

Doing Business in Kazakhstan | Kazakh Social and Business Culture

A Kazakh Culture Overview

Fact file

- o **Official name** – Republic of Kazakhstan
- o **Population** – 15,233, 244* (July 2006 est.)
- o **Official language** – Kazakh (state language), Russian (official language)
- o **Currency** – Tenge (KZT)
- o **Capital city** – Astana
- o **GDP** – purchasing power parity \$125.3 billion* (2005 est.)
- o **GDP per capita** – purchasing power parity \$8,300* (2005 est.)



Overview

The world's ninth largest country, Kazakhstan occupies a vast but relatively isolated space between Europe and Asia. Kazakhstan has a long and rich history, having evolved from a nomad civilisation dating back to the first millennium BC through various periods of expansion and occupation by the Soviets to its current position as a modern nation state. Its diverse ethnic composition combines the native Kazakh people and tribes with a large population of Russians, who each make up approximately half of the population, but remain separated by language and religion. The convergence of these two distinct populations has created a unique culture reliant on both agricultural and industrial ways of life. With an abundance of natural resources and a growing economy, today Kazakhstan is an attractive market for foreign business and investments. An understanding of this distinctive Kazakh culture is essential for any organisation or individual wishing to do business in Kazakhstan.

Kazakh culture - key concepts and values

Hospitality – Traditionally a nomadic culture, hospitality has always been an important part of Kazakh culture. Displays of generosity and welcoming behaviour are common in both social and business Kazakh spheres. An invitation to the traditional Kazakh feast, *dastarkhan*, is the most popular form of Kazakh hospitality. Sharing food and drink with family, friends and acquaintances is an essential part of Kazakh culture and should be respected and shared.

Tradition – Kazakh traditions and culture have been passed on from one generation to another through oral histories told by traditional Kazakh tribal leaders and elders. Much of the traditional Kazakh culture was lost under Soviet rule but strong elements remain today and are celebrated among family, a central part of Kazakh society. While the country is becoming increasingly modernised and in contact with global culture, Kazakhs hold on strongly to their traditions and culture of which they are proud.

Religion – Before the introduction of the Sunni branch of Islam in the seventeenth and eighteenth centuries, Kazakhs held strong animist and shamanist beliefs. Since Soviet rule when many Russians came to live in Kazakhstan, the Russian Orthodox religion has had an important presence in Kazakh society. Today, the government struggles to maintain a

healthy balance between the two and they generally have an equal presence in Kazakh society. Visiting Kazakhstan or doing business with Kazakhs, it is important to be aware of these cultural differences and sensitivities, as well as the unique traditions and customs of each and how they influence Kazakh culture and business etiquette.

Doing Business in Kazakhstan

Conquered by Russia in the 18th century, Kazakhstan was under Soviet rule until it gained independence in 1991. During the 1990s, Kazakhstan went through a period of economic decline having lost ties with their largest supporter. Since then a series of economic reforms and privatisation have allowed for tremendous growth and development into new sectors including energy and oil which until then had been largely untapped. An abundance of natural resources and agricultural products has also helped Kazakhstan's economy tremendously. Today Kazakhstan still struggles to maintain a balance between its industrial and agricultural sectors and the amount of foreign investment and influence, but by and large Kazakhs are enjoying a period of growth and improvement. Many are investing large sums in nearby countries and establishing extensive international networks. As Kazakhstan strives to open its economy and borders to the rest of the world, those wishing to invest or do business with Kazakhs should be aware of the unique business culture and etiquette of Kazakhstan.

Kazakhstan business Part 1 - Working in Kazakhstan (Pre-departure)

- **Working practices in Kazakhstan**
 - Business in Kazakhstan tends to take longer than in most Western societies, so patience and taking time to establish relationships with Kazakh colleagues are essential.
 - Many people in Kazakhstan are Muslim so it is not uncommon for them to take breaks from work during the day for prayer. Be aware of this as you do business with Kazakhs and try to schedule appointments around the prayer schedule if necessary.
- **Structure and hierarchy in Kazakh companies**
 - Kazakh business culture dictates a strict hierarchical structure where leaders separate themselves from the group and power is distributed from the top.
 - There is generally only one key decision maker, a position occupied by the most senior person in the company. Those in a more subordinate position represent the business during meetings but do not have the authority to make decisions.
 - The formality and structure of greetings in Kazakhstan reflect the position a person has in society. Normally the less senior person would extend their hand first to show respect and deference.

- **Working relationships in Kazakhstan**

- Establishing close personal contacts is key to all business dealings in Kazakhstan. Kazakhs prefer to get to know a person before entering into business with them and committing themselves to business decisions.
- Kazakhs tend to have an indirect style of communication which makes understanding and getting to know them a little more challenging and time-consuming. Spending the time talking and getting to know each other will help the business relationship and ensure more efficient decision-making.

Kazakhstan business Part 2 - Doing business in Kazakhstan

- **Business practices in Kazakhstan**

- In Kazakh business etiquette, initial introductions tend to be relatively informal. Shaking hands and using first names is common, especially in more informal get-togethers outside of business.
- Generally, business meetings in Kazakhstan are somewhat unstructured and open to variation. Kazakhs are very traditionally oriented but recognise that in order to progress they must be open to new ideas. Meetings are often a place for discussion and new ideas.
- The negotiation process in Kazakhstan can often become very lively and involved. Kazakhs are known for their love of argument and debate, but be sure that you never openly contradict someone who is more senior than you.
- The exchanging of business cards is common practice. Business cards should be translated into English and Russian. When receiving a card it is polite to take a minute to look at it carefully before putting it away.

- **Kazakh business etiquette (Do's and Don'ts)**

- ✓ DO shake hands with your Kazakh colleagues when arriving and leaving business discussions. When greeting a female colleague however, you should always wait for her to initiate the handshake.
- ✓ DO accept an invitation to a traditional Kazakh meal, as hospitality is one of the most important parts of Kazakh culture and getting to know your business counterparts on a more personal level is paramount for successful business interactions.
- ✓ DO show respect towards your Kazakh business associates by taking a sensitive approach to proper behaviour and cultural gestures. Be aware in particular that a number of Kazakhs are Muslim and therefore, using the left hand to pass something to them, for example, could bring shame to the individual and should be avoided.
- ✓ DO dress suitably and in a conservative manner. This is especially important for businesswomen, who should wear modest clothing.

- ✘ DON'T assume that business will always be conducted in Russian, the predominant language of use in Kazakh business. The issue of which language to use is a hot political topic and one which is frequently debated in Kazakh society. Always check in advance which they will be using and have your materials translated and an interpreter ready.
- ✘ DON'T assume that all Kazakhs are of the same religion or ethnicity since the population is divided almost equally between native Kazakhs and Russians. While some sensitivity exists between the many religious groups and ethnicities, people are relatively tolerant and open.
- ✘ DON'T expect a written contract for every decision or deal made. If you are on good terms with a Kazakh and have a solid relationship of trust and mutual understanding, often a handshake is enough to 'seal the deal'.

Kazakhstan Culture Quiz - true or false

1. Sharing meals, hunting and having BBQs are common ways of building rapport with your Kazakh counterparts.
2. Social class separates society in Kazakhstan.
3. Kazakhs place a high importance on family traditions and respecting their elders.
4. There are few women present in Kazakh business.
5. When invited to someone's home, it is polite to remove your shoes at the door.

Culture Quiz - answers

1. True. Most of these are traditional ways of spending time together but still an important part of building relationships in Kazakhstan.
2. False. Certain divisions exist based on traditional tribal affiliations but there is also a growing division between classes as some Kazakhs become wealthier through oil and industry investments while others are left behind.
3. True.
4. False. While women typically have a more traditional role in the home, minding the children and preparing the food, they are increasingly becoming employed in important positions. No matter their role, women should be treated with respect.
5. True.

* Source: CIA The World Factbook 2006

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