

Equal pay for equal work!

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A point of contention, controversy, and debate and at the very least discussion is the issue of "disproportionate" rates of pay for expats and local employees. Local colleagues have wondered why they get paid a "local wage" and the foreign guests get a rate of pay far above the local norm. Is this discrimination? To what degree does this issue exist in fact or in perception – on both our parts? Please bear in mind that perception is often a stronger influencing factor than truth. In a previous issue of Investors Voice the legal elements of this question were well presented by Mr. Novikov. His review of the situation defined two variables to the issue – the requirements of the law and the unstipulated criteria of compensation allowed for as "Professional Qualities and Performance".

Sometimes people do not make the required distinctions that define different compensation packages; they see what it is they want to see. It has been suggested that while we expats value equity we are short on actually doing it. Are the workers in Kazakhstan somehow less intelligent than an expat, less capable; do local residents not have the same academic degree as you do? Why is it they cannot be paid the big bucks? Very recently it was said to me that Ph.D.s come here and sometimes they are less knowledgeable or capable than some of their undergraduate students. So "why do we need the foreigner"? The statement may seem a gross exaggeration but local professors I have taught in this region have often expressed the same thing regarding their expat counterparts. So what is the reasoning for the level of compensation these higher education professionals from other nations receive? The undercurrent of discontentment and resentment has not been addressed as openly as it should be. The issue of compensation management in Kazakhstan need not be a divisive issue. Yet a forum for the resolution of current issues is definitely needed in order to reinforce positive practices already in place and mitigate rumors and innuendo.

The reality is that expats are not somehow superior to local workers at all! Any suggestion of discrimination is counterproductive and lacks a critical thinking approach to the problem. The expat community simply has a different collection of skill sets, and a different degree of experience and exposure in Western or Far Eastern business practices. I can state from my years in higher education that the degrees received by some here and degrees received in European or American universities for example are not directly comparable. Why would young people be so anxious to study abroad if not for some element of quality and career advantage found in degrees abroad? Do not try to read between the lines. There is value in a degree earned here and it can be assessed, evaluated and applied. My caution for the reader is that I stated, "earned", still today it is possible to just buy the degree. Indeed there are "Western" style educational opportunities in Kazakhstan and as they refine their capability to produce comparable degrees (not at that stage yet) the assessment for its value in terms of compensation potential must be adjusted.

This brings us to the process and methods of business endemic to this region. Current thoughts on how business should be done come from both the historic cultures and the Soviet culture. The average expat work ethic and the work ethic here is NOT a question of better or worse; it is simply a case of being different. Logic would suggest that a compromise to pay for performance be constructed.

Another variable that needs to be clearly understood is that an expat goes home. At some point a foreign worker will repatriate. During the period of time they are guests here a large number of them still have some degree of financial obligations to be addressed back in the home country. Examples include: a house or flat that must be kept up, higher education for children, insurance for various life issues (health, home, auto, life, elderly or sick family members), and of course some expats need to worry about retirement savings. Therefore, on a case-by-case basis the financial responsibilities of the expat at home need to be taken into consideration.

This article was reviewed by a colleague prior to publication, and my colleague suggested some very good points that we should consider:

“...costs related to relocating to the host country and excessive costs for renting or buying apartments or houses in country, travel back to the home country for periods of rest or on emergency, and higher costs abroad (no matter whether Kazakhstan or another country) for schooling children (international schools here in KZ are so expensive!) combined with the possibility that a 2 income family relocating to an overseas position may be required to live on only 1 income, should also be taken into consideration.”

So, in the broader sense equal pay for equal work must apply – IF all the relevant variables line up and have been integrated into a transparent and systematic approach. Yet let us be fair to both sides. This is said because, like all things in life, there are two sides to the coin. Some residents may not be adequately informed on our compensation management methods and the reasons for them; on the other side sometimes expats engage in situational ethics. By this is meant that they adopt “local” methods as it suits them and present a “do as I say, not as I do” reasoning. For example, a manager from a well known U.S. organization in Almaty had the audacity to suggest that (regarding the hiring of a U.S. based consultant) the organization does not pay the locals that clean their office an American wage; why should they pay him (the consultant) an American wage? This approach is an extraordinary insult towards local employees and also towards the consultant and shows an immense lack of professionalism. Continuity and consistence are the two hallmarks of success in compensation management – insulting everyone’s intelligence to get cheap labor is a sure way towards zero retention and extraordinary turn over.

For any of you, pride and confidence in YOUR way of operating is a fine thing but never at the expense of reason and long-term cooperation. It is time to sit down and create a system that is open for review by the local community and adaptable for the foreign corporations in Kazakhstan. It can be done, and it is in everyone’s best interest to deal with this honestly and quickly.

Expatriate companies tend to value and pay for initiative, creative and critical thinking, an orientation towards service, innovation, pride in quality, and retention. These variables can be assessed. It is my professional position that a mutually agreeable criterion for compensation based upon a jointly established shared value system for this environment is possible. These criteria can be coordinated with the ‘table of qualifications’ procedures in KZ Labor Law and would serve to assist in creating a transparent structure under which the second category of factors, “Professional Qualities and Performance”, as stated in the article by Mr. Novikov, could be made more consistent and broadly applied in foreign companies.