Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Trade and Finance (FEM)

Bachelor Thesis

Hotel Industry in Kazakhstan

Dilyara Kenbayeva

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Thesis title

Hotel industry in Kazakhstan

Objectives of thesis

The main aim of the thesis is to evaluate the current state and development trends of the hotel business in Kazakhstan.

The goal includes several steps:
- To identify trends in the development of the hotel business.
- To identify the main ways to improve the management of hotel businesses and to define the indicators of their efficient development.
- Determine the weaknesses and suggest options to eliminate them.

In this sense, the diploma thesis also focuses on the effects of the Covid Pandemic and the impacts of the security situation in Eastern Europe and Central Asia.

Methodology

The methodological framework of the work consists of theoretical starting points and practical analysis. The theoretical part will present the main aspects of the given topic and will also contain a critical evaluation of published literature and other relevant materials.

The practical part focuses on the analysis of current trends in the hotel sector in Kazakhstan. Research methods mainly include the assessment of statistical data and specific case studies. The SWOT analysis method will also be used. The weaknesses and strengths of the Kazakh market and selected entities will be analyzed.

The proposed extent of the thesis

40-45 pages.

Keywords

Hotel, business, hospitality industry, tourism, Kazakhstan, marketing services.

Recommended information sources

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The Bachelor Thesis Supervisor

doc. Ing. Josef Abrhám, Ph.D.

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Head of department	Dean

Prague on 16. 03. 2024

Declaration

I declare that I have worked on my bachelor thesis titled "Hotel Industry in Kazakhstan" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break any copyrights.

In Prague on 15.03.2024 ___________________________

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Hotel Industry in Kazakhstan

Abstract

The hotel industry in Kazakhstan is a vital component of the country's tourism sector, playing a pivotal role in accommodating both domestic and international travelers. This paper presents a comprehensive analysis of the hotel industry in Kazakhstan, examining its evolution, current state, challenges, opportunities, and future prospects.

An in-depth analysis of the present state of the hotel industry in Kazakhstan follows, focusing on key metrics such as hotel inventory, occupancy rates, and revenue performance. Challenges facing the industry, including regulatory constraints and infrastructure limitations, are also examined.

Furthermore, the study explores the challenges and opportunities confronting the hotel industry in Kazakhstan. Issues such as infrastructure development, human resource management, marketing strategies, and emerging trends are discussed, offering insights into potential avenues for growth and improvement.

Keywords: Hotel, business, hospitality industry, tourism, Kazakhstan, marketing services.

Hotelnictví v Kazachstánu

Abstrakt

Hotelový průmysl v Kazachstánu je důležitou součástí cestovního ruchu v zemi a hraje klíčovou roli při ubytování domácích i zahraničních cestujících. Tento článek představuje komplexní analýzu hotelového průmyslu v Kazachstánu, zkoumá jeho vývoj, současný stav, výzvy, příležitosti a vyhlídky do budoucna.

Následuje hloubková analýza současného stavu hotelového průmyslu v Kazachstánu se zaměřením na klíčové ukazatele, jako jsou zásoby hotelů, míra obsazenosti a výkonnost příjmů. Zkoumány jsou rovněž výzvy, kterým odvětví čelí, včetně regulačních omezení a omezení infrastruktury.

Studie dále zkoumá výzvy a příležitosti, kterým hotelový průmysl v Kazachstánu čelí. Jsou diskutovány otázky jako rozvoj infrastruktury, řízení lidských zdrojů, marketingové strategie a nové trendy, které nabízejí náhled na potenciální cesty růstu a zlepšení.

Klíčová slova: Hotel, obchod, pohostinství, cestovní ruch, Kazachstán, marketingové služby.

Table of content

1. Introduction

Our country possesses all the requisite elements for fostering the flourishing expansion of the hotel industry. The Republic's wealth of historical significance, distinctive landmarks, cultural richness, political stability, relative openness, and inclination towards collaboration collectively lay the groundwork for substantial growth potential in both tourism and the hospitality sector. President Nursultan Nazarbayev, in his address to the nation, highlighted the adoption of a competitive economic model prioritizing key industries to enhance competitiveness and establish the Kazakhstan clusters system (Nazarbayev, 2012). One pivotal focus area, supported by global indicators, is the hotel industry. Playing a pivotal role in global tourism, the hotel sector directly impacts visitor numbers, correlating with the scale and quality standards of this segment within the tourism domain. Despite abundant tourism resources, Kazakhstan commands only a small fraction of the global tourist market. As an economic activity, the hotel industry significantly contributes to employment generation and bolsters foreign currency reserves. The global landscape continuously evolves, embracing novel concepts in the hotel industry while modernizing existing paradigms. Advancements in international tourism, particularly within the hotel sector, are poised to introduce myriad new forms of tourist accommodations. Scientific and technological progress drives the rapid evolution of reservation systems in hotel complexes, streamlining visitor registration processes across lodging facilities. Challenges impeding the growth of hotel enterprises in Kazakhstan include the relatively subdued profitability of certain ventures. This not only addresses obstacles like customer demand and administrative constraints but also underscores the inefficiencies within state administration pertaining to the hotel industry. The waning competitiveness of the hotel services sector precipitates a decline in foreign investment, thereby diminishing market allure. The nation's hotel services industry is presently in a developmental phase, especially within major urban centers witnessing ongoing urbanization trends.

2. Objectives and Methodology

2.1 Objectives

The main aim of the thesis is to evaluate the current state and development trends of the hotel business in Kazakhstan.

The goal includes several steps:

- To identify trends in the development of the hotel business.
- To identify the main ways to improve the management of hotel businesses and to define the indicators of their efficient development.
- Determine the weaknesses and suggest options to eliminate them.

In this sense, the bachelor thesis also focuses on the effects of the Covid Pandemic and the impacts of the security situation in Central Asia.

2.2 Methodology

The methodological framework of the work consists of theoretical starting points and practical analysis. The theoretical part will present the main aspects of the given topic and will also contain a critical evaluation of published literature and other relevant materials.

The practical part focuses on the analysis of current trends in the hotel sector in Kazakhstan. Research methods mainly include the assessment of statistical data and specific case studies. The SWOT analysis method will also be used. The weaknesses and strengths of the Kazakh market and selected entities will be analyzed.

3. Literature Review

3.1 Tourism and the Evolution of the Hotel Industry

The progress of the hotel industry is closely linked to the growth of tourism in a particular location. This basic relationship is readily apparent in the concept of "tourism." Tourism is traveling to a foreign nation or area and temporarily residing away from home (Burns, 2005: 12). New travel trends lead to the rapid construction and development of hotel infrastructure worldwide. The French term "tourism" (tourisme, from tour - a stroll, a trip) has entered common English, replacing the concept of "travel." Travel involves going across a certain region or area for the purpose of exploration, education, information, sports, or other objectives (UNWTO, 2020). The key element of tourist services is a comprehensive vacation program that encompasses accommodation, food, transportation transfers, leisure activities, cultural and sports event arrangements, grocery shopping, commercial centers, and other services such as tourism formalities and insurance. Tourism services are categorized as either basic, included in the tour cost, or additional, paid for when used during the trip or at the location.

3.1.1 Tourism Industry

Tourism is often referred to as "the phenomenon of the third millennium" and is considered to be an integral part of modern society. It is also one of the world's largest economic sectors with a great multiplication effect and connectivity with other sectors of the economy. Tourism is the largest job creator, one of the largest export sectors and a significant stimulator of investment activities (Burns, 2005: 12).

In order for tourism development to be sustainable, the education and research system must also be thoroughly developed. Tourism requires specific education and training of workers to achieve visitor satisfaction, while the multidisciplinary nature of tourism makes it difficult to identify and precisely define the necessary areas for tourism training. In its documents, the World Tourism Organization (UNWTO, 2020) stresses the need to develop a system of education based on a quality standard and has developed a plan for education and training which should contribute to improving the quality of education in line with the needs of economic practice in each country and region. The TEDQUAL (Tourism, Education and Quality) methodology was developed to implement the education plan.

Tourism is the movement and temporary stay of people away from their place of residence. In the course of historical development, the content and meaning of tourism has undergone various changes and additions. In 1994, the World Tourism Organization (WTO, 1994: 7) defined the term "tourism". Since then, tourism has been defined as: 'the activity of a person travelling for a transient period to a place outside his normal environment (place of residence) for less than a fixed period of time, the main purpose of the journey being other than the performance of an income-generating activity in the place visited'. A 'fixed' period is defined as one year of international tourism. The whole tourism system is based on two subsystems: the tourism operator is the tourism participant. *'It is anyone who satisfies his or her needs for tourism goods in the course of travel and accommodation outside the place of permanent residence and usually at leisure'* (Pont, 2014: 14). It is the consumer of the tourism product and all tourism services. 'A tourism object is anything that can become the destination of a change of residence of a tourism participant. It is nature, culture, economy.

The destination represents countries, regions and certain travel destinations. The term tourism destination is used to refer to them. According to the WTO (1994: 3), ***'a destination is a place with tourism attractions and related facilities and services'***. A destination is typically characterized by a large supply of tourism attractions and services, a well-developed infrastructure, which constitutes the potential of the destination. All of these factors are a prerequisite for the long-term endurance of visitors. A destination must have unique features that differentiate it from other destinations and attract tourists.

For the development of tourism, a destination must have an offer that will be able to attract tourists. Tourism offer means everything that can be used to satisfy the tourist demand. Such an offer summarizes the very different elements, the natural peculiarities of the country (geographical area, climate, nature), the cultural potential of the destination (traditions, customs, mentality) and the general infrastructure (Roew et. el. 2002). It focuses on tourism-related activities. One of the tourism institutions providing accommodation and catering services to tourists and the use of various recreational, cultural or sporting activities directly related to tourism. The economic performance of tourism is to a large extent determined by its form, which implies a certain set of services that meet the needs of tourists. From the geographical point of view, domestic, foreign and international tourism are distinguished.

3.1.2 Types of “Tourism”

Natural, cultural and historical elements on the territory of the state form its offer and represent resources that can be used for specific purposes and tourism activities. In different parts of the world, these elements are different, which creates different reasons for people to travel and stay in the territory. Based on the diversity of natural conditions, different types of tourism are developed, of which there are many. Since Kazakhstan is considered the 9th biggest country in the world, there are lots of places to visit that are reach with historical sea sights (Turekulova et. el. 2017: 5). He also claimed that in the Republic of Kazakhstan there is a prevalence of four main types of tourism, such as:

- Recreational tourism is the movement of people during their leisure time for both active and passive recreation with the aim of improving health and restoring physical and mental strength. For its development, it is necessary to have enough recreational resources, which is an essential part of the natural potential of the region. The evaluation of the recreational resources is based on the evaluation of the individual elements, training, climate, presence of water and natural healing resources, etc. This type of tourism is very popular for individual and family recreation.

- Cultural appreciation tourism involves the recognition of historical and cultural heritage. The main objective is to visit the monuments of history, culture, architecture, art and to learn about the peculiarities of the way of life of different peoples. Cultural tourism is the best opportunity to get to know another culture. The usefulness of cultural tourism is that it leads to personal development, the development of creative potential and the acquisition of new knowledge.

- Tourism with professional motives mostly takes place in the participants' working time and is connected with their business trips. Several types of tourism fall into this category: Business tourism plays an important role in the development of the national economy of each country. Trade communication, exchange of technologies and information, finding new partners in foreign markets, training of employees are all part of trade tourism. It mainly includes negotiations between companies and various organizations, negotiating and signing business contracts.

- Incentive tourism includes business trips that aim to stimulate and motivate employees to produce better work and higher performance. This type of professional tourism is not influenced by the climatic and natural conditions of the regions. It is mainly implemented outside the main seasonal periods. Revenues from participants in business tourism are much higher than from other tourists because they stay in high quality hotels, demand more careful and better-quality service and, above all, are willing to spend more money on the services provided and required.

3.2 Hotel Industry

The hotel business is a crucial sector within the service industry, providing accommodation for consumers needing overnight stay. Essentially, a hotel is a supervised structure that offers accommodations for visitors on a temporary basis in return for payment. Hotel amenities and services may differ significantly across establishments. Hotel proprietors strive to appeal to a certain clientele by using their price structure and marketing tactics, as well as via the variety of services they provide.

3.2.1 Globalization of Hotel Industry

The global brand represents a promise that the Kazakh business community needs to realize. It is not enough to put a promise in signed contracts and pretend that the business relationship is settled. It can certainly be a legal basis, but the relationship between business partners is based on mutual trust and respect (Karkinbaeva, 2017: 13). Today, the investor is not only deciding where to put his money, but often also his name, because the brand is what differentiates from others in the global competition.

Individual service is an essential part of brand policy. Hotel chains admit their mistake that providing food service in hotel restaurants to satisfy everyone's desires is realistic. This favors small independent hotels with an international brand hotel in their immediate vicinity. Hotel chains have the power and opportunities to invest in design, provision and F&B (Food & Beverage) services. This fact is logically accompanied by the demand for higher profitability growth of all accommodation establishments. The previous idea that certain centres in a hotel cannot be closed is fast disappearing. Investor pressure on profitability is relentless. The global tendency is to link the interests of the investor and hotel management more closely. Perhaps this fact can be a small opportunity for independent hoteliers, who are left to make their own financial decisions.

3.2.2 Categories of Hotel Industry

A hotel is an accommodation facility with at least 10 guest rooms, selected for the purpose of providing temporary accommodation and related services (Roew et. el, 2002). A hotel could be rates as:

- Five star hotels.
- Four star hotels.
- Three-star hotels.
- Two-star hotels.

Hotels marked as superior fulfill more criteria than the usuall ones: Specific hotel facilities are:

- Spa Hotel.
- Wellness Hotel.
- Resort/Golf resort hotel

Motel, which means an accommodation facility with at least 10 guest rooms, selected for the provision of overnight accommodation and related services for motorists; it is divided into four classes.

Pension, which means an accommodation establishment with at least 5 guest rooms, with a reduced range of social and ancillary services, but with accommodation services comparable to a hotel; for classification purposes, a pension is defined as an accommodation establishment with at least 5 and at most 20 guest rooms. It is divided into four classes (Roew et. el, 2002)..

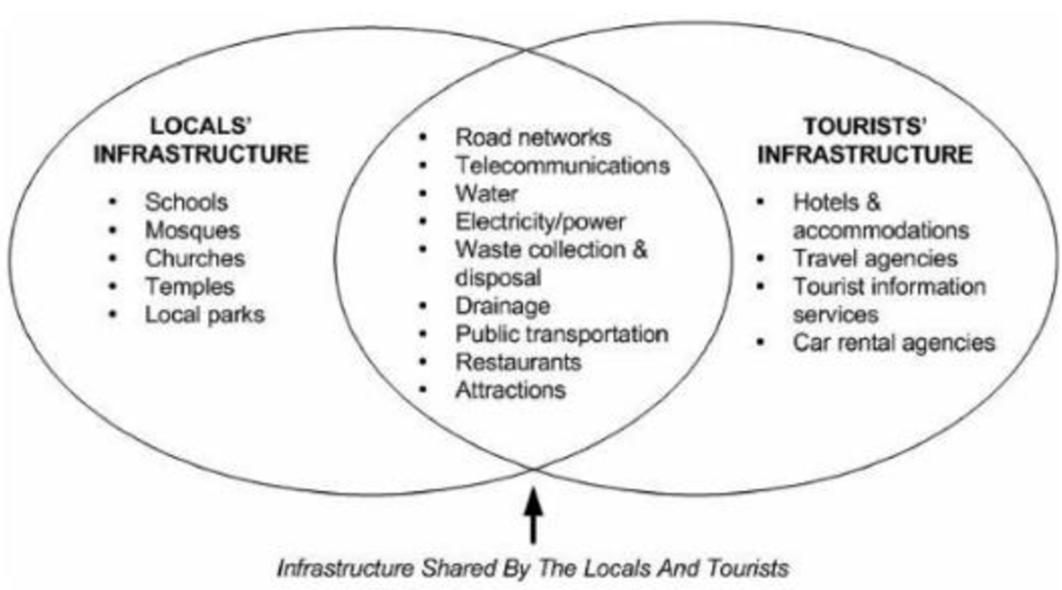
Other accommodation facilities, which are mainly:

- Accommodations
- Dormitories
- Camps
- Groups of chalets or bungalows, equipped for the provision of overnight accommodation.

3.3 Definition of Tourism Infrastructure

All kinds of establishments that serve to travelers are considered part of the tourism infrastructure. The World Trade Organization defines tourism and travel services as those provided by hotel chains, restaurants (which includes catering), tour operators, travel agents, tour guides, and related businesses. The ability to attract and retain customers while simultaneously satisfying their needs is what (Kotler and Dubois, 1977) means when he says that a service is an art form. In order to meet the demands of visitors, several economic and non-economic services have become a component of the travel business (Žunić, 2018). The term "tourism infrastructure" refers to all the buildings and systems that provide services to visitors; however, not every one of these establishments are specifically built to accommodate travelers; for example, public transportation as well as additional facilities are often useful for both locals and visitors. The definition of tourism infrastructure provided by Mohamed and Omar (2005) is an actual part which has been developed or constructed to benefit tourists. They go on to clarify that this facility includes both "soft" elements, such as investment in training and creation of employment, as well as approval strategies and business management, and "hard" elements, such as tourist equipment, ways of transportation and services, understanding of landscape, society, and nature, along with protecting the environment and advancement. Basic tourism infrastructure mainly consists of accommodations, tourist contents, and transportation services.

Figure 1: Common Infrastructure scheme



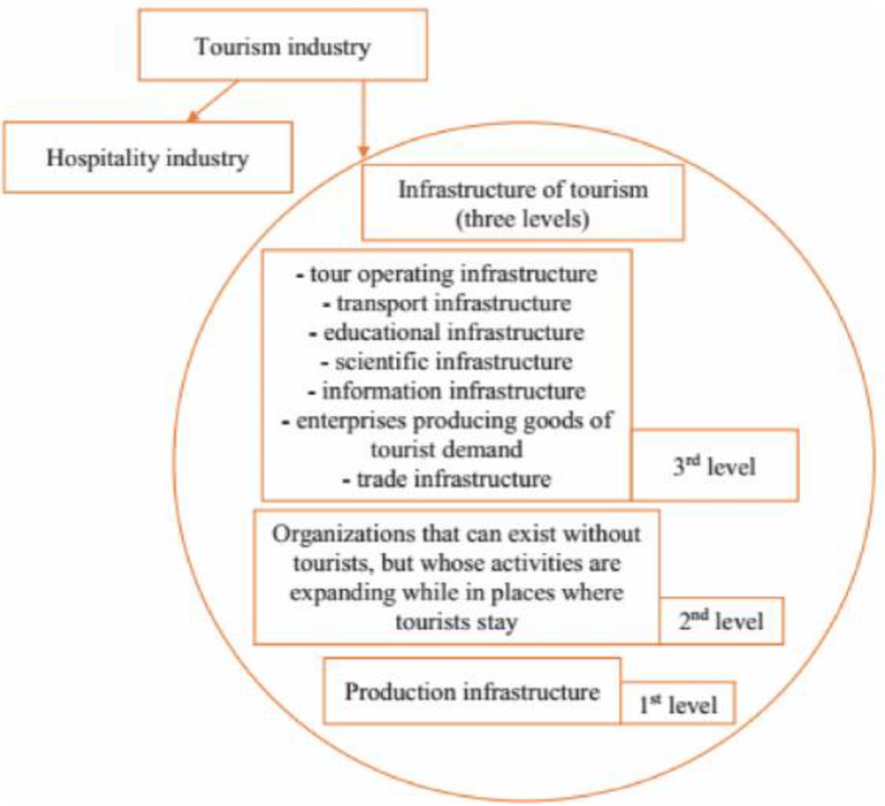
Source: (Omar and Mohamed, 2005).

It is possible to see the components of social infrastructure, that are primarily used by both the locals and the visitors, in the middle portion of the Figure 2. However, it is important to note that not a single component of the other parts that are displayed is not accessible to tourists, including the educational institutions. Therefore, when global student exchanges are taken into account, then both students and teachers who are participating in exchange programs appear simultaneously in the perspective of tourists. On the other hand, local people may occasionally require extra details in tourist guidance centers, particularly if they want to visit some picnic grounds that have been arranged and similar places. As a result, almost anything that is useful to the local population may also be useful to visitors, and vice versa. On the other hand, the traditional components of tourism infrastructure include travel and rental car companies, as well as travel and lodging businesses, as well as tourist information. Bogdashev et al. (2019) discuss the intricate nature of the tourism business and its infrastructure, highlighting their essential role as parts of the hospitality industry.

Tourism infrastructure comprises the interconnected systems and facilities designed to support the operations of the tourism sector for commercial, social, and recreational activities. It consists of two components: the catering sector (facilities required to provide superior services to visitors) and the infrastructural elements as a 3-stage framework.

a) Productive infrastructure includes technology, buildings, roadway network, communications, electricity, utilities, finance, banking, and safety.
b) Organizations that are able to operate independently of visitors yet are seeing significant growth in areas where tourists frequent include rental firms, taxis, cafés, restaurants, sports clubs, theaters, museums, movie theaters, exhibition halls, zoos and casino.
c) Tourists' companies involved in organizing and selling tourist excursions, transportation of guests, educating employees and experts in the tourism sector, computer platforms for bookings and concerns, tourism leaders, research organizations for tourism data, financial and sociological research, and businesses producing merchandise for travelers.

Figure 2: Tourism infrastructure as a part of the tourist industry



Source: Bogdashev et al. (2019)

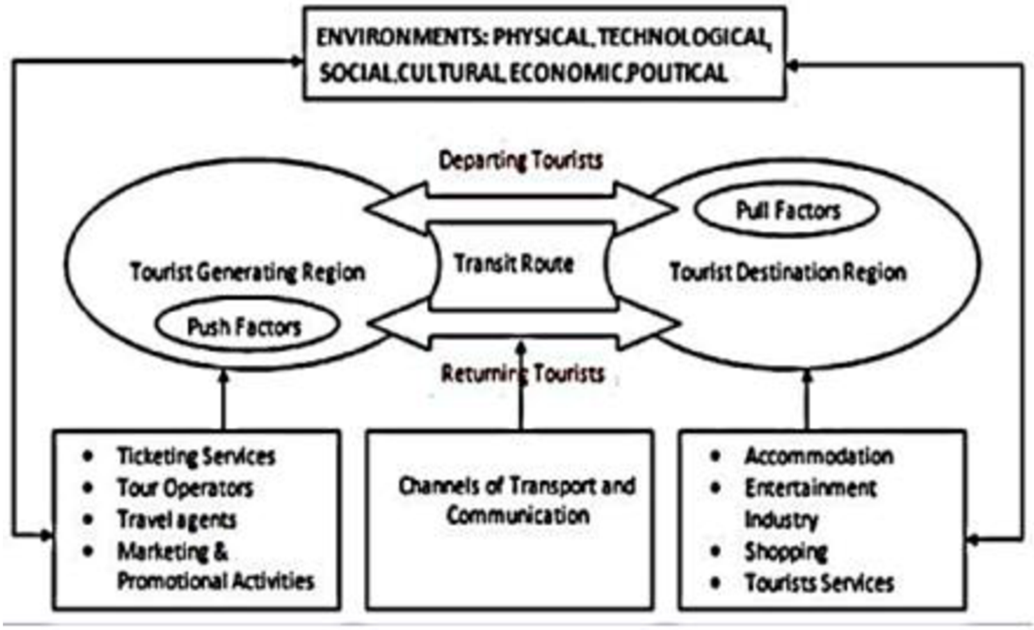
Bogdashev et al. (2019) highlight that level 2 and 3 infrastructures for tourism pertain to businesses and groups directly engaged in tourism operations and creating tourist goods, in contrast to level 1, that aligns with Mohamed & Omar's notion of "central" shared components of facilities for tourists and local residents.

Javonavič and Ilič (2016) claims that there are four components that are relevant in the tourism industry:

a) Physical infrastructure: Hotels, motels, restaurants, communication facilities, transportation services, water supply, and energy.
b) Cultural events include exhibits, festivals, local music, art, folklore, language, and cuisine.
c) Services provided include those in the financial business, ATM services, travel firms, security agencies, and tourist operators.
d) Administrative (Legislative): the system responsible for enforcing laws, regulations, and managing customs and immigration matters.

Leiper's tourism system framework comprises travelers, traveler-generating areas, transportation paths (departures, arrivals), destinations for tourists' areas, and the hospitality sector (Cunha, 2012). Leiper defines a destination as a combination of passions, tasks, equipment, facilities and attraction which form the identity of an excursion location, See Figure – 3. The framework also defines individual components of tourism infrastructure, such as housing, sightseeing services, tour companies, travel agents, entertainment industries, and retail. Motivating factors involve tourist attractions and secure places designated as tourist destinations.

Figure 3: Leiper's model of tourism system/ environment



Source: Leiper (1990: 36).

Aris et. el. (2012) and colleagues claimed that the tourism industry is comprised of interrelated elements. These components include spatial variables (which include infrastructure, location, safety, cost, and availability), activities, and things (such as society, meetings, and enjoyment events). In addition, they brought attention to the direct connection that exists among the elements of a product and the infrastructure that supports tourism, which includes the provision of goods and services, hospitality, and physical facilities.

An extensive system including geographic, residential, and tourism settings includes both natural and anthropogenic components. These characteristics mostly contribute to the tourist infrastructure, whether through natural features such as relief, climate, water, and biodiversity, or as anthropogenic characteristics like cultural diversity, communities, and hospitality. They also act as essential components in providing technical, functional, and infrastructural assistance to tourism locations (Žunić, 2018).

3.3.1 The Role of the Hotel and Restaurant Industry

Accommodation services for short-term stays are provided by the hotel sector through various establishments like hotels, camping facilities, motels, student motels, and guest homes, often accompanied by restaurant facilities. Typically, these services cater to travelers' needs for both lodging and dining. Within the broader context of the hospitality sector, the hotel and restaurant industry play a significant role and forms an integral part of tourism infrastructures. Hotels have emerged as indispensable elements of global travel infrastructure, embodying the essence of hospitality. According to (Žunić, 2018), hotels, motels, and restaurants, alongside transportation, constitute essential components of the tourist environment. Highlighting their importance, the Tourism and Transport Forum (2012) underscores hotels as a crucial aspect of tourism's social infrastructure, while Pearce and Wu (2015) categorize them as part of the hard infrastructure of tourism.

The hotel sector, together with the restaurant industry, has a significant role in attracting travelers and promoting the tourism sector, as shown by several recent research studies, similar to transportation infrastructure. It is a crucial element in the tourist transportation network and is often utilized as a representation of the tourism sector (Cunha, 2012)

3.3.2 The Role of Recreation Facilities

Recreational facilities are essential components of tourist infrastructure, including activities, sightseeing possibilities, venues, and leisure for visitors during their travels. (Cunha, 2012: 42) emphasize the importance of recreational facilities as a vital part of physical infrastructure, necessary for economic growth and the growing popularity of tourism. (Cunha, 2012) emphasizes the connection between the development of tourism infrastructure and recreational facilities. Zhang and Yang (2019) tourist infrastructure method, emphasized by (Žunić, 2018: 43), identifies recreational facilities, hotels, wellness centers, and cafes as essential physical infrastructure for tourists. Additionally, Zhang (2019) highlights that culture and art comprise fundamental components of the tourism infrastructure. Recreational services, transportation and communication infrastructure, restaurants, and hotels all belong to the tourism infrastructure. Every element is vital for improving the attractiveness and profitability of a place, thereby promoting tourism development.

3.4 Destination Management Theory

According to Leiper (1995, p. 87), destinations are locations that people go to and choose to stay for a while so they may experience certain things, or attractions. The subjective impression of a place that clients construct based on their travel experiences, the purpose of their visit, psychographic and demographic variables, and other subjective considerations is also proposed by Gharibi (2021). Thus, a "destination" includes not just the physical space but also the features that draw people there, which they could love or hate (Manhas et. el., 2021). There are two criteria that determine whether a place is competitive and attractive. First, its attractiveness and potential benefits; second, its ability to give a better experience than competing locations.

According to (Gharibi (2021) branding helps improve a destination's image, which in turn influences tourists' decision-making. As a result, destination branding is becoming more popular in the tourism industry and is quickly becoming a prominent idea in the literature on destination marketing Gharibi (2021). The field of destination branding, which is relatively new but has already had a big impact in the tourist industry, has recently emerged as a potent instrument for destination development and marketing.

3.4.1 Position of Kazakhstan

Kazakhstan as it is now is remains mostly unknown. Few people who are not from Kazakhstan have ever heard of the country or its inhabitants, as is typical of other Central Asian republics. Many Westerners still don't know what to make of Kazakhstan, Uzbekistan, Tajikistan, Turkmenistan, Kyrgyzstan, or Afghanistan; they just see it as another "-stan" country in Russia's surrounding area (Gharibi (2021). To ensure Kazakhstan's success in international competitions and its integration into the global economy, it is crucial to establish a clear national identity and develop a powerful destination brand. This brand should reflect the essence and unique qualities of the country, target specific markets, and build strong consumer loyalty, resulting in increased tourism revenue (Manhas et. el., 2021).

Kazakhstan is a country characterized by significant distinctions. Its central location on the Eurasian continent allows it to blend the cultural values of Europe and Asia. Kazakhstan has a deep connection between Islam and Christianity, with over 100 ethnicities coexisting inside its boundaries. While many Kazakhs maintain their traditional mindset and connection to their roots, there is a growing desire to embrace European ideas, particularly among urban dwellers and the younger generation (Atameken, 2016). Despite individuals' efforts to revitalize traditional customs and nomadic culture, remnants of the Soviet period continue to influence Kazakh people and towns.

3.4.2 Promotion Strategies

The travel and tourism officials must emphasize the distribution of information about Kazakhstan in the global vacation marketplace and locally. In 2021, Kazakhstan ranked 66th out of 117 countries in the worldwide Competitiveness assessment for Travel & Tourism, specifically focusing on the efficacy of marketing methods in drawing tourists, See Apendix – 1.

The strategy on marketing locations in Kazakhstan is still unclear. In addition, there is no official tourism brand, such as an image or phrase, and no government tourism webpage for the entire nation. The nation's primary tourism website "www.kazakhstan.travel" was created in 2014 to present facts about Kazakhstan as a tourist attraction and allow prospective tourists to make hotel, airline tickets, and tour reservations. When searching for data regarding Kazakhstan on Google, the website "www.visitkazakhstan.kz" is identified as the country's official tourism website. The government's money was used for creating the site, but not for promoting it (Atameken, 2016).

Despite frequent exhibits and promotional events, there has been a notable absence of financial backing for the creation and broadcasting of advertising shows in both domestic and foreign media. Moreover, there is a noticeable deficiency in consistent advertising of Kazakhstan's destinations to domestic travelers on major international TV channels with large audiences. Successful nations worldwide consistently leverage mass communications in their endeavors. For instance, in 2013, Germany was promoted as "Smart Germany", China as "Made in China", South Korea as "Advanced Technology Korea", Bahrain as "Business Friendly Bahrain", alongside Azerbaijan, Turkey, and numerous others. Upon examining the current marketing endeavors, it becomes apparent that inadequate state funding has been allocated for the advancement of the national tourist product and its promotion in both foreign and domestic markets (Atameken, 2016).

Just last year, Kazakh officials started examining various questions related to the upcoming Expo 2017, such as the need for a dedicated event to boost tourist industry and the different forms this organization could take (PPP, public, or private); the advantages and disadvantages of each form; and the implementation of a visitors cost.

In 2016, the idea of creating a National Office of Tourism, also known as a DMO (Destination Management Organization), was first discussed in the Republic of Kazakhstan. The main objectives included developing and promoting Kazakhstan as a destination for tourists, marketing tourism services domestically and internationally, creating and implementing new tourism-related services, establishing and managing a centralized tourism web page in Kazakhstan, and providing a database for users (Atameken, 2016). Prior to the Expo 2017, international partners were shocked by the absence of a National Tourism Office in Kazakhstan (Karkinbaeva, 2017: 15). While holding an event is necessary, it is particularly crucial to advertise it, attract prospective investors, and secure partnerships.

The tourist charge may play a crucial role in promoting tourism in Kazakhstan. Nevertheless, the tourist tax, sometimes known as the bed tax, is not a new concept (Karkinbaeva, 2017: 16). It is a common tradition internationally to observe and acknowledge each visitor's contribution to supporting tourism around the country. This is more evidence of the underdevelopment of the Kazakh tourist sector.

3.4.3 Events as tools for development

Events and tourism may have a mutually connection. Events give clients a recreational and cultural experience that goes beyond their usual daily experiences. They may enhance a city's tourism attractions, provide media exposure for the location, and raise anticipation of potential travels (Atameken, 2016: Karkinbaeva, 2017: 18).

3.4.3.1 Winter Universiade of 2017

In fact, Kazakhstan established progress in January 2017 when it became the very first county among the CIS to act as host the Winter Universiade (Karkinbaeva, 2017: 20). The main goal was to promote peace and wealth in the area whilst also helping the economic situation of the hosted nation. Holding the Winter Universiade was also the first step toward bigger goals and the achievement of long-term objectives to improve Kazakhstan's brand around the world. It was also the start of building a national brand which might be shown all over the globe. Around 3 500 undergraduates from over sixty different nations came to the occasion in Kazakhstan's old capital city (FISU, 2017). It was the second-biggest meeting of its kind, after the Winter Olympics. The Winter Universiade was also Kazakhstan's initial attempt at organizing a major worldwide event. It showed off the country's winter tourist prospects and business appeal by showing off its beautiful landscapes, traditions, lifestyle, and infrastructure. People, especially younger people, felt more national pride and awareness after the contest. It also set the stage for future big sports contests like the Winter Olympics as well as additional world titles.

3.4.3.2 EXPO 2017

Following Expo 2017 Astana, Kazakhstan seized an opportunity to enhance its global standing and reshape international perceptions of its progress. The Expo presented numerous avenues for the country's advancement, including bolstering international cooperation, modernizing the energy sector, optimizing transportation infrastructure, and catalyzing tourism growth. Foremost among its objectives was the promotion of Kazakhstan's national image, aiming to fortify its appeal to investors and tourists alike in an era where national branding holds unprecedented significance amid fierce economic competition. With nearly 100 nations and 22 foreign groups in attendance, Expo 2017 emerged as a unique platform for Kazakhstan to elevate its global reputation and assert its role in the international economy (Karkinbaeva, 2017: 21: Trudnikova, 2018). Presenting itself as an accessible and forward-thinking nation committed to innovation and sustainable technology, Kazakhstan showcased its capital city as a beacon of futuristic design while highlighting its distinctive nomadic culture and pristine natural landscapes (Allayarov, 2017). Notably, the trefoil emblem[1] from

[1] For the Expo organizers, this logo fully embraces the theme of the Expo "Future Energy". The colors of the logo stand for three renewable energy sources: water, nature and sunlight, and its design recalls a fourth one, wind.

Expo 2017 has become synonymous with Kazakhstan's visual identity, serving as a symbol of its Expo legacy and prominently featured in promotional efforts, including the Kazakh pavilion at Expo 2015 in Milan.

Picture 1: Expo's logo

Source: Bie (2017).

The hosting of Expo 2017 has indeed had substantial repercussions for Kazakhstan's growth across economic, political, and social dimensions, as epitomized by the motto "Expo 2017 - the world comes to Kazakhstan." Marking the largest event in the region to date, Expo 2017 has yielded significant economic benefits, particularly in terms of foreign direct investment and tourism (Allayarov & Embergenov, 2017). With an estimated total expenditure of USD 1.3 billion, a considerable portion of which is anticipated to be sourced from foreign direct investment, funds have been allocated towards infrastructure development. This encompasses transit systems, roads, railway stations, as well as the construction of new buildings and hotels to cater to visitors' needs. Expo 2017 has emerged as a compelling draw for travelers, attracting vast crowds to Kazakhstan for the event and the associated festivities.

3.4.3.3 Silk Road as an international brand

The old Silk Road is considered the most significant route in human history, connecting the East and the West and facilitating commerce among several ancient empires such as China, Central and Western Asia, the Indian subcontinent, and Rome (UNWTO, 2016).

The Silk Road facilitated integration, trade, and discussion, leading to the economic and cultural growth of Eastern and Western Eurasian populations. The Silk Road has a robust and substantial foundation to keep on improving all sectors of economy (Allayarov and Embergenov, 2017), especially tourism. Today, the historic route allows travelers to explore a distinctive network of locations connected by a common history, diversified cultural legacy, and abundant ecotourism features.

Kazakhstan, situated in the center of Eurasia, serves as a connection between different regions and neighboring Central Asian nations such as Kyrgyzstan, Uzbekistan, Tajikistan, and Turkmenistan. Kazakhstan's geographic position highlights the importance of promoting tourism throughout the Silk Road. In 1997, the first tourist research project in Kazakhstan, titled ***"The Silk Road is the road of dialogue,"*** was carried out by UNWTO, UNESCO, and UNDP (Zhang and Yang, 2019).

4. Practical Part

4.1 Statistical approach

The practical part is devoted to analyze the statistical model with the help of secondary data by applying LRM. There are several variables considered in the model, such as:

- GDP overall (dependent variable)

The rest of the variables are independent.

- Number of hotels (counted units, hotels, flat sharing, RB&B and etc).

The hotel industry directly contributes to GDP through the revenue generated from accommodation services, food and beverage sales, conferences, events, and other amenities provided by hotels. A higher number of hotels means more economic activity in terms of revenue generated from these services, leading to a direct increase in GDP.

- Employment in hospitality industry as a % of total population.

The hotel industry directly contributes to GDP through the revenue generated from accommodation services, food and beverage sales, conferences, events, and other amenities provided by hotels. A higher number of hotels means more economic activity in terms of revenue generated from these services, leading to a direct increase in GDP.

- Infrastructure Development Score (measure of Logistic Performance Index)

The growth of the hotel industry often prompts investments in infrastructure development such as transportation (roads, airports, public transit), utilities (water, electricity, telecommunications), and recreational facilities (parks, museums, entertainment venues). These infrastructure investments support the growth of the tourism sector and enhance the overall attractiveness of the destination, leading to increased tourist arrivals and higher spending, which in turn contributes to GDP growth.

Simple regression model: $Y_{1t} = f(x_{1t} ; x_{2t})$

Multiple Regression Model: $\mathbf{Y_t = \boldsymbol{\beta}_0 + \boldsymbol{B}_1\boldsymbol{x}_{1t} + \boldsymbol{B}_2\boldsymbol{x}_{2t} + \boldsymbol{B}_3\boldsymbol{x}_{3t} + \boldsymbol{U}_t}$.

Whereas:

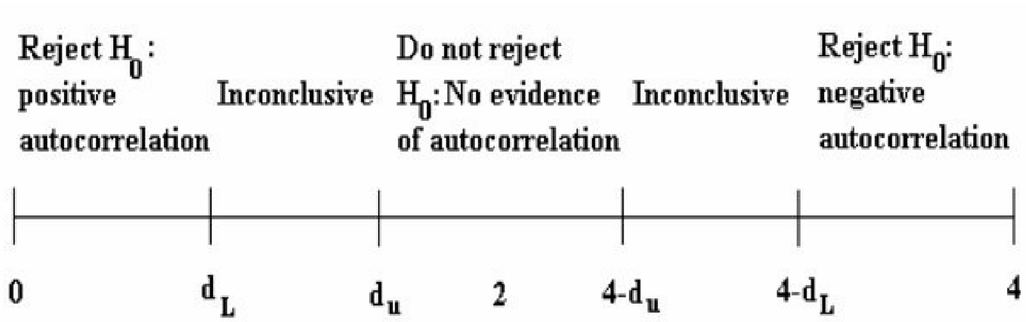
1. Y_t – is the dependent variable, Gross Domestic Product (in actual $)
2. β_0 – constant or the intersection of the regression line with Y axis, measuring the value of $\boldsymbol{Y}$, when values of x equal 0.

3. B_1 – Employment in hotel industry as of % population.
4. B_2 – Number of hotels (unites)
5. B_3 – Infrastructure Development Score (1 – 5)
6. U_t – Random error.
7. T – Time frame 16 years.

The assumptions of the MLRM should be checked before we proceed with the estimate. The following presumptions will be taken into consideration and tested by the author:

- Verification of the model
- The structure of the residuals is something that autocorrelation needs to make sense of. The Durbin-Watson test is used to detect autocorrelation. When autocorrelation is not present, the null hypothesis is valid. The ***d-statistic*** in this scenario is ***1.3.*** A positive autocorrelation is represented by a d value closer to zero, whereas a negative autocorrelation is represented by a d value closer to four. Refer to Figure 4. We need to determine the upper and lower critical values for d. These values are depending upon the number of observations (N = 16) and the number of independent variables (k = 3) to be evaluated.

Figure 4: Durbin and Watson Test



Source: (Biamir, 2016, April 24.)

- Multicollinearity is said to have occurred when there are multiple explanatory variables that are almost perfect linear combinations of each other. (A value of 0.9 signifies a significant correlation between the variables)
- Linear regression assumes that the residuals, which are the discrepancies between observed and anticipated values, adhere to a normal distribution. This assumption is essential since it enables us to draw reliable conclusions about the regression coefficients and create precise confidence intervals and hypothesis testing.

- Heteroskedasticity, for that the author plans to employ White's test for heteroskedasticity, whereas: Null hypothesis: Homoskedasticity; Alternative hypothesis: Heteroskedasticity

Before it is necessary to assess the data set and its development dynamics. Abbreviations in the model are the following, See Table 1.

Table 1: Abbreviations of variables in the model.

Abbreviations	***Measure***
GDP_change_%	Annual change of GDP, in %
Employm_hosp_%	Employment in hospitality industry as a % of total population
Unites_regist	Unites registered as hotel service (rooms, rented apartments, hotels, motels).
Infrastructure_sc	Part of Logistics Performance Index (1-4) 1-worst, 4-best.

Source: Own.

4.2 Description of chosen variables and its dynamic

4.2.1 GDP annual growth in %

The data Figure 5, represent the development of Kazakhstan's GDP across time.

Figure 5: GDP annual growth in %.

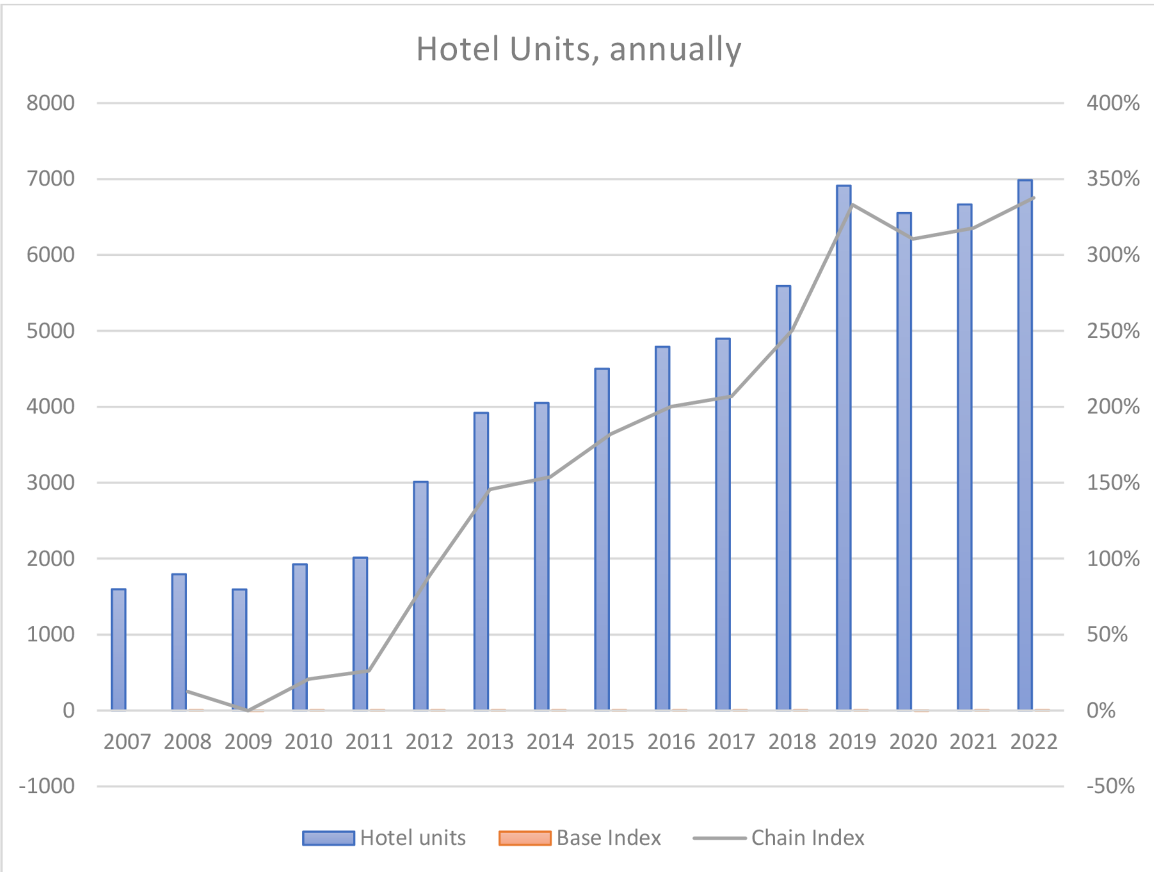
Source: WorlBank (2024).

Over the past decade and a half, Kazakhstan's GDP growth has exhibited a mix of highs, lows, and periods of stability. In 2007, the economy surged with a robust growth rate of 8.9%, propelled by strong domestic demand and favorable global commodity prices. However, the global financial crisis of 2008-2009 led to a significant slowdown, with GDP growth dropping to 1.1% in 2009. The subsequent years saw a recovery, driven by improved global economic conditions and government stimulus measures, with growth rates peaking at 7.4% in 2011. Despite facing volatility due to fluctuations in commodity prices and global economic challenges, the economy maintained a moderate growth trajectory, averaging around 4-6% annually from 2012 to 2015. However, growth rates tapered off in 2016 and 2017, hovering around 1-4%, influenced by lower oil prices and structural reforms. The economy rebounded in 2018 and 2019, supported by higher oil prices and government spending, but suffered a contraction of -2% in 2020 due to the COVID-19 pandemic's impact. The economy began recovering in 2021, with GDP growth reaching 4.2%, driven by government stimulus and easing pandemic restrictions, followed by a slight moderation to 3.2% in 2022. Throughout this period, Kazakhstan's economy demonstrated resilience, yet its reliance on natural resources and vulnerability to external shocks underscored the need for diversification and investment in sustainable growth sectors.

4.2.2 Hotel Unites

The following data represented in Figure 6, the hotel unites in total, covering (hotels of all stars, rooms for renting, booking, RB&B services). The data is provided by "Statistical Office of Kazakhstan". This table provides a comprehensive overview of the number of hotel units each year, along with the Base Index and Chain Index values, which represent the percentage change from the previous year and the cumulative percentage change, respectively.

Figure 6: Dynamic of hotel units, annual change including base and chain Index callculations.



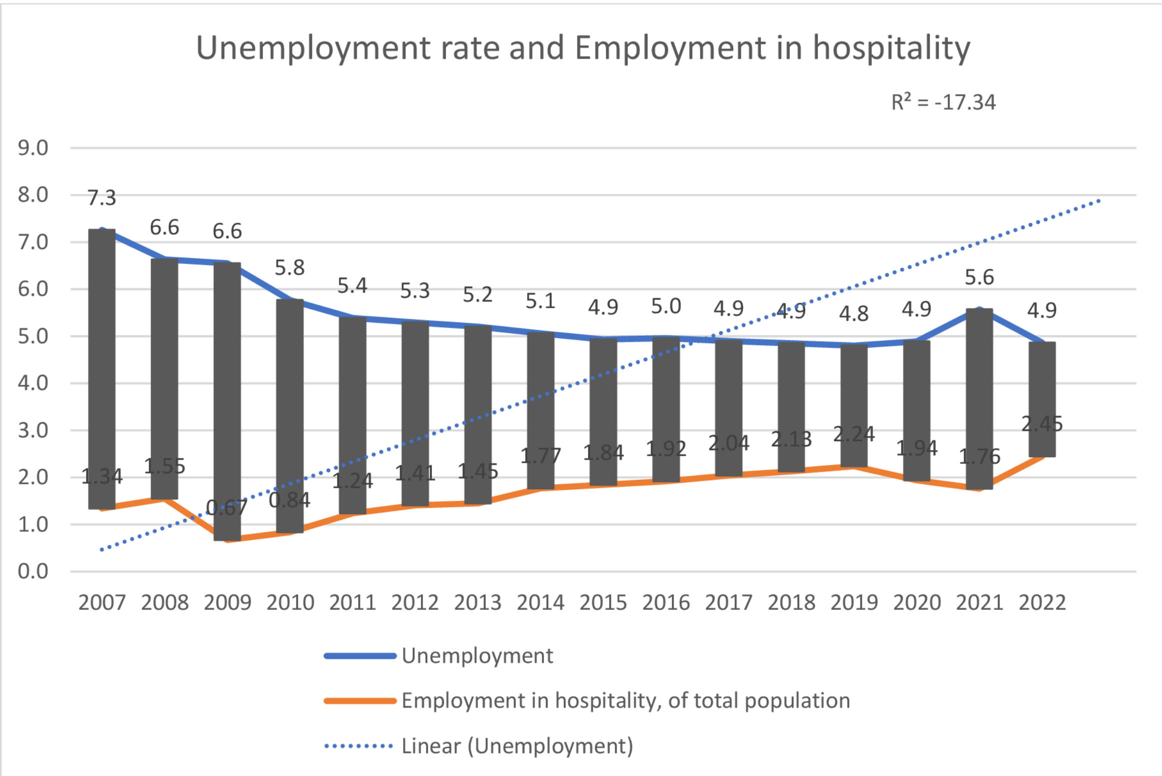
Sorce: Own calculation, based on the data on Burea of National Statistics (2024).

The table illustrates the dynamics of hotel units in Kazakhstan from 2007 to 2022, along with two key indicators: the Base Index and the Chain Index. The number of hotel units shows a generally increasing trend over the years, with occasional fluctuations. The Base

Index indicates the percentage change in hotel units compared to the previous year, with positive values denoting growth and negative values representing a decrease. The Chain Index reflects the cumulative percentage change in hotel units compared to the base year (2007), providing a comprehensive view of overall growth or decline. From 2007 to 2011, there was steady growth in hotel units, with notable expansion between 2010 and 2011. The period from 2012 to 2015 witnessed rapid growth, with substantial increases in both the Base and Chain Indexes. Despite fluctuations and a decline in 2020, the hotel industry continued to grow overall from 2016 to 2020, although at a slower pace compared to earlier years. The years 2021 and 2022 showed a resurgence in growth, with positive Base Index values indicating an increase in hotel units compared to the previous year. In summary, the table demonstrates the industry's general trajectory of expansion, with periods of rapid growth interspersed with fluctuations and occasional slowdowns. The Base and Chain Indexes provide valuable insights into annual and cumulative changes in hotel units, offering a comprehensive view of the industry's dynamics over the years.

4.2.3 Employment rate in Hospitality Industry

Figure 7: Unemployment rate in relation to employment rate in hospitality



Source: Own processing, based on Burea of National Statistics (2024).

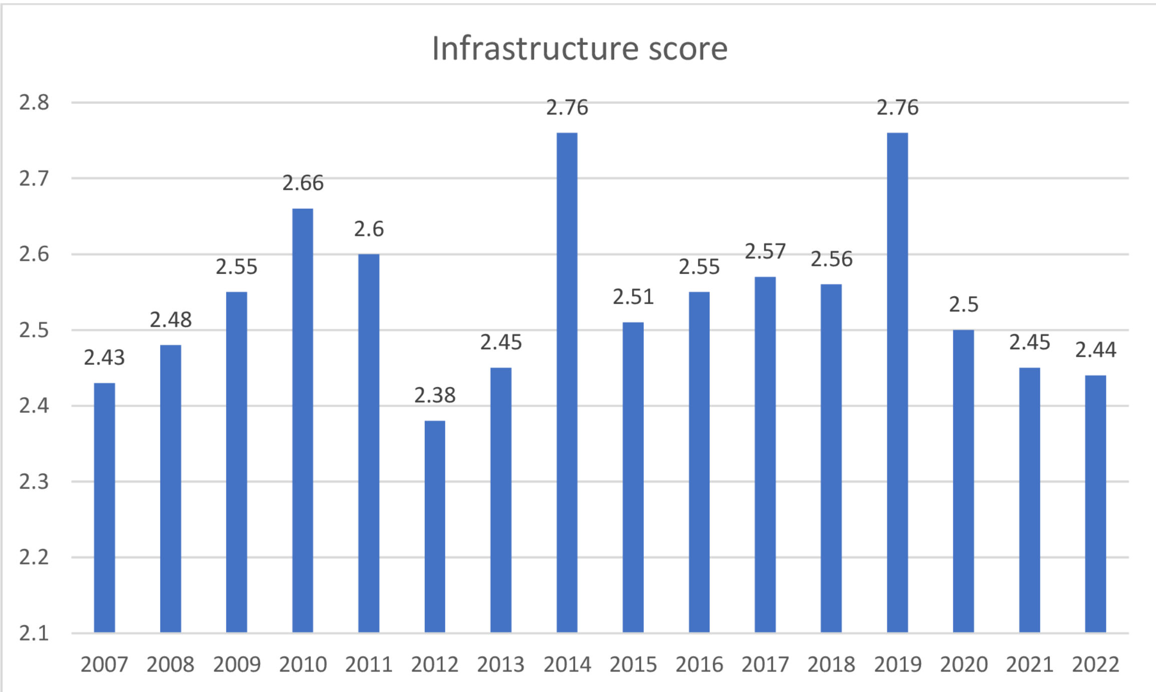
Unemployment rates showcased a gradual decline from 7.3% in 2007 to 5.8% in 2010, signifying economic improvements. Subsequently, from 2011 to 2015, the rates remained relatively stable, oscillating between 5.4% and 4.9%. However, a notable surge was observed in 2021, with the unemployment rate spiking to 5.6%, likely influenced by external shocks or domestic economic strains. This surge slightly eased in 2022, returning to 4.9%, suggesting a potential stabilization or recovery in the labor market.

Conversely, employment within the hospitality sector experienced fluctuations. Initially declining from 1.34% in 2007 to 0.67% in 2009, it gradually ascended to 1.84% by 2015, indicating a growing role for the hospitality sector in providing employment opportunities. However, slight decreases were noted in 2020 and 2021, possibly due to the repercussions of the COVID-19 pandemic on the hospitality industry. Remarkably, there was a substantial upswing in 2022, with hospitality employment surging to 2.45% of the total population, suggesting potential recovery or expansion within the sector.

4.2.4 Infrastructure score

The variable shown in the Figure N, Infrastructure score is a part of Logistics Performance Index, which is measured from (1-4), 1- worst, 4 – best,

Figure 8: Infrastructure score taken for LPI.



Source: LPI annual dataset (2022)

Scores fluctuated between approximately 2.38 and 2.66 during 2007-2012, reflecting a moderate quality level. A slight improvement was observed from 2013 to 2015, with scores ranging from about 2.45 to 2.76, indicating progress. From 2016 to 2018, infrastructure remained relatively stable, with scores hovering around 2.5 to 2.57, signifying consistent but still suboptimal quality. Notable fluctuations occurred from 2019 to 2022, peaking at 2.76 in 2019 before declining to around 2.44-2.5 in subsequent years, representing a level between below-average and average quality. Overall, the table tracks the dynamic trajectory of infrastructure quality, highlighting the ongoing need for continuous improvement and investment in infrastructure development.

4.2.5 Model Verification

To see the verification, it is important to set – up the significance level, which is 0.05 % in case of this research.

Figure 9: 1st Model

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,751	0,410		-,064	,050
	Employm_ hosp_%	1,319	1,126	,028	- 1,476	,030
	Unites_regi st	0,001	0,570	,420	,966	,023
	Infrastructu re_sc	0,045	0,021	,007	,88	,014
a. Dependent Variable: GDP_change_%_annual						

Source: Own processing.

Based on the p – values, all variables turned out to be significant, meaning that the do contribute to the development of GDP on annual basis. The interpretations are the subject of discussion chapter.

Table 2: Model Verification

Variable	P – value	> = <	Alfa	Reject/Accept	Significant/Insignificant
Employm_hosp_%	,030	<	0.05	Accept	Significant
Unites_regist	,023	<	0.05	Accept	Significant
Infrastructure_sc	,014	<	0.05	Accept	Significant

Source: Own processing in SPSS IBM.

All variables turned out to be significant.

4.2.6 Autocorrelation

Table 3: Model Summary

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,796[a]	,886	,762	0,416	,685	4,486	2	12	,003	1,887

a. Predictors: (Constant), Employm_hosp_%, Unites_regist, Infrastructure_sc

b. Dependent Variable: GDP_change_%

According to Durbin, it is equal to 1.895, which is closed to 2, meaning that the model doesn't indicate an autocorrelation problem. Its F – test summarizes a good fit of model, with its p – value of 0.003.

4.2.7 Multicollinearity

Table 4: Multicollinearity

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Employm_hosp_%	,126	1,332
	Unites_regist	,137	1,317
	Infrastructure_sc	,686	1,517

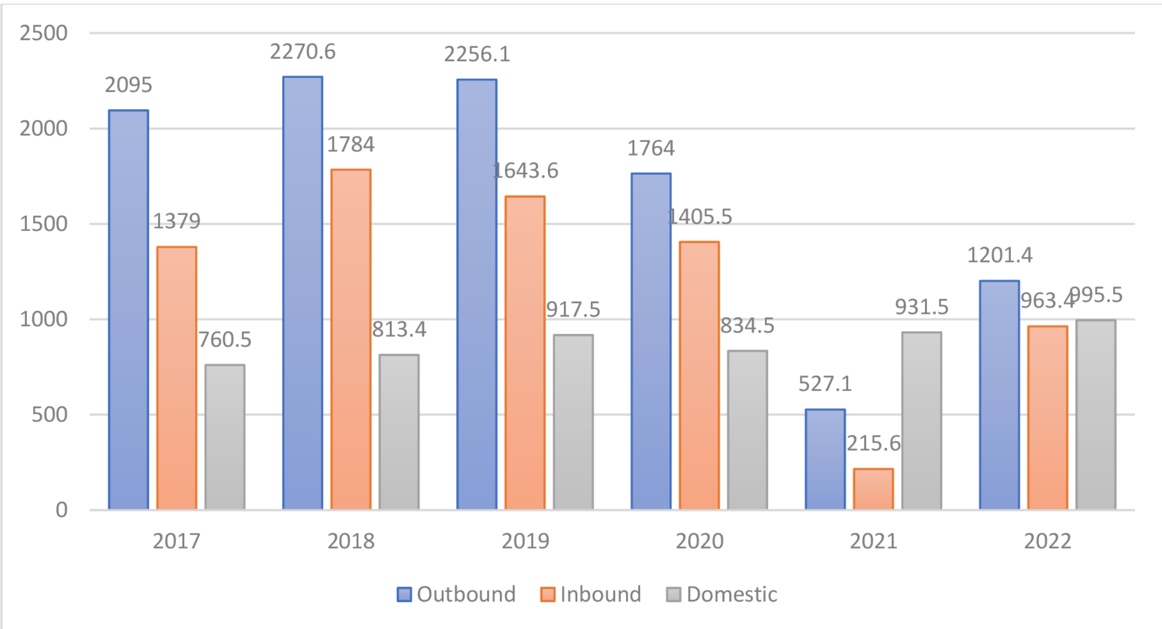
Source: Own processing in SPSS IBM.

In the collinearity statistics provided for the model, the variance inflation factor (VIF) values for all predictor variables range from 1.332 to 1.517. These results indicate that collinearity does not pose a significant concern in the model. VIF values below 5 are typically deemed acceptable, and in this instance, they comfortably remain within that threshold. Hence, the predictor variables exhibit low levels of correlation with each other, contributing to the reliability of the regression coefficients and the overall interpretability of the model.

4.3 Current Situation with Tourism flow

Kazakhstan is traditionally thought of as a nation that operates primarily as a supplier of visitors instead of a destination for tourists. This strategy is typically linked with advanced countries that have tremendous industrial potential and extremely high levels of life. Kazakhstan remains below such countries in many economic dimensions, which is why it is vital for the nation to concentrate on acquiring visitors in order to promote an inflow of capital. According to the data presented in Figure 2, the composition of the various categories of tourism in Kazakhstan displays considerable abnormalities.

Figure 10: The number of tourists January-March, thousand



Source: National Bureau of Statistics (2023)

According to the National Bureau of Statistics (2023), outbound tourism accounts for 68% of the total, while incoming tourism only accounts for 7% of the total, and domestic travel accounts for 25% of the total. As a consequence of this, there are significant differences in the growth of various forms of tourism across the territory of the Republic of Kazakhstan.

Because of the significant frequency of tourism that is directed towards other countries, there is a noticeable outflow of capital. To continue to ensure Kazakhstan's continued growth and development, it is essential to encourage the expansion of both local and international tourism. The domestic tourist industry helps to revitalize the local population, directs the monetary profits from tourism toward domestic leisure opportunities, and strengthens the economic infrastructure of the country. Inbound tourism, on the other hand, benefits the economy of the nation by bringing in foreign exchange earnings. Domestic travel serves as a means of encouraging patriotism and developing a sense of pride in the nation among the people who live there.

Both the total number of visitors entering Kazakhstan and those leaving the country witnessed large dips during the first three months of this year when compared with the identical timeframe in the previous year. The total number of visitors entering Kazakhstan decreased by 6.4 time and the population of visitors leaving Kazakhstan decreased by 3.3 times, leading to numbers of 218.3 thousand or 527.9 thousand individuals. On the other hand, domestic travel experienced expansion, as the number of tourists exceeding 931.1 thousand over the course of the year, representing a 10.4% rise over the previous year. Investigating yet another significant element, namely the occupancy rate of hotels, yields fascinating results. According to the National Bureau of Statistics (2023), the mean occupancy rate of hotels in Kazakhstan only reached 24.9% in the year 2019. This indicates that facilities such as hotels, sanatoriums, and resorts continue to be mainly vacant, which is an ineffective utilization of the space that they have inside their facilities. Despite this, these real estate investments continue to generate profits, which suggests that their present inadequate utilization is sufficient to cover all of their fixed expenditures. The availability of social vouchers at a price that solely covers direct expenses is now a possibility as a result of this development. By raising occupancy to at least fifty percent, it would be possible to give an additional seven and a half million bed-days, which would be equivalent to a week's holiday for more than one million Kazakh citizens. The findings of this analysis point to the possibility of enhancing the approach that is being taken to cultivate domestic tourism. By maximizing the use of existing facilities by Kazakh inhabitants, rather than diverting considerable expenditures into the creation of new resorts and hotels, the sector might be significantly boosted, and an institute of social tourism could be established.

4.3.1 Program Development for Tourism Industry 2019-2025

The Program for the Development of the Tourism Industry for 2019-25 was the subject of approval by the government in the month of May 2019 (OCED, 2020). Through the creation of tourist destinations and the enhancement of human resources for the tourism industry, the Program intends to enhance the level of life of the country's population by improving the accessibility and caliber of services and goods that are offered to tourists. In addition to this, it places an emphasis on the expansion of both domestic and international tourist flows, the marketing of Kazakhstan's tourism potential in both domestic and worldwide markets, and the promotion of increased investment in the tourism industry through the creation of a climate that is beneficial to tourists. For the purpose of attracting capital to the tourism industry, Kazakh Tourism JCS utilized the Program as an outline for its advertising and marketing efforts (OCED, 2020).

The main goal of the 2019–2025 Program is to deal with these problems and make sure that performance is in line with international norms. This is part of a larger legislative attempt to change the way Kazakhstan's economy works (OCED, 2020). These changes to the law include big changes to institutions and the economy, as well as the growth and expertise of different areas (OCED, 2020). To reach these goals, it is very important to strengthen the institutional system. In addition, national and local government groups have been set up to work with the National Tourism Organization and the Kazakh Tourism Joint State Committee. Better ways of working together have also been thought up to deal with the fact that tourism is complicated and affects around thirty different areas of Kazakhstan's economy (OCED, 2020).

Low levels of investment slow down the growth of the business and its potential. The country got KZT 295.7 billion in fixed capital investments in tourism in 2017, which is 36.6% more than in 2016. The total amount of money invested rose by 65% from 2017 to 2018, reaching KZT 447.3 (OCED, 2020). Many big investment projects still can't happen, though, because the government doesn't offer enough help and the industry can't get long-term, low-cost loans.

The Ministry of Culture and Sport and the government's main goal is to bring in more tourists and a bigger share of the foreign market. The number of businesses related to tourism is growing by 10–15 percent every year, but there isn't any planning for how to grow tourism in the region. For instance, there aren't any formal regional plans in place to help the growth of the most promising goods and destinations. Kazakhstan wants to be one of the 50 best places to visit in the world by 2025, according to the Program for the Development of the Tourism Industry for 2019–25 (CIS, 2023). The following signs will be employed to help with this:

- Raise the percentage of the country's GDP that comes from tourism from 5.7 % to 8 %,
- The number of jobs in the tourism business should go from 440 000 to 650 000.
- Boost the number of tourists from other countries from 830,000 to 3 million,
- Raise the number of tourists from their own country from 5 million to 8 million,
- Raise the amount of tourism services provided from 256 million euros to 630
- million euros
- Spending on tourism should go up from EUR 700 million to EUR 1.4 billion.

The Program will cost KZT 2.2 trillion to put into action. The government will pay more than half of that amount, and the business sector will pay the rest.

4.4 SWOT analysis

In this chapter, the SWOT analysis based on the above-mentioned information overall.

Strengths	**Weaknesses**
• The rich tourist and recreational potential • Big territory • Multinational country • Have enough employment potential of the republic • Normative legal base system • Proclamation of the tourist industry as a priority direction of the economy • Ongoing programs that support Tourism • Rich nature	• Low share of tourism in gross domestic product • High corruption • The moral and physical deterioration of tourism infrastructure • Poor quality of services of tourist companies • Insufficient state support for the development of tourism • Predominance of outbound tourism
Opportunities	**Threats**
• Increase of employment • Stable economic income • Creating multinational centers for tourists • Eco-tourism across territory • Improvement of infrastructure and attraction of investments	• Unstable conditions of roads • Lack of tourist Cadaster • Low volume of tourism inbound • Political and administrative aspects of the development of the tourism industry • Lack of attractiveness of tourism industry • Lack of tax incentives for foreign investors. • Planned budget could be spent in another sector or simply be off-shored

Source: Own processing.

5. Results and Discussion

5.1 Results of the Model

This chapter is devoted to discuss the results of the research and also analyze the state programs and its potential progress.

Figure 11: 1st Model

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,751	0,410		-,064	,050
	Employm_ hosp_%	1,319	1,126	,028	- 1,476	,030
	Unites_regi st	0,001	0,570	,420	,966	,023
	Infrastructu re_sc	0,045	0,021	,007	,88	,014
a. Dependent Variable: GDP_change_%_annual						

Source: Own processing.

Based on the results of the model, the equations looks in the following way:

$$\mathbf{Y}_t = 0{,}751 + \boldsymbol{1.319^* (x_{1t})} + \boldsymbol{0.87^* (x_{2t})} + \boldsymbol{0{,}045^* (x_{3t})} + \boldsymbol{U_t}.$$

Based on the results of the model, we could see that the highest impact is possessed by infrastructure scale. Meaning that a 1 % increase in infrastructure scaling could potentially increase the annual GDP by 0,045 %. Employment in the hospitality industry is also high, and according to the State Program for the Development of Tourism (2019–2025), it is expected to grow drastically. Meaning if a 1% increase is expected from employment, it could bring the GDP (% annual) by 0.87%, which is high. The last variable, which also turned out to be significant, demonstrates a p - value 0.23. If 1 unit of hotel is expected to increase, it would also increase the GDP (annually) by 0.001. The R-square also demonstrates good results (88 %. That indicates that the dependent variable is explained by the independent variables by 88 %. Which highlights the importance of the hospitality industry, which contributes to the total GDP. Kazakhstan has great potential for improving its position regarding tourism, it is rich with its big territories where eco-tourism could have been improved. However, due to a high reliance on the oil and gas industry, Kazakh's officials haven't seemed to place much focus on the tourism industry for the past decade. Even though the government created a "Tourism Platform" to attract tourists and foreign investors into the tourism industry, the improvements haven't been significant so far. Kazakhstan successfully hosted two major international events, EXPO 2017 and the Winter Universiade, in the same year. Allayaro & Embergenov (2017) highlighted significant challenges encountered by the government when evaluating the sustainability of the tourism sector. These challenges included deteriorated roads and infrastructure, inadequate service quality, and underdeveloped accommodations and amenities in coastal areas.

5.2 Travelling within Kazakhstan

A significant portion of Kazakhstan's population currently refrains from both business and leisure travel, yet they could potentially become tourists if local tourism flourishes. Encouraging domestic travel is paramount to fostering this transformation. Social tourism emerges as a valuable tool in this endeavor. Emphasizing the advantages of domestic travel underscores the safety, accessibility of medical services, absence of language barriers, and the scenic beauty of the nation's landscapes. These factors not only contribute to physical well-being but also facilitate mental, spiritual, and creative growth, instilling a sense of patriotism among the youth. The expansion of the tourism sector yields manifold benefits for the region. It significantly impacts the gross regional product, stimulates revenue generation for local businesses within the tourism sector and its ancillary industries, bolsters both tax and non-tax revenues for the regional budget, and spurs overall economic growth. Moreover, it plays a pivotal role in structurally enhancing the regional payment balance, reducing unemployment rates, and elevating the average income of the working population. Transforming a locale into a tourist destination is a complex and protracted process, involving a gradual evolution from conceptualization to realization. Various internal and external factors influence this progression. Leveraging social tourism to enhance a location maximizes the utilization of natural resources, thereby promoting sustainable tourism. It also serves to safeguard natural resources and biodiversity, support vital ecological processes, and ensure the continuity of long-term economic activities. Furthermore, it fosters equitable distribution of social and economic benefits, such as job stability, income prospects, and social protection for host communities, thus mitigating socio-economic hardships.

5.3 Promising Program of 2019 – 2025

Overall, the Program represents a comprehensive strategy to unlock the full potential of Kazakhstan's tourism industry, driving economic growth, creating employment opportunities, and positioning the country as a prominent global tourist destination. However, effective implementation and ongoing collaboration between public and private stakeholders will be essential to realize these ambitious goals and overcome existing challenges in the tourism sector.

6. Conclusion

This study provides a comprehensive analysis of the hotel industry in Kazakhstan, contextualized within the broader framework of tourism development and infrastructure. The literature review explored key concepts and theories related to tourism evolution, the globalization of the hotel industry, destination management theory, and promotion strategies. By examining the position of Kazakhstan within the tourism landscape and the impact of events such as the Winter Universiade of 2017 and EXPO 2017, valuable insights were gained into the country's tourism potential and promotion strategies.

In the practical part of the study, a statistical approach was employed to analyze various variables, including GDP annual growth, hotel units, employment rate in the hospitality industry, and infrastructure score. Model verification was conducted, addressing issues such as autocorrelation and multicollinearity, to ensure the reliability of the results.

The results and discussion section highlighted the findings of the model, indicating the importance of domestic tourism and the promising trajectory of the Program for Tourism Industry Development 2019-2025. The SWOT analysis provided a comprehensive assessment of the industry's strengths, weaknesses, opportunities, and threats, guiding future strategic planning and decision-making.

In conclusion, this study underscores the critical role of the hotel industry in Kazakhstan's tourism sector and its potential to drive economic growth and regional development. By leveraging the insights gained from this research, policymakers, industry stakeholders, and tourism authorities can develop targeted strategies to capitalize on the country's tourism assets and enhance its competitiveness on the global stage. Continued investment in tourism infrastructure, promotion efforts, and destination management will be key to realizing Kazakhstan's vision of becoming a premier tourist destination in the years to come.

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8. List of pictures, tables, graphs and abbreviations

8.1 List of pictures

8.2 List of tables

9. Appendix

9.1 Travel & Tourism Development Index 2021 overall rankings

Rank	Economy	Score[2]	Change since 2019[3] Rank	Change since 2019[3] Score	Diff. from TTDI Avg. (%)
1	Japan	5.2	1	0.7%	31.8%
2	United States	5.2	-1	-1.0%	30.7%
3	Spain	5.2	2	0.0%	29.5%
4	France	5.1	2	-0.2%	28.8%
5	Germany	5.1	-1	-1.8%	27.3%
6	Switzerland	5.0	1	-2.1%	26.0%
7	Australia	5.0	1	-1.3%	25.6%
8	United Kingdom	5.0	-5	-4.5%	24.8%
9	Singapore	5.0	0	-1.4%	24.6%
10	Italy	4.9	2	0.8%	23.9%
11	Austria	4.9	0	0.4%	23.6%
12	China	4.9	3	2.3%	23.5%
13	Canada	4.9	-3	-2.1%	22.9%
14	Netherlands	4.9	0	0.2%	22.3%
15	Korea, Rep.	4.8	4	1.9%	21.4%
16	Portugal	4.8	-3	-2.1%	19.8%
17	Denmark	4.7	-1	-1.5%	18.9%
18	Finland	4.7	-1	-2.2%	17.3%
19	Hong Kong SAR	4.6	-1	-3.0%	16.3%
20	Sweden	4.6	1	-1.9%	16.0%
21	Luxembourg	4.6	2	-0.5%	15.4%
22	Belgium	4.6	3	-0.6%	14.4%
23	Iceland	4.5	-1	-1.8%	14.2%
24	Ireland	4.5	-4	-3.9%	13.9%
25	United Arab Emirates	4.5	1	0.7%	13.9%
26	Czech Republic	4.5	1	0.3%	13.3%
27	New Zealand	4.5	-3	-2.5%	12.6%
28	Greece	4.5	0	0.2%	12.1%
29	Estonia	4.4	2	-0.6%	10.7%
30	Poland	4.4	3	0.8%	10.6%
31	Cyprus	4.4	-1	-0.8%	10.5%
32	Indonesia	4.4	12	3.4%	10.3%
33	Saudi Arabia	4.3	10	2.3%	9.3%
34	Chile	4.3	4	0.9%	9.1%
35	Malta	4.3	-3	-1.9%	9.0%
36	Thailand	4.3	-1	0.2%	8.8%
37	Hungary	4.3	0	0.3%	8.7%
38	Malaysia	4.3	-9	-3.0%	8.4%
39	Slovenia	4.3	-3	-0.7%	7.8%
40	Mexico	4.3	-6	-1.2%	7.4%
41	Bulgaria	4.3	-2	-0.4%	7.3%
42	Lithuania	4.3	3	0.6%	7.2%
43	Qatar	4.3	-2	-0.2%	7.0%
44	Georgia	4.3	3	1.4%	6.8%
45	Turkey	4.2	4	1.3%	6.4%
46	Croatia	4.2	-4	-0.6%	6.4%
47	Israel	4.2	-7	-1.0%	6.2%
48	Latvia	4.2	0	0.6%	5.9%
49	Brazil	4.2	3	2.3%	5.2%
50	Costa Rica	4.2	1	1.2%	4.5%
51	Egypt	4.2	6	4.3%	4.4%
52	Vietnam	4.1	8	4.7%	4.1%
53	Romania	4.1	-3	-0.7%	3.6%
54	India	4.1	-8	-2.6%	3.6%
55	Uruguay	4.1	6	3.6%	3.0%
56	Slovak Republic	4.1	-3	0.2%	2.9%
57	Bahrain	4.1	-2	1.0%	2.1%
58	Colombia	4.0	4	2.3%	1.6%
59	Argentina	4.0	-5	-1.2%	0.6%
60	Panama	4.0	-2	0.5%	0.3%
61	Armenia	4.0	4	1.9%	-0.2%
62	Mauritius	4.0	-6	-0.9%	-0.5%
63	Azerbaijan	4.0	-4	-0.3%	-0.6%
64	Jordan	3.9	-1	-0.6%	-1.8%
65	Peru	3.9	4	2.1%	-2.1%
66	Kazakhstan	3.9	0	0.3%	-2.3%
67	Montenegro	3.9	-3	-0.7%	-2.6%
68	South Africa	3.8	0	-0.3%	-3.8%
69	Dominican Republic	3.8	3	2.6%	-3.9%
70	Serbia	3.8	0	1.3%	-3.9%
71	Morocco	3.8	-4	-2.1%	-4.8%
72	Albania	3.8	-1	1.0%	-5.0%
73	Ecuador	3.8	1	1.0%	-5.7%
74	Sri Lanka	3.7	1	1.4%	-6.0%
75	Philippines	3.7	-2	0.1%	-6.3%
76	Botswana	3.7	2	3.0%	-6.6%
77	Moldova	3.6	4	1.2%	-8.6%
78	Kenya	3.6	2	0.5%	-9.1%
79	Cambodia	3.6	3	1.1%	-9.2%
80	Tunisia	3.6	-3	-0.5%	-9.2%
81	Tanzania	3.6	5	2.6%	-10.2%
82	Cape Verde	3.6	1	1.4%	-10.2%
83	Pakistan	3.6	6	2.9%	-10.2%
84	Mongolia	3.6	-8	-2.1%	-10.6%
85	Trinidad and Tobago	3.6	0	1.5%	-10.7%
86	Kuwait	3.5	-7	-1.8%	-11.0%
87	North Macedonia	3.5	-3	-0.3%	-12.1%
88	Namibia	3.5	0	0.0%	-12.6%
89	Rwanda	3.5	1	0.7%	-12.7%
90	Kyrgyz Republic	3.4	3	1.9%	-13.9%
91	Bolivia	3.4	5	1.6%	-14.5%
92	Tajikistan	3.4	-1	-0.3%	-14.6%
93	Lao PDR	3.4	1	0.7%	-15.0%
94	Lebanon	3.4	-7	-3.1%	-15.1%
95	Bosnia and Herzegovina	3.4	-3	-0.7%	-15.2%
96	El Salvador	3.3	2	1.7%	-16.1%
97	Guatemala	3.3	-2	-0.6%	-16.1%
98	Zambia	3.3	1	1.7%	-16.3%
99	Paraguay	3.3	2	2.1%	-17.1%
100	Bangladesh	3.3	3	2.0%	-17.6%
101	Ghana	3.3	-1	0.9%	-17.6%
102	Nepal	3.3	0	1.8%	-17.8%
103	Benin	3.2	3	4.0%	-18.7%
104	Nicaragua	3.2	-7	-2.0%	-19.1%
105	Senegal	3.2	0	0.4%	-20.2%
106	Honduras	3.1	-2	-2.1%	-21.5%
107	Côte d'Ivoire	3.1	3	2.6%	-22.6%
108	Venezuela	3.1	-1	-0.5%	-23.1%
109	Malawi	3.0	-1	0.2%	-24.0%
110	Nigeria	3.0	1	0.6%	-24.1%
111	Lesotho	3.0	-2	-1.5%	-25.6%
112	Cameroon	2.9	0	1.6%	-26.2%
113	Angola	2.9	0	2.8%	-26.5%
114	Sierra Leone	2.8	1	1.5%	-30.6%
115	Mali	2.7	-1	-0.5%	-31.0%
116	Yemen	2.6	0	2.7%	-34.2%
117	Chad	2.5	0	1.3%	-37.5%

Source: Travel & Tourism Development Index (2021)