an internet survey which included open-ended questions. It made two other important discoveries regarding leadership development in Finland. The first finding of interest was that short-term leadership development activities such as one-day formal courses overwhelmingly dominated long-term development activities such as experiential learning. This implies that leadership development in the surveyed companies is either deliberately or inadvertently being promoted as an event rather than a journey which, as discussed in the preceding chapter, presents a number of problems including fundamentally misrepresenting what leadership development should be: a process. This finding is more concerning when the second finding of the study is considered. The study found that longer-term development activities such as mentoring, job rotations and special assignments were judged by the survey respondents to be far more effective in developing leadership competencies than were the short-term activities that dominated their leadership development experience.

The remainder of this section will briefly introduce a number of different modes or methods by which organisations can deliver leadership development. While the findings of the Finnish study are cause for thought, if not some concern, the literature does at least show that there are many varied and creative ways to facilitate leadership development if there is will to do so.

One creative method that organisations can adopt for leadership development is storytelling (Auvinen *et al.*, 2013; Hurt and Homan, 2005). Through telling stories and anecdotes to subordinates, leaders can develop a range of important competencies and develop several emotions in others. Auvinen *et al.*, (2013) conducted a study in Finland which found that storytelling can be a vehicle for constructing leadership competence. Stories from leaders build trust with subordinates because they represent a form of sharing that is voluntary and personal. Storytelling can make the leader somewhat vulnerable and stories often reveal emotions and this helps build trust. The authors also claim that storytelling can provide motivation and inspiration; can be a catalyst for action; can diffuse conflict and can influence others. These are important attributes of effective leaders.

Corporate volunteering has become particularly popular with larger organisations as a means of leadership development. Arguably, it is the fact that corporate volunteering has the added benefit of being a CSR initiative: promoting an organisation's social conscience and community support (McCallum *et al.*, 2013; Sanchez-Hernandez and Gallardo-Vazquez, 2013), that volunteering has been widely adopted. Nevertheless, volunteering has been found to be very worthwhile as a means of developing certain leadership competencies. The idea of corporate volunteering is that employees of a company will volunteer their time and skills, perhaps for a few days per year, in a charitable or non-profit community-based organisation. Often the employee will be exposed to less advantaged people in society like the homeless or troubled youths. According to Bartsch (2012) volunteering for leadership development is valuable because it develops the volunteer's self-awareness through personal reflection on their experience. Other skills that are enhanced include improved levels of empathy; improved capacity to listen and general interpersonal skills. Bell (2007) found that corporate volunteering develops a leader's team leadership skills and enables them to identify their weaknesses and opportunities for their professional development.

An increasingly common mode for delivering leadership development initiatives is self-guided, interactive e-learning programs that a learner can access anywhere and often work through at their own pace. Addison and Cunningham (2006) provide the example of a company using web-based self-assessments as part of their leadership development education. Here, participants complete self-assessments that then identify their leadership development needs and suggest a range of development activities that are available to meet these needs. In addition to being a diagnostic tool, the individual and the organisation can log and monitor participant progress against set development goals. Modern technology has also witnessed the spread of e-learning to reinvigorate traditional development activities. For example, Short (2013) reports that some Australian rail organisations are using e-coaching and e-mentoring as part of their leadership development offerings because these methods offer greater flexibility and convenience when compared with traditional in-person coaching and mentoring.

Many large companies including ExxonMobil, Motorola, Trump Corporation and McDonalds have established 'universities' in their own name. These centres provide company-specific training and development in systems, service and product knowledge but they also house leadership development initiatives. The universities often involve leaders in a range of teaching activities for the benefit of junior leaders and run various leadership development activities in business strategy (Xuejin Qiao, 2009). Blass (2005) has said that it is through their involvement with the corporate university as a teacher and mentor, that leaders are developed. By sharing their knowledge leaders increase their self-esteem because their position as teacher reflects the company's recognition of their value. Also, by sharing knowledge leaders come to learn from others and can better identify the organisation's future challenges and opportunities. Arguably, leaders might also learn to improve their public speaking, facilitation, research, project and problem solving skills working as adjunct teachers and mentors at their organisation's university.

Another type of activity utilised for leadership development is outdoor, physical activity. The multinational business consultancy, Convergys, for example, convened a group of mid to senior level leaders from its offices around the world to build a badger watching platform for tourists in the Scottish countryside (Pollitt, 2007). The express purpose of this activity was to build a shared sense of purpose among the participants, practice setting shared goals and for individuals to identify their leadership strengths and weaknesses. After the weekend activity there was a debriefing session and then follow-up sessions back at work to reflect on the experience and to decide how best to use this learning in the workplace.

In a similar vein; Lancaster University Management School has been designing leadership retreats for corporate clients for many years. Making use of the nearby Lake District countryside, participants of these programs complete various outdoor activities designed to heighten self-awareness and encourage personal reflection (Watson and Vasilieva, 2007). Research conducted by the authors on these leadership development retreats between 2003 and 2006 concluded that the outdoor experience is a catalyst for

emotional and intellectual growth. Participants were able to understand and interpret their intuitive knowledge to better assess themselves as leaders and the impact their leadership had on their organisations. One of the benefits it would seem of outdoor activities is that the individual is removed from the familiar context and daily pressures of the work environment. The change in environment and context facilitates new ways of thinking and seeing oneself and work colleagues. An added advantage of being away from the workplace is that development activities are not interrupted by phone calls, emails, assistants needing to pass memos or the expectation of attending mini-meetings during breaks. This perhaps allows participants to relax more and focus more fully on the development activity and therefore be more open to reflecting on themselves.

The academic literature on professional development and workplace learning comprehensively details the various ways Communities of Practice (CoP) are used by many organisations to develop their employees. A CoP is an informal group of individuals who come together to share knowledge and solve work-based problems in which they have some common interest. In other words; a CoP is a mode of learning. Borzillo *et al.*, (2012) stress that a CoP is not a team in the usual sense of the word in that it is not structured or bound by rules and it is often invisible to the organisation. A CoP may be spontaneous and self-organising or it may be planned and nurtured by the organisation. While not necessarily a vehicle for leadership development, a CoP can certainly develop leadership skills for any leader that is involved simply through participation with others in problem solving and knowledge sharing. Borzillo *et al.*, (2012) discuss the case of Alpha Chemicals where the use of CoP did enhance the leadership skills of the company's leaders. This case will be discussed in more detail in the following section.

Competency-based learning programs (CBLP) have been a popular method of developing leadership competencies for a long time. Nearly twenty years ago Bergenhenegouwen (1996) wrote that CBLP had long been popular for leadership development because they clearly map and compartmentalise desired competencies of skill, knowledge and attitude to be developed by a

leader. CBLP may be completed in a classroom setting or, especially with manual workers and front-line supervisors, on the job. Therefore, they can encompass theory and practice. The benefits of these programs are that they specify and delineate skills into clear and specific competencies which the learner must attain. CBLP also provide objective measures for assessing whether a competency has been achieved or not.

CBLP are premeditated, highly structured and formalised by nature and this can be an advantage for leadership development where leaders are making decisions in some technical or dangerous industries. However, as already noted, such programs lack flexibility and adaptability which may be problematic in fast changing organisations. Other criticisms of CBLP are that they attempt to develop leaders to all be the same; to match a set of predetermined competencies by achieving the same desired outcomes (Patching, 2011). This, Patching argues, is contrary to what good leadership is really about which is being yourself and being an individual. Good leadership, he says, is not about trying to be like everybody else. Competency models ask leaders to assume a desired identity and this compromises personal integrity.

Patching's comments deserve reflection by leadership development planners, but his comments seem obtuse to this scholar: leaders developed against a set of competencies will surely not become facsimiles of one another. A competency model does not seek to, and neither can it, erode individualism. People can be developed to achieve the same competency (empathy; strategic thinking; creative decision making) but will display that competency differently in practice. Irrespective of their limitations, CBLP are still popular (Jantti and Greenhalgh, 2012) and commonly used.

This author knows through prior employment experience that the international franchise chain, Bakers Delight Holdings, uses a three month long CBLP for the training of soon-to-be franchisees. This program combines theory and experiential learning in classrooms and in retail bakeries and the program combines leadership competencies with practical management and technical competencies. The advantages for companies like Bakers Delight are that

trainee franchisees do not miss any important competencies (of which there are about 140); their progress can be objectively monitored by the company; assessments provide clear evidence of the level of competence; the rest of the business knows that the trainee will complete the program by a fixed deadline and can plan their work around that; progress is tangible and constant which can motivate the trainee.

Another popular and well respected strategy for delivering leadership development in organisations is coaching. Many articles in the literature expound the virtues of coaching. For example, Bowles *et al.*, (2007) provide data that shows coaching to be a highly effective leadership development strategy. They found that coaching enhances the acquisition of leadership competencies and the achievement of self-set goals. The authors contend that coaching is a way to transfer leadership skills from the experienced to the less experienced leader in a format that encourages practice and is supported by ongoing constructive feedback.

In an Australian study (Jones *et al.*, 2006) executive coaching was found to increase the participants' flexibility in dealing with workplace challenges. Executives participating in this study also reported being more adaptable and amenable to changes they were experiencing at work. This is indicative of a more mature or positive mindset and suggests better thinking and, outwardly, perhaps improved emotional responses and behaviours. In a more recent study Rhodes and Fletcher (2013) discovered that coaching builds leaders' self-efficacy through the guidance of a more experienced person.

Mentoring, too, has long been a well regarded approach to leadership development and recent studies confirm its value. According to Corner (2014) mentoring is a cost-effective, strategic method for achieving leadership development objectives. Mentoring allows for the transfer of not just skills and knowledge but, as Corner explains, also values, attitudes and organisation culture such as company values and norms. In this respect, mentoring is a process that develops the whole leader and instils in them a broad understanding of the organisation and how to succeed as a leader in that

environment. Perhaps, then, mentoring is about sharing not just knowledge but wisdom gained through experience. Rhodes and Fletcher (2013) found that mentoring is a proven process for leading the mentee towards greater self-actualisation. In other words, mentoring facilitates a deep level of self-discovery whereby the mentee becomes aware of their true potential and the possibilities open to them for growth. If this is the case then mentoring can be a very powerful form of leadership development.

A quite different method of facilitating leadership development is through engagement with professional associations. All mainstream professions have membership-based professional associations that people can join for an annual subscription fee. The associations promote a sense of community, collegiality, knowledge sharing and ongoing professional development. The author, for example, is a member of management and HR associations in America, Britain and Australia. Associations provide a range of development activities for their members including, typically: conferences; workshops; networking evenings with speakers; books and DVDs; a monthly magazine; online resources; web-based discussion forum and so forth. The Academy of Chief Executives in the UK (Preece and Iles, 2009) has branches throughout the country which hold one-day meetings monthly for members with guest speakers in the mornings and discussion groups in the afternoons. Members can access one-on-one coaching and, once each year, there is a two-day retreat with extended presentations and issues-based discussion.

Davis and Callahan (2012) found that professional associations can be an excellent source of professional development for company directors who often travel a great deal and are not included in leadership development initiatives offered by their organisations as they are perceived as too senior for such events or are simply not around. Senior executives do have discernible development needs, the authors discovered, that could largely be met by the varied offerings of a good professional association. This is because much content is available online or can be mailed out to the member. The range of different networking and seminar events, each with different themes, means

that members can attend what is most relevant or interesting and miss what is not without feeling obligation to attend regularly lest content be missed.

Action learning projects and assignments are another popular method organisations adopt for leadership development purposes. Dinkin and Frederick (2013) discuss the widespread use of action learning activities for leadership development in public health organisations in USA. Action learning is essentially a methodology that facilitates learning while doing: learning while actually completing job tasks at the workplace. It encourages a person to reflect on what on what they are doing and ask questions about that so that they can solve problems in their work and improve practice and results. Therefore, action learning is a process towards self-awareness and self-discovery much like mentoring can be. Action learning encourages critical thinking, creative problem solving, the testing and the evaluation of new ideas. Dinkin and Frederick (2013) state that project-based action learning within teams can develop the leader's collaborative and teamwork facilitation skills.

Organisations also use special assignments or job rotations as part of leadership development initiatives. Job rotations require individual employees to spend time working in different teams or departments within an organisation. This is designed to give the individual exposure to different processes, jobs and people for a broader understanding of how the organisation works. It is also intended that the individual will develop a broader skill set which, as Hageman (2013) points out, increases a company's leadership bench-strength and provides a more versatile workforce.

One of the author's students who is in the early stages of conducting research for her Master's degree has found that job rotations are a popular development practice in large Korean companies including banks. Hageman (2013) has found that job rotations deepen a leader's understanding of and appreciation for business complexity. It provides a more knowing frame for decision making. Job rotations and special work assignments can augment leadership development initiatives by providing individuals extra development in areas of weakness. Participants also develop more valuable professional networks and

learn to work with a wider range of people and personalities. Job rotations also benefit developing leaders by helping them better navigate organisational structures and politics while identifying opportunities for inter-team collaboration.

Most universities offer leadership development programs. This is distinct to corporate universities and universities being contracted by companies to design and run company-specific programs. The topic here is universities that develop and offer leadership programs that are open to local leaders from any organisation. Most commonly these are degrees such as the Master of Business Administration (MBA) or the increasingly common specialist degree the Executive Master of Business Administration (EMBA). The EMBA is usually an intensive, condensed Master's degree designed with busy, full-time executives in mind. Universities also offer shorter certificate programs for leaders in specific disciplines and sometimes in collaboration with professional associations that can accredit the certificate.

An example of a specific university led initiative is the Emerging Leaders Program offered by the business school at the University of Boston (Quaglieri, 2007). The University took the lead to identify a need for developing the leadership skills of civic leaders and then sought public funding to design and promote the program. The Program is aimed at mid-career professionals with a focus on developing leadership skills in civic and community leaders. The Program runs over ten months with a full week at the beginning of the Program and then one day a month for the next nine months. Each group has between 40 and 45 participants and the content is based around three principles: meeting with and learning from senior civic leaders; developing leadership skills; developing teamwork and collaboration. Participants have their leadership skills assessed at the beginning of the course and then again at the end to assess their accomplishments. The Program has built an active alumni association and these graduates of the Program are involved as speakers for current cohorts.

An apparently much less common form of leadership development, judged upon the literature review for this chapter, but a highly creative form of advancement is arts-centred leadership development. Romanowska *et al.*, (2013) report on an arts-centred leadership development program in Sweden. The program was jointly funded by the Swedish Research Council and Swedbank. Twenty-five leaders from a range of community organisations participated in a range of development sessions over ten months. The participants were not told the purpose of the program was leadership development and these words were never mentioned to participants. Activities included listening to music; watching films; attending live theatre; listening to poetry recitals; reading excerpts from a range of novels and viewing paintings. Often these activities were mixed together and were arranged to elicit a wide range of emotions from participants. Activities ended with individual written reflections, group activities and facilitator-led discussions. Participants were asked after each activity what they were feeling and thinking.

The objective of the Swedish study was to test the impact of an arts-centred leadership development program on people's intrapersonal and interpersonal development. A range of self-assessments were conducted throughout and after the program. The study found that participants showed a significant self-reported improvement in stress resilience and improvements in other social behaviours. The participants also showed significant improvement in leadership behaviours as assessed by the participants' subordinates in the workplace. For example; subordinates reported that the leaders were taking more responsibility in their jobs.

A popular form of leadership development around the world for which the author could find no published research is third-party, public training. Public professional development programs are provided by dozens of large training and events companies including IQPC; Kavaq Business Intelligence; SAI Global; Infocus; Informa and All Events Group as well as by small, management consulting firms. The private training and events company will develop a program based on its market research of, typically, between two and four days. The program might be industry-specific (the oil and gas industry is

a favourite) or on a topic which focuses on a particular profession (strategic recruitment and selection for HR professionals, for example). The provider then engages in a mass marketing campaign targeting companies and professionals who match the program profile. Participants then respond to the brochure they received and pay to register a place on the program. The events company typically contracts a private consultant or academic to write and deliver the program for either a set fee or a percentage of the income generated from registrations. The programs are mostly held in the conference rooms of expensive hotels. A Google search lists many providers of public professional development programs for leaders. A great many of these companies offering programs globally are based in Malaysia and Singapore.

Table 4.3.2 Types of leadership development activities

Leadership Development Activity	Source
Corporate universities	<i>Xuejun Qiao (2009); Blass (2005)</i>
Outdoor physical activities	<i>Pollitt (2007); Watson & Vasilieva (2007)</i>
Formal, in-house classroom training / seminars	<i>Suutari & Viitala (2008)</i>
E-learning	<i>Short (2013); Addison & Cunningham (2006)</i>
Storytelling	<i>Auvinen et al, (2013); Hurt & Holman (2005)</i>
Volunteering	<i>Bartsch (2012)</i>
Competency-based learning programs	<i>Jantti & Greenhalagh (2012); Bergenhenegouwen (1996)</i>
Communities of Practice	<i>Borzillo et al, (2012)</i>
Coaching	<i>Bowles (2007); Jones (2006)</i>
Mentoring	<i>Corner (2014); Rhodes & Fletcher (2013)</i>
Professional associations / academies	<i>Davis & Callahan (2012); Preece & Isles (2009)</i>
Action-learning	<i>Dinkin & Frederick (2013)</i>
Job rotations	<i>Hageman (2013)</i>
Self-development	<i>Karp (2013); McHale (2012)</i>
University partnerships	<i>Quagliari et al, (2007)</i>
Arts-cantered development	<i>Romanowska (2013)</i>
Public programs	<i>No source</i>

Public training programs often focus on leadership development and the programs target mostly mid to senior level managers. Public programs are different to the majority of leadership development initiatives because the participants' company is not involved in the design or delivery of the program in any way. Secondly; participants are often the only person from their company present and the other participants are strangers. The format is classroom-based delivery by the instructor but commonly with high level participant engagement through discussion and activities. These programs provide excellent networking opportunities and can equip participants with a range of practical leadership-based skills to apply back in their organisations. This author has been engaged by many different training and events companies over the past ten years to design and deliver broad leadership development programs in Africa, the Middle East and South East Asia.

The final leadership development methodology is quite different to all the others because it is initiated, organised, managed and conducted by the individual leader. The organisation may encourage and support self-development with time off work for self-study or provide financial support to leaders taking approved courses, but the emphasis is on self-directed development. Karp (2013) and McHale (2012) have said that good leadership development places considerable value on leaders developing themselves. The individual is well placed, according to Karp, to develop their own cognitive abilities, their creativity, self-management, personal and professional values and vision and to set their own development goals. Karp claims that greater knowledge of self through self-managed professional development leads to positive behaviours such as better self-control, self-confidence and self-esteem. Short (2013) has noted that Australian rail authorities are actively encouraging self-development as part of their wider leadership development.

There are numerous ways an individual leader might engage in self-managed development. It could be broad reading on leadership; using the internet to research solutions to work challenges; forming useful alliances through face-to-face or social networking; listening to motivational CDs in the car on the way to work; taking short evening courses at a community college; privately

using a coach or counsellor; taking an online degree; writing an article for a professional magazine or journal; giving a speech on leadership to a community group; maintaining a diary for the purposes of self-reflection and monitoring thoughts.

The various types of leadership development activities discussed in this section are summarised in Table 4.3.2. This is not a definitive list of the leadership activities organisations can use, but, based upon a comprehensive literature review, the list reflects the predominant activities organisations engage in for leadership development. The activities are not listed in any particular order of merit or popularity.

4.3.3 Examples of leadership development in action

The concern of this section of Chapter 4 is to showcase a range of different ways various organisations are applying leadership development activities and the benefits they are deriving from these activities. This study's interview participants were asked to describe the leadership development activities of their organisations in Kazakhstan. By reviewing the nature and design of international leadership programs, it is anticipated that some comparison can be made between the 'look' of leadership development in Kazakhstan and that of international companies.

Through contrasting leadership development in Kazakhstan with approaches taken overseas, this study will be able to make comment on just how strategic leadership development in Kazakhstan-based organisations is and what opportunities may exist for organisations to enhance their activities to better advance their organisations and organisational objectives. Recognising that every leadership development initiative will be unique and company specific; the examples discussed in the following paragraphs represent both the public and private sectors across a range of countries and industries. It is not suggested that these companies' initiatives should be copied by Kazakhstani organisations; but it is suggested the examples here have merit and reflect good application of leadership development principles and theory.

The first example of quality leadership development in action comes from the Spanish banking conglomerate, Santander Group, one of the world's biggest banks headquartered in Madrid (Dytham-Ward, 2009). The example shows a company using many of the well established modes of delivering leadership development. One innovation at Santander is the formation of a Development and Mobility Committee that makes strategic decisions on leader's needs based upon the wishes of the individual leader and the business priorities of the bank. Leaders may find themselves moved to different divisions or countries as part of their professional development and the bank's future needs. Along with any move comes a supporting leadership development plan which typically involves coaching, mentoring, buddying, volunteering and high-level classroom training in Madrid. Leadership development makes use of development centres in association with external providers. Leaders benefit from 360 degree feedback on an ongoing basis as well as quarterly networking events to allow senior managers to get to know each other.

The leadership development program that has been recently run at East Thames Group, a public housing association in London, incorporates the best practice principles of experiential learning and building leadership development programs from an organisational development grounding. Both are principles discussed in the previous sections of this chapter. According to Jenner *et al.*, (2013) the desire of the organisation was to transform and modernise itself and this was the basis for the leadership development initiative adopted. Rather than begin with a learning program and set of learning objectives, the organisation decided to take a less prescriptive and less structured approach to developing leadership competencies. The idea was to actually build leadership competence through the reinvigoration of the organisation. The leaders designed and led various projects such as cultural change initiatives that were focused on a problem-solving approach to business development. Leaders learned leadership through leading projects, teams and processes that challenged their existing skills and demanded they develop improved skills. The results reported by the author were very positive.

The importance of post-program assessment and review as a principle for quality leadership development is in evidence at Radisson Edwardian Hotels, London's largest, privately run hotel chain. All training and development at the organisation is assessed on four levels. According to Norton (2011) this thorough assessment ensures the company's investment in employee development is returning value to the company. The first assessment is gaining feedback from the individual about the learning experience and how beneficial they believed it was. The second assessment is some kind of test to identify what the learner has learned from the experience. The third level of assessment is the learner's manager who is asked to provide feedback on whether and in what ways the development experience has impacted on the learner and their workplace behaviour and skills. The fourth level of assessment is to gauge how and in what ways the development of the learner is having an impact on the organisation. For example; it could be higher standards of customer service or fewer errors in procurement.

The most recent leadership development programs at Britain's National Health Service (NHS) adopt a blended approach that includes many of the development modes discussed in the previous section. Trainee doctors now benefit from mentoring, coaching, networking events, conferences, short workshops, experiential activities, e-learning programs and paired training with experienced doctors. Bekas (2014) explains that the primary objective is for trainee doctors to practice and apply theory.

In an interview conducted by Bell (2013) with leadership development managers at TechMahindra the company showed a strong focus on developing its future leaders. A large Indian technology services provider, TechMahindra has implemented the Young CEO program for thirty hand-picked high talent employees. The program unashamedly offers this group unique development opportunities with the goal of them becoming the company's future senior leaders. The Young CEO program is based on the principles of empowerment and autonomy whereby participants must navigate their way through complex business challenges. Each participant is assigned a senior mentor who meets with them monthly to assess progress and review goals. The mentor is

expected to ensure the young leader has the tools, skills and support to succeed. Young CEOs also have regular coaching sessions, participate in shadowing experienced business leaders and attend formal, specially designed classroom-based courses.

Communities of Practice (CoP), highlighted earlier as a valid leadership development strategy, are enthusiastically used by Alpha Chemicals of Germany as a means of developing leadership skills in team and project leaders (Borzillo *et al.*, 2012). The company's top management decided to encourage the formation of CoP in the research and development (R&D) parts of the business. R&D is responsible for developing new products and therefore the department where revenue generation begins. The CoP were designed to provide a means for knowledge sharing across R&D teams; encourage inter-team collaboration and as a way to articulate and solve problems. Each CoP is sponsored by a senior manager and lead by a R&D specialist who serves as CoP leader. Each CoP has between thirty and eighty members. After four years some assessments were conducted on the benefits the CoP had provided to the business. It was found that the CoP leaders and CoP sponsors had both enhanced leadership skills through collaborating together to guide the CoP. Moreover, CoP leaders had significantly enhanced their coaching, advising, organising and communication skills through being the link between CoP members and the CoP sponsor.

Derby City Council in the UK has also adopted some best practice principles and delivery methods for its leadership development program (Dexter and Prince, 2007). The Council has partnered with a local university to design and deliver a tailored development program for the organisation's leaders. The program is a postgraduate certificate qualification which raises its value in the eyes of the participants and organisation as it signifies quality and worth. Council already had developed its own Leadership Charter which sets out the Council's expectations of its leaders in terms of ethics, behaviours and attitudes and this Charter was used as the foundation for the certificate program. Consistent with best practice principles, the design of the certificate is centred upon action learning principles and student-led learning. Any theory

is related closely to the work of leaders at Council and all classroom learning components encourage debate and self- reflection of the participants.

A comprehensive leadership development program for general managers (GM) using many best practice principles and delivery modes has been implemented at Bristol-Myers Squibb. According to Derven and Frappolli (2011) the giant international pharmaceuticals company does everything it can to ensure the success of GMs whether being promoted from within the company or hired externally.

The initial development is through a comprehensive on-boarding program. At the time of appointment to their new position, each GM is assigned a more senior manager as their coach for the first three months. The job of the coach is to answer questions, guide, advise and act as a provider of resources. On-boarding also includes a fourteen-day orientation program led by successful and experienced GMs. The focus of the program is to help new GMs navigate the organisation for success. The new GMs are also formed into a CoP whereby they can support one another, work together on problems and share knowledge. This is supported by virtual networking using web-based social networking platforms.

In Australia, from 2006 to 2011, more than 10,000 leaders had completed the leadership development program at the Queensland Department of Health. The program was modelled on the NHS leadership development program and is offered to clinical and non-clinical leaders. Again, best practice principles and delivery strategies are in evidence. Creathar (2011) reports that leadership activities include traditional, classroom-based workshops and seminars; interactive webinars; coaching and 360 degree feedback tools. The foundation principle of the initiative is experiential learning because this engages people in critical thinking and self-reflection based upon in-context experiences relevant to their work. The program's activities are fully integrated with and support the organisation's three business imperatives: safety; quality and improvement. This reinforces appreciation for what the organisation most

values and makes sure that through learning activities participants can make links between business imperatives and the work that they do.

Philips, the global electrical appliance and lighting company, has won a major international award for its leadership development program. The nine-month long program is called Octagon and, as Korde *et al.*, (2011) explain, it is highly original and has been extremely successful. The blended delivery approach of coaching; experiential activities; classroom-based workshops and 360 degree assessments is, in itself, not especially original. However, the development difference is that the driving objective behind the program and all activities is innovation. Developing leaders are challenged to apply their learning to product, process or service innovation that can return value to the company. The authors note that half of all Octagon projects have resulted in innovations that have been adopted by the business and they give specific examples where hundreds of millions of dollars have been saved or generated by Octagon projects. Philips has partnered with universities such as the University of Pennsylvania in America to deliver some of the classroom-based leadership skills modules.

Recognising the changing trends in leadership development, rail organisations in Australia have been reinventing their approach to leadership development to enhance quality. According to the Cooperative Research Centre for Rail Innovation (Short, 2012) the focus has included embracing technology; developing people skills of leaders and linking principles with practice. Rail organisations have started the transition away from classroom-based learning which has traditionally dominated leadership programs at rail organisations. There is an increasing focus on non-formal modes of development such as coaching, action learning projects and web-based learning including e-mentoring and e-coaching.

The second significant shift in focus of leadership development initiatives at Australian rail authorities is the move from a focus on technical skills towards 'soft' or people skills. According to Short (2012) leadership development in rail authorities has traditionally placed a big emphasis on technical leadership

capabilities at the expense of interpersonal capabilities. However, Australian rail operators have increasingly hired migrants so that now they have a large multi-ethnic workforce. Rail also employs many more women than it traditionally has and there has been a much greater focus on customer service in recent years. Therefore, the need to develop strong interpersonal skills in leaders is paramount.

The third focus for Australian rail authorities' leadership development initiatives has been to more explicitly link principles with practice. Short (2012) explains that ten principles have been identified to guide the development of quality leaders. The ten principles relate to desirable leadership practices and behaviours. Leadership development activities are designed against the ten principles and the links are clear and communicated. The goal is that this will aid leaders to demonstrate the desired leadership principles through their actions.

The penultimate example showcasing quality leadership in organisations is that of Royal Bank of Scotland (RBS). The leadership development program at RBS has won a major European award but it is most notable because, as McGrath *et al.*, (2011) explain, it was created at a time of great adversity for the bank. RBS was almost bankrupted during the 2009 GFC and had to be bailed out by the British government. Morale and confidence at the bank, the authors explain, was very low. Yet rather than cut the expense of leadership development, the bank invested heavily in it.

RBS developed a set of objectives for the program which were based on lessons learned and designed to contribute to rebuilding the bank. These principles included: equip leaders to execute and sustain strategic business plans; develop leaders who are accountable for and take ownership of business plans; skill leaders to think analytically and strategically; build a common set of leadership behaviours and a shared language of leadership. Partnering with INSEAD graduate business school in Singapore and Wharton Business School in the USA, RBS developed two intensive workshop programs. The delivery mode was entirely through workshops as this was thought by the program

designers to be best because the content was heavily biased towards theory and concepts. McGrath et al., (2011) report that by July 2011 1,100 leaders had completed the program and the results have been very good: seventy-five per cent of graduates reported that they are applying the key concepts learned on the program in their jobs and eighty-four per cent said there had been a change in their ability in line with the program's goals.

Table 4.3.3 Examples of leadership development in action

Organisation	Country	Industry	Sector
Santander Group	Spain	Banking	Private
East Thames Group	UK	Housing	Charity
Radisson Edwardian	UK	Hotels	Private
JRD Mouldings	USA	Manufacturing	Private
National Health Service	UK	Health Services	Public
TechMahindra	India	Technology Services	Private
Alpha Chemicals	Germany	Chemicals Production	Private
Queensland Health	Australia	Health Services	Public
Bristol-Myers Squibb	Global	Pharmaceuticals	Private
Derby City Council	UK	Government	Public
Philips	Global	Electrical Appliances	Private
Australian Railways	Australia	Transportation	Public
Royal Bank of Scotland	Global	Banking	Private

JRD Mouldings, a UK rubber parts manufacturing company, makes good use of technology for its leadership development programs (Addison and Cunningham, 2006). Leaders are assessed using a web-based leadership competency assessment framework. This program uses personality assessments to identify which desirable leadership traits individuals have and which traits they do not have. The system then recommends specific, targeted development opportunities which would help leaders acquire the desirable leadership traits. The system also benchmarks leaders against a competency framework and maps a development plan for each leader with specific goals to achieve throughout the plan. The system can also identify where working styles and personality traits of leaders may cause them difficulties with certain projects or teams and the system can suggest remedies for these situations too.

Table 4.3.3 on the previous page summarises the examples of leadership development mini-cases discussed in this section of chapter four. These examples showcase some organisations that are applying the principles outlined in section 4.3.1 and using the delivery methods and modes discussed in section 4.3.2. The examples represent a range of countries, industries and sectors. The examples are not presented in any particular order.

4.4 Conclusion

This chapter has reviewed the international scholarly literature on leadership development for the purpose of identifying best practice principles in program design, management and delivery. The literature review has also revealed the commonly used delivery strategies for leadership development initiatives in organisations around the world. It has been shown that, while there exist no universally endorsed set of principles to guarantee quality leadership development programs, widespread agreement in the literature among researchers is in evidence for many important principles that should characterise modern leadership development initiatives.

This chapter has also shown that there are many, varied strategies or modes for delivering leadership development programs. Again, there is no absolute agreement in the literature on which modes are most effective and there are success stories expounding the virtues of all forms of delivery. However, there is evidence that traditional, classroom-based, content-focused, facilitator-led leadership activities are less effective than their experiential, more learner-led counterparts for leadership development initiatives. And finally, this chapter has showcased numerous examples from the public and private sectors across various industries and countries that present these leadership development principles and delivery modes in action. They are not just theories or concepts but are commonly applied by organisations and derive very good results.

This goal of this chapter, then, has been to identify some benchmarks of quality in leadership development practice against which to assess and interpret leadership development activities in Kazakhstan-based organisations

as revealed through the interview stage of this research project. This assessment of leadership development in Kazakhstan will provide the basis for analysing the nature of this development. Specifically; the extent to which leadership development in Kazakhstan is sufficiently progressive and strategic so as to be a contributor to building organisational competitiveness and play a part in the achievement of President Nazarbayev's Strategy 2050 goals.

Chapter 5: RESOURCE-BASED THEORY

5.1 Introduction

The topic under discussion in this chapter is Resource-based Theory (RBT) which has been selected as the theoretical context within which to situate the study. RBT is a popular HRM theory that apparently has not been applied to any study in Kazakhstan and, as such, positions this study well to make an original contribution to theory as well as practice. RBT offers this researcher a most relevant and interesting lens through which to examine the core research problem upon which this study is founded.

RBT is concerned with the idea that a firm's internal resources can become a direct source of sustained competitive advantage (SCA) for the firm. This is a novel departure from traditional notions of competitive advantage popularised first by Porter (1985) which stressed competitive advantage was attained for the firm through external offerings such as products, location or services and environmental factors such as the prevailing economic conditions. According to Wright and McMahan (1992) the idea that a firm's human resources could be a source of competitive advantage dates to 1984 although it seems not to have gained much momentum as a mainstream theory in the academic literature until a decade later.

To enable employees to become a source of a firm's competitive advantage, it is necessary to affirm several principles that underscore the link between a firm's human resources and its business strategy. According to Karami *et al.*, (2004) there are four principles that link the two: 1. The firm must seek to ensure that it has capable and committed employees; 2. The firm must commit to the strategic importance of human resources to the success of the business; 3. Human resource activities must be managed by specialists; 4. Human resource management is integrated into business strategy.

In addition to the above four principles being actively in place, a firm's employees must also possess certain characteristics in themselves. Wright and McMahan (1992) claim that in order for a firm's resources (human or

otherwise) to provide sustained competitive advantage, four criteria must be attributable to the given resource: (a) the resource must add value to the firm, (b) the resource must be unique or rare among current and potential competitors, (c) the resource must be impossible to imitate perfectly, and (d) the resource cannot be substituted with another similarly-functioning resource by competing firms. Human resources in modern businesses can be said to meet this criteria. This is especially true in the corporate age of knowledge workers where the intangible asset of what someone knows and how they apply this knowledge differentiates employees from each other.

This chapter is divided into eight sections. The remainder of this section will now briefly introduce the following sections. Section two will discuss in detail the assumptions behind RBT and the elements of the Theory that make it distinctive. Section two also acknowledges that RBT has received criticism from some scholars. These criticisms, including claims that RBT is overly presumptuous and contradictory, are explained with examples. Section three will explain how and why RBT was selected as the theoretical framework for this study. It will be shown that RBT, with its focus on how employees can deliver competitive advantage, is the perfect theory for a study about the development of HRM practices and a country's aspiration to become one of the world's leading competitive nations.

The fourth section of this chapter provides a literature review highlighting other organisational studies where RBT has been applied. This serves to justify the application of RBT as an appropriate framework for this study but also to demonstrate the wide use of RBT by scholars and practitioners across a disparate range of inquiries. In section five the discussion focuses on explaining the link between RBT and organisation competitive advantage. Specifically; attention is paid to how employees can be a source of competitive advantage, what types of competitive advantage employees can deliver to organisations and in what ways organisations can use this advantage to achieve strategic business objectives.

Section six of this chapter addresses the apparent contradiction between selecting RBT as the theoretical framework for this study and the study's

partial, but important, focus on the public sector. At first there appears to be no relationship between applying a theory of competitive advantage to the development and evolution of the public sector. However, there has been a global trend towards commercialising or corporatising public sector organisations ostensibly for the purposes of increasing customer choice and stimulating competition and greater accountability. Therefore, President Nazarbayev's vision for a modern, professional public sector is likely to radically transform public organisations in Kazakhstan so that they more closely resemble their western counterparts. Public sector employees in the future Kazakhstan will probably have to 'compete' for funding, contracts, jobs and even their existence much as public entities in places like Britain and Australia have been doing.

The penultimate section of chapter five discusses the particular relevance RBT has to Kazakhstan, local organisations and their employees given the Government's development agenda and the Strategy 2050 objectives. The chapter ends with a brief conclusion of RBT and its value to this study. The main point made is that RBT and competitive advantage are especially relevant to the future development of Kazakhstan-based organisations. They are also relevant to the country's modernisation agenda and to HRM professionals seeking to design and implement policies that support business strategy and make HRM a value-adding part of the organisation.

5.2 The Resource-based Theory of HRM

Resource-based Theory (RBT) began life as the Resource-based View (RBV) and was first proposed by Wernerfelt in 1984 (Fahy, 2000). The idea quickly gained popularity among strategic management scholars as a significant and seminal advancement in strategic management theory. Testament to this is the fact that within a few years the literature affirmed RBV as a full theory and henceforth the 'View' became RBT. According to Yang and Conrad (2011) RBT is concerned with organisational performance heterogeneity. The objective is to bring together a range of internal resources which combined and deployed strategically can create competitive advantage for the organisation. Internal resources include various types of capital: Physical

capital (buildings; machinery; stock); financial capital (investments; cash reserves; operating capital); human capital (the knowledge, qualifications, skills and experience of employees) and corporate capital (trademarks; patents; systems). Yang and Conrad (2011) explain that these resources become valuable when they are used to enable the organisation to implement its business strategy. It is through the implementation of business strategy that sustained competitive advantage (SCA) can be achieved.

Leiblein (2011) has observed that RBT is premised upon two observable truths. Firstly, firms vary in their ability to control, access and organise productive resources. Secondly, firms' differences in resources and resource management at least partially explain performance differences among close competitors. The nature of resources and resource management are the two main issues that this section will address.

The significant difference between RBT and traditional, older theories about how organisations achieve SCA is that RBT is focused on an organisation's internal resources while traditional theories focus on a firm's external environment. Sveiby (2000) draws the distinction that while traditional views of competitive advantage, such as Porter's, are product-based, RBT is knowledge-based.

"Rather than being defined by the competitive environment, the parameters of a firm's competitive strategy are critically influenced by its accumulated resources. In other words; what a firm possesses would determine what it accomplishes. Accordingly, a firm should pay more attention to its resources than its competitive environment."

(Das and Teng, 2000)

The literature describes these internal resources as being semi-permanently tied to the firm (Furrer *et. al.*, 2008; Das and Teng, 2000). That is to say; these resources have limitations on their usage which is outside of the organisation's full control. For example; employees may choose to leave or patents may expire. However, to a considerable extent, semi-permanent resources are subject to use under the decision making authority of the organisation's senior

personnel. The importance of the organisation's senior management to the success of RBT inspired initiatives is stressed by Fahy (2000). He argues that it is the strategic choices that managers make about properly identifying, developing and deploying the organisation's internal resources that ultimately determines the financial returns. Andersen (2011) has said that the internal resources themselves, no matter how special they be, are not enough for a firm to achieve SCA without a highly capable management team directing the use of those resources.

In addition to being semi-permanent, the literature ascribes other characteristics that resources must possess in order to be a potential source of SCA for the organisation. These characteristics are commonly combined and known in the scholarly literature by the acronym VRIN/O (valuable; rare; inimitable; non-substitutable with the organisation in place to apply them). By 'having the organisation in place' it is meant that having capable management in the organisation is necessary (as mentioned in the foregoing paragraph). It also means more generally that the organisation's systems, procedures, policies, structure and other inherent organisational mechanics must be organised and aligned in ways which support internal resources being able to be used strategically. Chew *et. al.*, (2008) call this the process of organising resources into capabilities. Resources themselves, the authors claim, only have the potential to create SCA but need to become organisational capabilities before they can add value.

5.2.1 Criticisms of Resource-based Theory

While RBT is well established in the strategic management literature as a credible theory for understanding competitive advantage, it has been widely criticised for many years. The purpose of this section is to acknowledge that the theoretical positioning of this study, while robust and credible, is not without fault or dissenting voices. RBT is not perfect and the criticisms highlighted here indicate that this theory requires some further development and testing. This does not make RBT a discredited theory; it makes RBT an evolving theory.

Indeed, one of the leading proponents of RBT has observed that the biggest threat RBT faces is to evolve or decline. Barney *et. al.*, (2011) claim that RBT has reached a critical juncture where it must develop or perish. The authors note the criticisms leveled at RBT and acknowledge that the theory faces credibility challenges in some aspects such as measurement. They say specifically that RBT must address the issue of how to measure the often intangible internal assets it champions in order to be able to say that these assets do act as a source of SCA for an organisation. Barney and his co-authors also accept that criticisms made against RBT methodology concerning assessing unit-level (individual) contributions to SCA must be better addressed.

Other criticisms of RBT include that the theory is over presumptive and simplistic. Kraaijenbrink (2010), for example, claims that RBT presents firms as simply competing for above average profits with each other apparently immune to environmental forces. Fahy (2000) made a similar observation a decade earlier that RBT appears to begin with the assumption that the primary objective of managers is to generate competitive advantage so that the firm may achieve higher than average financial returns. Of a firm's managers Kraaijenbrink observed that RBT implies that they are rational and their actions predictable because RBT assumes organisations exist firstly to maximise profits.

The apparent simplicity of RBT is also challenged by Andersen (2011) who contends that the relationship between internal resources and firm performance is far more complex than RBT proposes. Andersen argues that simply having rare and valuable resources is not sufficient for creating a high performance firm. Kraaijenbrink (2010) has criticised RBT for oversimplifying the environment within which organisations operate. He has written that RBT presumes markets to be reasonably predictable and stable and that firms are presented to be competing in distinctive markets. Kraaijenbrink has also contended that it is not possible to know the future value of a resource as RBT implies and that RBT is essentially a reductionist

theory which contradicts the prevailing view that organisations behave much like organisms.

Both Andersen (2011) and Kraaijenbrink (2011) have criticised RBT for its definition of a resource. They argue that the definition is so broad and inclusive that almost anything internal to the firm could be considered a resource. Both authors have also made the claim that because the definition of a resource is so vague that there is confusion among scholars regarding what constitutes a resource and what is in fact a capability that enables a resource to be valuable. Andersen has gone further to state that this confusion actually makes RBT tautological in that resources need to be valuable and inimitable to generate sustainable (inimitable) competitive advantage (value indicator). Further; that the internal versus external resources debate is also a tautology because strategic deployment of external resources such as products are a direct result of internal resources (management decisions; skills and experience of employees) being deployed strategically.

According to Kraaijenbrink (2011) there are three major deficiencies with RBT which have not been addressed by the theory's proponents and that are not easily dismissed. The first of these is that VRIN/O is neither sufficient nor necessary for an organisation to enjoy SCA. In part this is because the formula ignores important variables in achieving SCA such as the role of management judgment and decision making. Kraaijenbrink's second fault with RBT is that the value of a resource is too indeterminate to provide RBT with the required legitimacy it needs to base its concept on the value of internal resources as a means to SCA. The third unaddressed shortcoming of RBT is that it is impossible to know how different resources might contribute differently to any SCA the firm may derive. Perhaps of all the criticisms leveled at RBT, Kraaijenbrink's are the hardest to counter. Perhaps through further research some more definitive arguments may be advanced to address Kraaijenbrink's criticisms and bolster the integrity of RBT.

One of RBT's most vehement critics is Fahy (2000) who has noted that RBT:

"Is not short of confusion, ambiguity and conceptual and empirical difficulties...much of the ambiguity is caused by weak taxonomies and inconsistent and conflicting use of terminology." (Fahy, 2000; p.94).

Fahy has outlined a number of issues reflecting his concerns with RBT. For instance, he contends that there is no agreement within the RBT community on the characteristics resources must possess to be considered worthy of creating SCA. From this point he goes on to suggest that there are numerous different types of competitive advantage and that the term is relative. For example; perhaps one company has better access to raw materials than its competitor but the competitor has a more educated and qualified workforce. This raises a number of questions about competitive advantage: which is better? Who is to judge? How to measure and compare? What to measure exactly? From here Fahy (2000) challenges the notion of sustainability of competitive advantage and more questions can be posed: How long is 'sustained' and who decides? How do we measure sustainability?

Fahy makes three further criticisms of RBT. He challenges the fact that there is no definitive list or ranking of internal resources and no agreement on which resource is more valuable or inimitable than the others. On the topic of RBT ultimately creating SCA and returning value, Fahy asks who determines what value is. Value may be seen differently by different stakeholders such as employees, senior management, customers and shareholders. The question is who determines what value is? If this question is resolved then the next consideration is deciding who appropriates value once it is created; especially value created by intangible assets. Fahy's criticisms pose challenges to RBT advocates and indicate that, as noted earlier, RBT is an evolving theory that has not yet resolved all of its inconsistencies or ambiguities. This is not to say that Fahy's observations expose RBT to be inherently flawed or weak. The challenge is further research and application of RBT to organisational studies on competitive advantage to begin addressing the concerns of the critics.

5.3 Selecting Resource-based Theory for this study

RBT is an especially interesting perspective from which to examine HRM in Kazakhstan. Aside from the fact that no previous study appears to have been conducted applying RBT in Kazakhstan, as a post-Soviet state the country is still in its infancy regarding the development of spheres of competitive advantage and as such has much to learn and much to gain. It is important to keep in mind that Kazakhstan only became an independent country at the very end of 1991. Also, the evidence available to date on HRM in Kazakhstan would strongly suggest that RBT is little understood or appreciated, either as a theory or a practice and neither consciously nor subconsciously by HRM professionals. Again, this suggests that many possibilities for developing personnel management in the country could result from a better knowledge of RBT. Furthermore; a more effective and strategic leveraging of intellectual capital by organisations would likely contribute significantly to the overall objective of the Government of increasing Kazakhstan's international competitiveness.

In chapter two of this thesis evidence was provided that clearly showed HRM in Kazakhstan is tactical and reactive rather than strategic and proactive. The studies that have been conducted on HRM in Kazakhstan-based organisations demonstrate that employees are not in any way being considered as a source of competitive advantage for their organisations. The lack of a HRM professional association in Kazakhstan and the invisibility of the profession generally also support the assertion that HR managers in organisations do not have the knowledge or status from which to deploy employees as potential sources of competitive advantage. Therefore, an important reason for selecting RBT as the theoretical frame for this study was the consideration that the findings of the research would likely reveal great opportunity for HRM practitioners to apply RBT to personnel initiatives in their organisations. After all; organisations can only innovate and compete through the work of their employees. Employees need the capacity and competency to contribute in value-adding ways and HRM practitioners are central to shaping policy that can enable these conditions.

A second reason for selecting RBT for this study was that data from organisations including the WEF and UN presented earlier in this thesis strongly indicates that organisations in Kazakhstan are uncompetitive. This is especially true regarding issues like R&D; innovation; ethical business practices and knowledge management. Therefore, a better understanding of RBT and the ways in which it can be applied to progress organisations seemed especially pertinent. Kazakhstan is an emerging economy and a country still evolving from seven decades of communism where competitive advantage would not have even been countenanced. Indeed, private ownership of businesses was only legalised in the final days of the Soviet Union.

A further reason for selecting RBT for this study was the evidence presented in chapter two that indicated leadership in Kazakhstan-based organisations is under-developed. Although the available research is thin and now quite dated, it suggested that leaders in Kazakhstan are leading in ways which hinder organisational and employee advancement. There was no evidence that any scholarly study had been conducted on leadership development in Kazakhstan. This indicated another opportunity for RBT to prove helpful to Kazakhstan-based organisations. Leaders are important to organisational competitiveness because they make the important decisions; including how best to utilise the workforce. Well developed leaders who are leading in innovative and progressive ways would be likely to see the opportunities of RBT to their organisations and begin applying RBT to practice.

The final reason for selecting RBT as the best theoretical perspective from which to analyse this study's themes was that this is essentially a study about competitive advantage. The central theme of this study is whether HRM in Kazakhstan is sufficiently strategic in nature to contribute purposefully to the achievement of President Nazarbayev's Strategy 2050 goals. The President's main Strategy 2050 goal is for Kazakhstan to become one of the world's thirty most competitive nations by mid century. Therefore, the words "contribute purposefully" in essence mean "generate competitive advantage through employees." The President's speeches, discussed earlier in this thesis,

explicitly refer to the importance of human resource management to the country's development and competitiveness.

5.4 Applications of Resource-based Theory in the literature

The objective of this section of Chapter 5 is to further legitimise the choice to adopt RBT as the theoretical context within which to situate this study by highlighting the many and varied ways organisations around the world have applied RBT. It will be demonstrated here that RBT lends itself well as a theory through which organisations can develop frameworks, models and processes for the enhancement of practice and knowledge. RBT has, among other things, been used to solve problems, improve organisational performance and enhance the effectiveness of personnel.

A literature review resulted in discovering that the applications of RBT in organisations, while disparate, fall reasonably neatly into one of three broad categories which this author has labeled: Strategic business applications; Business improvement applications (including organisation development) and human capital applications. For the purposes of orderly presentation of the data, the applications of RBT in organisations will be discussed now under these three headings.

5.4.1 Strategic business applications

There have been a number of studies which have shown the strategic value of RBT to organisations. Sveiby (2001) found that RBT can inform the process of strategy formulation for businesses and act as a guide for strategic decision making and even setting the strategic direction for a business. He argues further that RBT provides a reason for the full realisation of the importance of knowledge sharing and then converting this knowledge into actionable business strategies.

Other researchers have conducted studies that point to numerous specific ways that RBT can add to strategic decision making in different organisations. Shook *et al.*, (2009) found that RBT is a valuable perspective from which to

understand strategic sourcing issues in manufacturing and services industries. The authors found that using RBT these businesses could improve the efficacy of important strategic decisions such as deciding between whether to manufacture, purchase or ally. They also found RBT was able to guide decisions such as selecting the right suppliers and deciding how many suppliers was optimum for different processes. The findings of the study conducted by Shook and colleagues are supported by a similar study of ninety-three textile and clothing firms in Italy (Ordanini and Rubera, 2008). They discovered a positive correlation between a firm's internal resources, including human resources, and key decision making capabilities in procurement. In other words, RBT when translated into practice improves strategic decision making in the business buying process.

Another link between RBT, human resources and strategic planning was the conclusion of Knott (2009). He found that RBT provides for the development of several models which organisations can use to analyse their internal resources for the purposes of strategic planning exercises and decision making. These models, applying RBT, can outline an integrated set of steps which act as a map for management practitioners to base decisions on. In one of the earlier studies on the strategic applications of RBT in organisations, Olavarrieta and Ellinger (1997) discovered the theory is very useful for understanding strategic logistics because an organisation's logistics possesses some of the same characteristics as RBT: elements of uniqueness and fairly inimitable. The authors argue that these characteristics help companies gain competitive advantage from their logistics capabilities. This is especially true in logistics activities such as strategic partnerships; outsourcing and location decisions. Therefore, RBT's central tenants can be mapped across to logistics and provide a guide for decision making.

Similarly to the abovementioned study, Bourne *et al.*, (2003) argue that RBT provides a fresh and insightful perspective to better understand operations management generally. They point out that traditionally areas such as operations management have been conceptualised through external theories of competitive advantage. However, they contend that external, market-based

theories of operations management decision making are insufficient and that RBT provides a more valuable viewpoint from which to assess such business issues and make strategic decisions. Das and Teng (2000) also found RBT a useful framework for operations management decision making. They highlight the theory's applicability to better understanding strategic alliances between firms such as joint ventures and partnerships and that RBT can help identify which kind of strategic alliance is likely to maximise competitive advantage through the pooling of internal resources.

The final strategic business application where RBT can play an important role is marketing strategy. Hunt and Derozier (2004) say that RBT grounds theories of marketing strategy because RBT is a differentiation-provoking theory of competitive advantage. One example of this is that RBT demands unique and inimitable resources (such as skilled and creative employees) as prerequisites of attaining competitive advantage. Employees are key to the creation of goods and services for the marketplace which marketers must promote. Therefore RBT acts as an anchor for marketing strategy because it is constructed of principles which support marketing efforts.

5.4.2 Business improvement applications

This next section provides some examples from the literature that show RBT has good application to business improvement and organisation development. The first three studies relate how RBT can be applied to improving all-round quality in business systems and processes. Quality assurance is important for achieving competitive advantage and for business sustainability.

Ooi *et al.*, (2009) conducted research especially interesting to this research project because they showed how RBT can be applied to integrate HRM and total quality management (TQM) in organisations. They developed a model which shows the relationships between quality management and human resource management. Most significantly, the research found that when integrated, HRM and TQM combine to positively impact on knowledge management (KM) outcomes. The central point is that both HRM and TQM

are essentially based upon knowledge-driven principles and systems and so when fully integrated they combine to produce better knowledge creation, sharing and dissemination within an organisation.

Another study that found a positive relationship between HRM and TQM was conducted using private companies in Sri Lanka (Wickramasinghe, 2012). This was a study of seventy-seven export-based firms which had international quality assurance accreditation and formal TQM programs in place. The study found that these firms had consciously upgraded the status and role of HRM in the business to support TQM programs. In these companies RBT identified human resources as a form of competitive advantage through TQM programs and so leveraged personnel skills and knowledge and provided enhanced development for employees. A different example where RBT was used to improve quality was in a US call centre (Jack *et al.*, 2006). In this case the call centre wanted to identify the kinds of operational challenges that managers face that might impact on their ability to improve service quality. The call centre developed an analytical framework based upon RBT and found the framework very helpful in identifying human resource based management decisions that had an impact on service quality.

RBT has also been applied successfully to organisational change initiatives. Alas and Sun (2007) conducted a study where they held structured interviews with 160 managers in firms in northern China to identify how employees contributed to organisation change projects. They concluded that generally the knowledge and skills of employees were ignored by Chinese managers during change and that managers used coercion and manipulation on employees to bring about change. This was found to increase employee resistance to change efforts. The authors concluded that RBT could be used to inform managers of the value of employees during change initiatives and that a RBT change-based model would ensure change is better managed and more successful.

Other business improvement and organisation development areas where RBT has been applied include at a major US food services company. Lewis *et al.*, (2010) report that at a large, well established food services company in

America, a RBT inspired framework achieved faster product development cycles than had been achieved using more traditional, market-based theories of competitive advantage. Hazen and Byrd (2012) discovered that a firm's information technology (IT) is critical to sustaining competitive advantage and that good IT depends upon human capabilities and integration with other internal firm resources such as other systems and process. RBT was applied to understand how IT can be developed and maintained for competitive advantage.

RBT has also been applied successfully to help firms expand and develop. Zubac *et al.*, (2012) demonstrate that RBT can provide for a model to help inform business owners and senior management where best to invest capital in the company for maximum returns. RBT can help identify which internal resources might return the highest value as a result of internal investment. Such a model can compare and contrast the different strengths and opportunities of various internal resources. Another study that applied RBT to business expansion and revenue generation was conducted on UK food retailers (Ellis-Chadwick *et al.*, 2007). The researchers studied the development and expansion strategies adopted by grocery retailers for creating sustained competitive advantage (SCA) in online grocery retailing using a RBT model. They found that IT infrastructure was only one part of what determined online selling success and that internal human resource capability was more important for the success of online retailing. Specifically, these capabilities were identified to be: strategic thinking, innovation, competitor analysis and risk taking.

A similar finding to the online grocery retailing was made by Wan *et al.*, (2011). Here the authors discovered that RBT can be applied to direct decision making regarding business diversification initiatives. A RBT framework can allow the firm to assess and maximise internal resources such as personnel and then capitalise on these resources by identifying ways in which the competencies of these resources can be transferable to related businesses and so pave the way for business diversification. An example might be that human

resource capabilities within a hotel would allow the hotel to exploit opportunities to open restaurants.

The final business improvement or business development application presented here where RBT has been found to have merit is corporate social responsibility (CSR). In recent years the literature reflects that CSR has become an important initiative for firms of all sizes. McWilliams and Siegel (2011) found that RBT can be applied to helping organisations develop CSR initiatives because both CSR and CBT have the same prime objective which is to deliver SCA to the organisation. The authors state that RBT models can identify in which ways and to what extent an organisation can engage in specific CSR activities for maximum financial and non-financial (reputation building; community goodwill; brand promotion and so forth) return on CSR investment. RBT models can identify, for example, strengths of employees and their various out-of-work interests that can be a match with providing useful support to specific charitable or non-profit community organisations. This study's findings have been supported by other research (Gallego-Alvarez, et al., 2011) that has also found RBT provides a frame for better understanding CSR practices and how they can return value to the organisation.

5.4.3 Human capital applications

This final section on the applications of RBT in organisations looks at how RBT models and frameworks can be applied to better understand human capital related business issues. Early examples of RBT as a step to improving human capital outcomes in organisations focused on workplace learning. Smith et al., (1996) provide one of the earlier research studies on RBT and workplace learning whereby they developed an integrated model of the two. They proposed that RBT and workplace learning espouse the same principles of inimitability, inherent value and complex semi-permanence. This therefore means that RBT principles and workplace learning ideals can be integrated to develop learning interventions that can potentially be a source of direct competitive advantage for the organisation. Later, Davis and Hase (1999) applied this approach in the construction industry to change the perception and

approach of that industry towards workplace learning. They found that a RBT inspired approach was able to shift the nature of learning in construction from management control to employee-centered. This transition was achieved by demonstrating that employees can be a source of competitive advantage when developed in ways which empower and liberate them to think and act more freely. This meant managers releasing their control over learning processes and transferring more of the responsibility for learning to the employees.

According to Weissenberger-Eibel and Schenk (2009) firms that appreciate and understand RBT can apply it to encourage the development of KM initiatives within the business. The relationship is a cycle: A good grasp of RBT theory can produce models which can then nurture and steer KM initiatives. KM initiatives foster innovation through knowledge sharing, experimentation and strategic knowledge deployment; innovation is necessary for achieving competitive advantage. Knowledge management is especially important to RBT in action because it is one way in which firms can use employees to gain competitive advantage. KM will be discussed in detail in section 5.5 shortly.

Two final applications of RBT to human capital issues in organisations are entrepreneurship (Andersen, 2012) and financial reporting (Abhayawansa and Abeysekera, 2008). The first study applied a RBT framework to analyse types of entrepreneurship in small businesses in Sweden. Anderson surveyed 186 small businesses and identified six distinct types of entrepreneurship. He argued that typically the literature uses just one definition to explain all types of entrepreneurship. Anderson explained that by applying RBT it is possible to identify complexities and subtleties in seemingly homogenous concepts such as entrepreneurship and therefore RBT is valuable as an analytical tool to explore more thoroughly problems and opportunities.

Abhayawansa and Abeysekera (2012) studied the issue of human capital disclosure on financial statements of firms. This means the annual financial reports that listed companies must make publicly available. They applied a RBT framework to conceptualise a more appropriate view of human capital to

meet the demands of the market (presumably analysts and investors). They found that the current approach to compiling financial statements lack detailed information on the organisation's human capital. The authors state that such information is important to external parties who may use the financial statements of companies to make decisions such as, presumably, buying stock. Using a RBT analytical model the authors showed how human capital could be better reported that shows the value of employees to a company's worth. Such detailed reporting would provide higher quality information on which the market could make investment decisions.

5.5 Resource-based Theory and competitive advantage

This section will address the specific ways in which RBT can be applied to achieving competitive advantage through employees. This section of chapter five is especially relevant to HRM practitioners in organisations. It is they who must usually coordinate the programs and initiatives through which employees might achieve competitive advantage for the organisation. It is HRM practitioners that best understand how employees can be enabled to make maximum contributions through their daily work. HRM practitioners have most influence over the proposal, design and implementation of policies that frame work practices. And HRM practitioners guide and advise management on bigger organisational decisions that can either advance or hinder employee achievement, loyalty, morale and commitment and in turn impact on organisational effectiveness. This section will show how other organisations have taken RBT, developed practice, and achieved good results for their organisations by utilising employee abilities in progressive ways.

There is little doubt that valuable employees who are well managed have an impact on their organisation's fortunes. Masakure *et al.*, (2009) assessed the financial performance of micro-enterprises in Ghana applying a RBT model and found that differentiated internal resources had a positive impact on firm performance. This is precisely the claim of RBT; where internal resources, such as employees, are 'differentiated' (VRIN/O) they can have a positive impact on firm performance by creating competitive advantage. The point

made about employees being well managed is very important; even highly rare and inimitable internal resources will be useless if their potential is not recognised by the organisation's senior decision makers and then appropriately acted upon. Kraaijenbrink *et al.*, (2010) explain that at first managers must identify the potential of an internal resource to be utilised for competitive advantage. Leiblein (2011) has said that it is precisely *because* firms do vary in their ability to harness the resources they have that: "*There is a positive role for management in leveraging, accessing or developing scarce resources for the organisation.*" (p. 911). Management's ability to correctly make best use of internal resources will ultimately influence the impact those resources will have on firm performance.

The first way in which RBT can be applied specifically to employees for the purposes of utilising their skills and knowledge for competitive advantage is through competence development. Clardy (2008) for instance suggests that RBT be the basis for organisations to develop business competencies so that competencies are focused on achieving competitive advantage. These should then be cascaded down to employees and inform the nature of the competencies they are developed to achieve. In this way, leadership and general employee training and development programs can be designed to skill people with the mindset and abilities to work in ways that contributes to organisation competitive advantage.

Hunt and Madhavaram (2012) pick up from Clardy by suggesting that RBT frameworks can be practically applied to facilitate managerial actions and decisions. They state that managerial actions are known to influence performance and provide examples of such actions including: acquisition of customers; introduction of new products; business expansion; entering into business partnerships and takeovers. All such actions and the decisions that lie behind them would necessarily be based in competencies learned through development or experience. Therefore, employee competencies will predict certain actions and decisions that, if well chosen, can influence competitive advantage and firm performance.

An example to illustrate the point being made is provided by Menguc and Barker (2005) where a RBT framework and methodology was applied to understanding the importance of sales skills of field-based sales managers. The study analysed managers across 102 large Canadian organisations. The study concluded that good sales skills have an impact on firm performance through creating competitive advantage because good sales skills are VRIN/O. It is not only the capabilities of managers and their actions that influence the fortunes of organisations. Khandekar and Sharma (2005) examined the links between HR capabilities, organisational performance and SCA. They sampled 300 line and HR managers in nine Indian and foreign global companies operating in India. They discovered that HR capabilities or competencies are positively linked to organisational performance in that those companies with best developed HR systems and practices were performing most well. Further; HR capability was found to be a significant predictor of SCA. The HR capabilities that had particular impact on organisational performance included: attracting and retaining the required people; developing employee expertise; rewarding employees; encouraging knowledge sharing across the business.

Before looking at the two main opportunities for organisations to leverage employees for competitive advantage, there are three studies to mention that show the diversity of ways in which employees can influence competitive advantage. The first study looked at the entrepreneurial behaviours of some employees within organisations. The study (Alvarez and Busenitz, 2001) found that employees who display entrepreneurial behaviours uniquely contribute to creating competitive advantage. The study considered entrepreneurial behaviours including creativity; innovation; experimentation and risk taking. Entrepreneurial employees perceived the organisation and its resources differently; they saw opportunities to maximise resources that other employees did not see. The authors noted that entrepreneurial employees were better able to integrate internal resources and internal resource heterogeneity is a fundamental principle of RBT.

In an Italian study of hyper-growth firms, Cassia and Minola (2012) applied RBT in an attempt to identify what factors influence how firms can achieve

hyper-growth. They identified two main factors: able to exploit extraordinary business opportunities and extraordinary knowledge-based internal human capital resources. The finding of the study is, in part, that truly exceptional employees can help a firm achieve truly exceptional results and so the extent to which your knowledge-based workers are VRIN/O seems proportional to the extent of the success the firm can enjoy (if exceptional business opportunities exist to be exploited).

The third example that illustrates the broad diversity of the ways in which employees can impact on firm performance and competitive advantage is a Spanish study. Pertrusa-Ortega *et al.*, (2010) conducted a study of large firms in Spain to identify how organisational structure might affect firm performance. The study concluded that organisational structure does not exert a direct influence over firm performance but an indirect influence when observed from a RBT perspective. The authors stated that organisational structure can be a VRIN/O resource from which a company can derive competitive advantage over rival companies.

This section will now turn to the two main sources of employee-generated competitive advantage for organisations according to the literature: intellectual capital (IC) and the related knowledge management (KM). One article critical of the view that IC is an internally manufactured source of competitive advantage is that by Galabova and Ahonen (2011). They contend that certain important elements of IC, such as KM, are rooted in external resources such as products. However, in an earlier published paper, Pike *et al.*, (2005) suggest that this is not accurate. They studied a company in London and found that IC is certainly within RBT and that IC is an internally based resource of the firm which results in external resources such as products. The genesis of the product and its journey to the supermarket shelf is all created by internal resources: without the internal resources there is no product.

An interesting study on the merits of having valuable IC in organisations and the organisation's success is provided by Saffu (2008). He studied 247 small to medium tourism businesses in Ghana. The study found a significant positive

relationship between the education levels and business experience of managers and owners of the firms and firm performance. The study concluded that intellectual capital invested in small businesses is an important determinant of competitive advantage and financial performance. In another study, Karami (2004), a survey of senior managers was conducted to discover what they thought about RBT. The managers came from a range of electronic manufacturing companies in the UK and they were asked their opinions about the concepts of RBT. The managers reported positive and supportive opinions concerning the tenets of CBT. Managers believed that increasing the value of internal resources, including human resources, through competency development was a key contributor to firm success through higher performance and increased organisational effectiveness.

In a similar study, Mills *et al.*, (2003) examined the concept of service competence through a RBT framework also in UK manufacturing companies. The study examined a range of organisation resources that could be seen to influence service outcomes. The study found that intellectual capital had the biggest impact on service competence of manufacturing companies. The most important factors were identified as knowledge, skills and experience. Systems and processes were identified as having less impact on service competence.

A specific area of intellectual capital; knowledge management, has received particular attention from RBT and strategic management scholars. The final topic for discussion in this chapter is how knowledge management can be a discernable way that organisations can gain competitive advantage from their employees. In one of the earlier studies on KM von Krogh and Roos (1995) explained the link between knowledge and competitive advantage. They explained that competitive advantage is built through a firm's competencies and that the base unit of a competency is knowledge and so KM, starting at the individual employee level, is the embryo of competitive advantage.

Writing much more recently, Nyberg *et al.*, (2012) concur with von Krogh and Roos. They have said that while RBT is commonly understood at the group or organisational level, it is an important theory at the individual or unit level too.

The individual level, not just collective, provides good explanation for how RBT can be applied for building competitive advantage. Bollinger and Smith (2001) have also said that knowledge resides first in individuals and that organisations have to extract this knowledge before it really becomes organisational knowledge. At the individual level the challenge is how well organisations recognise and use particular employees' unique and special talents. These talents are always fundamentally knowledge-based and so the issue is knowledge management. For HRM professionals the challenge is attracting, hiring, developing, motivating and retaining high talent individuals so that the organisation can utilise the knowledge of these employees for achieving competitive advantage.

To utilise employee knowledge, organisations need to develop KM programs that identify, capture, disseminate and apply the various forms of knowledge held within the organisation. Weissenberger-Ebil and Schwenk (2009) have said that KM programs are critical for fostering innovation because they identify where knowledge is in the organisation. They say that it is when knowledge is converted into innovation that the organisation can achieve marketplace competitiveness. Bollinger and Smith (2001) have also said that knowledge is key to an organisation's ability to innovate and then compete: innovation cannot occur in a knowledge vacuum. The Bollinger and Smith study combined RBT theory with characteristics of knowledge and found that through applying RBT to employee knowledge that knowledge becomes a strategic asset.

Finally, but most importantly, some studies have underlined the importance of HRM professionals to the effective use of knowledge for competitive advantage. Oltra (2005) has said that HRM practices and KM initiatives need to be integrated. The author studied three Spanish multinationals and discovered that KM and HRM practices when integrated well had a positive impact on the effectiveness of KM programs within different business units. Odronez de Pablos and Lytras (2008) have said that HRM computer-based systems should be integrated with KM initiatives so that these initiatives can be appropriately monitored and reported on. HR professionals can then

identify how to strategically use knowledge to build organisational capabilities for the purpose of helping the organisation compete. They say that effective employee management, including KM, is led by HR.

5.6 Resource-based Theory and the public sector

In the literature, RBT is discussed exclusively as a theory of HRM applicable to 'firms' or 'businesses'. This is because RBT is centered on the notion that a firm's internal resources, including human resources, can be a source of competitive advantage in the marketplace. The objective of this section of chapter five is to suggest that RBT and competitive advantage also have relevance to the public sector and therefore organisations generally rather than private businesses specifically. This is an important point because President Nazarbayev's aspirations for Kazakhstan to become one of the world's thirty-most competitive nations are closely aligned with public sector reform in Kazakhstan. Indeed, as discussed already at some length, Strategy 2050 refers extensively to public sector reform and development and its importance to Kazakhstan's overall competitiveness. Therefore, as this author has chosen RBT as the theoretic looking glass through which to examine this research project, it is necessary to put a convincing case that RBT can and should be as relevant to the public sector as it is to the private sector.

There are a number of ways in which competitive advantage is relevant to public sector organisations generally and Kazakhstan's public sector specifically. This will be briefly introduced here and then a review of the literature will follow to provide examples of the relationship between public sector organisations and competitive advantage. The first way in which RBT and competitive advantage can be important to public sector entities is the relatively recent growth in private businesses servicing the traditional domains of the public sector in many countries. Examples include hospitals, schools, universities and childcare services. End users of these services are often now referred to as customers rather than 'the public' or 'students' and the new reality is competition between state-run institutions and privately-run institutions.

It is also the case that public organisations are competing with each other for 'customers'. In New South Wales, Australia, the Department of School Education ranks the performance of government schools in terms of student outcomes and publishes this data so that parents may make a more informed decision about where to send their children for their education. This creates direct competition between schools to perform well in order to attract students and funding that comes with student enrolments. Public universities similarly compete with each other to attract students to their programs and the extent and sophistication of the marketing campaigns of universities bears testament to this. Even public transport providers that are formed as separate agencies are competing with each other for customers. For example; in Sydney the trains, buses and ferries are separate agencies essentially providing the same service to the same people often to the same destinations.

Government departments are also in competition with each other for government funding, resources and projects. In order to benefit from government largesse departments must achieve various performance measures which would entail managing budgets carefully, designing work in cost-effective ways and forever seeking efficiencies. As well as competing to gain resources, government departments compete with each other to preserve what they have. They compete to avoid budget cuts, redundancies, outsourcing of services, termination of services and to save specific project funding.

There is also a specific type of public sector-private sector competition that relates closely to HRM. This is the competition between the two sectors to recruit and retain desirable employees. Much of the ability to attract and keep talented workers relies upon core HRM activities such as well designed jobs; compensation and benefits; career paths; professional development; work-life balance initiatives and organisational culture. Therefore, HRM professionals are at the centre of the public organisation's efforts to think and act with a competitive mindset. The remainder of this section will explore the topic of public sector competitiveness with a review of the literature.

It is not easy to state with absolute certainty precisely where and when what is known today as New Public Management (NPM) actually began. Having acknowledged this, Coram and Burnes (2001) highlight that the British governments of Margaret Thatcher, now more than thirty years extinct, were well known for policies that included the privatisation of public assets including utilities, transportation and resources. The authors point out that in Britain the trend has been continued by successive governments including the Labour governments of Tony Blair.

Irrespective of its exact origins, for at least three decades now there has been a concerted, global trend towards injecting greater competition into the provision of public services. Brown *et. al.*, (2000) note that the theory has been that increased competition results in greater choice for service users which in turn leads to better outcomes for consumers. This is because competition necessarily dictates that competing organisations must provide better quality services, focus on the customer and create value for money. What Brown and colleagues are describing has become known globally as New Public Management (NPM). It is the commercialisation, corporatisation and capitalisation of the public sector.

For the most part, the literature on NPM focuses on assessing the benefits and costs of NPM; whether NPM has been a good or a bad thing for public entities and citizens. This thesis is not concerned with that argument and just one example of each view on this point is provided below only to recognise that this debate is a primary focus of the literature. The relevance of NPM to this thesis is to show that the commercialisation of the public sector is a real, global phenomenon and that as a result public organisations have been and continue to be transformed in ways which make RBT and competitive advantage relevant to their existence.

One stark example of NPM not delivering on its promises of better services and better customer outcomes is provided by Marobela (2008). She cites the experience of NPM in Botswana where the tenets of NPM were adopted to improve the performance of public services delivery. In the event, many

public services disappeared because they were commercially unviable, loss-making services. This created a services-gap and the result was that the poorest people who most relied on subsidised or free public services were left without services. Marobela claims that the net effect has been that the adoption of NPM has actually exacerbated poverty in Botswana.

In Hong Kong, conversely, NPM has been found to be beneficial. Ho and Hui (2008) studied the gradual privatisation of the Housing and Development Board mortgage loan and found that it had benefits for consumers because it increased competition which made the mortgage rate and associated consumer services better. Their study concluded that full privatisation would benefit customers even more through increased competition between mortgage lenders in the market.

Because of a scarcity of published literature, it is not possible to say whether NPM has yet reached Kazakhstan. However, it is known that major public sector reform in Kazakhstan is imminent and that this would almost certainly be based on western models. It is also known that NPM has spread widely around the world and, according to Sozen and Shaw (2002), its universal applicability accounts considerably for its appeal. The authors note that the European Union has stipulated that public sector reform applying the principles of NPM be adopted by European states wishing to join the EU. Therefore, it is a reasonable conclusion, given Kazakhstan's explicit and detailed modernisation agenda for the public sector, that NPM will influence the nature of public service in Kazakhstan in the future. Even the relatively brief literature review on NPM for this section cites studies from Botswana; Hong Kong; Turkey; United Kingdom; United States; Australia; South Africa; Philippines; Indonesia and Netherlands.

It is possible that the global trend towards NPM is influenced by increasing international connectedness through globalization. Hoque and Moll (2001) suggest this is partially responsible for the adoption of NPM in Australia. They also suggest that in Australia and elsewhere there has been an increasing reluctance on the part of governments to fund public services fully or

unreservedly as they may have done in the past. The authors claim this may be due to increasing public dissatisfaction with the services they have been receiving. Ironically, Ghobadian *et. al.*, (2009) have found that one of the unintended consequences of NPM has actually been to move the focus away from end-users of services because they have been usurped as primary stakeholder in favour of the government officials who demand results, allocate funds and measure performance. The focus now is on pleasing the government much more than it is on serving the community.

New Public Management has required very considerable change from public officials and senior bureaucrats. In transitioning countries like Botswana (Marobela, 2008) and Indonesia (Astami *et. al.*, 2010) change has been dramatic and far-reaching. This is likely to be the future for public sector reform in Kazakhstan as it is also a transitioning economy. HRM professionals in public sector organisations will have to be a major part of driving this change. Hoque (2005) explains that legislation introduced in Australia during the 1990s aimed at public sector reform set out conditions that required public sector organisations to be managed more like private sector organisations. James (2005) also writing about the Australian experience concurs: Australian public sector organisations have under-gone 'corporatisation' which has resulted in structural reorganisation and significant change for public sector employees.

One of the specific ways in which public sector reform has changed the nature of public sector operations is explained by Loader (2002) writing about the UK local government experience. Local authorities in many countries have arguably experienced the greatest degree of change as a consequence of the introduction of NPM. In the UK local authorities are able to compete with each other for extra funding from the national government. Competitive funding, as it is known, allows local authorities to provide extra or premium services over and above their core obligations. Loader notes that this process has required a change in mindset and behaviours of local government organisations. There is some evidence, however, that public sector behaviours are harder to change. Rkein and Andrew (2012) found that a market-based

performance management system in the public sector in Australia had not altered traditional behaviours or priorities. Public officials continued to focus on service delivery before cost considerations and irrespective of service cost-benefits.

The remainder of this section will briefly discuss a selection of specific NPM practices and some of the organisations and industries that have been affected. Two examples are given from the early 2000s for their particular interest, the other examples reference studies from the last few years.

The first example from Australia is interesting because it shows the scope and scale of NPM ideology in action. Love *et. al.*, (2000) discuss the privatisation of correctional facilities in Australia. Notoriously expensive to construct and operate, Australian governments have out-sourced this responsibility in part or in full to the private sector with the goal of increasing cost-effectiveness. While controversial, the authors claim that the private sector has built and operated prisons more cost-effectively than the public sector. A second interesting example, from South Africa (Russell and Bvuma, 2001), describes the role played by NPM to reform a post-apartheid public sector that was excessively bureaucratic and hierarchical with very little inter-agency coordination. In this case there was a move towards outsourcing and establishing public-private partnerships (PPP) with the aim of addressing waste and improving service delivery.

The inclination towards outsourcing and PPP as ways of practically achieving NPM objectives has continued over the years. In the Netherlands these two practices along with shared services centres have been the most common approaches adopted by public organisations seeking greater effectiveness and efficiency with services. Joha and Janssen (2010) argue that these three strategies have allowed Dutch public sector organisations to seek cost savings, access external expertise and innovate while sharing risk. Indeed, PPP have become a common approach taken by the public sector to managing risk across Europe. Rouboustsos and Macario (2013) argue that PPP projects give public sector organisations access to capital they otherwise would not

have which means that large construction projects such as sports centres can proceed.

In Britain, reform of the public sector has witnessed a different form of competition than discussed thus far. Particularly under the Blair governments there was a significant growth in the number of public services being provided by the voluntary sector such as charities. This has been especially true in the areas of health care, education and children's services (Davies, 2010). The author notes that in Britain NPM has most commonly been advocated as a means of increasing end-user choice. He adds that competition has also increased through a reduction in grant and on-going funding in favour of competitive contract-based funding. In other words; money is provided short term for very specific purposes.

Also in Britain, police force privatisation has been occurring since the 1980s. However, in recent years the police forces have themselves adopted privatisation practices quite actively due to increasing budgetary constraints. The final two examples refer to universities and central government procurement. In the United States, as elsewhere, public funding for state universities has diminished dramatically in the past three decades while competition from new providers has increased (Fethke and Policano, 2013). As with many other types of public organisation, this has compelled universities to develop alternate income streams and manage spending far more carefully.

Modern public universities are run a lot like private businesses (and do operate for-profit subsidiary businesses) in many cases and have adopted NPM so that they can compete successfully but also sustain quality in the educational services they provide. NPM in the Philippines has been adopted to challenge corruption and reform the government procurement system which has been exploited and abused by influential families for person gain for a long time (Jones, 2013). The objective has been to reduce procurement costs, improve supply and increase accountability. The author notes that attempts at reform so far have been largely unsuccessful; a word of caution for Kazakhstan.

5.7 Kazakhstani organisations and Resource-based Theory

Strategy 2050 implicitly demands the modernisation and development of Kazakhstan-based organisations. The research presented in chapter two of this thesis has shown that the Soviet mindset is all pervasive in organisations in Kazakhstan. This author has lived and worked full-time in Kazakhstan for four years and the contrast between dealing with organisations in Kazakhstan and, on visits home, in Australia is stark. Bureaucracy, poor customer service, secrecy and autocracy are this eye-witness' account of the main deficiencies ailing organisations in Kazakhstan. These failings also provide shelter for the endemic corruption in Kazakhstan which was been discussed earlier.

However, RBT is an opportunity for HRM professionals to lead change from within the organisation. The concepts and tenets of RBT lend themselves well to the development of models and frameworks that could shape employee development programs; organisational change initiatives; strategy and business policy; customer service standards; business restructuring; partnerships with third parties; recruitment and selection; knowledge management; ethical codes of conduct; work and job design and many more such projects that, it would seem, Kazakhstan-based organisations need. RBT sells itself. The concept of developing VRIN/O internal resources that would then be able to achieve competitive advantage for the organisation seems intuitively obvious. Notwithstanding the literature critical of RBT; it is axiomatic that 'people are an organisation's greatest resource' and inconceivable to countenance that employees make no difference to an organisation's fortunes.

RBT, then, is a theory of competitive advantage that is self-evidently valuable, simple to conceive, easy to 'sell' and readily workable for practical application through models and frameworks. The problem is that all the evidence suggests it is an unknown theory to organisations and their HRM specialists. By reporting back to interview participants; speaking engagements; publications and consultancy, this author intends to share the possibilities of RBT with HR practitioners in Kazakhstan. The belief is that organisations here need ways in

which to better utilise their workforce so that they can be enabled to contribute in meaningful ways to Kazakhstan's ongoing development and the President's aspirations for a fully developed and competitive economy.

5.8 Conclusion

This chapter has introduced RBT as the theoretical underpinning of this research project. RBT has been shown to relate to this study's themes in several important ways and this justifies the selection of RBT as an appropriate and valuable theory through which to understand the themes of this research study. The middle sections of this chapter have further vindicated the decision to select RBT. Importantly, these sections have clearly illustrated that RBT has many and varied real business applications. These applications show that the theory can, and often has been, translated into practice through the development of various models and frameworks. This is important because practitioners in organisations need theories that they can readily work with and this thesis has HRM practitioners in mind throughout. RBT, it has been shown, can help guide major strategic business decisions; it can be used to develop, expand and change organisations and it can be applied to improving human capital initiatives such as workplace learning.

This chapter has also explicitly linked RBT to HRM practice by highlighting the numerous ways in which employees can be a source of competitive advantage with the help a RBT approach. This demonstrates that a more strategic approach to HRM in Kazakhstan than is currently in evidence could have a very significant impact on the competitiveness of organisations by adopting a RBT mindset and practice to personnel management. This in turn would contribute to the achievement of President Nazarbayev's Strategy 2050 goals. Finally, this chapter has linked some of the demonstrated benefits RBT can offer to the needs of Kazakhstan-based organisations. RBT is a powerful, insightful and versatile theory upon which organisations can develop practice and work towards building competitive advantage through their internal resources such as employees. This is important to Kazakhstan, its organisations, organisation decision makers and employees.

Chapter 6: RESEARCH DESIGN AND ANALYSIS

6.1 Introduction

This chapter is concerned with the theory and practice of the research activities conducted as part of this doctoral project. Selecting research frames and methodology is a critical part of a PhD project as these decisions can ultimately affect the quality of the data that is collected and so how useful that data is to addressing the research questions. Poor quality data may limit the value of the study through weak findings and therefore insubstantial conclusions. Numerous factors influence the research design phase of a PhD project including the researcher's prior experiences and personal beliefs; the nature of the subject being researched and extent of access to the subjects that will provide the data.

This chapter is divided into a number of sections. In the following section the research paradigm within which the research is positioned is discussed. The research paradigm adopted for this project is constructivist / interpretivist. Ontologically, constructivism posits that reality is built through a process of inquiry and discovery. Epistemologically, constructivism is transactional and subjectivist. It will be explained that the characteristics of the constructivist paradigm best suit the subject of the research and reflect the researcher's view regarding how meaning and reality are constructed. It will also be explained why positivist paradigms and their ontological and epistemological tenets were rejected as the conceptual frame for the research.

The next section of this chapter justifies the adoption of the qualitative research methodology over the quantitative research methodology. It is explained that the qualitative approach best fits with a constructivist paradigm and is also a good match with the topic and nature of the research project. The researcher also chose a qualitative methodology for several personal reasons including having previously completed a PhD that adopted a quantitative approach. The various advantages of qualitative research methodology are also

discussed in this section and their relationships to the objectives of this research project are highlighted.

Section 6.4 of this chapter focuses on the data collection method used in this research project. It is explained that semi-structured interviews were chosen as the method to employ for data collection. The advantages of semi-structured interviews are explained and so is how these advantages well serve the project's research objectives. Some limitations of semi-structured interviews are also acknowledged. The decision not to use structured or unstructured interviews is also explained. This section explains the interview process that was adopted and some of the challenges encountered as part of the process. Briefly, anonymity and other issues relating to data collection such as data security and ethical considerations are also canvassed.

Grounded Theory (GT) is adopted as the research framework for this project and this is explained in section 6.5. GT is essentially the inverse of traditional research frames which begin with a hypothesis which is then tested through data collection and analysis. GT begins with data collection and analysis and from this analysis hypotheses emerge and then theory can be developed. GT does not presume any understanding of the phenomenon under study prior to examining the data. As such, GT compliments a constructivist paradigm rather than a positivist paradigm as positivism asserts that meaning and reality are absolutes and readily apprehendable. This section discusses the strengths and also some weakness or criticisms of GT. The use of GT is further justified through noting the wide range of previous studies, including some which bear resemblance to this study, which have adopted a GT approach.

The section that follows the discussion of GT presents and justifies the research questions. First the demographic questions are presented and then the interview questions. The demographic questions are shown to be common demographic questions and the reason for asking them is explained in the context of the study. The interview questions are justified by explaining how they emerged from and relate to the literature review and principal themes of the research. The point is made that no such previous studies have been

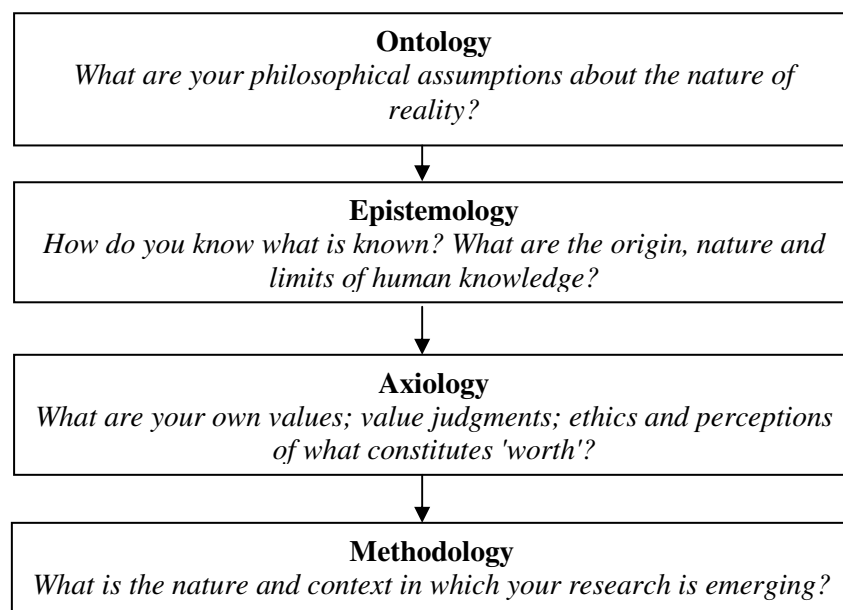
conducted in Kazakhstan which offered no help for formulating these questions but also ensured the originality and value of any question that was asked.

Section 6.7 discusses the data analysis process applied to the collected data that was gained through the interviews. The process followed is prescribed by GT and the steps in this process are explained in detail and examples are provided. This section also explains why a manual approach to data analysis was preferred over a computer-enabled approach using a software package. It is argued that the manual approach best suited the researcher's personal preference but also that software programs have limitations. It is also argued that the forms of data best suited to a computer-enabled analysis do not reflect the characteristics of the data that emerged from this project's interviews. The chapter ends with a brief summary.

6.2 Research Paradigm

When selecting a research paradigm, according to Creswell *et al.*, (2007), the researcher should ask him or herself four important questions. These are represented in figure 6.2

Figure 6.2 Selecting a research paradigm



The answers to these questions led this researcher to select a constructivist / interpretivist paradigm for this research project. The argument for a constructivist paradigm will be articulated first and then attention will move to a discussion of the applicability of interpretivism to this study. Firstly, ontologically, constructivism embraces the concept that reality is created through a process of inquiry. According to Lincoln and Guba (2000) this is quite different to the positivist paradigm which posits reality as an absolute and something that is readily apprehendable. This researcher personally identifies with the notion that people create meaning through interactions and that those interactions create what is perceived as reality.

Constructivism also resonates with this researcher epistemologically. Lincoln and Guba (2000) observe that the epistemology of constructivism is transactional and subjectivist while positivist paradigms perceive knowledge from an objectivist and dualist perspective. Schwandt (2000) has said that the epistemologies of constructivism and positivism are markedly different. Positivist epistemology, he contends, is realist and empiricist in nature wherein positivism claims that: *"there can be some kind of unmediated and direct grasp of the empirical world and that knowledge (i.e. the mind) simply reflects or mirrors what is out there"* (Schwandt, 2000, p. 197).

Simply put, the epistemological concept of constructivism is premised on the notion that *"human beings do not find or discover knowledge so much as they make or construct it"* (Schwandt, 2000, p. 197). So, what we know and see is not passive; it is an active process of inquiry whereby the mind makes sense of what it senses. An example of knowledge as a construct and a reflection of what is sensed or perceived are beliefs, principles and laws. Schwandt (2000) explains that humans make beliefs, principles and laws based on the construction of knowledge received from the environment we live in and the experiences we have in that environment. These beliefs, principles and laws are continually evaluated and adapted as a result of new and different experiences which reshape the construction of knowledge.

Axiologically, this researcher also perceives that true worth of meaning emanates from the social construction of that meaning through human interaction. That meaning is given shape by the values, beliefs, ethics and norms of those interacting and that meaning is subjective by nature. Positivist-influenced axiology is non-formative and detached; values and beliefs are isolated and can be controlled and excluded. Reality is predefined and can be captured. Finally, methodologically, according to Lincoln and Guba (2000), positivist paradigms tend towards quantitative research methods while constructivist paradigms tend towards qualitative methodology. Positivism seeks largely to test hypotheses while constructivism is hermeneutical and dialectical. The following section explores this study's preference for a qualitative approach over a quantitative approach in more detail.

The decision to adopt a constructivist / interpretivist paradigm for this study is legitimate. Lincoln and Guba (2000) observe that social inquiry studies like this study have increasingly tended toward a constructivist paradigm in recent years. When comparing paradigms such as constructivism with traditional paradigms like positivism they make the point that:

"There can be no question that the legitimacy of postmodern paradigms is well established and at least equal to the legitimacy of conventional paradigms" (Lincoln and Guba, 2000, p. 164).

As noted, this study adopts a constructivist / interpretivist paradigm. Interpretivism was chosen because paradigmatically it essentially seeks to understand human behaviour or attitudes. According to Schwandt (2000), interpretivism holds that human behaviour is inherently meaningful. He explains that in order to understand human behaviour such as voting or marrying, the researcher must come to know the meanings that constitute these behaviours. There is an important reason here why interpretivism, along with constructivism, was selected as the paradigm for this study.

This is a study which seeks to understand HRM in Kazakhstan through the opinions, experiences and actions / behaviours of employees in Kazakhstan-based organisations. The inquiry intends to construct an understanding of the

nature of HRM practice in Kazakhstan through understanding workplace behaviours such as those that constitute the roles and duties of HRM professionals. Interpreting these roles and duties, for example, will help to identify the extent to which HRM practices in Kazakhstan are strategic. Therefore, interpretivism, with its focus on understanding human behaviour and attitudes and its principle that behaviour inherently holds meaning, is a valuable construct for this study.

Interpretivism, then, contrasts starkly with traditional, positivist paradigms. Interpretivism holds that all human behaviours and actions have meaning: that they represent something or have a purpose. Also, behaviours and attitudes are intentional or, at least, can only be understood by knowing the intentions or meanings behind them. Schwandt (2000) gives the interesting example of a smile. He explains that a smile has inherent meaning but the exact meaning of a particular smile can only be understood by apprehending the intention or meaning of that smile. This is because a smile, like so many human behaviours, can have a range of possible motives and so meanings.

Table 6.2 Characteristics of Positivist and Constructivist paradigms

	Positivism	Constructivism
Inquiry Aim	Explanation; Prediction; Control	Understanding; Reconstruction
Quality Criteria	Conventional benchmarks of rigour: Internal and external validity; Reliability; Objectivity	Trustworthiness; Authenticity
Values	Excluded: Influence denied	Included: Formative
Voice	Disinterested scientist	Passionate participant
Hegemony	In control	Seeking input

(Adapted from Lincoln & Guba, 2000)

6.3 Research Methodology

The methodological choice facing the researcher is whether to select a qualitative or quantitative research methodology. The major differences between the two are summarised in Table 6.3 This research project is framed within the qualitative research methodology. Watkins has said that qualitative research is "*Research that does not include numbers and statistical figures or "count" data.*" (Watkins, 2012, p. 163) which is a simple but relevant point to this researcher as explained in the following paragraph. Somewhat more general, Carter and Morrow define qualitative research as a means "*to explore the meanings made by human beings*" (Carter and Morrow, 2007, p. 205). This is also important in the context of the nature of the present research project and supports a qualitative research approach.

Table 6.3 Quantitative and qualitative research approaches

	Quantitative	Qualitative
Core characteristics	<i>Conclusive; efficient</i>	<i>Exploratory; interpretive</i>
Focus	<i>Exploring hypothetical</i>	<i>In-depth understanding of context-phenomena relationship</i>
Questions answered	<i>"What?"; "How many?"</i>	<i>"Why?"; "How?"; "Under what circumstances?"</i>
Requirements	<i>Initial hypothesis</i>	<i>No hypothesis</i>
Goal	<i>Test hypothesis; quantify problem; assess prevalence; create statistical model</i>	<i>Vivid, dense, full descriptions of phenomena from research participants' perspective</i>
Process	<i>Deductive</i>	<i>Inductive</i>
Methods	<i>Surveys; analysis of statistical data</i>	<i>focus groups, observations, interviews</i>
Researcher	<i>Knows what he/she is looking for; objective; non-participant; measures and analyses</i>	<i>Participant; immersed in data collection; unsure what they are looking for</i>
Data	<i>Classifiable; countable; numbers; statistics</i>	<i>words; quotations; objects impressions; patterns;</i>
Assessing rigour	<i>Validity; reliability; objectivity; generalizability</i>	<i>Credibility; reliability; transferability; confirmability</i>

Adapted from Watkins (2012)

Qualitative methodology was selected in favour of quantitative methodology for personal and paradigmatic reasons. This researcher has previously completed a PhD (Deakin University, Melbourne, 2006) which adopted a quantitative research methodology. For that study the researcher used a survey instrument for data collection and analysed the collected data using a

statistical software package. Therefore, the present study offered an opportunity to try a different approach with different challenges. The researcher also felt that analysing data through a computer and generating findings represented as numbers through statistical equations was vaguely unsatisfying: it somehow did not seem to mean a great deal. For this reason, quantitative research was never really a compelling option for the present study.

It is also true that research paradigm preferred for this study and the nature of the study tends to favour a qualitative methodology. Andersson (2010) has said that the study of managers and management is best achieved through a qualitative approach. The qualitative approach, he argued, allows for a proximity to the managers and the complexity of their everyday roles. For this study, the researcher wanted to get closer to the research participants and qualitative research seems to encourage this. Quantitative research methodology, on the other hand, seems more impersonal and distant from the subjects being studied. As this project has HR managers and their practices at its center, Andersson's observation reinforced this researcher's preference for qualitative research methodology. Lincoln and Guba (2000) have also written on the swing towards qualitative research methodology in social sciences in recent years.

Perhaps the divide between quantitative and qualitative research methodologies is not such a chasm in any case. Gummesson (2003) has said that all research is interpretive. His point is that a number or statistic must be interpreted in order to have meaning. Gummesson has called for more studies of business to adopt an interactive and interpretive approach. Interactive approaches value the subjectivity of researchers while, as Freshwater *et al.*, (2010) explain, expecting the researcher to be self-aware, reflexive and self-monitoring so as to maintain the rigour and credibility of the research process and what it discovers. Quantitative research has also received criticism for its assertion of 'quality' over qualitative approaches to research. Correa (2012) has argued that the notion that quantitative research validity reflects quality is erroneous. He contends that the different approaches of qualitative research do

not diminish the quality of the methodology. Correa says that qualitative researchers likely come from different social, moral and political influences and so the perspective is different. This researcher agrees; personal reasons affect the methodological choice as much as anything else and that the two approaches are different rather than one being inferior to the other.

6.4 Data Collection Method

According to Evans and Kotchetkova (2009), the choice of data collection method can have a significant impact on the nature of the data collected and the role to be played by the researcher in analyzing that data. They give the example of deliberative data collection methods such as round-tables; citizen juries and workshops that can almost completely sideline the researcher from data collection. However, having chosen a qualitative research methodology, interaction-based data collection strategies were also open to this researcher. Interaction-based strategies provide a 'close up' role for the researcher in data collection and that was the preferred role this researcher desired to take.

Interaction-based strategies are "*basically conversations with a research purpose*" (Cooksey and McDonald, 2011, p. 315). That is to say, they are premised on some kind of person-to-person connection whereby the researcher and subject are engaged with one another in some form of dialogue. Commonly, this would be face-to-face but with the advent of modern communications technologies such as VOIP, the two may not be physically in the same location. The interaction-based data collection method adopted for this research project is semi-structured interviews.

Interviews are one of the more personal forms of data collection and the more unstructured they are, the more personal they become (Cooksey and McDonald, 2011). Therefore, the researcher needs to identify just how personal they think appropriate for the nature of their inquiry and the interviewees providing the data. This requires the researcher to decide which type of interview questions will achieve the optimum quality and quantity of

data. Essentially, there are three broad families of interview questions from which to choose: structured; semi-structured and unstructured.

6.4.1 Semi-structured interviews

This researcher decided that semi-structured interviews struck the right balance between very personable on the one hand and impersonal on the other. Another reason for selecting semi-structured interviews for this research project is the fact that semi-structured interviews are a data collection strategy consistent with the constructivist / interpretivist paradigm (Cooksey and McDonald, 2011). Furthermore; Cooksey and McDonald also assert that research that adopts a Grounded Theory approach, as this study does, frequently use semi-structured interviews as a primary data gathering method.

Semi-structured interviews have a number of attractive characteristics which this researcher found appropriate for the intentions of this project. The following four strengths of semi-structured interviews are provided by Cooksey and McDonald (2000). Firstly; the semi-structured interview is designed to encourage a more natural conversation. This researcher felt that structured interviews might be too stilted and could make interviewees feel uncomfortable or, even, as if they were being interrogated. As this study's interviewees were participating in English; a foreign language for them, it was felt that semi-structured interviews would put them at ease whereas subjecting them to a structured interview might feel a bit like a test. Unstructured interviews, on the other hand, appeared to this interviewer as potentially unruly and harder to navigate for both researcher and interviewee. Working with the data for analysis, where the interview had no structure, also appeared to indicate potential problems that semi-structured interviews would avoid.

Semi-structured interviews also allow the researcher to follow, rather than fight against, the natural flow of the interview as questions do not have to necessarily be asked in the same order. This compliments the above point of a more natural conversation. Having the flexibility to ask questions in a different order where the flow of the conversation best facilitated that seemed to be

sensible and to work in the best interests of maximising the quality of the data. But at least having a set of clear questions again suggested some workable approach with structure that may be missing from unstructured interviews and therefore subsequently make data analysis especially challenging.

Table 6.4.1 Characteristics of structured interviews

Criterion	Characteristics
Question order	<i>Asks all interviewees the same set of pre-determined questions in the same order with a limited set of response categories</i>
Question focus	<i>Questions are narrow in focus and tend to be closed in nature</i>
Coding	<i>Responses are coded using a pre-determined coding scheme; responses made to fit the available codes.</i>
Control	<i>The interviewer controls the pace of the interview from a script which is worked through systematically</i>
Interviewer approach	<i>Interviewees are all treated in exactly the same manner; told exactly the same thing (word choice; tone etc)</i>
Flexibility	<i>Inflexible in the way questions are asked and answered. Expectation regarding this is pre-determined. Emergent issues not explored outside the scope of the set questions.</i>
Context	<i>Avoids any real explanation of the study's purpose, design etc. Avoids questions / discussion regarding the study. A short, set introduction will be pre-prepared for this.</i>
Introduction	<i>No deviation from the set script that introduces the study and sets expectations for participation.</i>
Interviewer involvement	<i>Interviewer remains detached and neutral - never offers commentary, opinion or beliefs. Explanations are generic.</i>
Interviewer guidance	<i>Does not rephrase or interpret the meaning of a question. Just repeats the question and gives only pre-prepared, uniform clarifications.</i>
Improvisation	<i>Never improvises to help elicit a deeper or clearer response; does not 'nudge along'; does not substitute words for synonyms. Does not ask unscripted follow-up questions.</i>
Independent judgment	<i>No room for interviewer to use independent judgment that may resolve an issue that is negatively impacting on a given interview. Discretion is not used.</i>

(Adapted from Fontana and Frey, 2000, pp. 649 - 662).

The third of the four strengths of semi-structured interviews in the opinion of this researcher is that they allow the researcher to explore emergent issues that materialise unexpectedly. Cooksey and McDonald (2011) explain that sometimes during an interview something is said that may not have been predicted but is pertinent to the research themes. Semi-structured interviews give the researcher the flexibility to diverge and explore emergent topics. Finally; semi-structured interviews let the interviewee do the talking and drive the flow of conversation. There need only be minimal guidance from the researcher to sometimes seek clarification or to move the conversation along.

Table 6.4.1 highlights, by way of contrast, many of the common characteristics of formal, structured interviews. The table reveals an approach that is very restrictive and prescriptive. Structured interviews lack the advantages that come with flexibility, in-interview researcher judgment and improvisation enjoyed by semi-structured interviews.

6.4.2 Advantages and limitations of interviews

Interviews provide the researcher looking for a data collection method with a number of distinct advantages. According to Cooksey and McDonald (2011), psychologically, interviews are more difficult to withdraw from once they have begun than some other data collection methods. This is because they are interpersonal. The authors also note that interviews provide the researcher with non-verbal cues which add context to what is being said and can enrich the data. Other advantages of, specifically, semi-structured interviews, are detailed in the previous section which advocates for the adoption of semi-structured interviews for this research project.

There are some limitations on the effectiveness or appropriateness of interviews for some research projects. Cooksey and McDonald (2011) observe that interviews can be resource-intensive which can become exhausting for the interviewer. Secondly, the interviewer's attitudes and behaviours while interviewing may inadvertently influence what the interviewee says. While the first point is easily managed through planning and scheduling interviews sensibly so that the interviewer has reasonable breaks between interviews, the second point deserves more consideration. Influencing what the interviewee says would be highly undesirable and would compromise the integrity of the data. However, if the interviewer is conscious of this potential problem and is mindful of his or herself during interviews, then this problem should not occur.

Fontana and Frey (2000) point out that interviewing well is a much more difficult task than it may at first appear: *"The spoken or written word has always a residue of ambiguity, no matter how carefully we word the questions and how carefully we report or code the answers"* (p. 645). Perhaps the

important lesson to take from this caution is that the construction, recording, transcription and analysis of interview data must be most mindfully and methodically executed.

6.4.3 The interview process

For this present research project, interviewees either contacted the researcher or his intermediary in response to hearing about the research to organise a mutually convenient time for interview. At this stage they were provided with further details about the research project and invited to ask any questions they may have. On the day of the interview the interviewee would come to the researcher's office or, in a few cases he travelled to them, interviewed them by Skype or received written answers to the questions. Prior to the interview commencing, more details about the project and the interview were provided. The full interview process was explained. Interviewees were invited to ask any questions or raise any concerns they may have.

Interviewees then completed a plain English consent form where they agreed to participate in the interview. They then completed the demographic questionnaire on a separate form. A copy of the interview questions in both English and Russian was given to interviewees as a guide during the interview. The interview then commenced and was audio recorded using a Dictaphone. Interviewees were told this could be stopped or paused at any time they wished. The researcher read each question and invited interviewees to respond. At the end of the interview the tape was switched off and interviewees were asked if everything was okay. Interviewees were offered a small payment, as pre-approved by the ethics committee of the University of New England. The payment was equivalent to about thirteen Australian dollars; a token amount in respect of their time and to cover any travel expenses incurred by the interviewee. Sixty per cent of interviewees accepted the payment. Interviewees were invited to keep in touch with the researcher to get status updates about the project if they wished. Immediately after the interviewee had departed (or when the researcher returned to his office) all data was securely and separately locked away.

6.4.4 Interview challenges

The initial concern was that not enough people would volunteer to be interviewed. Kazakhstan does not have a research culture akin to western countries. In the event this was not a problem as many people volunteered; possibly, for some, to have a rare opportunity to practice their English with a native speaker; perhaps for others to experience an interview for a large research project. In a few early interviews, some participants' level of English was quite poor which limited the quality of the data. This was quickly remedied by ensuring volunteers knew before interview the level of English that would be required. There were a few difficulties transcribing some of the interviews as some participants spoke very quietly or had strong accents. Other minor challenges included scheduling (or more precisely, re-scheduling when people failed to attend); managing time because Kazakhs are, by their own admittance, less governed by time than western people tend to be. Locating a few of the offices of participants who were interviewed at their workplaces was also challenging. There were no major challenges with the interviews; they ran well and were completed within a six week period.

6.4.5 Anonymity and data security

Appropriate measures were taken to ensure the anonymity of the research participants; to maintain the confidentiality of information provided and to guarantee the security of all data. Interviews were conducted in the researcher's private office (or participant's private office) where participants could not be seen or heard. Participants' names were not written (except on the consent form) or otherwise recorded and their organisation's name was also not requested at any time. Participants were advised not to name themselves or their employer during the interview.

The consent forms, demographic question forms and audio recordings were stored in three separate, locked cabinets in the researcher's office. Only the researcher had access to these cabinets. A list of codes which identified which consent form matched which demographic question sheet was stored in a locked desk draw in the researcher's office. The codes were cryptic and it

would have been impossible had a person seen the code sheet to know it referred to interviews (or even to people). As an extra security measure, audio files were not stored on computer as the researcher's organisation has had some computer security breaches in the past. Finally, participants' will only be identified as a number in any future reports, publications or presentations that result from this study.

6.4.6 Ethical considerations

The research component of this PhD project was approved by the Human Research Ethics Committee, University of New England, Armidale, Australia. All ethical issues were addressed in the application for ethical clearance and approved before any research activity commenced. The researcher did interview people at his workplace over who he is in a position of authority. To negate this potential problem, the researcher did not approach any person at his workplace or promote the research himself; an intermediary was used to promote and organise interviews and the intermediary was a peer of the potential research participants. Participants were reminded before their interview proceeded that they could freely not participate if they so wished. Full information about the research project was provided to all who volunteered for interview by the intermediary and, again, just before the interview began. Interviewees were invited to ask any questions they had about the research. This researcher has completed numerous previous research studies and has considerable experience ensuring that ethical practices are maintained at all times.

6.5 Research Framework: Grounded Theory

Identifying a research frame for this project was challenging because of the wide choice available. Even having settled on a qualitative research methodology, there still remained many process choices regarding how to execute the research. As Creswell et al., (2007) note:

"The qualitative researcher today faces a baffling array of options for conducting qualitative research. Numerous inquiry strategies, inquiry

traditions, qualitative approaches and design types are available for selection." (p. 236).

Grounded Theory (GT) was ultimately selected for several reasons. Firstly, one of this researcher's doctoral supervisors had adopted GT for her own doctoral thesis. This aroused initial interest which built as this researcher read his supervisor's thesis. Secondly; epistemologically and ontologically, GT reflected this researcher's personal views about reality and the construction of knowledge. Therefore, GT appeared to be a very good fit with the constructivist paradigm within which this project is situated. A third reason for selecting GT was that it presumes nothing about the subject it is being applied to. GT does not begin with a hypothesis. The approach is rather to begin with no assumptions and to see where the data leads as it is analyzed. This seemed a perfect process of inquiry for a study of HRM in Kazakhstan because almost no empirical data exists on this topic. Rather than construct a hypothesis in a void, better to assume nothing and see what the data reveal.

6.5.1 Grounded Theory Principles

Although Grounded Theory (GT) was originally positivist epistemologically and objectivist by design, GT methods have been used by qualitative researchers since the approach was first developed 45 years ago (Charmaz, 2000). Today, GT is associated most with qualitative research methods and while there remain many 'schools' of GT research, this researcher adopts the well established constructivist GT method. Constructivist GT as proposed by Charmaz is adopted for guiding the research elements of this study because it a most appropriate approach for understanding people and their attitudes within the context of their work environment. GT methods have moved a long way from their positivist, prescriptive roots and constructivist applications of GT are flexible and adopted to focus on the construction of meaning.

In principle, GT methods: "*Consist of systematic inductive guidelines for collecting and analysing data to build middle-range theoretical frameworks that explain the collected data*" (Charmaz, 2000, p. 509). However, GT is fundamentally about analytical strategies and not data collection methods

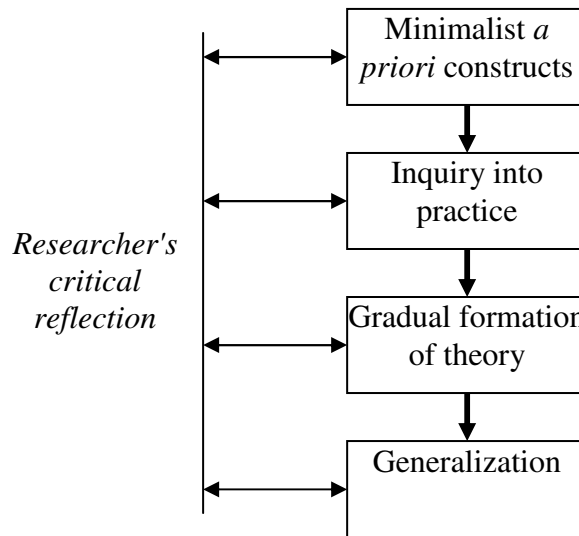
(Geiger and Turley, 2003; Leonard and McAdam, 2001). Optimally, GT requires extensive rich data be collected with thick description. However, GT is not prescriptive about how this data is collected but Charmaz (2000) has said that interviews are an excellent means of collecting sufficiently rich data for GT analysis and that interviews can be used *alone* to achieve this. Douglas (2003) has said that interviews are the predominant data collection method used in GT guided research and Creswell *et al.*, (2007) have also said that GT is a valuable research approach where interviews are to be the main data collection method. Interviewing is the data collection method adopted by the present study. Section 6.7.1 will detail this researcher's approach to adopting GT for the purposes of data analysis.

GT methods are particularly distinct because the various elements such as data collection, coding, analysis and theory development are not separate steps carried out in a particular order which is common practice with other methods. Rather, GT is better perceived as a single, holistic and fluid process whereby the 'steps' are mixed in with one another. The original architects of GT, Glaser and Strauss describe GT thus:

"The joint collection, coding and analysis of data is the underlying operation. The generation of theory, coupled with the notion of theory as a process, should blur and intertwine continually, from the beginning of an investigation to its end" (Glaser & Strauss, 1967, p. 43).

An example of what Glaser and Strauss are describing is provided by Douglas (2003) when explaining the sampling process using GT. Douglas explains that while sampling, the researcher is also continuously engaged in coding and analysis activities. As more data becomes available it is incorporated into the existing data and analysis continues. New data may revise initial theories or generate new, emerging theories. Therefore the entire GT process is essentially simultaneous and there is no distinct beginning or end stages for particular steps which separate them from other elements of the process.

Figure 6.5.1 Theoretical model of Grounded Theory



6.5.2 Benefits and Limitations of Grounded Theory

Many of the benefits of GT, particularly in relation this study, have been articulated in the previous section. In addition, some have noted such as Trim and Lee (2004) and Douglas (2003), that GT is especially valuable because it facilitates an innovative process that produces new insights into complex problems. Trim and Lee have also said that GT methods embolden researchers to have the confidence to challenge existing paradigms and their underlying assumptions. This seems helpful to management scholars generally and to the study of HRM in Kazakhstan particularly as the existing literature is thin and dated and this researcher may well find contradictory evidence with this far more in-depth and contemporary study. If GT methods support a challenging and innovative approach to research then this is a benefit.

Creswell *et al.*, (2007) have said that GT is a valuable research approach when no other theory exists on the phenomena to be studied or when existing theories are inadequate. This again further demonstrates the usefulness of a GT approach to the present research project as the field of HRM in Kazakhstan is lacking in any real theoretical understanding. The authors have also said that GT is a helpful approach when the study seeks to examine a process or interaction involving many individuals. Frost *et al.*, (2010) have

said that GT is a productive method for generating theories on behaviour that is complex, significant and challenging to those being studied because judgment is suspended and reflexive thinking is encouraged while continual reassessment of data accommodates emergent issues.

The limitations of GT observed through the literature review are not so much limitations or faults with the method itself but criticism of how GT has been misapplied in practice. Some writers have been particularly scathing:

"The main problems associated with [Grounded Theory] appear to stem largely from its abuse and misuse...studies labeled as grounded theory that have not followed the principles of sampling, coding, constant comparison and so on" (Goulding, 2005, p. 297).

"Grounded theory has been adopted rather indiscriminately by a variety of researchers over the past three decades to denote qualitative studies that are, at best, tenuously based on the methodology they formulated" (Geiger and Turley, 2003, p. 581).

Specific illustrations abound: Charmaz (2000), for instance, notes that GT researchers have received, in his opinion, just criticism for slighting their efforts to collect rich data with thick description and in so doing compromising the efficacy of data analysis. Timmermans and Tavory (2012) have said that the frequent incomplete and inconsistent application of GT principles and the common but erroneous assumption that GT is synonymous with qualitative research, have limited the impact of GT. Specifically, GT has not achieved its objective of creating new, empirically based theories because of its misuse.

The point made by Timmermans and Tavory has been explicitly exemplified in accounting research according to Gurd (2008). He contends that accounting researchers who claim GT-based research commonly misapplied and misunderstood the core principles of GT. Gurd's assertions were, however, quickly rebutted (Joannides and Berland, 2008) and the point made that the accounting research just reveals a wide and disparate array of GT approaches which do adhere to the spirit and principles of GT.

Other alleged failures to properly use GT methods or apply GT principles have been noted by Tan (2010). He has said that less experienced researchers have confused the practices of using coding strategies during data analysis and the practice of formulating a substantive grounded theory. Jones and Noble (2007) have opined that the integrity of GT is under threat because in management research GT is being moulded to fit situations where it has little authenticity and purpose. This is reducing GT to a generic term which increasingly describes all manner of qualitative studies.

Some other criticisms or limitations of GT other than its misuse and abuse have been noted in the literature. Goulding (2005) for example has stated that a significant problem with GT is that its nature makes it difficult to put a time scale on the study which makes planning and research activities difficult and can create challenges when applying for research grants. Selden (2005) has made two far more fundamental criticisms of GT which challenge the method's core principles. He has said that the concept of theoretical sensitivity (see diagram 6.7.1.1) is misguided because conceptualizations do not emerge from the data but from within the researcher and of their expertise. He argues that if the opposite were true then inexperienced researchers would be excellent researchers. He also challenges the notion of minimal pre-understanding (see diagram 6.5.1.1) as being unrealistic and disingenuous. He explains that prior understanding or reading about a research topic is not harmful to creative or innovative thinking.

6.5.3 Applications of Grounded Theory

This final section on GT presents a very condensed summary of the many different research topics to which a GT approach has been applied. No more than a list, the objective here is to close by validating further this researcher's decision to choose GT for this project by highlighting that the current study fits comfortably within the bounds of the other published GT studies. Further, that GT is and has been for some time an internationally acclaimed and respected approach to conducting scholarly qualitative research.

GT has been applied as the research method to academic studies on topics including: Logistics and supply chain management (Manuj and Pohlen, 2012; Randall and Mello, 2012); knowledge management (Idress et al., 2011; Pauleen et al., 2007; Lakshman, 2007); creative arts marketing (Goulding and Saren, 2010); enterprise systems in manufacturing (Schoenherr *et al.*, 2010); intercultural service encounters (Wang and Mattila, 2010); Accounting (Gurd, 2008; Vedd, 2005); library operations (Mansourian, 2006); bureaucracy and public sector leadership (Jones and Kriflik, 2006); managerial decision making (Douglas, 2006); visitor experiences at heritage sites (Daengbuppha *et al.*, 2006); marketing and consumer research (Goulding, 2005); information systems (Lings and Lundell, 2005); information technology and resource planning (Oliver *et al.*, 2005); beer consumption (Pettigrew, 2002); managing resistance to change (Macri *et al.*, 2002); organisational leadership (Roffey, 2002); TQM (Leonard and McAdam, 2001).

6.6 Research Questions

6.6.1 Demographic questions

The demographic research questions asked of interview participants are a combination of generic demographic questions and project-specific demographic questions. In the course of the literature review for this study the researcher read a large number of studies that used interviews as their data collection method. Typically, these studies asked some common, generic demographic questions and some project-specific demographic questions. This present study has adopted the same approach. The questions asked are represented in Figure 6.6.1

The generic demographic questions include questions to identify the participant's age; gender and profession. Where other studies interviewed people from a range of potentially different occupations then this question was commonly asked as a generic question. In the case of this project, the occupation question is also specifically related to the project because it was important to identify which participants were HR professionals and which were from other professions.

The project-specific questions included a question to identify which source the participants had come through. The four sources were current Master's degree students; alumni of the university; the University's HR Club (a professional networking association for local HR practitioners sponsored and hosted by the University) and other sources (referrals and self-referrals of local professionals). There was a question to identify which sector the participants worked in with the aim of identifying if any particular sector was especially well versed in strategic HRM. There was also a question to identify whether the participants' place of employment was Kazakh owned; foreign owned or a joint partnership. This was considered an especially important question as the literature review had suggested that foreign owned organisations tend to be much more advanced in their HRM practices. This present study aimed to assess the evidence for this.

Figure 6.6.1 Demographic interview questions

<p>Interviewee No. _____</p> <p>Date of interview _____</p> <p><input type="checkbox"/> Current Master's Student <input type="checkbox"/> KIMEP Alumni <input type="checkbox"/> HR Club <input type="checkbox"/> Other Professionals</p> <p><input type="checkbox"/> Male <input type="checkbox"/> Female</p> <p><input type="checkbox"/> < 26 <input type="checkbox"/> 26 – 30 <input type="checkbox"/> 31 – 35 <input type="checkbox"/> 36 – 40 <input type="checkbox"/> > 40</p> <p><input type="checkbox"/> Private sector <input type="checkbox"/> Public sector <input type="checkbox"/> Charity/Aid/Community sector</p> <p><input type="checkbox"/> Kazakh owned <input type="checkbox"/> Foreign owned <input type="checkbox"/> Part Kazakh, part foreign owned</p> <p>What is your profession _____</p> <p>Do you manage/supervise others _____</p> <p>How long have you worked for your current employer _____</p> <p>In which industry do you work _____</p>
--

The final three questions sought to identify how long the participant had worked for their current employer; whether they managed others and what industry they were employed in. These questions were all considered to potentially provide a deeper understanding of the different perceptions and experiences regarding HR practice in Kazakhstan. It was anticipated that experience and industry type might reveal differences in levels of strategic HRM practices in Kazakhstan-based organisations. Each interview was also numbered and dated for data management purposes. No personal details that could identify individual interviewees were written or otherwise recorded.

6.6.2 Interview questions

The interview proper comprised eight open-ended, opinion and experience based questions designed to facilitate an interviewee-led conversation. Using a semi-structured interview approach the questions were also designed so that they not necessarily be asked chronologically but relate well enough to fit together in any order. The questions were also designed with the intention to be able to accommodate and even encourage relevant emergent issues. The questions arose during and through the literature review for this project. They were designed to align with the broad themes of the research project and to combine to address the central research problem of this project. The questions also were written to address important gaps or critical issues in the literature regarding HRM in Kazakhstan.

The central research problem / question of this PhD project is to identify the extent to which and in what ways...

HRM in Kazakhstan-based organisations is sufficiently strategic in nature and intent to make a meaningful contribution to the President's target of Kazakhstan becoming one of the world's thirty most competitive nations by 2050.

The eight questions asked of interviewees were:

1. Do you think human resource management has a role to play in organisations and if so, what is that role?

2. Does your organisation have a HR department and, if so, please explain its current functions?
3. To what extent and how does your organisation's HR team/department contribute to your organisation's business goals?
4. In what ways do the activities of the HR team/department interface with you and your work?
5. Describe the importance of and approach to leadership development at your organisation.
6. How important is the role of the HR team/department in your organisation to the organisation's success comparative to other business functions (e.g. sales; operations)?
7. To what extent and in what ways do you think that your organisation's employees contribute to your organisation's competitive advantage?
8. Is there anything else you would like to say about human resource management in Kazakhstan generally or in your organisation specifically which has not yet been mentioned?

Questions 1, 2, 3 and 4 relate to the core research problem of the study and also its principal theme. These questions are designed to identify the extent to which and in what ways HR departments and professionals are playing a strategic role in their organisations. If not strategic, the questions provide the scope to identify if the role is actual tactical and, again, in what ways. These questions also seek to identify the relative presence and importance of HR within the interviewees' organisations. Very little is known about HRM in Kazakhstan. Therefore; these questions were also designed with the intention of collecting substantive data on the many gaps surrounding this topic.

Question 5 relates to the secondary theme of leadership development in Kazakhstan-based organisations. Leadership development was singled out as a specific barometer of HRM in Kazakhstan. It is also a topic about which there is no scholarly research or available data. Leadership development also is related to the theme of competitive advantage and RBT which are two other themes of this project. The literature review made the point that well developed and highly capable leaders can be a source of competitive

advantage for an organisation as an internal resource which is the main idea of Resource-based theory.

Question 6 addresses the issue of the profile and strategic role HR departments play in organisations. The literature suggests that in Kazakhstan HR is sidelined and not considered as an important department in the success of the organisation. The question seeks to identify whether HR is widely perceived as a transactional function and as a business cost rather than a value-adding organisational asset. The literature reveals that HR is less visible and credible than other business departments and this question seeks to quantify this by asking interviewees to rate the contribution of HR to the organisation's success relative to the contributions of other departments.

Question 7 is designed to address the themes of employees being a source of competitive advantage as posited by RBT and the general theme of competitiveness which is central to the President's target. The President's Strategy 2050 document sets out a plan for Kazakhstan to increase its international competitiveness. The aspiration is that by mid-century Kazakhstan will become one of the world's top thirty most competitive nations. RBT is built on the premise that employees, as an internal organisational resource, can be a direct source of competitive advantage for a firm in the marketplace. HRM would be critical to creating employees that are sufficiently remarkable to be a source of competitive advantage. Strategy 2050 also highlights the role of HRM in advancing Kazakhstan's competitiveness.

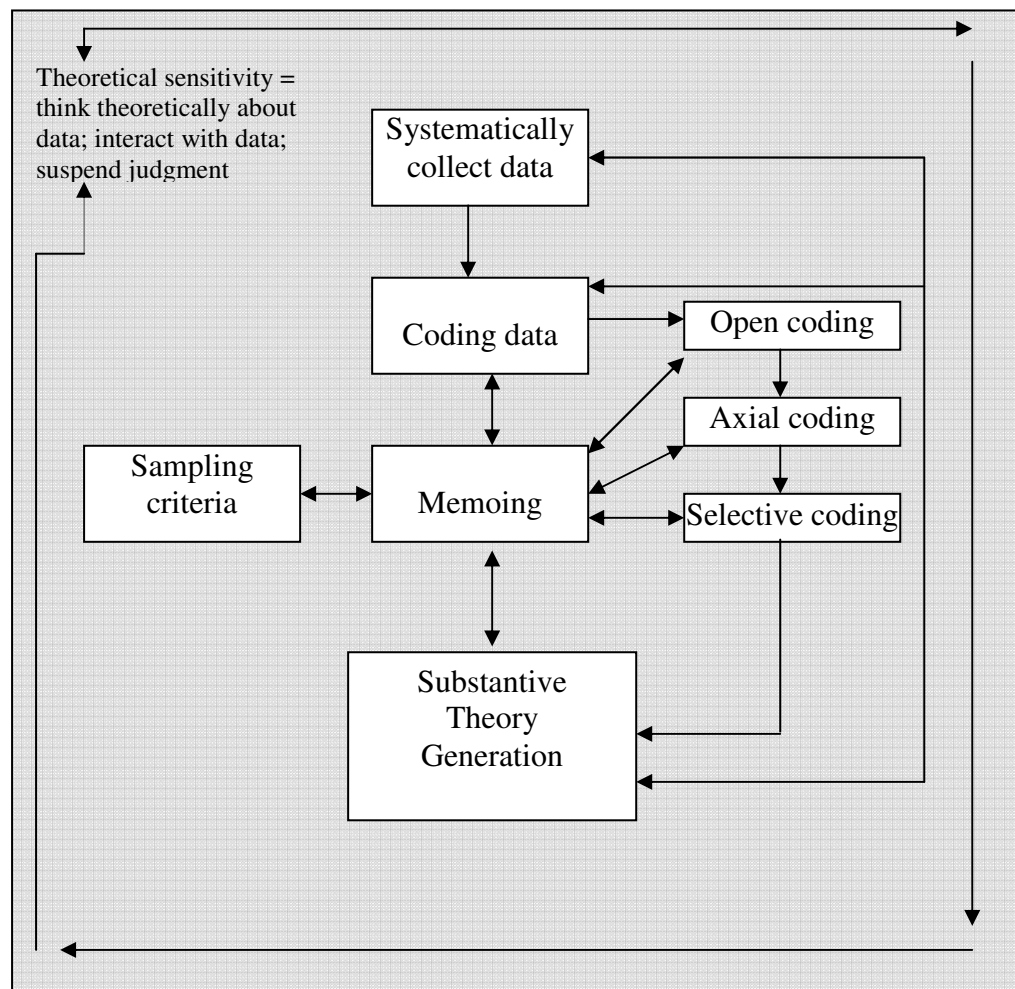
Question 8 is designed to capture any other pertinent comments, opinions and experiences relevant to the research themes which interviewees will not have had the opportunity to mention to this point. The objective is to encourage all and any issues relating to the study's themes to be captured and to identify any additional issues which were not found through the literature review.

6.7 Data Analysis

Frost *et al.*, (2009) conducted a study that found that the data analysis method adopted by a researcher has an influence on how the data is analysed to the extent that conclusions will vary between different researchers using different analytical methods. Therefore; process influences outcomes. For this reason, the method of data analysis should be thorough, methodical and robust. GT provides the researcher with a very methodical, reflexive and deliberative process for data analysis.

6.7.1 Analytical process

Figure 6.7.1.1 Grounded theory process diagram



Adapted from Douglas (2003)

It has already been acknowledged that this project has adopted GT as its research approach. The GT process followed is represented in Figure 6.7.1.1. This section of Chapter 6 will explain the detailed process of data analysis applied to this project's data within the GT approach. It should be reiterated that there is not a single, universal GT data analysis methodology and studies do vary in their approach to adopting GT methods for data analysis. This research project has surveyed a great deal of the literature on the topic and the approach this researcher has adopted is influenced by Glaser and Strauss (1967); Strauss and Corbin (1990); Charmaz (2000) and Douglas (2003).

As data began to materialise from the semi-structured interviews this researcher began the process of coding that data. Following the advice of Charmaz (2000) that data analysis should begin early and then be ongoing, this researcher began analysis at the completion of the tenth interview. Douglas (2003) describes the coding process as a result of interrogating the data and sorting it to formulate provisional answers. The process involves breaking down data, making sense of it and reassembling it in new ways. The objective of coding is that through coding text, categories begin to emerge and, secondly, coding commences the chain of theory development. Charmaz cautions that categories should not be pre-determined and this researcher was careful to begin the analytical exercise with no existing categories. The researcher should allow him or herself to be guided by the codes; they may lead the researcher in unexpected or new directions.

Table 6.7.1.1 Example of open coding

Interviewee Statement	Open Coding
<i>Yes, I think HRM is very important in organisations. It helps to recruit people and to train them in the company ways...but it is not the most important function in the business because it doesn't make the business any money I think.</i>	Affirms importance Identifies functions Highlights limitations Accounts for limitations

This researcher adopted a thorough, three level coding process advanced by Douglas (2003) and Charmaz (2000). The first coding activity is called open or critical coding; the second level is known as axial coding and the third level is called selective or focused coding.

Open coding involves analysing the text line-by-line or phrase-by-phrase. This is a slow, focused and methodical process which ensures every word is read through an analytical lens. Charmaz (2000) also observes that this approach deters the researcher from imposing extant theories on the data or his or her own beliefs. Open coding supports constructivist ideology as the process focuses the researcher on the subject's views of their realities. Charmaz also notes that open coding empowers the researcher's ability to relate the respondent's views to the contextual background that has informed the research problems.

Open coding helps keep the researcher thinking about the meaning that is being revealed through the data and forces continuous questioning of that meaning. Line-by-line coding also quickly reveals any patterns that may become categories. The process also greatly assists comparisons to be made between data. Charmaz (2000) stresses the importance of comparisons in data analysis exercises. Comparisons can include comparing different respondents' views and experiences of the same phenomena; comparing data supplied by the same respondent; comparing codes for consistency and comparing categories for similarities and differences.

Following open coding this researcher then undertook axial coding, the second 'level' of data coding. According to Strauss and Corbin (1990), axial coding is the process of reassembling data to identify connections between a category and its sub-categories. This facilitates a deeper appreciation of the category in terms of its context and consequences. Douglas (2003) recommends that axial coding arrange the line-by-line codes to identify any relationships between them for the purposes of revealing core codes or primary codes. This researcher found that axial coding can take some time to reveal or decide upon

core or major codes and the process progresses more fluidly as more data are analysed.

Table 6.7.1.2 Second Example of Open Coding

Interviewee Statement	Open Coding
<i>Recruitment in Kazakhstan is not fair because the company hires family and friends of top people, even if you are qualified you can't get in...or maybe you must leave the job to make way for the boss' son. I think it is our mentality from Soviet days and culture of family ties but it holds back development of company and equality in the workplace</i>	<p>Nepotism & Recruitment</p> <p>Example of nepotism (1)</p> <p>Example of nepotism (2)</p> <p>Reasons for nepotism</p> <p>Implications of nepotism</p>

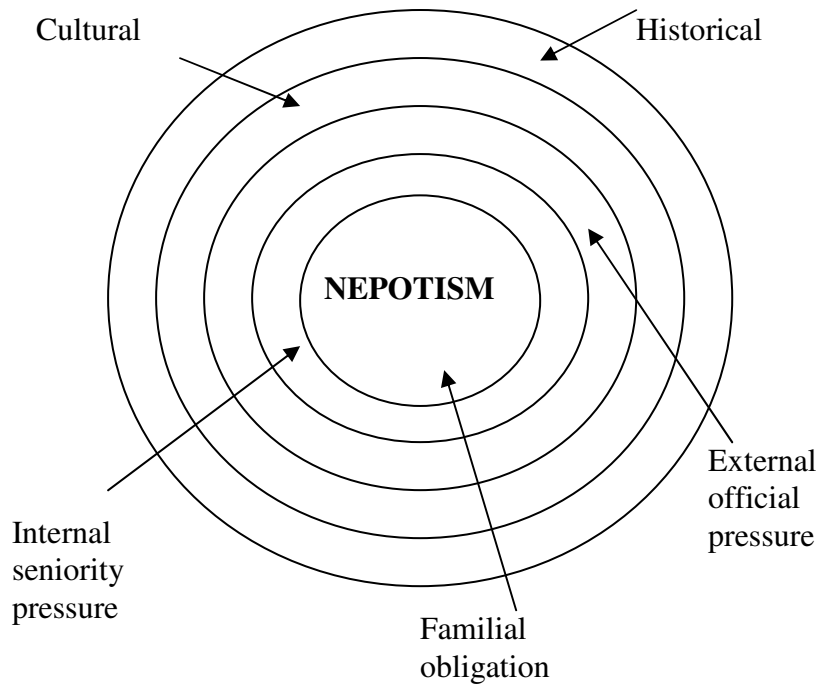
Tables 6.7.1.1 and 6.7.1.2 provide short examples of this researcher's open coding activity.

The third and final level of coding is called focused (Strauss and Corbin, 1990) or selective (Douglas, 2003) coding. The goal here is to take codes that appear frequently from the previous exercise so the researcher can refine and group these codes into clear and more specific sub-codes. For example; this researcher found through his analysis that the code "identifies HR functions" appeared very frequently but, on closer examination, contained many different functions of HRM departments. The single "identifies HR functions" code was unmanageable in size and scope to work with so this researcher broke it down into more specific and focused sub-codes (e.g. "recruitment"; "training"; "records management" and so forth). Another example was that the code which was known as "Interactions with HR" was split into three sub-codes: "positive interactions"; "neutral interactions" and "negative interactions."

Strauss and Corbin (1990) introduce a matrix in relation to selective coding. It provides a visual representation of the relative importance or centrality of conditions that influence respondent behaviours or opinions. They argue that

this can enhance the quality of the researcher's explanations and conclusions about phenomena. This researcher developed a concentric circles diagram based on this idea and found it very helpful. An example from this research project is provided in Figure 6.7.1.2

Figure 6.7.1.2 Concentric circles map for selective coding



This researcher also used memoing throughout the research process. He found the concept is much like the common use of small 'sticky notes' which have become ubiquitous in modern organisations. According to Douglas (2003):

"Memos are written continuously through the entire research process... they are used to reflect upon and explain meanings ascribed to codes by actors and the researcher; to identify relationships between codes; to clarify, sort and extend ideas; and to record crucial quotations or phrases" (p. 48).

Having completed the coding activities the researcher moves to advancing a grounded theory or theories. Substantive theory generation is an ongoing process as already noted; theories develop gradually during the research process. However, it is after the coding activities have been completed that the

researcher is able to confidently propose a grounded theory from the data. Glaser and Strauss (1967, p. 237) suggest that a good grounded theory should meet four criteria and that the criteria be used by the researcher to test the rigour of a proposed theory. This researcher will apply the four criteria to the substantive theory that will emerge from this project's data. The four criteria are shown in Table 6.7.1.3.

On developing a substantive theory, Douglas (2003) has said that the theory must emerge clearly from and be grounded in the data:

"Underpinning conceptual categories to the core conceptual category, which in themselves hold underpinning conceptual properties...support the emergence of a substantive theory. These emergent elements are the building blocks of theory generation" (Douglas, 2003, p. 50)

Table 6.7.1.3 Criteria for Assessing a Grounded Theory

Criterion	Explanation
FIT	<i>Does the theory fit the substantive area in which it will be used?</i>
UNDERSTANDABILITY	<i>Will non-professionals concerned with the substantive area understand the theory?</i>
GENERALIZABILITY	<i>Does the theory apply to a wide range of situations in the substantive area?</i>
CONTROL	<i>Does the theory allow the user some control over their situation (daily routine) as this routine changes over time?</i>

6.7.2 Manual data analysis

One of the more important decisions that had to be made regarding data analysis was whether to adopt a manual approach or a computer-enabled approach using a software program. This was a decision weighed carefully by this researcher as one of his doctoral supervisors had used a manual approach for their PhD while the other had utilised a computer program for data analysis. As noted earlier in this chapter, this researcher completed an earlier PhD and did use statistical software to analyse that data. This was one reason why this researcher eventually decided not to use a software package for the current project: a preference to try something different and enjoy the

challenges that come with this. Analysing the data manually using a GT approach was guaranteed to develop new skills in data analysis and that seemed an invaluable professional development opportunity too. In addition; the literature highlighted some other limitations of using computer programs for data analysis that resonated with this researcher.

Before turning to the criticisms and limitations of computer-enabled data analysis, it should be noted that there is support for this approach too. Charmaz (2000) has said that computer-assisted data analysis is especially helpful to the researcher when: there is a mountainous volume of data; the data to be analysed is highly complex; visual mapping is helpful to make sense of complex and/or mountainous data; there are multiple researchers and a lot of cross-referencing. This researcher considered the above points when weighing the decision about whether to use a software program for the data analysis phase of this research project. However, the four points were considered not to be characteristic of this research project and, in the absence of any more convincing arguments advocating for computer-enabled data analysis, the deliberation for this researcher ended.

While Charmaz highlights some conditions whereby computers can be helpful to the researcher, he is not an advocate of this approach generally:

"No matter how helpful computer programs may prove for managing the parts, we can only see their fragments on the screen. And these fragments may seem to take on an existence of their own, as if objective and removed from their contextual origins and from our constructions and interpretations" (Charmaz, 2000, p. 521).

Charmaz makes some other important points against computer-based data analysis. Significantly for this researcher, he asserts that electronic data analysis is not helpful for GT based research, such as this project. The reason, he explains is that computers do not think for the analyst yet there is a tendency to believe that that is what they are doing. He adds that computer programs over-emphasise data coding and then present a superficial view of GT and, moreover, that computer software does not understand or reflect GT

research methods. Charmaz goes further by stating that computer programs for data analysis are better suited to objectivist research methods and not constructivist methods. He adds that interpretive studies (as this study is) should not and cannot fully be reduced to a set of electronic procedures: "*Why would you want to engage in work that connects you to the deepest part of human existence and then turn it over to a machine to mediate?*" (Charmaz, 2000, p. 520). Indeed.

Other scholars have also criticised computer-enabled data analysis. Maclaran and Catterall (2002), for example, argue that software programs can work on what is said by the research participants, but not how they said it. This seems a seminal point because the subtext is a critical component of information people give verbally. It is one of the advantages of qualitative research methods such as interviews. A great deal can be conveyed through tone of voice. In this sense, the software seems limited and mechanical. A second observation made by Maclaran and Catterall is that software programs focus heavily on detail while losing sight of the bigger picture or wider context of the research. They claim that even the research objectives can become lost and, for the researcher, it can be a big challenge to maintain a conceptual mindset.

More persuasive, however, in this researcher's decision to settle on a manual data analysis approach are the arguments of Atherton and Elsmore (2007). One particularly interesting point they make is that software packages undermine the ability of qualitative researchers to manage their subjectivity. This is important, as discussed in section 6.2, because qualitative researchers must carefully self-monitor and question their subjectivity to ensure the rigour of their research. This point has already been noted in section 6.2. Subjectivity is also the easiest target for critics of qualitative research methodology who wish to highlight perceived flaws in the methodology and the findings of qualitative studies. As Atherton and Elsmore note:

"The risk with using standardized software packages in qualitative research is that it does not stimulate, or drive, consideration of where

the researcher is 'coming from' and so does not provide a means of dealing with the subjectivity and agenda of the researcher in a reflexive way." (Atherton & Elsmore, 2007, p. 67).

In other words, a pre-determined set of technical processes cannot accommodate the individual researcher's position, beliefs, values and thoughts that would necessarily, and rightly, be behind the research project. Creswell *et al.*, (2007) have said that axiology is one of the four key determinants of selecting a research paradigm. Correa (2012) has said that the researcher's values and beliefs are central to influencing research choices.

Atherton and Elsmore (2007) have also criticised software packages because these standardized packages are based on generic, rather than tailored, approaches to data organisation and presentation. Again, the individual researcher becomes secondary to the technology and almost just another part of the computer-led process. Generic programs do not deal well with questions concerning the context and subtleties of the data; they cannot think in the way a researcher thinks when interpreting data because the software lacks the axiological grounding of the human researcher. Also, software packages do not challenge the pre-position or axiology of the researcher. Atherton and Elsmore consider that this threatens the intellectual rigour of the research by reducing the need of the research to think:

"Using generic software protocols, particularly when repeated regularly, creates an epistemological 'comfort blanket' for researchers in that they produce an expected and defined approach to dealing with data, again regardless of context." (Atherton & Elsmore, 2007, p. 67).

6.8 Conclusion

This chapter has detailed the research design and research process of this doctoral project. The conceptual underpinning of the project was explained as constructivist / interpretivist and the methodology chosen identified as qualitative. It was explained that these choices were made for both personal and project-influenced reasons. The chapter defended the selection of semi-structured interviews as the data collection method and outlined the interview

process and its related issues that were undertaken. It was then explained that Grounded Theory was adopted as the guiding framework and the set of principles aligned with which the research was conducted. The project's interview questions were introduced and justified in the context of the wider project's problem statement and themes. The final section of the chapter detailed the data analysis process with examples and justified the decision to adopt a manual approach to data analysis.

Chapter 7: FINDINGS AND DISCUSSION I

7.1 Introduction

Chapter 7 of this thesis reports and discusses the findings of the semi-structured interviews which were the data collection method for this doctoral study. In total, 92 one-on-one interviews were conducted by this researcher between 16 March and 3 May 2013 in Almaty, Republic of Kazakhstan. All interviews were conducted in English. Of the 92 interviews, 84 (91%) were conducted in-person, face-to face; 4 (4.5%) were conducted face-to-face via Skype and 4 (4.5%) were written answers the interviewee sent by email. Further information on the design and process of the interviews was provided in the previous chapter.

The next section of this chapter (7.2) reports and discusses the findings of the demographic questions. Prior to being audio recorded for the interview proper, interviewees responded to some basic questions seeking demographic data. This question sheet appears in chapter 6. Sections 7.3 through 7.6 of this chapter present and discuss the findings of the first four semi-structured interview questions. The next chapter reports on the other interview questions.

The reader should note that the quotes from interviewees used in this chapter and the next chapter are written up here verbatim. As the interviewees did not speak English as their first language, their spoken expression and grammar was frequently imperfect. That has not been corrected. A second note: the numbers in brackets given after quotes or following paraphrased comments refer to the interview number from which the quote or comment was taken.

7.2 Demographic Questions

7.2.1 *Summary of findings*

A summary of the findings of the demographic interview questions is provided in three tables that follow this paragraph. Table 7.2.1.1 provides a summary of the interviewees by breaking down the data to show percentages by personal characteristics (age; gender) and employment background (organisational

ownership; organisational sector; length of employment; supervisory responsibility). Table 7.2.1.2 reports the profession or job title of each of the 92 interviewees and the gender of each interviewee. Table 7.2.1.3 reports the industry type each interviewee was most recently or currently (at time of interview) employed in.

Table 7.2.1.1 Summary: findings of demographic questions

# in HR Roles	% in HR Roles	# Non-HR Roles	% Non-HR Roles
19	20.5	73	79.5

Current Masters student #	Current Masters student %	KIMEP Alumni #	KIMEP Alumni %	HR Club #	HR Club %	Other referrals #	Other referrals %
26	28.3%	12	13	15	16.3%	39	42.4

Male #	Male %	Female #	Female %
30	32.6	62	67.4

Age of Interviewees									
<26 #	<26 %	26-30 #	26-30 %	31-35 #	31-35 %	36-40 #	36-40 %	>40 #	>40 %
42	45.7	21	22.8	16	17.4	5	5.4	8	8.7

Private Sector #	Private Sector %	Public Sector #	Public Sector %	Charity/Aid/Community Sector #	Charity/Aid/Community Sector %
78	84.7	8	8.7	6	6.6

Kazakh Owned #	Kazakh Owned %	Foreign Owned #	Foreign Owned %	Joint Kazakh-Foreign Owned Sector #	Joint Kazakh-Foreign Owned Sector %
33	35.8	34	36.9	25	27.3

Supervise/Manage Other People #	Supervise/Manage Other People %	Do Not Supervise/Manage Other People #	Do Not Supervise/Manage Other People %
40	43.4	52	56.6

Length of Employment with Current Employer											
<1 yr #	<1 yr %	1-3 yrs 11 mths #	1-3 yrs 11 mths %	4-5 yrs 11 mths #	4-5 yrs 11 mths %	6-8 yrs 11 mths #	6-8 yrs 11 mths %	9-11 yrs 11 mths #	9-11 yrs 11 mths %	12 years or more #	12 years or more %
26	28.2	31	33.7	11	11.9	16	17.4	4	4.4	4	4.4

Table 7.2.1.2 Profession and gender of interviewees

Profession/Job Title		
1. Professional Skills Trainer (F)	32. Telecommunications Engineer (F)	63. Education Manager (F)
2. Engineer (M)	33. English Teacher (F)	64. HR Officer (F)
3. Paralegal (M)	34. Data Analyst (F)	65. HR Director (M)
4. Teacher (F)	35. Lecturer (F)	66. Translator (F)
5. Designer/Architect (F)	36. School Teacher (F)	67. HR Specialist (F)
6. Personal Assistant (F)	37. Translator (F)	68. Accountant (F)
7. Sports Centre Director (M)	38. Programs Coordinator (F)	69. HR Manager (F)
8. Accounting Assistant (F)	39. Administrative Assistant (M)	70. Marketing Manager (M)
9. Advertising Manager (M)	40. Receptionist (M)	71. Teacher (M)
10. Marketing Manager (M)	41. HR Manager (F)	72. Market Research Analyst (F)
11. Accountant (F)	42. General Manager (F)	73. Accountant (F)
12. Visa Applications Officer (M)	43. Editor and Reporter (F)	74. HR Projects Coordinator (F)
13. Flight Attendant (F)	44. Accounting Assistant (F)	75. HR Manager (F)
14. Events Coordinator (F)	45. Head of Talent Development (F)	76. Financial Director (M)
15. Commercial Fleet Manager (M)	46. HR Specialist (F)	77. HR Generalist (F)
16. Sales Manager (M)	47. CEO (M)	78. Customer Relations Executive (F)
17. Surveyor (M)	48. Interpreter and Translator (F)	79. Marketing Assistant (F)
18. Administrative Assistant (F)	49. Recruitment Assistant (F)	80. Librarian (F)
19. Student Advising Coordinator (F)	50. Financial Analyst (M)	81. Company Director (M)
20. Sales Assistant (M)	51. Property Appraiser (F)	82. HR Officer (F)
21. College Manager (F)	52. Credit Administration Specialist (F)	83. Events Coordinator (F)
22. Library Assistant (F)	53. Project Manager (F)	84. HR Director (M)
23. Financial Analyst (F)	54. Sports Coach (F)	85. Securities Trader (F)
24. Head of Performance Management (M)	55. Corporate Development Clerk (F)	86. HR Director (F)
25. Design Technician (M)	56. CEO (M)	87. Tenant Relations Manager (F)
26. Sales Assistant (M)	57. Software Systems Analyst (F)	88. Accountant (M)
27. Sales Manager (M)	58. Marketing Specialist (F)	89. Financial Auditor (M)
28. General Manager (M)	59. Revenue Management Analyst (M)	90. Senior Human Capital Consultant (F)
29. Assistant Auditor (M)	60. Pricing Analyst (F)	91. Office Manager (F)
30. Training Consultant (F)	61. Administrative Assistant (F)	92. Head of HR Department (F)
31. Lecturer (F)	62. Domestic Worker (F)	

Table 7.2.1.3 Interviewees by industry

Industry		
1. Training & Development	32. Telecommunications	63. Adult Education
2. Telecommunications	33. Tertiary Education	64. Tertiary Education
3. Legal Services	34. Oil and Gas	65. FMCG
4. Education	35. Tertiary Education	66. National Government
5. Furniture Wholesale/Retail	36. Primary Education	67. Mining
6. Tertiary Education	37. Professional Consulting	68. Banking
7. Sports Management	38. NGO	69. Tertiary Education
8. Food Manufacturing	39. National Government	70. Publishing
9. Advertising	40. NGO	71. Adult Education
10. Marketing	41. Oil and Gas	72. FMCG
11. NGO	42. Office Furniture Manufacturing	73. Chemical Manufacturing
12. Diplomatic Services	43. Print and Online Media	74. Telecommunications
13. Civil Aviation	44. Banking	75. FMCG
14. International Relations	45. HR Consulting	76. Public Relations
15. Logistics	46. Legal Services	77. Financial Services
16. Electric Goods Wholesale	47. E-Commerce	78. Civil Aviation
17. Construction	48. Power Utilities	79. FMCG
18. Tertiary Education	49. NGO	80. Civil Aviation
19. Tertiary Education	50. Financial Services	81. Food and Beverages Raw Materials Distributor
20. Clothing Retail	51. Banking	82. Higher Education
21. Vocational Education	52. Banking	83. Events Management
22. Tertiary Education	53. NGO	84. FMCG
23. Private Equity and Investments	54. National Government	85. Banking
24. Mining	55. Banking	86. Higher Education
25. Construction	56. Financial Consulting	87. Commercial Real Estate
26. Cosmetics Retail	57. Telecommunications	88. Mining
27. Telecommunications	58. Domestic Appliances Manufacturing	89. Financial Services
28. Power Engineering	59. Civil Aviation	90. Professional Services
29. Financial Services	60. Civil Aviation	91. Drilling
30. Financial Services	61. Engineering Consulting	92. Oil and Gas
31. Tertiary Education	62. Domestic Services	

7.2.2 Discussion of findings

The data reveal that one in five interviewees was in a HR-related role. The intention of this researcher was to have a mix of HR professionals and professionals outside of HR to interview. It was reasoned that, for example, to

get a balanced understanding about the state of HRM in Kazakhstan it would be necessary to avoid only interviewing HR professionals or only interviewing non-HR professionals. Either of these scenarios might well skew the findings or produce an unrealistic portrait of HRM in Kazakhstan. Having one-fifth of all interviewees being HR professionals, this researcher feels, provides a good balance between the two as HRM is still a new field in Kazakhstan.

This research project was granted approval to actively invite potential interviewees from three sources: current Master degree students from the researcher's university; alumni of that university; members of the university's HR Club. All interviews had to meet the minimum work experience criteria of being currently employed or employed within the twelve months prior to their interview. Interestingly, the majority of interviewees did not come from one of these sources but self-referrals or referred by the researcher's students, social network or colleagues. In other words; third-party word-of-mouth about the research elicited the greatest number of interview volunteers. This researcher did not ask friends, colleagues or students to recruit volunteers; they just did this. In Kazakh culture, as the findings to interview question eight vividly illustrate, helping friends and family in any way you can is simply done; one does not ask if the person would like help and one does not wait to be asked for help as, arguably, is more common in western societies. The result was that this researcher was regularly having people request an interview who had heard about the research from someone the researcher knew.

The demographic data reveal that one-third of interview participants were male and two-thirds female. This is a better representation of men than anticipated. In this researcher's current Business Communications class (a compulsory, foundation course for all Bachelor students) there are eight males and fifty-two females (males are just 15% of the class). From a total of 135 students this researcher is teaching this semester, thirty-one are male (23%). It is a pattern replicated across the university. As university alumni and current Master's students accounted for 41% of interview respondents and one in five respondents worked in HR roles (widely recognised as a more female-oriented

field of work) it was to be expected that, on the balance of probability, many more women would ultimately be interviewed for the project than men.

The data show that the majority of interviewees were young: more than two-thirds were aged thirty or under. Again, this was anticipated because many interviewees were current MBA students or alumni of the university. The university is only twenty years old and, additionally, it is likely that the most recent graduates for whom the most accurate contact information would be available are also the youngest graduates. There is also a noticeable pattern in Kazakhstan that those who speak English well tend largely to be young people. This researcher has considerable experience in Japan and many other non-English speaking countries where the same pattern is generally observable.

The overwhelming majority of interviewees worked in the private sector (84.7%). Almaty is Kazakhstan's commercial hub and it is dominated by private companies. Public sector government organisations are concentrated in Astana, the nation's capital (similar to the Sydney-Canberra relationship). It is also true that pay in the public sector in Kazakhstan is very low. Therefore, young people who can speak English tend to seek employment in the private sector (especially the many foreign-owned companies or partially foreign owned companies) where pay, conditions and career opportunities tend to be far better. There was an almost equal, three-way distribution of foreign-owned; Kazakh-owned and joint stock companies represented in the research.

The data revealed that 43.4% of interviewees supervised or managed others while 56.6% did not. It was also discovered that three-quarters of respondents had less than six years' service with their current employer. Again, this can be explained by the age of the interviewees and that many interviewees were current Master degree students at the researcher's university who, almost exclusively, are in their 20s and just embarking on their careers. Approximately nine per cent of interviewees had at least nine years' employment with their current employer.

Table 7.2.1.2 shows the job title or profession of each interviewee and the gender of that interviewee. The table reflects a wide range of very different occupations (e.g. accountant; engineer; teacher; marketing manager; flight attendant; training consultant; financial analyst and librarian) and includes people at various levels of seniority in their organisation (e.g. clerk; assistant; coordinator; manager; general manager; director and CEO). The people in the 20 per cent of HR-related roles are overwhelmingly female. Table 7.2.1.3 lists the industry / sector in which the interviewees are employed. The data indicate that a very broad range of sectors are represented in the research (e.g. education; civil aviation; manufacturing; telecommunications; financial services; retail; government; construction; mining; utilities; oil and gas and media) this was considered a very good representative sample of industries.

7.3 Question One: Findings and Discussion

Q1. Do you think human resource management has a role to play in organisations and if so, what is that role?

Following the process of analysis employing the Grounded Theory (GT) methods for data analysis discussed in Chapter Six, three broad themes were identified through the responses to interview question one. The first theme was identified as the direct response to the first part of the question: whether respondents did think, did not think or did not know whether HRM has a role to play in organisations. The second theme emanating from the data analysis pivoted around the respondents' interpretation of the word "role". Some respondents interpreted this as meaning specific functions while other respondents interpreted the word "role" in a broader, more general context. The third theme represents a division between those respondents who perceived the HRM role as being employee-centered (activities designed to assist, develop and enable employees) and those who saw the role as transactional (activities not primarily designed with employee interests in mind).

7.3.1 Whether HR has a role in organisations

All 92 interviewees said that HR had a role to play in organisations to a greater or lesser extent. Generally, interviewees agreed strongly with the notion that HR has a role to play but often did not develop this past mentioning recruitment and employee training. Not all interviewees felt that HR was playing a big role in their organisation, but that it could or should. HR was either limited by its lack of influence in the organisation or its historical habit of being focused on paperwork. Some interviewees did not know exactly what role HR was playing in their organisation and one interviewee did not have any idea what the role of a HR department was.

7.3.2 Roles of HR in organisations

Most interviewees interpreted the word 'role' to mean function and gave examples of HR roles such as being recruitment; selection; training; team-building and so forth. A minority of interviewees understood the word 'role' to be more general and to encompass the various functions HR is commonly responsible for in organisations. For these few interviewees, the role of HR is more strategic and goal oriented. They conceive of HR as playing an important part in the achievement of the organisation's goals. For those who perceived roles as functions, the work of HR is more paper-driven and process-oriented. This is a theme which runs throughout the interviewee responses to the different interview questions and it is developed in detail later in this and the next chapter. A very comprehensive list of the paper-driven and process-oriented roles or functions of HR is provided in Table 7.3.3 which is in the following section.

This section will now look in some detail at three of the HR roles that interviewees cited as examples of what the HR department in their organisation is doing. The three roles have been selected because they received multiple mentions and because they contrast very markedly with each other and so highlight the often complex and contradictory nature of HRM practice in organisations in Kazakhstan today. The roles selected for further discussion here are the controlling and enforcing role; the social and celebratory role and the employee motivation role.

7.3.2.1 Controlling and enforcing role

Fourteen (15.2 per cent) of interviewees said that their HR department had the role of controlling employees and enforcing organisational discipline. Quite a few more interviewees mentioned this controlling role in response to later interview questions. Interviewee 1 said that HR is *"responsible for keeping people at their positions and making sure they act their best"* while interviewee 3 said that HR has a big role to play *"because it controls people at work."* Interviewee 3 went on to say that now *"we have a problem because HR managers just give people salary and a place to work because now we are post-Soviet country."* The interviewee has had to now enforce the discipline himself on his subordinates as HR is not as forceful as it used to be. Interviewee 7 said that an important role of HR is to *"monitor the timely appearance of employees at work which is an important part of internal discipline."* Micro-management of employees and their behaviour was discovered as a practice in Kazakhstani organisations through the literature review and it is mentioned numerous times throughout the interviews. Interviewee 51, for example, said that an important role of HR in her company was to enforce the dress code.

Enforcement of the organisation's dress code was a source of friction between interviewee 85 and his employer. He was *"irritated by HR who acted like teachers; trying to punish you for small things like having a cigarette break or a mini coffee break or wearing jeans...they want to punish you like a little kid...it happens everywhere...my friends and family say the same...that's HR management here; they don't realize that you don't have to do this; we are all adults."* The interviewee said he worked in the back office, on the third floor and never had customer contact in his job and yet the rules are always enforced. He described being invited to private meetings with HR where he was chastised for wearing jeans. He had also been sent home to change his jeans once and had received a letter from HR about his jeans. He added that it was ok to wear jeans on Fridays because it was 'casual day' every Friday.

Interviewee 18 said that HR must *"control employees during their work period...it is the main duty of HR; controlling and organising employees."*

Interviewee 68 provided a good insight into what control and discipline appears to mean in Kazakhstan-based organisations: *"They have a lot to do with discipline of employees, actually, because the department heads like discipline. HR controls discipline...like if you are late for work or try to go for lunch at 12 instead of 1. They monitor this...if you have some problems your boss will tell HR department."* The interviewee went on to say that even if the employee arrives one minute late (they have an electronic clock-on system) HR deducts 15 per cent of that day's salary from your wage as a punishment. The interviewee had on a couple of occasions told his boss he would be late to work and provided a reasonable excuse, but his boss had neglected to inform HR in advance and so the money remained deducted from his wage.

7.3.2.2 Social and celebratory role

Seven interviewees (7.1 per cent) directly spoke about, and provided examples of, the social role that HR plays in their organisation. Another ten (10.8) interviewees made passing references to the social role played by HR in their organisations without giving specific examples. Interviewee 7 said that HR *"must track and organise the good moments, such as birthdays and events."* Interviewee 12 said that *"when we have holidays, vacations or any celebrations, HR makes team-building programs or they take money from the company in order for us to go somewhere; to spend our time very nicely; to get to know each other more."* It is interesting to note that some of the interviewees who described HR as officious and dictatorial were the same interviewees who gave examples of HR celebrating birthdays or making games to motivate employees. It seems schizophrenic (although not for interviewee 32 who described HR maintaining *"social control"* over employees through arranging free medicine and free lunches and day trips) but more than that, neither role is strategic and neither role is mentioned in the literature on international best practice HRM.

Interviewee 44 said that his HR team tries to promote a friendly atmosphere, make people comfortable and encourage collaboration by *"celebrating people's birthdays, new year, Nauryz [the major national holiday in Kazakhstan] and other special days."* Interviewee 46, a HR specialist,

described one of the major roles of HR in her organisation was running "Hobby Days", an initiative that is held once a week where employees take turns telling everyone about their favourite hobby: *"it helps us find out that someone is a great dancer or can paint beautiful pictures."* She also organises team-building activities away from the office because *"it's very nice going somewhere with the whole company. You're playing different games and spending time nice. After that, employees are becoming friends and it helps them work."* Interviewee 67 described HR-organised family days for employees and their families to have barbeques out of the city and giving presents to employees with children for Children's Day. He said that such activities help to motivate employees and strengthen the corporate culture.

7.3.2.3 Employee motivation role

The data analysis discovered that the word 'motivation' was mentioned by 22 (24 per cent) of interviewees with 9 (9.8 per cent) explicitly stating that employee motivation was a role of HR in their organisation and the remainder linking other roles of HR to having an impact, directly or indirectly, on levels of employee motivation. Interviewee 14 said HR motivates employees because *"everything in the company at the end is related to people."* Interviewee 19 said that motivation *"encouraged people to build their career and get a promotion."* Interviewee 42 said that the main reason HR motivates employees is because it makes good business sense rather than being especially important for the individual: *"Motivated people create value; de-motivated people create debts and problems."*

Interviewee 45, an experienced HR manager, said that motivating employees was the third most important priority for HR after recruitment and training. Motivation, he said, does not need to be the top priority because good recruitment practices and good employee training means many employees should not need motivating by the company. Interviewees 53 and 58 also said that HR motivates employees through other initiatives such as training and development (interviewee 53) and building a positive workplace culture (interview 58). Interviewee 64 said that by motivating people they are *"easier to manage, easier to lead and will perform better to achieve their own goals."*

Interviewee 67 said that motivating employees should be done as soon as they enter the company; it should be part of the corporate culture to help them settle quickly into their jobs. It was noticeable that while many interviewees said why employees should be motivated and were able to suggest benefits that motivated people offer, none provided any specific examples of *how* HR motivates employees in their organisation. Only in the previous section were social events said by some to have a motivational effect.

7.3.3 Employee-centered and transactional roles

The data revealed that the roles played by HR departments according to the interviewees fell broadly into one of two categories. Firstly, what this author has chosen to term 'employee-centered' roles. These are roles characteristic of helping; supporting; nurturing; guiding and the like: they are roles primarily enacted for the betterment of the employees. The second category, for the purposes here, is termed 'transactional' roles and it encompasses roles that are not foremost performed with employee advancement in mind. These are roles which include routine tasks for the purposes of compliance and typically include bureaucratic, information gathering and processing or broad 'business servicing' roles.

It is true that processing an employee's leave application is helpful to the employee and satisfies the employee. However, in and of itself, the task is transactional and routine and creates no value for the employee. Rather, it ensures only that the organisation meets its basic obligations to the employee. Table 7.3.3 collates the interview data on employee-centered and transactional HR roles. It is noticeable and consistent with the findings of the literature review for this research project, that there is a strong bias towards transactional HR roles in organisations in Kazakhstan. Many of the employee wellness and support programs common in fully industrialized (especially western) economies are missing. As a lot of the data for most of the interview questions revealed, the Soviet and Kazakh cultural influences on organisations and work in Kazakhstan have resulted in a very different orientation to employee management and employee relations in Kazakhstan.

Table 7.3.3 Employee-centered and transactional HR roles

Employee-centered roles	Transactional roles
<ul style="list-style-type: none"> • Builds organisational culture / creates good atmosphere (1, 12, 23, 44, 56, 58, 64) • Teambuilding activities (12, 46, 85) • Employee motivation (14, 19, 42, 45, 53, 58, 64, 67, 76) • Counseling/advising (15, 18, 27, 56, 61) • Help to gain better qualifications (18, 30, 53) • Career guidance (19, 45) • Dispute resolution (19, 23, 61) • Attracting talent to apply for jobs (23, 32) • Employee retention (29, 65, 82) • Helping personal development (29) • Develop strategic HR plan (41) • Deliver training and development (49, 60, 61) • Organise social events (7, 12, 32, 44, 46, 56, 67) • Conduct induction for new hires (38, 67) • Rewarding employees (65) • Talent management (75) • Employee branding (75) • Advocate for employee rights (87) 	<ul style="list-style-type: none"> • Control and manage employees (1, 3, 7, 9, 18, 20, 34, 35, 46, 51, 68, 81, 85, 92) • Recruitment (1-4, 8, 10-13, 15-20, 22, 27-30, 34, 35, 38, 40, 43-45, 47, 49, 50, 52-55, 58, 62, 63, 65, 67, 69, 70, 73, 78, 79, 84, 88, 89, 92) • Training and work-related development (3, 8, 11, 16, 18, 19, 25, 26, 29, 30, 34, 35, 38, 45, 49, 52, 53, 58, 61, 65, 66, 69, 72, 78, 81, 82, 87, 92)¹ • Process salaries (3, 6, 27) • Find offices for employees (3) • Process vacation requests (4, 6, 7, 12, 68, 70, 73) • Manage documents (4, 6, 13, 19, 21, 22, 28, 31, 44, 48, 54, 66, 72, 77, 81, 86, 91) • Select job candidates (5, 26, 33, 57, 78) • Manage sick leave (6, 68) • Advertise internal vacancies (6, 69) • Fire employees (8, 33, 44, 89) • Verify qualifications (8) • Assigning workloads (10) • Manage performance evaluation (11, 28, 66, 69) • Issue job descriptions (12) • Administer tests (12, 32, 33, 55) • Process labour contracts (13, 46) • Interpret Labour Code (16, 92) • Workforce planning (19) • Organise business trips (32, 59, 70) • Manage employee medical insurance scheme (32) • Issue rewards (33, 53) • Process promotions (34) • Write and implement HR policies (41, 46) • Develop / manage HR budget (41) • Employee profiling (44) • Develop employee handbook (46) • Enforce dress code (51, 85) • Arrange work visas/permits (59) • Conduct employee satisfaction survey (21, 67) • Maintain union relations (70) • Facilitate communications (73, 82, 85) • Manage maternity leave (73) • Manage CSR programs (75) • Administer employee benefits (85) • Prepare work schedules (91) • Cooperate with state agencies (91)

¹**Note:** While training and development is primarily an employee-centered activity designed with employee betterment in mind, the data revealed that the interviewees' HR departments are only organising, scheduling or booking training on the instructions of managers. There was no evidence (except interviewees 49, 60 and 65) that the HR departments are designing or delivering the training and for this reason the item 'training and development' appears in the transactional column where no evidence of design or delivery was apparent.

Table 7.3.3 shows that, in total, there were 226 separate examples of HR roles given by the interviewees in response to interview question one. 53 (23.5 per cent) of these examples were classified as employee-centered roles and 173 (76.5 per cent) of the examples were transactional roles. Therefore; the data suggests that out of every four HR activities in the organisations represented in the interviews, three of those activities are not primarily conducted for the benefit of the employee. Other points of note are that 48 (52.1 per cent) interviewees mentioned recruitment as a role of their HR department making it by far the most popular response followed by scheduling/booking of training and development courses which were mentioned by 28 (30.4 per cent) interviewees.

Perhaps most surprising, and revealing in the context of the project, was that the third most commonly cited role performed by HR in organisations is to control employees which 14 (15.2 per cent) interviewees mentioned. Indeed; as well as being explicitly mentioned, the theme of HR as an agent of control was also implied in numerous interviewee responses through the examples of what HR specialists are doing in organisations. Interviewee 46, for example is writing an employee handbook to advise employees of important company policies. When prompted in the interview to give an example or two of 'important policies' she said: *"telling people how to work with the accounting department; what to wear to the office and how to answer the telephone."* HR's partiality in Kazakhstan for seeking to manage the minutiae was observed during the literature review. The theme of HR as a controlling force is a topic for further discussion in this chapter as it resurfaces in responses to later interview questions.

Quite a few interviewees talked about the influence of communism and the Soviet model for organisations and work. It would seem that the strong predilection for transactional, process-driven work of HR departments in organisations in Kazakhstan stems from this experience and, significantly in terms of this research project, persists today:

"In the Soviet Union we had systematic policies on how to fill documentation....about requirements for documentation, requirements for hiring or dismissing people...everything... and these policies didn't be updated yet...we have handbooks that didn't change since 1986...but now we try to change them a little bit." (Interviewee 77)

The responses to question eight were particularly enlightening on the topic of HR during the communist era. But of the Soviet HR 'model' and its influence in particular on today's organisations, one interviewee expressed it particularly well and, although a little over-stated perhaps, there is no better, single statement which summarises the entire research data so well:

"HRM is now in the step of developing because, you know, before we were part of Soviet Union and their system of HR was Адиль Кадров [Adil Kadraff: literally 'personnel department'] it was so different from right now...now we are between HRM of modern model and Soviet type. A lot of organisations are still working under Soviet Union HRM style...they just hire people on basis of need and just control and keep record on every employee. Nothing else. (Interviewee 19).

Similar sentiments were expressed frequently throughout the interviews by interviewees from local and a few jointly-owned companies. Interviewee 44 said that HR *"produce reports about employees; they collect information about each person; they do profiles of the employees."* Interviewee 21 explained that in her organisation's HR department the staff have been in their positions a long time; trained under the Soviet model and highly resistant to change or to move on. The interviewee expressed frustration that her colleagues' requests for training and development are routinely ignored by HR which is happy to *"just process the orders of top management."* She added:

"At [company name] we don't have a good HR department; just personnel, it's not a real HR department. They don't organise any trainings, they don't care about promotion, they don't care for us. So they just do bureaucratic work; they just do clerical work like records or forms, orders, and I don't think they take any initiative to improve this situation in our organisation." (Interviewee 21)

Interviewees working in foreign-owned companies did not describe their HRM departments in these terms. Those working in subsidiaries of multinational companies described the work of HR in the most positive and

progressive terms; in terms most closely aligned with what the literature review revealed to be commonly accepted 'best practice' HRM. Interviewees 43 and 48 discuss nepotism affecting their organisations' recruitment and promotion policies and so subverting the efforts of HR to develop. The theme of nepotism built in significance as the interviews proceeded and culminates as the dominant theme to emerge in responses to interview question 8.

7.4 Question Two: Findings and Discussion

Q2. Does your organisation have a HR department and, if so, please explain its current functions?

Following the process of analysis employing the Grounded Theory (GT) methods for data analysis discussed in Chapter Six, three broad themes were identified through the responses to interview question two. The first theme was identified as the direct response to the first part of the question: whether the respondent's organisation had a HR department. Responses included affirmative; negative; uncertain and no direct response. Some respondents also gave reasons why their organisations did not have a HR department. The second theme related to a follow-up question put to respondents when they answered that their organisation did not a HR department. They were asked who, in the absence of a HR department, carries out the HR role or functions for the organisation. The third theme was revealed as the direct responses to the second part of the question where respondents described the current functions of their HR department. Because many interviewees had misinterpreted the word "role" as meaning "functions" for question one, quite a few respondents repeated what they had said for question one again here. So as to not repeat the very many facsimile answers provided for question two that were given in response to question one, 7.4.3 recounts those answers where interviewees provided examples of special or current HR initiatives which were not routine, every day HR activities.

7.4.1 Whether or not organisations have HR departments

The data revealed that 24 (26 per cent) of the 92 interviewees said that their organisation had no HR department or dedicated HR specialist. Three (3.2 per cent) of the organisations represented in the interviews (interviewees 3, 46 and 87) had a dedicated HR specialist but this specialist was attached to other parts of the business or working commonly with others and not part of a HR team. The remaining 65 (68.2 per cent) interviewees said that their organisation did have a formal HR department.

In many cases the interviewees said that the reason their organisation did not have a HR department was because the organisation was too small. One interviewee had a very small business, for example, consisting of just her and occasional sub-contractors. Two other interviewees worked in volunteer organisations which did not have a typical organisational structure or hierarchy and so was not organised along departmental lines. Two interviewees said that their organisation was new and rapidly expanding and that the HR role had not been formalised yet, although they both expected this to happen soon. However, as interviewee 23 noted, even small companies have a need for some HR function. In her small company of just 16 people there were *"many personnel issues...no job policy...big employee turnover"* and management was doing a poor job of interviewing and assessing people's skills and skill gaps: *"it was not structured; nothing was written down."* In addition there was *"bad communication and people not doing their jobs well...people had personal problems and there was a lot of pressure...it culminated in personal conflicts and high turnover."* This led the interviewee to conclude after a while that *"I felt like there was something missing and I thought maybe HR function was missing."*

In numerous instances the interviewees worked for organisations of a considerable size but still did not have a HR department or any dedicated HR professional. Interviewee 8, for example, has over 100 employees in his organisation but just *"a young girl for hiring and firing people....and put some documents in order or get them signed"* doing what the organisation considers to be the HR role. Not surprisingly, the interviewee noted that she is very busy

and works very hard. Similarly, interviewee 76 works in a company with *"more than one hundred"* employees yet has *"one girl to receive documents."* He noted that the company finds it very hard to keep employees and even harder to replace them, arguably because nobody is coordinating recruitment or managing workforce planning. He also went on to say that because the company finds it difficult to attract employees and has many vacancies that *"usually we use our own network like friends, relatives and others we know"* to fill jobs. This might explain some of the nepotism common in Kazakh-owned organisations: without a HR function the only way to find employees is through your personal network. As a footnote to this paragraph and by way of comparison, interviewee 11 also works for a company with 100 employees yet this company has a HR department with four fulltime employees.

It is especially telling to observe quite large, complex organisations which have not found it necessary to establish a HR department or even a person to manage HR matters. It would seem to indicate either that HRM in Kazakhstan is held in low regard or that there is a lot of ignorance surrounding HRM, what it does and why it is necessary and the difference it can make.

The data analysis revealed an interesting pattern concerning those organisations which have or do not have HR departments. In the organisations which did not have either a dedicated HR employee or HR department, those acting in HR roles were almost exclusively only engaged in recruitment and basic records management. The consequence being that employees in these organisations missed out on professional development, support and career guidance that HR departments typically provide. Interviewee 66 worked for a publishing company that did not have a HR department: *"I worked for this organisation since 2005 and we never had any training...we do not have performance appraisal ever."* Interviewee 52 said that in her organisation only department heads had their performance appraised *"on a quarterly basis but they are not evaluating other workers who is general workers."* The department heads also do the recruiting and even the mundane collection and processing of employee paperwork. Interviewee 9 can have training but he must identify his own development needs, source the training and organise it

himself because there is nobody employed at the company to do this for the employees. Another employee's experience in a mid-sized company without HR is of a supervisor who performs the HR role: *"her main job is to control people; control what they are doing; control everything which happens with them"* (interviewee 26) but not offer any training or development.

In those organisations that did have dedicated HR professionals, the employee experience was quite different. These organisations were shown to be measuring and evaluating employee performance; delivering training programs including leadership development; aligning HR strategy with overall business strategy; organising social and networking opportunities for employees and redesigning jobs and duties. Examples of this include the company where interviewee 2 works where HR has developed a very comprehensive 5-step recruitment process to ensure the company only hires the very best people. At another company HR has identified promising employees and gained funding to offer rebates to those employees wanting to take a Master's degree (interviewee 18). Employee performance appraising is happening at interviewee 19's organisation and the HR team where interviewee 21 works has been tasked with restructuring the organisation to reduce costs and eliminate waste. At the company where interviewee 29 works, HR has formed partnerships with local universities to engage with and hopefully attract the best graduates each year. They put on presentations, participate in job fairs and offer internships for students seeking work experience. The employees where interviewee 34 works are surveyed annually by their HR department to self-assess progress and goal achievement; set new goals for the coming year and identify training needs. This HR team also contributes actively to business strategy formulation. One HR specialist (interviewee 46) has initiated the design of a comprehensive employee handbook to collate and formalise all policies that employees need to know.

The above examples are important to this project's themes such as organisational development and competitiveness as well as other themes such as building competitive advantage through employees. Those organisations with HR departments are working more strategically with their human

resources; developing and deploying employee talents to advance the organisation's goals. These organisations are also engaged in involving employees more in their business and caring for employees in ways which help employees maximise their contribution to the organisation. In other words; organisations with HR departments are much closer to extracting competitive advantage through their employees' skills and knowledge.

Conversely, employees in organisations where HR is absent are missing out on career development; work-based training; performance management and other programs which can develop them, engage them and help retain them. The interview transcripts are full of critical and sometimes resentful and bitter comment from interviewees who have no training and development or career guidance, for example. These comments reflect that employees in Kazakhstan do expect to be valued and developed by their employer. Whether they can articulate that competent HR is the missing link in their organisation or not, it is. This is likely to have a profound impact on the ability of organisations in Kazakhstan to contribute to national economic development and to compete in an ever-more-liberal marketplace with European and other international companies. In short; President Nazarbayev's Strategy 2050 vision and goals about which this research project is concerned, is dependent in part on HRM in Kazakhstan-based organisations. The achievement of the 2050 economic and developmental goals set for Kazakhstan are threatened by the findings of this project such as the low profile and mundane activity of HR in organisations in Kazakhstan.

7.4.2 Substitutes for HR departments

Not only do many organisations not have a dedicated HR function or qualified HR personnel, they also appear to abdicate the responsibilities and important functions of HR to a disparate and eclectic group of other employees. It suggests that the work of HR is perceived as either not particularly important or so simple that anybody can do it. This is not true, of course, but it is seen to be true by organisations because many only consider HR to be about recruiting and managing documents. This observation is supported by the responses to interview question one of the previous section and interview question three in

the next section. Very largely, HR is seen as a non-strategic, non-revenue generating, process-driven business adjunct consumed by managing documents and conducting interviews.

Table 7.4.2 HR Substitutes

Interviewee #	HR Substitute	Functions/roles
1	Managing Director	Recruitment; Celebrate birthdays
5	Chief Creative Director	Recruitment; Process leave docs.
8	Office Generalist	Paperwork / document mgt.
9	Anybody	Recruitment; Approve training
10	Executive Director	Recruitment
14	Intl. Relations Mgr. + Treasurer	Organize events; Maintain records
16	Director	Recruitment
23	The Management Team	Recruitment
25	Line Manager and Director	Recruitment
26	Line Supervisor	Recruitment; control people; document management
37	Business Owner	Recruitment; Check people's work
38	Regional Director	Recruitment; Organise social events; Apply for grants
42	General Manager	Recruit and select; monitor team spirit; document management
45	All Managers	Recruitment; Document mgt.
49	Manager	Recruitment
52	Department Heads	Process salary; Recruitment; Document management
53	Project Managers	Recruitment; Organise Training
63	Education Manager	Recruitment; Organise Training
66	Company lawyer + Department Head	Approve leave; Recruitment
70	Accountant	Recruitment and Termination
72	Freelance Office Manager	Recruitment; Document Mgt.
76	Office Mgr & Dept. Heads	Document management
81	Office Manager + Director	Document management; Typing
83	Nobody in particular	Recruitment

Table 7.4.2 shows which interviewees had no HR department or dedicated HR professional in their organisation. The table also records who was performing

the roles and functions of HR and the activities that these staff were performing in lieu of formal HR staff. While, in many cases, the HR role was delegated to a senior employee, it was not always the case. In other cases the role of HR was shared among various people or abdicated to relatively junior employees or employees working in roles quite unassociated with HRM. The table also reveals that most commonly, HR in these organisations was limited to document management and recruitment.

Among the most interesting delegations of HR roles is the experience of interviewee 14, herself not a HR professional but *"it seems like I am doing HR's job."* However, she is not at the organisation full time and so when she is absent the accountant pitches in and *"the treasurer, if I am away, can replace me, but not for a long period of time; he has his own job to do."* Interviewee 72 said the following about the HR role at his company:

"We don't have actual HR department, we have a woman. She is freelance and she comes once a week. She also works as a lawyer: Lawyer, consultant and HR person...she works somewhere else as a company's HR director."

In another organisation (interviewee 66), the company's lawyer has taken on the HR role: *"When I need letter for vacation I go to our lawyer; we all do. She has multifunction; at the same time she is a lawyer and a HR department."* At one organisation nobody in particular is assigned the HR role; anybody is welcome to have a go at recruiting (interviewee 83). Interviewee 45 said the HR role at her company, a HR consulting company, is shared among managers. It is ironic that a company specializing in consulting on strategic HR to other companies does not itself have any dedicated HR person and even though the employees would have the skills to do their own recruitment, selection and so forth, it is hardly the point.

7.4.3 Functions of HR departments

As noted in the introduction to section 7.4, many interviewees provided details of the functions of the HR department in their organisations in response to question 1. However, question 1 actually asked about the role HR plays in the

interviewee's organisation. A number of interviewees did understand the distinction; those generally working in organisations where HR is a strategic business partner and has a whole-of-business view and contribution which is integrated and integral. These organisations tended to be subsidiaries of foreign-owned multinationals. And this is the point: the similar responses to two different questions highlight that in Kazakhstan HR does not often play a significant 'role' for an organisation, it merely performs a set of functions. This is a significant point in the context of the research problem and it verifies what the literature review concluded about HR in Kazakhstan. Furthermore; the finding that HR in Kazakhstan is frequently misunderstood and sidelined within organisations was more thoroughly exposed throughout the remaining interview questions. Therefore; rather than it being a disappointment or wasted opportunity to receive a lot of similar responses to two different interview questions, this researcher considers this revelation to be of high importance and of central significance to the primary research problem of this project.

That said, this section will avoid presenting the data that was similar to the data that emerged from the analysis of question one. Instead, the focus here will be on reporting a few of the special projects and non-routine initiatives that some of the interviewees provided as examples of current initiatives their HR departments are working on.

In those organisations which had dedicated HR employees, many other important projects contributing to organisational development and employee advancement were revealed to be happening. Interviewee 65, a human resource manager, explains that his department is busy with learning and development initiatives, compensation and benefits and employee branding. HR at this company is *"building the employee brand to promote it to target audiences so it can attract quality job seekers as employees much like a product needs a brand manager to promote it to consumers."* At another company (where interviewee 4 works) the HR department is working on improving the work-life balance for employees by introducing flexible working days and start/finish times. Interviewee 13 has a HR department developing leadership training. Another company is building a new HR

database to better record and track employee details including training needs and therefore reduce the time and effort to provide better service to employees (interview 61). One organisation's HR department is currently evaluating all employees and redesigning jobs and work-flow and the functions of each department (interviewee 69). Interviewee 84, a HR director, is redesigning the company's on-boarding process for new hires: *"When you hire a lot of people you need to on-board them properly to assimilate them culturally; to orient them functionally. This is a very important project."* Another HR professional, interviewee 41, mentioned nine projects her HR team is currently working on including developing the HR strategy; performance appraisal; workforce forecasting and managing the employee aspects change management projects.

7.5 Question Three: Findings and Discussion

Q3. To what extent and how does your organisation's HR team/department contribute to your organisation's business goals?

Following the process of analysis employing the Grounded Theory (GT) methods for data analysis discussed in Chapter Six, four broad themes were identified through the responses to interview question three. The first theme emerged through the responses to the first part of the question: the extent to which respondents perceived their HR department contributed to their organisation's business goals. For those who said that their organisation did not have a HR department in response to question two, this question was qualified to substitute "HR department" for "whoever carries out the work of HR in your organisation". Responses varied from a large extent through to not knowing what the organisation's business goals were. The second theme encompassed the ways in which respondents felt HR did contribute to their organisation's goals. The third theme developed from the second theme and became the nature of this contribution in terms of being tactical or strategic; primary or secondary; integral or peripheral and so forth. The fourth theme emerged around the words "business goals" and revealed the types of business goals respondents perceived HR contributed to achieving.

7.5.1 Extent of HR contribution to organisational goals

On the question of the extent to which HR contributes to their organisation's goals, the 92 interviewees answered as follows:

Table 7.5.1 Contribution of HR to organisational goals

	Number (<i>n</i> =92)	Per cent
A lot / significantly	49	53.3
Some contribution	16	17.4
No contribution	19	20.6
Do not know	5	5.4
Have no HR function ¹	3	3.3

¹ These respondents said that their organisation was very small and had no HR function or nominated person performing HR duties.

It was found that 13 (14 per cent) organisations did not have a formal HR department but they did have at least one employee working in a dedicated HR role or at least one person in the organisation who did HR activities (such as recruiting) as part of their job. Often this person was a senior manager (interviewee 25 is an example). Some of the organisations were too small to have a permanent HR department, but in some others it appeared that the organisation did not deem it necessary or important to have a dedicated HR function.

Interviewee three described how the HR manager in his organisation is trying to build a sense of community within the organisation but that *"there is no link between her work and company strategic goals; that's more for directors because they like to do that work on their own."* Interviewee 9 pointed to the high turnover in his company as a sign that HR is not contributing to organisational goals and *"employees saw no future or career promotions, that's why so many quit."* He felt that HR was offering short term bonuses, letting employees burn out and then just continually replacing them with new employees. Interviewee 22 felt that HR was too focused on recruitment activities without making any important decisions. This interviewee said that for HR to contribute to organisation goals they *"should be more focused on internal issues; how to improve the qualifications of internal staff."*

Interviewees 33 and 85 raised the issue of nepotism which they felt existed in their organisations. Interviewee 33 cited nepotism as the reason HR is failing to contribute to organisational goals. Instead of hiring "*qualified, smart, creative, confident*" employees, HR is hiring friends and connections, even when these people have poorer qualifications. Interviewee 85 is not sure whether it is the fault of HR, but did say the practice of "*top management advising to employ people who are someone's brother, sister, nephew*" was not helping to achieve organisational goals because soon it is apparent these people "*do nothing and are not professional but you must work with them anyway.*" Nepotism is a topic that recurs throughout the interviewee responses to the interview questions and is examined in more detail later.

Interviewee 52 felt that HR did not contribute to organisational goals either:

"They just recruit people...they don't have any other activities which contribute to the organisation or business goals or development of workers...they just recruit and fire workers." Interview 54 agreed: "*They don't contribute anything; they just do mechanical works but should be doing more.*"

Many interviewees, however, said that HR contributes a lot to achieving organisational goals: "*They make a very big contribution because in our firm people are very important and you have to be well skilled and well organized*" (interviewee 23). Interviewee 34 said that HR at her company is always seeking better ways to manage employee interests; always looking for something new. They have a special program for workers with between 1 and 5 years' experience: "*It is called Horizons and it helps us to get more experience in a short time*" by having employees rotate yearly around different departments. Horizons was developed by the HR team and is one of only a handful of specific examples in all the data where a HR department initiated, developed and launched a specific program designed to contribute to organisational success.

For interviewee 47 HR plays a big role in helping the company achieve its goals through retaining highly able employees. Interviewee 61 said that her company provides skilled engineers around the world for special projects and

hiring such professionals is the key ingredient for achieving business goals. Therefore, HR is at the frontline of organisational success. Interviewee 79 said simply that HR contributes a lot because the company depends upon motivated and skilled people. Interviewee 82 said HR is leading the way in helping the business cut costs which is a major organisational goal currently.

7.5.2 How HR contributes to organisational goals

There were a number of different examples given in response to this part of question three. By far the most popular example was recruitment. Hiring employees was given as an example of HR contribution to organisational goals by 31 of the 65 (47.7 per cent) interviewees who said that HR does contribute to their organisation's goals. The second most frequently mentioned example was training and development which was mentioned by 18 (27.7 per cent) of those who said HR does contribute to organisational goals. Other examples of contributions included: preparing contracts (interviewee 5); building harmonious relationships among employees (14); facilitating job rotations (interviewee 34) and promoting ethics and values (interviewee 37).

There were examples from some interviewees that highlighted HR in some organisations is playing a valuable role in contributing to organisational goals. Interviewee 41, a HR manager, provided a very good example of strategic HR in action. However, it should be noted that this interviewee is working for a large, foreign-owned oil company and her HR department is engaging with the organisation in very different ways than most of the data indicates: "*They contribute to our business goals in motivation of the personnel through compensation and benefits package, performance evaluation system, optimization of staffing, handling people processes efficiently to minimize costs, extra processes and paperwork.*" The extent to which the HR specialists in the large, foreign-owned companies described HRM in their organisations differently to those HR and non-HR personnel in locally owned companies was extreme throughout the interviews.

Interviewees 65 and 75 are both senior HR managers working for two different foreign-owned FMCG multinationals in Almaty. HR in their

organisations, as with interviewee 41 in the previous paragraph, understands the real value of a motivated and well cared-for workforce. Interviewee 65 said: "At [company name] our HR works to recruit the best people and give them career opportunities so we promote from within. We pay the best and develop people... people are driving the business forward and our role is to make the most successful people work for us." Interviewee 75 expressed very similar sentiments: "First of all, HR is considered a business partner...HR is on the top management team; whatever business decision is being considered, HR is always there...they always listen to what HR has to say."

7.5.3 Nature of HR contribution to organisational goals

The nature of the contributions of HR departments to organisational goals in Kazakhstan is atypical of best practice as identified through the literature review. Table 7.5.3 was designed based upon data derived from the analysis exercises. The key theme of nature or type of contribution cascaded down into categories that characterised the nature of HR contributions. While there are exceptions (the three quotes in the previous section are examples of the few exceptions), a very noticeable pattern of the nature of HR contributions emerged which contrasts starkly with best practice.

Table 7.5.3 Nature of HR contributions to organisational goals

	Kazakhstan	Best Practice
<i>Actions are...</i>	Reactive	Proactive
<i>Approach is...</i>	Tactical	Strategic
<i>Role is...</i>	Peripheral	Integrated
<i>Relationships are...</i>	Serving	Partnering
<i>Interactions are...</i>	Controlling	Facilitating
<i>Work is...</i>	Process	Programs

The transcripts revealed six characteristics which described the nature of HR contributions to organisational goals. The first observation from interviewee comments was that, in general, the HR contributions described tended to be 'in response to' rather than 'initiating'. In other words; HR was described as

reacting to business decisions through its contributions rather than proactively seeking out and proposing ways in which HR could contribute to organisational goals. Interviewee 36, for example said that HR doesn't know what is happening in the business. Interviewees 22 and 55 both said recruitment is initiated by heads of departments and even hiring decisions are made by department heads. HR *"just collects the CVs."* Interviewee 43 said that when he went on vacation he had to find a person to cover his work and HR just approved his choice and then prepared the documentation. The literature was quite clear that best practice is when HR acts proactively to serve the organisational goals. HR should take the lead in offering solutions and initiatives to guide the business rather than wait to be instructed to act.

HR in Kazakhstan, according to the interviewees, mostly contributes to organisational goals in tactical rather than strategic ways. Interviewee 3 described how the HR manager contributed to organisational goals by building a sense of community: *"She remembers all birthdays and makes parties for that."* Interviewee 67 said that HR helps employees solve personal or family problems; HR is a place where people can share problems and go for a talk. Much is also made of HR preparing and maintaining various employee records, documents and requests: *"They just manage documents"* (interviewee 31). In the literature review there were many examples of HR aligning its strategy with the business strategy and working with other departments on strategic projects. The interviewees for this project did not talk about inter-departmental collaboration on strategic projects.

HR was also found to be playing a peripheral rather than central role: *"They arrange trainings; your manager goes and asks HR to make trainings and they do"* (interviewee 80) and *"It is better to ask your manager than HR because their functions are not related to any business goals; just to hiring people"* (Interviewee 2). A large number of interviewees said that HR contributes by scheduling training courses for other departments. Best practice suggests that HR should be an integral and integrated part of the organisation rather than existing outside of major decisions and initiatives. The transcripts also found HR to be a servant of the business rather than a partner and that HR

takes a controlling rather than facilitating approach. The analysis revealed that only interviewee 75 described HR as a business partner; an equal. Mostly, HR was described as contributing to goals by serving the needs of others; recruiting when told to do so (interviewee 15); organising training when other wanted it (interview 66); rotating people through different jobs as policy and department heads demand (interviewee 34).

HR was found to be dictatorial in response to many of the interview questions and chapter eight highlights this in detail. Here, interviewees 9, 17 and 51 spoke about HR being controlling and demanding in its dealings with employees rather than cooperative and facilitating. HR is sometimes presented as 'management's watchdog' by interviewees. They describe being checked, monitored, watched and chastised by HR. The literature does not identify these activities as part of what HR does for organisations. Rather; HR should facilitate trust and respect in the workplace among all employees through fair and open treatment that is accountable.

Finally, interviewees described the contribution of HR to organisational goals as mostly process-driven; preparing documents and contracts (interviewee 21); processing employee applications for leave (interview 60); booking business meetings (interview 13); coordinating interviews and completing reference checks (interview 33) and so forth. It is arguable the extent to which such process-driven tasks really contribute to the attainment of organisational goals. Perhaps these activities enable others to contribute to organisational goals. Few interviewees (two have been quoted in the previous section) described actual HR programs and initiatives or special HR projects designed to aid business goals. In general, the work of HR described in response to this question and the other interview questions is mundane, repetitive, bureaucratic and systematic. It is largely day-to-day tasks that meet immediate requirements or fulfill the requests of others.

7.5.4 Organisational goals that HR contributes to

HR was found to be contributing to a lesser or greater extent to a variety of organisational goals. Interestingly, only three interviewees said that

recruitment was a current organisational goal yet section 7.5.2 reported that recruitment was a very common way in which HR contributes to organisational goals. It might suggest that HR could be doing much more to contribute to organisational goals than primarily recruiting people. Generally, the organisational goals mentioned by interviewees were financial (increase sales; reduce costs; maximise profits and so on); organisation-specific (develop a database; increase subscriptions; gain international accreditation) and employee-centered (retention; training and development; recruitment). Table 7.5.4 lists all organisational goals mentioned by interviewees when responding to interview question three.

Table 7.5.4 Organisational goals

<ul style="list-style-type: none"> • Increase sales (16, 20, 29, 47, 79, 81) • Maximise profits (4, 44, 46, 63, 65, 77) • Retain good employees (47, 50, 71, 88) • Recruitment (8, 10, 40) • High quality customer service (51, 61, 64) • "To be the leader in our field" (59, 65) • Develop employee skills and knowledge (34, 46) • Reduce costs (58, 92) • Growth (10, 13) • Develop a client management database (1) • Provide assistance to government (12) • Environmental responsibility (12) • Increase subscriptions (14) • Increase enrollments (18) • Gain international accreditation (21) • Stay in business (49) • Increase market share (65) • Increase production (91) • Reduce risk (92)
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7.6 Question Four: Findings and Discussion

Q4. In what ways do the activities of the HR team/department connect with you and your work?

Following the process of analysis employing the Grounded Theory (GT) methods for data analysis discussed in Chapter Six, four broad themes were identified through the responses to interview question four. The first theme was identified as the examples provided by respondents that describe the ways

in which they and their work connect with the activities of the HR department and the nature of these contacts. The second theme concerned whether these contacts are initiated by the employee or HR. The third theme emerged as a division between those contacts which are made for the benefit of or in the interests of the company and those contacts which are made for the benefit or advancement of the employee's interests. The fourth theme identified through analysis of the interview transcripts pertaining to question five was the frequency of contact between the employees and the HR department.

7.6.1 How employees' work connects with HR

The ways in which interviewees said that they connect with their HR departments through their jobs was very revealing. The answers strongly suggest that the work of HR in Kazakhstan is, as the literature review for this research project indicated, mundane and process driven. HR is lacking, for the most part, in strategic intent and its contacts with employees can be characterised as monitoring, informing, enabling and processing. Table 7.6.1 encapsulates the four dominant characteristics of employee contact with HR according to the interviewees with examples from the interviews to illustrate.

An experience typical of many employees' interactions with HR was provided by interviewee 17:

"Each month when I come to my work in Atyrau I go to HR. They check me that this person came, give me my badge and I work one month. After one month I pass my badge to HR and this person checks I leave work. Sometimes HR come to our office and they check our working time; come to see that we are working during working time. If I am not there I should write where I was and what did I do. They declare about employee absences, and we can get less salary for those missed days."

The experience of being checked, monitored and reported upon by HR was mentioned by numerous employees as Table 7.6.1 highlights. Employee 17 also touches on another common practice in Kazakhstan which is salary reduction for misdemeanors; it is a very common practice in Kazakhstan to punish employees by fining them from their salary. It is little wonder that so many of the interviewees expressed negative feelings about HR in their

organisation. Interviewee 29 described the mundane processing work of HR while barely hiding the contempt for HR departments that many expressed and was just mentioned:

"It was about ten people in HR. Many of them have a Soviet education so they don't know project work and they don't think it's necessary to develop. They don't understand it. They don't have a strategic view on HR development in Kazakhstan...they have no benefits or bonuses, they live only on salaries...they don't have a strategic view, they have their own view that they must work from nine am to six pm from Monday till Friday. They just do written job and nothing more. It is a Kazakhstani reality"

Table 7.6.1 HR-Employee interactions

<i>Monitoring</i>	<i>Informing</i>
<ul style="list-style-type: none"> • Recording staff absences (3) • Telling line managers about staff misdemeanors (3) • Advise managers on the vacation days employees have left (4) • Recording sick leave (7) • Managing travel and training budget (11) • Check people in and out of work; check people are at work stations; dock pay for breaches (17) • Administer lie detector tests (47) • Control employee movements (51) 	<ul style="list-style-type: none"> • Explaining policy (2) • Providing inductions on rules, restrictions and allowances (2) • Advise if you can take a second job or take leave for certain reasons (4) • Deciding if a line manager can direct someone to do a certain task outside the job description (6) • Induction training (13) • Answer inquiries about payroll and vacation leave (19) • Round table discussions to answer employee questions (50) • Advise of internal vacancies (60)
<i>Enabling</i>	<i>Processing</i>
<ul style="list-style-type: none"> • Providing managers with timesheets and coordinating for work to be covered in absences (4) • Help employees complete forms and sign contracts (4) • Prepare materials for employees (30) • Provide job descriptions, place job advertisements and schedule interviews (42) • Fixing broken pass cards and booking external trainings (59) • Register people for trainings (89) 	<ul style="list-style-type: none"> • Hiring and firing (7) • Organise business trips, visas and health coverage when travelling (11) • Issue work passes (17) • Process performance evaluation documents (19) • Compile reports on employee work days/sick days/ leave and produce work schedules (21) • Issue and collect contracts (21) • Process requests for leave (60) • Process study subsidies (64)

Another revealing comment about the work of HR that highlights the routine, paper-processing nature of many HR departments in Kazakhstan was provided by interviewee 21. It is interesting to see that she was selected by her manager to be the conduit between her team and HR because her manager noticed she

is good at controlling people. This further supports the general theme that emerged from the data that people associate HR with controlling others:

"Yes, I usually work closely with HR because my supervisor thinks that I am good at controlling other staff in our department so she usually asks me to do weekly or monthly reports for HR about other staff members forms, about time schedule, work schedule, about vacation plan, about expiration of their contracts, about their leave, contracts, salaries...I go to HR just to deliver paper." (Interviewee 21)

7.6.2 Employee and HR initiated contacts

The second theme identified through the data analysis for question four related to whether HR or the employee initiates the contact. The data showed that generally employees only initiate contact to either ask HR questions about salaries or leave, for example, or to pass to HR departmental reports, mostly monthly, showing employee absences and working hours. In a similar vein, HR initiates contact to request information about employee movements or to advise of policy changes. As previously noted, the nature of employee-HR contact is very transactional. HR, in some cases, participates in employee inductions, interviewing and coordinating training events. In general it was clear that HR is essentially a repository for a lot of paperwork and that the primary work of HR is to maintain employee records and process requests to acquire visas, book plane tickets or schedule medical checks.

One thing that was noticeably absent from the data was examples of collaboration between HR and other departments on projects or business initiatives. With just a few exceptions, HR appears to be playing a reactive and management role in organisations in Kazakhstan rather than a proactive, strategic leadership role. One interview that was especially telling regarding the nature of HR-employee contact in organisations was interview sixty-nine. In this interview a female HR manager began by strongly affirming that HR in her organisation plays a strategic role: *"For keeping competitive advantage of our company we should assist top management decisions"* but then proceeded to describe her department's work as being classically reactive: *"We observe and control how each department correspond to overall goals of*

company...there are some conflict situations, we are working on this too to define more appropriate ways for both parties...organizing interviews and gathering verifications from previous workplaces." This suggests a misunderstanding about what strategic HR work is all about.

7.6.3 Nature of HR-employee contacts

The third theme related to whether the contact between HR and the employee was primarily to enable the employee (induction; scheduling training; responding to inquiries; booking plane tickets and so forth) or primarily for the benefit of the organisation (checking employee attendance; maintaining records; issuing directives and so forth). Data analysis of the interview transcripts revealed 519 HR-employee connections that could be determined as clearly serving the employee interests or serving the organisation's interests. Of these 198 connections (38.1 per cent) were connections clearly serving the organisation's interests. These connections were examples of monitoring; checking; punishing; demanding; controlling; compelling and enforcing.

Based on the literature review of the activities of strategic HR departments in organisations, this figure seems very high. The literature review demonstrated that strategic HR is not focused on controlling employees but on empowering and enabling them. Indeed; even the 61.9 per cent of connections that were in the interests of the employee were not strategic or empowering. Only 13 (2.5 per cent) connections could be said to be characteristic of strategic empowering or enabling.

The remaining 59.4 per cent of connections for the benefit of employees were fulfilling requests, performing basic transactional services and answering employee questions. These findings are arguably further evidence that HRM in Kazakhstan lacks strategic focus. Interviewee 47 provided the most confronting example of this. In this interviewee's company HR is largely preoccupied with administering mandatory lie detector tests for prospective employees to prevent thieves and liars from sneaking into the employ of the company.

7.6.4 Frequency of HR-employee contacts

The fourth theme that arose from data analysis for question four was generated from words and phrases that clustered around "time related" words (weekly, daily, monthly, year, seldom, rarely, often and so forth). Extensive analysis of the data revealed that there was no discernable pattern between frequency of contact with HR and organisation type, job title, gender or any other variables collected through the demographic questions (see Table 7.2.1.1). For obvious reasons, interviewees who worked in HR were not included in the analysis of this theme as they would be working with HR every day.

Table 7.6.4 Frequency of contact: HR-employee

Although no discernable pattern linking frequency of contact with the research themes was identified, analysis did highlight a very wide range in frequency of contact between employees and HR. This wide 'frequency of contact' range might be explained by variables not explored through this study such as organisational structure; organisational culture; organisational power bases or lines of reporting. This might be an interesting avenue for further research. Table 7.6.4 captures many of the interviewee responses that spoke to frequency of contact with HR.

In one company employees are actually instructed not to make any direct contact with HR. Interviewee 20 almost lost his job when he contacted HR directly to innocently inquire about job vacancies in the chain's other retail outlets. He remarked that: *"It is prohibited in our company. We should speak with HR only through our manager. I wanted to move to another shop in [company name] I wanted to work there, but I made some mistakes that I spoke to our HR, I didn't know that, I did very huge mistake."* While this was an extreme example of a disconnected HR department, it does highlight the trend. The message many organisations in Kazakhstan convey to their employees is that HR is not designed to assist them. It may explain why many employees apparently do not conceive of HR as anything more than a document processing center.

Chapter 8: FINDINGS AND DISCUSSION II

8.1 Question Five: Findings and Discussion

Q5. Describe the importance of and approach to leadership development at your organisation.

Following the process of analysis employing the Grounded Theory (GT) methods for data analysis discussed in Chapter Six, five broad themes were identified through the responses to interview question five. The first theme built around the key term "importance" and how important respondents felt leadership development was at their organisation and why it was or was not considered important. Where formal leadership development was not important or even happening in some organisations two sub-themes emerged to explain what fills that void: informal development and self-development. The second direct theme built around the content of leadership development programs which then highlighted confusion between leadership development and management development whereby for many respondents the two were interchangeable. The third overall theme that emerged from the data analysis for question five was the forms of leadership development or the ways in which development was delivered. The fourth and quite unexpected theme emerged around the word "promotion" and the various issues around different organisation's promotion systems. The final theme concerned other forms of learning and development for non-leaders. Many respondents spoke about "training" and the development of regular employees.

8.1.1 Leadership development is important

Thirty-one (33.7 per cent) said directly that leadership development was very important or important in their organisation. Many other interviewees agreed that leadership development was an important practice in organisations generally but gave no evidence that the development was happening in their organisation. Some who said it was important in their organisation went on to actually talk about general employee training or promotion practices and not leadership development. Several interviewees said that leadership

development was important in their organisation but that this opportunity was restricted to a narrow band of people in their organisation. One of the most immediately apparent patterns when analysing the transcripts was the many interviewees who said that leadership development was important to their organisation but then immediately began describing programs, activities, policies and initiatives that did not relate to what leadership development is: *"Leadership development is very important in our company. If there is no leader, there is no discipline and in our job one of the most important things is discipline: not being on time and also safety"* (Interviewee 13).

There were a lot of comments expressing similar misunderstandings about leadership development. It appeared that, in the view of some interviewees, almost anything that vaguely resembled a form of learning was an example of leadership development: *"Yes. Leadership development is important. We created new courses and I was thinking about having a computer course because there are a lot of people who can't use computers"* (Interviewee 71). It does seem to reflect that the interviewees and, apparently, their organisations, do not know what leadership as a set of competencies is or how to facilitate the acquisition of leadership competence through professional development activities. The following three quotations reflect that leadership development for some interviewees is synonymous with employees sharing information about their jobs; team-building activities and teaching:

"Leadership is very important and special in each organisation. In our organisation we have HR organise like a "brown bag" presentation from different person who is leader or professional in different area and each employee can come for this presentation and receive new knowledge in different areas" (Interviewee 11).

"Leadership development is very important in our organisation. It's being implemented through various soft skills and team-building activities..." (Interviewee 41)

"In my company we have a teacher who is coming to teach our employees Kazakh language. I think that it concerning the leadership because it's a very important thing nowadays" (Interviewee 43)

8.1.2 Leadership development is not important

Twenty-two (24.4 per cent) stated directly that leadership development was not important or not really important in their organisation. Some others said that they thought leadership development was important but was not actually happening in their organisation. A few said it had been important but had been discontinued, usually due to lack of money. Eleven interviewees (12 per cent) said that they did not know whether leadership development was important in their organisation and had no knowledge of leadership development activities taking place.

Fourteen respondents (15.2 per cent) said that there was no training or development of any kind for employees in their organisations: *"No, we don't have training for employees. I think once we had a person come for a couple of hours and he knew how to work with us designing software"* (interviewee 25). It was notable that only two or three interviewees regretted that their organisation did not offer leadership development training and felt it would be good if such an opportunity did exist. For example; interviewee 64 said: *"We don't have a leadership development program, unfortunately. We do not do this. Some supervisors, they try to promote their employees...but this is done on an individual basis but we don't have structure to leadership development. Right now, we have other issues going on here, but I hope in future we will have this program."* It is interesting that this interviewee sees leadership development as something that does not deserve to be ongoing when the organisation has other issues. It is a feeling characteristic of most of the comments from interviewees: leadership development is not especially important.

Three interviewees expressed bitterness that their organisation did not offer leadership development opportunities; all three said that it was a deliberate ploy to keep smart people in subordinate roles so as not to threaten the current leaders: *"I never saw leadership activities here because it's not in the interest of people working here; they don't want you to be a leader. It is easier for them to give trainings how to cope in stressful situations, for example...how not to be a leader"* (interviewee 60). For the most part, those who said that

their organisation did not have leadership development said so with indifference or in a very matter-of-fact way suggesting that leadership training did not matter to the organisation or to them. Interviewee 35 said: *"They don't have such program. They try to organize training courses in order to increase sales skills of individual people...but leadership training? In my organization we don't have such program."*

8.1.2.1 Informal leadership development

Ten interviewees (10.8 per cent) gave examples of informal professional development occurring in their organisation in the absence of any formal, planned leadership development activities. Some examples reflect forms of development associated with developing leadership skills. For example; two of these people were supervisors who described trying to develop talented employees. Interviewee 81 tried to give promising staff more independence to make decisions and development through leading challenging projects. Interviewee 37 used informal coaching and encouraged the company owner to give more employees financial accountability by being given authorization to make spending decisions up to the sum of US\$400.

Some interviewees praised their direct supervisors for encouraging their professional development although this development bears little relationship to leadership development. Interviewee 1 described his manager as simultaneously controlling and inspiring. His manager tried to motivate performance by encouraging people with positive catchphrases. Interviewee 15 said that the general manager of the company is always offering good advice and is available to help and that this helps develop employees. Interviewee 42 said he had gained inspiration to be a better leader through the example of others who had encouraged and motivated him. He said that he tries to role-model the behaviours of the best leaders he has seen. But not every form of professional development might be considered best practice as interviewee 52 highlighted: *"The most important person for development of leadership was not HR but my head...she was training us, she developed some tests...and she was training every employee and giving tests. If you are not passing her test she will fire you."* In isolation this quote might be alarming

but in the context of what has been shown about HRM in Kazakh organisations in the previous chapter, this experience is consistent with the trend of, to be as generous as possible, 'tough love.'

8.1.2.2 Leadership self-development

Seven (7.6 per cent) of interviewees said that they developed leadership skills in spite of their organisation. These people were not offered encouragement or support but given too much work to do or given work that was too difficult and in the process of surviving they developed some new competencies:

"The company did not develop people; they just tried to kill you with projects. If you survived, it means you are growing. This is not leadership development, it is more natural selection." (Interviewee 9)

Another interviewee recalled being given tasks for which she had no experience, support or time yet her manager's expectations were high. Reflecting on the benefits of this experience she said: *"You cannot learn leadership skills just by one day training...by one day reading this whole book. It is your own experience; learning by doing"* (Interviewee 53). This experience of developing by being left unsupported was not unique to one interviewee: *"I did not have a manager for some time; I was forced to go to meetings like executive level people and I did not have any support"* (Interviewee 90). Interviewee 88 explained that his company used to give people impossible tasks without support and so good employees kept leaving. This alerted senior managers to a problem and as a result they introduced formal development for promising people to be trained to take on higher duties should they be needed. Interviewee 33 noted that the managers told staff they had to develop themselves and provided no guidance for this. Employees at this company frequently went on training courses that they paid for themselves.

8.1.3 Content of Leadership development initiatives

The data that emerged regarding the content or topics covered in what interviewees discussed as leadership development activities was very

revealing. The most significant observation was that almost all of the topics or content are not considered leadership topics. The literature review for this project highlighted, through numerous real examples, the kinds of topics organisations include in their leadership development activities. The interviewees were providing examples that are considered classical management competencies (delegation; team management; communication skills) or simply job-based skills (sales techniques; operating procedures; product training). The data strongly suggests that the interviewees to a significant extent do not understand what leadership competencies are.

Only five (5.4 per cent) of interviewees provided examples of leadership development activities that were actually developing leadership competencies. All five of these organisations were large, foreign-owned multinationals. These interviewees spoke about programs to develop skills such as strategic thinking; situational leadership and leading change. These interviewees did, however also mention non-leadership competencies in their descriptions of leadership development programs in their organisations. It was also notable that these five organisations had well planned and integrated leadership development activities that were well resourced and clearly prioritised by their organisations. These leadership initiatives were designed with a long-term view to ensure that the organisations have well skilled leaders being developed for future roles. Furthermore; these organisations assessed leadership competency gaps and designed employee-specific development plans for employees on leadership development programs.

Conversely, the interviewees that provided non-leadership competencies as examples of their leadership programs tended to describe an ad-hoc and 'needs basis' approach to providing 'leadership' development. Their approach focused much more on what was expedient for the business and business goals in the short term rather than a broader investment in employees and their careers. The difference is that these businesses were not thinking or acting strategically about what they saw as leadership development where as the multinational companies thought and acted strategically and were willing to invest in their

leaders with the future in mind. Table 8.1.3 summarises the examples of leadership development topics provided by the interviewees.

Table 8.1.3 Leadership development topics

<ul style="list-style-type: none"> • Product training (2, 8) • Job tasks (3, 13, 14, 17, 49) • Increasing sales (8) • The work of other business functions (11) • Standard operating procedures (15) • Managing stress (15) • Technical safety (17) • General managerial skills (21, 41, 47, 50) • English language instruction (23, 73) • Leadership competencies (28, 65, 74, 84, 90) • Work projects (38) • Time management (38) • Creating websites (38) • Teambuilding (41, 90) • Psychological tests (41) • Career planning (41, 46) • Kazakh language instruction (43) • Industry qualifications (48) • Communication skills (50) • Client service management skills (56) • Succession planning (65) • Motivational stories of others (69) • Knowledge sharing (70) • Finance and accounting skills (73) • Self-motivation (73, 79) • Solving business problems (77) • Business administration (80, 82, 86) • Counseling skills (90) • Delegation skills (90)

8.1.4 Forms of leadership development

As revealing as the data in the previous section was what emerged from the transcripts regarding the forms that leadership development activities take. Very largely, the delivery format for the leadership content discussed in the previous section was formal training courses. Twenty-six from forty-eight (54 per cent) of interviewees who nominated a mode of leadership development delivery said that their leadership development was delivered by some form of formal course, seminar or workshop. The literature review on this subject identified that best practice in leadership development relies little on formal training courses and much more on a wide and diverse range of activities to

deliver leadership development. The majority of these activities (outdoor exercises; volunteering; mentoring; professional associations; communities of practice; experiential learning and so forth) were not mentioned in any of the interviews. Only four interviewees mentioned coaching; just two mentioned computer or web-enabled learning and just one mentioned job rotations as leadership development delivery modes. Arguably, some of the examples provided by interviewees as ways leadership development is delivered in their organisations would not be delivery modes and are not mentioned in the literature. For example; round table discussions; one-on-one meetings and inter-branch competitions to maximise sales.

The data gathered on this topic (see Table 8.1.4) is consistent with the findings of the previous section. Combined, they strongly suggest that interviewees' organisations have limited understanding of leadership and leadership development. This is also consistent with the literature review which found nothing on leadership development in Kazakhstan; perhaps indicating it is an underdeveloped area in organisations in Kazakhstan. The findings reveal that the participating organisations are taking a very basic, traditional approach to learning and development generally and adopting an uninformed approach to developing their leaders' leadership competence specifically.

Table 8.1.4 Leadership development delivery modes

<ul style="list-style-type: none"> • Training courses (2, 11, 13, 16, 23, 33, 41, 43, 48, 50, 56, 58, 69, 75, 77, 84, 90) • Training seminars (3, 19, 73) • Overseas training courses (28, 90) • Externally delivered certificate training (21) • Small off-line workshops (38) • Online training (38, 77) • Guest trainers and speakers (38, 47, 69, 79, 84) • Round-table discussions (38) • Competitions between branches to maximise sales (8) • Coaching (34, 56, 75) • On-the-job coaching (13) • Work buddy (14) • "Brown bag" lunchtime speakers (11) • short-term assignments/rotations (65) • Corporate university (84) • Conferences (49) • Sponsorship for university degrees (80, 82, 86) • One-on-one meetings (42) • International business schools partnerships (65)

8.1.5 Promotion systems

The issue of nepotism was at the heart of complaints expressed by quite a few interviewees regarding what they described as unfair promotion practices. They dismissed the relevance of leadership development programs because promotion depends not on competence but on relationships and connections with decision makers. These opinions were expressed by people in locally or joint Kazakh-foreign owned organisations (but not wholly owned foreign organisations). One interviewee explains that when his manager left the bank to pursue a PhD overseas it was expected that the next most senior person in the team would assume the manager's position; but that is not what happened: *"...but they hired a girl under thirty and from another bank and she had no managerial positions before. They hired her because she was the niece of our financial director...so I left the bank in three months"* (interviewee 85).

The importance of the link between having good connections and getting ahead in one's career was spoken of frequently by interviewees. Indeed; knowledge, according to some, is no substitute for good relationships with the right people: *"Promotion in [company name] is possible only if you have close friends here and a connection. Some directors do not see your knowledge, it's more about who you know to get promoted; you need connections"* (interviewee 6). One interviewee explained that enjoying good relationships and getting promoted is a manifestation of traditional Kazakh culture in a modern context. Organisations are not viewed as existing outside of wider society and its cultural norms. As interviewee 67 explained: *"In local companies promotion depends on personal relations with branch chiefs. If he is happy to work with you, he will promote you. It's a cultural difference; personal relations are very important."*

The second issue regarding promotion systems was the perceived lack of opportunity to be promoted because people in Kazakhstan tend to stay in jobs for very long periods. Interviewee 57 expressed it thus: *"It is Soviet Union style kind of ruling...people stay head of department for 20 or 40 years. These people are not going anywhere...others have no opportunity, they just must leave the company."* This was another reason why some respondents felt that

leadership development activities were pointless because there were no real opportunities to be promoted on merit. Some interviewees felt there was no point participating in development which you would not be able to put into practice: *"There are people there working since the beginning of [company name] many supervisors...managers. They will sit until they retire so there's no point to have leadership development"* (interviewee 59).

Not only in response to this interview question did interviewees criticise in immovability of managers in local organisations where age and tenure were said to trump competence, qualifications and effort. It is certainly the case that, in Kazakhstan, there is no superannuation and people over forty grew up at a time that the State provided everything so there was no real incentive to save for retirement. However, with the transition to a market economy, the State provides fewer guarantees, inflation is relatively high and the pension is miniscule. Perhaps now many older workers are delaying retirement for as long as possible as, for many, poverty awaits. As interviewee 62 observed: *"They are just waiting for pension...they won't go before...it is impossible to go before pension age because they don't have enough money. They must wait."*

For the younger, more educated generation just beginning to forge careers in local companies this is especially frustrating. These ambitious, highly educated and qualified people feel frustrated that talent, qualification and ability are not enough to earn a promotion because of the immovability of existing managers: *"We have an internal joke: "I can be a manager when my manager will die." My manager doesn't have Master degree...I have three Master degrees...Moscow State University...Birmingham in England...I have MBA, Chemistry and Finance degrees...it makes no difference"* (interviewee 60). Somewhat ironically, it is largely due to the high level of education that younger people have that the older workers cannot move; they have nothing to offer other organisations because their skill set is outdated; they are stuck.

8.1.6 Professional development for other employees

Many interviewees drifted from leadership development onto the topic of training and development generally in their organisation. This revealed that

quite a few organisations do offer some of their employees different kinds of development, usually in the form of formal training courses. Interviewee 2 noted that while leaders are sent to China for leadership training, many other employees are offered courses in Kazakhstan. Interviewee 43 said that her company offers some language courses for employees and provides a range of books (although these books were clearly required for her job). Some interviewees reported positive learning experiences such as one person who has benefited from English language courses, conferences and seminars thanks to her employer:

"I feel like I have been taught and they always show me how to do it right, so I feel I am being educated, progressing, not stuck. They are not using you, they are trying to advance you as a professional."

(Interview 23)

For others the opportunities provided by their employer to develop were less helpful:

"They offer some trainings but we do not have a chance to participate. We do not have time or sometimes we are late for them because they inform us when training is finished" (Interviewee 36).

Generally speaking there appeared to be little strategic thinking in the planning and delivery of these development opportunities for employees. Firstly, almost every interviewee described the development they received as training courses. There seemed to be very little imagination in designing and delivering a range of different development opportunities. Mostly, these courses were regular courses offered to employees apparently irrespective of specific needs or interests. That is to say, the courses were governed by a pre-planned calendar and were repeated in yearly or quarterly cycles. Two exceptions to this were identified as the experiences of interviewees 38 and 73. Their managers consulted them about which courses they needed or were interested in. These interviewees could choose the most relevant courses from a list of options and they were not sent to attend irrelevant courses. Also, these interviewees described their managers as interested and proactive in promoting training opportunities to employees.

8.2 Question Six: Findings and Discussion

Q6. How important is the role of the HR team/department in your firm to the organisation's success comparative to other business functions (e.g. sales; operations)?

Following the process of analysis employing the Grounded Theory (GT) methods for data analysis discussed in Chapter Six, four broad themes were identified through the responses to interview question six. The first theme built around the responses to the "how important" part of question six. Respondents gave a range of opinions from extremely important through to not important at all. The second theme that emerged from the analysis was examples of specific roles and functions that HR may perform that were seen as either important or unimportant to organisational success. The third theme coalesced around the word "success" and how respondents interpreted what success meant for their organisation and how they 'measured' "success" through their responses. The fourth dominant theme to emerge from responses to question six was the other business functions mentioned by respondents when assessing the relative impact of HR on organisational success and the reasons given for why certain business functions were considered to be more or less important than HR.

8.2.1 Relative importance of the role of HR

Of the 92 interviewees, 88 provided a clear response to the question about the relative importance of HR to their organisation's success comparative to other business functions. Of these 51 (58 percent) said that HR's role was important or very important, 10 (11 per cent) said that HR's role to their organisation's success was equally as important as the role of other business functions and 27 (31 per cent) said HR's role was less important than certain other functions or not important at all.

A number of different reasons were advanced to explain why some interviewees felt that HR was important or very important in the organisation's success relative to other business functions. For example; interviewee 1 felt

that HR provides a linking role which ties together all departments and helps to make employees feel a part of the organisation: *"People have to feel they are supported; understand they are part of a team. In case of a problem, everyone can be sure of the place where they can go. Other functions of business act alone, but with HR they act together."* As an aside; quite a few other interviewees actually said it was HR that seemed to work alone. Interviewee 41, a HR manager, saw the strategic role HR plays in his organisation and made the unique comment among interviewees that HR in his company is consulted on all major decisions and is considered a strategic business partner: *"HR is important; all business related projects, plans and information is being communicated to and agreed with HR. I think HR is a business and strategic partner in our company."* Meanwhile, interviewee 56 considered HR very important because it supplies the employees who deal with the firm's customers: *"For us HR is first in importance or second, precisely because we are doing service and so our people are our best capital and only HR is the main assistance here."*

It is interesting to note that the reasons some interviewees gave to explain the importance of HR to the success of their business are essentially the same as the reasons other interviewees provided to justify the view that HR is not important. Therefore; working with employees is variously mentioned as both the reason why HR is important to organisational success and the reason why HR is not important to organisational success. Interviewee 45 said that working with people is less critical than information technology to organisational success: *"HR is just support; just working with the people...this is the twenty- first century and IT is the sphere with the greatest potential and greatest future."* Interviewee 21 made an important point which is supported by much of the data that HR is not playing a strategic role in the business and that paperwork does not contribute to organisational success: *"Even in recruiting they are not important. Just clerical work. Not strategic role. Even in retaining current faculty they don't play an important role. Yes, they do bureaucratic work."*

Some interviewees were more scathing in their assessment of the worth of HR. Yet at the heart of the sentiment was still the underlying criticism common among those who saw little value in HR: they are not doing anything important:

"They are just dealing with employees and salaries and documents. I didn't notice anything special about our HR department. I don't see them, I don't hear them and they don't contribute much...I personally don't think I need them." (Interviewee 68)

8.2.2 Perceptions of important and unimportant HR roles

Of the 51 interviewees who said that HR played an important or very important role in contributing to organisational success comparative to other business functions, 32 (62.7 per cent) nominated recruitment as the important role that HR plays. The second-most nominated HR role in terms of importance was training and development with 11 (21.5 per cent) mentions. The third most mentioned important role of HR in contributing to organisational success was strategy which was mentioned by 7 (13.7) interviewees and the fourth most popular response was job fit which 5 (10 per cent) respondents referred to and employee advising also with 5 mentions. Table 8.2.2 lists all the roles which interviewees said HR plays that are important contributors to organisational success.

Those interviewees who said that HR did not play an important role in their organisation's success did not nominate specific roles which they considered unimportant. For example; nobody said directly that recruiting employees or learning and development are not important. The reasons provided to explain the lack of importance of HR were general statements about how the interviewees perceived HR in their organisation: *"They have no special role; they don't contribute anything, they just sit there and earn some money and do work with the papers"* (interviewee 54). As the following two paragraphs demonstrate, generally interviewees said that HR does not really do anything or that HR is not strategic or not making money for the organisation or that HR is just a support function that processes the work of others.

Table 8.2.2 Contributions of HR to organisational success

<ul style="list-style-type: none"> • Recruitment (2, 11, 12, 13, 15, 18, 20, 21, 22, 28, 29, 35, 40, 44, 47, 49, 58, 59, 60, 61, 64, 66, 67, 72, 75, 78, 80, 81, 88, 90) • Training and Development (5, 12, 22, 25, 45, 50, 55, 67, 68, 81, 90) • Strategy (28, 29, 41, 47, 65, 84, 90) • Job fit (15, 23, 58, 67, 75) • Employee advising (12, 16, 36, 56, 61) • Organisational culture (9, 38, 53, 75) • Connecting employees with each other (38, 43, 72, 75) • Paperwork / document management (69, 72, 80, 91) • Employee retention (29, 45, 71) • Talent management (29, 90) • Team-building (46, 72) • Salaries (69, 92) • Facilitating communication (45, 69) • Administering tests (37) • Creating the employee handbook (46) • Conducting background checks (48) • Employee branding (65) • Enforcing employee discipline (69) • Enforcing ethical business practices (75) • Promotions (75) • Design / explain KPIs • Orientation (83) • Performance management (90) • Handling complaints / grievances (92) • Interpreting labour law (92)

Interviewee 3 observed that HR was less important than other functions because HR is not being proactive and seeking opportunities to lead the business. In this company, HR is portrayed as passive and even lazy: *"Actually HR is not important. The most important are accountancy, legal and marketing. These three are the most critical for us. HR is on lower side...HR does the work asked. She doesn't have this "I want to do something for the company", she just does her work and then goes home."* The same sentiments were expressed by interviewee 4 who described HR as subservient to other business functions and also somehow lacking in vitality and drive. Again we see HR described as passive and unimportant: *"In reality, HR doesn't play a role because HR just obey somebody's instructions...they don't make their own decisions...they are just executors and they don't initiate."* While these interviewees described a general ineptitude regarding HR in their organisations, several other interviewees were more specific regarding what they considered to be the problem with HR.

Interviewee 8, for example, describes HR as doing basic everyday things that are not connected with the fortunes of the company or with any other departments: *"No, HR woman didn't have any link to the company's success. She just do routine business...hires new workers and fires old ones...I didn't notice any relation between HR and some business functions."* Interviewee 28 agrees with the interviewees in the previous paragraph that HR is reactive and lazy but provides a specific example of this passivity: *"I would say 80 per cent of the companies HR department is very low in Kazakhstan. They do some calculation of vacation, organize some trainings if the general manager says "You need to organise some trainings" then they start to organise. They are not initiating anything. I know many companies and HR does nothing."* In another comment, interviewee 33 concurred with interviewee 8 that recruitment is not important but went further to say that HR cannot even get this right: *"I would say it's not that important. I don't think they are doing a great job and they don't hire the right people...they don't contribute much to the organisation."* These comments continue the pattern that is prevalent across the interview questions, with occasional exceptions, that HR is viewed as not really important and not doing work that is valued.

8.2.3 Quantifying organisational success

Interviewees were seldom explicit in defining what they considered to be 'organisational success' in their answers. However; interpretations of organisational success were strongly implied in many answers through, for example, descriptions of what the organisation would be like if HR did not perform its important functions. Some interviewees explained the limitations of organisational effectiveness should HR not perform its functions as the interviewee perceived it. Interviewee 1 explained that without HR *"controlling"* other departments there would be *"chaos"*. Order and control is a theme that runs throughout the interviewee responses. Interviewee 9 laments the disappearance of the *"old management style"* where HR helped to ensure that *"people worked as hard as they could, almost like slaves"* a style of management she describes as being *"very bad but very productive...it was very successful."* She recalls that HR managers used to shout a lot and scare staff into working hard. This method *"made the company the most productive;*

that's why it reached success" unlike HR in the soft modern multinationals that *"don't care about how people work or what's going on."*

Interviewee 5 also said that *"HR is about control of the firm"* and interviewee 14 spoke about the *"control and direct"* roles of HR in organisations. Interviewee 54 recalled with affection life in organisations under the Soviet Union where there was *"structure and standards that everybody obeyed...HR had control; clever control"* over workers but today HR has no control and *"they don't contribute anything; they just sit there."* Interviewee 69 said that HR is important because, in terms of employees, it *"is for avoiding unacceptable problems for the company"* which also implies some kind of controlling, monitoring or enforcing role. The theme of 'control' was the theme most associated with organisational success according to the views of interviewees, but there were numerous other suggestions regarding what it is that HR does that helps achieve organisational success. Some of these include: recruiting the right people; making money/profits; communicating; building organisational culture; helping people to understand their jobs and obligations and linking other departments together.

8.2.4 Relative importance of other business functions

When asked to rate the importance of HR to organisational success relative to other business functions, quite a few different business functions were nominated for comparison. Table 8.2.4 summarises interviewee responses. In general, HR was described as being more important, of equal importance or less important depending upon whether the particular interviewee saw the work of HR in their organisation as strategic. Another criterion adopted by interviewees to gauge the relative importance of HR was whether it was viewed as directly contributing to organisational success or indirectly contributing (or not contributing at all). Other interviewees played down the importance of HR because they estimated that it does not make money for the organisation or that HR has no relation to the organisation's products or services. Some interviewees ranked HR as very important because HR selects new employees and the quality of employees impacts on everything else. Many interviewees did not wish to specify or could not think which

departments HR was either more important to or less important to even though they were sure about HR's relative importance in their organisation.

8.2.4 Relative importance of HR

More important than	Equal to	Less important than
<ul style="list-style-type: none"> • Marketing (9) • Sales (60) <p><i>(Although many interviewees said that HR was very important or more important than other functions or all other functions, they did not elect to specify those other functions)</i></p>	<ul style="list-style-type: none"> • Sales (2, 26, 29, 30, 34, 59, 63, 75, 90, 92) • Marketing (29, 53, 63, 64, 75) • Finance (29, 50) • IT (61, 92) • Distribution (26) • Taxation (50) • Financial consulting (50) • Operations (59) • Admissions (64) 	<ul style="list-style-type: none"> • Sales (7, 35, 42, 45, 52, 66) • Marketing (3, 7, 66) • Accountancy (15) • Legal (3, 77) • General Mgt (15, 89) • IT (31, 45) • Frontline staff (32) • Finance (35) • Operations (66, 68) • Engineering (77)

8.3 Question Seven: Findings and Discussion

Q7. To what extent and in what ways do you think that your organisation's employees contribute to your organisation's competitive advantage?

Following the process of analysis employing the Grounded Theory (GT) methods for data analysis discussed in Chapter Six, three broad themes were identified through the responses to interview question seven. The dominant theme to emerge from the data analyses exercises regarding question seven around the term "competitive advantage" was the interpretations of the meaning of the term and whether respondents understood the term well or not. The second theme built around the "to what extent" phrase and elicited a wide range of responses from not at all to 100 per cent. The third theme emerged as the examples respondents gave to illustrate the ways in which they considered employees did contribute to competitive advantage. This data then fell into two distinct sub-themes: examples of internal sources of competitive advantage and examples of external sources competitive advantage. The internal sources then fed into two further smaller sub-themes: those internal resources which were attributed to employees and those which were attributed to non-human elements of the organisation.

8.3.1 Interviewee interpretations of competitive advantage

From the data analysis exercises it was found that only 8 interviewees (8.7 per cent) provided a strong example to demonstrate more than a basic understanding of how employees can be a source of distinct competitive advantage for an organisation. There was much more widespread acknowledgment that organisations, through their HR function, should and can derive competitive advantage from employees (as the following three quotes demonstrate). However, these comments really only linked the two ideas (employees and advantage) in a general way in which many people might be able to do without any real understanding of the topic. Interview 52 provides an example where the development of workers and competitive advantage are linked in a fairly obvious way: *"All companies should understand that HR is not just only employment, hiring people, but they should understand the importance of developing their workers, because if they are going to develop some additional knowledge, they will maintain workers who can be more competitive than other companies."*

In a similar vein interviewee 62 links a common understanding between employees and organisational benefit. Again, it is a very simplistic and self-evident statement on how employees contribute to competitive advantage and really is so general that the statement does not prove any understanding of competitive advantage: *"HR is valuable for the company...because when HR department and employees understand each other, it will lead to the benefits of the company."* Interviewee 56 talked about how HR contributes to company profitability but, again, without any specific example. The statement links profitability and HR tenuously and unconvincingly by stating that HR can contribute to profitability when it works well with the rest of the organisation: *"HR can be a partner; a real partner. Maybe they are not making direct profit but in the end it's very profitable to work a proper way with them."*

The data revealed that to a large extent interviewees did not understand, in any real way, how organisations generate competitive advantage. In addition to the above examples where broad and vague statements were made that were not

wrong but were self-obvious, others made statements that showed they misunderstood what competitive advantage is. Interviewee misinterpretations of competitive advantage are captured in Table 8.3.1. A number of respondents misunderstood competitive advantage as being competition between employees for promotion or a pay rise as interviewee 75 highlights: *"In the firm there is competitiveness for a new vacancy, for better position, for promotion...people are also assets and are sold for certain salary and performing some actions. They know that their competency is their competitive advantage."* Interviewee 30 made a very similar point: *"Our employees try to work hard, they try to learn, to have a promotion and that is why they are competitive."*

Some respondents answered that their organisation had no competition. However, even monopolies are competing with other organisations for the best employees or perhaps government funding or contracts. Further; some respondents said that more training courses would increase competitive advantage yet the literature makes no such assertions as training itself is not a competency or a strategic asset. Interviewee 2 confused competitive advantage provided by employees with how employees can help create competitive advantage of products: *"It depends on company policies...if they are straight or not. It also depends on employee communication. Firstly, company policy how to achieve increase in sales and then employees can go straight to customers and test the advantage of the products."* This suggests there is better understanding about tradition, externally-gained competitive advantage through products and services than there is about internal sources of competitive advantage such as that which RBT says can be derived through employees.

Despite all this, eight interviewees expressed views that did reveal an understanding of how employees can be a source of distinct competitive advantage for their organisation. Interviewee 23, for example, explained that employees' ideas combined with job knowledge and professional skills can be used to compete with larger, more established firms who do not have employees with deep knowledge. The interviewee noted that it is not the

number of employees that counts but their special talents. Interviewee 28 also noted his firm had competed very well with larger firms by having ambitious and motivated people who worked well in teams and were adaptable to changes in business strategy to keep the firm agile. Interviewee 32 said that HR can enable employees to be a source of competitive advantage by creating a positive work culture where people are happy to give discretionary effort.

Interviewee 45 talked about HR branding whereby HR instigates policies and practices that make their company an employer of choice for job seekers and therefore a company where the best and brightest people want to work. Interviewee 50 was the only interviewee who explicitly expressed the importance of employee differentiation and therefore the only interviewee who revealed a real understanding of RBT and employee-sourced competitive advantage: *"We can differentiate ourselves with lots of things; with employee qualities, experience, atmosphere..."*

Table 8.3.1 Misinterpretations of competitive advantage

<ul style="list-style-type: none"> • CA created by personal behaviours and personality of employees (1) • CA is influenced by policies (2) • Need more trainings, open-air events, parties, role-play games (8) • We have no competition (11, 12) • Need to work harder (9, 14, 29, 32) • More trainings and motivational workshops (14) • Pay people more (14, 25, 53, 60) • Always achieve the work plan (16) • Training courses (18, 35, 80) • In 5 to 10 years we will have no competition because we are the best (19) • Inspiration of the President to work harder than yesterday (26) • Employees will compete with each other to keep their jobs / get promotion / pay rise (30, 73, 75, 91) • Following rules, regulations and enforcing discipline (34) • Recruitment practices (51, 55)

Interviewee 65 provided a good example of the extent to which his company has achieved competitive advantage through employees: *"Seven years ago our company was 3 per cent market share; we are now at almost 42 per cent."*

Those numbers were achieved by people, not by machines or processes. Not by, I don't know, strategies. People did it." Interviewee 74 explained that competitive advantage at his company has been gained through investing in employee education to develop very bright people. Finally, interviewee 90 spoke about achieving competitive advantage by aligning intelligent people with business goals and processes.

8.3.2 Extent of employee contribution to competitive advantage

The second theme that emerged from transcript analysis of interviewee responses to question seven related to the extent to which interviewees felt employees contributed to their organisation's competitive advantage. There was a wide divergence of views on this topic and many different explanations for these views. Table 8.3.2.1 displays the views expressed in support of the notion that employees contribute significantly to organisational competitive advantage.

It was observed that while many interviewees were enthusiastic in their support of the notion that employees contributed to organisational competitive advantage, their supporting reasons were either vague or very general: *"They are the face of the business"* (interviewee 21) and *"everything depends upon our staff"* (interviewee 92). This suggests that employees might be agreeing with a concept which would generally garner a lot of positive responses from people without any specific knowledge or experience of employee contribution to organisational competitive advantage. It would be reasonable to say, interviewee responses were general enough that any person could make such statements and know the statement holds implicit truth.

Table 8.3.2.2 presents the views of interviewees who expressed a strong view to the contrary and Table 8.3.2.2 highlights those views which do not fit into either of the first two categories. It can be seen that perceived low levels of employee contribution to competitive advantage are linked to views that meaningful employee contribution is either not wanted or not deducible from the nature of their work. The perception that people are lazy or lack motivation was also evident from the responses.

Table 8.3.2.1 High employee contribution to competitive advantage

<ul style="list-style-type: none"> • To a big extent; much more than products or services (2) • People in every department contribute to the success of the company (13) • Everything depends on the staff (17, 92) • People are very important; all staff. They are the face of the business (21) • People's commitment, loyalty and effort are very important (28) • Yes, one hundred per cent (42, 56, 65) • A lot; but some departments contribute much more than others (43) • Every single employee contributes; they were very carefully recruited (46) • Very important; without employees the organisation wouldn't exist (54) • A lot because if they didn't then they would lose their salary, job, promotion...it is in their interest to be competitive (73, 91) • A major role; great people make a great company (78) • Every company's success depends upon employees; not top management but the people who are really doing the job (85) • Yes, indirectly (86)
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Table 8.3.2.2 Low employee contribution to competitive advantage

<ul style="list-style-type: none"> • Not much impact; the directors are the big impact (3) • Not much in Kazakhstan; people don't do anything...only 10 per cent (9) • No because of poor recruitment practices and hiring wrong people (10) • Not really; of 200 hundred employees, ten percent are really contributing (29) • Little because in journalism success is about saying the right things; not upsetting the political elite. Intelligent, free-thinking people are not wanted (48) • No, people are just doing the basic job (55) • Not important; it was machines that made the money (71) • Not much at all, it is Kazakh mentality; wait to be told what to do (80) • Only a few are working hard, the others don't care (88)
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Table 8.3.2.3 reveals some of the perceived limitations to employee contribution to competitive advantage. Some interviewees perceived the limitation as partial employee effort. Another interviewee felt that contribution was hampered by poor job fit while a couple of interviewees felt that employee contribution was limited by the contribution of other business resources. Finally, one interviewee thought that only the senior decision makers in the organisation contribute to competitive advantage.

Table 8.3.2.3 Other responses: employees and competitive advantage

- Some do, some don't because many people are put in the wrong job (4)
- Competitive advantage depends on the people in Marketing (9)
- Half do, half don't (33)
- If employee thinks like a director of the company, then yes (61)
- One-third it is people resources; one-third financial resources and one-third industrial resources (45)
- People are a part of competitive advantage but it is hard to be sure 'yes or no' whether employees make a difference (58)
- Just the top people do (76)
- I don't know (77)

8.3.3 *Ways employees contribute to competitive advantage*

The analysis uncovered a very broad and extensive list of ways in which employees contribute to an organisation's competitive advantage. This rich data was able to be further reduced on the second and third analysis into three distinct sub-themes. Firstly there were the comments which could be categorised together as human sources of internal competitive advantage. In other words; the attributes of employees themselves which interviewees felt contributed to their organisation's competitive advantage. The second sub-theme emerged as non-human sources of internal competitive advantage. Rephrased, this means all other internal resources or facets of the organisation that contribute to competitive advantage such as machines, systems or the company's website. The third sub-theme became the numerous things interviewees mentioned as creating competitive advantage that are external sources such as products, services and strategic business partnerships. It was interesting that the question only asked about ways in which employees contribute to organisational competitive advantage and yet, once on the topic, many interviewees spoke much more broadly and in so doing contextualised the relative importance to them of employees in generating competitive advantage.

8.3.3.1 Human sources of internal competitive advantage

There was a wide range of innate and employee-acquired attributes mentioned by the interviewees as sources of organisational competitive advantage. These are displayed in Table 8.3.3.1.1.

Table 8.3.3.1 Human sources of internal CA

Innate employee attributes	Employee-acquired attributes
<ul style="list-style-type: none"> • Personality (1, 89) • Personality in attracting customers (6, 9) • Ideas (23, 70) • High self-motivation (28, 37, 41, 45, 72, 75) • Hard work (30, 32, 40, 52, 83) • Pride (32) • Time (40) • Enthusiasm and creativity (33) • Responsibility (75) • Self-discipline and passion (37) • Loyalty (45) • Honesty (51) • Positive attitude (83) 	<ul style="list-style-type: none"> • Teamwork (5, 38, 43) • Education (11, 18) • Qualifications (22, 46) • Knowledge (23, 40, 69, 77, 82) • Professional skills (17, 23, 69) • Experience (22, 23, 57, 61, 69, 72) • Customer service (27, 44, 64, 78, 81, 87) • Personalized service (42, 81) • Inter-departmental collaboration (68, 77) • Abilities (35, 40) • Working fast (52) • Quality management (62)

While many of the nominated attributes could be a direct source of employee-based competitive advantage such as knowledge, qualifications, creativity and loyalty, RBT states that it is not necessarily the case. RBT stresses that for these things to be a source of competitive advantage for an organisation they must be VRIN/O. If your employees' knowledge is not unique or inimitable then it cannot be deployed to gain advantage over your competitors.

8.3.3.2 Non-human sources of internal competitive advantage

Table 8.3.3.2 lists the non-human internal resources which interviewees said contributes to achieving competitive advantage for their organisation. Many of these resources are created by people or depend upon people in order to be deployed but they are not a part of the individual employee. It is significant to note that many of the examples given as non-human sources of internal competitive advantage are greatly influenced by the work of HR professionals. For example: efficient work practices; retention practices; health and safety; a positive working atmosphere; training programs and employee diversity. Therefore, HR may have one of the leading roles to play in maximising the

effectiveness of 'non-human' internal resources to assist the organisation in achieving competitive advantage.

Table 8.3.3.2 Non-human sources of internal CA

8.3.3.3 External sources of competitive advantage

In addition to what the question sought, the data revealed quite a few examples of external sources of competitive advantage. The chapter on RBT noted that, traditionally, competitive advantage was posited as something derived from external attributes of the organisation; things that prove the value of the organisation in its environment or competitive space. Table 8.3.3.3 highlights those external sources of competitive advantage mentioned by the interviewees.

It was particularly interesting that a number of interviewees spoke of the importance in Kazakhstan of good connections with authorities for the success of the organisation. As the data revealed, these respondents are talking about nepotism and favoritism. As interviewee 25 remarked simply but insightfully: "*Nepotism exists here, not competition*" while interviewee 48 said: "*the director should be in good relationships with the authorities and this forms 90 per cent of the company's competitive advantage.*" It is fascinating to stop for a moment and ponder the idea that the entire concept of competitive advantage

and all that has been written and taught about competitive advantage for decades may actually have very little applicability in Kazakhstan (and perhaps other countries in the region and other regions of the world where 'free markets' and 'open competition' are not as important as having the right friends). This researcher has observed the importance of maintaining good contacts in government regulatory authorities and, more particularly, the consequences for organisations of damaging those relationships or not respecting them. Perhaps competitive advantage for Kazakh-owned and run organisations may be as simple as having the right connections Interviewee 9 has a manager who understands this:

"It is some kind of art in Kazakhstan to have relationships with authorities because, even by obeying all the laws, you won't be able to survive in this industry without those useful connections with authorities...and she had this kind of art, our director." (Interviewee 9)

The issue of nepotism surfaced somewhere in interviewee responses to all eight of the interview questions. It will be seen shortly that nepotism was the single most dominant theme to emerge from the data analysis exercises for question eight.

Table 8.3.3.3 External sources of CA

<ul style="list-style-type: none"> • Good connections with authorities (9, 25, 29, 48, 60) • Reputation (13, 20, 51, 63, 65) • Brand image (13, 20) • Public relations (15) • Low prices (20, 59, 61) • Strategic business partnerships (31) • Differentiated products (50) • Product marketing and placement (60) • Market share (63, 65)

8.4 Question Eight: Findings and Discussion

Q8. Is there anything else you would like to say about human resource management in Kazakhstan generally or in your organisation specifically which has not yet been mentioned?

Following the process of analysis employing the Grounded Theory (GT) methods for data analysis discussed in Chapter Six, two broad themes were identified through the responses to interview question eight with the second of these producing three distinct sub-themes. This question elicited a great range of disparate responses because it was a very open question. The two dominant themes were nepotism and HR development. Examples relating to both of these themes were expressed in responses given to some of the other seven questions. However, it was in response to question eight that the concern over nepotism in recruitment and promotion decisions was most illuminated. So too was the frequently expressed opinion that HRM in Kazakhstan is underdeveloped and poorly regarded, especially in regards to locally owned organisations. In addition to these two dominant themes there were a great many 'minor' themes and even more singular and differentiated comments that could not be clustered other than to cluster them as a group of disparate, unrelated (or at best, tenuously related) comments.

Analysis of the interview transcripts relating to question eight revealed a number of interesting and important themes relevant to the core research inquiry. In summary, the comments made by interviewees to question eight revealed a high level of dissatisfaction with or ignorance of HRM in Kazakhstan-based organisations and especially Kazakhstan-owned organisations. There was a pervasive theme of HRM not serving employees well or fulfilling its potential or having a clearly defined and well displayed presence. Additionally; many saw HR as an innocuous bystander; impotent to act against clear breaches of impartiality in recruitment and selection, for example. Again, this was especially evident in the comments made by employees of Kazakhstan-owned organisations. Indeed, several interviewees articulated that they perceived a big difference between HRM in local

organisations and HRM in foreign-owned organisations. There were some positive comments but these were future-focused; respondents expressing cautious optimism that western HRM practices will eventually become widespread in Kazakhstan.

8.4.1 Nepotism in organisations

In all, 23 of the 92 interviewees (exactly 25 per cent) made some reference to nepotism in Kazakhstan organisations in one of their answers to the interview questions. This is one of the most interesting, and unexpected, findings of the entire research project as this researcher had no inclination that nepotism was prevalent in organisations in Kazakhstan. Significantly, all interviewees spoke about nepotism in critical terms and clearly saw nepotism as unfair, irregular and negative. This was the case even when interviewees, or their relatives, had benefited from the practice of nepotism. However, interviewees were not surprised by their experience with nepotism and they seemed to accept that it was a part of organisations in Kazakhstan and, most especially, locally-owned organisations. No examples of nepotism were provided by interviewees working for foreign-owned organisations. Interviewees commonly expressed views that signified that they perceived nepotism as holding back organisational development and employment equality in Kazakhstan. Also, several interviewees expressed opinions to explain why they believed nepotism was endemic in Kazakhstani organisations. Nepotism clearly presents a very significant challenge to HR professionals and their efforts to introduce best practice in areas such as recruitment, selection and promotion.

This section will now present a selection of the comments made by interviewees on the topic of nepotism in organisations in Kazakhstan. Interviewee 10 mentioned a problem that was raised earlier; it is hard for some organisations to find the staff they need. This is partly due to ineffective recruitment practices that are being performed by non-HR employees. The solution some companies take is to use the personal networks of existing employees to fill the vacancies: *"Right now HR in Kazakhstan is just lacking so many staff they just take the person who is your relative. So, basically, knowing someone by large is the way to get recruited...nepotism has always*

been here in Kazakhstan. It was from Soviet Union." While this strategy may provide the organisation with a solution to its staffing problems, it creates resentment among job seekers who cannot find employment because jobs are going to friends and relatives of employees: "I could not find a job for a long time. There were always cases when somebody hires his uncle or brother, sister and so on and would tell me to call back in a week. I know these things here. Most companies are filled with all these relative people so there is no place for others" (interviewee 1).

Not only is nepotism a source of resentment among job seekers, but when a friend or relative is suddenly catapulted into a company it causes ill feeling among current employees too as interviewee 27 commented: *"I had this problem. It was my brother...and one of the heads of that company had daughter who was studying in England and actually my brother also had study in English university. And he worked in company and he was manager and the daughter who had just graduated university came to company as his director."* And then there are also the beneficiaries of nepotism; those who are able to make use of connections to further their own interests even when, as interviewee 59 remarked, one does not have the requisite skills for the position: *"Even if you don't have the qualifications...my brother he didn't have any qualifications but his mother is working in the company and she got him in."* One especially valuable perspective on this topic was shared by a manager in an organisation where people had been hired without due process. She spoke about the dilemma of having to work with poor performing staff but not being able to do anything about it:

"In Kazakhstan we have, unfortunately, "telephone rules", it means if some important person calls you or leader of big organisation, you will say to your HR manager "I need this person in this position". That's all. Yes, they tell me who I have to hire. So as result they organise all paperwork and control hiring...very nice papers but everybody knows that "OK, this person is from this guy"...head of department say "this is a bad worker" but he has mother, father, sister, brother in this organisation and I have to have this person here, because if I say "Sorry, you are not good worker, you must quit this organisation" then I will have problem with his relatives. I can't fire a person who has connections, even if he does his job very poorly." (Interviewee 11)

The interview transcripts revealed many similar comments. Interviewee 79 observed that the national oil and gas companies had already become like a family; everybody there is related in some way to people in the top positions. Interviewee 88 said the best companies in Kazakhstan are filled with relatives. The comments relating to nepotism were not just limited to family members. There were quite a few comments that reveal other types of connections are also important in getting hired or promoted.

Interviewee 2 said that he was told by recruiters in local companies that he needed to have friends or acquaintances that he knew in the company otherwise he would not be hired. Interviewee 9 said that even as you get promoted in a company life will not become more stressful as long as you have influential connections. Interviewee 38 said it is impossible to even hear about many vacancies in companies because they are quickly filled by important people's friends and relatives.

Interestingly, interviewees gave one of three different explanations for why nepotism is so rife in Kazakhstani organisations. Some, as already referenced, attribute nepotism to communism and Kazakhstan's long-time membership of the Soviet Union. In simple terms, communism encouraged collectivism and communal actions and discouraged competition. Therefore, the notion of open and impartial competition for job vacancies when one's family members are unemployed does not fit within the broad socialist mindset so embedded during Soviet times. It is important to note that any person above 40 in Kazakhstan was raised and educated under communism. This obviously includes a great percentage of mid and senior level managers in local organisations.

Some interviewees claimed that nepotism is a manifestation of Kazakh culture. Kazakhstan, like so many Asian countries, places great emphasis on family ties. Kazaks are extremely family-oriented and helping family members in any way possible is as much an obligation as a preference. Some interviewees claimed that the traditional nomadic culture that is very strong

with Kazakhs today has just been adapted around modern society. Helping family members to secure work in your organisation is perfectly natural.

A very interesting third explanation, eloquently described by interviewee 71, is that nepotism is a modern variant on ancient tribal structures. For many centuries Kazakhs lived as nomads and were organised under "Khans" (kings). The Khan could do anything and could not be questioned. This order is ingrained in Kazakhs today and it is part of their mentality where a corporate boss is a kind of king and does as he wants irrespective of organisational rules or policies. This idea was mentioned by interviewee 53 who said traditionally there were several tribes of nomads in Kazakhstan and tribes looked after their members and strong tribal relationships were developed by tribe members over the centuries. The interviewee said this mentality has become part of recruitment and promotion in modern organisations as people know which tribe and region their ancestors are from and so look after those people.

Irrespective of the exact reasons for nepotism within Kazakhstani organisations, the data reveal that it is widespread and well embedded. It would seem that it will take quite some time and coordinated effort for the government to eradicate nepotism. Of course, nepotism is very much a part of the government apparatus and of Kazakhstan's ruling family's dominance too. It will be very difficult for HR to become more strategically oriented in Kazakhstan or to develop best HR practices in organisations all the while recruitment, selection, appointments, promotions and terminations are subject to "rules" outside standards of impartiality, transparency and equity. Furthermore, as many interviewees noted, nepotism is bad for Kazakhstani organisations and retards progress and organisational maturity.

8.4.2 Development of HR

Linked to nepotism but distinct as a phenomenon was a series of sub-themes around the primary theme of 'Development' and that HR is under-developed in Kazakhstani organisations and that this is holding back wider organisational and even national development. This is significant for the research themes of this project as organisational development and organisational competitiveness

are inextricably linked to Kazakhstan becoming one of the world's thirty most competitive nations by 2050. The heading above: "Development of HR," encompasses the sub-themes of 'Foreign versus Local HR practices'; 'HR Professionalism' and 'HR Profile.' These will be discussed now.

8.4.2.1 Foreign versus local HR practices

The data for question eight revealed that there is a perception among interviewees that there is a significant gap between HR practices in international organisations (both in Kazakhstan and outside Kazakhstan) and the same practices in Kazakh-owned organisations. All respondents who made this observation said that HR in international organisations is far more developed and enlightened than in Kazakhstan and that Kazakhstani organisations should adopt international HR practices. Interviewee 12 noted that foreign companies have introduced many good practices into Kazakhstani organisations and that local companies can learn more from foreign HR practices and adopt what might work well in the local context. Interviewee 14 concurred but added that first people in Kazakhstan need to overcome their Soviet mentality. Interviewee 55 said that foreign HR practices would help develop local companies but that practices chosen should be matched with the existing culture and mentality. Interviewee 29 said Kazakhstan should look to developed Asian nations such as Japan, as well as to the west, for the best HR practices. Interviewees 82, 84 and 87 said that bringing international best practices in business generally would help improve and develop local HR practices.

8.4.2.2 HR Professionalism

The second sub-theme related to the primary theme of 'development' was the perception of HR as unprofessional. Interviewee 4 felt that HR departments have too much freedom; they do as they please and do not follow instructions from other departments. Interviewee 49 also commented that HR treats young people with contempt. Interviewee 57 said *"I feel uncomfortable when talking to HR people, sometimes they speak rude, maybe because of their position, they feel like they are on the top of the world."* Interviewee 77 said that HR speaks rude and mostly uses the words "must" and "have to". He described HR

as "*dictators*" and said that as complaints about people go to HR that HR never receives complaints about themselves.

Interviewee 23 said that HR does not value employees much; HR does not care about people. Similar sentiments were expressed by interviewee 61 who said that in local companies HR does not care about people or work to help people and that HR does not care about employee achievements or progress. Further, that HR does not help people to develop; in Kazakhstan HR is just paperwork. These comments are enlightening; they seem to corroborate other comments about HR in Kazakhstan provided in response to other questions such as question four. That is to say; HR in Kazakhstan would seem to play a significant role in monitoring, checking, directing and controlling employees. This could be why some interviewees have a negative perception of HR practitioners and what they do in organisations.

Specific criticism about the lack of professionalism of HR practitioners in Kazakhstan related to recruitment activities:

"Why they behave in the sphere when they can allow themselves not to send feedback to candidates when they are looking for work after they publish vacancies. It seems that they are not interested in finding the right people."
(Interviewee 32)

Interview 37 said that HR is insensitive to job seekers. She said that they do not like persistent people. She related a story where she had sent her resume to a company and not heard back so she contacted the company. The HR person at the company said that the director had not looked at the woman's resume yet and so advised the woman to look for another job. Interviewee 60 said: *"When you send your application to national companies, you are sending like somewhere else, like the Arctic...they are not calling you, telling you anything."* Interviewee 80 compared her experience with looking for work in the United Arab Emirates with Kazakhstan. She said the Emirati HR practitioners she dealt with were true professionals and she had no complaints even though she did not secure a job there. Her experience in Kazakhstan was

quite opposite. Numerous other interviewees including 31, 32 and 34 also expressed dissatisfaction with HR recruitment practices in Kazakhstan.

Four interviewees (17, 30, 51 and 83) from outside the HR profession spoke very positively of their experience with HR in Kazakhstan. Numerous other interviewees (15, 18, 22, 40, 69, 58 and 90) said that HR was improving in Kazakhstan and the outlook for further HR development was positive. These people believed that Kazakhstan was gradually moving forward and improving its HR practices.

8.4.2.3 HR Profile

There was quite a lot of evidence from the interviews that HR in Kazakhstan has a low profile or poor image and that there is ignorance in the country generally about what HR does for organisations. Interestingly, what a number of interviewees described as the misconception about what HR does is, in fact, according to this research, in many cases exactly what they do. Interviewee 75, for instance, said that there is a lack of understanding about what HR does and this is a legacy of the Soviet Union. He said that people today think that HR only deals with tables, papers and recruiting and that HR is not perceived as a business partner. Others also misconstrued the reality as a misconception. For example interviewee 46 said that people: *"See HR only like working with papers...preparing orders and all other papers."* Interviewee 52 nominated the three primary functions that HR in Kazakhstan seems to perform more than any others as the things they do not only focused on: *"All people should see that HR is not only about hiring people or keeping the employee records and watching the employee."* Interviewee 72 was another who described what HR actually is mostly busy as not what they are mostly busy with:

"People do not know what they do because they only think that mainly their role is to collect documents from people, make contracts, work with accountants to give salaries to people and count how many days they have been working for last month or how many days they were absent." (Interviewee 72)

Some interviewees said that there is no common understanding in Kazakhstan about what HR does (interviewee 46) and that HR should make it more known that it can add value to an organisation through developing employees (interviewee 52) and being a business partner that indirectly contributes to profit generation (interviewee 56). Interviewee 62 agreed that HR is valuable and people should respect HR more and that when HR professionals and other employees understand each better it will lead to improved results for the company. Interviewee 66 felt that HR is hampered by the fact that companies are reluctant to spend money on HR because they see HR as unimportant.

A number of interviewees attributed the poor profile and standing of HR in Kazakhstan to poor professional education and development opportunities for those pursuing a HR career. Most notably, a number of interviewees commented on the lack of university courses for young people interested in a career in HR: *"We need more HR courses in our universities to develop professionals; HR professionals. I think, starting from educating HR professionals, this would be the best way"* (interviewee 64). Interviewee 3 agreed that each university in Kazakhstan should offer a degree in HRM with dedicated HRM faculty to teach it. Two other interviewees agreed that HRM should be taught more widely in universities.

Interviewee 72 made the point that unless there is adequate professional education for HR practitioners then organisations cannot expect to get HR specialists in the workplace: *"We do not even have at any university specialization or profession called "HR" or something like this. So, it is all kind of joined as we do not have HR as a separate science. We will never get a good specialist in the work. If it starts from university level there would be some changes I would say."* Interviewee 75 highlighted that in other professions there are internationally recognised professional accreditations and HRM does not have any equivalent. However, the interviewee noted that in Kazakhstan even these international certifications are little known and valued. Perhaps, therefore, international accreditations must first become better known in Kazakhstan before the value of anything similar in HRM would make its development worthwhile:

"It is important that there is the development of HRM as a study specialisation. We are a young country and we do not have such HR experts, team or whatever. We have certain people who are well known for being finance people; who have this certificate. And even if you have CIPD or SPFR or whatever, you are not valued for it because nobody knows what it is." (Interviewee 75)

Several other interviewees, notably 16, 28, 41 and 48 also commented, a little more generally, on the importance of education and development for HR professionals to be effective. This researcher's university in Kazakhstan in fact abandoned its major in HR for bachelor degree students due to lack of demand. Each year the situation arose where two or three students were majoring in HR but could not complete their major because some of the courses for the major were not being offered due to low demand. Arguably, of course, it could be put that in fact not offering courses was the cause of low levels of interest in HR courses. In any case, if there are no opportunities for people to specialize in HR at university in Kazakhstan then clearly those who end up working as HR practitioners will be less effective and knowledgeable than they should be and need to be. This is important because it relates directly to the central themes of this research project. HR practitioners will lack the ability to work dynamically and strategically in modern organisations. They may continue to be process-driven paper collectors. Kazakhstan needs HR professionals that can empower and engage and develop employees in innovative ways. This is necessary to increase organisational competitiveness and contribute to the President's Strategy 2050 goals. The current evidence is that HR in Kazakhstan is not performing strategically and the under-development of the profession and its poor image means this situation may continue into the future.

8.5 Conclusion

Chapters 7 and 8 have reviewed the findings of the data analysis and discussed the most pertinent themes that emerged from the analysis. Chapter 7 began by presenting the findings from the demographic interview questions before discussing the first four semi-structured interview questions. Chapter 8 presented the findings and provided discussion on the other four semi-

structured interview questions. As far as possible, this researcher has used the words of the interviewees themselves to illuminate the important issues and themes that emerged from the data analysis.

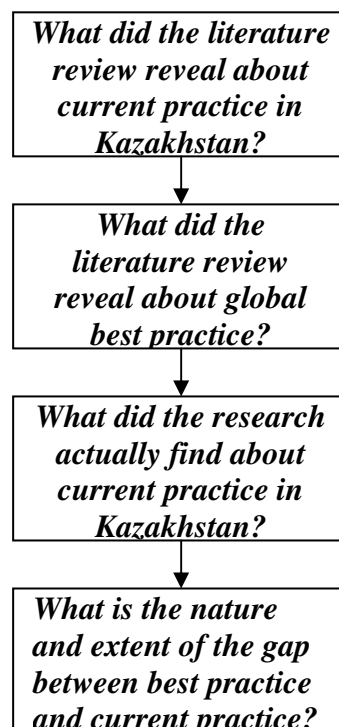
The research findings have revealed some unexpected results such as the extent of nepotism in Kazakhstani organisations and the tendency for HR to be seen as a controlling and monitoring force in many organisations. These two things have implications for HR development in Kazakhstan, not least because their cultural and historical roots suggest that they will take a long time to change. Some other findings tend to be less surprising in that they support the findings of earlier research as discussed in the literature review. For example; HR in Kazakhstan largely lacks strategic intent and HR departments are consumed by process-driven bureaucratic work. Chapters 7 and 8 have constructed a picture of HR in Kazakhstan that to a large extent implies considerable development is required if HR departments are going to have an impact on organisational development and competitiveness. The full extent of the importance of the findings and the implications of this are the subject of the next, and final, chapter.

Chapter 9: CONCLUSIONS AND IMPLICATIONS

9.1 Introduction

This is the final chapter of this thesis. It presents and discusses conclusions drawn from the research findings and interprets these conclusions to forward a set of implications. For section 9.2 this author draws conclusions for each theme of the research by applying a four step process which is depicted in Figure 9.1 In the following section this author assesses the implications of the aforementioned conclusions by reflecting on the likely impact and consequences of the conclusions on the projects principal issues. Section 9.4 builds upon the previous two sections by moving the discussion to the next logical topic which is recommendations. Essentially, the theme of the recommendations is the need for change and development. With practitioners in mind, a number of concrete and practical changes are advanced.

Figure 9.1 Process for drawing conclusions



Section 9.5 of this final chapter briefly acknowledges some of the limitations of this study. These limitations, while perhaps limiting the transferability of the research findings, are not considered to be especially significant and do not

diminish the value of this project. The chapter concludes with a short section identifying possible future research opportunities for scholars interested in the themes of this present study.

9.2 Conclusions

9.2.1 Human resource management practice

The literature review for this project discovered that there has been very little scholarly research published on the topic of HRM in Kazakhstan. The small amount of data that is available suggests that practice in organisations in Kazakhstan is under-developed (Taitbekov *et al.*, 2004; Minbaeva *et al.*, 2007). Specific examples include observations that in Kazakhstani organisations there is no pay for performance; little and poor quality learning and development opportunities; high employee turnover rates and scant regard given to employee health and safety (Taitbekov *et al.*, 2004). It was especially interesting to note that the previously cited authors said that between 1992 and 2004 there had been no discernable progress away from the Soviet 'personnel management' model of HR. This research has found that to the present time, 2014, in Kazakh-owned organisations at least, there still has been little development in the approach to HRM in organisations. It is a confronting fact that HRM in Kazakhstan has experienced very little development in over twenty years because, in the context of this observation, the year 2050 does not seem so far away in terms of what must change.

HRM continues to have a low profile in Kazakhstan and the term itself is not especially common. In Russian, human resource management is still referred to as Адиль Кадрэф (literally: personnel department) by lay people. The functions of the 'Adil Kadraff' during Soviet times were to monitor, check upon and control employees. The other function was the management of personnel documents. The literature review confirmed that, in many Kazakh-owned organisations, little has changed. In the foreign-owned companies in Kazakhstan the same is not true as they import western HRM practices with them. Recent HRM research projects this author was involved with (Kim and Davis, 2013; Davis and Pavlova, 2012; Davis and Abdiyeva, 2012; Davis and

Mukhametshina, 2012; Davis and Yugay, 2012) similarly found that HRM continues to fulfill much the same functions of the personnel department during the Soviet era.

Chapter three of this thesis examined contemporary HRM practice in other countries including fully industrialized or more developed countries. The finding was that HRM professionals in other countries are not focused on paperwork or managing records and they do not spend time trying to control employees by managing small details. HRM in the world's most developed nations (the list of nations Kazakhstan is determined to join) is strategic in nature, proactive and integrated with wider organisational strategy. HR professionals in countries like Britain and the United States are doing project-oriented work that is employee-centered and designed to develop and engage employees so that they can maximise their contribution to the organisation. Typical projects include performance management; employee branding; learning and development; talent management and compensation and benefits. Rather than micro-manage employee behaviours and movements; these projects seek to gain commitment and loyalty from employees. Examples of best practice HRM can be seen in companies including IBM (Dessler, 2014); McDonalds (Stewart and Brown, 2009) and Singapore Airlines (Wirtz *et al.*, 2008). The strategic focus of HRM in these companies in areas including recruitment and performance management is in stark contrast with HRM practices in many organisations in Kazakhstan.

This research project found that the trend towards a very simplistic personnel management model, as identified in the literature review of HRM in Kazakhstan, still largely persists in Kazakh-owned organisations. This present research found that many organisations do not even have a HRM department or dedicated HRM professional. Further, to a significant extent, those organisations that do have HR departments have them busy with managing and processing document and recruiting new employees. It was noticeable that beyond perhaps training courses, many employees are receiving no discernable development, support or encouragement in their work from their HR staff. This was found to be most especially the case with Kazakh-owned

organisations and not the case at all with large, foreign-owned organisations. The finding that there is a large discrepancy between the practices of foreign-owned and Kazakh-owned organisations in Kazakhstan is consistent with the findings of other studies.

The gap between best practice HR among the most developed nations and HR practices in Kazakh-owned organisations is very significant. It is significant in terms of how these practices contribute to the organisation and it is significant in terms of outcomes for employees. HR in Kazakhstan is, in fact, not 'human resource' management at all in many cases; it is document and process management that relates to employees and there is an important distinction between the two. That distinction is that best practice HR is about improving the all-round working experience of employees for their benefit and the organisation's benefit. HR practice in Kazakh-owned and many foreign-Kazakh owned organisations is not employee wellbeing at work; it is about serving the organisation's needs. The irony is that by ignoring employee development and engagement the organisation's potential is diminished and its goals may not be accomplished. And therein lies the fundamental problem with HRM in Kazakhstan: generally, people do not see the value of the contribution HRM can play in organisations and so it is sidelined and along with it the opportunity for the workforce to make a real difference.

The conclusion is that HRM in Kazakhstan generally and in locally owned organisations specifically is insufficiently strategic for HRM staff to be able to play any meaningful role in contributing to increasing the organisational competitiveness that is necessary for Kazakhstan to become one of the world's top thirty most competitive nations by 2050. This is because HR practices in Kazakhstan stifle employee innovation and freedom of expression. The focus is employee compliance with rules. Unless there is radical change in the way HRM departments operate in organisations then HRM in Kazakhstan will continue to be ineffective as a force for organisational development and competitiveness. The shift required is not merely process change or writing new position descriptions; it is much more fundamental and requires a mindset change.

9.2.2 Leadership development practice

The literature review found nothing on the topic of leadership development in Kazakhstan. The concept of specific leadership development programs appears relatively new. There was some dated literature on the leadership styles of managers in Kazakhstan but this amounted to a few articles published a decade or more ago (Cseh et. al., 2004; Ardichvili and Kuchinke, 2002; Muratbekova-Touron, 2002). Also, these articles were comparative; they compared leadership styles of managers in a range of countries of which Kazakhstan was just one. However, it was a conclusion of these studies and earlier studies Ardichvili (2001) that the leadership style preferences of managers in Kazakhstan are not in accordance with what is generally considered good leadership practice. This observation is endorsed by the world renowned GLOBE leadership studies (Northouse, 2010).

The literature suggested that leadership development might be very much needed in Kazakhstan.

In chapter five of this thesis the literature on international practice in current leadership development was reviewed. It was found that leaders are being developed in numerous dynamic and creative ways which make full use of technology and learner-centered learning practices. Leadership development was found to be important and common in organisations internationally and that developing leaders returned value to organisations. In many cases, leadership development was seen as integral to organisational success.

The research found that in the interviewees' organisations leadership development was rarely being practiced. This was especially true in Kazakh-owned organisations and was especially not the case in foreign-owned multinational subsidiaries. It was clear from the interviews that many organisations are not even offering learning and development opportunities to regular employees. It was also clear that many interviewees did not know what leadership development is. This was in evidence through the responses describing leadership development in the organisations in which interviewees worked. Interviewees described many things as constituting leadership development but these examples illustrated that the development was

characteristic of rudimentary skills training; management competencies and informational gatherings of employees.

The findings of the present study also showed that the ways in which the limited development is being delivered is almost exclusively through formal training courses. Many of the dynamic delivery modes being utilised by companies internationally did not even receive one mention from interviewees. The literature review showed that leadership development in fully industrialised countries has moved away from classroom-based instruction and that formal learning makes up a small percentage of all leadership development activities.

The conclusion of this study is that there is a very significant gap between international best practices in leadership development and leadership development in organisations in Kazakhstan. The gap relates to a fundamental understanding of and commitment to development of leaders in organisations. In Kazakhstan there is a knowledge gap about what leadership development really is, why it matters to individuals and organisations and how it can be advantageous to the organisation's objectives. The lack of leadership development in Kazakh-owned organisations is symptomatic of a more general ignorance of the management and development of people at work in Kazakhstan.

The Soviet model of managing employee relations so often referred to in the interviews remains pervasive and reasonably accepted as satisfactory. For example; few interviewees lamented the absence of leadership development opportunities in their organisations. It did not seem a topic of particular importance. For those younger, well educated interviewees the topic of leadership development was a mute point: managers stay in positions for decades and there is little chance to be promoted so the objective of leadership development cannot be fulfilled anyway. It would seem that the mentality common among employees in Kazakhstan about professional development is quite different to that in the world's most developed economies where

professional development is not merely self-evidently important but it is also an expectation.

9.2.3 Resource-based theory

A comprehensive review of the literature discovered that there are no scholarly articles about RBT in Kazakhstan. This was not surprising given the scarcity of any scholarly literature on Kazakhstan. The conclusion deduced from the literature about leadership development and HRM in Kazakhstan was that RBT and specifically the strategic deployment of employee skills for competitive advantage is not practiced or known in Kazakh-owned organisations. That literature pointed to employee management and development practices at odds with the principles of RBT. This assertion is corroborated by independent data published by the World Economic Forum (WEF, 2012). For example; the WEF reported that Kazakhstan ranks 124 out of 144 countries on the nature of competitive advantage. This indicates Kazakhstan is in the world's bottom 15 per cent of countries for its competitive advantage; a very poor finding given the central research problem of this thesis. Coupled with ranking 113 from 144 countries for intensity of local corruption, clearly competing against western countries in free markets presents a big hurdle. Kazakhstan, according to the WEF report, also ranked very poorly on other key indicators of 'ability to compete' such as: degree of customer orientation (104/144); capacity to innovate (92/144) and brain drain (72/144). Undoubtedly, organisations in Kazakhstan have a strong and urgent need for RBT-based initiatives.

The international studies made some important observations about the applicability of RBT. Numerous studies showed that employees can be a direct source of competitive advantage for organisations when they are developed and deployed in intelligent ways and here the link between high quality leadership and competitive advantage becomes important. This point is central to this researcher's study; even highly rare and inimitable internal resources will be useless if their potential is not recognised by the organisation's senior decision makers and then appropriately acted upon. Kraaijenbrink *et al.*, (2010) explain that at first managers must identify the potential of an internal

resource to be utilised for competitive advantage. Leiblein (2011) has said that it is precisely *because* firms do vary in their ability to harness the resources they have that: *"There is a positive role for management in leveraging, accessing or developing scarce resources for the organisation."* (p. 911).

This competitive advantage can be experienced as increased revenues, increased profitability, more productive employees and the generation of ideas that can lead to new products, for example. Critically; organisations must develop a workforce that is unique or very rare, hard to imitate, intrinsically valuable. Chapter five provides a comprehensive review of the literature to demonstrate the many diverse studies which have shown benefits derived from RBT initiatives.

An important aspect of deploying employee talents to derive competitive advantage includes employee management practices that encourage creativity and innovation. Employees should be empowered to take calculated risks, make decisions and seek ways to empower themselves. The literature revealed that HRM in Kazakhstan is the opposite of what is required for employee-generated competitive advantage. In Kazakh-owned organisations especially, employees experience a high level of micro-management. The degree to which employees are checked, controlled and monitored is more indicative of mistrust and suspicion rather than engagement and empowerment. In reality, most of the interviewees described organisations not structured or run for competition.

The conclusion is that the gap between how organisations in Kazakhstan develop and deploy employees for competitive advantage and best practice RBT is a canyon. Really, RBT is not something understood or consciously pursued by organisations in Kazakhstan. On this topic even the interviewees from multinationals did not, for the most part, demonstrate a strong grasp of the principles of RBT or how employees might be positioned so as to be a direct source of competitive advantage for the organisation. Interviewees from the Kazakh-owned organisations displayed even less understanding of the topic; often not understanding the term competitive advantage in its broadest

sense. Some thought this meant internal competition between employees for promotion.

9.2.4 Strategy 2050

The literature review, mostly government documents such as departmental strategic plans and presidential speeches, found that the Government of Kazakhstan (ostensibly President Nursultan Nazarbayev) seeks to become one of the world's top thirty most competitive nations by 2050. It is significant that the President acknowledges the difficulty of this change in the form of competition from other nations. This is one of the unknown and uncontrollable variables which may have a big impact on Kazakhstan's ultimate success in achieving its goal. As the President said in a key address to Parliament:

"By 2050 Kazakhstan must enter the top 30 club of the most developed states in the world. The competition among developed countries for a place in that club will be intense. The nation must be ready to face challenges in the global economic climate, realizing clearly that the desired spot is guaranteed only to those with the strongest economies."
(Akorda, 2013, p. 23)

The government documents articulate a number of ways that this will be achieved. Development will focus on, for example; fighting corruption; developing business and reforming healthcare and education (Delaney, 2011). Also, improving the quality of HRM and public sector leadership are central to the 2050 agenda. For the public sector the President has called for a *"new managerial elite to lead the country into the twenty-first century"* (Caspionet, 2012). The Government also highlights innovation and organisational development as themes for modernisation. According to the WEF (2013), Kazakhstan ranks 103 from 144 countries on business innovation and 99 from 144 countries on business sophistication. This suggests that being able to compete with the world's most competitive nations is some way off.

The literature review also examined a lot of secondary data from other organisations such as UN, Transparency International and IMF. This data illustrated that while Kazakhstan has been making progress towards economic development and increased competitiveness, there is still a long way to go.

Also, after many years of gradually climbing away from near the bottom of the list of the most corrupt nations, Kazakhstan had a relapse in 2012-3 and fell to 133 from 176 on perceptions of corruption indices (transparency International, 2013). The UNDP (2013) also reports that on many important indicators of prosperity and modernisation such as human development indices, Kazakhstan ranks quite some distance behind the countries in the top thirty most developed nations which Kazakhstan seeks to emulate. Overall, Kazakhstan is currently ranked 51st on the list of the world's most competitive nations and so there is some way to go if the ambition of being in the top 30 countries by mid-century is to be achieved.

The topic of this section; Strategy 2050, is a unifying topic that brings together the topics of HRM, leadership development and RBT as they are indicators of Kazakhstan's progress towards Strategy 2050. The conclusion is that it is unknown, at this stage, whether Kazakhstan can become a top thirty country by 2050 because there are too many variables which are difficult to predict given the available data and current circumstances. Firstly, there is a long time to go until 2050; at the time of writing 26 years. This is a longer period than Kazakhstan has existed and it is fair to say that a great deal has been achieved to date. Having said this, based on what is currently known; it will be very challenging for Kazakhstan to develop to a level of competitiveness that is required. One illustration of this is that HRM practice in organisations in Kazakhstan has barely developed in the past twenty years.

Other unpredictable variables include the relative performance of other nations in and around the top thirty list of most competitive nations and the extent of organisational reform that is committed to and achieved in Kazakhstan. One issue critical to increased competitiveness is the diversification of Kazakhstan's economy away from oil and petrochemicals. The extent to which this is achieved in the coming two and a half decades will have a significant influence on Kazakhstan's international competitiveness. However, this is not a topic of this present study so this researcher cannot make comment on this government initiative.

9.3 Implications

This section will discuss some of the likely ramifications of the conclusions made in the previous section for the HRM profession, general employees, organisations, leaders and organisational competitiveness with a view to 2050.

9.3.1 Human resource management practice

The implications of the conclusions for HRM in Kazakhstan and therefore how employees are managed in organisations are significant. HRM as a profession is currently in a position where it is generally not valued or understood and this undermines the credibility and professionalism of current practitioners and may deter young people from selecting HRM as a career. If HRM remains in the wilderness in Kazakhstan and university students avoid HRM courses then the profession will struggle to professionalise and develop a strong sense of identity. The implications of this for employees and organisations in Kazakhstan are potentially severe.

For employees, for example, nepotism in recruitment and promotion may continue to prevent fair processes from taking root and giving all people opportunity for jobs and career advancement. Numerous interviewees expressed dissatisfaction with HR in organisations because HR appears to be facilitating nepotism. In fact, the evidence is that senior managers in organisations are dictating to HR who must be hired. For this issue to be challenged, HR needs to professionalise and assert itself through adopting international recruitment and selection practices and writing policy that guarantees process.

Employees are also being done an injustice and disservice in terms of their general working experience due to the poor state of HR in many organisations in Kazakhstan. Their working life, often, is highly controlled and monitored by HR who act as a kind of organisational police force. Further, because HR is consumed by paperwork employees are not being offered development and learning opportunities. The implications are likely to be high turnover (mentioned by several interviewees), a poor workplace culture and the suffocation of any innovation or creativity that could add a lot of value

through the development of new products, for example. Employees would be less likely to give discretionary effort to an organisation that offers nothing in return.

In western countries the employment relation is a kind of mutual exchange between the employer and employee where each gives the other something valuable. For example; the organisation gives things like a good work environment; training; career opportunities; benefits; participative decision making and so on. In exchange, the employee gives their time; effort; knowledge; some degree of loyalty and so forth. When this exchange is seen as equal by each party it makes for a positive working relationship based on respect and trust. In Kazakhstan, however, it seems that the employee is expected to give a great deal and the organisation very little. Mostly, what the organisation offers is unwanted micro-management. This picture is almost reminiscent of Dickensian England.

For organisations the implications could also be dire. It is likely to become increasingly difficult to attract good employees. This point was mentioned by several interviewees. As young workers become more expectant and educated, they will have more employment choices; including overseas. This researcher knows that graduates from the major universities seek almost exclusively to work for one of the foreign-owned multinational in Almaty. These graduates know these companies offer the best opportunities. In turn, these companies such as PricewaterhouseCoopers and Ernst and Young, actively recruit the best graduates. Therefore the implications for local companies who continue to sideline HR seem to be that hiring great employees will continue to be difficult.

Organisations may also begin to struggle to have sufficiently able and skillful workers if HR continues not to train, develop and promote employees. Currently in Kazakh-owned organisations particularly, many employees are not receiving any kind of development over many years. As organisations develop and new equipment, processes and work practices are introduced, it is imperative to have a workforce that can adapt and comfortably work within

the changed environment. The implications of having under-skilled workers include lower productivity and this can affect competitiveness and financial results. Therefore, if HR fails to professionalise so that it can develop employees to meet the organisation's needs, then the organisation as an entity cannot fulfill its potential.

9.3.2 Leadership development practice

The implications for organisations without leadership development programs, or programs that espouse to be teaching leadership competencies but are not, could be significant. Leadership development has been singled out by the President of Kazakhstan as critical to the modernisation of the public sector. Firstly, the current widespread misunderstanding of what leadership is about will continue to persist and cause confusion. Organisations will find it difficult to begin a real conversation about leadership if there is a fundamental misunderstanding about what constitutes leadership. Therefore, the main implication is that little can be progressed to improve leadership right now in many companies because people do not know what it is.

The little leadership development (and indeed, nearly all development) that is happening in organisations is being delivered in an unimaginative and often unproductive way: formal, classroom courses. According to the literature review, the implications are that good opportunities are being missed to help leaders realise their full potential this way. Therefore, in financial terms, the return on investment in leadership development is considerably diminished. In human capacity terms, leaders are not being developed in ways in which they can achieve the best results through their work and this reduces the effectiveness and probably competitiveness of the organisation. Again, this returns to central issue of the thesis and increased organisational competitiveness. A further dimension is that unimaginative and unproductive delivery modes for leadership initiatives are less likely to engage and enthuse the participants than the adventurous and self-directed opportunities best-practice advocates for. The implication is that loyalty, commitment and engagement, as well as workplace application of new learning, is all threatened by a boring and predictable format. Leadership development should

stretch and challenge participants and formal, pre-planned, instructor led theory-based sit-down courses may not achieve this.

It is well known that good organisational leadership is important to all employees because good leaders can act as inspiration and can role model desired behaviours. Good leadership development is one way that the endemic corruption and widespread nepotism in Kazakhstan can be countered. For example; good leadership development activities can focus on ethics in organisations. If leaders are seen to be unethical or indifferent to ethical principles then it is likely that other employees will be too. Therefore, an implication of not developing leaders is that the culture change which is so much needed in many organisations may not have a catalyst. If corruption remains unchallenged then organisations in Kazakhstan will find it difficult to integrate into global markets. Attracting direct foreign investment and forming strategic business partnerships with international companies will also be difficult.

9.3.3 Resource-based theory

The major implication of not applying the principles of RBT are that employee talents are not being as well developed or deployed as they could be. This limits the organisation's options for building sustained competitive advantage in the marketplace. For public sector organisations, it makes them less competitive in the quest to hire the best employees and then to compete with the private sector in areas where both provide services such as, for example, health, education and financial services.

Implicit in RBT is the pursuit of excellence. For employees to be a direct source of competitive advantage they must necessarily be better in some way than one's competitors. Therefore, developing employees is one important part of achieving competitive advantage through the workforce. Empowering employees to take calculated risks; form self-managed knowledge sharing communities; make decisions and be innovative are other ways that organisations might encourage employees to work so that they can become a differentiated asset. HR plays an important role in applying the concepts of

RBT in practice. The implications of organisations not understanding RBT, as the data clearly demonstrated is almost entirely the case, are self-evident. Firstly, organisations which do apply RBT position themselves better to derive competitive advantage and so accentuate the talent gap between their employees and the employees of organisations that do nothing with employees. Secondly, RBT often translates into exciting programs for employees to work in dynamic, self-managed ways and as such, RBT in practice can be attractive to job seekers looking for innovative employers. RBT can be used to attract and then motivate employees and RBT programs can help develop an employee brand to position the organisation as an employer of choice.

Finally, RBT has implications for general organisational development. This is a key theme of the present research. RBT in practice requires organisations, especially those in Kazakhstan, the data suggests, to redesign jobs and work practices as well as employee policies and organisational systems. The literature review indicated that for Kazakhstan-owned companies in particular these changes would mean a liberalisation of current work practices and employee-employer relations. This would all be good for organisations in Kazakhstan; RBT could be the catalyst for moving away from the current employee relations model where HR is controller and dictator, to a more mature work environment. If organisations continue to be ignorant of RBT then the implications could be that organisations fail to take a very good opportunity to undertake the important development they need.

9.3.4 Strategy 2050

The final point is that if HR, resourced-based theory in practice and leadership development practices do not become more understood and, then, strategic and goal-oriented in Kazakhstan-owned organisations then HR cannot contribute meaningfully to business modernization and competitiveness. Processing paperwork and micro-managing employees cannot be a way to add value to an organisation through employees' skills and knowledge. The implications of HR departments that are not strategic is that the President's goals in the Strategy 2050 and supporting strategic plans of government cannot be realised and this is at the heart of this thesis.

Strategy 2050 is the current national priority for Kazakhstan's continued economic development and global integration. Tied to the document are the fortunes of Kazakhstan's citizens and businesses. For example; achieving the Strategy 2050 objectives will create more and better paid jobs. Economic diversity will allow Kazakhstan to compete in new industries away from oil and gas. If Kazakhstan develops then living standards and incomes will improve with all the associated benefits such as improved health outcomes and improved longevity. Chapter two detailed many of the poor conditions, comparatively speaking, that Kazakhstani citizens endure as the country transitions to a fully industrialised country. The indicators presented in chapter two are directly impacted by modernisation as the comparisons with fully developed nations demonstrated. Therefore, the implications of failing to achieve Strategy 2050 objectives are very serious for everyday people in Kazakhstan and the country as a whole.

If Kazakhstan fails to modernise and compete with the most advanced nations then important industries like tourism may not develop. Currently there is great potential for Kazakhstan as a winter tourist destination for skiing and associated pursuits, yet the infrastructure is insufficiently developed compared with alternate holiday destinations in Russia and Europe. Not only major infrastructure such as roads and airports are under-developed, but also the number and quality of hotels and tourist attractions too. Strategy 2050 sets the way for organisations and industries to develop so that they may compete more successfully internationally. This process will develop the country's infrastructure and create wealth and jobs through the development of new industries such as tourism. Failing to achieve Strategy 2050 would be a major missed opportunity for Kazakhstan and its citizens. HR has a role to play in the big picture of national development through developing the nation's workforce so they may be more internationally competitive in whatever work they are doing.

9.4 Recommendations for Improved Practice

One of the goals of this research was that it would result in providing some practical assistance to the HR community and organisational decision makers in Kazakhstan. There are a great many recommendations for improved practice that could be made in terms of advice on developing HRM as a profession and an organisational asset in Kazakhstan. This section will briefly mention the five most important recommendations in this researcher's opinion.

The first recommendation is that a professional, national HRM association be established in Kazakhstan. This may require the intervention of the government or perhaps be the initiative of an entrepreneur or group of HR professionals currently collaborating unofficially. This national association should seek international affiliation for support, credibility and development. It should begin to establish and nurture active regional branches in Kazakhstan's major cities. Using the internet and web-based technologies, this association should provide resources, advice and information exchange for members. The association should develop a national code of ethics for HR professionals and a certificate-based training course on HRM ethics. The association should become a provider of learning and development activities for the advancement of HR practice in Kazakhstan and should organise a national and regional conferences.

The second recommendation is to raise the level of knowledge and expertise of HR professionals through tertiary, qualification-based education. Specifically; major universities should offer a major in HRM at the undergraduate and graduate levels and include a module on HRM in their executive MBA programs which are becoming very popular in Kazakhstan. Within the major, students would pursue courses such as compensation and benefits; training and development; performance management; industrial relations and international HRM. Universities need to partner with business and government to design and promote these degree courses. Large companies should sponsor one or two HR employees to gain proper qualifications in HR and the new national HR association may offer partial scholarships.

The third recommendation to improve the professionalism of HR in Kazakhstan is to have dedicated and qualified HR professionals in organisations. The practice of not having HR departments in big companies or distributing the functions of HR among people who know nothing about HR should cease. These new HR professionals should focus on projects and initiatives that are employee-centered (learning and development; employee relations; performance appraisal; job design and so forth). They should not be spending 75 per cent of their time, as many now are, on document management. This is a basic administrative task that people without HR experience and qualifications should do. HR departments must also begin to shift away from a monitoring and controlling role and towards an enabling and engaging role.

The fourth recommendation regards strategy and policy. HR departments need to have a strategic focus and operate with strategic intent. Firstly, they must develop a HR strategy looking 3 to 5 years in the future. This strategy needs to be aligned with and supportive of the overall organisation's business strategy. HR must be included in organisational strategy formulation and then be represented on the senior executive and be part of the organisation's strategic decision making. Regarding policy, HR departments need to develop formal, written HR policies that are fair, transparent and objective. These must be clearly communicated to employees and have senior management support so that all employees follow them. The priority is the development of policies for recruitment, selection, performance evaluation and promotion because this is where nepotism, favouritism and discretionary practice appear most evident in Kazakhstani owned organisations.

The fifth recommendation relates to leadership development in organisations in Kazakhstan. The conclusion from this study was that leadership development is misunderstood, misapplied and under-valued. HRM professionals should take the lead in raising senior management awareness of the importance and benefits of leadership development. Taking advantage of MBA and EMBA degrees or perhaps just leadership modules in these programs for select leaders is one suggestion. Secondly, contracting local

leadership consultants and 'trainers' to work with organisational leaders would be beneficial. Appropriate journal or magazine subscriptions, perhaps building a small corporate library, would encourage leaders to educate themselves and raise the profile of leadership competence in the organisation. Very senior leaders might consider engaging a coach and attending overseas conferences.

9.5 Limitations

This research project has several limitations relating to its design and its conclusions. As a constructivist and interpretative project, hard and fast conclusions are not able to be drawn, but then that is not the objective of the paradigm. That said; this project has validated the observations and conclusions of earlier research on HRM in Kazakhstan and so the conclusions here are reliable just not unequivocal.

The research project collected data only through semi-structured interviews and, it could be argued, a more robust data set could have been achieved if the interviews had been supplemented by, for example, focus groups or a survey. This may well be the case, yet it is not necessarily so. While this researcher used only interviews to collect data, he did conduct a large number of interviews (92) for a PhD project. Further; as Grounded Theory stipulates, once the data coming in appears to have exhausted any new information and becomes repetitive, then the data has been collected. Focus groups may have only elicited the same data as a lot of interviews did.

This researcher has considered that had the interviewees been interviewed in their native language (for most Russian; for some Kazakh) then the data would have been richer. This is accepted. One's self-expression is always limited when speaking in a foreign language: vocabulary, fluency and articulation of ideas are all restricted. Nevertheless; the interviewees spoke, for the most part, good English (most had completed a business degree taught entirely in English) and could express themselves adequately albeit more simplistically than would a native speaker.

The interviewee participants, except just four, were reflecting on work experiences in organisations in Almaty. As Kazakhstan is a large country with very diverse regions, the research conclusions may be limited in their transferability and relevance to other cities. This, based on personal experience, is undoubtedly true. Yet Almaty is Kazakhstan's business and commercial hub; the country's biggest and most developed city. While further research could well explore HR practices in other regions of the country, Almaty is most assuredly the best place to begin looking at organisations in Kazakhstan.

Finally, while the research was open to all people who met the basic criteria, the interview participants were predominantly young, white-collar workers. This is due in part to young people in Kazakhstan being much more likely to speak English than older people. Younger people are also much more open minded to a foreigner wanting to interview them about their organisation than people who were raised and educated under communism. Had more older people been interviewed; more blue-collar workers, perhaps the data may have been different. However; it is more probable that the sentiments and expectations expressed about the themes would have been different rather than a different picture of the status of HR emerging from the data.

9.6 Future Research Issues

Because almost no research exists on HRM in Kazakhstan, this project has the potential for being a catalyst for academic study in this field. It might be interesting to examine the extent to which HRM in neighbouring Central Asian countries like Kyrgyzstan and Tajikistan is facing the same challenges. These countries share a common recent history with Kazakhstan but culturally are quite different.

There is also an opportunity to explore the themes of this research project in greater detail. The impact on organisations of nepotism, for example, would be an important and interesting avenue for further study as nepotism appears a major hurdle to further organisational development. And, as noted in the

previous section, extending the research to other cities in Kazakhstan such as Astana, Chimkent and Aktobe with their very different characteristics could prove interesting and revealing.

This research also lends itself well to a comparative future study. The primary research issue under investigation here was whether HR can contribute meaningfully to Kazakhstan's goal of top 30 nation status by 2050. It is now only 2014. Perhaps in five or ten years it could be interesting to see what has changed; whether HRM practice in Kazakhstan has developed and improved; whether nepotism in local organisations is less of an issue and so forth.

A possible valuable angle for further research based upon the conclusions of this project would be organisational development or organisational effectiveness of Kazakh-owned organisations. This research found local organisations to be poorly positioned for competing in the world's markets. Their HR practices have been shown to be bureaucratic, informal and dogmatic. Perhaps the same is true of local organisations generally. With the very interesting dimensions of a communist history and Kazakh culture, the study of organisational development would be fascinating to pursue further.

As a final suggestion, this research could encourage further study in some related areas to the main research problem; themes that were explored as part of that. One example could be to examine in more detail the topic of leadership development in organisations in Kazakhstan. This important topic has been extensively studied for decades in most regions, yet is untouched in Kazakhstan. This project has also highlighted some developmental challenges with the public sector in Kazakhstan so this could be a worthy avenue for further exploration. Finally, competitive advantage and Resource-based theory (RBT) remain unstudied in Kazakhstan with the exception of this project. As Kazakhstan becomes more integrated economically with the rest of the world and needs to compete far more in free markets, research on RBT could be potentially very beneficial to organisations in Kazakhstan.

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APPENDIX A: PARTICIPANT CONSENT FORM

CONSENT FORM for PARTICIPANTS

Research Project: Vision 2020 and Human Resource Management in Kazakhstan: A Focus on Leadership Development

I,,
have read the information contained in the Information Sheet for Participants and any questions I have asked have been answered to my satisfaction. **Yes/No**

I agree to participate in this activity, realising that I may withdraw at any time. **Yes/No**

I agree that research data gathered for the study may be published using a pseudonym **Yes/No**

I agree that I may be quoted using a pseudonym **Yes/No**

I agree to the interview being audio recorded and transcribed. **Yes/No**

I would like to receive a copy of the transcription of the interview **Yes/No**

I am older than 18 years of age. **Yes/No**

.....
Participant Date

.....
Researcher Date

APPENDIX B: INTERVIEW BOOKING FORM

(This form distributed in MBA classes by intermediary to make interviews)

Yes, I would be willing to have an interview with Dr. Davis on his research related to strategic human resource management in Kazakhstan:

My Name: _____

My Email: _____

My Mobile No: _____

(You will be contacted by Diana Kurbanbaeva, Dr. Davis' TA, to organize an interview time)

The best day for me to have a 30 minute interview would be:

(You may select more than one)

- Monday Tuesday Wednesday Thursday Friday Saturday
Sunday

The best time for me to have the interview would be:

(You may select more than one)

- 10-12am 12-2pm 2-4pm 4-6pm 6-8pm 8-10pm

or please nominate a specific time _____

Thanks so much for your willingness to support this project

APPENDIX C: INTRODUCTORY EMAIL

Project Title: Strategy 2050 and Human Resource Management in Kazakhstan: A Focus on Leadership Development

Degree: PhD

School: UNE Business School

Student Researcher: Paul Davis

Student Number: 9044728

Project Supervisors: Dr. Peter McClenaghan and Dr. Theresa Smith-Ruig

Dear Student / HR Club Member / KIMEP Alumnus

I kindly ask a few minutes of your time to read this email about an important research project being conducted at KIMEP University and about your opportunity to take part.

The research is about the future development of Kazakhstan and President Nazarbayev's goal for Kazakhstan to become one of the world's top 50 most competitive nations. The research intends to identify real opportunities for organizations here to maximize their human resources to increase the organization's competitiveness, innovativeness and effectiveness.

This research is also being used for a PhD I am completing at the University of New England, Australia.

The research has the potential to make a significant contribution to Kazakhstan achieving its ambitious modernization and development goals. I am seeking your participation to make this research project a success.

I am asking for people to volunteer to be interviewed by me.

The interview would not take long, you would be anonymous and you would receive a small payment for participating. The interview seeks your opinions on a few short questions and the interview can be scheduled at a convenient time to suit you.

To find out more please contact me or my teaching assistant to receive an information sheet and/or to have your questions answered.

Thank you for considering being a part of this research.

Dr. Paul Davis

APPENDIX D: DEMOGRAPHIC INTERVIEW QUESTIONS FORM

Demographic Interview Questions

Interviewee No. _____

Date of interview _____

Current Master's Student KIMEP Alumni HR Club Other
Professional

Male Female

< 26 26 – 30 31 – 35 36 – 40 > 40

Private sector Public sector Charity/Aid/Community sector

Kazakh owned Foreign owned Part Kazakh, part foreign owned

What is your profession?

Do you manage/supervise others? _____

How long have you worked for your current employer?

In which industry do you work? _____