Kazakhstan- (cis), was officially a presidential republic and,

Kazakhstan- An IntroductionSoviet Union Crumbled completely in 1991, western democratic political systems and free-market economic structuresappeared in Kazakhstan. It is located in northern and central Eurasia, was the ninth-largest country in the world in terms of area.

Its area ofapproximately 2. 7 million square meters surpasses that of Western Europe. Thenational culture of Kazakhstan was not just influenced by " Kazakhness" but alsoby its history as a Russian colony, its 70 years of Soviet rule, and a range ofother forces. In the 1990s, the country experienced a large outflow of Russianspeaking people from the region.

However, by 2000the population growth trend waspositive, mainly driven by immigrants and returnees. As a result of itshistory, the country's population of nearly 17 million included 120nationalities, and only 63% of the population could claim Kazakh origins1. Kazakhstan was a bilingual country: Kazakh had the status of the" state" language, while Russian, which was spoken by almost allKazakhstanis, was declared the " official" language, and was usedroutinely in business and day-to-day communications. The country, which was a member of theCommonwealth of Independent States (CIS), wasofficially a presidential republic and, owingto its significant crude oil resources, it enjoyedsignificant economic growth sinceindependence. In 2001 and 2002, in an acknowledgementof Kazakhstan's efforts to transition awayfrom the Soviet planned economy, the EuropeanUnion and the United States (U. S.

) recognizedKazakhstan as a market economy. Since 2000, the economy had grown at an average annualrate of 10%, which exceeded the correspondingfigures for most other countries in theworld2. This impressive development could beattributed to Kazakhstan's significant oil, gas and mineral reserves. At the beginning of the21st century, Kazakhstan's oil and gasreserves were estimated to be the third largest in theworld. At the same time, Kazakhstan wasacknowledged as one of the world's top twenty oilproducers. KazOilwas an oil production cooperation based in the small town of Kyzyl-Orda. It had5, 000 employees and was the town's main employer. Even after the demise of theSoviet regime, the Kazakh Ministry of Energy maintained control until 1996.

Current Situation and EmployeesNurlan Ospanov is the Head of Corporate Finance at KazOil. Hefaces difficulty in completing his daily tasks. His mind continually wanderedto other, more pressing issues that were affecting his day-to-day activities atthe office.

In his 25 years at KazOil, he had never seen anything like what heexperienced at the social events put on by the new Chinese management team. Hefeels that Chinese are unsuccessful in socializing with employees and theirevents are just invain attempts to make a place in hearts and minds of people. Nurlan's sister-in-law, has a different point of view, she holds that Chinesehave developed better relations with government officials. Young marketer hasan opposite view, he wants it to be a progressive company. While old people areagainst him they think that Canadians don't give higher ranks to local people. A women added that Canadians Introduced;• Trainingmeasures• Customizedcareer planning• Safetyrequirements across departments • Broadand inclusive social events• Englishcourses. The arguments in favour of Chinese included;• Increasein insurance benefits• Introductionof extended maternity leave(and more favorable for employees with children) • Veryless overtime But Nurlan was facing a reality….

Employeesreached him frequently because they feel lost! Acquisition by Hydrocarbon inc. (A CanadianCompany)In 1996, just five years after Kazakhstan beganits transition from the Soviet plannedeconomy to a market economy, KazOil was soldfor US$120 million by the Kazakhstangovernment to Hydrocarbons Ltd., a Canadiancompany. Under Canadian management, KazOil initially flourished. Already inJanuary 1998, KazOil's proved plus probable reserveswere independently assessed at over 429million barrels, an increase in reserves of 10% since1997. KazOil drilled 20 successful wells inits southern field and obtained a 100% interest ina 455, 672 acre exploration license in 1997.

In1998, the exploration program included thedrilling of three unsuccessful wells and thegathering of 290 miles of seismic data, data thatwas necessary for future development. Plansfor future growth and long-term investor valuereturn focused on such initiatives as thedevelopment of licensed areas, the acquisition of newlicenses, and the export of crude oil andrefined products to markets in Central Asia andChina. Economic conditions and oil pricesHowever, oil prices on the Kazakh marketdropped dramatically during the last half of 1998from a high of US$11.

13 per barrel to a low ofUS$5. 89 per barrel. General marketconditions in Kazakhstan remained bleak intoearly 1999. Although KazOil had examined thefeasibility of exports in 1998, the option wasnot viewed as economically

viable. However, inthe second quarter of 1999, KazOil enteredinto three export contracts: one with Russia andtwo with China. The Chinese contracts entailedthe export of up to 100, 000 tons of oil permonth, representing approximately 30% ofKazOil's anticipated production. Employees viewed the transition to Canadianownership as positive, and perceivedHydrocarbons corporate culture as highlyprofessional. For its part, Hydrocarbons workedhard to gain the acceptance of KazOilemployees.

In the five years following the acquisition, most employees were offered the opportunity totake part in a large-scale training program, which was provided by the Canadianheadquarters. All operational fields – from fieldoperations to safety to management skills –were covered in the training program. There werenumerous team building exercises and socialevents, some of them open to the general public. The human resources (HR) department employed aCanadian instructor to run a three-hourseminar on Canadian culture every Wednesdayafternoon for about one year.

The seminarwas open not only to KazOil employees but alsoto their relatives, friends and anyoneinterested. English language courses ran on acontinuous basis for employees at all levels. The management also supported English languagecourses at local schools and kindergartens. The training program assisted KazOil inachieving its goal that was stated in the CorporatePhilosophy of Training: " to build employeeconfidence, broaden the employees' businessperspective and increase job satisfaction". Furthermore, Canadian expatriates at the KazOilunit coached employees on a day-to-day basis, making themselves available for opendiscussions and encouraging employeeinitiatives.

Numerous local managers were soonincluded in KazOil's succession planning forthe region, with the aim of eventually replacingexpatriate managers with a local managementteam. Already in June 1997, in a formal surveyof management, 26% of local managers statedthat they fully supported the changes, while52% indicated their belief that the companywas moving in the right direction. The Canadians also implemented a detailedhuman resources strategy, with the immediategoal of developing common, but locallyadapted, HR policies and practices for all businessunits. As a part of this move, policies andprocedures related to recruitment, job descriptionsand performance appraisals were introduced.

Asa result, the local HR department founditself directly involved in the strategicdecision-making process. Local employees were also directly involved inthe decision-making process and encouragedto provide feedback. This familiarized themwith the company strategy and enabled them towork towards fulfilling that strategy in theirday-to-day activities. A middle manager fromKazOil's IT department described the impact:" There was a company spirit. There was aunity, cohesion. You worked not only foryourself, for your salary". The strong companyspirit was present despite the fact that, atthe end of 1999, KazOil had three business units inthree different cities.

The companyheadquarters were located in Almaty, but the mainproduction field and the support offices werelocated in Kzylorda, some 900 kilometersnorth-west from Almaty, and the newlypurchased refinery plant was in Skymkent, 600kilometers south from Almaty. All three unitshad vastly different organizational cultures. These differences were caused by labor marketdynamics, regional variations in economicdevelopment and diversity in employees'educational backgrounds. KazOil employees referred to the workingenvironment under the Canadians as professionaland informal, characterized by open lines ofcommunication, unity, and an interest inemployee development and well-being.

Acquisition by ChineseHydrocarbons agreed to sell KazOil to ChinaPetrol, a state-owned company in 2005. Byoffering US$4. 2 billion, China Petrol beat outits competitors from Russia and India. Thetransaction was the largest takeover everundertaken by a Chinese company and, togetherwith China Petrol's agreement to cooperatewith a Kazakhstan's state-held oil company, wasdesigned to provide the 3, 000 kilometer longSino-Kazakhstan oil pipeline with a " reliablesupply". Soon after the acquisition, China Petroltransferred 30 managers to KazOil. Despite theintroduction of the Chinese management team, China Petrol retained the existing personneland maintained, in general, the company's modeof operations. However, approximately half of KazOil'sinternational employees resigned shortly after the takeover.

When China Petrol took over KazOil, the latterwas widely viewed as a successful " western" subsidiary. It owned a total of 12 oil fieldsand exploration licenses in Kazakhstan. KazOilhad just experienced several years of a" western" style of management, which includedindividual-focused compensation schemes andincentives. The new owners were different. China Petrol shared many traits withstate-owned enterprises in the Soviet Union.

Both werecharacterized by high levels of bureaucracyand hierarchy, allegiance to set rules andpractices, centrally set goals, and thedistribution of resources on grounds other than marketefficiency. Within two years of the acquisition by ChinaPetrol, many of the local managers who hadflourished under Canadian management left soonafter the acquisition, citing such groundsfor leaving as the " non-professional Chinesemanagement" and the possibility that stayingwith KazOil might " slow down their career". Headhunters were known to approach KazOilmanagers directly, easily luring them off tomore western-inspired companies. The Chinesemanagement team did little to retainemployees, especially those who were highly skilled. One effort towards retaining employees was toboost the bonuses during the first two years: bonuses were paid once or twice a year andrepresented up to 50-70% of the monthly salary.

The employees' negative perceptions of thetop-down decision-making style adopted byChina Petrol were strengthened by the lack oftransparency and almost complete dearth ofcommunication, which was compounded by thelack of language skills among the Chinesemanagers. They viewed the new management teamas secretive. As one senior managerstated, " The Chinese culture is a culture ofsilence. Nothing is explicitly articulated". As aresult, decision making was slow andfrustration was growing: " In the eyes of the Chinesemanagers, we are doing a good job: we followthe law, fulfill the budget and obey the rules". Much of the responsibility for HR issues wasmoved from the individual units to thecompany's headquarters in Almaty, a move thatwas generally not well received.

Onemanager was overheard complaining that " HRmanagers meddle in everything". In addition, the bonus system was systematized, theEnglish-language courses were discontinued, andChinese-language courses were offered only toa select group of managers. These movesresulted in a general lack of trust betweenemployees and the new owners, and thewidespread opinion among employees that theycould " not learn much from the newowners". Problems being faced largely after Chineseacquisition1. Anticipating the upcoming poor top managementdecisions half of the employees left. 2. It was under a western free style management, while the Chinese came from a communism based economy.

3. Local Managers accused the new administrationto be non-professional and non-developers of career. 4. The Chinese failed to retain employees largely! 5. Lack of transparency. 6.

Increased bonuses (extrinsic factor) withoutconsidering the intrinsic motivation. 7. Lack of communication due to language barriersand therefore it created a secret image (In human) of top management.

8. Despite being far away HR managers try tomeddle with lowers level decisions. All these issues caused frustrationand lack of trust which obviously leads towards lower productivity andretention of employees. Thus leading towards a unhealthy corporate culture. To increase motivations a few points have beendiscussed below; The less valuevariables, which are recognition & rewards, opportunities to excel, cooperation, communication, and performance & appraisal, representemployees of PT. SKM feel there are lack of recognition and rewards after donea job, opportunities to improve personal performance to be competent in excel, and fair appraisal in accordance with the performance that affect theirengagement to the company. In the other side, there is unclear communication insome

information given and less cooperative in working process. Giving morecontrol and pay attention to the employees can build better management systemby creating the better working environment in order to increase theiremployee's performance, such as communicating and cooperating well to makeharmony and give recognition and reward directly to their employees to makethem feel what is being done in accordance with what is expected and can beappreciated.

(Lavigna, 2013)To date, there is no generally accepteddefinition for employee engagement. However, there is growing consensus amongthe authors that the construct is distinguishable from related concepts inmanagement such as employee commitment, organizational citizenship behaviourand job satisfaction in such a manner that employee engagement clearly reflectsthe two-way exchange of effort between employees and employers, and it has stretchedmeaning beyond the aforementioned constructs. Research on engagement is stillon its infancy, attempting to come up with more clear-cut and acceptabledefinition. Most studies demonstrate that feeling valuedby management, two-way communication between management and employees, management's interest in employees' well-being and giving more opportunitiesfor employees to grow are the top drivers of employee engagement. Nevertheless, as studies indicate, employees do not give much importance to pay and benefits. This might be the case because almost all the surveys were made in companies workingin economically-well-to-do countries.

The priorities of drivers might havevaried if similar surveys were undergone in other third world countries, likeAfrican countries. Therefore, there is a need for more global surveys includingmore number of countries. The literatures indicate that employee engagement isclosely linked with organizational performance outcomes. Companies with engagedemployees have higher employee retention as a result of reduced turnover andreduced intention to leave the company, productivity, profitability, growth andcustomer satisfaction.

On the other hand, companies with disengaged employeessuffer from waste of effort and bleed talent, earn less commitment from theemployees, face increased absenteeism and have less customer orientation, lessproductivity, and reduced operating margins and net profit margins. Mostresearches emphasize merely the importance and positive impacts of employeeengagement on the business outcomes, failing to provide the cost-benefitanalysis for engagement decisions. As any other management decisions, engagement decision should be evaluated in terms of both its benefits and its associatedcosts, without giving greater emphasis to neither of the two, not to bias the decisionmakers. Thus there is a need to study the cost aspect of engagement decisions. The remarkable fact is, the findings of today's researches, can be used as cornerstone for the building of complete essence to the construct. Furthermore, muchof the works related to " employee engagement" construct is attributed to surveyhouses and consultancies. Therefore, there is a need for academia toinvestigate this new construct and come up with a clear definition anddimensions that will be used for measuring employee engagement justifying the importanceof engagement concept.

Otherwise, it will pass away shortly as many other humanresource fads did. (Nohria, Groysberg, & Lee, 2008) ConclusionKazOil was anoil drilling company in Kazakhstan, in the years after the dissolution of theSoviet Union. It was bought by theCanadian corporation Hydrocarbons Ltd in 1996, They used new human resourcestrategies for corporate culture and management style, it seemed to be moresuccessful and liked by employees than in 2005, when China Petrol acquired theassets. The case opens up with Nurlan - a company's long-time employee – talkingabout the recently introduced changes by the Chinese management, wondering howhe should adapt in order to ensure employee's motivation despite the lack ofcorporate spirit. We need efficient strategy and human resources management andcross-cultural management.