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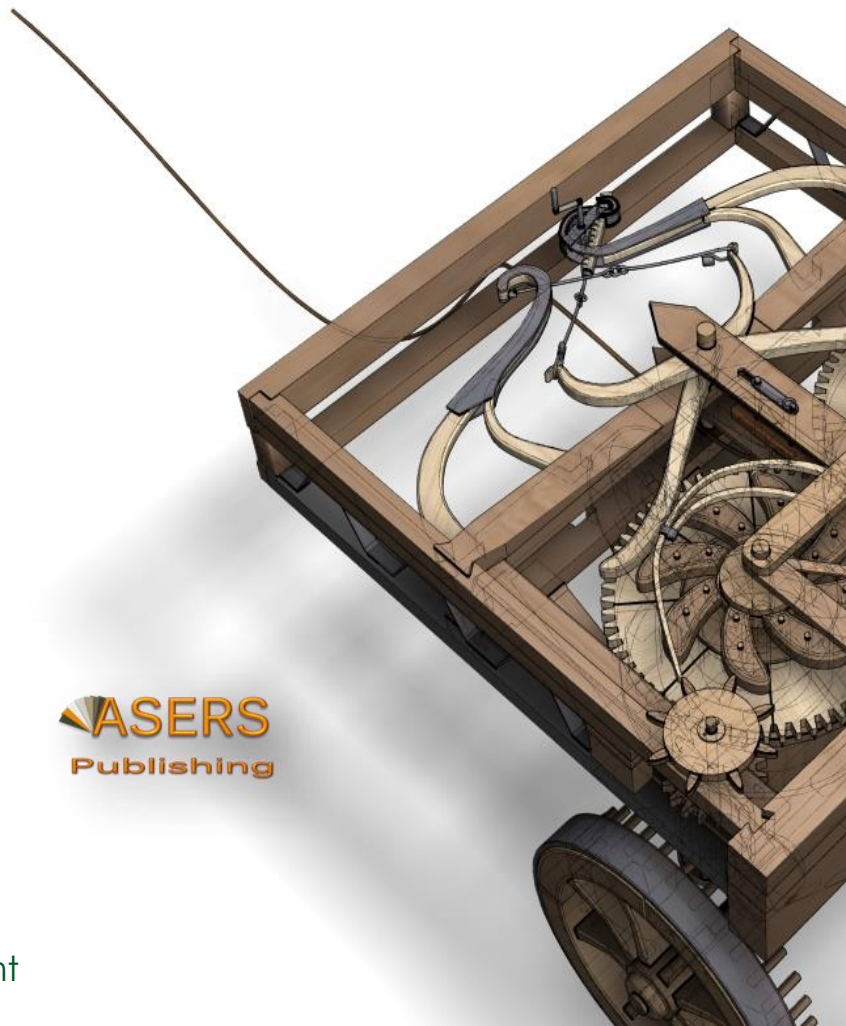
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The Way to the Leading Positions in World Tourism: Case Study of Kazakhstan

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Abstract:

The work is a problem of competitiveness of Kazakhstan among the countries of the world in the development of the tourism industry. The work shows that in recent years the country has risen to a higher position in the world rankings. The authors demonstrate that for the advanced improvement of the position of Kazakhstan among other countries in the development of tourism, it is necessary to take into account certain criteria for evaluation. It is also necessary to pay attention to how other countries are developing and what they are doing in order to occupy a leading position in the rating. The work determines which areas of the economy need to be developed to attract tourists. The work says that the President of Kazakhstan of his new program for the development of the country has already begun to implement a strategy for accelerated industrial and innovative development of the tourism industry. The emphasis is on the revival of the Silk Road for the growth of trade between Europe and Asia. The novelty of the research is that the article mentions the results of the world scale latest statistics, on the basis of which the analysis of the state development of the tourism industry in Kazakhstan was carried out. The authors came to the conclusion that improving the indicators should follow a certain plan, not forgetting to pay attention to the experience of other countries.

Keywords: development of the tourism industry; the World Economic Forum; competitiveness of countries; Silk Road

JEL Classification: Z30; Z32; Z33

Introduction

The UNWTO and EU specialists have drawn a conclusion, suggested earlier by domestic scientists that the long-term potential of Kazakhstan competitiveness incensement is not only export of hydrocarbons and their processing, but also tourism as the independent branch that capable to provide redistribution from oil production income to the

industry of travel and recreation. At the same time tourism profitability incensement will raise Kazakhstan population quality of life (Nikitinsky 2011). In the published reports of the World Economic Forum about the competitiveness of the travel and tourism sectors, their main goal is to create a platform for a multilateral dialogue that ensures the development in each country of a strong and long-term national tourism industry that can effectively influence to the international economic development. They also assess the state position in the "tourism ranks" through the World Travel Competitiveness Index (The Travel & Tourism Competitiveness Report 2017/2018).

In order to successfully implement Kazakhstan's President Strategy about including Kazakhstan to the list of 30 countries with developed and competitive tourism industry, we need to clearly articulate the tasks set for the main aspects and sustainable development indicators of the country's tourism industry and tourist recreational resources (Koroteeva *et al.* 2016).

In this regard, a system and methodology for rating the regions should be developed, coordinated with the algorithm and the main indicators of the countries' competitiveness index of the international travel and tourism sector used by the WEF and UNWTO.

1. Basic Data and Research Methods

In this paper mainly was used the results of research published by professor E.S. Nikitinsky "Theory and Practice of Tourism Sustainable Development and State Tourism Management in the Republic of Kazakhstan", the competitiveness, safety and tourist attractiveness ratings of developed countries, the analysis of statistical and scientific data, the UNWTO recommendations on tourism industry sustainable development, the revival of the Great Silk Road, the project "One belt. One Road", research materials "Sacred Kazakhstan", as well as the scientific publications of scientists.

2. Results and Discussion

National Tourist Administrations around the world in their activity put for an important place making the positive tourist image and promotion of the country as an attractive tourist destination in the tourist services world market. Here, very important aspects are the countries' positions in such categories as: a rating of global competitiveness (all spheres of economic activity including tourism - The Global Competitiveness Index), a rating of safety, a rating or an index of good countries (Good Country Index), a rating of the cheapest and most expensive travelling for life of the world countries.

It is well-known that tourism indirectly influences to more than 30 economy branches, it isn't casual that also the rating of global competitiveness became one of the important tools in determination the competitiveness rating in the tourism and travel sector. At World Economic Forums, the Global Competitiveness Index is traditionally based on a combination of publicly available statistics and the company executives survey results, as well as an extensive annual survey conducted by the World Economic Forum in conjunction with a network of partner organizations - leading research institutes and companies. Representatives of the World Economic Forum indicates that the competitiveness of national economies is determined by numerous and diverse factors. So, the economy is adversely affected by inefficient management of public finances and high inflation, while the protection of intellectual property rights, a developed judicial system and other measures can have a positive effect. Along with institutional factors, education and skills development of the workforce, constant access to the new knowledge and technologies can be of decisive importance (Bolgova *et al.* 2016; Kabanova *et al.* 2016; Frolova *et al.* 2016; Frolova *et al.* 2017).

In the studies two indexes are presented, on the basis of which the country ratings are compiled: the Global Competitiveness Index (GCI) and the Business Competitiveness Index (BCI). Nowadays for the assessment of countries competitiveness is used the Index of global competitiveness which was created for the World Economic Forum by professor Xavier Sala-i-Martin, Columbia University and for the first time published in 2004.

The index of global competitiveness is made up of 14 variables which in details characterize the competitiveness of the countries worldwide at different levels of economic development ("The Global Competitiveness Index" Center for Humanitarian Technologies...). The two-thirds of variables consists of a global survey company executives results (to cover a wide range of factors affecting the business climate in the countries studied) and one-third of the publicly available sources (statistics and research results carried out on a regular basis by international organizations).

It should be clarified that the Travel Sector Competitiveness Index is compiled every two years and covers 138 countries. By his preparation the combination of data from public sources and information from the international organizations and experts in the field of travel and tourism is used. The cross-country analysis report of

competitiveness factors in the tourism and travel sectors provides information for comparisons useful in business decision-making and valuable for the government striving to improve the conditions for the travel and tourism sector. The research contains the detailed profiles of each economy which are appearing in the research, including specification of the final provision in rating and also representing the guide to key competitive advantages and shortcomings. The report also includes industry experts' papers, where separate chapters are devoted to the issues of the relationship between the simplification of the visa regime and economic growth; the necessity for a policy of using local competitive advantages in a changing environment; the impact of the tourism sector on job creation; the impact of aviation development on economic development. In total, the WEF experts assessed the tourism situation in 138 countries on 14 criteria.

1. Business Environment;
2. Security and safety;
3. Health and hygiene;
4. Human resources and labor market;
5. Development of information and communication technologies;
6. Priority of travel and tourism in the country's income;
7. International openness;
8. Prices competitiveness;
9. Environmental sustainability;
10. Air transport infrastructure development;
11. Land and port infrastructure development;
12. Tourism infrastructure and services development;
13. Natural Resources;
14. Cultural resources and business trips.

The WEF research is carried out in a close cooperation with the strategic partner Booz & Company and with partners: The International Air Transport Association (IATA), the International Union for Conservation of Nature (IUCN), the World Tourism Organization (UNWTO) and the World Travel and Tourism Council WTTC), VISA, Deloitte, Hilton, Marriott and others.

The choice of these variables is conditioned by theoretical and empirical research, and no single factor can alone ensure the competitiveness of the economy. Thus, the effect of increasing educational expenditures can be reduced due to the inefficiency of the labor market, other institutional weaknesses and, as a consequence, the lack of opportunities for graduates to be suitably employed. Attempts to improve the macroeconomic environment, for example, to optimize control over public finances will be successful only with due transparency of the financial management system, improving the fiscal policy for entrepreneurship, medium and small businesses, the absence of corruption and large-scale violations. For example, Kazakhstan has risen to the 25th position in the rating of the country's income tax (Nikitinsky 2016).

Businessmen will introduce new technologies only if potential profit exceeds the necessary investments. Thus, according to the World Economic Forum conclusions the most competitive economies are those countries which are able to pursue comprehensive policy, to consider all range of factors and interrelation between them.

In the current year at the World Economic Forum in the Global Competitiveness Index 2017 - 2018 the first place among 137 countries took Switzerland. In the second place the United States, and the third - Singapore which are still remaining as the world leaders in providing innovative products and services. The fourth place occupies the Netherlands, the fifth - Germany. Further in top ten of rating: Hong Kong (6th place), Sweden (7), Great Britain (8), Japan (9) and Finland (10). Thus, the leading top ten didn't change much since last year (The Travel & Tourism Competitiveness Report 2017/2018). Among the former USSR countries by Global Competitiveness Index 2017 - 2018 Kazakhstan was fixed on 57th position, skipping ahead Estonia (the 29th place), Azerbaijan (35), Russia (38), Lithuania (41), Latvia (54). Other states of the former Soviet Union were located below: Georgia (67th place), Ukraine (81), Tajikistan (79), Moldova (89) and Kyrgyzstan (102) (Appendix 1, 2).

3. Rating of Safety

Annually the World Economy Institute makes the report in which distributes the countries on the level of ensuring safety. The Global Peace Index has been calculated since 2007. It is developed by sociologists and economists from the World Institute international experts' group and also the Sydney University Department of Peace and Conflict Studies. According to Institute, for drawing up the rating 23 indicators are used, which includes the violence

level, political instability, the relation with neighboring countries, influence of terrorism and crime rate. According to World Economy Institute the Peace Index level in comparison with the last year has dropped by 0,53 percent.

In top-10 the safest and peaceful countries were New Zealand, Portugal, Austria, Denmark, the Czech Republic, Slovenia, Canada, Switzerland, Ireland and Japan. The rating, as well as last year, was headed by Iceland. In 2016 Kazakhstan is recognized as the safest country in Central Asia. So, in the Global World Index this year Kazakhstan takes the 72nd place from 163 countries. Our neighbor Kyrgyzstan is on the 111th position, Russia – 151, Turkmenistan-119, Uzbekistan - 101 and Tajikistan-118. Additionally, the USA in this rating has taken the 114th place. According to the Institute report, Syria is the most unsafe country in the world. Afghanistan, Iraq and South Sudan where there are military conflicts, also possess low indicators in rating. Ukraine, where the armed conflict in the east of the country continues since 2014, is also at the bottom of the list - 154th place (Global Peace Index 2017) (Appendix 3).

In the "The Good Country Index" 163 countries are represented. Kazakhstan (108) has conceded to Russia (65), Ukraine (54), Belarus (78), Kyrgyzstan (90), but has bypassed Vietnam (178), Pakistan (123). The rating was based on data from the United Nations, the World Bank and other international organizations on what different countries are doing for humanity as a whole. At the same time, the standard of living in the country is not taken as a basis.

Kazakhstan takes the 40th place in category "Health and Wellbeing". We managed to enter the hundred of the best countries making a contribution to the world development in the category "Culture". On four other indicators Kazakhstan is in number of outsiders: "Science and technologies" - the 148th place, "The planet and climate" – the 120th, "Prosperity and equality" – the 114th place.

The country has got a large number of points due to food aid that country gives, lack of debts to the UN and also medicine level. Pull us down such kind of indicators as "mass media freedom", expenses on charity and atmospheric emissions of carbon dioxide. Russia ranked 72nd in the same rating, Turkey on the 55th place, Ukraine on the 78th place, followed by Belarus and Azerbaijan at 97th place. Sweden became the leader among the countries. The second place went to Denmark, the third to the Netherlands. The indices of the country's international development, security and culture level were taken as a basis. Great Britain, Germany, Ireland, Switzerland, Finland, Austria and New Zealand have got to the top ten of Good Country. Guinea, Libya, Afghanistan closed rating. In total 163 countries are presented to the Good Country Index.

In 2014, Kazakhstan ranked 80th in this rating. At that time the rating included 125 countries. The author of a research is Simon Anholt, the independent political adviser for questions of state construction national brand image. According to the World Bank report, in 2018 our country was located on the 37th line in the rating of favorable conditions for business dealing. From the countries of the former Soviet Union the leading position is taken by Estonia. It is on the 13th place, Latvia - on the 20th, Lithuania - on the 17th. Kazakhstan, Brunei Darussalam, Kenya, Belarus, Indonesia, Serbia, Georgia, Pakistan, the United Arab Emirates and Bahrain are among the countries which for 2015/2016 have achieved the best results on improvement indicators in "Business dealing". In total these leading countries on improvement extent have undertaken 48 regulatory reforms directed to enterprise environment improvement (World Bank 2017) (appendix 4).

The independent Numbeo portal which is the largest base of the user content has published the rating of the cheapest and the most expensive to life and travel countries of the world which had included 115 states, Kazakhstan has the index 34, 25 and is on 97th position. The list is based on approximately 50 prices for goods and services - food prices, rental of real estate, average check in restaurants, taxi and public transport costs, leisure, utility payments and mobile phone (Cost of Living Index for Country 2018 Mid-Year 2018) (Appendix 5).

The cheapest country for living was India. On the second and third places were Saudi Arabia and Pakistan. So, in February of this year the American financial GOBankingRates portal has put Kazakhstan on 31st place in the list of the cheapest for living countries (These Are the 50 Cheapest Countries in the World, Study Finds 2018) (appendix 5).

According to the research, Nepal has the cheapest meals and rental housing. In Cuba - the lowest prices in cinemas, on public transport and cheap electric bills. In Ukraine are the cheapest McDonalds.

The most expensive countries for living, according to Numbeo, were Iceland, Switzerland, Norway and the Bahamas. The top ten also includes Denmark, Singapore, Luxembourg, and Israel (Here Are the Most Expensive Countries to Live in 2018) (Appendix 6).

This year, Switzerland became the world leader in the travel and tourism sector. It is followed by the United States of America, Singapore, the Netherlands, and Germany. Japan and Finland close the top ten. In comparison with 2015 when Spain could rise from the fourth to the first place, in three years it has been dropped from the first to 34th position. The situation was also worsened by France, having fallen in rating in comparison with 2015 from

the second to the twenty second place (The Travel & Tourism Competitiveness Report 2017/2018, World Economic Forum 2015).

Kazakhstan in 2015 was in the 85th place, and according to the data for 2018, Kazakhstan is on 57th place that shows and proves that Kazakhstan President has the right policy on tourism development in Kazakhstan and the country is in the right direction.

The project "Kazakhstan Sacral Geography" initiated by the Kazakhstan President Nursultan Nazarbayev in the program article "Looking into the future: modernization of public consciousness" has become one of the key directions in the development of the domestic tourism industry. The project embodied the most important landmarks in the conditions of our modernity for a new stage in the development of tourism in our country. In Kazakhstan, work has begun on identifying sacred sites in Kazakhstan and collecting materials on them. At the moment, with the help of researchers, local historians, geographers, and culture experts a list of more than one hundred objects has been identified that will be attractive for both domestic and foreign tourists.

It is very important that Kazakhstan develops its transit and transport potential, becoming a key link in the transcontinental communication. The Great Silk Road existed for centuries. Before the opening of the sea route to Asia this was the main route between East and West. After development of the seaworthy line the Great Silk way has fallen into decay, but now, in the XXI century, we observe revival of this ancient trade route. Now caravans with camels were succeeded by powerful locomotives. The growing commodity turnover between China and Europe gives an opportunity "to earn to our country, using the transit and transport potential". The "One Belt, One Way" initiative, first announced by the Chinese President Xi Jinping in September 2013 in Astana, allowed Kazakhstan to use its unique geographical location and derive commercial benefits from the initiative. One of the major roles in implementation of the megaproject is allocated for Kazakhstan. "The economic belt of the Silk Road", in turn, completely coincides with the strategic plans of Kazakhstan for cardinal modernization and transformation in the regional transport and logistics hub connecting Europe and Asia.

Kazakhstan has created the necessary infrastructure conditions promoting in the medium term strongly to coordinate trade routes of Asia and Europe through Central Asia. Using this potential, Kazakhstan is able to act as a liaison between the other states of Central Asia in the interfacing process with the Southeast Asia countries.

Investments into the accelerated development of Kazakhstan transit logistic infrastructure have provided the admission of numerous volumes and have created conditions for further freight traffics building in the direction of Turkey, Southern Europe and also Iran and the states of the Persian Gulf. As a result of 2016, Kazakhstan rose from 77th place to 40th place in the World Logistics Performance Index. This became possible due to the projects implementation of the international transport corridor "Western Europe - Western China" with access to the port of Lianyungang (China), the railway corridor "Kazakhstan - Turkmenistan – Iran" with access to the port of Bandar Abbas (Iran), etc. For today within interface of the program "Nurly zhol" and "Economic belt of the Silk Road" the Kazakhstan transport and logistics infrastructure are ready to provide the admission of a bigger quantity of freights". In 2017, the Kazakhstan transport sector brought a profit of \$ 3 billion, and its role in the national GDP will only increase (Scientists of Kazakhstan and China). There is great significance for tourism development of the new Silk Road concept "One belt. One Road", regarding the formation of the "Economic belt of the Silk Road".

According to studies of assessments, preferences, tourist's habits traveling on the Silk Road, conducted by the world's largest travel site Tripadvisor in conjunction with UNWTO, Kazakhstan is not in the top 10 countries associated with the Silk Road. The study revealed that 61% of respondents want to visit the ancient cities of the Silk Road, 16% - to travel with nomads and stay overnight in the yurt, and 47% of travelers noted that they would travel to Kazakhstan together with Uzbekistan, Kyrgyzstan and Tajikistan.

4. Rating and Methodology for Assessing the Regional Development of Domestic Tourism

For the successful usage of the tool - an international assessment for the competitiveness of the travel and tourism sector at the national and regional levels, the main parameters and methodology for determining the rating of tourism development in the country should also comply with the international monitoring algorithm.

To be substantive, we will consider the operating mechanism of regions and the country social and economic development assessment. Today, Kazakhstan is implementing the Decree of the President of the Republic of Kazakhstan "The annual effectiveness system evaluation of central state bodies and local executive bodies, regions, city of republican significance, capital activities" dated March 19, 2010. A methodology has been developed that establishes the main provisions, principles, a system of indicators and an algorithm for rating the performance of local executive bodies (mayors) of regions, cities of republican significance, the capital (rating).

The main purpose of the rating assessment is to monitor the effectiveness of the measures taken by the city administrations to implement the social and economic policy of the state, adopted state and sectoral programs, and to ensure the socio-economic development dynamism of the regions and Astana and Almaty cities. To increase the interest of the city administrations to the tourism development, it is necessary to include the main indicators of the tourist activity development to the criteria for rating the regions (economic indicators from the tourism development, the dynamics of the tourist flow: incoming international and domestic tourism, attraction of investments and development of tourist infrastructure).

Currently, the rating assessment of regions and countries that are calculated by ten sectors of social and economic development regions, as well as areas that are particularly relevant for sustainable regional development of Kazakhstan in the long term, are:

- 1) population social protection;
- 2) education development;
- 3) health development;
- 4) industrial-innovative development;
- 5) small business development;
- 6) agriculture development, treatment facilities and rural areas;
- 7) population housing development conditions;
- 8) culture development and public safety;
- 9) tourism development and environmental protection;
- 10) financial and budgetary sphere.

However, tourism development, is still considered together with environmental protection, and tourist branch rating assessment instead of the offered key indicators is carried out only by two parameters that doesn't allow giving an objective assessment, to analyze, disclose dynamics and to activate on an effective development of tourism sector in regions.

Conclusions

In order to successfully implement the Kazakhstan President's strategy on accelerated industrial and innovative development of the tourism industry, we need to clearly articulate the tasks set for the main indicators and indicators of domestic tourism sustainable development, tourist recreational resources, and attracting tourists both domestic and foreign through the project "Sacred Kazakhstan" and "New Silk Road".

In other words, for increasing Kazakhstan key competitive advantages it is necessary to develop its "tourist assets". In Kazakhstan, great diversity and skillful attraction of tourist assets in the regions will create additional opportunities for regional and city authorities to influence the situation and stimulate the travel sector development.

In this connection it is expedient:

1. To develop a system and methodology for rating the regions and the country, in conjunction with the algorithm and the main indicators of the Travel & Tourism Competitiveness Index applied by the WEF and UNWTO.
2. To include tourism development as an independent section to the criteria for rating the regions.
3. To use the UNWTO recommendations on the application of the TSA (Tourism Satellite Account) in measuring tourism attractiveness factors based on three groups of parameters, which together characterize competitiveness in the tourism industry.

The introduction of proposed changes to the main provisions based on the systemic indicators principles and the optimal algorithm for rating the local executive bodies' performance on tourism development will serve for incensement the tourist clusters competitiveness at the regional level of the private and public partnerships effectiveness.

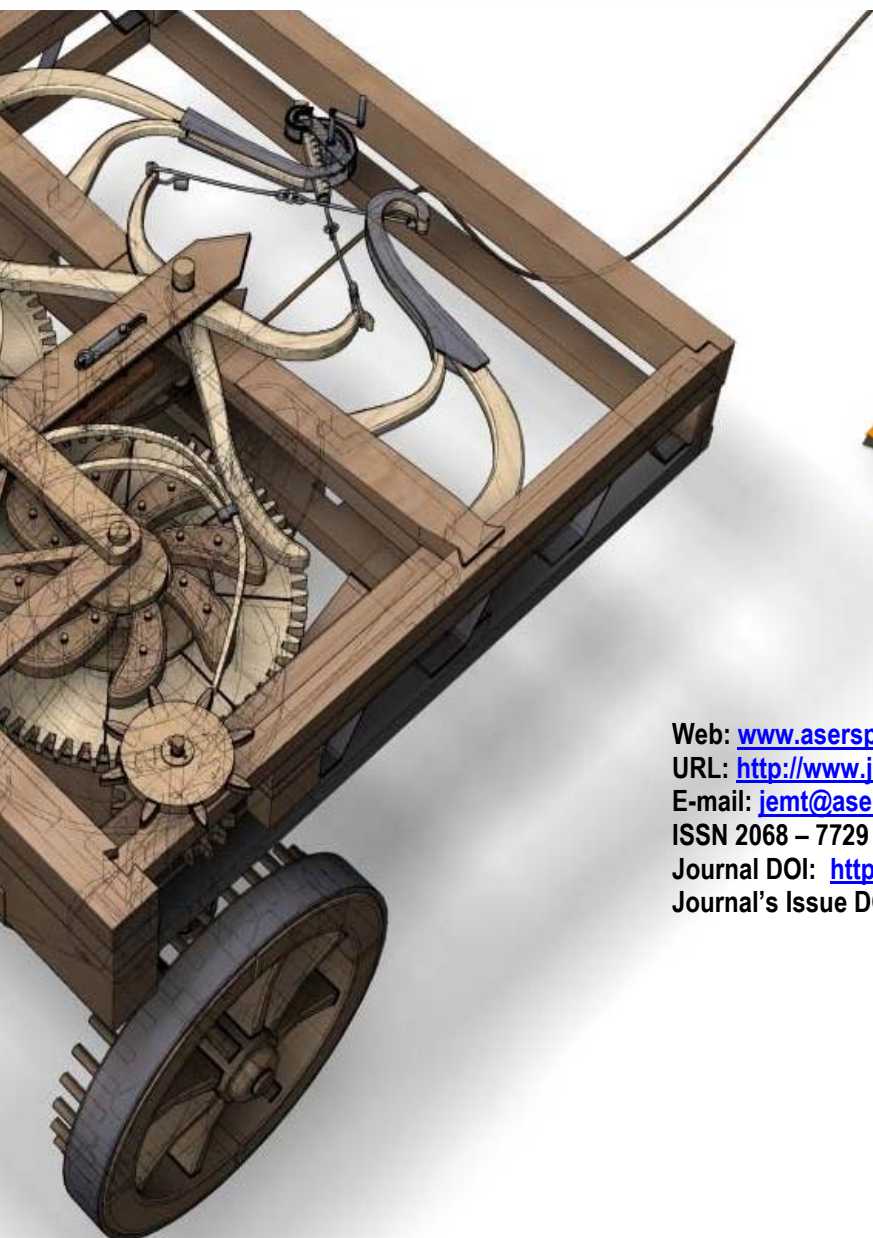
In addition, these measures will allow to recognize tourism as one of the most effective commercial activity types in the country, will promote Kazakhstan's business interest in attracting capital and resources to the tourism industry. They will influence the enterprises activity specializing in the social and cultural services production, will stimulate wider involvement of both non-state and production structures that have settled on the domestic market and start-up entrepreneurs who regard tourism as an effective area for investing capital to quickly extract the main objective of business - profit making.

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