

## Kazakhstan: the emerging middle class thinks money, not content of work

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**Abstract.** In the article the author describes what the middle class of Kazakhstan is, while comparing the Soviet and post-Soviet social structure. How the middle class and its attitude towards the labour have changed after the performed market transformations. The research objective has been to consider the middle class attitude towards its labour, to understand what market values it possesses now. The research is based on the qualitative methodology, 45 in-depth formalized interviews have been conducted among the middle class representatives - civil servants, managers and entrepreneurs.

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### Introduction

Following independence Kazakhstan has passed through the sweeping market transformations. Also during this period the shift from the command to market economy based on the private property and competition occurred. The development of Kazakhstan as an independent state with the market economy had led to a change in the lifestyle, thinking, values and actions and all these transformations affected the destructurisation and reorganisation of the Kazakh society, the occurrence of the new middle class forms, which differ significantly from the middle class in the Soviet times.

### Understanding middle class: a conceptual framework

The concept of the "middle class" was for the first time noted in the United States in the XIX century only, and in Europe - even several decades later. [1] The term "middle class" is defined as "a segment of society lying between the working class and the upper class" [2]. The term "middle" reflects the widespread concept of the status hierarchy, in which the non-manual labour is more prestigious than the manual one, but is recognized to be more socially low relating to the groups owning the large property.

M. Weber notes that the middle class consists of the people who could offer the market their skills and abilities [3]. He shows the influence of the economic status determined through the education, skills and capital on the individual life chances [4,5]. According to E.Wright, the features of the middle class structural status are described through the exploitation relations and its contradictory class status in these relations [6].

### Main body

#### Kazakhstan MC and its development

The Kazakhstan's leadership sets the task to achieve the increase in the middle class by 50% of the country's population by 2015, while paying the special attention to creating the conditions for the small and medium-sized business development. But today, according to many experts, the middle class in Kazakhstan is about 20% of the country's population [7].

The middle class in modern Kazakhstan is much weaker than a similar social group both in the USSR and the most European countries. If we take into account such factors, as the level of education and cultural consumption, the quality of the Soviet middle class was one of the highest in the world. The high level of education involved the presence of the adequate level of the social needs. Actually, the middle class in particular is the subject of the technical and social development. The egalitarian nature of the Soviet system determined the presence of the large middle class by overemphasising averaging.

The Soviet society was, on the one hand, a monolithic and homogeneous one, on another - a hierarchic one on the grounds, which were somewhat other, than the "naturally" developing market society: not so much relating to the property, as to the power. A key factor in the social human well-being was not the property possession (as the entire property was public), but the actual, administratively and politically settled possibility to dispose it.

When in the 80s the ideological foundations of the Soviet society were rapidly destroyed the principle of "all is freely permitted except what is prohibited" gradually occurred and this along with the adoption of the laws on the individual entrepreneurial activity initiated the development of the new models of the economic behaviour. The subsequent stage of reforms led to a change in the social structure of the country.

If in the Soviet society, the key criterion of belonging to the middle class, besides the income level, was the level of the performed administrative and regulatory functions, then in Kazakhstan the indicator of the "property level" was also added to these two indicators.

The new social groups began to form out of the intellectual fold, but not limited to it. **One of them - is the owners and entrepreneurs.** The decline in the living standard, social status, working conditions, prestige and number of many social and occupational groups (scientists, engineers, military officers, professors, etc.) and at the same time the increase in the prestige and the number of other groups (bank and state employees, etc.) occurred.

Thus, now in modern Kazakhstan the middle class consists of two groups: the first one - is the post-Soviet managers, fitted into the new conditions, retaining the performance of the administrative functions which allow having the additional and relatively high income in the form of bribes and "commissions" or who received large blocks of the companies' shares, any real estate, etc. as a result of the privatization. The second group - is the new middle class, developed as a result of emerging the new occupations and the market economy as a whole. [8]

The new Kazakh middle class bears little resemblance to the similar classes of the developed countries. In this case, it could not be called the "new middle class" by the western type. Nevertheless, it is really new. It has a completely different social and economic nature.

While studying the middle class in the Soviet and post-Soviet Russia H. Balsler notes, that the concepts of the "old" and "new" middle class in the post-Soviet society introduced by Wright Mills in due time relating to the Western society were "placed upon its head". It should be reminded, that Mills' "old" middle class - is the entrepreneurs, and the "new" one - is the "white collars", salaried skilled professionals. In the post-Soviet Kazakhstan the post-communist "new middle class" corresponds to Mills' "old middle class" [9].

Entrepreneurs, own-account workers in manufacturing and service sectors, managers of the enterprises which produce goods and services sold in the market, experts and employees directly engaged in the market transactions - all these social and occupational categories are actually new for the Kazakh society.

Thus, the prospective middle-class members are the leaders of the small and medium-sized business, creative intellectuals, managers, skilled workers, employees and some other population classes. In today's Kazakhstan society the basic social

class is constituted by the major part of intellectuals, technicians, employees of the mass trade and service occupations, much of peasantry. Although the social status, mentality, interests and behaviour of these groups are different, its role in the transition process is quite similar - it is primarily an adaptation to changing conditions in order to survive and possibly maintain the current status.

### Materials and methods

There were conducted 45 in-depth formalized interviews with the representatives of three professional groups of the middle class. Each in-depth interview was conducted in a place of work and in the residence of informants. The interview was held by the guide and consisted of 25 questions and it took a respondent about 60-80 minutes. The interviews were recorded on digital recorders and then were transcribed and analyzed in MaxQDA 2007 software.

### Research subjects of the research

The objects of this research were top-managers and managers of national companies, high profile government officials, middle-ranking civil servants and entrepreneurs.

*Managers.* Manager in Kazakhstan is a person who has a high level of knowledge and skills, with good awareness and completely involved into labour process. It is considered the average age of top managers in Kazakhstan is 35 though for recent years the managers are younger and younger: today nobody will be surprised by the 27-year-old head of corporation and his or her not less progressive employees [10]. Managers in Kazakhstan are the representatives of the new type of the middle class as with intensive development of science and technology, they combine new managerial and productive functions. They have a high education level and professional skills; due to the skills and the education level they reached material security and prestige. This very group of people in Kazakhstan can afford expensive property, expensive cars and to travel abroad. There is a plan of the national companies' expenses optimization. It shows though managers are the owners of property, their property is strongly defined by the state.

*Entrepreneurs.* Business activity itself is innovative for the Republic of Kazakhstan so they should be referred to the new middle class because in Soviet period it actually did not exist, but if it did exist then only illegally or marginally. Though having some shortcomings and drawbacks during the first years of business activity formation, now it becomes the noticeable phenomenon in Kazakhstan and is taking more and more steady and strong

positions. In the Republic of Kazakhstan as of September 2013, 775 813 active subjects of small and medium business (SMB) were registered. SMB of Kazakhstan shows annual growth. According to the data of National Statistics Agency, during 2011-2012 the number of actively operating SMB increased up to 4.2%. The largest number of the enterprises is concentrated in trade and services section (33%) [11].

*Civil servants.* Civil servants are a specific social group which wields power and is responsible for generation the entire system development strategy. The number of civil servants in Kazakhstan from able-bodied population of the Republic is 1, 01%. (86887 positions, population employed in the sphere is 8,6 million people) and it will extend [12]. Significantly the difference between a civil servant and the "self-employed" entrepreneur is in that the latter is dependent on commercial opportunities, but knows that the main decisions he or she makes himself/herself, at his/her own risk. An official has much less freedom and cannot project his or her own wellbeing, without putting it into dependence on political climate, the public environment [13]. Moreover civil servants are not allowed to be engaged in any other activity in Kazakhstan except pedagogical, scientific and creative work. According to the anti-corruption law once a year they have to submit income and property declaration. Nevertheless civil servants exploit administrative resource, e.g. the position in organizational hierarchy. Therefore in the researches of modern structure of the middle class civil servants are specified as the core part of the middle class [14]. The state officials have the level of consumption that is quite similar to entrepreneurs and managers in the private sector. Except the privileges they have due to their position, such as, for example, opportunity once a year to have a rest in resort Borovoe free of charge, free health service in good clinics, in addition to the salary they receive quarter/annual bonuses, they have an opportunity to travel all over the world. Their children study at private expensive schools.

### Results and discussion

A human status in the labour market - is the basic social and economic parameter, in relation to which the majority of others (a material situation, income, consumption patterns, a lifestyle, a social status, etc.) are arbitrary. In the context of the emerging market, this issue takes a special meaning. Actually, in the evolutionized market economy the availability of a permanent job or own business is a guarantee for at least the prosperity, if not the welfare. As it is well known, the middle class primarily realizes its potential during the working process [15].

### Job importance for the middle class

While conducting the field study, in order to determine how the categories of "job" and "career" are important for the Kazakhstan middle class, a question about the preferred values has been asked.

As a result, the middle-class members have chosen the "job" second after the family in the order of importance. 68% of the informants have shown the job value in their lives. The career value has been also mentioned, 31.3% of the informants have considered a career to be important in their lives. A job and a career are important midpoints in a life for the middle class. At the same time, both the entrepreneur activity and the official's service are called a job. 20% of the interviewees have indicated that the occupation and education help them to overcome life obstacles.

(1) 42,9% of the respondents have indicated that what they have now - *an interesting job* is an achievement. For example, a civil servant Abzal is pleased with that now he has an interesting job; he is going to move in this field and to achieve the career growth. The interest to its work - is the feature of the middle class. It is worth emphasizing, that 6 of 15 civil servants accept as an achievement that they have an interesting in their opinion job. Such answer may be an indication that a small salary of the civil servants is compensated by the fact that they could actually like what they do.

(2) 34,3% of the respondents have also attributed *the presence of one's own business* to an important achievement in a life and an important need in present Kazakhstan for stability of the material situation. For example, the entrepreneur Karlygash, a woman at the age of 54, notices, that all the family members work in the civil service, but she is engaged in business to stand by them all. As an employment is not the stability indicator in Kazakhstan.

(3) 22,9% believe that now they have achieved what they wish in obtaining the *prestigious* job. It is primarily the civil servants and managers. Only one entrepreneur has pointed out to the prestige of his activity. It is worth emphasizing, that the reputation of the employment sector of the middle class depends on the field of activity. A civil servant Altynbek has noted that the prestige of his field of activity does not change, since he works in the land sector. And the land is at all times the only major property of the people. The land for the Kazakhs as the true descendants of the Nomads has been always valuable. [16] It should be noted, that the prestige of its work is appreciated by the middle class at the age of 25-30 years, in other words, by the young people who have been socialized after the collapse of the Soviet Union.

(4) Among the interviewees 14.3% of the informants have said that their current job gives them **an employment and political career** and this is their main success. Among those who have marked this option 75% - are civil servants. Such life improvements as the career growth is characterized the middle class in particular.

46,9% of the MC members believe that if one works hard, in the long term it will result in improving the life. While 12,5% say that the hard work is not the secret of success - this is to a greater extent the result of **luck and personal relations**.

If the middle class has to choose, what is the main thing: remuneration or the interest to the work? 3,1% of MC have noted, that the most important thing in the work - is **how much it is paid for** and 34.4% have indicated, that much of their lives could be spent for **the interesting job** only. All the issues in this guide, intended to determine the job importance give the one answer - "the income is important, but the content of labour is equally important".

Or is the middle-class afraid of or does it consider it unacceptable to put the material values above the moral ones in the society? The answer to this question will become clear in the alternate answers in the following additional questions.

#### Job Requirements.

Before telling the job requirements, I had asked the informants about **what is provided at the job** and offered them a card with an illustrative list. It has turned out that all the informants have a stable salary. By average the vacation is paid for 72,7% of the middle-class members. A half of the respondents said about a paid sick leave. For only 22.7% of the respondents all the medical services and 18.2% of the health resort treatment are paid. For only 4,5% the transport expenses are covered at the job. The civil servants have bonuses: *«I could not say that every month, but almost for all the public holidays we get bonuses at the rate of the salary» (Bolat, a civil servant, male, 29).*

For the purpose of deepening the analysis of the middle-class attitude towards the job and the career growth, we will consider the main question in order to identify **their personal job requirements**.

As we could see, the middle-class job requirements are different. It should be primarily well paid, but also interesting, diverse, and providing the opportunities for the occupational advancement. It is worth emphasizing, that although MC has found an interesting in its opinion job, but it would like to improve its material situation. The civil servants most of all would like to have a good remuneration (56%). 66% of the civil servants would like also to have more time for the rest, family, training. For

example, a manager has emphasized, that a person should not only work, that he would like to have more time for the rest and family.

The ranking of the job requirements of the middle class looks like as

Well-paid	6%
It should be interesting	3%
Providing the opportunities for the occupational advancement	3%
It should be socially useful	2%
Prestigious	%
Diverse, creative, initiative	%
With good working conditions	%
Reserve plenty of time for other activities (rest, family, training)	%
Providing the opportunity for making a hot career	%

follows:

And what does not suit the Kazakh middle class at the job? For demonstrating the respondents' answers we have ranked it:

Salary	33.3%
Overtime works	33.3%
Growth prospects	20%
It is difficult to take a vacation	19%
Chiefs	14.3%
Human relations	5.3%
The staff does not correspond to the scope of work	5%
Inspection	4.8%

As we could see, the answers to this question have confirmed the previous statements. 33,3% of the middle class dissatisfy with the **remuneration**. This is mainly the civil servants – 85,3%. Also 100% of the civil servants have expressed the dissatisfaction at that there are **overtime works**. It should be noted, that the civil servants' dissatisfaction is primarily noticed: it is difficult to take a vacation - 75%, dissatisfaction with the chiefs - 66.7%, dissatisfaction with the human relations - 100%. During the data collection it turned out that the scope of the work received is much more than the staff. This results in the difficulty to take a vacation, the human relations are strained since a lot of people dissatisfy and it itself affect the psychological climate within the staff. Other complaints have been also clarified, for example, a civil servant, has considered it unfair that the sick leaves are paid for 10 days only, and if an employee is sick, for example, within 20 days, the other days will not be paid.

It should be noted, that the managers of a national company dissatisfied with the *frequent inspections* at work only. There were even managers who *accepts everything* and they had nothing to complain about – 50%.

Entrepreneurs were asked a separate question - to tell about the main reason that encouraged them to run their own business. Almost a half (46.6%) of the entrepreneurs said, that they wanted to have at least the opportunity *to follow their hobby*. For 26.6% of the respondents - it is the possibility to earn *higher income*. 20% said that during their employment they *dissatisfied with the job conditions and prospects*. 6.6% of the informants wanted *to increase the social status and prestige*.

What does disturb the entrepreneurs' work, what requirements do they have? What does hinder the entrepreneurship development in Kazakhstan at all? Firstly, the difficulty of the credit resource access (high interest rates, the absence of a pledge, guarantors, insurers, a long period of the application review, etc.) hinders its development and promotion - 27.3%. The high land rent is also specified by 21.2% of the entrepreneurs. It was followed by such important issues, as a search for the qualified personnel (15.2%), corruption (12.2%), administrative barriers (12.1%), a high competition (6.1%), the difficulty to find the office premises which are close to the business center (3 %).

### Multiple Employment

The middle class performs the activity within the clearly established rules and laws; it has a high resistance and survival in the labour market. [17] The Kazakhstan middle class will use every possibility to stand under the conditions of the market economy.

If the material problems occur, 23% of the informants will work part-time in several places of employment, 20% will solve the problem by overtime or part-time work at the primary place of employment, 22% will use any possibility of casual and time works.

For the time of conducting the study one half of the MC students (51.4%) indicated, that they already had had additional earnings - it is 40% of the entrepreneurs, 60% of the managers, 50% of the civil servants. 23% of the respondents indicated that they have their own business. It should be noted, that 3 civil servants and 2 managers of the national companies have also reported the presence of their own business.

Having one's own business is neither the indicator of meeting the remuneration needs, nor the confidence in the economic stability of the country. But in Kazakhstan the civil servants are prohibited

from engaging in any activity other, than the teaching, research and creative work. According to the anti-corruption act they should annually submit the income and property declaration. [18] At the beginning one of the informants had denied the presence of his own business, but then, he pledged to the interview anonymity and confessed, defending himself by saying that he had a large family, and being the main breadwinner could not maintain the family by the only salary.

What is the role of additional place of employment for the middle class? Almost every member of the middle class (87.5%) has said that it (1) is *the auxiliary source of income*. It is primarily the middle-class members at the age of 28-37 years who due to the multiple employments have a monthly income exceeding 885USD per each family member.

For 29,2% the additional place of employment is (2) *the means of the realization of one's potential*. Here one could also see that MC with the monthly income of 885 USD thinks about its personal development. Every third respondent has confessed that the additional place of employment gives him the possibility (3) *to establish new relations*, thus, Kazakhstan MC is aware of the social capital importance. Here the advantage of joining the membership and the deliberate establishment of the social relations reveals [19]. 12% have said they work in order to (4) *develop the skills and to obtain a new occupation*.

Now let's consider how Kazakhstan MC is fair relating to the labour and income. *A person should have only the income which he has earned honestly*. 66.7% of the entrepreneurs, 33.3% of the civil servants agree with this opinion. Managers have a contradictory opinion compared with them, since no one manager has marked this answer.

*One could have any income regardless of how it has been earned*. 5.7% of the respondents agree with this opinion. According to the age indicators it is the people of the Soviet times, as the people over 40s primarily agree with it. Thus, there are no entrepreneurs among the respondents, who answered in such a way. And it could be noticed, that only the MC, which has a monthly income of more than 885USD per each family member, agrees with this opinion.

As we have seen by the answers received, for MC the material and market values dominate over the moral and ethical ones. This indicates the incompatibility of the market norms and the non-market values. The intense moral and ethical reflection, which is traditional for the Kazakh mentality, the issues of conscience and kindness present in his mind, but, ultimately, are interpreted by it in accordance with its role as the market agent. It is

an example of how the consciousness of the new market middle class member is formed, who has the traditional national cultural and ethical attitudes, which at the same time, are adapted enough for the social functions of this class, the imperatives which are applicable to it by the market [20].

### Conclusion

While conducting the research two major trends could be seen. One of them, which could be called a pragmatic and instrumentalist one, corresponds to the "classical" market agent objectives - income acquiring and accumulating. The second trend - is creative and innovative one: it is expressed in the realization of the person's potential, the skill and creativity development in the professional activity, the knowledge and the cultural potential determines the personal meaning which a person assigns to his work. The ratio of each trend to a large extent depends on the individual psychological, as well as the other factors. They are: a particular life situation (age, a marital status and a material situation, etc.) and determined by it possibilities, psychologically observed in the personal habitus [21].

In general, the "money" factor more materially affects the motivation of the MC members who earn more than 645USD per one household member, but in a household there are a couple with children and other relatives, as it often occurs in the Kazakh families. Also the need for material goods could be seen in the single-parent families.

It turns out that the Kazakhstan middle class has primarily the market thinking. As it appreciates the equal opportunities, the realization of the person's potential, the competition and the opportunity to work, i.e. it also possesses the productive liberal values and has a nonconformist orientation. It has been adapted to the market economy, understands the necessity of the competition, supports the entrepreneurial activity, is aware, that the material wealth depends only on itself. The "new middle class" members are intellectually mobile, receptive to new ideas and views, which in its turn allows them to use the increasing opportunities of the modern information society more effectively. [22]

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