



CAN TOURISM BE A WAY TO DIVERSIFY REGIONAL ECONOMIES: THE CASE OF THE ULYTAU REGION OF KAZAKHSTAN

Abstract

 **Dinara SALAUATOVA**, PhD,
Postdoctoral student
Karaganda University of Kazpotrebsoyuz,
Karaganda
E-mail: Di_kz010@mail.ru

 **Aizhan TLEUBERDINOVA**, Doctor
of Economic Sciences, Associate
Professor, Chief Researcher
Institute of Economics Science
Committee of the Ministry of Education
of the Republic of Kazakhstan
E-mail: tleuberdinova@gmail.ru

 **Stephen PRATT**, PhD, Professor
(Corresponding Author)
University of Central Florida
Rosen College of Hospitality
Management
E-mail: Stephen.pratt@ucf.edu

Purpose – Tourism development can provide a sustainable path through which to diversify the economy. The aim of this research is 1) to assess the current economic diversification of a potential tourism region in an emerging economy, that of the Ulytau region of Kazakhstan; 2) to detail the impediments to economic diversification through tourism development, and 3) to recommend ways to foster economic diversification.

Methodology/Design/Approach – The research uses secondary data to assess the current situation of the region and in-depth interviews with tourism and economic development experts to understand the current obstacles to economic diversification.

Findings – This rural region of Kazakhstan is relatively concentrated in terms of its economic diversification and investment in infrastructure such roads, airports, and telecommunication as well as marking and promotion of the natural and cultural attractions will be a path to diversify the economy through tourism development.

Originality of the research – This research uses evolutionary economic geography as a useful framework through which to view how destinations change over time. The research provides a model through which other destinations, dominated by non-renewable resource extraction can pivot towards tourism as a way to diversify the economy.

Keywords diversification; specialization; innovation; Kazakhstan; Evolutionary economic geography

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INTRODUCTION

Tourism can diversify an economy by introducing new industries and creating jobs in areas such as hospitality, transportation, and recreation (Sharpley, 2002b). According to the Schumpeterian theory of economic development, this diversification can lead to economic growth through the introduction of new products and services, as well as the development of new technologies and business processes (Becker et al., 2012). This theory states that economic growth is driven by entrepreneurs who introduce new products and services, and that this process of “creative destruction” leads to the constant renewal and improvement of the economy (Diamond Jr, 2006).

Over-reliance on one industry in an economy can lead to a number of problems, including: economic vulnerability, limited job opportunities, income inequality, limited innovation and lack of resilience. Some economies are overly tourism dependent, having few other sectors to foster economic growth (Watson & Deller, 2022). Small Island Developing States often fall into this category (Balcilar et al., 2017). The COVID-19 pandemic highlighted this problem when economies are dominated by tourism and have few other alternatives (Gounder & Cox, 2022). Other economies have sought to diversify by expanding its tourism opportunities because of its overreliance on other sectors, such as oil, gas and minerals. For example, Sharpley (2002a) outlines the potential benefits and challenges of the oil-rich emirate of Abu Dhabi growing its tourism sectors. Morakabati et al. (2014) undertake a similar analysis for fellow Middle East economy, Qatar.

Kazakhstan, the economy of interest in this research, is in a comparable situation. The Kazakhstan economy is highly dependent on the extraction of mineral raw materials as a vast majority of revenues come from this sector. This can be problematic for several reasons. Firstly, the extracted gas and minerals are nonrenewable resources; eventually they will be depleted. Secondly, the prices obtained from these resources are subject to large fluctuations on the world market, which has flow-on effects for gross domestic product, an economy’s public sector budget and the amount of capital invested. Regions with a single-industry structure are in a worse socio-economic situation than regions where the economy is more diversified. This research focuses on the Ulytau region of Kazakhstan, whose economy is reliant on the mining and metallurgical industry. This is a legacy of the single-industry structure of the economy created in the Soviet-era of rigid centralized planning and socialist management. The Ulytau region is a semi-desert area of Central Kazakhstan. This territory was first populated during the Bronze Age and Iron Age and was first inhabited by nomadic cultures in the central part of Eurasia (UNESCO, 2024). Of cultural and historical significance, the region became the burial ground for the descendants of Genghis Khan and the rulers of the Golden Horde.

The aim of this research is 1) to assess the current economic diversification of a potential tourism region in an emerging economy, that of the Ulytau region of Kazakhstan; 2) to detail the impediments to economic diversification through tourism development, and 3) to recommend ways to foster economic diversification. The first objective will be achieved through an analysis of standard measures of economic diversification while the latter two objectives will be achieved through interview with tourism and economic development experts. While the context of this research is the Ulytau region of Kazakhstan, the findings can apply to many local and regional economies looking to diversity into tourism.

1. LITERATURE REVIEW

In a review of previous work in the area, we cover the problems of over reliance on one industry in an economy, the benefits of economic diversification and the common ways to measure economic diversification.

1.1. Disadvantages of Over-reliance on Mono-industry Economies

Over-reliance on one industry in an economy can lead to a number of problems. Firstly, mono-industry economies are economically vulnerable (Briguglio, 1995). When a significant portion of an economy relies on a single industry, the entire economy becomes vulnerable to fluctuations in that industry, particularly as a result of exogenous shocks (Briguglio et al., 2009). For example, if a country's economy relies heavily on tourism and there is a sudden drop in tourism due to a global pandemic or a natural disaster, it can have a severe impact on the economy (Rosselló et al., 2020). Secondly, there may be limited job opportunities. An over-reliance on one industry can lead to limited job opportunities, as most employment opportunities will be concentrated in that industry. This can limit the options available to individuals and make it difficult for them to find work in other fields (Kryukova et al., 2015).

Over-reliance on one industry can lead to income inequality, as most of the wealth generated by the economy will be concentrated in that industry (Samson & Ternaux, 2008). This can lead to a small number of individuals and firms reaping most of the benefits while the majority of the population may not share in the prosperity. The phenomena seems to be particularly prevalent in the former Soviet Union (Pogodaeva et al., 2014). Single industry economies may also experience more limited innovation. When an economy relies heavily on one industry, there may be less incentive for businesses and individuals to innovate and develop new products and services (Papyrakis & Gerlagh, 2007). Farzanegan (2014) found a statistically-significant negative correlation between an economy's oil dependency and entrepreneurship across 65 countries from 2004 to 2011. This can lead to a lack of diversification and impede the growth and development of the economy (Cheng et al., 2020). Further, over-reliance on one industry can make an economy less resilient to external shocks, as there are no other industries or sectors to fall back on. This can make it more difficult for the economy to recover from economic downturns and other crises (Soliku et al., 2021).

1.2. Advantages of Economic Diversification

In contrast to the over-reliance of one sector in an economy, there are numerous advantages of economic diversification. These advantages include improved economic growth whereby economic diversification can lead to increased economic growth as new industries and markets are developed (Gylfason, 2018). Additionally, by spreading economic activity across multiple sectors, a diversified economy is less vulnerable to shocks or downturns in any one sector (Horowitz, 2022). Economic diversification can create more job opportunities as new industries emerge and existing industries expand (Anyachie & Areji, 2015). Further, a diversified economy is less reliant on a few exports for its foreign exchange earnings and is better able to withstand fluctuations in international demand (Lin & Sung, 1984) and this can lead to improved resilience to external shocks. For example., Coulson et al. (2020) found that industry diversity lessens the impact of natural disasters, in terms of both the magnitude and duration of the effects of disasters. Chin and Pehin Dato Musa (2021) suggests that agritourism can be used as a tool to insulate an economy from external shocks, such as the economic downturn, caused by the COVID-19 pandemic in Brunei while Ruiz-Ballesteros and del Campo Tejedor (2020) suggests that community-based tourism can play the same role in the Galapagos Islands.

A diversified economy is more likely to foster innovation and technological progress as companies in different sectors interact and collaborate (Hartmann, 2014). Lashitew et al. (2020) found that resource-dependent countries have lower investment in Research and Development (R&D) and innovation performance. Economic diversification can help an economy to become more competitive by expanding its export base and improving its competitiveness in the global market (Aker & Aghaei, 2019). The World Bank highlights two interrelated aspects of diversification: trade diversification (exporting new or better products or entering new markets) and diversification of domestic production (reallocation of resources between industries and within industries between companies to increase total factor productivity) (World Trade Organization, 2019). This diversification approach to the modernization of the single-industry structure of the economy is used by many countries. United Arab Emirates (UAE) and Malaysia are prime examples of the use of a diversification strategy through tourism development. The UAE has reduced its dependence on oil. Tourism is developing very dynamically in this country, which has become an important type of economic activity. For the period 1999-2019, tourist arrivals in the country increased 6.73 times, and in 2019 the country entered the top 20 countries in terms of international tourism receipts (18th), with receipts totally \$21.8 million (UNWTO,

2020). Of particular interest is the Dubai model which has attracted investment in infrastructure, real estate, and tourism, as well as creating a free trade zone to further increase export potential (Shayah, 2015).

The economic policy decisions of Malaysia enabled the nation to invest significant funds, generated from the export of raw minerals, in the development of infrastructure, especially in the fields of energy, communications and transport, the development of labor resources (Coxhead, 2007). In 2019, Malaysia was ranked 14th in terms of international tourist arrivals with 26.1 million visitors (UNWTO, 2020). But diversification of the economy is a rather complex and ambiguous process, since different regions have their own characteristics, which may lead to increased costs and lower production efficiency. Therefore, determining an optimal mix of diversification is an important task. Thus, there is a need to understand the conditions and factors for ensuring the sustainable development of the region through the diversification of the economy.

1.3. Evolutionary Economic Geography

Evolutionary Economic Geography (EEG) is a theoretical framework that emphasizes the role of innovation and learning in shaping the geographical distribution of economic activity (Boschma & Martin, 2007). It suggests that economic development is a dynamic and evolutionary process that is shaped by the interactions between firms, individuals, and institutions in different locations (Boschma & Frenken, 2006). EEG argues that the clustering of firms, people and institutions in certain locations can lead to the creation of positive feedback loops of knowledge sharing, learning and innovation, which in turn can boost productivity, competitiveness and growth in these regions (Boschma & Frenken, 2011). EEG also highlights the importance of the institutions and policies that shape the economic development process. For example, effective policies and regulations can help to create a conducive environment for innovation and learning, which can encourage the growth of new industries and the diversification of the economy (Brouder, 2018). Clavé and Wilson (2017) outline three different pathways in how an economy can evolve: path extension involves a business-as-usual approach where existing attractions and resources are leveraged; path upgrading is where new technologies or institutional changes can result in new products or new target markets; path branching occurs where existing resources and technologies are used in different ways to diversify into new sectors or products. Building on this work, James et al. (2023) emphasize the importance of trigger events and transformative moments that lead to turning points in the evolution of destination development paths.

In the context of tourism, EEG can help to explain how the development of tourism in certain regions can lead to the emergence of new industries and the clustering of related businesses (Ioannides et al., 2014). For example, the growth of tourism in a region may lead to the development of new transportation services and infrastructure, which in turn can attract more tourism-related businesses and entrepreneurs (Brouder & Eriksson, 2013b). This process can create positive feedback loops of innovation and learning that can help to further diversify and strengthen the local economy. Deng et al. (2021) note that tourism can provide a solution to economic transformation in rural areas. By examining three different regions in China, with respect to the evolution of rural development, Deng et al. (2021) highlight the importance of resource conditions, cultural characteristics, and stakeholder collaboration to influence tourism development patterns and processes. While resources are the foundation, in each case, local government provided a unique institutional context for path creation processes, allowing stakeholders to be more proactive and take advantage of policies. For the case of the Yangtze River, China, Zhao et al. (2022) use EEG to assess regional tourism efficiency. These authors attribute the economy path dependence to factors such as traffic accessibility, tourism resource endowments, tourism specialization, industrial structure, informatization, and economy openness. In another case, Flood Chavez et al. (2024) provide a chronology of how the Margaret River region in Western Australia transitioned from an area offering niche tourism experiences to an innovative sustainable tourism through trigger events such eco-accreditation and grassroots organizations.

1.4. Measures of Economic Diversification

Economic diversification can be measured in several ways. These indices include the Herfindahl-Hirschman Index (HHI), the Entropy Index (EI), the Ogive Index (OI), the Structural Change Index, the Diversification Index, the Export Diversification Index, the Diversification Ratio, Revealed Comparative Advantage, the Location Quotient and the Export Concentration Index. Each of these measures has its own advantages and limitations, and the choice of measure depends on the specific context and research objectives. These measurements are not mutually exclusive and can provide different perspectives on the level of economic diversification of a country or region.

We will go into more detail on the first three indices mentioned.

The Herfindahl-Hirschman Index (HHI): This measure calculates the concentration of economic activity in an economy by summing the squares of the market shares of all firms in a particular industry (Rhoades, 1995). The higher the HHI, the more concentrated the industry is. This index is commonly used to assess the degree of diversification in an economy (Hannan, 1997).

The formula for the HHI is:

$HHI = \sum (S_i^2)$, where S_i is the market share of industry i in the economy. The HHI ranges from 0 to 1 or if whole percentages are used, the range goes from 0 to 10,000 “points”, with a higher value indicating a higher degree of concentration and a lower degree of diversification. A HHI value of less than 1,000 (0.1) is typically considered to indicate low concentration, while a value above 2,500 (0.25) is considered to indicate a highly concentrated market (Pavic et al., 2016). The HHI is commonly used in antitrust analysis and regulatory policy to assess market competition and potential anti-competitive effects (Cavenaile et al., 2021).

The Entropy Index (EI) is a measure of economic diversification that assesses the distribution of an economy’s economic activity across different sectors (Ali & Cantner, 2020). The index uses information entropy theory to quantify the degree of dispersion or uncertainty in a particular economic system (Attaran & Zwick, 1987). A higher entropy score indicates a greater degree of diversification, while a lower score implies a more concentrated and less diverse economy. The formula for the Entropy Index is:

$$EI = - \sum \frac{S_i}{S} \times \ln \frac{S_i}{S}$$

where, S_i is the share of sector i in total economic activity (S), and \ln is the natural logarithm. The entropy index can range from 0 to 1, with a value of 0 representing a completely concentrated economy, and a value of 1 representing a completely diversified economy (Wasylenko & Erickson, 1978).

The Ogive Index (OI) measures the deviation from equal distribution of employment and is calculated by the following formula:

$$OI = \sum \frac{(S_i - \frac{1}{N})^2}{\frac{1}{N}}$$

where, N is the number of sectors in the economy, S_i is the share of the sector in the total employment of the population. The value of the Ogive index ranges from 0 to 1. Unlike the entropy index, the higher the value of the Ogive index, the lower the diversification. The index value is zero with perfect diversification.

In addition to the above methods, the Gasanli method (Agibalov et al., 2018) was used, based on the following formula:

$$D = \frac{S^2}{\sum S_i^2}$$

where, D represents the coefficient of diversification of the industry, S is total employment; S_i is employment in i industries. From a mathematical point of view, the diversification factor ($1 \leq D \leq n$) varies between one and n , where n is the total number of industries. The higher the diversification coefficient, the more developed the region’s economy.

If the diversification factor is: $D > \frac{n+1}{2}$, then the development of the region’s economy can be considered more balanced, which means that the distribution of the employed population tends towards equilibrium. If the diversification factor is $D < \frac{n+1}{2}$, then the development of the region’s economy is unbalanced.

2. CONTEXT

Many areas of Kazakhstan tend to be single-industry regions (Turgel et al., 2016). This is generally due to the exploitation of raw materials in that location. Further, Kazakhstan also has numerous single-industry towns or “company towns” (Dinius & Vergara, 2011; Green, 2010). As noted in the above cited literature, the more diversified the economy of a region, generally, the better its socio-economic situation. Tourism has the potential to diversify these regions (Tleuberdinova et al., 2022).

The focus of this research is the Ulytau region in Kazakhstan. The Ulytau region is in central Kazakhstan. The Ulytau region comprises 8% (188,937 km²) of the entire territory of Kazakhstan. The administrative region of Ulytau was created in June 2022, decreed by the President of the Republic of Kazakhstan, who separated Ulytau from the Karaganda region (Ministry of Justice of the Republic of Kazakhstan, 2022). The main goal for separating the Ulytau region from the Karaganda region was to accelerate the pace of socio-economic development in the Ulytau region through the injection of government revenues (Chaus et al., 2022). The region consists of three cities of regional significance: Zhezkagan, Karazhal, Satpayev; two districts: Zhanaarka, Ulytau and 72 rural settlements. Zhezkagan City is the administrative center of the region.

The Ulytau region has significant potential for the development of tourism, given its historical, natural, and human resources, facilitating diversification of the economy in the region, increasing employment and the standard of living of the local population. The climate is extremely continental and extremely arid, meaning Ulytau has colder winters, longer-lasting snow,

and shorter growing seasons. The region has a population of 221,426 in 2023, of which 79% reside in the urban areas (Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, 2022).

Figure 1: Map of Kazakhstan, location of Ulytau Region highlighted



Source: https://en.wikipedia.org/wiki/Ulytau_Region

The region meets a number of qualitative criteria for single-industry territories (Zaretskaya & Titkova, 2017). The region's economy is industrially oriented. The economy depends mainly on the largest copper producer in Kazakhstan; Kazakhmys Corporation LLP. The most important industry in the structure of the economy is the metallurgical complex with a share of more than 90%. Many of the enterprises in the region are concerned with the production of non-ferrous and rare earth metals, ranging from mining ore to the production of finished products, which employs over a third (38.3%) of the region's inhabitants (Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, 2023b). At the end of 2023, the unemployment rate was 4.2%. As of January 1, 2024, there were 2,969 registered businesses; 83.1% were privately owned, 15.7% were State-owned and 1.2% were foreign-owned (Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, 2024). The large majority of these businesses (96.7%) were small enterprises.

To assess the level of diversification of the economy of the Ulytau region, the most commonly used measures of economic diversification are calculated, as noted above. As Ulytau is a newly formed administrative region, there is limited statistical data for the region as a whole. Consequently, the indicators for the newly formed region were obtained by summing the indicators of the Karaganda region, the cities of Zhezkazgan, Karazhal, Satpaev, as well as Zhanarka and Ulytau districts (Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, 2023a). Table 1 shows the results of the diversification indices.

Table 1: Measures of Economic Diversification for the Ulytau region

	Diversification	2017	2018	2019	2020	2021
HHI	0 (High) – 1 (Low)	0.484	0.466	0.495	0.482	0.465
EI	0 (Low) – 1 (High)	0.796	0.849	0.764	0.791	0.845
OI	0 (High) – 1 (Low)	0.451	0.397	0.486	0.446	0.395
D	$D > \frac{n+1}{2}$ (Balanced)	2.07	2.15	2.02	2.07	2.15

Source: Author calculations

The results of the measures of economic diversification calculations reveal a moderate level of diversification in the Ulytau region. As noted in the literature, tourism can be a way to diversify the economy (Tleuberdinova et al., 2022).

3. METHODS

Having assessed the degree of economic diversification in the Ulytau region, we analyze the opinions of public and private sector experts to understand the barriers to economic diversification and possible solutions in how this regional economy might be diversified.

Primary data was gathered in December 2022 through in-depth interviews, that captured both qualitative and quantitative data, with experts knowledgeable about both tourism and the economy. The research team sought out public sector leaders of the Ulytau region, entrepreneurs and heads of non-governmental organizations who work directly on the economy and / or tourism. These individuals were identified, from public websites and organization charts, based on their reputation and knowledge of the research topic. Formal invitations to participate in the research were then sent, via email, to these selected participants, requesting their participation in the research. Additionally, other reputable scholars with expertise in the subject area were reached out to through the research team’s professional networks. Experts came from a range of organizations and institutions. Examples included the Department of Entrepreneurship and Industry of the Ulytau Region, the National Chamber of Entrepreneurs of the Republic of Kazakhstan (Ulytau Region), and the State institution: Department of Culture, Language Development and Archives of the Ulytau Region. After responding positively to the research request, the research team contacted the experts to arrange the interview, at a mutually convenient time. Only one potential expert was not able to undertake the interview due to lack of availability. In this specific case, their deputy participated.

At the end of the data collection period, 10 experts were interviewed; six males and four females. In-person interviews were conducted and lasted approximately 45 minutes in length. With the consent of the interviewee, the interview was voice recorded, to facilitate analysis. The interviewees were asked a range of open-ended questions which focused on economic diversification and the role tourism could play in contributing to economic growth. There were two broad topics of discussion: what were the impediments to economic diversification through tourism and what were the possible solutions to enable tourism development. Responses to these broad questions were collated and coded. While we don’t foresee any limitations with this procedure, we recognize that the quality of the data is dependent on the appropriateness of the experts. Ten experts is not a very large number however we selected to interview the experts most directly involved in economic diversification through tourism development. More interviews might have resulted in more diverse views but this might be offset against interviewees with less expertise in the area.

4. RESULTS

4.1. Impediments to Economic Diversification through Tourism Development

Table 2 lists the most common impediments to economic diversification through tourism development as identified by experts in the field. All interviewees stated that transportation accessibility, for example, the low quality of roads (local, regional, national); railway connections (only one connection with the city of Karaganda and no direct connection with other regions); and the limited and high cost of air transportation was the main barrier. As noted by the Head of Department of Culture, Development of Languages and Archival Affairs of the Ulytau Region: “The region has a rich historical potential, which attracts not only local but also foreign tourists...but in terms of problems to the development of tourism, road infrastructure to tourist sites is a major problem.”

Table 2: Impediments of Economic Diversification through Tourism Development

	Total Mentions (out of 10)
Poor transport infrastructure	10
Underdevelopment of tourism infrastructure	9
Low entrepreneurial activity of the local population in tourism	7
Low quality of rural settlements	5
Low awareness about the tourism opportunities in the region	5
Low quality of services provided	4
Lack of tourism data to make business decisions	4
Low population density	3
Lack of tourism and hospitality employees	3
Seasonal nature of local tourism services	3
Outflow of youth from the region	2

Source: Authors

Other significant problems include the underdevelopment of tourism infrastructure. This was noted by 9 out of the 10 experts. According to the Head of the Department of Entrepreneurship of the Ulytau region, there is no separate tourism section in the Department, only one hotel in operation (although a new 68-bed hotel is being built) and one travel agency in the city of Zhezkazgan. Most experts (7 out of 10) noted the low level of entrepreneurial activity of the local population. This is due to the fact that a significant portion of the population are employed by one company, the copper producer, the Kazakhmys Corporation. In addition, there is low awareness of entrepreneurial opportunities among the local population in the area of tourism and the lack of experience in this area. According to the head of the Department of Entrepreneurship and Industry of the Ulytau Region: “One of the obvious problems of low entrepreneurial activity in the region is due to the large geographical area, the small population, and the local population is not motivated to engage in entrepreneurial activities. This is because the main workplace of the local population is the Kazakhmys Corporation, and people choose a stable, highly paid income.”

Other barriers for the development of tourism in the region, as mentioned by experts, are the low quality of rural settlements (consistent quality water supply, heating for residences and businesses, and availability of mobile and internet communications) and low population density of the region means the basic infrastructure and human resources are lacking. As noted by the Head of the Department of Economics of the State Administration of the Akim of the Ulytau Region: “There is a comprehensive plan for the socio-economic development of the region... including the tourism industry. The goal is the diversification of the economy. But there are problems of water supply and sewerage in the Ulytau region.” The lack of human resources is compounded by the outflow of youth and the lack of trained tourism and hospitality professionals. The harsh winter exaggerates many of these problems.

4.2. Potential Solutions for Economic Diversification through Tourism Development

The panel of experts were asked their potential solutions for economic diversification via tourism development. Many of these solutions directly address the obstacles to economic diversification outlined above. Table 3 reports the most commonly mentioned actions.

Table 3: Potential Solutions for Economic Diversification through Tourism Development

	Total Mentions (out of 10)
Reconstruction and construction of roads	8
Construction of hotels, entertainment facilities, and eating places	6
Promotion of tourism services in the region	6
Development of communal infrastructure	5
Creating events	5
Education and training in entrepreneurship in the field of tourism	4
Development of new types of tourism in order to offset seasonality	4
Development of a tourism development strategy in the region	2

Source: Authors

The most frequently-mentioned proposals by the experts is to address the development of transportation and tourism infrastructure. The large majority of experts specifically mentioned the construction and upgrading of the roads as well as the need to accommodate and cater to tourists (Tleuberdinova et al., 2022). There has been some progress in this area. Despite the fact that tourism is a relatively new type of activity for the region’s economy, in recent years the tourism industry has been developing, due to the increased interest of domestic investors in enhancing the development of tourist and recreational resources of this region. For the development of the tourism sector for a 5-year period until 2026, 1.5 billion tenge (3.4 million USD) was allocated for the construction of hotel complexes in the city of Zhezkazgan and Zhanaarka district, a tourist center in the Ulytau district, and a sanatorium, which, combined, is projected to attract one million visitors by 2026 (Office of the President of the Republic of Kazakhstan, 2022).

Experts acknowledged that there were many potential tourist attractions and that the region was rich with natural and cultural resources but these resources that are attractive to tourists need to be promoted, advertised and marketed. This would involve significant collaboration between policymakers and officials and the private sector to advertise potential tourist sites in the region in order to increase participation in tourism attractions and activities.

The experts detailed some of the potential tourist attractions that could be marketed. These included positioning the Ulytau region to tourists as a place of pilgrimage, for example, the Aulietau Mountains is a sacred mountain. On the slopes of the mountain there are ancient burial places of seven Sufi saints, as well as a cave, which, according to rumors, has magical properties. In terms of natural resources, the National Natural Park “Ulytau” and local rivers and springs are famous for their healing properties: Tasbulak, and Kumisbulak (Strategy 2050, 2023; Visit Kazakhstan, 2023).

4.3. Potential Tourism Attractions to Develop and Promote

The region is rich with cultural attractions that would appeal to tourists. There are monuments of history and culture (the mausoleums of Zhoshy Khan, Alash Khan; the headquarters of Khan Ordasy - here many centuries ago the proclaimed rulers were raised on a white felt mat; the ancient cities of Baskamyр, Ayakkamyр; the ritual construction of Dombaul; petroglyphs of Terekti; and colored sands). Additionally, there is a museum dedicated to the history of mining and copper smelting in the village of Zhezdy. Other destinations that have heavily relied on mining and mineral extraction have developed tourist attractions, recognizing their industrial heritage (Price, 2021).

Figure 2: Attractions in the Ulytau region

Mausoleum of Jochi Khan



Ulytau mountains



Space landscape Baikonur in Ulytau



Space landscape Baikonur in Ulytau



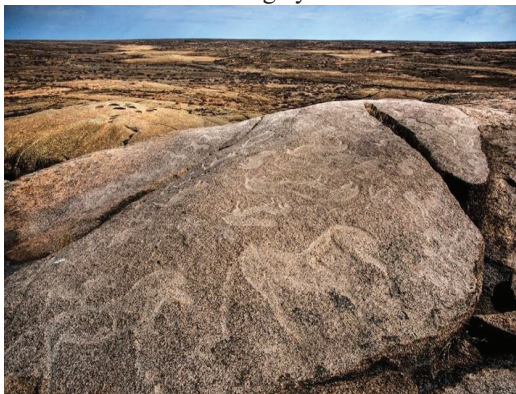
Petroglyphs of the archaeological landscape of Tamgaly



Petroglyphs of the archaeological landscape of Tamgaly



Petroglyphs of the archaeological landscape of Tamgaly



Akmeshit cave



Many of the experts mentioned the creation and holding of events as a way to attract tourists and build community spirit. Some events have been held. One of the events to attract tourists to this region was the holding of the International Festival of Folklore Groups “Zhezkiik”, which brought together musical groups from nine countries of the world (Karaganda Regional Scientific and Methodological Center of Leisure and Folk Creativity, 2023). The international festival was held within the framework of the State program “Rukhani zhangyru” (Spiritual Revival), with the implementation of the project “Spiritual shrines of Kazakhstan” and the special program “Tugan zher” (Place of Birth). The objectives of the Festival are the preservation of the intangible cultural heritage of Kazakhstan, the promotion and development of Kazakh folklore, the development of a tourist cluster, the popularization of folk culture in all its diversity. The holding of such events gives the local population an opportunity to be entrepreneurial through providing excursions, making national dishes, and selling clothing and souvenirs.

In 2018, a folk ethno-festival began, under the name “Terisakkan Spring”, which originated in the National Historical, Cultural and Natural Reserve-Museum “Ulytau”. The idea turned a small event in the village of Terisakkan into a folk festival that raised its status from regional to national significance and received the status of a UNESCO program (The Astana Times, 2019). The organizers of the event plan to hold the event annually, as it promotes the national culture of Kazakhstan and attracts many tourists. The festival hosts competitions and master classes on cooking national dishes, weaving whip, woodworking and making lasso. Trained participants could take part in archery and javelin throwing competitions, and equestrian competitions.

Experts mentions education and training in tourism entrepreneurship as an area that needs attention to develop tourism. Steps have been taken in this area. In July 2018, in the village of Ulytau, as part of the tourist forum “Ulytau - the center of sacred tourism in Kazakhstan”, an information session was held for tour operators of Kazakhstan. In August 2019, the international tourist forum “Ulytau-2019” was held with the participation of the head of state (Office of the President of the Republic of Kazakhstan, 2019). The purpose of the forum was to discuss and develop measures to increase the number of tourist arrivals. These events are planned to be held annually.

5. DISCUSSION AND CONCLUSIONS

The findings reveal that this rural region of Kazakhstan is relatively concentrated in terms of its economic diversification. This region is a heavily industrialized area, dominated by the metals and mineral extraction industries. The consensus among experts were that the main factors hindering the development of tourism in the Ulytau region were the poor quality of roads and road infrastructure; an underdeveloped rail network; the high cost and limited access to air travel; as well as insufficient tourism infrastructure. Other barriers to diversification include low awareness of tourism attractions and activities due to insufficient promotion in the region; and poor-quality service in many sectors of the tourism industry due to a lack of training and a shortage of qualified personnel.

Tourism development has been identified as one way to diversify the regional economy and become more resilient and innovative (Coxhead, 2007; Shayah, 2015). Despite the importance of the mining and metallurgical industry in the Ulytau region of Kazakhstan, the development of additional sectors of the economy is an important condition for the socio-economic development of the region. The development of tourism can contribute to this objective. The tourist potential of the Ulytau region can be found in its historical sacred places, natural and cultural landscapes.

5.1. Contribution to Knowledge

Evolutionary economic geography provides a useful framework through which to view how destinations change over time (Brouder & Eriksson, 2013a). The metal and mineral extraction sector has dominated much of Kazakhstan’s economy since the Soviet times. Eventually, the non-renewable resources will be exhausted. The business community, community leaders and residents will need to look to new sectors to grow. There are several evolutionary pathways that this regional economy can follow. Inertia and dependence on existing sectors would be the business as usual scenario (Brouder, 2020). Conversely, through creation and innovation, there can be a real transformation of the industrial structure of the economy, as a potential evolutionary path. Clavé and Wilson (2017) summarized these evolutionary pathways as path extension, path upgrading and path branching. In this case of the Ulytau region of Kazakhstan, the economic evolutionary path would be path branching as existing resources are repurposed for rural tourism development. As such, this research has scoped out this potential and demonstrated how this might be achieved through tourism. The foundations of evolutionary economic geography; path dependence, complexity theory and generalized Darwinism, can be seen in this Kazakhstan example. The Ulytau region of Kazakhstan is endowed with a unique set of resources which condition the possible paths the economy can take. In the industrial mode, metals and minerals extraction was the chosen path. But this is slowly evolving. These resources and the economy they are in interact and with and are affected by a variety of stakeholders, each with their own goals. They all co-evolve and hence affect and are affected by each other resulting in complex interdependencies. For example, the local monopoly, Kazakhmys Corporation, employs many of the region’s population but also extracts copper from the land which is also available for potential tourism uses. There are similarities with Deng et al. (2021) who highlight the role of the regional government who can provide the strategy and policy impetus to set the economy on a different path creation process, through implementing policies to make rural tourism development attractive as well as directing its own resources toward infrastructure development. Reinforcing the idea of trigger

events, highlighted by James et al. (2023), the creation of the administrative area of the Ulytau region in 2022, away from the Karaganda region, was the trigger event to pivot on this new tourism destination development path. This governmental directive parallels the case of Zhao et al. (2022), where the government seeks to alter the path of the economy. In both China (Zhao et al., 2022) and Kazakhstan (this research), there is a conscious shift to evolve the economy towards a more market-driven diversified economy. With respect to Generalized Darwinism, variety is emphasized and complementary is highlighted to create positive externalities (Boschma & Frenken, 2011). Examples of this include the intersection of tourism and mining whereby the museum of the history of mining and smelting arts in the village of Zhezdy celebrates the industrial past as well as serves as a tourist attraction. Further, the Kazakhmys Corporation (copper producer) is funding the construction of tourist facilities, such as the Visitor Center and contributing to roads being reconstructed and internet connections being established.

5.2. Contribution to Practice

The experts provided practical recommendations on ways to diversify the economy and encourage the development of tourism. Given the recommended solutions, investment, both public and private is needed to continue to develop tourism in the region (Choyakh, 2008). Public sector investment is needed in infrastructure in many areas. Transportation networks need to be upgraded and expanded to facilitate tourists' travel to the region (Paramati et al., 2018).

To attract investment in the tourism and hospitality sectors, holding investment forums for groups of potential investors, and sharing lessons learnt from existing entrepreneurs will be useful. These targeted programs can cover financing options, availability of loans, financial rules and regulations, and procedures for starting a business, dealing with construction permits, registering property and taxation obligations.

Many tourism and hospitality businesses are micro and small to medium size enterprises (MSMEs) (Badoc-Gonzales et al., 2022). These MSMEs can create additional and diverse jobs and accelerate development in rural areas (Tleuberdinova et al., 2022). Many tourism businesses have a relatively low financial threshold to become established and also have a quick payback period. This is also attractive to investors, which can further diversify the economy, revive rural areas, reduce the outflow of youth, and improve the standard of living of the population. However, diversification of the region's economy is a long process and, as suggested by EEG, is an evolution.

More investment is also needed in basic infrastructure such as water, electricity, heating and ICT. This will not only assist tourism development but also contribute to the standard of living of the local population. Investment is also needed in the area of promotions and marketing. Social media campaigns can be devised to promote the region as well as individual attractions. Official websites for the Destination Marketing Organization need to be built and maintained (Hays et al., 2013), in several languages including English, as well as leveraging user generated content on platforms such as TripAdvisor, which are popular sources of information for tourists (Taecharungroj & Mathayomchan, 2019).

5.3. Limitations and areas for future research

As with all research, there are limitations to this study which provide avenues for future research. The study covered only one area in Kazakhstan. Given this country has numerous regions that are metal and mineral rich and reliant on this energy-intensive sector, future research can examine several regions and compare and contrast regions to examine how the underlying factors vary, in terms of opportunities for diversification. As noted above, this research only sought opinions from experts. While it is important to initially gain feedback from experts, future research might gather feedback from the community to understand how residents view tourism development. This is important given that community 'buy-in' is a fundamental element in the success of a tourism destination (Gursoy et al., 2010). Further, tourists to other areas of Kazakhstan who are already familiar with the country could be sought to give their perceptions about rural Kazakhstan and the extent to which they might be interested in experiencing these rural areas. Alternatively, potential visitors from Kazakhstan's main tourism markets (Russia, China, Turkey, India, and the USA) could be surveyed to assess their interest in visiting this region. Policymakers and tourism marketers could develop possible marketing and advertising promotions and test these campaigns in an online survey, to assess what attractions might drive visitation to rural Kazakhstan.

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