CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

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Abstract of Diploma Thesis

Comparison of Economic Growth in Kazakhstan

on region level

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SUMMARY - The main aim of this diploma thesis is to explain differences of economic growth of regions in Kazakhstan Also, to explain division of regions into several clusters. The theoretical foundations of economic growth were analyzed. Cluster analysis of Kazakhstan's regions was realized according to a set of factors of economic growth. Following results proposed a classification of regions. GRP of regions were evaluated with panel data regression analysis. Main conclusions are: regions with oil reserves have advantage over other regions, and GRP does not depend on the size of region.

OBJECTIVES - The main aim of this paper is to compare economic growth in Kazakhstan on region level. Analyze similarities and differences of regional growth. Identify main reasons for success of certain regions. Classify regions according cluster approach, and explain such classification.

RESEARCH QUESTIONS:

1. Is GRP of regions with oil reserves higher, than GRP of regions without oil reserves?

2. How many clusters are in Kazakhstan?

METHODOLOGY - The paper consists of two main parts: theoretical and practical parts. Literature review performed using methods of synthesis, induction, deduction and extraction. Analyzing basic theories makes the theoretical part. Strengths and weaknesses of each theory were identified. Analytical part is made using quantitative and qualitative methods. Practical part is divided in tree sections. First section contains a brief description of each region on the basis of statistical data. Second section contains the description of the cluster analysis of regions. And third, contains panel data analysis with cross section regression. All calculations are made with use of data from Statistical Office of Republic of Kazakhstan.

CONCLUSIONS: According to Cluster Analysis, there are 8 clusters in regions of Kazakhstan.

Conducting cluster analysis allowed to conclude that even neighbor regions are so different in resource and human potentials that can not be attributed to the same economic clusters.

First cluster consists of 3 areas (Karaganda,Pavlodar and East Kazakhstan). The areas are similar in their economic development, as the values of the main indicators characterizing the level of human capital investments, regional availability is very close. These areas are industrialized with strong production potential with the dominance of large enterprises.

The second cluster includes 3 areas: Akmola, Almaty, Zhambyl. These areas are similar in the development of indicators such as human capital, the level of investments per capita, regional concentration, GDP per capita. Indicators of these regions are mostly somewhat lower than the average values.

The third cluster accounted for Aktobe and West Kazakhstan region. These areas are geographically close to each other, have similar climatic conditions. They are characterized by: remoteness from cities of republican values, indicators of regional concentration are below average for the country, GDP per capita is above the average, the average level of human capital.

The fourth cluster includes Kostanay and North Kazakhstan regions. They are united by the fact that in the past they were virgin lands. They are characterized by: low entrepreneurial activity, the level of GDP per capita and the level of private and public capital are below the average for the country.

The fifth cluster includes 2 region - Kyzylorda and South Kazakhstan. It is mainly agricultural regions. They are characterized by high population density, low levels of innovation and investment activity, the low level of GDP per capita.
Six cluster accounted for 2 oil regions Atyrau and Mangystau. These areas are characterized by significant levels of gross expenses on R & D, high investment attractiveness, and significant contribution to GDP.

Significant positive impact on the region's GRP provides: the presence of oil reserves and common borders with other regions.

Negative impact on the growth of GRP exerts the pollution to the atmosphere. The size of the region and the distance to the capital do not have a positive effect

RECOMMENDED INFORMATION SOURCES:

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