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The Current State and Prospects of Tourism Development in Kazakhstan¹

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Abstract

Tourism as one of the economic activities plays an important role in the global economy. The modern tourism industry is one of the most profitable and most dynamically developing sectors of the world economy, providing paid services to the population. Despite the strong exposure to the negative impact of global, regional economic and political crises, the tourism business is ahead of all types of industrial production and paid services. Kazakhstan must accelerate the development of tourism to real opportunities, and this path is clear: 40 economic, organizational, technological growth steps in the development of tourism. The article examines the problems and prospects for the development of tourism in Kazakhstan, analyzes the volume of international tourist arrivals and departures of Kazakhstani citizens. The state of the regulatory framework that determines the direction of tourism development in the Republic of Kazakhstan is analyzed. The role of Kazakhstan in the market of international tourism services is considered, the main problems of tourism development in the country are highlighted, ways to solve the problems of the tourism sector in Kazakhstan are outlined, and the current state and trends in the development of tourism in the world and in Kazakhstan are also studied.

Keywords: Cost, Investment, Development, Tourism Potential; Economy.

Jel Codes: Z3, Z32.

Kazakistan'da Turizmin Gelişiminin Mevcut Durumu ve Beklentileri

Özet

Ekonomik faaliyetlerden biri olan turizm, küresel ekonomide önemli bir rol oynamaktadır. Modern turizm endüstrisi, nüfusa ücretli hizmetler sunan, dünya ekonomisinin en karlı ve en dinamik olarak gelişen sektörlerinden biridir. Küresel, bölgesel ekonomik ve politik krizlerin olumsuz etkilerine güçlü bir şekilde maruz kalmasına rağmen, turizm sektörü her türlü endüstriyel üretim ve ücretli hizmetin önündedir. Kazakistan, turizmin gelişimini gerçek fırsatlara hızlandırmalıdır ve bu yol açıktır: turizmin gelişmesinde 40 ekonomik, organizasyonel, teknolojik büyüme adımı. Makale, Kazakistan'da turizmin gelişmesi için sorunları ve beklentileri incelemekte, Kazakistan vatandaşlarının uluslararası turist geliş ve gidiş hacmini analiz etmektedir. Kazakistan Cumhuriyeti'nde turizm gelişiminin yönünü belirleyen düzenleyici çerçevenin durumu analiz edilmektedir. Kazakistan'ın uluslararası turizm hizmetleri pazarındaki rolü dikkate alınmakta, ülkedeki turizm gelişiminin ana sorunları vurgulanmakta, Kazakistan'daki turizm sektörünün sorunlarını çözümlerin yolları ana hatlarıyla verilmekte ve turizm sektörünün gelişimindeki mevcut durum ve eğilimler vurgulanmaktadır. Dünyada ve Kazakistan'da turizm de incelenmektedir.

Anahatar Kelimeler: Maliyet, Yatırım, Kalkınma, Turizm Potansiyeli; Ekonomi.

Jel Kodu: Z3, Z32.

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Literature

In today's world, tourism is seen as a socio-economic phenomenon that has a direct and indirect influence on the development of all related infrastructure. Today's tourism is based on a high level of development of transport, social sphere and services, which ultimately turns it into a highly profitable branch of the economy.

According to the World Tourism Organization (WTO), tourism today is one of the most profitable and dynamic sectors of the world economy. In terms of profitability, it is second only to oil production and refining. Tourism accounts for about 6% of the world gross national product, 7% of global investment, every 16th job, 11% of global consumer spending and 5% of all tax revenues. In this connection in many countries the sphere of tourism actively develops with the state support. Tourist demand is a category of mass and social. It is formed on the basis of numerous factors, the impact of which can increase or decrease demand. The most important and significant factors influencing the demand change in the tourist market are the following (A.Zh. Asanova.2012: 50-55).

General economic factors: the level of material well-being of the mass consumer; the ratio of working and free time of the working population; special investment zones; development of tourism development programs.

Socio-demographic factors: age; gender; profession; education; social group; marital status; property status; family composition; region of residence; city or rural area; size of the place where tourists live; occupation.

Cultural and socio-psychological factors: priorities in the system of spiritual values of society; consumer psychology; extensive credit programs.

Personal-behavioral factors: personal characteristics; lifestyle; interests in free time; system of spiritual values; target settings; motives; common dacha mentality; pilgrimage. The tourist market performs numerous functions: informational, intermediary, regulating, pricing, stimulating, creative-destructive and differentiating; however, the following can be identified as its fundamental functions:

- 1) realization of the value and use value contained in the tourist product;
2. the organization of the process of bringing the tourist product to the consumer (tourist);
- 3) the economic provision of material incentives to work.

In the course of the tourist market's first function, there is a movement of value in the form of an exchange of money for the tourist product.

The completion of this exchange means the completion of an act of commodity-money relations, the realization of the value contained in the tourist product, and the social recognition of its use value. As a result, the normal course of social reproduction is ensured, money for the development of the tourism industry appears and is accumulated.

The tourism industry has a unique structure, which is characterized by a number of elements that include various service industries: small restaurants, motels, hotels, holiday homes, laundromats, stores, etc.

Thus, investments allocated by the government to infrastructure, and sometimes to the costly logistics of tourism, stimulate investment by numerous small businesses. Over time, the initial investment in tourism attracts even more investment in auxiliary and supporting sectors of the economy: hotels, restaurants, shopping centers, ports, airports, etc.

The region's improved tourism infrastructure, which includes numerous small businesses, is also used by locals; the revenue from tourism is quickly distributed to the broadest strata of the host region's population, i.e., the entire society benefits economically.

Tourists come mostly from other countries and regions, and their spending for the host government means a broader tax base; in addition to the usual sales tax, they sometimes pay fewer direct taxes. Airport and visa fees, entry and customs duties are just a few examples of the methods used to tax tourists (Eadington, W. R 1991:20).

Apart from these special cases, the traditional tax revenues increase due to tourism expenditures. Thus, tourism increases the region's income, employment, investment, etc.

Along with the positive effects of tourism development, one should not forget about its negative impact - the development of the so-called monoculture of tourism. In the competition for land, resources and capital, tourism is crowding out agriculture and other traditional sources of income of local residents. Higher wages in the tourism industry cause an outflow of labor from agriculture. As a result, the volume of agricultural production declines, while the volume of consumption grows due to the numerous tourist arrivals.

At the same time, the traditional way of life and the natural landscape in places of mass tourism are disrupted or completely destroyed. Diversity is the basis of economic stability. When one industry experiences a sharp economic decline, another flourishes, and thus the possibility of crisis is reduced. And if a crisis does occur, its effects are mitigated. Consequently, instead of diversifying the economy, tourism sometimes replaces the agricultural sector.

However, it is undesirable for tourism to become a substitute industry, and there are many reasons for this.

Firstly, tourism is a seasonal phenomenon, which makes it impossible to avoid fluctuations in demand. Therefore, if tourism is the main industry in a region, the "low" season brings serious employment problems.

Secondly, the demand for travel largely depends on the income and tastes of tourists and these factors are beyond the control of the host region. In other words, complete dependence of the region on a single industry sector is highly undesirable.

Moreover, tourism generates certain social costs and additional environmental costs that fall on the host region and its inhabitants. Too much tourism development and total dependence on it create a dilemma.

On the one hand, the cessation of further development threatens the economic decline. On the other hand, if we do not limit the development of tourism, the country's natural and cultural resources will be impoverished, deteriorate and become worthless.

Sometimes the governments of developing countries are too optimistic about tourism. They carry out active investment programs aimed at tourism development, which are of a priority nature. In certain cases, such an approach can lead to unmet more significant national investment needs. For example, money invested in tourism could have been spent on education, health care and other social needs.

Sometimes the development of tourism generates an increase in inflation in that region; an increase in its income due to “tourist” money can cause inflationary pressure. The prices of basic necessities such as food, clothing, housing and transport rise. Land prices tend to rise especially fast in tourist regions (price increases can reach 20,000%). The price that foreigners are willing to pay to stay in a tourist region during a vacation can sharply reduce the solvent demand for housing by the locals themselves, whose incomes are already relatively low, and they are simply forced out of the housing market in areas with a developed tourism industry.

Thus, although tourism has considerable potential as a tool for economic development, it is not a panacea for all economic malaise. The government must make every effort to optimize (not maximize) profits from tourism, taking into account the costs that its development may entail.

It should be noted that the possibility of occurrence and magnitude of the costs of tourism in developing countries is much higher. Developed countries, by definition, have healthy economies capable of easily covering all the costs of tourism. Usually, economies of such countries are diversified, and governmental investment programs are not fully focused on development (Abiev A.Kh. 2015: No. 25- P. 5. 2.).

Nowadays, international tourism is one of the most dynamically developing branches of foreign economic activity. The steady growth of tourism's influence both on the world economy as a whole and on the economies of individual countries and regions is one of the most significant, constant and long-term trends that accompany the formation and development of the world economy. The transformation of tourism into a major independent branch of the national economy, the activity of which is aimed at meeting the specific needs of the population, is becoming evident.

The diversity of these needs is satisfied not only by tourism enterprises, but also by enterprises of other industries, which determines the importance of tourism as one of the factors of multiplicative impact on economic development. Tourism is one of the factors of world integration processes, and the tourism business is now becoming a significant sector of the economy. The development of tourism in the world is influenced by scientific and technological progress, improvement of quality of life, increase of free time, vacations, economic and political stability and a number of other factors. Kazakhstan, possessing the unique natural resources and original culture of the nomadic people, has a huge untapped potential for tourism development in the international and regional markets. The tourist potential of recreational resources and historical and cultural heritage allows Kazakhstan to integrate harmoniously into the international tourism market and to achieve its intensive development in the country. It will provide stable growth of employment and incomes of the population, stimulation of development of industries related to tourism and increase of inflow of investments into the national economy (Pinkster, F. M 2017:42).

The tourism industry in the Republic of Kazakhstan at the state level is recognized as one of the priority sectors of the economy. In implementation of provisions of industrial-innovative development of economy of Kazakhstan the leading role belongs to the system of domestic clusters. Tourist cluster among them takes a special place. Today's trends in the development of this industry are such that tourists who have studied well the world's most famous resorts tend to go to countries where the tourism sector is just beginning to develop, and Kazakhstan is among

them (Ni, P 2012:33). President noted the need for a plan to create and develop at least 5-7 clusters in such market segments as tourism, oil and gas engineering, food and textiles, transport and logistics services, metallurgy and construction materials. The main goal of tourism development in Kazakhstan is to create a modern, highly effective and competitive tourist complex, which will provide conditions for the development of the industry as a sector of the economy, integration into the world tourism market and the development of further international cooperation in the field of tourism.

In January-September last year, income from tourism in Kazakhstan (2021) grew by 5.2% to 82 billion tenge (\$ 554 million). The Ministry of Tourism and Sports of Kazakhstan predicts that by the end of 2022 the income will reach 100 billion tenge. For this purpose it is necessary to develop tourist industry near the basic priority recreational zones, cultural-historical business centers of the republic with the developed transport-communication infrastructure (Website of the Department of Tourism Industry of the Ministry of Industry and New Technologies of the Republic of Kazakhstan //http: dep-turizm.mid.gov.kz.erisimtarihi 20.07.2022).

Within the framework of the State program of industrial and innovative development, a sectoral program for the development of promising areas of the tourism industry for 2016-2020 was adopted. During the first year of implementation of these Programs, according to the data of the Agency on Statistics for 2021, the following results were achieved.

In 2021, Kazakhstan saw an increase in tourist flows in all directions. Thus, the number of visitors to inbound tourism increased by 14.2%. In January-September 2021, compared with the same period of the previous year, the number of visitors on outbound and domestic tourism increased by 24.5%, which means that tourism is gradually recovering after a crisis period. In January-September 2021, 13,569,000 people were surveyed: 3,834,000 (28.3%) from outbound tourism, 5,932,000 (43.7%) from domestic tourism and 3,801,000 (28%) from domestic tourism. Tourists to Kazakhstan mostly traveled for business purposes - 57.5%, while 35.7% came to rest.

Table 1: Geography Of Inbound Tourism In Kazakhstan, Person

Country	2021 year	2020 year
Russia	4385	4267
China	2887	1597
Germany	2068	1653
Turkey	2002	642
USA	1742	1465
Italy	1419	1548
Great Britain	1370	1024
France	912	1871
India	1267	1311
Note: compiled by the author on the basis of data from the Statistics Agency of the Republic of Kazakhstan		

The Agency of the Republic of Kazakhstan on Statistics noted that 1,273 enterprises and individual entrepreneurs, engaged in accommodation of visitors, served 2,548.9 thousand people and provided services worth 58,283.9 million tenge.

The main objectives of domestic tourism development in Kazakhstan is to create a competitive tourism industry, including the development of infrastructure and improving the services quality.

As of today, the Republic has 494 resorts, of which: sanatoriums - 66, guest houses - 71, recreation areas - 54, rest houses - 75, camping sites - 190, hunting lodges - 11, camping sites and motels - 27. Also, tourist events are held annually in the republic for the domestic tourism development such as: Kazakhstan tourist fair “SarkylmasSayakhat”, Republican tourist friendship rally of Kazakhstan and CIS countries “Irtysh meridian” (Pavlodar region), Ile -Balkhash regatta (Almaty region), Republican tourist rallies under the motto “Tourism against drugs” (Website of the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan// [http: economy.gov.kz.erisimtarihi](http://economy.gov.kz.erisimtarihi) 20.07.2022).

The Ministry of Tourism and Sports of the Republic of Kazakhstan is constantly working to promote a positive tourist image of Kazakhstan abroad by participating in leading international exhibitions in Madrid, Berlin, Moscow, Seoul, Beijing, Paris, Tokyo, London. At these exhibitions the exposition of the country invariably arouses great interest and wins prizes. In particular, the largest International Tourism Fair ITB-2011, held in Berlin, was attended by representatives of 188 countries. At the end of the exhibition the participants were awarded for the best booth in five categories - "Best booth in Europe", "America", "Middle East", "Asia, Pacific, and Australia" and "Africa" (Singh, S. 2022:12). At the same time, after the voting of independent experts, Kazakhstan won first place in the category of Asian, Pacific Rim and Australia, becoming the best country and its tourism potential for the second consecutive year, thereby consolidating its success and position in the arena of world tourism business, ahead of the Republic of Korea. The Ministry of Tourism and Sports of Kazakhstan together with the German consulting company "Compass" held a presentation of the tourist bureau of Kazakhstan opened in Cologne and the relevant web page kasachstan-tourismus.de. This bureau in cooperation with the German media will deal with the promotion of the tourist brand of Kazakhstan on the Internet for the German-speaking audience (Sofield 2014:53).

The Ministry also developed an official tourism website visitkazakhstan.kz, fully compliant with international standards and representing Kazakhstan as a new tourist destination. The site is full of attractions, tours, hotels with online booking, constantly updated events and news feed of all regions of the country. Navigation on the site is in three languages: Kazakh, Russian and English.

Kazakhstan has certain prospects in the business tourism segment. First of all, these are the cities of Almaty, Astana, and Atyrau. Geopolitical location and natural resources allow counting on an increase in the number of business tourists coming to Kazakhstan for business and participation in international conventions. The infrastructure of the aforementioned centers mostly meets international standards. The Atyrau is the oil capital of Kazakhstan, and attracts business tourists from many countries around the world. The city of Astana is becoming the same strategic area. The growing interest in the city as the young capital of Kazakhstan with its modern image and infrastructure will serve the rapid development of international and domestic tourism in the city. The city of Almaty is a strategic (air, road and rail) gateway for the Republic and the main migration occurs through this city. In addition to buildings and hotels convenient for various forums, the city has everything necessary for recreation and entertainment; in addition, there are wonderful recreational areas within a radius of 500 km in the surrounding area of the city (Potluri, R. M 2014:73).

In addition, the regions of Kazakhstan are working on the other most relevant investment and projects for which the Ministry provides support and promotion to attract investment for the development of tourism infrastructure. Thus, the following investment projects were approved and recommended for further implementation: from Akmola oblast Ethnographic complex “SheberAuyly” with exhibition center “Palace of Masters” (SheberlerAuyly - 2 LLP), Recreation Center “SHARZHUM” (ARKA TOUR LLP), Recreation area “Kunbay Sulu”; from Almaty oblast State Historical and Cultural Natural Reserve “Tamgaly”, Tourist Ethnographic Complex “Talhez” (ZhibekZholly Company LLP); from Atyrau oblast Construction of a recreation center in Sarytogai

rural district of Makhambet district (“IE Ageleuov”); from East Kazakhstan oblast Recreation and tourist complex “Katon-Karagai” (KG “Katon-Karagai Deer Park”), Medical and health complex “ANA” (NGO “Women of the East: Care for Children”), tourist cluster “Altai Alps” (LLP “Center-C”), tourist route “Altay - Golden Mountains” (LLP “Sayakhat-Vostok”); from Zhambyl region Tourist center “Tau samaly” (LLP “Tlebay Baba”).(Website of the Information and Analytical Portal. In the ranking of world countries in terms of travel and tourism competitiveness of the World Economic Forum in 2015 <http://geopolitics.by/news/vsemirnyy-ekonomicheskyy-forum-reyting-stran-mirapo-urovnyu-konkurentosposobnosti-puteshestviyeyerisimtarhi> 20.07.2022).

The implementation of these projects will lead to a significant diversification of the country's economy, increase its innovative and infrastructural components, and create prerequisites for the successful development of non-resource sectors.

Thus, all of the above will contribute to improving the competitiveness of the tourism industry and the attractiveness of Kazakhstan as a tourist destination. In addition, further development of the industry will be aimed at creating a competitive infrastructure of the tourism industry, the formation of new national tourist products and their promotion in international and domestic markets

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