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TABLE OF CONTENT

#	Author(s)	Field	Title	Page
1	Zhanna Belyaeva Ibrahim Alnafrah Yana Lopatkova	Business	ESG Impact on Subjective Wellbeing in The Course of Digital Transformation	8
2	Maxim Sirazutdinov	Business	Strategic Human Resources Management: Case of Kazakhstan companies offering IT products	12
3	Taufeeq Ajaz	Business	True or Spurious Long Memory in the NFT Markets: Evidence from Multivariate Whittle Score Test.	22
4	Arman Eshraghi	Business	Disposition Effect and the Culture of Transparency	24
5	Alibek Nauruzbayev Marzhan Berniyazova	Business	REM Practices in Central Asia	25
6	Nurlan Orazalin	Business	Waste Management and Financial Distress: The Moderating Effect of Green Initiatives	28
7	Dina Kumarbek	Business	Effect of Migration on Financial Literacy in Kazakhstan	29
8	Aslan Tleugaliyev Aliya Dosmanbetova Alimshan Faizulayev	Business	Does the Oil Price and Profit Tax matter in determining the Financial Performance of the aviation industry? PSCE approach employed in the case of Southeast Asia countries	33
9	Hala Abdallah Abdelgaffar Alma Alpeissova	Bussiness	Business School Faculty Attitudes towards Artificial Intelligence in Education	42
10	Anar Dauren Vladimir Garkavenko Alma Alpeissova	Bussiness	What are the Major Leadership Streams Measuring Effective Leadership in Organizations?	43
11	Aigerim Suleimenova	Bussiness	Innovative Management in the Service Industry (Using Airbnb as an Example)	56
12	Liza Rybina	Bussiness	Exploring the Drivers of Craft Entrepreneurial Intentions Post-Retirement: Evidence from Kazakhstan	65
13	Elmira Bogoviyeva	Bussiness	Exploring the Concept of Gift Registry in Kazakhstan: EMOTE.kz	66
14	Raushan Ospanaliyeva Larry Paul Pleshko	Bussiness	A Preliminary Investigation of Psychological Distance and Consumer Behaviors	67
15	Zhanar Akinova	Bussiness	Determinants of Profitability in Kazakhstani Companies	73
16	Yeran Baishan Karlygash Zhangaliyeva Mani Pouyan Dana Moldakulova	Bussiness	Comparative Analysis of the Turn-of-the-Month Effect: Exploring Anomalies in Emerging and Developed Markets	81
17	Eldar Madumarov	Business	Smart Contracts: Unleashing Efficiency in Economic Transactions	89
18	Yerbolat Kambarov	Business	Crisis Management in Sales and Service Companies in Kazakhstan	90

19	Yuliya Frolova	Business	Moderating Effects of HEXACO Personality Traits and Supervisory Power on the Relationship Between Workgroup Emotional Climate and General Attitude Towards AI: Evidence from Kazakhstan	100
20	Dariya Ainekova	Business	Exploring Work Effort Response to Labor Market Payoffs: A Comparative Study of Salaried vs. Hourly Paid Workers	103
21	Zhenghe Li	Business	HRM in the Oil and Gas Industry: Employee Motivation and Corporate Innovation in Chinese Companies Under State-Owned Background	104
22	Gulsezim Mursaliyeva	Business	Career Development and Retention Strategies for Millennials	111
23	Alina Mamyrbekova	Business	The impact of restaurant service quality on customer satisfaction and loyalty: the case of restaurant services in Almaty	124
24	Zhamilya Kunanbayeva	Business	Investigating Consumer Behavior Across Generations in Dostyk Plaza Food Court	133
25	Sanat Sovetbek	Business	The Sustainability of Budget Revenues Kazakhstan's Regions in Modern Conditions.	143
26	Aiyana Umbetbayeva	Business	Challenges and Opportunities of Leadership Development in Public vs Private Sectors	151
27	Elmira Bogoviyeva	Business	FIT CLUB: A Sustainable Approach to Business in the Fitness Industry	159
28	Tair Mergaliyev	Business	Changes of Consumer's Behavior Towards Brands in Modern Times - A case of CIS countries	160
29	Yakov Sadchikov	Business	Factors of IT Service Exports: Case of Kazakhstan	173
30	Рыскулова Римма	Business	Управление финансовыми ресурсами компании в условиях неопределенности	174
31	Arfat Ahmad Sofi	Business	Club Convergence and Neighbor's Effect: Interfacing Economic Growth, Renewable Energy Consumption, and CO2 Emission.	180
32	Mohd Imran Khan	Business	Women on the Move: Navigating the Intersections of Marriage, Labour, and Development in India	187
33	Federico Dalpane	Law	Animals in Constitutional Law: A Discussion of International Developments	189
34	Daniil Litosh	Law	The Agricultural Land Seizure: Peasant Farms Targeting or Just Policy	190
35	Maximilian Kalicinski	Social Science	Changing and Broadening the Concept of Responsibility to Protect	196
36	Aibar Kairat	Social Science	What are the factors contributing to the absence of lobbying in Kazakhstan, and how does this impact the country's political and economic development	217
37	Ainara Arystanbekova	Social Science	The Influence of Institutional Culture on the Adoption of Creative Learning Strategies in the Republic of Kazakhstan	226
38	Konstantinos Dimitriou	Social	How Important is Students' Second-	234

		Science	Language Science Communication in an EMI University Environment?	
39	Leyla Kurbanova	Social Science	Exploring the Effectiveness of Assertive Speech Act Acquisition Through Podcasting	235
40	Aygul Ismailova	Social Science	Analysis of the Assessment of Reading and Writing for Foundation Course B2/C1 levels KIMEP Students	244
41	Kassymkhan Sundetbay Amirkhan Bigeldiev Nygmet Ibadildin	Social Science	Climate Change and Action in Central Asia: Legal Aspects and Social Questions	252
42	Alina Ishmukhametova	Social Science	Apology Strategies of Advanced EFL Learners	267
43	Shadiyar Les	Social Science	Exploring English Teachers' Perceptions of mentoring for Professional Development at Nazarbayev Intellectual School: A Qualitative Study	278
44	Sayyora Imomshoeva	Social Science	Implications of Formative Assessment: Case Study of 2 grade Teacher, Ms. Anna	284
45	Danil Sushkov	Social Science, Summer	The Effect of Political Events on Financial Markets: A Case Study of Brexit	291
46	Gulnaz Seitkamal	Social Science	Government Support Volunteerism in Kazakhstan	312
47	Yerkezhan Orazbek	Social Science	Ethnic Kazakh Repatriates to Kazakhstan from China. “Oralman” to “Qandas” Terminological Change and Its Social and Political Meaning	321
48	Anita Halnazarova Janbota Auyez	Social Science	Prospects of International Cooperation in Education for Addressing Challenges of Economic Diversity in Central Asia. Case Study Kazakhstan	327
49	Saule Dyusseimbina Mira Nurmakhanova	Business	Tax Avoidance, Earnings Management, and Firm Performance: The Case of Kazakhstan	333

ESG Impact on Subjective Wellbeing in The Course of Digital Transformation

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EXTENDED ABSTRACT

The sustainable development of the world economy depends on the sum of subjective and objective well-being factors that predetermine the quality of life and overall country welfare. This paper outlines the impact of environmental, social, governance, and digital factors on the subjective well-being across the world. To explore the heterogeneity among countries in terms of ESGD factors impact on subjective well-being, a System Generalized Method of Moments (S-GMM) was applied on 86 countries with a period spanning from 2005 to 2019. The results reveal mixed evidence for all ESGD factors, except for the environmental ones. Social factors such as labor force participation have a positive significant impact on subjective well-being in high-income countries, and negative impact in the lower-middle income countries. Our findings also suggest that corruption has positive impact on the subjective well-being in developing economies confirming the “greasing the wheels” hypothesis, but not in the high-income countries.

KEYWORDS: ESG-factors, subjective well-being, sustainable development, digital transformation

A set of policy implications are provided for policymakers on sustainable development and national welfare. This study contributes to our understanding of the relationship between objective factors of well-being and the patterns of our subjective well-being in the digital age.

Achieving the sustainable development goals stipulated in the United Nations assembly in 2015 aims to enhance the level of well-being of current citizens and future generations. Therefore, policy makers are aware today of the pivotal role of efforts focused on achieving sustainable development in enhancing subjective well-being. Despite this, the latest data of the Sustainable Development dashboard shows that countries' trajectory towards achieving the sustainable development goals needs more efforts towards raising the level of citizens' satisfaction (Sachs et al., 2022).

Previous studies show that subjective well-being has always been studied at the micro level to clarify the social and environmental role of companies in achieving sustainable development and how these efforts may affect their key financial performance indicators and social image (Cho, 2022; Gao et al., 2022; Rouen et al., 2022). This stream of studies has overlooked analysing subjective well-being at macroeconomic level with respect to the objective environmental, social and governance factors that may play role in enhancing subjective well-being.

Previous studies suggest that factors such as income, health care system, and government transparency and efforts against corruption have a significant impact on subjective well-being (Charles et al., 2019; Ovaska and Takashima, 2006). However, these studies were many focused on separated aspects of well-being in different social and economic contexts.

That being said, today, in the area of rapid and radical technological changes and the digital transformation dynamics, it is necessary for policymakers to take into account the digital factors with their impact on subjective well-being since subjective well-being requires multifaceted policymaking approach. Still, none of the previous studies addressed the impact of digital factors on subjective well-being from an economic perspective.

Accordingly, in this study, we endeavour to fill this research gap by investigating the impact of the objective ESGD factors on subjective well-being in various economic and geographical contexts. Digitalization is an important factor in modern society, having a significant impact on the well-being of people in developed and developing countries. The development of digital technologies leads to changes in all spheres of life, from the economy and education to healthcare and social interactions (Wang and Xu,

2023). With the spread of digital technologies to the masses, the impact of digitalization on people's well-being has become a particularly urgent problem. This creates new opportunities and challenges that require in-depth research of the impact of digitalization on people's well-being.

One of the main aspects of the study is the potential of digitalization to increase the level of well-being of people. Digital technologies can improve access to education and healthcare, create new jobs, reduce inequality and improve the efficiency of public and social services. Research on such a topic will help to identify specific ways in which digitalization can contribute to the well-being of people in various contexts.

The impact of digitalization may be different for developed and developing countries. It depends on the readiness for technology, infrastructure, socio-economic context and the needs of the population. It is important to consider the impact of digitalization on the well-being of people separately in developed and developing countries. In developed countries, there is already broad access to digital technologies, high-speed Internet connections and a developed digital economy. At the same time, infrastructure in developing countries may be less developed, which limits the availability and effectiveness of digital solutions [Grinin et al, 2022]. Therefore, the study of the impact of digitalization on the well-being of people in each of these groups of countries allows us to take into account the peculiarities of their context and develop appropriate strategies and recommendations.

In addition, in developed countries there is often a higher standard of living, education and accessibility of public and social services. In developing countries, there are challenges related to poverty, inequality and limited resources. The study of the impact of digitalization on well-being in these different contexts allows us to identify the characteristics and problems of each group of countries and develop specific approaches to solving these problems. The study will identify similar and different trends, problems and challenges, as well as identify effective strategies and approaches to the use of digital technologies in different conditions.

Also, understanding the relationship between digitalization and human well-being is important for making social and economic decisions, developing policies and development strategies. The results of the thesis can be useful for governmental and non-governmental organizations, business and society as a whole, helping to determine priorities and directions of development, as well as to develop recommendations on the use of digital technologies to improve the well-being of people.

Previous studies show that subjective well-being has always been studied at the micro level to clarify the social and environmental role of companies in achieving sustainable development and how these efforts may affect their key financial performance indicators and social image (Cho, 2022; Gao et al., 2022; Rouen et al., 2022). This stream of studies has overlooked analysing subjective well-being at macroeconomic level with respect to the objective environmental, social and governance factors that may play role in enhancing subjective well-being.

Previous studies suggest that factors such as income, health care system, and government transparency and efforts against corruption have a significant impact on subjective well-being (Charles et al., 2019; Ovaska and Takashima, 2006). However, these studies were mainly focused on separated aspects of well-being in different social and economic contexts.

Additionally, the heterogeneity among studied countries is analysed to define the tailored policy needed to make the sustainable development process more achievable and oriented towards increasing citizens' subjective well-being. In doing so, we try to answer the following research questions:

- How do different ESGD factors impact subjective well-being across countries? And to what extent does this impact heterogeneous?
- Which policies should be pursued by policymakers to steer sustainable development towards enhancing subjective well-being of citizens?

To this end, we applied a system GMM model on a panel data of countries from different income groups to solve the endogeneity problem and identify the heterogeneity among countries in terms of ESGD factors' impact on subjective well-being.

The results show mixed evidence regarding the impact of ESGD factors on the subjective well-being, where high-income countries show positive impact and lower-middle countries show negative impact. The results also reveal that environmental factors do not have a significant impact on subjective well-being in all groups of countries.

The heterogeneity in results between countries offers policymakers compelling evidence to steer and shape sustainable development policies in a way that elevates subjective well-being of citizens. This means that the mechanisms for dealing with subjective well-being at the macroeconomic level cannot be standardized to all countries because citizens in each country or group of countries react differently to the ESGD factors. Therefore, tailored policy settings are needed to address this heterogeneity among countries.

The research is structured as follows: a literature review of the most relevant studies on the ESG factors and their impact on subjective well-being, a detailed description of the data and methodology applied, findings and policy implications. We propose the obtained results in the form of extended abstract.

Our study contributes to the existing literature by several ways. First, we investigate the impact of different ESG factors on the objective well-being across different countries. Second, it measures the impact of digital factors on the objective well-being. Third, the interactions of digital factors of well-being with other ESG-factors are measured to show how the digital transformation may play role in changing the mechanisms of subjective well-being.

Data demonstrates that there is a heterogeneity among studied countries in terms of ESGD-factors. Data also shows that countries have a high level of heterogeneity in terms of renewable electricity production and consumption with less significant progress on renewable electricity production. Regarding the digital aspect, variables have the highest variances implying a huge gap between countries of different income groups in terms of digital transformation performance. However, when it comes to subjective well-being, data shows a very small difference among countries of different income groups.

To detect the presence of endogeneity among the explanatory variables, we started with the pooled OLS regression for the full sample and for each group of countries. The fixed and difference GMM methods were applied to define the lower-bound estimate and upper-bound estimate (Ullah et al., 2018). These steps were applied not only to the full sample, but also to all sub-income groups to identify how do the effects of ESGD factors on subjective well-being differ in different groups of countries.

The two-steps system GMM is applied in this study as a robustness check on the standard panel data analysis techniques and the difference GMM (Table 1).

Table 1. System (two-step) GMM results

Variable	Full sample	High-income countries	Upper-middle income countries	Lower-middle income countries
SWBt-1	0.50***	0.69***	0.33***	0.97***
E_1	-0.002	-0.001	-0.004	-0.02
E_2	-0.0003	0.001	-0.002	-0.001
S_1	0.01	0.14**	0.06	0.14
S_2	-0.04**	0.09**	-0.12**	0.69
G_1	0.04***	0.04*	0.02	0.31
G_2	0.01*	0.003	0.03*	-0.24**
D_1	0.01*	0.001	0.002	-0.15*
D_2	-0.004	0.005*	0.02**	-0.30**
Constant	0.39***	0.25**	0.50***	0.02
Arellano-Bond test for AR (2) (P-value)	0.44	0.93	0.89	0.54
Sargan-Hansen test (P-value)	0.80	0.24	0.13	0.25
Wald test (P-value)	0.00	0.00	0.00	0.00
Number of instruments	35	40	36	35
Number of countries	86	41	23	22
Correcting heteroscedasticity	Yes	Yes	Yes	Yes

*** $p < .01$, ** $p < .05$, * $p < .1$. Time effects are controlled by adding time dummies. The Sargan-Hansen test's row displays the p-values that indicate the validity of the instruments' validity. The p-values reported for AR(2) correspond to the second order autocorrelation in the first differences equations (Arellano and Bond, 1991).

Consequently, the findings of this analysis show an improvement in comparison with previous models,

especially the governance and digital factors. The results reported in table 8 reveal something additional in terms of governance factors impact on the subjective well-being in the lower-middle income countries. Factors such as rule of law and control of corruption seem to have a significant negative impact on the subjective well-being in this group of countries.

Accordingly, this negative relationship between control of corruption, rule of law and subjective well-being confirms the findings of previous studies on the role of corruption and reduced regulations in increasing the freedom space for individuals in low-income countries leading to an improvement of their subjective well-being. The absence of this kind of negative relationship in the high-income countries can be explained by several factors such as political maturity, economic system complexity, and cultural aspects of political practices.

Based on the results of the work done, the main conclusion is that digitalization and sustainable development play a significant role in achieving well-being in both developed and developing countries. Improving digital infrastructure and progress in sustainable development can contribute to improving the quality of life and well-being of the population, but only in a systemic way. Thus relying on digitalization without sophisticated sustainable infrastructure is still questionable.

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Strategic Human Resources Management: Case of Kazakhstan companies offering IT products

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ABSTRACT

This research paper focuses on the present scene of Strategic Human Resource Management (SHRM) in the case of Kazakhstan. Interviews with HR managers held the primary basis of data collection. The empirical research exposed an elevated understanding of Human Resource Management Framework, while some companies adopted concrete strategies that were in line with their business objectives. Nevertheless, the results of the study pinpoint essential fields that require additional research, for instance, capacity development, and adapting human resource management to the unique cultural and economic backdrop of Kazakhstan.

The summary emphasizes that the level of understanding of SHRM among HR professionals is at mixed levels. The participants stress the fact that SHRM is about staffing the organization with those who are likely to be productive and bring in financial gains. The findings also demonstrate different techniques employment of linking HR strategy to organizational strategy and branches which, in turn, confirms the need for adaptation. Factors constraining science usage such as lack of resources and cultural barriers are recognized.

Thus, study adds to the knowledge surrounding the SHRM in Kazakhstan and highlights possible research areas, for example the effectiveness of concrete SHRM practices. Through considering of the given problems and development of SHRM potential the leaders of organizations in Kazakhstan can be sure they will be successful against the background of the fierce global market competition.

KEYWORDS: Strategic Human Resource Management (SHRM), Human Capital, Talent Management, Kazakhstan, HR Practices

1 INTRODUCTION

Today, the human resource management has undergone a very radical transformation in the context of organizational environment and is now much more than the traditional role of HRM as it has become an important determinant of the company performance. So the development led to the development Strategic Human Resource Management (SHRM) that emerged as a special field experienced the interaction of human resources and organizational strategies.

The current demanding and competitive business situation tears the once passive role played by SHRM from the pillow of HR function and transforms it into the spearhead of strategic objectives. This comprises making sure that the HR policies align with the overall objectives of organizations; it also involves the enabling of the use of human resources by organizations to achieve its objectives and goals.

The more innovative and dynamic global business environment that saw more and more technological advancement and more demographic change and heighten in the competition has convinced the world that hr management is a mandatory element of every organization. Firms consciously understand that human capital is a driver to their existence and success while negotiating the intricate environment of the current century.

Although management has realized the importance of SHRM and the positive outcomes it brings, the difficulties of implementing it correctly and making it a part of the strategy of the organization do remain. Social mobilization as a remedy to poverty alleviation is laden with many challenges among them being the need for holistic approach that incorporates power relations, theoretical orientations, practical experiences and hindrances to integration.

One of core pitfalls when battling with HR procedures is making sure that HR activities are aligned with the overall strategic objectives. Such studies are prerequisite for conducting a thorough examination of the organizational context and the actual environment that influence the operability of SHRM strategies. The diverse organizational cultures and several individual employee dynamics may be the main causes of the troubles in connecting through the entire organizational aspect.

Resolving these obstacles require ways pocketing inside the multi-faceted character of SHRM. Organization best practice implies to be the one where HR strategy is on the top priority list and where

HR specialists are given a greater involvement in organization's strategic processes.

In general, what the organization will be successful in implementing the SHRM will be able to acquire competitiveness in the dynamic business world and overcome the challenges which can resist the growth. Through SHRM practice and struggle, to formulate solutions, organizations raise their effectiveness in the market and ensure long-term success.

2 LITERATURE REVIEW

2.1 HRM in General

The first step to give the idea of reasons strategic HRM is important and how it links to strategic planning in companies would be to uncover what this concept "human resource management" is. The job of HR has been evolved from a pure administration to itself be a strategic partner as the years keep on coming. We see how the main objective of HRM is to support the company to reach its aim using HR strategic planning that is in alignment with the business plan, HR staff development programs could be applied, a positive relationship with the employer, employee ethical practice and the good care for the social and natural environment (Ehnert, 2009; Braga et al., 2021).

In the real world, HRM is not only in response providing solutions, concerning the relationships between an employee and an employer, a line worker and a manager, or a colleague-to-colleague interaction, but such problem solving also includes contacts with trade unions, for instance. Human subjects are influenced both by personalities and the environment. The environment by its turn influences the manner in which people think and behave.

The structure of human resource management (HRM) is fairly defined by the factors that include the demographic and technological developments (Greiling, 2011; Silva and Lima, 2018), globalization (Gerhart and Fang, 2005) and some emerging challenges to the present world such as the after-effects of COVID-19 pandemic and global chaos. There were the joined efforts on the global front in the person of UN and unexpected incidents like the great poetic movement that forced the evolution of HRM as a field of both knowledge and practice. For that reason, in the action of turbulent environment for the researcher and practitioners it is a deciding step to be capable of defining, illustrating the key features and facilitating in the understanding of the aspects that contribute to HRM.

2.2 HR Strategy

According to M. Armstrong (2020), strategic human resource management (SHRM) is the application of the development and implementation of such HR strategies that are aimed at making it possible for a combined use of these strategies along with business strategies to achieve the set objectives. Strategic HR management is conceptual, that is, it is an argument of how HR strategies are incorporated into business strategies or how they "fit" together, what the purposes of the long-term HR goals and how to accomplish them are based on, and how the HR strategies will be consistent and complementary during their development and implementation. And it also covers how HR department employees should use the strategic approach when they do their daily work. This, therefore, suggests that they take up management positions where they act as members of the management team, with the purpose of making sure that HR activities continually support the implementation of the business strategies and improves organizational performance (Michael Armstrong, 2020).

By analyzing Mabey et al (1998: 24–25) research, we can highlight there three key elements of SHRM:

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Organizational change processes take place due to or as a response to processes of external environmental change.

-

Under the new environmental influences (competition, technology, clients' demands and so on) management must form the new and appropriate strategies to preserve or develop the corporate interests.

-

This strategic response requires organizational responses. To equip the company with the necessary power to implement or to deliver through a new strategy, it will require designing and putting in place changes in any or all aspects of human resource structures and systems.

This research was extended by Colbert (2007: 98–99), who declares that the theory of SHRM has two

basic principles. The first one is the idea that the most important strategic resource of an organization is human resources – that the employees’ knowledge, attitudes, and behavior can both serve as the basis for the formulation of strategy and as the means for implementing it. The second belief is that HRM practices are an essential part of the process of creating strategic capability in the firm's HR.

One of the ways organizations can be more effective in the contemporary business environment is to apply human resource management as their strategic element. These include global marketplace, technology, organizational learning, service, and quality of the product, that require the “human equation” to be incorporated to it in order to achieve a balanced outcome (Pfeiffer, 1998).

The HR strategy has been increasingly linked to a strategic vision of the organization, enduring the changes as they happen, while backing the organization’s development moving into the digital age. Such an implication has inevitably changed the system or context of HRM, which actively responded to the needs of the emerging digital technologies, known as Industrial Revolution 4.0. One of the areas that the private sector authorities transform is the form of corporations from a high-performing organizations and changing their industries to become more digital and innovative (Deloitte, 2017).

Strategic HRM can also be identified as the intentional quality practices and activities that are vertically linked with organizational business strategies and are consistent with one another (Uysal, 2019). Human resource management (HRM) is concerned with developing human elements to meet the needs of competitive strategies so that organizational objectives, goals, vision, and mission are achieved (Oschman, 2017). According to Hatani and Mahrani (2013), the development of organizations is impeded by the formulation of flexible strategic human resource practices, as well as by reducing officialdom.

2.3 HR ecosystem

Most definitions of organization ecosystems propose the ecosystem as made of different semi-autonomous units in a collaborative way that competes, exchanging and combining knowledge and resources to generate value. In opposition to traditional theories which view organizations and environments as separate entities, the ecosystem framework being considered here is seen as a sort of blend of market structure and organizational configuration combined to win through economic value creation. This shows that it is a mixture of these two categories because it presents characteristics of organizations and characteristics of free markets environment. Experts commonly agree that the view of organizations emerges as having more porous and more complex borders, stakeholders engage in partnerships through sharing of resources and knowledge, and organizations capabilities are acquisitioned and engaged in a dynamic process (Aairkka-Stenroos & Ritala, 2017; Hannah & Eisenhardt, 2018).

Many researchers on strategic HRM have examined a firm's surroundings to develop a strategy and how it can be both vertically and horizontally consistent in terms of practice and strategy (Armstrong & Brown, 2019; Baird & Meshoulam, 1988; Delery, 1998; Gerhart, 2007). In over hand, Snell and Morris' (2021) identify HR ecosystem framework based on dynamic competence theory, which identify the organization being subject to change in its internal and external fit requirements. Dynamic capability researchers argue for the necessity of certain organizational adaptability factors which in turn enable the businesses to better response and adjust to circumstances that increase creativity and innovation by realigning the internal and external competencies, as well as by renewing current resources and creating new ones (Teece, 2011, 2020).

Ecosystems consist of both cooperation and competition conditions of participants. Instead of working together and being interdependent, the business ecosystem would not have moved forward. This process in turn will switch to contracts and trading agreements (Jacobides et al 2018). Another task of the human resources management is to balance between cooperation and competition; each of these driving methods can be used as a great power and yet they are different and sometimes are contradicting. Cooperation can be killed off by competition as opponents seek scarce resources or positions for themselves. Nevertheless, just like cooperation the power of competition can be soften by the fact that partners may avoid resistance and the components can be substitutional rather than complementary (Dyer, Singh & Hesterly., 2018). Achieving the balance of two is a great HR challenge which is a meaningful one depending on the condition of the business.

Alignment, in the ecosystem, is launched on cooperation as the main principle for it. To pursue the cooperative target within the ecosystem, there is a HR mechanism which involves managing the composition of participants. This is more than the field of staffing research which accepts members and those that are not members in the ecosystem to how they mutually depend on or are connected. This type of set up has strong effect not only on the ecosystem but as well as its members (Iansiti & Levien, 2004). Competition is required to boost the ecosystem's vitality in a complex and dynamic environment, even if cooperation between stakeholders is crucial to ensure alignment of the ecosystem (keeping it together).

From an HR perspective, the highly customized model of human capital is frequently the result of this intense rivalry between partners. Similar to human capital, "specialization is the nature of strategic assets," according to Amit and Schoemaker (1993: 39). As a result, the arrangement of knowledge and skills based in the ecosystem becomes more complicated due to competition and differentiation. The industrial economy is unraveling as fewer firms can afford to have all the complex human resources required to create value and instead outsource the services to other networks (Ghemawat et al., 2018).

2.4 Sustainable HRM

The Sustainable Development Goals Report (2020) notes that severe tasks are yet to be implemented to protect the environment and address social inequalities (United Nations, 2020). Beyond this connection, strategic HRM is a vital functional area as organizations are focused on transform their business models as part of the sustainability drive. Over the last ten years, three HRM approaches have been on the rise and attracting more and more researchers and practitioners attention. They are the main drivers of sustainability orientation, which has been increasingly becoming a topic of interest for many people. Sustainable HRM, Green Human Resource Management (GHRM), and Socially Responsible Human Resource Management (SR-HRM) play a vital role in addressing the most challenging organizational problems pertaining to sustainability.

An approach to the issue is made by Kramar (2014) to illustrate that, despite the lack of the consensual approach among scholars to the sustainable HRM definition, the term could be defined as the bundle of the existing and the emerging human resource strategies and activities, which direct the organization to the accomplishment of the economic, social, and ecological goals based on the triple-bottom line principle as well as the concept of ecological work systems and the Sustainable HRM approach are interconnected in their joint interest on completeness, sustenance, health and productivity of the employees (Ehnert and Harry, 2012). On the other hand, the concept of maintaining the HRM system as a stable element is being considered of as the key factor by experts such as Stankeviciute and Savaneviciene (2018). It can ensure the continuous activity of organizations and their growth, because highly qualified employees are the core of them.

The aspect of human resource management has evolved as a key base to success sustainability in the dynamic world of organizational management. SHRM sits at the crossroads of organizational strategy and employment practices, giving it a place to be analyzed and to expose its complexities and opportunities at this point. The main goal of this literature review is to conduct a deep analysis of SHRM, starting with core concepts, theoretical frameworks, and practical implications, while also considering the role of HR Business Partners in defining strategic HR interventions.

Given the challenges which organizations must deal with, from global uncertainties to technological innovations, the strategic management of human resources has become more relevant. As a dynamic field, SHRM includes the complicated relationship between HR practices and organizational objectives.

2.5 Artificial intelligence and SHRM

As the other revolutions did, the Industrial Revolution 4.0 is emerging along with the necessity of huge changes in the system and environment that already exist. The current shift in technologies is bringing such innovations as artificial intelligence (AI), the Internet of Things (IoT), Big Data and cloud computing to the forefront of our social life. AI itself, a key rocket fuel that is driving technologic innovations (Khatri et al., 2020), is one of the most recent technologies and has generated increasing levels of interest, discussions and curiosity about its possible applications among a section of the market while little attention has been drawn to the players that are shaping the progress and application of this technology (Niehueser and Boak, 2020).

Along with this, HR is using strategic approaches so that staff members are efficiently managed in any organization (Potgieter and Mokomane, 2020). This is systemic since it integrates people, processes and technology that facilitate organizational improvement (Potgieter and Mokomane, 2020). The business systems area can either be positively or negatively impacted by the changes occurring throughout the organization which are in turn aligned with the organizational strategy, while also being a supporter of the organizational development by adapting to and integrating the fast-emerging digital environment (Bondarouk and Brewster, 2016).

As indicated by the study done by Chakraborty et al. (2020), AI gets rid of human errors, helps in the management of risks and empowers fast decision-making. There are more factors to consider and the fact that AI increases HR competencies to drastically improve activities such as candidate support, which is

typical of the AI-assisted environment, where standard tasks are taken to ensure visibility and simplicity of interaction.

In such a view, Stanley and Aggarwal (2019) accent that from this activity the greatest advantage the HR field can derive by freeing from the usual monotonous, repetitive tasks and boredom of HR managers and enabling them to return to important work is seen. In addition, it reveals that the role of those professionals in this domain also changes. Moreover, at no moment are they unimportant to their organizations. According to the view of shifting roles, Abdeldayem and Aldulami (2020) consider digital transformation in the sector of human resources and the adaptation of officers in keeping with the development of available technologies in the market. From the perspective of the given authors, not adopting technologies in the HR means potentially being left behind some latest areas of the organization that have boosted the productivity with the recently been adopted AI.

In the study by Huang et al. (2019) and Ojha and Chitranshi (2017), AI still receives all the positiveness thus far because the emphasis has been on substituting tasks and not jobs. Additionally, they are of the opinion that the most precious individual skills and talents will be rated much higher under what the authors call 'an Economy of Feeling'. From the point of view of these specialists, the changing tasks of the employees should simply not only the power of empathy and emotional aspects of their work but also a high level of reasoning skills and knowledge. So, they added that the mission of jobless HR managers is impossible; instead, AI will help them to accomplish their goals as a technology partner.

On the one hand, the research by Hirsch (2019) focuses on the ways AI can help monitor and record team performances and he take a negative stand on such developments. The article argues that AI is viewed by staff with a fair amount of the skepticism with a large number such people seeing this technology as intrusive. Under that view, integrating AI in that aim of cultures of organizations may cause counter effect to the latter ones as a result. On the contrary, as Tong et al. (2021) conclude, communication is the first obstacle in using AI at companies for employees, therefore, it is necessary to distribute relevant information about objectives, implementations, and benefits of AI in advance so that the workers feel reassured at work.

2.6 Strategic HRM: role of HR Business Partners

In the dynamic environment of SHRM, we must consider the role of HR Business Partners, as they contribute to the formulation and execution of strategic HR activities. These co-strategists in HR introduce a new element of collaboration into the organizational dynamics; they serve as catalysts between organizational strategy and the operational realities of HR practices.

HR professionals also have a part in the responsibility of their line management colleagues for the success of the enterprise. In 1985, Shaun Tyson defined them as managers who can identify the business opportunities, to see the overall picture and to know how their roles can help to achieve the company's business objectives. They focus on the close cooperation with top management and make sure that their tasks are in line with long-term strategic objectives.

According to Armstrong (2020), HR business partners are closely associated with line managers and most likely are members of a business unit or a line function. They are completely aware of the strategies and activities of their unit or function and have a clue on their roles as partners to the line managers with whom they work with to ensure that the business objectives are achieved. Business partners work in close collaboration with line managers to assist them in reaching their targets via the staff.

The HRBP model touts the business partner (HRBP) to be the prevailing professional HR role (Caldwell, 2008). With regards to control and knowledge, the HRBP is the one co-strategizing with the higher management, and only the "strategic" managers get access to such "strategic HR support" (Pritchard and Fear, 2015). The hidden agenda behind the model is to move HRBP away from the "mundane" HR tasks (Keegan and Francis, 2010), which means the HR tasks must be shifted to line managers' responsibility (McCracken et al., 2017). Moreover, the transactional functions of personnel management, i.e. which HR functions are perceived as the "least" important, must be taken by HR service centers or employees themselves, assisted by IT-based HR systems and employee self-service portals The current "what is HR" idea, that is personnel management, is thus completely different from the first one (Bondarouk and Ruel, 2009; Keegan and Francis, 2010). We can see that the legal and ethical roles and responsibilities have changed in order to make a knowledge/power claim that is more accepted.

2.7 Role of Engagement in SHRM

The retention of skilled and competent workers, who launch and sustain an engaging environment, has

for years been a hot topic among academics and practitioners owing to their multifaceted impact on the operation of an organization (Emeka et al., 2020; Lee et al., 2022; Rawashdeh and Tamimi, 2020; Sandhya and Sulphay, 2021; Tews et al., 2021). Intentions for leaving the workplace shown among employees, primarily getting talent, still is the main problem (Mutanga et al., 2021). One novel area contributing to the problem, which has appeared recently, is increasing employees work engagement (WE). The engaged workers as usually show fewer organizational misbehaviors like absenteeism and leaving the organization (Ntseke et al., 2022).

Researchers from different works (Juhdi et al., 2013; Vuong and Sid, 2020) has observed the effect of HRM and employee engagement. The majority of the participants realized that HRM did a good job of bringing employees' engagement to the next level. The existing studies have identified several HR management practices that include career management, person-job fit, pay satisfaction, job control, career advancement, job security, performance feedback, appraisal and reward, employee participation, and employee training and development that result in increased employee engagement (Juhdi et al., 2013; Aktar & Pangil, 2017).

Comprehensive research conducted by Kaur and Randhawa (2021) shows that both absenteeism and rates of accidents decrease while turnover intents of employees drop when employees are engaged. According to Lyons and Bandura (2021), there is the strong correlation between employee engagement at work and performance, job commitment and work commitment which is attributed to reduced turn rate of personnel. Human resource management or HRM, work engagement and self-efficacy have all been research topics investigated for many years because of the promising results that are hoped to be associated with these constructs and this is not surprising for managers who would like to improve the work outcomes. An engaged employee shows energy, a strong connection to their peers and the organization earned loyalty and is highly committed (Schaufeli and Bakker, 2004). Vigor means expenditure of high energy, mental resilience, and determination to make the things right and further; dedication is a state where a person is committed, excited, and inspired by their work (Schaufeli et al., 2002). Finally, absorption refers to the state when a person is fully occupied with their work. Prior research on WE have shown that employees feel more involved, and at the same time, they will be able to improve their trust and perception when they see that they are valued and trusted by their employers (Maden, 2015). Employees who are involved in the work of their company will have the feeling of their jobs as being meaningful, interesting, and ensuing. They will be less likely to be leave their jobs (Renn et al., 2019). Existing research shows that integrated employees have higher productivity, profitability, and customer satisfaction as well as lower absenteeism, accidents, and intent to leave the job. In fact, due to this, the issue of employee engagement has been made as an important factor for the improvement of individual and organizational performances, directly (Kaur and Randhawa, 2021).

2.8 The impact of COVID-19 on Strategic Human Resource Management (SHRM).

During the outbreak of the COVID-19 pandemic as well as the negative consequences of the global pandemic spread, organizations had to reconsider and realign their strategic management practices, especially in human resources. At the core of the fourth industrial revolution and the complexities of the pandemic was SHRM, where the basics of work, workforce and workplace were being reorganized at a sound breaking speed. The unexpected and the evolving COVID-19 pandemic exposed us to the fact that organizations globally are "forced" to re-consider, abandon, and swiftly embrace new management of human resources practices, despite the well-established and compelling effects of human resource management systems and practices on individual and organizational level outcomes (Collings et al., 2021a).

In its basis COVID-19 appears to be a human crisis, that first at all affects employees. Thus, human resource (HR) leaders have been central to the response in organizations globally (David G. Collings, 2021). This was clearly highlighted during the COVID-19 pandemic when organizations discovered that HRM professionals and departments should not be just implementing strategies that accelerate achievement of strategic goals for the organization; instead, they should be strategic partners who inform and participate in the strategic decision-making of the organization (Collings et al., 2021a).

The pandemic was a highly dynamic and uncertain situation that prompted organizations to reconsider their human resources action. The old models of workforce planning gave way to newer, much more dynamic and responsive methods as organizations prioritized the ability to quickly respond to changing conditions.

In response to the frequent and sudden changes occasioned by the COVID-19 pandemic, organizations and their HRM units, among others, had to modify the work design by including telework or work-from-home when possible and, in general, move to virtual offices, establish measures concerning the safety and

health of employees attending their workplace, respond to the travel bans that affected both business and talent flows and also training employees online and, unfortunately (Akkermans et al., 2021; Biron et al., 2021; Harney and Collings, 2021; Oh and Han, 2021; Thomas et al., 2020).

With the progress of the pandemic, many organizations try to adopt a virtual/digital work environment so that they can sustain the business operations. Technology use in HR practices of an organization has gained paramount crucial since the pandemic of COVID-19. Despite that, most organizational and corporate functions continue to be supported by or automated by technology as many employees are working remotely. As it is stated by Marler and Parry (2016), “e-HRM constitutes of hardware and software configurations of computers, and electronic networking devices that allow either real or intended HRM activities (e.g. HR policies, processes, and services) to be carried out through coordinating and controlling employee and group-level data capture and creation with communication of information across organizational boundaries.” The study by Parry (2011) stated that IT also will aid the HR department increase its practices through holding virtual meetings, handling home workers, and traditional HR Practices including training, recruitment, selecting and assessing employees performance.

In the “new norm” where digitalization prevails, HR professionals faced an adjustment that covered almost all HRM functions. One of the major challenges in this area is recruiting and onboarding new employees. The purpose of the onboarding is to help the new employees to be acquainted with the cultural aspect in the organization and with the “how things are done around here” and engender the new employees with a great sense of belongingness (Cable et al., 2013, p. 23). However, management face greater problems of ensuring effective induction process and employee socialization in the organization (Nyberg et al., 2021). On the other hand, in accordance with the statement of Spicer (2020), virtual/digital working environment presented a completely new situation which made it difficult for the HRM specialists to assist the organization in maintaining its organizational culture. The COVID-19 crisis was the moment when organizational culture was put on a test, as it made organizations wonder “just how resilient organizational cultures actually are” (Spicer 2020 p. 1738). Human resources professionals, to advance the resilience of organizational culture, had to be creative and engage employees in social activities that would reinforce the adherence of the employees to their employers’ culture.

The pandemic has also exposed tensions among stakeholders and challenges the primacy of the shareholder view which has dominated thinking in strategic HRM (Crane and Matten, 2020; Hitt et al., 2020). SHRM rose to be a valuable asset in creating talents for acquiring, developing and retaining talent that could survive in the uncertain environment brought upon by the pandemic. A strategic HRM research is mainly oriented to studies that relate systems of HRM practices with better organizational outcomes (Roumpi and Delery, 2019). Moreover, the ties between high-performance work systems and kinds of organizational performance have been proved in a number of theoretical and empirical studies.

In addition to the scholarly and practical significance of high-performance work systems, confusion regarding the effectiveness of the pre-pandemic systems of SHRM practices has been raised by the COVID-19 issue and the SHRM challenges that have emerged as a result of the pandemic. In a more critical way, issues that could have been solved differently by HRM departments emerged as to be better prepared for such a crisis. As much as it would be difficult for any organization and the HRM department to cope in such a crisis like the 21st-century pandemic, it is obvious that the organizations need to adjust in order to be more adaptable. HRM departments, therefore, could focus on more constructive approaches of HRM systems which are flexibility oriented and consequently enable organizations to change with varying inner and outer organizational settings (Collings et al., 2021a). According to Chang (2013), flexibility-oriented HRM systems have two dimensions: resource flexibility, mobilization and coordination-flexibility. Resource flexibility, “refer to the practices that collectively allow a firm to acquire and develop human resources for a wide range of potential uses”, while coordination flexibility, “refer to the range of HRM practices that together enable a firm to switch those resources quickly and effectively” (Chang et al., 2013, p. 1928).

3 METHODOLOGY

For the purpose of researching the SHRM discipline and making recommendations to HR professionals, I decided to choose a qualitative approach. Qualitative research utilizes a non-numeric, unstructured data and also works in one of inductive or abductive modes of inference where theoretical insights emerge from a deep thought analysis over a rich data (Bansalet al., 2018). Quantitative studies have for long been employed in service research and now qualitative approaches, including case study methods, grounded theory, action research, ethnography and some others, are also gaining recognition. The strong point of qualitative research is it will be addressing the how questions, understand the world from the perspective

of the ones studied, and also the processes relating to the topic (Pratt, 2009). To uncover the SHRM methods being used by Kazakhstan enterprises, I had an interview with HR personnel and leaders. I created an internet interview following a semistructured one, according to a specially prepared questionnaire. In their work, Mathers, Fox, and Hunnito (2000, p. 1) claim that the semi-structured interview is an interview type that allows the subject to talk freely about whatever they want to. Furthermore, Mathers, Fox, and Hunnito argue that this type of interview can be useful in a situation when the researcher collects attitudinal data on a big scale, for example.

3.1 Data Collection

I conducted online interviews with HR professionals. Overall, six interviews were conducted with HR managers, HR directors and HR Business Partners: one HR professional with 10 years of work experience and 5 professional with more than 5 years of work experience.

4 FINDINGS

This section is dedicated to the main outcomes of the in-depth interviews with HR specialists in Kazakhstan. The interviews focused on two main areas: The interviews focused on two main areas:

General opinions on Strategic Human Resource Management (SHRM): Since employees represent the greatest asset, the perception of human resource specialists towards the use and contribution of SHRM will support this objective too.

Prevalence and implementation of SHRM practices within companies: The importance of determining that the company has developed and implemented the SHRM policies and how they are functioning within the organization.

The results of the interviews suggested the existence of different levels of the visibility of SHRM among the representatives of this human resources profession. On the one hand, several respondents, especially the “knowledgeable group,” demonstrated a meaningful understanding and acceptance of its application; on the other hand, some other participants didn't show such outstanding attitudes.

A third participant underlined the idea about the fusion of SHRM and finance streams. They thought about it to be a comprehensive HR system that integrated different staffing and HR functions with organizational objectives. (Quote: "We use the SHRM process to commit incredible resources to our staff that eventually realize gains as quality output and greater revenue.")

Two employees had no idea if SHRM initiatives were implemented within their companies since none of them had the formal SHRM approach in place. But, still one interviewee suggested by the planned HR, to be more strategical in the future.

Prevalence of HR Strategies:

- The level of inculcation among these companies was moderate though some of them were still planning on how to align human resources to business goals.
- The same conclusion is made by four companies which reported HR strategy closely drilled down to the company overall strategy. Connectivity of the HR activities and the organizational objectives is stressed.
- The two other companies apparently ran their employee strategy in line with the current economic environment, possibly, for example, hiring employees limited the budget.

Whilst all these six companies talked about some element of HR planning / alignment between HR and business goals, the level of detail of their systems differed. Among the four surveyed companies, at least 50% of them explained having an HR strategy as a part of the overall company strategy in a way to indicate the alignment of HR activities with organizational objectives. Finally, the last group managed to correlate their HR plan to the environment and, possibly, to focus on segments like spending less but recruiting more.

Participants who viewed SHRM positively highlighted its potential to: Participants who viewed SHRM positively highlighted its potential to:

- A key factor affecting the sustainability of this business is the ability to attract and retain employees in a competitive environment. (Quote: "SHRM empowers us the stake of offering competitive remunerations as well as development opportunities to become the hotspot for high-quality human resources.")
- Increase employee engagement and drive productivity through motivational initiatives. Here are other scenarios on which you may work: Write an essay on The Role of Mass Media in Shaping Public Opinion and its Impact, highlighting emerging trends and challenges. (Quote: "Through

HR practices being in line with their needs, we can consequently notice a lifted interestingness in workforce.)

- Develop a link between the HR plan and company's overall strategy. (Quote: HR in our company is supported by SHRM, so we can link efforts of our HR and our business to company objectives).

Some of the individuals within the HR department ranged on the topic of resource constrains, which involve money issues and the number of people within the department. Still others articulated different cultural issues, like evaluating and structured reward systems that would rotate around individual performances. Such research works point out the fact of inventorying and adaptation SHRM approaches to meet Kazakhstan case characteristics. (Quote: "Having to respect a strategy plan is very important but to face an evolving market situation agility is a must".

5 DISCUSSION

The interviews with the HR experts in Kazakhstan reflect the applied strategic human resources management in the country beyond simple statement. This section will focus on the main ideas that came up and talk about their role within the process of knowledge transmission along with recognizing special features of the SHRM which are suitable for the Kazakh setting.

It was apparent that the mixed level of awareness about SHRM was a fundamental feature in the study. While few amongst them found a way to exploit its great offensive strength, some used it the way they traditionally did. In light these facts we can suggest high level of SHRM principles understanding among people, and in the term the same fact reminds about the position of capacity building initiatives. In order to adequately equip HR professionals with the necessary knowledge and skills so as to properly apply SHRM practices, their training programs and workshops should be designed to achieve this objective.

From interviews, it occurred that company's implement different HR strategy to align their strategy to the broader organizational strategy. Teachers placed varying emphases on that alignment with overall goals, as well as on economic factors that were aimed to create interest for different age groups. These results clearly indicate that Kazakh companies need to comply the global SHRM mechanisms with local living conditions. While cultural factors economic issues, and the lags demanded by the respective industries may hamper the effectiveness of the plan, tailoring the plan to the prevailing conditions increases its likelihood of implementation success.

One of the biggest issues with the roll-out of SHRM was the insufficient resources available at the organization. Budget limitations, along with the shortage of personnel specialized in the field of HR planning and implementation, prevent the company's strategic HRM in generating and realizing objectives. Furthermore, the cultural preferences were reiterated, mainly on performance management related to the culture.

As evident by certain corporations linking up their HRM strategy with the economic condition, there is a possibility that SHRM has the capacity to result in organizational success. When HR work does not coordinate the overall goal of the business, companies can anticipate that their workforce may not have the skills required to handle economic challenges, and therefore these can obstruct progress.

6 CONCLUSION

The research was carried out to identify the current situation in the field of strategic human resource management (SHRM) by conducting interviews in-depth with HR professionals of Kazakhstan. The research showed a trending increase of companies' understanding of human resources management principles in a manner that some of them had already adopted the formal systems linked to the business objectives.

Nevertheless, research findings were both promising yet present the need for improvement in other areas. These include:

- Capacity Building: A requirement for SHRM-related training and development programs intended to enhance the knowledge and capabilities of HR personnel to competently apply the methods and practices of SHRM.
- Adapting to Context: The main issue with the making of global SHRM principles to meet the Kazakhstan's unique cultural and economical environment.
- Overcoming Challenges: Confront barriers in the cultural aspect and shortage of the resource which may be weak points to integration and implementation of SHRM.

The study did not only establish the effectiveness of the human resource management practices in Kazakhstan, but also gave rise to more research on that the topic. Here are some potential avenues to explore:

- Effectiveness of SHRM Practices: Lay a foundation for identifying the potential value of SHRM practices within the Kazakh context through investigating the efficiency of specific practices.
- Cultural Influence: Carry on a study of what is the role of the cultural factors in the implementation of and adjustment to SHRM practices.

Longitudinal Studies: Observe the development of SHRM practices in Kazakh businesses across time in order to uncover the progress and gain valuable insights into the current trends.

Through the implementation of the results of this research in the weaker areas of the organization's SHRM system, companies are able to gain competitiveness on the international market. SHRM leads HR towards change from a consuming department into the future-oriented key component; hence, offering the surrounding environment with a push to success.

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True or spurious long memory in the NFT markets: Evidence from Multivariate Whittle Score Test *Extended Abstract*

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Summary: We tested for univariate and multivariate long memory in returns and volatility of NFTs using daily data from four NFTS and for comparison purposes, we included Bitcoin. From the results, we observed that while Bitcoin exhibited true long memory in returns and volatility, the NFTs exhibited spurious long memory in both returns and volatility. Next, we tested for multivariate spurious long memory for the NFTs and found the presence of multivariate spurious long memory among the four NFTs under analysis even with the inclusion of Bitcoin. From our results, it is evident that the long memory observed in NFTs are spurious in nature.

Keywords: NFT, Long memory, Spurious, Bitcoin, Efficiency.

1. Introduction

The skyrocketing growth in NFT markets and the increasing retail investor interest makes it imperative to understand how competitive and efficient this market is, which is crucial for price determination in a market. One of the key elements of prices determination is confidence and market price expectations; particularly in markets which are decentralized and unregulated (Cheah et. Al; 2018). As argued by (Cheah et. Al; 2018), the P2P unregulated Bitcoin market cannot be treated as completely memory less and is autoregressive having implications for market efficiency. Given NFT market structure is same as Cryptocurrencies (decentralised and unregulated) we attempt to study the memory of NFT markets in this paper.

The market for NFTs is in nascent stage and literature is sparse, however a study by Dowling (2022) studied a single NFT market for decentraland and found presence of long-memory. Our aim is to look beyond single market and contribute to the literature on long-memory in NFT markets, which may be helpful in understanding early market pricing behaviour (Khuntia and Pattanayak, 2018).

2. Findings

We tested for univariate and multivariate long memory in returns and volatility of NFTs using daily data from four NFTS namely Cryptokitties, Cryptopunks, Decentral Land and Superrare. For comparison purposes, we included Bitcoin. For Univariate analysis, we test for spurious long memory in the individual series using Qu (2011) test. We employ absolute returns and squared returns as proxies for volatility. We employ $\epsilon=0.2$ and estimate the test statistic for at different bandwidths m ($m= T\delta$) for different values of δ .

From the analysis of the Individual series, we confirm that the NFT series exhibit spurious long memory both in the return and volatility series while Bitcoin exhibited true long memory in returns and volatility which is in line with the existing literature (Cheah and Fry, 2015; Bouri et al.,2019; Assaf et. al. ,2021).

After that we employ the Multivariate local Whittle score test (MWLS henceforth) of Sibbertsen et al. (2018) to see whether there is a common long memory process across the NFT returns. Here too, we observe that the spurious long memory in the system is still prevalent among the four NFTs under analysis even with the inclusion of Bitcoin.

From our results, it is evident that the long memory observed in NFTs are spurious in nature, possibly due to level shifts. For investors, this result implies that the patterns observed in the NFT returns may not be statistically significant.

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Disposition Effect and the Culture of Transparency

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Abstract

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Using proprietary data from a social trading platform, we compare trading patterns between investors from former East and West Germany and explain an interesting difference in their tendency to forgo loss realization in favor of gain realization, also known as the disposition effect. Investors from former East Germany appear to ‘price in’ the status of their portfolios being observed – possibly a generational remnant of state surveillance during the Stasi years – and as such, do not show a marked improvement in trading as their portfolios become transparent in a social trading context. These findings underline the role of culture in finance, and are robust to survivorship bias, learning effects, and various alternative explanations.

REM PRACTICES IN CENTRAL ASIA

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EXTENDED ABSTRACT

Purpose of this research is to look at strategies of real activities before accrual-based earnings manipulations adjust overall Earnings quality. REM practices with direct cash effects have detrimental nature compared to accruals-reversals game in AEM practices. We utilize Roychowdhury REM models: cash flow, production cost, and discretionary expenses. Sample population is 572 unbalanced panel firm-year non-financial observations over 2009-2021. Key variables are winsorised to reduce the impact of outliers. We split strategies into high and low upward REM practices. Major findings are 1) re-confirming that SOE use high upward REM; 2) low upward REM indicates better key investment indicators, such as profitability and cash generation, and 3) 50-99% partially-owned SOE outperform other state SOE but underperform private POE in terms of real manipulations. Findings might be useful to analysts of various strategies in the REM field.

KEYWORDS: Earnings quality, Ownership structure, Earnings management, Kazakhstan, National IPO/SPO, KASE

INTRODUCTION

Placing shares of the largest companies on national stock exchanges through People's or National IPO should help reduce the burden on Samruk-Kazyna State Fund, increase efficiency and effectiveness of SOEs and continue raising investment culture among local population. Willingness of people to become short- or long-term investors is highly dependent on sustainability of enterprises which in turn can be traced using market and academic tools as one evaluates quality of corporate information in yearly reports.

Preliminary analysis of overall Earnings quality in KASE-listed companies with different ownership structures conclude that privatized SOEs with 50-99% state control turn to become better investment strategy based on criteria such as Earnings quality risk, cash generation, profitability and leverage-based risk.

Overall Earnings quality is a combination of two manipulation practices, REM through real activities and AEM by means of accounting accruals. REM practices with direct cash effects have detrimental nature compared to accruals-reversals game in AEM practices. To authors' knowledge, most local researchers have been investigating AEM practices as a major Earnings management instrument in various academic papers. Accruals are extensively used and might serve a compensation instrument after cash-affecting REM distortions.

To deal with research problem of unclear REM direct impacts we raise the following research questions (or «RQ»). Research objective is to assess the direct and separate impact of REM strategies on Earnings quality in KASE-listed companies and provide recommendations to investors and analysts. RQ1: Do KASE-listed companies engage into REM practices? RQ2: Do REM-practicing companies differ in ownership structure? RQ3: What are key investment indicators in REM-practicing companies?

Findings might be useful to analysts of various strategies in the REM field. We believe that theoretical gaps of real corporate distortions in context of Kazakhstan should be reduced as this study is among the first to analyze REM strategies standalone of AEM strategies.

LITERATURE REVIEW

Using various research engines including Ebscohost, Proquest, Emerald, Wiley, Jstor, Mendeley etc, we end up with 18 peer-reviewed contemporaneous articles published in high-quality journals indexed in Scopus. Only 6 are related to REM practices mostly covering China. For example, Lu using 11,905 A-share listed Chinese firm-year observations on both the Shanghai and Shenzhen Stock Exchanges, investigated impacts of State ownership on management's decision to select REM or AEM earnings management strategies. Authors found that state-owned enterprises tend to favor REM over AEM earnings management strategies more than private. However, SOEs could have different level of government engagement, and privatized SOEs might look more similar to POE instead. Based on the literature review we hypothesize association between ownership structure and Earnings quality as REM practices in Kazakhstan being a key player of Central Asian region.

METHODOLOGY

Data is extracted from annual audited financial reports or yearly reports of KASE-listed companies. To minimize errors and omissions, we applied a four-eyes review procedure. KASE Stock Exchange sample population is 52 local companies, 26 state and 26 private, (out of 235 eminent) across different industries excluding banks, insurance companies, leasing companies, pension funds and other investment holdings due to different capital structure. Time horizon is 13 years during 2009-2021 totaling 572 unbalanced panel firm-year observations. 46% of firm-year observations with 29% state share on average are SOEs. To measure REM, we follow Roychowdhury aggregate model of 3 models, cash flow model, production model and discretionary expenses model.

RESULTS AND DISCUSSION

In the Table 1 ownership analysis, total KASE population where 46% are SOEs is divided into 2 major groups, private POEs and state SOEs. Further, we split SOEs into 3 sub-groups depending on government involvement. Preliminary analysis concluded that privatized SOEs with 50-99% state control appear to be an attractive investment strategy. On average such SOEs have a mixed ownership of 69% owned by State and 31% by Private holders, and are characterized by relatively higher ROA (0.16), cash generation (0.17), and lower leverage (0.39) compared to other SOEs and even outperforming POEs. Private companies still show relatively higher growth and liquidity rates. Aggregate REM is equal -0.0259 for POEs and increasing to 0.0613 for 100%-owned SOEs. This implies that SOEs prefer upward real manipulations. However 50-99% SOEs as well as POEs on average have lowest REM values. Larger/smaller REM values, higher/lower real manipulations. Thus, we conclude that partially privatized SOEs differ from other SOEs in upward REM use.

Table 1 Characteristics of SOE vs POE

POE/SOE	Share Avg	REM	ROA	CFO / TA	LEV	Growth	LIQ
0%	0%	-.0259	.1243	.1460	.6193	.5367	2.0576
0-49%	17%	.0301	.0834	.1299	.6513	.1376	1.7294
50-99%	69%	.0038	.1608	.1782	.3942	.1296	1.6669
100%	100%	.0613	.0353	.0559	.6196	.1818	1.6220
Total	29%	.0031	.1047	.1300	.6000	.3578	1.8774
POE	0%	-.0259	.1243	.1460	.6193	.5367	2.0576
SOE	62%	.0364	.0824	.1116	.5779	.1535	1.6716

In Tables REM strategies analysis, first we split populations into High (>0) and Low (<0) groups to reduce effect of a negative sign. Next each group is divided into two equal sub-groups to identify firm-year observations with more aggressive manipulative behavior. The level of aggressiveness lowers from Very High to Very Low sub-group. 59% of the companies that practice high upward REM strategies are SOEs whereas 71% that prefer low REM levels are POEs. So yes, both SOEs and POEs engage into REM manipulation practices. However, when it comes to aggressive upward REM, proportion of private companies involved rises to 46% POEs against 54% SOEs.

Table 2 High vs Low upward REM strategies

High/Low	State %	REM	ROA	CFO /TA	LEV	Growth	LIQ
Very low	27%	-.2226	.2450	.3056	.5835	.3418	1.8201
Low (<0)	32%	-.0457	.0958	.1469	.5998	.1597	2.2187
High (>0)	64%	.0414	.0521	.0866	.6118	.6011	1.7804
Very High	54%	.1706	.0596	.0293	.6005	.2744	1.7605
Total	46%	.0031	.1047	.1300	.6000	.3578	1.8774
Low	29%	-.1338	.1701	.2260	.5917	.2504	2.0202
High	59%	.1058	.0558	.0580	.6061	.4383	1.7705

Particularly aggressive upward REM strategy, that, as observed, badly impacts ROA and CFO variables. As real manipulations decline profitability and cash generation improve, 0.24 and 0.30 respectively in Very low sub-group. Leverage indicator is around average and doesn't differentiate at sub-group level. As an investor, we find values of growth and liquidity are quite acceptable with largest values taking place in Low (<0) and High (>0) sub-groups. In sum, we say that REM strategies do differ and impact at least profitability and cash generation, though we admit that additional analysis required to get deeper understanding of privatized SOEs involvement in aggressive high upward REM strategy.

CONCLUSION

Following research objective and raised questions we hypothesize association between ownership structure and Earnings quality as REM practices in Kazakhstan being a key player of Central Asian region. As a result, we partially accept and state that KASE-listed companies engage into upward REM practices when level of government control is either 100% or below 50%; we partially accept that REM strategies do differ and impact at least profitability and cash generation.

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Waste Management and Financial Distress: The Moderating Effect of Green Initiatives

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ABSTRACT

This study examines the effects of waste management (WM) practices on financial distress (FD) and investigates the moderating role of green initiatives (GINVs) on the WM—FD relationship. It uses a sample 1,677 firm years of UK-based companies from 2002 to 2021 and applies a panel regression analysis controlling for industry and year fixed effects. To verify the robustness of the main results, the study also adopts alternative measures for FD and waste and employs a two-stage least squares (2SLS) analysis and the Heckman selection model. The findings reveal that FD levels decrease significantly, when waste generation declines and waste recycling increases, suggesting that firms with better WM practices have lower FD levels. The results further show the moderating effect of GINVs on the link between waste generation and FD and suggest that increased GINVs are effective in reducing FD by mitigating waste levels. However, waste recycling and GINVs are found to have a substitutive effect on FD. The findings remain robust to the use of alternative measures and endogeneity issues.

KEYWORDS: Climate change, waste management, financial distress, green initiatives, and corporate sustainability, and sustainable development

Effect of Migration on Financial Literacy in Kazakhstan

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Abstract

This study aims to explore the impact of external migrant groups on financial literacy in Kazakhstan. While previous studies have addressed domestic migration and the return of overseas Kazakh groups to Kazakhstan, this study extends attention to global migration patterns and their impact on financial literacy formation. These changes are related to the current socio-demographic dynamics, characterized by the growing diversity of Kazakh nationalities, in contrast to the previous single-ethnic group returns.

In conducting this study, the primary research methodology was functional analysis, which focused on assessing the relationship between the participant's level of financial literacy and their educational backgrounds, professional experience, and the financial delivery methods commonly affected by the post-pandemic era and the artificial intelligence tools they developed to gain a deeper understanding of this complex issue. It is critical to understand the complex links between pre-migration background samples and existing levels of financial literacy. In addition, the study focuses on primary data collection through the administration of questionnaires and the use of semi-structured interviews, doing its best to cover a sufficient sample from different groups to understand how migration to Kazakhstan affects financial literacy and management.

Keywords: financial literacy, migration, investment strategy, financial product

Introduction

As a rapidly developing nation, Kazakhstan has successfully transitioned from suffering greatly from financial crises in the early years of independence to achieving remarkable economic growth. This rapid transformation is driven by market-oriented reforms, the extraction of abundant mineral resources, and robust foreign direct investment (FDI). (United Nation, 2024)

Parallel to its economic development, Kazakhstan has attracted significant migration flows over the last thirty years. Initially, these were primarily ethnic Kazakhs from neighboring countries. However, the migration pattern has shifted towards a broad spectrum of labor migrants and students and professionals worldwide, bringing a rich ethnic diversity to the nation. The presence of these migrants, whether temporarily or as permanent residents, has had a profound impact on Kazakhstan's economic and financial markets.

This evolving economic landscape and substantial migration highlight the pressing need to examine how these demographic changes affect financial literacy — a fundamental component of sound financial decision-making and economic welfare. The varied cultural and educational backgrounds of migrants add complexity to their financial understanding and behaviors, areas that have not been thoroughly investigated. This lack of targeted research impedes the development of specialized financial education initiatives and policies, which bring up a significant meaning for the economic integration and stability of both migrants and the local population, seeking to uncover potential synergies, providing valuable insights for crafting more inclusive economic growth strategies through enhanced financial knowledge.

The objectives of this research include:

Identifying Crucial Areas for Financial Literacy Support: The goal is to pinpoint the critical areas where financial literacy support is essential for migrants. This analysis will explore the unique financial challenges migrants face and react to, aiming to uncover specific financial knowledge gaps and support mechanisms that could benefit migrants disproportionately.

Exploring Financial Literacy Dynamics in Migration Contexts: The aim here is to delve into the complexities of financial literacy within the migration landscape. By offering a detailed comparative

analysis among migrants, this objective seeks to understand how migration status influences financial literacy levels. This exploration will consider various factors, including cultural background, access to financial education, and the economic integration of migrants, to paint a comprehensive picture of financial literacy's role in the migration experience.

Devising Targeted Recommendations for Stakeholders: Building on the insights gained, this objective focuses on developing practical, evidence-based recommendations for key stakeholders, including policymakers, educational institutions, and financial organizations. These recommendations will enhance financial literacy and inclusion, particularly for migrants, thereby contributing to their economic empowerment and integration into society. By addressing the specific needs identified, the recommendations will explore actionable strategies for stakeholders to support migrants' financial well-being and, by extension, contribute to the broader goal of sustainable economic development.

Literature review

Unfortunately, this topic is not discussed much in Kazakhstan, making it a uniquely compelling area of study. To enrich the research and diversify the understanding, this paper has gathered information from other studies on finance and migration; this diverse collection not only enhances the writer's vision of said topic but also offers a comparative sample across various fields and countries, providing a multidimensional perspective on the issue.

Akerke Nurgaliyeva discussed the impact of financial literacy and internal migration on financial inclusion in Kazakhstan, who conducted a nationwide survey and found that financial literacy is low and financial participation of the population is weak. The paper estimates the impact of financial literacy and internal migration from rural to urban areas on financial inclusion. The results show that financial literacy increases the probability of financial inclusion, especially the probability of holding a deposit, debit card, credit card or foreign currency. The paper also estimates the marginal effects on financial inclusion of the interactions between financial literacy and living in rural areas and between financial literacy and migration from rural to urban areas. (Akerke 2019)

In one of its reports, the International Organization for Migration (IOM) discusses the role of digital remittances in mitigating the socioeconomic effects of the COVID-19 pandemic on migrants and communities in the Russian Federation and Central Asia. It highlights that remittances from the Russian Federation and Kazakhstan to Central Asian countries play an important role in the economies of the region and provide a vital financial lifeline to families and communities throughout Central Asia (Harris, D., & Prohorova, A. 2021.)

Azra Zaimovic and co-authors discuss how financial literacy is a critical life skill that plays a significant role in financial security and individual well-being, economic growth, and overall sustainable development. They explore various factors that may impact an individual's level of financial literacy and how these elements are interconnected. (Zaimovic et al., 2023)

Annamaria Lusardi further emphasizes the importance of financial literacy, particularly its impact on individuals' financial decision-making. This comes at a time when individuals are shouldering greater personal financial responsibilities than ever before. (Lusardi, 2019, #)

Michael D. Smith and Dennis Wesselbaum adopt a slightly different angle, utilizing data from the Gallup World Poll Survey (2014-2017), to explore how financial inclusion influences migration decisions. They posit that financial inclusion is an empowerment tool, enabling individuals to enhance their lives significantly. (Smith & Wesselbaum, 2022, #)

Methodology

The methodology of this study is meticulously crafted to foreground qualitative insights to delve into the intricate ways migration shapes financial literacy among individuals in Kazakhstan. This qualitative approach is deliberately chosen to thoroughly examine the rich, varied experiences, perceptions, and financial management strategies employed by migrants. The approach seeks to uncover the subtle dynamics and personal narratives that quantitative methods might overlook by employing in-depth surveys and interviews. It is aimed to enable a comprehensive understanding of the complex interplay between migration and financial literacy, highlighting the personal stories behind the statistics and offering a deeper, more empathetic insight into the financial behaviors and needs of the populations studied.

After collecting the raw data, the study applies the functioning analysis. There are various sectors, such as education, income, and socio-economic background, which play an essential role in access to knowledge and financial literacy and a role in Kazakhstan's financial innovation. Therefore, the analysis of these data based on variable-invariable relations, focuses on the educational background, professional experiences,

and social changes that include effects from the pandemic and AI tools development as variances, figure out how those factors influenced the financial literacy of migrants, providing us a better picture of the financial literacy situation in Kazakhstan.

The mixed-methods approach ensures a balanced examination, capturing both the subjective and objective dimensions of financial literacy among migrants, combining insights from migration studies, financial education, and theories of economic integration. It emphasizes migrants' adjustment to new financial systems and the influence of cultural and social networks on financial literacy development. This methodology enables a detailed analysis of financial literacy factors across various demographics. It dovetails with financial studies by analyzing economic behaviors and financial decision-making within the migration context.

Conclusion and Recommendations

This study surveyed over fifty participants using the combined format of interviews and questionnaires to investigate the relationships between financial literacy and various factors in Kazakhstan. Despite the limited sample size due to the constraints of a personal academic project, the preliminary findings provide significant insights.

Educational and Professional Backgrounds: There is a positive correlation between higher education levels and professional experience in financial sectors with higher financial literacy, while enhanced education and relevant professional experiences are critical for improving financial literacy.

Impact of Post-Pandemic and AI Technology: The post-pandemic era and advancements in AI technology have significantly influenced all age groups, with younger individuals adapting more rapidly. The pandemic has accelerated the transition to digital financial services, increasing the use of electronic payments and other digital financial activities.

Comparative Analysis: Additionally, the findings suggest that the pandemic has positively impacted the digitalization of financial activities, contrasting with data from before 2020, where the pandemic has become a trigger by shifting significantly from traditional methods and improving personal skills in the digitalization of individuals.

In conclusion, the study highlights that educational attainment and professional background are strong predictors of financial literacy, while technological advancements and societal shifts toward digital finance are reshaping financial behaviors across Kazakhstan. These trends underscore the necessity for educational reforms and policy adjustments to support the effective use of digital financial services.

As Kazakhstan rapidly shifts towards a digitalized society, especially in the financial sector, the support for a smooth transition towards digital finance and financial literacy becomes critical. Not all people have received higher education, and a gap in knowledge means there are people left behind. As the research indicates that financial literacy has a direct relationship with education, the Kazakhstan government and financial institutions should provide better community programs and awareness campaigns to serve the rapidly shifting Kazakhstan financial literacy scene. The institutions could organize periodic workshops or advertisements on social media and TV to reach bigger audiences in terms of financial awareness.

Meanwhile, as the development of AI becomes stronger, financial institutions should consider how to combine the service with AI. AI could provide smoother and more direct services in many circumstances. However, the research finds that the younger generations are more familiar with the service of the AI. Kazakhstan's financial institutions should also consider how to combine AI and its existing services better. The drastic technological shift should leave no one behind. With the existing portal and the AI services, financial institutions and those who need the services can achieve a win-win situation.

Furthermore, the Kazakhstan government should work closer with financial institutions to provide better policy and regulation support for the innovative trend of these financial institutions. Kazakhstan has become a leading force in financial innovation. Many of these innovations are led by talented people who work in a vibrant environment. If the government could work closer with the financial institutions and provide the support it needs to flourish, from policy to technological support, the country could further advance in financial literacy in the digital age and further discover its own path in financial innovation.

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Does the Oil Price and Profit Tax matter in determining the Financial Performance of the aviation industry? PSCE approach employed in the case of Southeast Asia countries.

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Abstract

The aim of this research paper is to explore the influence of macroeconomic variables on the profitability of aviation companies in Southeast Asian countries. The source of data for the purpose of primary research is Orbis Data stream and World Bank. Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam countries were selected to represent the Southeast Asian Countries within the time period from 2011 to 2019. PCSE (panel-corrected standard errors) regression method was used for building an econometric model.

Based on PCSE results, profitability of aviation companies in Southeast Asia has positive relationship with increase in inflation. However, the profitability has negative relationship with increases in government expenditure, lending interest rate, profit tax, and 2014 year associated with the decline in global oil prices. Change in oil price, population growth, 2015-2016 years are statistically insignificant. Previously, no such research has been conducted for Southeast Asia countries. All macroeconomic independent variables selected, bring new evidence on their influence on the ROA of aviation companies in Southeast Asia region.

Keywords: Airlines, Profitability, ROA, PCSE, Panel data

1. Introduction

The aviation industry helps the whole world to globalize as it serves as the main means of international travels. For touristic countries, it is one of the main revenue streams contributing to the overall GDP growth.

Southeast Asia aviation industry experiences a huge boom in the population growth alongside with digitalization and globalization leading to the aviation to be the most preferred way of transportation. However, the market is mostly dominated by foreign players such as the Boeing Company, Airbus SE, Lockheed Martin Corporation, Rostec, and Textron Inc. leaving the room for the market penetration by domestic investors. During this economic expansion, it is necessary to consider the effect of macroeconomic factors which importance is crucial.

The aim of this study is to explore how macroeconomic variables influence the profitability of aviation in Southeast Asia and to what degree. This region has not been studied extensively so far, therefore, this research is expected to bring new evidence for the government authorities and investors in that region.

The study employs empirical investigation through use of PSCE method and accounting for autocorrelation, heteroscedasticity, multicollinearity, and stationarity issues validating the model.

This study would bring value to Aviation and Airport authorities of Southeast countries, Government, Transport and Infrastructure authorities, and policy makers by drawing conclusions based on the statistical historic data and accounting for such issues as autocorrelation, heteroscedasticity, multicollinearity, and stationarity

2. Literature Review

Profitability determinants have been studied for various industries including aviation around the world including both developed and developing countries. However, Southeast Asia region (Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam countries considered) has not been studied extensively and most of the papers lack the consideration of such issues as multicollinearity, heteroscedasticity, autocorrelation, and endogeneity. The following studies are selected for the purpose of literature review: [1], [2], [3], [4], [5], [6], [7], [8], [9], [10], [11]. The profitability of aviation can be impacted by many factors including both macroeconomic and company-specific. In this study, only macroeconomic factors

are considered.

The summary table with the literature is provided below:

Number	Author with date	Title	Country	Industry	Data and Method	Results
1	Abebe, G. (2017).	Determinants of Aviation Profitability: The case of Ethiopian Airlines	Ethiopia	Aviation	Source and data: Financial statements and open sources, 1981-2015 Method: Explanatory research & multiple regression model, time series econometrics	Fuel cost, liquidity, and leverage positively affect the profitability while tangibility of assets, lease cost, and leverage ratios have negative impact.
2	Alahyari, A. (2014).	Determinants of Profitability in the Airline Industry: A Comparison with Turkish Airlines	Turkey	Aviation	Source and data: Financial statements, DataStream, Thomson Reuters (1994-2013) Method: Panel data, OLS, Panel Unit Root Tests, VAR	Profitability of aviation firms is negatively influenced by tangibility of assets and liquidity while positively by growth opportunities
3	ANGAYARKANNI, R. (2015)/	“PROFITABILITY ANALYSIS” OF SELECT INDIAN AVIATION FIRMS AN EMPIRICAL ANALYSIS.	India	Aviation	Source and data: National Security Agency website, Financial reports of selected companies, 2010-2014 Method: ANOVA	Profitability depends on better utilization of resources, cut-off expenses, quality of management function in the products, customer services, manpower, goodwill and market share.
4	Blinder, A. S. (2008).	Keynesian economics	World	All sectors	n/a	According to Keynesian Economics theory, government expenditure affects output, inflation, and employment. In other words, government intervention in the economy by increasing spending and decreasing taxes is a way of stabilization and can increase the corporate profits including aviation industry.
5	Faizulayev, A., Rekemubieke A., Capar N. (2022). Faizulayev et al. (2022)	Determinants of Profitability of Real Estate Companies: FGLS approach employed.	US&UK	Real Estate	Source and data: Financial statements of listed companies and data from World Bank (2011-2020) Method: FGLS	Capital adequacy & capital structure, management efficiency and corporate tax rate, were found to have a strong and significant impact on the financial performance of the real estate companies in US&UK.
6	Horobet, A., Zlatea, M. L. E., Belascu, L., & Dumitrescu, D. G. (2022).	Oil price volatility and airlines’ stock returns: evidence from the global aviation industry.	World	Aviation	Source and data: Monthly returns of airline's stock prices and financial statements for 2007-2020, Bloomberg, Chicago Board of Exchange, Federal Reserve of New York Method: Panel ARDL model and PMG estimator	The increases in global oil price cause the airline's stock price and profitability to fall.

7	Hrubý, M. (2021).	COVID-19 and the aviation industry: Economic impacts and policy responses.	World	Aviation	Source and data: Financial statements for 2015-2020 Method: Trend analysis, MACBETH/MABAC multiple	The pandemic strongly negatively influenced the profitability of aviation industry. Government support decreased the risk of default of aviation firms and is necessary to recover.
8	Kiracı, K. (2020).	The Factors Determining the Profitability of Low Cost Airlines	World	Aviation	Source and data: Financial statements for 2004-2017, Thomson Reuters Eikon Database. Method: Multiple Regression	In case of ROA, growth opportunities and asset structure influence profitability. In case of ROE, growth opportunities, asset structure, and leverage influence profitability.
9	Mantin, B., & Wang, J. H. E. (2012).	Determinants of profitability and recovery from system-wide shocks: The case of the airline industry.	US	Aviation	Source and data: Quarterly data 1995-2007, Air Travel Consumer Report for Service Measures, Air Carrier Financial Reports and Air Carrier Summary Data from Department of Transportation (DOT) Method: Parks time series method	Profitability was significantly impacted by operations strategy, productivity, and service measures prior to 9/11. Profitability is significantly impacted by intensified security measures after 9/11. Profitability of full service carriers is increasing faster comparing to focused carriers.
10	Mwangi, F. K. (2013).	The effect of macroeconomic variables on financial performance of aviation industry in Kenya	Kenya	Aviation	Source and data: Central Bank of Kenya, Kenya National Bureau of Statistics, annual financial statements (2008-2012) Method: Descriptive analysis, correlation analysis, multiple regression analysis using SPSS.	ROA is insignificantly positively correlated with GDP growth rate and annual change in money supply M3. In addition, ROA was insignificantly negatively correlated with exchange rate, annual average lending rate, and annual average inflation
11	Yıldırım, C., ÇÜRÜK, A. Ü., & ERGÜN, B. (2021).	THE INTERNAL FACTORS AFFECTING THE PROFITABILITY: EVIDENCE FROM THE GLOBAL AVIATION INDUSTRY.	World	Aviation	Source and data: Financial statements from Morningstar.com database, 2009-2016 Method: Logistic regression	Profitability is negatively affected by the growth in debt ratio, average current ratio, and inventory turnover.

2.1 Keynesian Economics theory

According to Keynesian Economics theory, government expenditure affects output, inflation, and employment. In other words, government intervention in the economy by increasing spending and decreasing taxes is a way of stabilization and can increase the corporate profits including aviation industry. [4]

2.2 Dependent variable

The goal of a firm under the traditional firm theory and David Ricardo's view is to maximize the

shareholder wealth, which is achieved mainly by increases in profit. Various metrics can be selected to assess the company's profitability. For the purpose of this study, Return on Assets (ROA) metrics is selected as a dependent variable that was used previously by Alahyari [2]. This metrics measures how well a company uses its assets to generate income, which is especially applicable in airline industry since the airbuses are the their main assets used for generating profits.

2.3 Independent variables

Macroeconomic determinants

Oil price change: Oil price and its volatility has been found to have significant negative exposure on the airlines stock returns and its profitability [1], [6]. In other words, the increase in oil price increases the cost of sales of the aviation industry incurred per one flight, thus, reducing the net profit and cash flows.

Government expenditure: Based on Keynesian Economics Theory [4], the government expenditure positively affects the output of the economy including aviation. However, the study conducted by Hrubý (2021) [7] revealed that the government support reduced the probability of default of aviation companies in post-pandemic period whereas it is have a minimum effect on the profitability.

Population growth: The relationship between the population growth and profitability of aviation has not been studied so far, however, it is expected to have a positive impact since the growth in population would increase the total number of flights both inside and outside the count

Lending interest rate: Based on the study of Mwangi [10], the lending interest rate has an insignificant negative impact on the profitability of aviation since the higher interest rate charged increases finance costs, thus, reducing the net profit and cash flows of the aviation firms.

Inflation: Inflation allows the aviation industry to adjust their prices, thus, earn higher profit. However, the effect is found to be insignificant [10].

Profit tax: Based on Keynesian Economics Theory [4], the profit tax negatively affects the output of the economy including aviation by increasing the amount of tax to be paid to the budget, which negatively affects the net profit and cash flows of the aviation industry. The study conducted by Faizulayev et.al [5] supports this.

Time dummies 2014-2016: The oil price declined by around 120% (\$50 per barrel in January 2015 comparing to \$110 in July 2014) during 2014-2016 due to higher supply comparing to demand due to increased production from the side of United States and OPEC (especially Saudi Arabia) which is expected to have positive influence on the profitability of aviation industry since it decreases the cost of each flight.

2.4 Hypotheses of the study

Based on the literature mentioned above, the following hypotheses are proposed:

H1: Oil price change has significant negative influence on the profitability of aviation firms in Southeast Asia.

H2: Government expenditure has insignificant positive influence on the profitability of aviation firms in Southeast Asia.

H3: Population growth has insignificant positive influence on the profitability of aviation firms in Southeast Asia.

H4: Lending interest rate has insignificant negative influence on the profitability of aviation firms in Southeast Asia.

H5: Inflation has insignificant positive influence on the profitability of aviation firms in Southeast Asia.

H6: Profit tax has significant negative influence on the profitability of aviation firms in Southeast Asia.

H7: Time dummies have significant positive influence on the profitability of aviation firms in Southeast Asia

3. Data and Methodology

3.1 The Data

The study used financial statements of aviation companies in Southeast Asia as well as data gathered from Orbis Data Stream and the World Bank for the period of 9 years from 2011 to 2019. To conduct regression analysis on panel data, we have used all 13 airlines in these regions. An econometric model with panel data was set up to explore statistically the relationship between ROA and macroeconomic factors listed below.

3.2 Methodology

Firstly, the data is converted to panel data for further analysis. The data is analyzed using Stata software. Secondly, descriptive statistics is performed to learn the attributes of data. Multicollinearity, autocorrelation and heteroscedasticity tests are performed to check whether the data can be relied upon. PCSE model (panel-corrected standard errors) was then employed to run the regression to account for heteroscedasticity and autocorrelation issues. PSSE model (T<N) was selected since 10 variables were used (N) over a 9-year period (T). The regression model is as follows:

$$ROE = \beta_0 + \beta(OPC) + \beta(GOVEX) + \beta(PG) + \beta(LIR) + \beta(DTI) + \beta(INFL) + \beta(PT) + \beta(2014) + \beta(2015) + \beta(2016) + E$$

Where,

OPC: Oil price change (%)

GOVEX: Government expenditure (ln)

PG: Population growth (annual %)

LIR: Lending interest rate (%)

INFL: Inflation, GDP deflator (annual %)

PT: Profit tax (% of commercial profits)

2014-2016: Time dummies

E: Error

4. Empirical results

4.1 Descriptive statistics

Descriptive statistics represents the statistical summary of a dataset such as a number of observations, mean, minimum, maximum, and standard deviation of the dependent and independent variables for the selected companies within Southeast Asia region. Most importantly, it provides the information on the location measured by the mean and its variability of a variable measured by the standard deviation.

Variable	Number of observations	Mean	Standard deviation	Min	Max
ROA	94	0.426	7.771	- 29.593	16.730
Oil PC, %	95	0.005	0.25	- 0.471	0.40
GOVEX	95	0.713	0.905	- 0.270	2.24
Pop-n growth, %	95	1.115	0.508	0.089	2.453
LIR	95	6.951	2.969	4.084	16.954
Infl-n	95	2.496	2.727	- 1.719	21.42
PT	91	15.453	8.556	-	29.5
Y2014	95	0.116	0.322	-	1
Y2015	95	0.116	0.322	-	1
Y2016	95	0.105	0.309	-	1

Based on the summary table, the mean ROA is 4.2% with the variability of 7.707, which means there is a high volatility meaning the profitability of aviation companies in Southeast Asia is highly volatile. As to independent variables, oil price change, government expenditure, and inflation are also highly volatile with their standard deviations higher than their mean values.

4.2 Multicollinearity

In order for an econometric model to be reliable, it should be free from the high correlation between the variables. This is important since one independent variable may affect another which leads to skewed results.

	ROA	Oil PC, %	GOVEX	Pop-n growth, %	LIR	Infl-n	PT	Y2014	Y2015	Y2016
ROA	1.0000									
Oil PC, %	- 0.0162	1.0000								
GOVEX	- 0.2393	- 0.0164	1.0000							

Pop-n growth, %	-0.0331	0.0648	0.2237	1.0000						
LIR	-0.0017	-0.0498	-0.5021	0.1243	1.0000					
Infl-n	0.1188	0.0953	-0.3774	-0.1231	0.6449	1.0000				
PT	0.1293	-0.0225	-0.8089	-0.2716	0.1217	0.1763	1.0000			
Y2014	-0.0889	-0.1263	0.0413	0.0354	0.0043	-0.0171	-0.0132	1.0000		
Y2015	0.0079	-0.7016	0.0240	-0.0009	-0.0180	-0.0936	-0.0144	-0.1392	1.0000	
Y2016	0.0675	-0.2293	-0.0296	-0.0053	-0.0294	-0.0817	0.0646	-0.1319	-0.1319	1.0000

In order to test the model for multicollinearity issue, VIF function that states variance inflation factors was employed.

Variable	VIF	1/VIF
GOVEX	5.97	0.167533
PT	4.42	0.226321
LIR	3.26	0.307033
Oil PC, %	3.25	0.307795
Y2015	3.06	0.326962
Infl-n	1.94	0.515896
Y2016	1.50	0.668784
Y2014	1.30	0.768727
Pop-n growth, %	1.23	0.813923
Mean VIF	2.88	

Based on the results of multicollinearity test, there is no correlation issue given 10% significance level, however, government expenditure has medium correlation issue, which can be accepted, however, its level of correlation should be taken into account. The average mean VIF is not significantly higher than 1 meaning the multicollinearity issue is under control in this model.

Time dummies 2014-2016 were introduced to separate the effect of decline in global oil prices.

4.3 Autocorrelation

Autocorrelation is similar to correlation issue discussed above, however, it differs in the way that autocorrelation measures the relationship of variable's current and past values. This should be also under the control for the results not to be skewed and error terms not be correlated with each other.

F(1,11)	32.95
Prob>F	0.0001

There is autocorrelation since the P-value is less than 1% level of significance leading to the conclusion that there strong evidence of autocorrelation absence.

4.4 Stationarity

Stationarity of a variable is a property, which proves that the values do not change due to variation in time. Before building an econometric model, it is necessary to check whether a variable is stationary. For this purpose, Unit Root test called Fisher-type test was conducted. Fisher-type was selected since the dataset is unbalanced and this should be accounted for.

P-value	ROA	Oil price change	GOVEX	Population growth	Lending interest rate	Inflation	Profit tax
Inverse chi-squared	0.0012	0.0155	0.0015	0.0476	0	0.0025	0.0385
Inverse normal	0.0011	0.0022	0.0012	0.0085	0	0.0004	0.0204
Inverse logit t	0.001	0.0052	0.0013	0.0164	0	0.001	0.0269
Modified inv. chi-squared	0	0.0047	0	0.0312	0	0.0001	0.0205

Based on the results, all variables are stationary since they are lower than 10% and 5% level of significance and the null hypothesis is rejected, thus, they can be used for further analysis.

4.5 Heteroscedasticity

Heteroscedasticity refers to the error term not normally distributed that means the residual unobserved variables have a high variability. If this issue is present, it can be concluded that the results are biased.

LR chi2 (104)	73.86
Prob>chi2	0.9889

As Prob > chi2 is 0.9898, the null hypothesis is not rejected, thus, there is no heteroscedasticity.

4.6 Regression results

ROA	Coef.	PCSE	z	P>[z]	[95 Conf.	Interval]
Oil PC, %	- 5.154439	3.363516	- 1.53	0.125	- 11.74661	1.43774
GOVEX	- 7.722107	1.555245	- 4.97	-	- 10.77033	- 4.67388
Pop-n growth, %	- 0.950335	1.352475	- 0.07	0.994	- 2.74584	2.55577
LIR	- 1.190454	0.312405	- 3.81	-	- 1.80276	- 0.57815
Infl-n	0.411417	0.182408	2.26	0.024	0.53904	0.76893
PT	- 0.468947	-0.022500	- 3.02	0.002	- 0.77284	- 0.16506
Y2014	- 1.748515	0.654746	- 2.67	0.008	- 3.03179	- 0.46524
Y2015	- 2.566694	1.989006	- 1.29	0.197	- 6.46507	1.33169
Y2016	- 0.332627	1.441015	- 0.23	0.817	- 3.15696	2.49171
Cons	19.5774	3.916130	5.00	-	11.90192	27.25287
Rhos	- 0.343023	1	0.855786	0.464057	0.738684	0.198712
Estimated covariances	91					
Estimated autocorrelations	13					
Estimated coefficients	10					
Number of obs	90					
Number of groups	13					
Min	2					
Avg	6.9230769					
Max	9					
R-squared	0.1836					
Wald chi2 (8)	416.17					
Prob>chi2	-					

As stated previously, PCSE model was run to account for heteroscedasticity and autocorrelation issues since 10 variables were used (N) over a 9-year period (T).

R-squared is a statistical measure, which indicates the percentage of how much the dependent variable is explained by independent variables selected and whether the data fits the model. In this case, the result of 0.1836 means that 18% of changes in ROA is explained by changes in independent variables.

F-test is Prob > chi2 which is 0 meaning it is significant that in turn means the whole model is best fitted or statistically validated and can be relied upon.

P > [z] column is used to find out whether each independent variable exerts significant influence on the dependent variable which is ROA. P > [z] is used instead of T test here. The detailed explanations on each variable are provided below.

Constant variable: Ceteris paribus or all other things being equal, 1% increase in constant variable will increase the profitability of aviation in Southeast Asia by 19.57% and it is statistically significant. This implies that the average value of a dependent variable is 19.57% when all the independent variables are set to be zero.

Oil price change, population growth, time dummies 2015-2016 are statistically insignificant, therefore, do not exert significant influence on the profitability.

Government expenditure: 1% increase in government expenditure will decrease the profitability by 7.72%.

This observation can be explained by the fact that increased government spending reduces private investments and sustainable economic growth. In addition to that, the government just reallocates resources from one party to other party and this intervention into free economic market can disturb the work performed by the invisible hand introduced by Adam Smith. This is controversial issue since the effect of government expenditure could be both positive and negative given various circumstances, however, it is observed to be negative for Southeast Asia during the selected time period from 2011-2019. This finding is inconsistent with the Keynesian Economics Theory, which states that the government expenditure boots the output of the economy and the hypothesis of positive effect is rejected. However, it can be positive and this was shown in the study conducted by Hrubý (2021) [7] where he found out that the government expenditure is highly important during post-pandemic period decreasing the probability of default in aviation industry. As a potential topic for further research, the effect of government support during post-pandemic period or crisis can be researched.

Lending interest rate: 1% increase in lending interest rate will decrease the profitability by 0.95%. The increased lending rate increases the cost of debt for the aviation leading to increased interest repayments. Additionally, it increases the weighted average cost of capital for the aviation firms resulting in increased discount rate that is unfavorable. This is consistent with the hypothesis and the study of Mwangi [10] where he states that increased finance charges decrease both the net profit and cash flow. Nevertheless, the increased finance costs provide a tax-shield for the companies since it reduces PBT (profit before tax) resulting in lower amounts of the tax to be paid to the budget.

Inflation: 1% increase in inflation will increase the profitability by 0.41% which is in line with the hypothesis. Although, the overall prices of both services and goods increase in the economy, this allows the aviation companies to adjust their prices either in line with inflation or higher to earn a higher margin. This observation was also confirmed by the study Mwangi [10] where the positive effect of inflation on the profitability of aviation was revealed.

Profit tax: 1% increase in profit tax will decrease the profitability by 0.46% which is in line with the hypothesis. This decreases the tax burden levied on the taxpayers resulting in higher profit after tax and additionally saved cash flows. These saved cash flows could be used for reinvestment into the business boosting its future performance or distributed between the shareholders. Keynesian Economics Theory [4] supports this result since such fiscal policy by reducing tax rates stimulates the economy. The study of Faizulayev et.al [5] also supports this.

Time dummies: Time dummy 2014 exerts statistically significant negative influence on the profitability by decreasing it by 1.74% during 2014. It was the beginning of the decline in global oil prices mainly due to logistics issues and the supply being higher than demand given increased extraction from the side of OPEC (Organization of the Petroleum Exporting Countries) and Saudi Arabia, however, the hypothesis was that it would positively influence the aviation by decreasing their costs on fuel. Nevertheless, the effect is negative since most of the Asian countries engaged in derivative contracts by hedging the risk and locking into the price given their sensitivity to changes in oil price and foreign exchange rate, thus, incurred losses on their positions during that time.

It is proposed to research the impact of the global oil decrease during 2014-2016 for Southeast Asia deeper by dividing the countries into groups such as oil-exporting countries, oil importers, the countries with low oil consumption in order to see the separate effect given individual characteristics of the countries and explore specifically the impact on the balance of payments, exchange rate, inflation, and fuel subsidies implemented.

5. Conclusion

5.1 Conclusion

The influence of macroeconomic variables such as oil price change, government expenditure, population growth, lending interest rate, inflation, profit tax, decline in global oil prices 2014-2016, on the profitability of aviation industry in Southeast Asia for the period from 2011 to 2019 has been studied. Orbis Data Stream and World Bank were the sources where the data for 13 companies was obtained for building the pooled dataset. The primary advantage of this study is that autocorrelation, stationarity, heteroscedasticity, multicollinearity tests are performed adding its value to the reliability of the econometric model used.

The results of PSCE model showed that government expenditure, lending interest rate, profit tax have statistically significant negative influence on the profitability of airlines in Southeast Asia while inflation positively affects the profitability. 2014 year exerted significant negative influence while oil price change, population growth and 2015-2016 years are statistically insignificant, thus, do not exert influence on the income of airlines industry.

Government authorities and policy makers could use these results in order to boost and plan for the airline

sector in their countries. Moreover, it is expected to be beneficial for investors and external users since it provides a deeper understanding of the industry with its relationship with macroeconomic variables studied.

5.2 Recommendations

Policy makers can use the results for further analysis and decision-making process. Based on the results, it is recommended:

- Lower government expenditure so that private investments are made in higher proportion leading to sustainable economic growth
- Stimulate banks to make differentiated lending interest rate based on each industry current financial health. It is crucial to offer lower interest rates to aviation industry so that its profitability boosts and it would pay higher amounts of taxes by the subsidization the loans of aviation industry
- Keep control of inflation and keep it on normal sustainable growth level so that the overall economy benefits. If inflation goes out of control, the intervention of the Central Bank should be made.
- Reconsider the use of derivatives by using more flexible instruments in case of volatility in oil prices
- Offer tax preferences for airline industry in order for them to increase the profit and contribute to the overall GDP growth

The list of recommendations is tentative and not binding.

5.3 Limitations of study

This study has its own drawbacks as any study does. First of all, the limited time period from 2011 to 2019 is selected with lack of the most up-to-date information. Secondly, more macroeconomic variables could be used and firm-specific factors should be studied as well. In addition to that, the statistical and financial information for Southeast Asia is hardly available with time lags and some data omitted.

The suggestions for further research:

- The inclusion of the most up-to-date data and increasing the time-period
- Inclusion of more macroeconomic variables given 18% R-squared
- Inclusion of firm-specific variables
- Introducing more countries to represent the Southeast Asia or consider expanding the region itself
- Study the impact of government support for the aviation sector during the post-pandemic period
- Research the impact of the global oil decrease during 2014-2016 for Southeast Asia

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Business School Faculty Attitudes towards Artificial Intelligence in Education

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Abstract

AI adoption in management education teaching is still underdeveloped. The future of management education lies in the synergy between AI and learners. The objective of this study is to discover how business school faculty at KIMEP feel about using AI for educational purposes. The successful deployment of AI as an instructional technology in education depends on the attitudes of the teaching faculty. Few studies have investigated faculty perspectives on AI use owing to a general lack of expertise on how to integrate AI into education and which specific tools would be effective. This is a pilot study and part of a working paper on AI in business education. Data collected from a survey of 47 business school faculty members was used to explore their attitudes toward AI usage in their courses. The pilot investigated various dimensions including the faculty level of AI expertise, level of difficulty, awareness of opportunities, and risks of using AI in teaching discipline-specific functions. Findings indicate that there is variation across all these dimensions; however, most faculty agree on the importance of integrating AI into their courses and for their career progression. They also agree on the many advantages of AI and perceive the ethical risks involved. Several recommendations were made accordingly with practical implications for business school faculty and management.

Keywords: business education, AI application, teaching, learning, ethics

JEL Codes: I23, I25, O32, O33

What are the major leadership streams measuring effective leadership in organizations?

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ABSTRACT

Purpose – The objective of this research is to conduct rigorous reviews by consulting relevant literature on the leadership, leadership styles and behaviours as well as particularly examine the relationship between Bass's (1985) leadership dimensions -transformational, transactional, and laissez-faire and organizational commitment.

Design/methodology/approach –Application of qualitative research method including in-depth literature reviews of journal and conference papers and books.

Findings – Through rigorous literature review, the current research presents the conceptual framework and the Full Range Leadership Model (Bass, 1985) investigating the concepts of transformational leadership, transactional leadership, and laissez-faire leadership. Mentioning organizational context and reviews on organizational commitment are also included.

Originality/value – Measuring Leadership styles by considering the organizational context and commitment.

Keywords: Leadership styles, Transformational leadership, Leadership Effectiveness, Organizational context, Organizational commitment

Paper type: Literature review

1 INTRODUCTION

The COVID-19 has impacted the lives of millions of people and thousands of organizations throughout the world. Coping with challenges in this pandemic situation in running the industries, managing pressures at work, and keeping safe, secure and healthy working environment with high morale & motivation and satisfaction among employees are some of the essential issues that contemporary leaders are compelled to address in order to effectively lead the operations of the companies.

It can be argued that there is a need to adopt an effective leadership style by adjusting the current ones to comprehend the aforementioned issues (Liu et al., 2013; Trottier et al., 2008).

According to the research, it has been stated that different leadership styles are appropriate to various environments and considering the context of the tasks to be performed, which are in turn affecting the perceptions of organizational employees and their attitude, level of turnover- whether employees intending to leave the company, and their level of commitment (Harris et al., 2009).

It has been widely stated that rapid speed of change in the technology sector, digitalization, raised the level

of confidence on professional employees, diversification and social responsibility are considered as factors that have to be taken into account by organizations to maintain a competitive advantage in the 21st century (Holt & Marques, 2012). Furthermore, organizations have to reactively adjust and being flexible to constant alterations in the environment (Bennett, 2009).

Therefore, it is argued that in order to deal efficiently with the challenges, organizations need leaders who are courageous and creative for leading in changing business environment (Holt & Marques, 2012; Warrick, 2011). According to Bennet (2009), there is a need of applying an appropriate leadership style to attain the highest level of employees' performance.

According to the research data (Boerner et al. 2007) that explored 91 leaders from 91 companies in Germany indicated that transformational leadership substantially interconnected with employees' productivity and innovation, arguing that transformational leaders stimulating organizational behavior.

Hargis, Watts & Piotrowski (2011) argues that effective leadership can be measured as a significant factor for growth and outstanding organizational performance for different types of organizations such as profit and nonprofit organizations, corporations, governmental units, professional sport divisions as well as religious organizations. Another team of researchers Flood, Smith, Turner, West and Dawson (2000) found that leadership styles directly impacted the effectiveness level of organization.

Considering the above discussion in mind, the current researcher, decided to investigate the nature of effective leadership by considering several variables.

This review explores the connection between Bass's (1985) proposed leadership dimensions of transformational, transactional, and laissez-faire as well as other significant organizational elements - leadership behaviors, the importance of organizational context on the leadership effectiveness, leadership and organizational commitment.

2 LITERATURE REVIEW

Investigations in Leadership styles

It has been stated that for the past half-century a significant number of researches aimed to define characteristics and behavior which interpret the way leaders are raising the performance of a team or work units (Yulk,2018). Following this, the multitude number of behavioral investigations (Bass and Avolio, 1994; Lee, 2011; Northouse, 2007; Snodgrass and Shachar, 2008) have been conducted. However, there was a substantial difference in regards to the quantities and varieties of organizational behaviors being studied.

Researchers such as Yulk (2018) argue that the majority of researches on leaders' behavioral focused on the examination of one or two widely determined behaviors from a well-known leadership theory, such as transformational leadership (Bass, 1985) or a widely used questionnaire such as the Leader Behavior Description Questionnaire (e.g. Fleishman, 1953), while, quite a few researches explored other distinct categories of leaders' behaviors (e.g. Stogdill et al., 1962; Kim and Yukl, 1995).

Relying on the widely explained leadership behaviors, the current research has bounded the further advancements in the understanding of effective leadership and actions for improvements, for instance, the leadership training and development programs (Yulk, 2018; Yukl, 2012).

The progress in effective leadership will be faster by examining a variety of specific behaviors rather than focusing on defined behaviors (Yulk, 2018; Yukl, 2012).

Hierarchical taxonomy provides an opportunity to divide definite behaviors that are sharing measurable attributes into extensive meta-categories related to recognizing effective leadership. This taxonomy has three meta-categories: task-oriented, relations-oriented and change-oriented behaviors (Ekvall and Arvonen, 1991; Yukl et al., 2002).

Task-oriented behavior is focused on improving the efficiency and safety of activities performed by leaders' teams or operating units. It is argued that this meta-behavior can be considered as analogues to the leadership behavior discovered in earlier leadership research which is known as initiating structure (Fleishman, 1953; Halpin and Winer, 1957), production-centered leadership (Likert, 1961), instrumental leadership (House, 1971) and performance behavior (Misumi and Peterson, 1985).

It is argued that initially, the task-oriented behavior consisted of three integral behaviors: planning work unit activities; clarifying roles and objectives; and monitoring operations and performance. More recently, problem-solving was included as a fourth integral of task-oriented behavior (Yukl, 2012).

While the core principle of relations-oriented behavior in keeping subordinate task commitment, confidence and cooperation, this principle is characterized by supporting; developing; recognizing and rewarding; and empowering. This category is akin to earlier behavior consideration (Fleishman, 1953; Halpin and Winer, 1957), employee-centered leadership (Likert, 1961) and supportive leadership (House, 1971), the majority of them combining such characteristics as supporting and developing, while

empowering or recognizing are not included sometimes (Yukl,2018).

Determining and implementing changes in the tasks and work procedures for leaders' teams or organizational units are considered as a fundamental aim of change-oriented behavior. Unequivocal components of change-oriented behaviors are advocating change, encouraging innovation and envisioning change. These listed behavioral characteristics are comparable to some characteristics of transformational leadership (Bass, 1985), charismatic leadership (Conger and Kanungo, 1987; House, 1977) and change management (Kotter, 1996). For instance, envisioning change is like the inspirational motivation of transformational leadership as well as encouraging innovation is comparable to the understanding of intellectual stimulation

Despite the presented common behavioral characteristics applied in the majority of earlier leadership research, the three meta-categories of the hierarchical taxonomy are not the same as the earlier behavioral leadership setups. For instance, shortly saying, as well as to its change-oriented component behaviors, the transformational leadership comprised of individualized consideration that is a relations-oriented behavior like supporting and developing (Yukl, 2018). Moreover, it should be noted that generalized task-oriented behaviors did not encompass problem-solving.

In a meta-analysis research (Borgmann et al., 2016), investigators were using the data from hundreds of researches about general leadership styles that are transformational leadership, consideration and initiating structure in an effort to evaluate the task-oriented, relations-oriented and change-oriented meta-categories influencing the leader effectiveness and subordinate job satisfaction.

Yukl, Mahsud, Prussia and Hassan (2018) argued that there is a need for further research and further discover suitable appropriate behaviors for situations that encounter many leaders, such as cases where the newly formed group is analyzed vs established group, experienced vs unexperienced colleagues, routines vs new implements, subordinates with self-sufficient against collective job duties.

It was argued that investigation which discovers the way personal behaviors are impacting is hinged on the considerable factors as situational constraints which speed up the advancement regarding investigation the superior theories of adjustable, aligned leadership (Hart and Quinn, 1993; Yukl and Mahsud, 2010), it has to be noted that these theories are indispensable in the contemporary, vigorous and dynamic environments (Mahsud et al., 2011).

Importance of the context in Leadership

The recent leadership theories raised the issue of supporting and nurturing, which are indicated in leadership (Bass, 1985, 1998), ethical leadership (Brown and Treviño, 2006) and servant leadership (Greenleaf, 1970). However, these theories undervalued the importance of the context. These theories were assuming that the leadership styles will be considered effective ignoring the effect of contextual factors (Johns, 2001 as cited in Stone and Jawahar, 2021). The authors argued that these leadership styles will be effective only in the low-intensity context, but are not applicable in the high context. Following this statement the low-intensity contexts are explained as structured tasks, such tasks when the actions are predetermined and fulfilled in a stable environment and chances of the failing results are not severe, for instance, office and retail environments, manufacturing and service companies as destructive effects are not considerable (Stone and Jawahar, 2021).

In contrast, the high-intensity context is determined by the high level of interdependence, task fulfilment is led by the context and completed in the changed, challenging and volatile environment. In such case the chances of failing the outcomes are dreadful, for instance, such contexts as military combat units, active SWAT, fire, search and rescue and disaster response, sports teams (Hannah et al., 2009).

The high-intensity context requires a directive leadership style to be effective. Stone and Jawahar (2021) argue that the leaders who exercise power by being directive, decisive, and goal-oriented in their style are more effective. Also, according to this point of view, directive leadership consists of activities involving pressure by warning, threatening and producing stress for raising motivation among subordinates or controlling perverse behavior which disturbs company's rules, therefore authors put forward that directive leadership style is efficient for high-intensity contexts (Mulder et al. 1971; Stone and Jawahar, 2021).

Consequently, the model of directive leadership was proposed (Stone and Jawahar, 2021) which is compatible with the statement that leadership and effectiveness are context-contingent, the leadership will be influenced by the changes caused by context (Osborn et al., 2002). Taking, for example, the results from a research conducted over three years with approximately 9000 leaders, supervisors in 85 organizations from multiple industries that found that organizational context, solitary circumstances and difficulties leaders cope with allowing to foresee leaders' accomplishments as much as 300% with greater precision (Van Buren and Yost, 2017), contrasting the views of Porter and McLaughlin (2006) that argue that the influence of companies' context on leadership is an under-investigated field.

According to the majority of authors, the initial focus of leadership was on spreading influence among

subordinates for efficiently accomplishing tasks and working duties, while the influence process comprised of the varied set of leading and management (Bass and Avolio, 1994; Bass et al., 2003; Stone and Jawahar, 2021).

As it has been mentioned before, in general, the transformational leadership style involves leaders followers' motivation by the common vision and expectations, by being a good example, expanding ideas and recommendations by treating every subordinate as an individual fulfilling their demands (Bass, 1985, 1998).

On the other hand, transactional leadership affect followers by the means of nominal rewards. Despite, being divergent in considerable ways, the transformational type Consideration Leader Behavior Description Questionnaire and the transactional approach shares elements with Initiating Structure (Judge et al., 2004).

It should be noted that the transformational leadership outlook is linked with a drop in nominal and authoritarian leadership styles investigations (Lambert et al., 2012).

Consequently, the scope of socially respectable leader behaviours was narrowed, especially those inducing stress on followers, the earlier theories from the schools of Ohio State –Initiating Structure and Consideration (Kerr et al., 1974) and Fiedler's Contingency theory (1967) may have been neglected precipitately (Judge et al., 2004; DeRue et al., 2011).

The meta-analysis by Judge et al. (2004) wrapped up that Consideration and Initiating Structure have a considerable connection with leadership effectiveness, as the hypothesis regarding preference for considerate leaders, but at the same time the higher productivity for structuring leaders was substantiated (Wang et al., 2011). The meta-analysis on 113 studies turned out that transformational leadership had a magnification effect over transactional-contingent reward leadership envisioning individual-level contextual performance and team productivity, the contingent reward the approach explained individual task fulfilment variance over transformational leadership.

Stone and Jawahar (2021) affirmed that the leadership theories are related to two mutually exclusive leadership groups: first, one is nurturing and supporting, while the second one opposing – applying pressure and involving stress. The former is aligned with transformational leadership style, servant leadership and ethical leadership while the latter affiliated with leadership theories as initiating structure, transactional leadership, authoritarian leadership, abusive surveillance and destructive leadership.

Taking into account of the context variable, theories that are accentuating approach as nurturing and supporting are considered effective in low intense context, while theories which are proposing of applying pressure and stress will be effective in high-intensity companies (Stone and Jawahar,2021). Moreover, it had been stated that the leaders' aim in a high-intensity context lays in preparing newcomers for the requirements of the work that are dissimilar from and more difficult from those in other companies.

For instance, the requirement of high-level dedication, confidence, group solidarity for effective performance in high-intensity contexts is tremendously greater comparing to other companies as the lives of people are put at risk (Hershkovich et al., 2016).

For example, the meaning that high-intensity entities have to choose, instruct and lead by these methods that vary in a significant way from methods ordinarily applied in low-intensity companies as initial responsibility in assuring that members complete tasks outstandingly and remain alive in tense and life-threatening cases; consequently, in this context directive leadership is determined as a congruous leadership style (Cabrera, 2011; Hershkovich et al., 2016).

It had been stated that the significance of leadership effectiveness is in aligning work behaviors that way towards achieving the organization's vision and stated goal. Having said that, nevertheless, the leadership orientation between private and public companies is disparate. Furthermore, it was mentioned that sufficient attention was not paid to it (Hidayat, Rafiki and Aldoseri, 2017).

Consequently, it was argued that it is arduous for finding a leader who is in a real way inspiring subordinates (Limsila and Ogunlana, 2008; Lussier and Achua, 2007; Hidayat, Rafiki and Aldoseri 2017; Yulk and Van Fleet,1982). Moreover, it was mentioned that governmental organizations are pushed to increase efficiency, while the shortage of implanting leadership is considered as negatively influence companies' effectiveness (Hidayat, Rafiki and Aldoseri, 2017).

Contemporary approaches to leadership reverberate the extremely competitive and tempestuous business by concentrating on the effective application of human beings' resources (Hidayat, Rafiki and Aldoseri, 2017; Yahaya and Ebrahim, 2016).

Even though earlier study on characteristics, behavior and situational leadership is considered as applicable, leadership has been measured as an inspirational approach, which is efficient or effective, particularly in transactional and transformational leadership (Buon, 2014).

Major Leadership Concepts

Following the explanation of Chemers (1997) leadership is a social action of influencing where a single human is enlisting aid and support from other people for accomplishing a common task. The meaning of leadership implies the conducting, showing the way, guiding, directing, steering, inducing in regards of the result or aim, or establishing an example. There are three widely investigated leadership theories: transactional, transformational and laissez-faire leadership (Lowe et al., 1996; Chemers, 1997; Avolio et al., 1999; Antonakis and House, 2002; Dumdum et al., 2002; Judge and Piccolo, 2004; Kirkbride, 2006; Kurfi, 2009; Stanfield, 2009; Buon, 2014).

According to Buon (2014), transformational leadership is considered as one of the most widely known leadership theory, which described by the strong bonds established between followers and leaders, where leaders are motivating and inspiring followers through the shared vision, following ethical and moral standards. Moreover, according to Buon (2014) organizations that are led by this kind of leadership behaviour in the result have higher levels of commitment comparing to companies led different by different type examples organizations -raising subordinates' self-confidence as in result bringing self-confidence to persist in the face of setbacks resulting in exceptional performances. The transformational concept was initially presented by MacGregor Burns (year?) which further was advanced by Bernard Bass (1985) (Hidayat, Rafiki and Aldoseri, 2017; Yahaya and Ebrahim, 2016).

Furthermore, Avolio et al. (1999) presented four major characteristics of transformational leadership that are:

- Intellectual stimulation: Leaders challenge and inspire the status quo among followers.
- Individualized consideration: Leaders act as coaches to the followers and listening to concerns and meeting needs.
- Inspirational motivation: Leaders share a clear vision that they are able to articulate to the followers.
- Idealized influence: Trust and respect the leader, emulating and internalizing the leader's values and beliefs.

As research in transformational leadership has been continued, re-examined model is presented by the work of Rafferty and Griffin (2004), who listed five dimensions of transformational leadership:

1. A leadership style that is based on a vision where the leader is presenting a glorious future picture based on organizational values. For determining a yearning future, leaders are willing to foster followers to accept desired behaviours (McClelland, 1975).
2. The leadership style is based on inspirational communication applying appeals and emotion-laden statements to increase follower's feelings and incitement.
3. The leader indicating supportive leadership style outlines concern for subordinates and take into account their personal needs. he or she pertains to subordinates' wellbeing as well as establishes a friendly and supportive work climate (House, 1996).
4. The leader applies intellectual stimulation as well as raises follower's ability to critical thinking in order to see challenges under different-new scope about problems in new ways (Bass, 1985). Consequently, it is aimed to raise their competencies in conceptualize issues and to upgrading the level of quality to solutions they provide (Bass and Avolio, 1990).
5. Finally, the leaders have personal recognition style principal values as well as appreciate subordinates' aspirations and accomplishments.

Buon (2014) argued that the transactional leadership style can be contrasted with the transformational style. Initially, this theory was investigated by Max Weber (1978) and continued by Bernard M. Bass (1985) in the early 1980s (Buon,2014).

It is concerned with maintaining the standard flow of operations where it uses disciplinary power and a variety of instruments to motivate employees to further performance. Transactional leadership is relating to the understanding of a leader essentially motivating subordinates by providing rewards for successful performance and applying punishments in case of failures while accomplishing established goals (Yahaya and Ebrahim, 2016).

It is argued that the transactional leadership approach can be efficient in some situations, however, it was stated that it is not as efficient as the transformational type, specifically in situations requiring the subordinates to achieve established aim, therefore fixed frames and set of procedures with standards are vital in maintaining transactional leadership (Hidayat et al. 2017).

As far as the third leadership style is concerned- the laissez-faire leadership that is influencing organizational members to work as one team, who have a variety of choices and responsibility to choose from and establish own targets and personally control task completion (Kurfi,2009). This style is described

as non-leadership approach as there is no connection between leaders and followers (Yulk, 2010). Also, it was stated that feedback, rewards, and leader participation are entirely absent in this leadership style (Northouse, 2007; Yahaya and Ebrahim, 2016; Yulk, 2010).

Also, this style is characterized by leaders who are not willingly being responsible for the development of organizational units or departments (Kirkbride, 2006). This style is suited while applying in flexible environments and decision making (Stanfield, 2009), while Antonakis and House (2002) argue that laissez-faire, transactional and transformational leadership are specified as drawing a line from extremely active to passive leadership styles (Islam et al., 2018).

Moreover, other scholars depicted that there is a positive relationship between transformational and transactional leadership to numerous variables of objective and subjective performance, whereas the laissez-faire approach is adversely correlated (Lowe et al., 1996; Dum Dum et al., 2002; Judge and Piccolo, 2004).

There are numerous researches that cover the effect of applied leadership style on the company. For instance, the research conducted by Bennet (2009) among members of the Association of Information Technology Professionals formed the view that transformational and laissez-faire leadership styles impact the followers' superior achievements.

However, from the other side, transactional leadership and transformational styles produced employees gratifications. Keeping the above discussion in mind, we can say that overall, all three leadership styles: transformational, transactional and laissez-faire are proven to be giving a significant effect on management effectiveness.

Measuring Organisational Commitment for Effective Leadership

Organizational commitment (OC) had been considered as a well-studied area for the last decades. Particularly, the researches in human resource development have examined OC as a measurable instrument for managing organizational attitudes, behaviours and management (Ahmad et al., 2018; Islam, Ali and Ahmed, 2018; Yahaya and Ebrahim, 2016; Elamin, 2012; Hollingworth and Valentine, 2014).

According to Gillet and Vandenberghe (2014), the positive and significant linkage has been outlined between leadership styles in a company and organizational commitment (Gillet and Vandenberghe, 2014). Furthermore, the raised emphasis through the leadership perspective guided professionals to provide suggestions in implementing changes that can improve OC by adjusting leadership styles (Parry and Sinha, 2005; Islam et al., 2013). Based on the arguments of earlier researchers such as Parry and Sinha (2005) we find that those leadership executions which are focused on establishing goals, allocating work, building a system of feedback and on the job, coaching would influence positively employees' retention, satisfaction and commitment.

Furthermore, leadership enactments comprised of sharing knowledge, critical evaluation of organizational environment, exhilarating innovating behaviour among employees, escalating team creativity might facilitate without deviation OC (Kennedy et al., 2013). Due to the growing interest and needs of professional human resource managers to develop OC, consequently making endowment to its effectiveness provided a route to developing wide range of theories that are focused on leadership styles (Mesu et al., 2015), which are divided as leaders' or followers' centric.

According to studies, the former is characterized as building on the determinants of self-realization and self-projection of the leader (Gillet and Vandenberghe, 2014; Ardichvili and Manderscheid, 2008), while the latter is building on the implementation, expansion and development of the followers.

As it has been stated earlier that the transformational leadership is based on the encouraging employees acceptability of stated organizational aims and mission (Bass, 1990; Bass and Riggio, 2006), therefore studies revealed that by following this organizational efficiency, gratification and commitment can be incremented (Yang, 2012; Mesu et al., 2015; Islam et al., 2013).

While, other researchers attempted to depict the process of linking transformational leadership with organizational commitment by proposing mediating and moderating variables in their research (Yahaya and Ebrahim, 2016), consequently, mediating variables are considered as psychological empowerment and need fulfilment (Zhu et al., 2013), presence of moral thinking, personal and collective efficacy, and job involvement (Song et al., 2012; Nielsen et al., 2009 cited in Islam et al., 2018a or b).

As far as the moderating variable is concerned, according to Avolio et al. (2004 cited in Islam et al., 2018) the structural distance- that is conceptualized as direct and indirect reporting to leader.

A plethora of literature indicate the withstand connection between transformational leadership and organizational commitment (Islam, et al. 2018). However, it has been mentioned by Meyer and Allen (1997), Allen and Meyer, 1990; Meyer and Allen, 1991) that this connection is dependent on the constructs of commitment, which are affective commitment (AC), normative commitment (NC) and continuance commitment (Meyer and Herscovitch, 2001). Also, it was stated that within transformational leadership

different leadership styles such as Participative and Directive styles may be applied depending on organizational context and circumstances.

The commitment constructs within an organization can be elaborated as follows:

- Affective commitment entails an affective belonging to the organization. In other words, it can be described by the employees' high levels of commitment such as "partisan" or emotional connection to the company (Hassi, 2019)
- Normative commitment is about perception regarding bonds to remain in the organization. Despite it, from time to time it overhung with affective commitment (Meyer and Parfyonova, 2010). However, the differentiation between both resides that people within affective commitment are willing to work in the organization, while individuals with normative commitment perceive that they have to.
- Continuance commitment is linked to the understanding of the expenses that are thought of connecting with leaving the company. It is worth noting that individuals who have high affective commitment feel that it is too expensive to leave the organization (Puni et al., 2021).

Of the two sub-dimensions of continuance commitment, the first one is for the reason of limitations other employment opportunities, the second one is associated lesion with terminating work in company (Meyer et al., 1993)

From the aforementioned discussion we find that a variety of research results are existed in the empirical field. However, it would be challenging to come up to a conclusion and/ or simply outline and/or present a generalized statement on the interrelatedness between transactional, and transformational leadership styles and employee commitment.

The current research is aimed to address the issues keeping the fact in mind that the relationship among transactional, transformational leadership and employee commitment is inclined to such contingencies as environmental and cultural factors.

It should be argued that employee commitment is selected as an essential element in conducting research as it is considered as signficator in determining employees' retention (Allen and Meyer, 1996; Whitener and Walz, 1993) and whether they will exhibit outstanding job-related behaviour or in other words would leave the company (Hausknecht et al., 2009; Meyer et al., 1989; Vandenberghe et al., 2004).

Furthermore, the transformational leadership style has a substantial and compelling effect on normative organizational commitment Clinbell et al. (2013).

As far as the transactional leadership style is concerned, the consequences of applying this style resulted in continuous commitments, while it was noticed the laissez-faire leadership style negatively related to affective commitment (Erkutlu, 2008; Hidayat et al. 2017).

As it was stated earlier, the transactional leadership style is building on the leaders' legal authority that is particularly goals and outcomes, established tasks, rewards and imposed punishments, therefore it was argued that this leadership approach is applicable to secure environments and businesses.

While on the other hand, transformational leaders are motivating and raising the commitment of subordinates and/or followers. It is reached by sharing the common vision, increasing confidence, and building a sense of faith to exceed own predictions (Buon, 2014).

Laohavichien et al. (2009) found out the prevailing leadership approach in applying manufacturing companies in the USA. Moreover, while conducting the research it was also found that applied leadership style influences employees or organizational staff and the level of quality and performance.

3 RESEARCH METHODOLOGY

The research Methodology chapter is going to present research instruments that can be applied to conduct research.

Selected Research Instruments

For this research the usefulness of different data collection methods had been considered. These are structured and semi-structured interviews, participant observation, survey methods; therefore, the choice is given to use multi-method as survey and semi-structured interviews as "multiple research methods" have more advantages for qualitative research over single method.

The advantage of using questionnaires is in opportunity for respondents to confidentially and anonymously respond to questions for a short time, particularly for employees, who are working in organizations as each of employee performs own task.

Main Research Instrument

Since, multi-method has been chosen, it was established that data would be gathered through survey

method- questionnaire, the next task is- to make a final choice, which one from two questionnaires to select.

Initially, it is essential to determine a reliable instrument- that is known and validated, which will be useful as a basis in the assessment of leadership behaviors. The adjusted version of the instrument will be applied in the research.

Through literature review on leadership behaviors, we find that two instruments were considered that can be applicable in the current primary research. First option- application of a questionnaire on leadership that is developed by Bass and Avolio - Multifactor Leadership Questionnaire, shortly MLQ. This instrument has been examined for such characteristics as applicability and reliability to evaluate transformational leadership by Antonakis (2003, cited in Antonakis, 2011).

One of the distinct features of MLQ model that it was designed to provide an evaluation of a leader for 360 Degrees (Bass and Avolio, 1997, cited in Antonakis, 2011).

The current research is considering that it might not be possible to fully apply MLQ instrument for the current research as ethical issues could be raised and can affect the research outcome. This can be explained by cultural specificity- from early childhood Kazakh people were grown to treat with respect senior/ older people. Therefore, the current researcher realized that it would be disrespectful to evaluate the effectiveness of leadership behavior and style, in respect of age, subordination and life experience.

As it was determined, objectives of research are to evaluate perceptions about behavior that might be effective leadership behavior, which is building greater employee commitment from the view of members of the organization, head of the company, managers and employees. Under this objective, the current research assumes that respondents, particularly managers and head of companies, would perceive about effective leaders' behavior as their desired behavior as well as it might be characteristics of their real behavior in managing or leading.

The second option for the research instrument is LBDQXII. Stogdill (1963) developed twelve versions of Ohio State University Leadership Behavior Description Questionnaire – LBDQXII. This instrument was developed to provide solution by analyzing two groups: leaders and followers. LBDQXII is considered as a valid and reliable tool for research (Stogdill, 1969, cited in Antonakis, 2011). Also, Stogdill and Coons (1957) noted “Initiating Structure” and “Consideration” and measured significant behaviors in effective leadership. Moreover, the validity of leaders' behaviors and their importance in leading effectively were asserted again by Judge (Judge et al. 2004, cited in Antonakis, 2011).

The Questionnaire “LBDQXII” contains 100 items each of which is classified into 12 subscales. Each subscale consists of 5 or 10 items that describe leaders' behaviors (Stogdill, 1962). Respondents are required to provide answers in a Likert scale of 5 from “Never to Always”, by indicating the frequency of behavior an ideal leader has to show (Stogdill, 1962). Questions of each subscale are scattered randomly throughout the whole survey, in addition, respondents do not know, that each question relates to particular subscale. These subscales are:

1. Representation – describes how leader or manager speaks and acts as the representative of the group (5 items).
2. Demand Reconciliation – what is degree of manager's reaction in reconciling conflicting demands and decreases disorder to system (5 items).
3. Tolerance of Uncertainty – to what extent leaders are able to tolerate uncertainty and delay, for instance, Stress situations, without expressing anxiety or becoming upset (10 items).
4. Persuasiveness – determines how well leaders perceive and provide arguments effectively; how strongly carry convictions (10 items).
5. Initiation of Structure – to what degree and how clear leaders identify own roles, and let followers (employees) aware of what is expected from them (10 items).
6. Tolerance and Freedom –what are the boundaries of liberty that have followers for increasing initiative, decision making and actions (10items).
7. Role Assumption – obtaining leading role rather than delegating leadership to others (10 items).
8. Consideration – to what extent leader understands the value of comfort, wellbeing, status, and contributions of followers for company (10tems)
9. Production Emphasis – establish what is level of pressure to maintain and increase productive output (10items).
10. Predictive Accuracy – shows how leaders indicate the degree of fore seeing and ability to predict outcome in an accurate way (5 items).

11. Integration – shows how well manager/ leader create strong organization with close connections; provide solutions for interpersonal conflicts. (5 items)

12. Superior Orientation – determines to what degree leader/managers establish and keep friendly relations with superiors; has influence with them; looking to higher position (10 items).

Table 1: LEADER BEHAVIOR DESCRIPTION QUESTIONNAIRE – Form XII adapted from Fisher College of Business, The Ohio State University 2021 (<https://fisher.osu.edu/centers-partnerships/leadership/leader-behavior-description-questionnaire-lbdq>)

Stogdill (1963) noted that the reliability of the LBDQ version XII subscales was determined by a modified Kuder-Richardson formula. The participants in Stogdill (1962) of LBDQXII were people from different categories, for instance, Army Division, Community Leaders, Senators and Corporate Presidents.

However, the researcher realized that she should not include all 100 questions for conducting the field part. The main reason was that it required too much time to answer 100 questions, which took approximately 1 hour (Stogdill 1962, cited by Fisher, 1963). Considering important limitations in mind, therefore, a decision has to be made to select questions from subscales that the current research would be better characterized regarding an effective leader's style or behavior in Kazakhstan, while the second and third Instruments will be based on Commitment Dimensions and including organizational context dimensions that were discussed.

Implementing Questionnaire

As explained before, LBDQXII as an instrument for current research with subscales will be selected and an additional instrument will be Commitment measures, the following steps will be conducted for administering the questionnaires:

1. To translate the questionnaire and its instructions from English to Russian
2. To present questions and instructions clearly
3. To create an attractive layout
4. To verify whether questions are presented ethically and will not cause any ethical issues

4 CONCLUSION

The current research conducted in-depth literature reviews on major concepts of leadership styles that include Transformational, Transactional leadership and Laissez-faire leadership. Additional dimensions such as context and commitment were also examined. The findings of this research will be used in the next phase of current research applying the following framework for conducting primary research.

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Innovative management in the service industry using Airbnb as an example

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ABSTRACT

This study examines Airbnb's service innovation in the context of short-term rentals: Founded in 2008, Airbnb revolutionized the market and revolutionized traditional business models where individuals could rent out or sublet their residences. Using Airbnb as a case study, this study identifies and identifies key aspects of service innovation management, focusing on current issues, challenges, and prospects.

The objectives of this study are to analyze Airbnb's business model and identify key aspects such as customer segments, value proposition and pricing principles. Next, the concept of disruptive innovation introduced by Airbnb and its impact on traditional business models will be analyzed. It will also examine the introduction of holarchy into Airbnb's management structure and its impact on the company's innovative behavior, including its ability to quickly respond to changes in the internal and external environment.

This study examines the health and regulatory issues associated with Airbnb's operations and provides recommendations for addressing these issues in a post-pandemic environment. It will also assess Airbnb's social responsibility and how it impacts society, including its contribution to economic and tourism development. Finally, the prospects for future research in this industry are analyzed: the consequences of technological trends, changes in consumer preferences.

Research methodology. It is based on a mixed method, which allows for a comprehensive analysis of service innovation management practices using the example of Airbnb. The study includes a review of existing literature, identification of specific research objectives, collection of data at quantitative and qualitative levels, analysis of data and formulation of conclusions and recommendations for stakeholders. Limitations of the study. Limited geographical coverage, data bias due to feedback and surveys, time limitations of results (dynamic nature of the service industry). Limited access to Airbnb's internal data and limited applicability of results to other companies in the service industry.

KEYWORDS: Innovation, Airbnb, Innovation Management, Business Model, Disruptive Innovation, Holarchy, Social Responsibility, Research Perspectives.

1 INTRODUCTION

The service sector is one of the most dynamic and innovative industries, and the implementation of innovative management methods has a significant impact on the efficiency, profitability, and competitiveness of companies.

So, founded in 2008, Airbnb became a pioneer company in the peer-to-peer economy. It provided individuals with a unique opportunity to rent or sublet residential space, demonstrating how innovative management methods can transform traditional business models.

The purpose of this study is to identify the potential of innovative management in the service sector using the example of Airbnb. The objective of the study is to identify current needs and gaps in the sector to achieve an optimal level of innovation management. Using Airbnb as an example, it will explore these needs and identify opportunities for innovation in managed services.

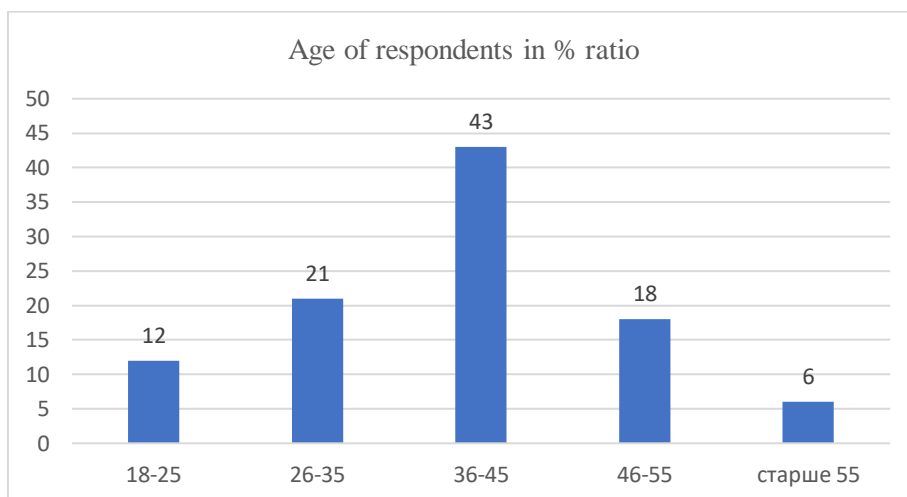
Airbnb is currently leading the short-term rental industry, offering a new theme for innovative management and business model change, thereby challenging traditional hotels. It is fair to say that Airbnb is disrupting existing business models in the industry and clearly demonstrates the principles of disruptive innovation.

Looking at Airbnb's business model from a management and general management innovation perspective allows us to identify the main issues and challenges facing the company and the industry as a whole. Regulatory and health issues related to the informal economy of Airbnb have been particularly important during the COVID-19 pandemic, among others.

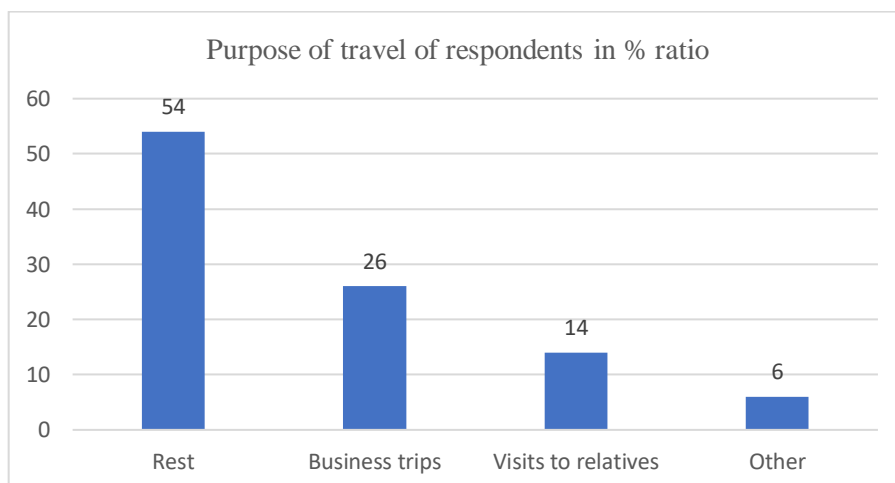
Organizational structures: innovative behavior and totalitarianism, an analysis of the impact of new technologies, business model design and management structures on the success and

competitiveness of service companies should be studied and investigated. And how do specific factors affect the company's ability to adapt to rapidly changing market demands and what impact do they have on ensuring sustainability in the current "business as usual" situation, i.e. after the pandemic? It is important to note that these questions open up wide possibilities for further research.

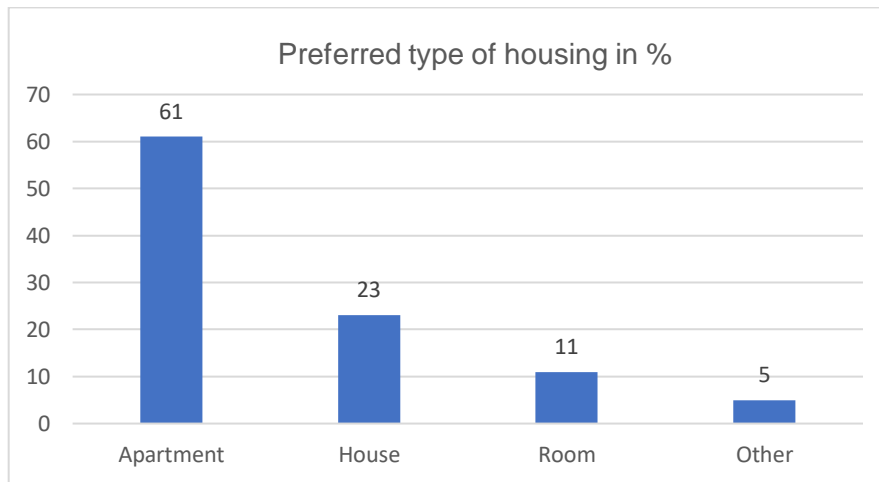
Airbnb's business model is based on the Business Model Canvas developed by Osterwalder and Pigneur (2010). This tool provides a framework for identifying key business elements such as customer segments, interaction channels, and value propositions (Osterwalder & Pigneur, 2010). In the context of Airbnb, customer segmentation helps identify users of different age groups and determine their needs and preferences.



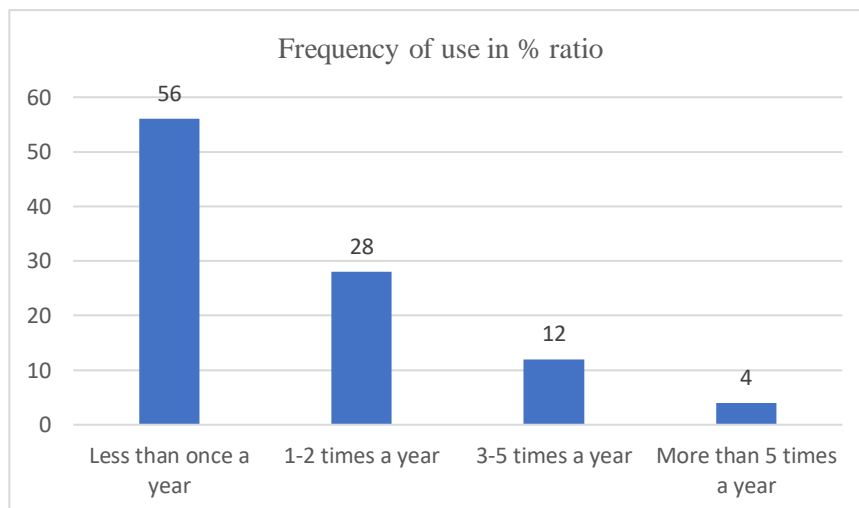
Graph of Airbnb customer segmentation results by age group.
 o The main segment of users is 36-45 years old (43%).
 o Significant segments are 26-35 years old (21%) and 46-55 years old (18%).



Graph of Airbnb customer segmentation results by travel purpose.
 o The main purpose is leisure and travel (54%).
 o A significant share is business travel (26%).



Graph of Airbnb customer segmentation results by preferred accommodation:
 o Most prefer apartments (61%).
 o Almost a quarter of users choose houses (23%).



Graph of Airbnb customer segmentation results by preferred accommodation:
 o The most common usage is less than once a year (56%) and 1-2 times a year (28%).
 o Fewer users use the service 3-5 times a year (12%) and more than 5 times a year (4%).

Airbnb’s value proposition is realized through unique home experiences, ancillary services, and convenient interaction channels such as web platforms and mobile apps that facilitate flexibility in home selection, ease of booking, and communication between users (Osterwalder and Pigneur, 2010). This business model creates value not only for customers but also for Airbnb hosts, allowing the company to build a successful and efficient company in the home-sharing sector, thereby satisfying the various needs of stakeholders. The concept of disruptive innovation, first introduced by Clayton Christensen, suggests that new technologies, products, and services begin to compete with traditional market leaders by reducing the cost or easing access to goods and services (Pew Research Center 2016). In this case, Airbnb, the company introduces a new form of service delivery that allows travelers to rent directly from individuals instead of traditional hotels and inns, offering travelers greater flexibility and personalization. Moreover, Airbnb positions itself as an innovative company in the hospitality industry, developing a business model that is different from traditional hotels (Pew Research Centre, 2016).

The impact of such innovations on traditional business models in the hospitality industry is significant:

1. Competition and market loss: Hotels and hostels may face the threat of losing market share due to intense competition from Airbnb (Pew Research Centre, 2016).
2. Need to adapt: It is becoming increasingly important for traditional hotels and guesthouses to adapt to changes in the industry and meet new challenges, demands and preferences of consumers (Pew Research Centre, 2016).
3. New opportunities for collaboration: At the same time, traditional hotel companies may seek ways to collaborate with Airbnb or adapt their business models to incorporate successful elements of the Airbnb platform (Pew Research Centre, 2016).

The holistic management concepts presented in the study by Kumar and Mukherjee (2018) can be effectively applied to the Airbnb business model and its impact on the traditional hospitality industry. Key elements of holistic management, such as flexibility, autonomy and personalization, take on particular importance in the context of Airbnb.

Airbnb offers flexibility to both hosts and guests, allowing hosts to adapt to changing market demands by changing prices and rental terms in real time. Importantly, this is especially attractive in the rapidly changing landscape of tourism and hospitality. Moreover, host autonomy also plays an important role: Airbnb gives hosts complete freedom to manage their properties, allowing them to set house rules, select guests, and manage their schedule. This reflects the idea of self-managed teams in the holacratic management model. Offer customization is one of the key features that allows hosts to create unique and personalized offers for their guests. This not only helps them stand out from other offers, but also attracts more interest and bookings. In addition, Airbnb supports innovation and the creation of new standards in the hospitality industry, encouraging hosts to improve the quality of their accommodations and experiment with different approaches to service.

Thus, holistic management concepts, including the principles of holacracy, can be applied to the Airbnb business model, which provides a competitive advantage through flexibility, autonomy, and personalization. The impact of such innovative models on the traditional hospitality industry is significant and may encourage traditional hotels and guesthouses to rethink their approach to service delivery and management.

As stated in the study by Zhang and Wen (2020), the lack of hygiene and regulation in the short-term rental sector poses serious safety and compliance issues. Unlike traditional hotels, which have strict safety regulations and standards, the short-term rental sector such as Airbnb may pose a risk to guests due to the lack of proper regulation and control. This is manifested in the lack of on-site safety checks, lack of host identification, and the inability to ensure guest safety.

In addition, many countries have strict regulatory requirements for hotels and guesthouses regarding quality, safety, hygiene, and service standards. In the short-term rental sector, such requirements may be less stringent or non-existent, creating potential risks to the health and safety of guests. There is also the question of who is responsible for any problems or accidents in this sector and how the rights and interests of guests are protected. The lack of clear rules and regulations can create difficulties for both guests and hosts, as well as make it difficult to protect consumer rights and resolve disputes.

Positive reviews have also been shown to have negative consequences when guest expectations are not met. For example, if a guest expects a certain service or amenity based on a positive review, but their expectations are not met due to misinformation or poor service from the host, this can result in a negative review or low rating. This can be even more problematic in the absence of strict guidelines or standards for quality or meeting guest expectations.

Let's touch on some key aspects of Airbnb's impact on local communities, covering both positive and negative aspects Guttentag (2020).

Positive aspects.

1. Economic benefits: The tourism sector will get a boost as Airbnb can attract more travelers to the local community, and local businesses such as hosts, restaurants, shops and other service businesses will see an increase in their revenue
2. Local business development: Allowing locals to rent out their homes through Airbnb can revitalize the small business sector and create new jobs
3. Improving the tourist experience: Using Airbnb, tourists can stay in unique and authentic places such as locals' homes, enriching the tourist experience and promoting cultural exchange
4. Diversification of tourism offerings: With Airbnb, travelers can choose from a variety of accommodation options, including apartments, houses, cottages, and even unique options such as rustic cabins, farms, and

chalets. This helps diversify tourism and cater to the different needs and preferences of travelers.

5. Improved service levels: Competition among Airbnb hosts encourages them to provide quality services and improve their service levels in order to attract and retain guests. This leads to higher service standards and improves the reputation of the local tourist destination.

Negative aspects.

1. Increased influx of tourists: Increased influx of tourists into local communities due to the popularity of Airbnb can lead to infrastructure overload, higher prices for housing and other goods and services, and a deterioration in the local atmosphere and way of life.

2. Changes in the housing stock: Many landlords prefer short-term rentals through Airbnb over long-term rentals, which can reduce the number of homes available for long-term rentals and increase problems in the housing market for local residents. 3. Need for regulation: The rapid growth of the short-term rental sector highlights the need for effective regulation to protect the interests of local communities and ensure a balance between the needs of tourists and local residents.

4. Safety and Compliance Issues: The lack of strict regulation and oversight by governments means that some Airbnb hosts may violate safety rules and local laws, posing a potential threat to guests and locals

5. Loss of Authenticity and Cultural Identity: The rapid growth of Airbnb tourism may lead to commercialization and loss of authenticity of local culture and way of life. Increased tourism may change the atmosphere and character of local communities and raise concerns about preserving the unique cultural identity of the region.

Overall, Guttentag's (2020) research highlights the importance of better understanding the impact of Airbnb on local communities and the need to develop policies and strategies that ensure sustainable and balanced tourism development in relation to the local environment.

Short-term rental platforms like Airbnb have become an integral part of the modern tourism industry. However, the growth of such platforms has both positive and negative impacts on local communities: In response to the COVID-19 pandemic and the search for new ways to engage with guests, companies like Airbnb have had to find innovative approaches to serve and support local communities.

Airbnb's Innovations in the Context of COVID-19

The COVID-19 pandemic has brought significant challenges to the hospitality industry, including short-term rental platforms like Airbnb. In response to these challenges, Airbnb has implemented a number of innovative approaches to adapt to the new conditions and ensure the safety of its users.

First, Airbnb developed and implemented new cleanliness and safety standards for listings. These standards include guidelines for cleaning and disinfecting rooms during guest stays, as well as the use of protective equipment by hosts and guests. These standards were developed in response to recommendations from health organizations and helped ensure guests had a safe stay during the pandemic. Second, Airbnb provided new ways for hosts and guests to connect remotely. These included virtual tours of listings, video conferences to discuss stay details, and online courses to educate hosts on the latest cleaning and safety standards. These innovations allowed Airbnb users to interact with each other while minimizing face-to-face contact.

Airbnb also provided financial support to local hosts and communities facing economic hardship due to decreased tourism demand. During the pandemic, the company created a relief fund and a grant program for hosts who lost income due to canceled reservations. This allowed many local entrepreneurs to overcome financial difficulties and continue their businesses.

In this way, Airbnb has demonstrated its ability to innovate in times of crisis, using technology and resources to adapt to new conditions and ensuring safety and support for users. This highlights the importance of innovation in building resilience in times of uncertainty and change.

To explore the different opinions and experiences of Airbnb users, a random stratified sample will be used (to obtain a representative sample of opinions) by customer type, region, and duration of use of the service.

The sample size was determined based on the principle of statistical significance, that is, statistical methods that ensure the reliability and validity of the results.

To assess innovations, a "Questionnaire" was developed from 4 groups, containing 3 questions each.

1. Technological innovations:

- Usability of the application
- Ease of booking
- Support

2. Innovations in services and offers:

- Variety of services offered
- Variety of accommodation
- Variety of locations

3. Financial security and trust:

- Payment
- Cancellation of booking
- Reviews

4. Customization of accommodation:

- Possibility of taking into account wishes
- Recommendations
- Services for an additional fee

SPSS software was used to determine the internal consistency of the questionnaire using the Cronbach's alpha coefficient.

Cronbach's alpha coefficient: determines how internally consistent the questions in the questionnaire are; values above 0.7 indicate good internal consistency.

Table 1 Cronbach's Alpha

Elements	Number	Cronbach's Alpha Coefficient
Technological Innovations	3	0,801
Service and Offer Innovations	3	0,865
Financial Security and Trust	3	0,811
Customization of Accommodation	3	0,843

We will conduct a regression analysis to assess satisfaction with innovative components. We will determine which innovative components have a significant impact on customer satisfaction.

Table 2 coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t.	Significance
		B	Std. Error	(Beta)		
1	(Constant)	4,932	0,460		10,726	0,000
	Convenience of the application	0,275	0,117	0,239	2,359	0,020
	Booking simplicity	0,339	0,124	0,293	2,742	0,007
	Support	0,239	0,122	0,206	1,957	0,053
2	(Constant)	6,064	0,493		12,311	0,000
	Variety of services	0,112	0,138	0,101	0,811	0,420
	Variety of accommodations	0,051	0,164	0,042	0,311	0,757

	Variety of locations	0,422	0,156	0,392	2,696	0,008
3	(Constant)	4,717	0,443		10,658	0,000
	Payment	0,269	0,121	0,235	2,225	0,028
	Cancellation	0,287	0,122	0,241	2,348	0,021
	Reviews	0,347	0,113	0,303	3,064	0,003
4	(Constant)	6,702	0,518		12,928	0,000
	Accounting features	0,418	0,161	0,383	2,596	0,011
	Recommendations	-0,111	0,141	-0,101	-0,783	0,435
	Paid services	0,115	0,167	0,097	0,693	0,490

From Table 2 we will highlight the variables that have the most significant impact on satisfaction.

Convenience of the application: Coefficient 0.275, p-value 0.020.

Booking simplicity: Coefficient 0.339, p-value 0.007.

Variety of locations: Coefficient 0.422, p-value 0.008.

Payment: Coefficient 0.269, p-value 0.028.

Cancellation: Coefficient 0.287, p-value 0.021.

Reviews: Coefficient 0.347, p-value 0.003.

Accounting features: Coefficient 0.418, p-value 0.011.

CONCLUSION

Using Airbnb as an example, this study identifies key aspects, highlights current issues, as well as challenges and prospects.

First, after defining your customer segments, value proposition, and pricing strategy, you need to understand Airbnb's business model; secondly, the need to analyze the concept of disruptive innovation presented by Airbnb and with it its implications for the traditional business paradigm. Additionally, the study examines the integration of holarchy into Airbnb's governance structure and its particular importance in facilitating innovative responses to a rapidly evolving, dynamic internal and external environment.

In addition, this study raises health and regulatory issues related to Airbnb's operations and provides specific recommendations for addressing these issues in the post-pandemic era. It also assesses Airbnb's social responsibility and how it impacts society, particularly its contribution to economic and tourism development. Finally, the importance of technological trends and changing consumer preferences is highlighted and prospects for future research in this sector are discussed. The methodological approach is a mixed methods approach, with Airbnb as the main case study. During the literature review, the research objectives were identified, and data collection was carried out sequentially - at the qualitative and quantitative levels, this made it possible to analyze the data, formulate conclusions, as well as recommendations for stakeholders.

However, the study has limitations, such as limited geographical coverage, which may result in data bias due to feedback, and time constraints on obtaining results. Additionally, Airbnb's limited access to internal data limits the generalizability of the results to other companies in the service industry.

In conclusion, this study highlights the important role of service innovation management, as evidenced by Airbnb's disruptive impact on short-term rentals. By revealing the complexity of service innovation management, the study contributes to a better understanding of current challenges and opportunities in the evolving context of service-oriented business.

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Exploring the Drivers of Craft Entrepreneurial Intentions Post-Retirement: Evidence from Kazakhstan

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This study applies Social Determination Theory (SDT) to investigate the drivers influencing individuals' intentions to pursue craft entrepreneurship after retirement in Kazakhstan. As the aging population grows (13.1% of population of Kazakhstan are in 60+ years old group) and new retirement patterns evolve, there is a growing interest in understanding post-retirement entrepreneurship, particularly within the domain of craft industries. The study applied qualitative research approach. Semi-structured interviews with a diverse sample of retired individuals engaged in craft entrepreneurship were conducted, and thematic analysis was employed to discern patterns. Findings revealed intrinsic motivators such as autonomy, competence, and relatedness, as well as extrinsic factors including economic necessity and social influences, in shaping entrepreneurial intentions post-retirement. Additional factors such as prior career experiences, social networks, coping with retirement stress, leisure time available, health and mental wellbeing emerged as contextual elements impacting the entrepreneurial intentions among seniors. Theoretical implications for the integration of SDT into the literature on entrepreneurship, aging, and retirement, as well as practical implications for policymakers and aspiring craft entrepreneurs, are discussed. This study contributes to a deeper understanding of the complex motivations underlying post-retirement craft entrepreneurship and offers insights to support the development of tailored interventions to support senior's craft entrepreneurship.

Exploring the Concept of Gift Registry in Kazakhstan: EMOTE.kz

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Gift registries have long been popular in many countries, allowing individuals to curate a list of desired gifts for special occasions such as weddings, birthdays, and anniversaries. In Kazakhstan, examining the concept of gift registry from a scientific standpoint is intriguing, shedding light on its potential implications and cultural significance.

From a sociological perspective, the introduction of gift registries in Kazakhstan could transform traditional gift-giving practices. In a society where gift-giving is highly valued, implementing a gift registry system could potentially streamline the process and enhance efficiency for both gift-givers and recipients. By providing a platform for individuals to communicate their preferences and needs, gift registries can alleviate the stress associated with gift selection and ensure that the gifts received are genuinely valued and valuable.

Moreover, from an economic standpoint, the introduction of gift registries in Kazakhstan could have a positive effect on local businesses. By creating partnerships with retailers and online platforms, gift registries can encourage individuals to shop locally and support domestic companies. This can help stimulate the economy and promote local entrepreneurship, ultimately contributing to the overall growth and development of the country.

However, it is essential to consider the potential challenges and cultural implications that may arise with the adoption of gift registries in Kazakhstan. In a society deeply rooted in traditions and customs, pre-selecting gifts may be perceived as impersonal or even disrespectful. Choosing a gift is often seen as a thoughtful and personal gesture, reflecting the relationship between the giver and the recipient. Therefore, the introduction of gift registries should be approached with sensitivity and awareness of cultural norms to ensure its successful integration into Kazakhstan society.

EMOTE.kz, a startup company founded by Sabina Sailaubekova in Almaty City, Kazakhstan, provides a unique gift registry service. This service caters to individuals or couples celebrating special occasions such as birthdays, baby showers, anniversaries, or weddings. Through EMOTE.kz's website, users can create a personalized list of desired items and share the link with their guests. Guests can then access the website and choose a gift from the wish list, considering their budgetary constraints. This innovative approach simplifies the gift-giving process and ensures recipients receive desired items.

A young woman, Sabina is surrounded by a group of close colleagues who are her best friends. These individuals, all female, have established successful careers at prominent companies such as BIG4company and LVMH. They have come together to embark on a new entrepreneurial journey with the startup EMOTE.kz.

The business faced the challenge of contrasting Kazakhstan's gift-giving culture with the US market. Unlike in the US, where gift registries are widely embraced and offered by various companies like AMAZON, people in Kazakhstan tend to prefer giving cash in envelopes as presents. From a scientific perspective, Sabina recognized that her potential market would consist of young adults who studied abroad and valued receiving gifts that would serve as reminders of their friends. This demographic could potentially become her initial customer base.

The company's founder expressed a keen interest in broadening the business's reach to cater to a larger audience while being mindful of the unique cultural nuances prevalent in Kazakhstan. Kazakh culture is renowned for its diverse family celebrations, including the groom's proposal, weddings hosted by the bride's and groom's families separately, commemorating the first forty days of a newborn's life, and celebrating a child's first steps. Additionally, it is customary for individuals to appreciate receiving specific items from their wish list during festive occasions such as New Year celebrations or housewarming parties.

Sabina contemplated innovative ways to market her business while working within a limited budget. She was particularly interested in attracting customers from cities beyond Almaty in Kazakhstan. Additionally, she pondered how to shift citizens' gifting culture from giving cash or shopping on the most significant marketplace.

A preliminary investigation of Psychological Distance and Consumer Behaviors

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ABSTRACT

The given research explored how the choice of a café in a particular area defines consumer psychological distance. Currently, a lot of cafes and coffee-shops are being opened in Kazakhstan, especially in Almaty, and the competitiveness among them is getting more serious. However, little attention is paid to investigating the factors which influence customers' choice of a place to have lunch or dinner at. This leads to many newly opened cafes becoming unsuccessful as well as losing their profits. That is why it is important to define the key factors that impact consumers' psychology of selection. For investigating proposed hypotheses, the author conducted the survey, in which 72 people, including graduate students of KIMEP University and other people between 19 and 55 years old served as respondents to participate in a questionnaire to provide the answers.

Current research findings are based on independent variables of the factors that are supposed to influence respondents' answers to the questions from the survey from consumer perspective, including food quality at a particular café, service, reputation, price, popularity, interior and exterior, convenience, location, variety of menu, amount of space, chef, ambience, hygiene, value for money, number of visitors and comfortableness of seatings. The location which was taken for research is the nearby area of KIMEP University, at the crossroads of Dostyk and Satbayev Streets. The result indicated that for the choice of a coffee-shop, there are no major and most significant factors, while loyalty, number of visits, preference and cafe trial are the negative factors, which do not influence psychological distance when choosing a cafe.

By using the given research as reference, emerging restaurants and cafes can attract more of the customers and compete with the existing popular places, while the already developed cafes can boost their popularity as well as the profits.

KEYWORDS: psychological distance, consumer behavior, construal level theory

INTRODUCTION

Marketing theory suggests that buyers will select those products and services that most closely match their wants. Wants may be generally defined as the desired attributes that deliver benefits to the consumer. The design of a product or service in relation to those attributes is referred to as the brand centroid. This study undertakes a test of this idea by comparing buyers' desires as related to relevant attributes with each brand centroid. This is performed by calculating psychological distance for each respondent to each brand. The study takes place in the city of Almaty, Kazakhstan and is specific to the coffee-shop category of the Abay and Dostyk Streets junction.

Limited research exists on the Kazakh coffee-shops and restaurants industry, making it an attractive area for study. While previous studies by Toleubaev, 2010 et al. explored specific aspects of the market, they are outdated and lacked comparisons with other markets, which is crucial for understanding a dynamic industry in a developing nation. (Yerdavletova & Mukhambetov, 104:269) The general purpose of this study is to determine if psychological distance is relevant to a variety of buyer outcomes.

Literature review

Consumers are constantly making buying decisions, which are the core focus of marketing efforts. Understanding these decisions, what, when, and why people buy, is vital for companies. By researching actual purchases, marketers gain valuable insights into consumer behavior. (Kotler & Armstrong, 2018)

On the global stage, the restaurant industry is recognized as an integral component of social and cultural development, alongside tourism. This strategic importance fosters a highly attractive market environment for the Kazakh industry. Additionally, the rise of a burgeoning middle class and shifting

consumer preferences within Kazakhstan are driving the demand for diverse and innovative dining experiences. This presents a unique opportunity for the market to embrace new concepts, service models, and forms of customer engagement, ensuring continued success in this dynamic and promising sector. (Turdaliyeva et al., 2021)

Humans possess the remarkable ability to consider the future, the past, faraway places, the perspectives of others, and even scenarios that haven't happened. While each of these thought processes is distinct, this research proposes they all represent different ways of navigating psychological distance. This concept refers to the perceived separation between oneself (the reference point) and something else, measured in various dimensions like time, space, social closeness, and even hypotheticals. (Trope & Liberman, 2010)

Research conducted by Williams et. al., 2012, on distinct emotional consequences of psychological distance and abstract construal, challenges this assumption. Their key contribution was to identify crucial distinctions between psychological distance and abstract thinking, demonstrating how they can have opposing effects on consumer judgments and behaviors. They aimed to move beyond the prevailing focus on abstract vs. concrete thinking, and encourage a more nuanced view where psychological distance can influence consumer behavior through various pathways. Furthermore, they claim to be the first to directly compare the emotional outcomes triggered by psychological distance and abstract thinking.

Across four studies, the research provides evidence to support this view. The findings suggest that: 1) Psychological Distance: Leads to emotional detachment, reducing willingness to engage with positive experiences (like buying desirable products, participating in social activities, or donating to charity) and diminishing the intensity of negative experiences; 2) Abstract Thinking: Promotes a focus on positivity, enhancing willingness to engage with positive experiences and mitigating the intensity of negative experiences, but to a lesser degree than psychological distance.

Traditionally, psychological distance (feeling far from something) and abstract construal (focusing on general ideas) have been viewed as interchangeable. However, emerging evidence highlights dissociable affective consequences. Psychological distance is linked to emotional attenuation, a weakening of emotional intensity (positive or negative) (Van Boven et al., 2010). Conversely, abstract construal is associated with an increased focus on the positive aspects of actions, making them seem more appealing (Wesp et al., 2009).

In light of the findings from the above researches, current research proposes the following hypotheses:

H1: Loyalty to a coffee-shop is significantly related to psychological distance.

H2: Number of visits to a coffee-shop is significantly related to psychological distance.

H3: Trial of a coffee-shop is significantly related to psychological distance.

H4: Preference of a coffee-shop is significantly related to psychological distance.

Methodology

The sample was a convenient sample, and it included people of different ages and genders.

Participants were 71 user of cafes in the Dostyk-Abay area aged from 17 to 40 years old, who were stranger visitors of cafes in the Dostyk-Abay area and author's colleagues, friends, relatives and acquaintances who have visited cafes in the Dostyk-Abay area in the past 3 months. It was informed and guaranteed to the participants that all data would be kept confidential and anonymous. What is more, the participants were asked to give their responses as true and honest as possible. Participants were surveyed during leisure time, work time and during the visit to the cafes in the given area. The survey was conducted both online and by contact.

Focus cafes include Whoopie Cakes, Medovic, Nedelka, Urban Coffee, Local Coffee, Perk Coffee Point, Coffee Top, Starbucks, Sen'n'Men, Shecker Coffee. The researcher first explained the study, addressed any questions or concerns, and obtained informed consent from participants. As such, for the purpose of surveying, the researcher visited cafes from the list, explained to strangers visitors the purpose of research and asked them to fill in the questionnaire as well as sent survey forms to be filled online to the colleagues, friends, relatives and acquaintances. The survey was then completed within a 3-week period both on paper and online. Participants could choose between a Russian or English version, with Russian being preferred due to being the native language for most participants. Each participant received a booklet with instructions and questions. The instructions were repeated on the first page and emphasized anonymity and aggregated data use. Additionally, a cover statement clarified the researcher's independence and interest only in honest opinions. After collection, participants were thanked for their participation.

The indicator of trial (Trial) was found during the personal interviews, were determined to be either yes or no and calculated in the following manner:

$$= if(trial) = "yes", then "1", "0"$$

The indicator of preference (Fav) was also found during the personal interviews, determined to be either yes or no and calculated in the following manner:

$$= if(favorite) = "yes", "1", "0"$$

The number of visits (Vis), spendings (SpendTT) as well as assessment of importance of such attributes as service, location, food quality (FdQual), coffee quality (CfQual), exterior design (ExtDes), interior design (IntDes), hygiene (Hygie), popularity (Popul), value for money (\$Valu), friendliness (Friendly), environment (Envir) were found during the personal interviews.

The current user (CUser) indicator was found according to Vis indicator (number of visits in the past month):

$$= if(visits) >= 0, "1", "0"$$

The year of birth (BDate) was found during the personal interviews, and the age was calculated according to it in the following manner:

$$Age = 2024 - BDate$$

The average values of twelve relevant attributes such as service, location, FdQual, CfQual, ExtDes, IntDes, Hygie, Popul, \$Valu, Friendly and Envir were calculated by finding the mean values of the attributes for each of the current users of a particular brand. (The table with average values can be found in Appendix A).

The attribute of psychological distance (PDist) for each brand was found during the personal interviews and calculated as the sum of absolute values of differences between the number indicating each of the twelve attributes mentioned above and the average value of each of these twelve attributes, in the following manner:

$$\begin{aligned}
 PDist = & abs(Service-AvService) + abs(Location-AvLocation) \\
 & + abs(FdQual-AvFdQual) + abs(CfQual-AvCfQual) \\
 & + abs(ExtDes-AvExtDes) + abs(IntDes-AvIntDes) \\
 & + abs(Hygie-AvHygie) + abs($Valu-Av$Valu) \\
 & + abs(Friendly-AvFriendly) + abs(Envir-AvEnvir)
 \end{aligned}$$

The attribute of loyalty (Loy) for each brand was also found during the personal interviews and calculated based on the preferences and visits in the following manner:

$$(Fav/TotFav + Vis/TotVis)/2$$

Descriptive statistics of the attributes such as Loy, Vis, Pref, PDist and Trial were identified by indicating their average, standard error, standard deviation, minimum and maximum values for all brands. These statistics are revealed in Table 1.

Table1.

Parameter	Average	SE	SD	Min	Max
Loyalty	0.062	0.009	0.073	0	0.4
Visits	13.239	1.651	13.914	0	55
Pref	2.282	0.188	1.587	0	8
Trial	4.732	0.25	2.104	0	9
PDist	14.035	0.383	3.228	8.308	22.044

Descriptive statistics of indicators

Analyses

The analyses proceeded by calculating correlation coefficients for psychological distance paired with each of the relevant four indicators: loyalty, preference, visits and trial. The number of significant correlations of PDist with each specific indicator was summed. This was followed by conducting an overall Chi-square test comparing the number of significant correlations for each indicator with the expected number of expected significant correlations found by chance (2 for each variable).

First, the following identifies the specifics of the analyses expected significant correlations value was identified through a row of calculations:

1. Total number of Psychological Distance Correlations for each parameter: N=10
2. Number of total correlations = 4 parameters x 10 brands = 40 correlations
3. Number of Expected Significant Correlations @ 'p'=0.05 = 40 correlations x 0.05 = 2. Thus, Expected Significant Correlations = 0.5
4. Degree of freedom $df = (r-1) \times (c-1) = (4-1) \times (2-1) = 3$
5. Chi-square test for each of the parameters:
 - Chi-Square Test for Loyalty = $(0-0.5)^2/0.5 = 0.5$
 - Chi-Square Test for Visits = $(1-0.5)^2/0.5 = 0.5$
 - Chi-Square Test for Preferences = $(0-0.5)^2/0.5 = 0.5$
 - Chi-Square Test for Trial = $(0-0.5)^2/0.5 = 0.5$
6. Whenever the value of 'p' is ≤ 0.05 , then 1 was added to the number of Significant Correlations of Psychological Distance.
7. Value of 'r' showed the strength of correlations; whenever 'r' showed a negative number, correlation was assumed to be strong.

The number of Significant Correlations was calculated for each brand, leading to the number of Significant Correlations of all brands. Table 2 reveals the number of significant correlations with PDist found and the overall chi-squared test results. As noted in Table 2, the overall test was insignificant ('p'=0.919), indicating that psychological distance is not related to any of the four indicators included in the analyses. Therefore, none of the research hypotheses are supported. We must conclude that psychological distance is unimportant to any of these concepts, at least in this particular study.

Table 2. Test of Significant Correlations VS Expected Significant Correlations of Psychological Distance of each parameter.

	PDist Correlations			Findings
	n	#Sig	#Exp Sig	
Loyalty	10	0	0.5	PD Non-Sig Rel to Loy
Visits	10	1	0.5	PD Non-Sig Rel to Vis
Preferences	10	0	0.5	PD Non-Sig Rel to Pref
Trial	10	0	0.5	PD Non-Sig Rel to Trial

$\chi^2=0.5$, $df=3$, 'p'=0.919

It was found that out of 4 parameters, none are statistically significant; therefore, offering no support for the research hypotheses.

The following hypotheses were not proved:

H1: Loyalty to a coffee-shop is significantly related to psychological distance.

H2: Number of visits to a coffee-shop is significantly related to psychological distance.

H3: Trial of a coffee-shop is significantly related to psychological distance.

H4: Preference of a coffee-shop is significantly related to psychological distance.

CONCLUSION

In the current research, we were attempting to identify whether there is any significant relation of such attributes related to cafes such as loyalty, visits, preference and trial to the attribute of psychological distance.

The current study was conducted through online and contact personal interviews. The interviewees for this research were the author's friends, colleagues, relatives and acquaintances who were using cafes nearby Abay-Dostyk Streets junction area in Almaty city. Responses were collected from 71 people.

After the completion of the survey, a thorough statistical analysis was conducted.

Upon successful completion of the research, it was found that none of the four attributes such as loyalty, visits, preference and trial are significantly relevant to psychological distance of consumers.

Such attributes as loyalty, preference, visits and trial proved to be significantly unimportant towards psychological distance due to the fact that cafes are the places not considered to be special or expensive, thus making them simple to visit. That is, no prior preferences or psychological distance factors play a role in the cafe selection criteria.

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APPENDICES

Appendix A.

Averages of relevant attributes by brand

Brand	Service	Location	FdQual	CfQual	ExtDes	IntDes	Hygie	Popul	\$Valu	Friendly	Envir
Whoopie Cakes	6.17	5.67	6.50	6.00	5.50	5.50	6.39	4.39	5.78	6.39	5.94
Medovic	5.88	5.77	6.65	6.24	5.29	5.53	6.77	4.12	5.94	6.47	6.35
Nedelka	6.15	5.56	6.51	5.41	5.15	5.54	6.44	4.08	5.59	6.15	5.90
Urban	5.87	5.20	6.33	5.73	4.93	5.47	6.27	4.27	5.53	6.13	5.73
Local Coffee	5.40	5.40	6.30	5.80	5.10	5.70	6.40	3.80	5.40	6.00	5.90
Perk Coffee Point	6.03	5.90	6.45	6.00	5.19	5.36	6.29	3.61	6.07	6.00	5.84
Coffee Top	5.94	5.88	6.49	6.00	5.36	5.49	6.36	3.49	6.09	6.12	5.91
Starbucks	6.05	5.65	6.44	5.93	5.09	5.51	6.44	4.19	6.00	6.19	5.91
Sen'n'Men	5.00	2.00	4.00	4.00	5.00	5.00	5.00	4.00	4.00	3.00	3.00
Shecker Cafe	4.40	5.40	5.20	6.00	5.60	5.80	6.40	4.60	5.80	5.80	5.80
Average	5.69	5.24	6.09	5.71	5.22	5.49	6.28	4.05	5.62	5.83	5.63

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Determinants of Profitability in Kazakhstani Companies

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ABSTRACT

In light of the limited scholarly inquiries on non-financial companies listed in the KASE Stock Market Index, this investigation represents a pioneering effort to augment the understanding of the pivotal determinants influencing the profitability of entities constituting the Kazakhstani economy. Unlike previous studies, it sets itself apart by focusing on financial ratios to understand what factors influence the profitability of major Kazakhstani companies. The empirical findings of this study provide valuable insights into the determinants of profitability, thereby aiding stakeholders in informed decision-making. The research specifically looks at the impact of financial attributes and capital structure on the profitability of the entire cohort of companies enlisted on the KASE Index during the period spanning 2012 to 2022. Furthermore, in contrast to prior investigations predominantly centered on the financial sector, particularly banks, this study deliberately directs its focus toward the non-financial industry. Methodologically, this study uses fixed and random effects models on panel data considering variables such as size, tangible assets, growth, business risk, debt-to-equity ratio, and debt-to-assets ratio, serving as independent variables. At the same time, the study gauges profitability through metrics including operating profits (calculated as earnings before interest and tax divided by total assets), return on assets (ROA), and return on equity (ROE), serving as dependent variables in the analytical framework.

KEYWORDS: *profitability, financial ratios, business risk, non-financial companies, Kazakhstan*

1 INTRODUCTION

KASE Stock Market Index serves as a benchmark for assessing the performance of the Kazakh stock market. And based on the Kazakhstan Stock Exchange website, in order to qualify for inclusion in the representative list of the KASE Stock Market Index, companies are required to possess a minimum issuer capitalization of 23 billion tenge. (Kazakhstan Stock Exchange Joint Stock Company website).

The objective of this research is to determine the factors that influence the profitability of companies in Kazakhstan. One of the reasons for conducting this study is that previous research in Kazakhstan has mainly focused on the banking sector, thus limiting the generalizability of its findings. Hence, the aim is to contribute to the existing literature by investigating how company size, tangible assets, growth opportunities, business risks, and capital structure impact profitability for businesses operating in Kazakhstan. It is anticipated that managers, in emerging markets can utilize the findings and conclusions of this survey to develop financial strategies. Additionally, it is believed that investors will benefit from the study insights enabling them to make smart investment decisions and ultimately contribute to Kazakhstan's prosperity.

Moreover, this investigation aims to make a scholarly contribution to the financial literature by scrutinizing the determinants of success within companies in Kazakhstan. Specifically, it is anticipated that this study will enhance the understanding of the pivotal factors influencing the profitability of Kazakhstani enterprises. Previous research endeavors have explored similar variables to assess the profitability of Kazakhstani companies. However, upon reviewing the existing literature, this study endeavors to construct a novel model by amalgamating capital structure variables with financial characteristics, both recognized as significant determinants of a company's profitability. Notably, prior studies by Dussipova and Faizulayev (2022) focused on factors such as Size, Age, Growth, Lagged profitability, and Liquidity in the mining industry on the KASE. Similarly, Sarsenova and Aigel (2019) investigated the impact of debt, size, and growth on the profitability of a randomly selected fifty listed companies on the KASE. It is important to note that these earlier studies separately examined the effects of either capital structure or financial characteristics. To address this gap, the present study is pioneering in its endeavor to explore the joint impact of both capital structure and financial characteristics on the profitability of companies listed on the KASE Stock Market Index. Consequently, this research contributes novel insights to the existing body of literature by offering a comprehensive examination of these intertwined factors in the context of the KASE

Stock Market Index.

In prior investigations, the assessment of profitability has primarily neglected the utilization of operating profit, quantified as earnings before interest and tax divided by total assets (EBIT/TA). This research aims to address this lacuna by not only gauging profitability through Return on Assets (ROA) and Return on Equity (ROE) but also through the inclusion of operating profit. The distinctive feature of the EBIT/TA ratio lies in its exclusion of bank interest and tax expenses. Consequently, the metric of operating profit provides a nuanced depiction of a company's profitability, grounded in the fundamental operational goods and services it delivers. The significance of this study lies in its exploration of the determinants of profitability within companies operating in Kazakhstan. Consequently, the findings bear practical implications for individuals seeking a comprehensive comprehension of the subject. Moreover, managerial applications of the study's outcomes can assist in mitigating business risks, informing financial decisions, and facilitating a clearer understanding of the capital structure for Kazakhstani companies. The subsequent sections of this paper are structured as follows: Section 1 offers a literature review on the determinants of profitability, Section 2 delineates the data, variables, and methodology applied in this study, Section 3 presents and deliberates on the results, and the concluding Section synthesizes the study's key insights.

2 LITERATURE REVIEW

This section provides an exhaustive literature review on six key determinants influencing profitability, specifically: company size, tangible assets, growth, business risk, debt-to-equity ratio, and debt-to-total assets ratio.

2.1 Company Size

Numerous studies have showed a positive correlation between the size of a firm and its overall performance. This positive correlation is explained by the advantages of size, increased diversity, enhanced access to modern technology, economies of scale in production, and more cost-effective sources of finance (Orser, HogarthScott, & Riding, 2000). Empirical evidence from Nunes, Serrasqueiro, and Sequeira (2009) demonstrates a positive and statistically significant impact of size on profitability within the Portuguese market. Moreover, investigations by Yang and Chen (2009) and Pantea, Gligor, and Anis (2014), employing both Return on Assets (ROA) and Return on Equity (ROE) as profitability metrics, supports the positive and significant influence of size on firm performance. Furthermore, Zeitun and Saleh (2015) corroborate these findings, illustrating a positive and significant effect of size on firm performance within a specific country. In the context of Vietnam, Batten and Vo (2019), employing panel data methods to examine the determinants of bank profitability over the period 2006–2015, revealed that capital adequacy, bank size, risk, productivity, and expenses have a substantial effect on profitability.

Previous research has presented conflicting findings on the relationship between the size of companies and their profitability. Some studies argue that smaller companies, often associated with higher risk levels, tend to yield larger returns for investors. For instance, Drew, Naughton, and Veeraraghavan (2003) suggested that smaller firms can generate more substantial returns compared to their larger counterparts. Similarly, Vintila and Nenu (2015), using stock return as a performance indicator, demonstrated a negative correlation between company size and performance. However, a study on Jordan's ASE-listed companies by Ramadan et al. (2011) found no significant impact of size on profitability, as measured by ROA and ROE.

In a broader context, Al-Harbi's (2019) extensive examination of 686 conventional banks across 52 developing and underdeveloped states in the Organization of Islamic Cooperation revealed varied factors affecting operating profitability. The study indicated that off-balance-sheet activities, foreign ownership, real GDP growth, equity, real interest rate, and concentration positively influence a bank's profitability, while deposits have a negative impact. Notably, factors like bank size, market capitalization, and GDP per capita were found to have no significant effect on profitability.

In light of these inconsistent findings, the present study uses the natural logarithm of total assets as a proxy for firm size (SIZE). Given the uncertainty surrounding the impact of size on profitability, the first hypothesis is formulated without specifying the expected direction:

H1: Size has a significant effect on the profitability of Kazakhstani companies.

2.2 Tangible assets

Pushner (1995) discovered that Japanese companies experienced lower profitability when they had

more tangible assets. Deloof (2003) supported this finding by revealing that Belgian companies with higher levels of tangible assets tended to have lower profitability. The reason behind this was attributed to the increased ability of companies with higher liquid assets to identify long-term investment opportunities.

Nunes et al. (2009) investigated the factors influencing profitability in Portuguese service industries using various panel models. Their results indicated that tangible assets had a negative impact on profitability. Similarly, Chinaemerem and Anthony (2012) identified a negative relationship between tangible assets and profitability in Nigerian firms, measured by ROA and ROE. This negative association was also confirmed by Getahun (2016) in the context of Ethiopian insurance companies.

In this study, tangibility is represented by the ratio of fixed assets to total assets (TANG). Building on the findings in the existing literature, the second hypothesis posits that tangible assets significantly affect the profitability of non-financial companies listed in the KASE Stock Market Index.

H2: Tangible assets have a significant effect on the profitability of Kazakhstani companies.

2.3 Growth

Both trade-off theory and agency theory propose a positive correlation between growth and profitability. According to trade-off theory, a company's success is often indicated by its growth opportunities. Companies with promising growth prospects tend to have a positive reputation, making it easier for them to secure funds, ultimately leading to enhanced firm performance and a reduced risk of financial distress.

In the context of agency theory, companies with high growth opportunities experience lower agency costs. These companies may maintain lower debt ratios as they fear that debt holders might abandon them in favor of more lucrative investment opportunities, potentially seizing the company's wealth for personal gain. This concern about wealth confiscation is reflected in lower agency costs (Hutchinson & Gul, 2006). Hutchinson and Gul's (2006) analysis of the top 500 Australian firms supported this notion, demonstrating that companies with substantial investment opportunities exhibited lower agency costs, resulting in improved Return on Equity (ROE).

Similarly, Getahun (2016), in a study of the financial data of Ethiopian insurance firms from 2004 to 2013, discovered a significant positive impact of growth opportunities, measured by the change in total assets, on profitability.

In line with this literature, the current study adopts the change in total assets as an indicator of growth opportunities (GROW). Building on previous research, the third hypothesis is formulated as follows:

H3: Growth opportunity has a positive and significant effect on the profitability of Kazakhstani companies.

2.4 Business risk

Agency theory proposes a positive link between business risk and profitability, positing that investors demand higher profits to compensate for the risks tied to financial distress and bankruptcy, especially considering the priority given to debt holders in bankruptcy scenarios.

Over the years, cross-sectional studies on profitability have yielded mixed findings regarding this relationship. Grabowski and Mueller (1978) utilized a beta capital asset pricing model to measure business risk, finding that this measure was not statistically significant. Armour and Teece (1978) indicated that risks associated with firm performance, measured by past earnings fluctuations, were negative but not statistically significant. On the contrary, Shergill and Sarkaria (1999) demonstrated a positive relationship between risk and financial performance in their study of Indian firms from 1981 to 1991, using variation in earnings per share as a measure of risk.

ElMasry, Al-Najjar, and Taylor (2008) employed the standard deviation of ROA as an indicator of business risk, justifying its use by emphasizing that debt implies a periodic obligation to pay, exposing companies with high debt ratios to the costs of financial distress. Consequently, companies with volatile incomes are likely to be less effective. Conversely, Getahun (2016) used the standard deviation of operating income divided by total assets and found a positive and significant effect of business risk on the profitability of insurance companies in Ethiopia.

In the present study, the standard deviation of the ROA ratio serves as an indicator of business risk (BR). Given the unclear nature of the relationship between business risk and profitability in previous studies, the fourth hypothesis is formulated without a specific expectation regarding the sign:

H4: Business risk has a significant effect on the profitability of non-financial companies listed in the KASE Stock Market Index.

2.5 Debt ratios

According to the pecking order theory, companies typically prefer using internal financing rather than external financing, while the trade-off theory suggests that a company aims for a specific debt ratio and works towards achieving that target (Myers, 1984). Numerous studies have explored this concept, offering various perspectives. For instance, Goddard, Tavakoli, and Wilson (2005), Serrasqueiro and Nunes (2008), Goel, Chadha, and Sharma (2015), and Getahun (2016) all concluded that the debt to assets ratio negatively and significantly influences firm performance. Analyzing data from Gulf Cooperation Council countries, Zeitun and Saleh (2015) demonstrated a negative impact of the debt ratio on profitability, using both ROA and Tobin's Q.

On the flip side, several studies have found a positive correlation between the debt ratio and profitability, including works by Hadlock and James (2002), Roden and Lewellen (1995), and Margaritis and Psillaki (2010). Since the findings from previous research on this matter are varied, the following hypotheses are formulated without a specific expectation regarding the sign:

H5: The debt-to-equity ratio has a significant effect on the profitability of Kazakhstani companies.

H6: The debt to total assets ratio has a significant effect on the profitability of Kazakhstani companies.

3 DATA AND METHODOLOGY

3.1 Data description

This research utilizes financial data from 32 non-financial companies listed on the KASE. The data, covering the period from 2020 to 2022, was sourced from the KASE website. This timeframe was selected to avoid the impact of the global financial crisis and align with the availability of pertinent information for these companies. The dataset comprises balanced panel data with 95 observations.

3.2 Variables description

The study focuses on three dependent variables: EBIT/TA, ROE, and ROA, representing operating profits to total assets ratio, return on equity, and return on assets, respectively. Six independent variables are considered:

1. Size – represented by the logarithm of total assets.
2. Tangibility – indicated by the ratio of fixed assets to total assets.
3. Growth – determined by the percentage change in total assets.
4. Business risk – assessed through the standard deviation of ROA.
5. Debt-to-equity ratio – calculated as the ratio of total debt to total equity.
6. Debt-to-assets ratio – measured by the ratio of total debt to total assets.

Table 1 provides a summary of these variables along with their corresponding measurements.

Table 1. Description of the variables

Variables	Measurement
Dependent variables:	
Profitability (EBIT/ TA)	$\frac{\text{Earnings before Interest and Tax}}{\text{Total Assets}}$
Profitability (ROE)	$\frac{\text{Net Income}}{\text{Total Equity}}$
Profitability (ROA)	$\frac{\text{Net Income}}{\text{Total Assets}}$
Independent variables:	
Size (SIZE)	$\ln \text{Total Assets}$

Tangibility (TANG)	$\frac{Fixed\ Assets}{Total\ Assets}$
Growth (GROW)	$\% \Delta Total\ Assets$
Business Risk (BR)	σROA
Debt to Equity (DE)	$\frac{Total\ Debt}{Total\ Equity}$
Debt to Assets (DA)	$\frac{Total\ Debt}{Total\ Assets}$

4 METHODOLOGY

In assessing the factors influencing the profitability of non-financial companies listed in the KASE Stock Market Index, this study employs panel regression analyses with the following formulations:

$$Profitability = \alpha_0 + \beta_1 * SIZE + \beta_2 * TANG + \beta_3 * GROW + \beta_4 * BR + \beta_5 * DE + \beta_6 * DA + \epsilon$$

where:

- Profitability represents the company's operating profit (EBIT/TA),
- return on equity (ROE),
- return on assets (ROA),
- α_0 – intercept,
- $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ – coefficients of each variable,
- SIZE denotes the natural logarithms of total assets for a company,
- TANG represents the asset structure ratio of fixed assets to total assets for a company,
- GROW indicates the ratio of percentage change in total assets for a company,
- BR represents the standard deviation of return on assets for a company,
- DE signifies the ratio of debt to equity for a company,
- DA represents the ratio of debt to total assets for a company,
- ϵ – error term.

5 EMPIRICAL RESULTS

Before conducting the regression analysis, the model will undergo tests to ensure its robustness:

- Multicollinearity test (independent variables are correlated – biased estimation),
- Autocorrelation (error terms are correlated),
- Heteroscedasticity (distribution of error term is not normally distributed).

To start, we'll initiate the model through time series analysis. To ensure the reliability of the regression model and its coefficient values, each specific variable within the model will undergo a multicollinearity test using the Variance Inflation Factor (VIF). Multicollinearity can compromise the robustness of coefficient values and diminish the statistical power of the model.

As a result of correlation matrix in figure 1, it can be observed that there is the relationship between dependent and independent variables, for example, the dependent variable Price is positively correlated with Book to market price ratio (B/P) and negatively correlated with other independent variables: Earnings yield (EY) and PE ratio to price ratio (PEP).

Figure 1: Correlation Analysis

```
. correl P EY PEP BP
(obs=99)
```

	P	EY	PEP	BP
P	1.0000			
EY	-0.2496	1.0000		
PEP	-0.4457	-0.0323	1.0000	
BP	0.0432	0.1455	-0.0497	1.0000

Having received the correlation result, it can be determined how variables are affected by the strength of correlation and independent variables. Figure 2 shows VIFs (variance inflation factor) for the independent variables and it starts at a value of 1. The result of VIF can be valid if it is accounted for between 1 and 5. Mean VIF for this model is equal to 1.02, which is less than 5 or 10. It means that multicollinearity is not presented in the model and the model can be used for the further investigation purposes.

Figure 2: Variance Inflationary Factor (VIF)

```
. estat vif
```

Variable	VIF	1/VIF
BP	1.02	0.976807
EY	1.02	0.978209
PEP	1.00	0.996885
Mean VIF	1.02	

Furthermore, GLS panel-data model uses Wooldridge test in figure 3 to indicate the presence of autocorrelation, which normally shows the degree of similarity between time series and a lagged time interval. In case if p-value is less than 1% or 5% or 10%, it means that there is an autocorrelation in the model, and it can be influencing dependent variable in the model. In this regression model, p-value is 0.0000, which is less than all suggested values. It means that autocorrelation is present in this model.

After all necessary test conducted, it became obvious that there are heteroscedasticity and autocorrelation presented in the model. It means that regression analysis cannot be performed using neither Fixed effect nor Random effect models. In other words, FE or RE is used only if there is no problem in Stationarity, Autocorrelation, multicollinearity, heteroscedasticity tests. In this case only Panel Corrected Standard Errors (PCSE) and Feasible Generalized Least Squares Model (FGLS) are suitable for regression analysis. This model requires using FGLS model, because number of variables (4) is less than number of time periods (10).

Figure 3: Wooldridge test for autocorrelation

```
. xtserial P EY PEP BP
```

```
Wooldridge test for autocorrelation in panel data
H0: no first order autocorrelation
F( 1, 8) = 28.034
Prob > F = 0.0007
```

In order to test for Heteroscedasticity, Likelihood-ratio test is used, generally, the time series model can experience significant error variance changes from the beginning to the end of series, which means that the dependent variable Price can change its value during the given period. The main problem with heteroscedasticity is that the standard error is biased. The result is illustrated in figure 4. On the other

hand, homoscedasticity can be explained when the error term has the same distribution across the variables (Figures 5, 6).

Figure 4: Test for heteroscedasticity

```
. lrtest hetero homo, df(98)

Likelihood-ratio test                                LR chi2(98) =      48.66
(Assumption: homo nested in hetero)              Prob > chi2 =      1.0000
```

The findings show that “hetero nested in homo” and the prob > chi2 statistic for the model, which rejects null hypothesis stating as all of the regression coefficients (other than the constant term) are zero. In the current model p-value Prob > chi2 equals to 1.0000.

Figure 5: Test for heteroscedasticity

```
Cross-sectional time-series FGLS regression

Coefficients: generalized least squares
Panels:       heteroskedastic
Correlation:  no autocorrelation

Estimated covariances      =      9      Number of obs      =      99
Estimated autocorrelations =      0      Number of groups   =      9
Estimated coefficients     =      4      Time periods      =      11
Log likelihood             = -81.01644   Wald chi2(3)      =      44.74
                               Prob > chi2       =      0.0000
```

P	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
EY	-.6591747	.2405561	-2.74	0.006	-1.130656 - .1876934
PEP	-9.308226	1.485274	-6.27	0.000	-12.21931 -6.397142
BP	.0128159	.00951	1.35	0.178	-.0058233 .0314551
_cons	3.421235	.0407366	83.98	0.000	3.341393 3.501078

Figure 6: Regression Analysis by employing feasible generalized least square FGLS

```
Cross-sectional time-series FGLS regression

Coefficients: generalized least squares
Panels:       homoskedastic
Correlation:  no autocorrelation

Estimated covariances      =      1      Number of obs      =      99
Estimated autocorrelations =      0      Number of groups   =      9
Estimated coefficients     =      4      Time periods      =      11
Log likelihood             = -105.3489  Wald chi2(3)      =      36.99
                               Prob > chi2       =      0.0000
```

P	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
EY	-.9508484	.3020633	-3.15	0.002	-1.542882 - .3588153
PEP	-5.299333	1.008009	-5.26	0.000	-7.274995 -3.323672
BP	.0078381	.0112488	0.70	0.486	-.0142091 .0298853
_cons	3.549746	.0950488	37.35	0.000	3.363454 3.736038

6 CONCLUSION

This study aimed to conduct a fundamental analysis of KASE Index stocks using drivers such as EY, PEP ratio, and B/P. The latest data shows that KZTO KZ and KEGC KZ stocks are priced too high, while KCEL KZ and KAP KZ stocks are a good deal and present valuable signals for long-term investors. Traders and investors can use these signals to make smarter decisions and improve their overall trading approach. Specifically, these signals can help pinpoint the best times to enter or exit a trade. For instance, if a stock is undervalued, it might be a good opportunity to buy. This study suggests that KCEL KZ and KAP KZ stocks have strong growth potential compared to other stocks. Value investors may want to allocate more funds to these undervalued stocks. Future research should dig deeper into sector-specific valuation analyses for various markets. Additionally, upcoming studies should use a mix of quantitative and qualitative methods to assess international stock markets. The qualitative part should include factors like industry analysis, a historical look at earnings growth, and an examination of the debt situation in financial markets.

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Analysis of the Turn-of-the-Month Effect: Exploring Anomalies in Emerging Markets

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ABSTRACT

According to the Adaptive Market Hypothesis (AMH), financial markets are adaptive to a changing environment in the same way market efficiency is also dynamic and can change over time. The turn-of-the-month (TOM) effect is a seasonal anomaly that is used in studies to evaluate market efficiency in various markets and try to investigate whether stock prices behave based on a random walk process. This study analyzes the resilience of the turn-of-the-month effect in the mean and conditional volatility of stock market indices. The study conducted an analysis of data for 21 indices from emerging markets, collected over a period spanning from 2005 to 2023. OLS and GARCH models were utilized for analysis, and three different error distribution specifications (Normal, t-student, and GED) were employed for GARCH tests. The results show the TOM effect still exists in most emerging markets. This research contributes to understanding anomalies in financial markets across different economic contexts, providing insights that may inform investment strategies and risk management practices.

Keywords: The turn-of-the-month (TOM) effect, Efficient Market Hypothesis (EMH), Adaptive Market Hypothesis (AMH), Emerging Markets

Introduction

The Efficient Market Hypothesis (EMH) suggests that financial markets efficiently incorporate all available information into asset prices, The concept of market efficiency has been subject to criticism due to the need for certain facts to align with market trends. (Fama, 1970). The concept of market efficiency has faced significant criticism due to certain facts that need to align with market trends. One such critique stems from the behavioral finance theory, which argues that financial securities are not always priced rationally. Behavioral finance explores the influence of psychology on investor decision-making, contending that choices are often driven by human biases and irrationality rather than pure rationality. This perspective acknowledges that investors, being human, are prone to biases that can lead to irrational behavior (Statman, 2014).

Empirical studies consistently reveal inefficiencies in financial markets. Anomalies in returns, such as the January effect (Rozeff and Kinney Jr, 1976), the day-of-the-week Effect (French, 1980), the turn-of-the-month (TOM) effect (Ariel, 1987), the holiday effect (Lakonishok and Smidt, 1988) and May effect (Bouman and Jacobsen, 2002), challenge standard asset pricing models and present opportunities for portfolio managers to enhance performance. Notably, anomalies like the TOM effect have gained significant scholarly attention due to their potential impact on investment strategies.

The observation of exceptionally high stock returns during a period that covers the last trading day of a month and the first few trading days of the subsequent month is known as the turn-of-the-month (TOM) effect. Scholars have investigated its presence in markets such as the US, international markets, Pacific Rim countries, and Asia-Pacific markets. Despite its widespread observation, the TOM effect's underlying causes remain subject to debate and exploration. The TOM effect is a fascinating riddle in financial markets. While several explanations have been given, such as institutional investor behavior, portfolio rebalancing, and liquidity fluctuations, a firm consensus on the fundamental causes has yet to emerge. Nonetheless, the evidence for its existence is convincing, and it remains an important research area in the field of finance.

Literature review

Previous research has established the TOM effect in numerous markets worldwide. Ariel (1987),

Lakonishok and Smidt (1988), and Agarwal and Rivoli (1989) are among the pioneering studies that documented this phenomenon in the US and international markets. Some studies have tried to find turn-of-the-month effects in developing and emerging markets during the last decades. Compton (2002) Aziz and Ansari (2018) reported the TOM effect in Pacific countries while Sarma (2004) found similar results in India. some studies addressed the TOM effect in more developed markets such as Korea (Aziz and Ansari, 2018; Hong et al., 2015; Yun and Kim, 2014). Giovanis (2009) has shown the turn-of-the-month effect in various stock indices including emerging markets also research by Khaled and Keef (2012) using panel regression for 50 stock indices with a set of control variables, found the enhanced return on TOM days.

Existing hypotheses propose several explanations for the TOM effect, including increased liquidity from individual investors and institutional window-dressing activity. However, empirical findings from McConnell and Xu (2008) and Maher and Parikh (2013) challenge the notion of heightened liquidity around the TOM period. Some of the most relevant articles about research on the turn-of-the-month effect in emerging financial markets can be found in Table 1.

Author(s)	Countries	Period	Method	Findings
Aggarwal and Rivoli (1989)	Hong Kong, Singapore, Malaysia, and the Philippines	1976-1988	regression	The existence of a seasonal pattern including the January effect, days of the week effects
Zhang et al.(2008)	China	1992-2003	GARCH, E-GARCH	The existence of a significant March effect
Guidi et al.(2011)	Poland, Hungary, the Czech Republic, Slovakia, Romania, Bulgaria, and Slovenia	1999-2009	GARCH-M	The existence of day of the week effect in some countries
Rodriguez (2012)	Argentina, Brazil, Chile, Colombia, Mexico, and Peru	1993-2007	GARCH	The existence of day of the week effect in some countries
Compton et al.(2013)	Russia	1998-2008	regression	Existence of TOM effect
Kayacetin and Lekpek(2016)	Turkey	1988–2014	E-GARCH	Existence of TOM effect
Seif et al (2017)	Brazil, the Czech Republic, Hungary, Malaysia, Mexico, Poland, South Africa, Taiwan and Turkey	1994-2004	Regression, GARCH	The existence of different anomalies including month of the year effect, 44th week, day-of-the-week, holiday
Li et al. (2018)	21 developed markets and 21 emerging markets	1995-2015	Regression	Lack of evidence for monthly anomalies in some emerging markets

Table 1 -Related Literature

There is an ongoing debate about whether this observed price momentum is simply due to random market behavior or if it is influenced by positive business news that tends to be released at the end of the month. This study seeks to contribute to the existing research on market anomalies in emerging countries by conducting an empirical study of the TOM effect.

Data and Methodology

Our dataset comprises daily returns for the primary stock market indices of 21 emerging markets from Refinitiv. The daily rate of change (in percentage) is calculated as a hundred multiply the difference of consecutive daily closing index prices dividing the lagged closing index, expressed as:

$$Ret_t = (S_t - S_{t-1})/S_{t-1} \times 100$$

where S_t represents the daily index closing price at time t .

Table 2 presents summary statistics and preliminary statistical tests for daily stock market returns in 21 emerging markets, covering various periods from 2005 to 2023. The mean daily returns fluctuate across countries, ranging from 0.000% (Greece) to 0.056% (Argentina), with most countries showing positive average returns. The table also highlights substantial differences in return volatility, as evidenced by the standard deviation. Argentina experienced the most extreme volatility, with a maximum daily return of 22.147% and a minimum of -54.487%. The average return on the TOM days is higher than the all days average (in Figure 1). The last 3 columns show results from applying the Levine test. The test statistic is significantly different from zero just for Colombia, hence rejecting the null hypothesis that the variance is the same across different days for those series.

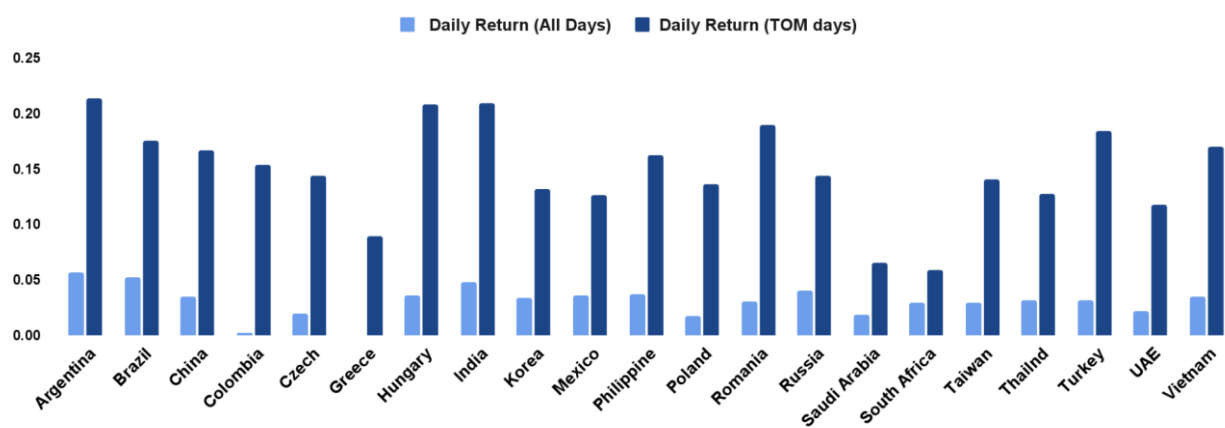


Figure 1 - Daily return for all days and TOM days based on countr

Country	Period	Observation	Mean	Max	Min	Std.Dev	Mean of TOM	df		p-value
Argentina	2005 -2023	4657	0.056	22.147	-54.487	2.586	0.213	(1, 4655)	0.352771	0.553
Brazil	2005 -2023	4700	0.052	24.630	-17.484	2.437	0.175	(1, 4698)	0.975854	0.323
China	2005 -2023	4617	0.034	9.447	-8.834	1.546	0.167	(1, 4615)	1.652109	0.199
Colombia	2008 -2023	3893	0.002	14.559	-16.220	1.662	0.154	(1, 3891)	4.018299	0.045
Czech	2005 -2023	4764	0.020	22.108	-16.224	1.627	0.144	(1, 4762)	0.943864	0.331
Greece	2005 -2023	4705	0.000	14.463	-17.846	2.034	0.089	(1, 4703)	2.073325	0.150
Hungary	2005 -2023	4744	0.036	17.994	-18.584	1.991	0.208	(1, 4742)	0.221234	0.638
India	2005 -2023	4709	0.048	22.000	-14.036	1.581	0.209	(1, 4707)	0.000138	0.991
Korea	2005 -2023	4695	0.033	25.887	-18.271	1.667	0.132	(1, 4693)	0.489919	0.484
Mexico	2005 -2023	4953	0.035	20.245	-13.011	1.675	0.127	(1, 4951)	2.718891	0.099
Philippine	2005 -2023	4643	0.037	9.536	-13.072	1.395	0.162	(1, 4641)	0.306335	0.580
Poland	2005 -2023	4753	0.017	13.683	-15.012	1.935	0.136	(1, 4751)	1.569228	0.210
Romania	2005 -2023	4757	0.030	12.140	-13.177	1.690	0.190	(1, 4755)	0.42773	0.513
Russia	2005 -2023	4745	0.040	29.528	-37.606	2.343	0.144	(1, 4743)	1.270153	0.260
Saudi	2005 -2023	4805	0.018	11.048	-9.887	1.429	0.065	(1, 4803)	0.00525	0.942
South Africa	2005 -2023	4747	0.030	11.630	-20.908	1.819	0.059	(1, 4745)	0.292241	0.589
Taiwan	2005 -2023	4680	0.029	6.742	-6.513	1.123	0.140	(1, 4678)	0.089877	0.764
Thailand	2005 -2023	4631	0.031	14.858	-14.887	1.563	0.128	(1, 4629)	0.089379	0.765
Turkey	2005 -2023	4774	0.031	19.897	-16.531	2.236	0.184	(1, 4772)	0.015514	0.901
UAE	2005 -2023	4830	0.022	12.981	-11.447	1.598	0.117	(1, 4828)	0.563292	0.453
Vietnam	2005 -2023	4736	0.034	5.473	-7.686	1.431	0.170	(1, 4734)	0.052936	0.818

Table 2 - Descriptive Statistics

Assessing the stability of mean returns over time is optimally conducted within a regression framework. Initially, we adopt the standard model employed in prior research, followed by adjustments for non-normality and volatility clustering. Utilizing ordinary least squares (OLS) regression, we model the daily rates of change as a function of a constant term and a dummy variable for the TOM days. The regression equation is presented as follows:

$$ret_t = C(1) + C(2) \times TOM + \varepsilon_t \quad (1)$$

where Ret_t is the daily return at time t , $C(1)$ is a constant term, the base condition refers to the days that are omitted from the model (nonTOM days). The optimal GARCH (p,q) model is selected based on the Akaike Information Criterion (AIC) to best fit the data series. To investigate potential variations in volatility during TOM periods, dummy variables representing TOM days are incorporated into the conditional variance equation of the chosen GARCH model:

$$\delta_t^2 = C(3) + C(4) \times \varepsilon_{t-1}^2 + C(5) * \delta_{t-1}^2 + C(6) * TOM \quad (2)$$

where δ_t^2 stands for the conditional variance, $C(3)$ stands for the constant. These two Equations are estimated simultaneously. The hypothesis of TOM effect on average returns is rejected if coefficients of TOM dummy variables in the first equation are not statistically significant. Likewise, we reject the hypothesis of TOM effect on volatility if all coefficients associated with the TOM dummy variables in the second are not statistically significant.

To accommodate the leptokurtic nature observed in our data, which is common in financial time series, we employ two alternative distributions known to better fit such data: the Student's t-distribution and the Generalized Error Distribution (GED) proposed by Nelson(1991). As Nelson (1991) suggests, the GED is particularly well-suited for capturing the heavy tails often present in financial data. GARCH (p, q) models with normal, Student's t, and GED error distributions will be estimated to assess how distribution choice affects the detection of TOM effects in stock returns and volatility, ultimately identifying the most suitable distribution for analyzing market anomalies.

Boubaker (2017) highlights the sensitivity of error distribution choice when examining the day-of-week effect. Building on this, we will assess various methods to determine if this sensitivity also applies to the turn-of-the-month effect.

Country	Distribution	Year	μ_t			Year	Distribution	Year	σ_t^2		
			Constant	TOM	Std				Constant	TOM	Std
Algeria	Normal	2007	0.000	0.000	0.000	TOM	2007	0.000	0.000	0.000	
	GED	2007	0.000	0.000	0.000			0.000	0.000	0.000	
Brazil	Normal	2007	0.000	0.000	0.000	Normal	2007	0.000	0.000	0.000	
	GED	2007	0.000	0.000	0.000			0.000	0.000	0.000	
China	Normal	2007	0.000	0.000	0.000	Normal	2007	0.000	0.000	0.000	
	GED	2007	0.000	0.000	0.000			0.000	0.000	0.000	
Colombia	Normal	2007	0.000	0.000	0.000	Normal	2007	0.000	0.000	0.000	
	GED	2007	0.000	0.000	0.000			0.000	0.000	0.000	
Czech	Normal	2007	0.000	0.000	0.000	Normal	2007	0.000	0.000	0.000	
	GED	2007	0.000	0.000	0.000			0.000	0.000	0.000	
France	Normal	2007	0.000	0.000	0.000	Normal	2007	0.000	0.000	0.000	
	GED	2007	0.000	0.000	0.000			0.000	0.000	0.000	
Germany	Normal	2007	0.000	0.000	0.000	Normal	2007	0.000	0.000	0.000	
	GED	2007	0.000	0.000	0.000			0.000	0.000	0.000	
India	Normal	2007	0.000	0.000	0.000	Normal	2007	0.000	0.000	0.000	
	GED	2007	0.000	0.000	0.000			0.000	0.000	0.000	
Japan	Normal	2007	0.000	0.000	0.000	Normal	2007	0.000	0.000	0.000	
	GED	2007	0.000	0.000	0.000			0.000	0.000	0.000	
Korea	Normal	2007	0.000	0.000	0.000	Normal	2007	0.000	0.000	0.000	
	GED	2007	0.000	0.000	0.000			0.000	0.000	0.000	
Mexico	Normal	2007	0.000	0.000	0.000	Normal	2007	0.000	0.000	0.000	
	GED	2007	0.000	0.000	0.000			0.000	0.000	0.000	
Singapore	Normal	2007	0.000	0.000	0.000	Normal	2007	0.000	0.000	0.000	
	GED	2007	0.000	0.000	0.000			0.000	0.000	0.000	

Table 3 - Estimated Parameters of GARCH(1,1) Models for Stock Market Returns and Conditional Variance

Empirical results

Statistical analyses, conducted in EViews version 13 using four methods and summarized in Table 3, confirm the persistence of the Turn of the Month (TOM) effect in most emerging markets. However, in alignment with the methodology section, the subsequent analysis will focus on only two of these methods due to specific methodological considerations.

Employing a GARCH model with Student's t-distribution, the TOM effect is significant at a 95% confidence level in 17 out of 21 markets. Excess daily returns associated with this effect range from 0.0556% to 0.1896%, with an average of 0.1315%.

Similarly, using a Generalized Error Distribution (GED), the TOM effect remains significant in 17 markets, with excess daily returns ranging from 0.0507% to 0.1962% and averaging 0.1357%. Sixteen of these markets overlap with those identified using the Student's t-distribution, with Argentina being replaced by Mexico in the GED model. Notably, the TOM effect is not observed at the selected confidence level in Greece, Korea, and South Africa under either distribution.

Regarding conditional volatility, the normal distribution performs the weakest, exhibiting the highest Akaike Information Criterion (AIC) value across all 21 markets. The Student's t-distribution outperforms the normal distribution in 18 markets, while the GED is superior in the remaining 3 markets. The TOM effect on conditional volatility is significant in 9 markets under both distributions, with 7 markets common to both.

The choice of error distribution appears to have a limited impact on the results. Both the mean effect (observed in 16 out of 17 markets) and the conditional volatility effect (observed in 7 out of 9 markets) demonstrate low sensitivity to the choice of error distribution.

Conclusion

This research, through meticulous analysis across 21 diverse emerging markets, not only confirms the existence of the TOM effect but also refines our understanding of its nuances. The consistent presence of the TOM effect, irrespective of the error distribution used, challenges previous assumptions about the sensitivity of this phenomenon to statistical modeling choices. This robust finding underscores the TOM effect's enduring significance in the financial landscape of emerging markets.

Furthermore, our results offer valuable insights for investors and policymakers. The identified excess daily returns associated with the TOM effect, ranging from 0.0507% to 0.1962%, highlight potential opportunities for strategic investment timing. However, the absence of the TOM effect in certain markets, such as Greece, Korea, and South Africa, emphasizes the need for context-specific investment strategies.

While this study provides a comprehensive assessment of the TOM effect in emerging markets, it also opens avenues for future research. The variations in the magnitude of the TOM effect across different markets warrant further investigation to uncover the underlying economic factors that drive these differences. Additionally, exploring the impact of the TOM effect on specific sectors or asset classes could yield valuable insights for portfolio diversification and risk management.

In conclusion, this study reaffirms the TOM effect as a persistent and influential phenomenon in emerging markets. By clarifying the robustness of this effect to statistical modeling choices and providing detailed insights into its magnitude and market-specific variations, our findings contribute to a more nuanced understanding of market dynamics. This knowledge empowers investors and policymakers to make informed decisions in the ever-evolving financial landscape of emerging markets.

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Smart Contracts: Unleashing Efficiency in Economic Transactions

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ABSTRACT

Being a product of blockchain-based technology, smart contracts have proven to be an indispensable tool in economic transactions, generating increased efficiency, more transparency, and better security. This paper comprehensively explores smart contracts and delves into their mechanisms, applications, and implications for an array of economic industries. Through automation and self-execution of contractual agreements, smart contracts are capable of offering potential benefits in the form of reduced transaction costs, minimized fraud, and high transaction speeds. Furthermore, they allow for complex transactions and enforce agreements without the need for intermediaries, thereby streamlining processes and enhancing trust among transaction parties. This paper analyzes case studies across industries to illustrate the practical implementation and effectiveness of smart contracts. Additionally, it discusses the challenges and considerations associated with their adoption, including legal and regulatory issues, technological limitations, and interoperability concerns. This paper sheds light on the opportunities and challenges of smart contracts and contributes to the ongoing discourse on leveraging technology to optimize economic transactions and foster efficiency in various sectors.

Crisis management in sales and service companies in Kazakhstan

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ABSTRACT

This study explores the critical factors causing crises within organizations in the sales and service sectors of Kazakhstan, emphasizing the identification and implementation of effective strategies for crisis mitigation and recovery. As companies globally and in Kazakhstan experience continual transformations, some grow while others shake under various pressures, including financial mismanagement, competitive challenges, and regulatory changes. This investigation delves into how these factors, both internal and external crises, can worsen weaknesses within firms, often going unnoticed until a crisis strikes.

Through qualitative research involving in-depth interviews with executives from diverse companies within Kazakhstan's sales and service industries, this study examines how organizations navigate and potentially overcome these crises. The research focuses particularly on the strategies that firms have found effective in managing crises, such as maintaining robust buffer funds and fostering a capable team that can convert crises into opportunities. These measures are highlighted as crucial for minimizing losses and aiding recovery in times of crisis.

Moreover, the study addresses the essential uniqueness of each company and crisis, suggesting that there is no one-size-fits-all solution. Instead, effective crisis management requires customized approaches that consider the specific circumstances and weaknesses of each firm. This research contributes to a deeper understanding of crisis management dynamics within the context of Kazakhstan's evolving economic and regulatory landscape, offering valuable insights into the practices that increase organizational flexibility and sustainability.

1 INTRODUCTION

Every day new companies are opened; their transformation and development are taking place. At the same time, other companies stop for rehabilitation, are acquired, go bankrupt, or close. This process has happened, is happening, and will continue to happen.

Companies can close for various reasons ranging from financial difficulties to strategic realignments. The literature identifies several common factors contributing to the closure of businesses, including financial mismanagement, competitive pressures, market dynamics, regulatory changes, and failures in strategic decision-making.

A primary reason for business failure is financial mismanagement, including poor cash flow management, inadequate understanding of costs, and ineffective financial planning (Brigham & Ehrhardt, 2013). Intense competition can force companies out of business, especially if they fail to differentiate themselves or keep up with industry changes (Porter, 1980). Each factor's impact varies depending on the specific context and industry, making it crucial for businesses to conduct thorough risk assessments and adapt their strategies accordingly.

The impact of these factors, if they negatively affect the company's activities, worsen and reach their peak during external and internal crises. Sometimes companies do not notice their weak points until a crisis occurs.

Crisis management plays a crucial role in determining a company's ability to survive and recover from crises. Effective crisis management can reduce negative outcomes, protect stakeholder trust, and maintain operational continuity, which is essential for long-term survival. According to Coombs (2014), a well-managed crisis response can limit the negative publicity and financial fallout, saving the company's market position and stakeholder relationships. Crises can ruin trust and confidence among key stakeholders, including investors, customers, and employees. Effective crisis management strategies emphasize transparent communication and decisive action, which are critical in maintaining confidence and loyalty during and after a crisis (Ulmer, Sellnow, & Seeger, 2017).

Effective crisis management is essential not only for dealing with the immediate impacts of a crisis but also for safeguarding against long-term damage, maintaining stakeholder trust, enabling quick recovery,

fostering learning, and building flexibility. These capabilities are vital for ensuring that companies not only survive but also succeed in the aftermath of crises.

Kazakhstan enterprises, much like their global counterparts, experience countless challenges and crises that critically assess their robustness in a continuously developing and dynamic global environment. Within this context, some firms find themselves unable to weather the noisy conditions and consequently stop operations. On the contrary, some organizations effectively manage these crises, adapting and resisting to sustain their operations. These tough companies are examples of successful crisis management strategies, enabling them to navigate through adversities and maintain their business continuity.

As part of the global supply chain, both in terms of import and export, companies in Kazakhstan are inherently vulnerable to the changes of global, regional, and sector-specific crises. Furthermore, fluctuations in the national economic climate and legislative modifications have a deep influence on these entities. In addition, it is crucial to address the challenges associated with personnel management and organizational culture, particularly in their roles in both internal and external interactions. These elements represent only a selection of potential sources of crisis that could lead to the end of operations for Kazakhstan companies.

To navigate and overcome these crises, organizations must establish a robust foundation that not only withstands such adversities but also fosters growth and defenses. Acquiring a deep understanding of crisis management practices that have proven successful in sales and service companies in Kazakhstan can significantly enhance an organization's flexibility. Through strategic foresight and pre-emptive planning, firms can implement proactive measures that support their ability to sustain operations through turbulent times.

The primary objective of this research is to understand the roots and factors of crises within Kazakhstani organizations operating in the service sector, while also describing effective strategies and mechanisms for crisis mitigation and recovery. To achieve this aim, the study will undertake the following tasks:

- To identify factors that cause crisis in the company.
- To gather information on crisis management policies and/or procedures used.
- To point out preventive practices.
- To form recommendations to managers in crisis management.

The investigation will be informed by the following key inquiries addressed to company executives:

1. Kinds of crises were faced during a career.
2. Preventive and proactive measures the company has for crises.
3. Describe the crisis the company faced with highlights.
4. Lessons learned and changes implemented after overcoming the crisis.
5. Preparedness for the next crisis.
6. Recommendations to manage crisis.

The ability to cross crises with minimal losses and expenses is of supreme importance, underscoring the criticality of crisis management proficiency for both individual managers and organizational entities. Furthermore, expert crisis management skills are crucial across all hierarchical levels within an organization.

Moreover, after a literature review and brainstorming, the extra question on “Buffer fund availability for crisis” was added. Checking scholars found that Acharya, Almeida, & Campello (2007) emphasize the role of buffer funds in addition to financial flexibility. They argue that beyond basic crisis management, buffer funds contribute to strategic flexibility, allowing organizations to exploit opportunities that appear during downturns or periods of market volatility.

The above-mentioned evoking interest, attention critical to investigate crisis management practices within Kazakhstan sales and service companies, as well as to deploy appropriate tools and strategies to secure resilience against the escalating "storms" interrupting upon the local business landscape.

2 LITERATURE REVIEW

The first checkpoint is to understand the meaning of “crisis”. Here are several definitions of "crisis" from academic literature: A crisis denotes an unforeseen occurrence or sequence of events that pose a significant threat to the operations and reputation of an organization, necessitating prompt measures to weaken unfavorable consequences. (Pearson & Clair, 1998). The definition by Ulmer, Sellnow, & Seeger (2017) states that a crisis encompasses a pivotal event or circumstance that exceeds an organization's capacity to manage effectively, potentially resulting in substantial disturbance, loss, or

damage.

These definitions offer a range of perspectives on what constitutes a crisis within organizational contexts, highlighting its multi-faceted nature and the necessity for proactive crisis management strategies.

Secondly, "crisis management" definition is also valuable to add to know from academic literature along with their respective references: Crisis management involves strategically planning, coordinating, and executing actions designed to navigate critical events or circumstances effectively, thereby mitigating unfavorable effects on organizational operations, reputation, and stakeholders (Coombs & Holladay, 2012). Ulmer, Sellnow, & Seeger (2017) view that crisis management encompasses the structured planning, coordination, and implementation of strategies aimed at foreseeing, preventing, addressing, and recovering from crises. Through these measures, organizational assets are safeguarded, and stakeholder trust is maintained.

One of the latest definitions from the Elgar Encyclopedia of Corporate Communication, a chapter related to crisis management, (Prezelj & Ristevska, 2024) critically examines the multi-faceted nature of crises impacting our institutions, companies, and societies, and expresses crisis management as the galaxy of organization, positioning, and actions developed to prevent or lighten the unfavorable effects of crises, thereby ensuring organizational protection. Crisis management is characterized as a suite of organized activities fitted to address and navigate any form of crisis across specific levels, particular dimensions or domains, and various stages, including pre-crisis, mid-crisis, and post-crisis phases.

Finally, the question of how companies overcome crises has been extensively studied, uncovering various strategies that increase durability and ensure continuity. These strategies often involve a combination of financial, organizational, and strategic approaches fitted to the specific nature of the crisis faced by the entity. The importance of strategic flexibility in crisis management was highlighted, explaining that quickly adapting company strategies in response to changing conditions tends to recover more successfully from crises (Herbane, 2013). Latham, S., & Braun, M. (2009) underlined the critical role of maintaining liquidity during a crisis, stating that companies managing their cash flows effectively and maintaining adequate liquidity reserves are better equipped to handle the immediate financial shocks of a crisis. Turning to communication, the significance of effective communication with stakeholders during a crisis, open and transparent communication, can help maintain trust and support from customers, employees, and other stakeholders, which is important for a company's recovery (Coombs, 2014).

3 RESEARCH METHODOLOGY AND SELECTION

In the pursuit of understanding the complexity of crisis management within specific contexts, a qualitative research approach was adopted, leveraging in-depth interviews with targeted individuals. This methodological choice allowed for a rich exploration of perspectives, experiences, and insights from key stakeholders closely involved in crisis management processes. Through structured or semi-structured interviews with individuals occupying roles such as business owners, executive team members, and top managers, a deeper understanding of crisis management strategies, challenges, and decision-making dynamics was collected.

Qualitative research was applied through in-depth interviews, enclosing a methodological approach aimed at understanding complex phenomena by exploring participants' perspectives, experiences, and interpretations in-depth. This approach facilitates a holistic understanding of the research topic, enabling researchers to capture the diverse perspectives and lived experiences of participants. (Creswell, Poth, 2018)

The structure of an interview is according to my research, considering the research objectives, the nature of the study, and my preferences. It's important to maintain flexibility during the interview process and adapt the structure as needed based on the flow of conversation and the unique dynamics of each interaction. (Rubin & Rubin, 2012)

In ethical considerations and participants' confidentiality preferences, detailed information regarding the respondents' identities is retained at their request. However, comprehensive data relevant to the specificities of service business operations and the respective field of work is provided to facilitate a nuanced understanding of the subject matter, see Table 1.

Table 1. Respondents' main business and position.

N	Main business	Position
R1	Machinery lubricants sales	Co-Owner
R2	Construction machinery sales and service	Top manager
R3	Civil construction services	Owner
R4	Logistic and Transport services	Owner
R5	Mining and Construction machinery sales and service	Co-Owner
R6	Construction material sales	Top manager
R7	Construction machinery sales and service	Top manager
R8	Medicine consumable sales and equipment service	Top manager
R9	Commercial equipment sales and service	Top manager
R10	Construction and Agriculture equipment sales	Owner
R11	Home appliances sales	Owner
R12	Apartment and office maintenance service	Owner

Aiming to light up crisis management practices within Kazakhstan sales and service companies, interviews were conducted with company owners and top management personnel. The interview methodology bounded a combination of online and face-to-face formats. While several interviews were administered online to accommodate logistical considerations and participant preferences, the majority of them were conducted in a traditional face-to-face manner, allowing for more personalized interactions and in-depth exploration of the subject matter.

Setting an interview with business owners and top managers in their busy schedules was not an easy process. This phase of research included several steps and challenges. Getting an hour time, with promises of sharing the study result was valued differently, they were not receiving tangible benefits for their business by spending this hour. The next call was to realize the interviews. Prepared an ideal schedule arrangement period was a week to have done all interviews. It took 4 weeks to do 12 interviews. Each interview duration was around 30-60 minutes. A previously agreed date could shift due to unexpected changes in his or her schedule, an urgent need to go on a business trip, or other reasons. Then scheduled timing could shift from morning to afternoon for similar occasions and no chance to put two meetings on the same day as there was a possibility that the morning interview session could shift to afternoon, and you have to be at two separate places at the same time. The position was not letting to ask shifting a convenient time for the respondent, as a chance to get an interview could fly away.

The questionnaire contained twenty questions, consisting mainly of open-ended questions. Due to time limitations, some questions were not opened or responded to fully.

Having an opportunity to conduct one-on-one interviews with business owners or top management was an exciting experience. Knowing that shared information was based on actual real-life experiences perceived differently. Many thanks to all respondents for their assistance and valuable time.

One of the questions in the questionnaire was the longevity of being in a management position. The number of years would show a period of experience accumulated to share comments on research. The shortest experience in a managing position was 6 years, the longest one was 36 years, the average mean – 14 years, median – 10 years.

Another checked point was background education. Finding a common field would raise a hypothesis potential on research around – a person with an identified background tends to be an owner or a manager at a Sales and Service company in Kazakhstan. The sample size is not big enough but based on the information gathered, only two persons had a philology, two persons economic, and two other medical backgrounds. The remaining respondents had various backgrounds in education, 9 various backgrounds for 12 respondents.

Collected data processed via content analysis with an inductive approach. Content analysis is a

systematic and objective method of describing and quantifying facts by analyzing written, spoken, or visual communication. This methodology enables researchers to filter through large volumes of data to identify patterns, themes, and meanings (Krippendorff, 2018). It is used across various disciplines, including media studies, psychology, and social sciences, to interpret the content of communication systematically. A key strength of using content analysis with an inductive approach is its flexibility and adaptability to various forms of data, including text, images, and multimedia (Schreier, 2012).

In summary, the integration of content analysis with an inductive approach offers a robust framework for qualitative research. This methodology enables researchers to systematically categorize and interpret complex data sets, facilitating the emergence of theory from within the data itself. This approach is invaluable for exploring new or under-researched areas, providing insights that are grounded in empirical evidence while remaining open to unexpected findings.

4 FINDINGS and DISCUSSION

Turning to the main study objective, findings were classified into four sections below and a recommendation summary.

1. Preventive and proactive measures – actions done on a daily or weekly basis.
2. Crisis management policies and/or procedures.
3. Factors/Events that resulted in facing a significant crisis for a company.
4. Financial buffers prepared for crises.

The results provided below are based on qualitative in-depth interview analysis.

Preventive and proactive measures.

Not a one-time response was that the company is in crisis management mode every day, sorting out different operational issues. However, they understand that the crisis extent can be different, and the interview is more around significant impacts of external and internal changes to company operations. Analysis showed the next five common actions related to the section.

Table 2 - Preventive and proactive measures

N	Description
1	<p>Work with personnel - increasing employee loyalty, advanced training.</p> <p>Effective personnel management, surrounding the improvement of employee loyalty and advanced training, is significant in crafting a robust action plan for crisis management. During crises, staff may be required to undertake extraordinary tasks that demand skills beyond those utilized in routine operations. Establishing a positive and healthy internal company environment, coupled with promoting loyalty among employees, empowers management to assign atypical tasks crucial for navigating crises and sustaining business operations.</p>
2	<p>Market trend forecasting and analysis.</p> <p>Market trend forecasting and analysis are critical components of business management. It is vital for company executives to alert monitor both direct and indirect external events that could impact the product line of their organization. This involves identifying and understanding the correlated changes that could affect demand, costs, or pricing of the products and services offered.</p>
3	<p>Diversification by economic sector/product line.</p> <p>Diversification is a strategic approach variably prioritized by companies based on its recognized importance and relevance to their business model. Effective diversification can mitigate the risks associated with significant market fluctuations within a specific sector by enabling organizations to support alternative income streams. This strategic spread across different areas can provide a buffer, allowing companies to navigate</p>

	challenging periods more effectively using the stability offered by diversified sources of revenue.
4	<p>Weekly meetings to discuss changes that occurred during the week - market and external environment.</p> <p>Holding weekly meetings to discuss recent changes in the market and the external environment has been identified as an effective proactive tool for organizational agility. During routine operations, individual team members may overlook critical developments; however, these can be captured through collective review when the team gathers. This regular, short interval allows the company to assess recent changes and their potential impacts comprehensively.</p>
5	<p>Having ability to adopt and modify company strategy in short time.</p> <p>Crisis pushes a company into an altered reality, necessitating swift adaptation to ensure survival; failure to adapt could lead to significant losses in the affected areas. To illustrate, consider a crisis analogous to a destroyed bridge: the company must find alternative routes and methods—other "bridges"—to transport its goods. Failure to adapt promptly means continuing to incur losses while waiting for the bridge to be repaired. Moreover, if the bridge remains unrepaired, the company faces two options: either shift to new routes with already accrued losses or end transportation operations entirely.</p>

Crisis management policies and/or procedures.

For this section, a common response among the surveyed companies was the absence of a formalized crisis management policy, often attributed to the relatively small size of the company. Consequently, crisis management is typically handled reactively; actions are taken based on the specifics of the situation as it spreads out. This reactive approach was applicable for the majority of respondents. However, two respondents reported having developed a structured crisis management strategy, consisting of multiple contingency plans labeled as Plan A, Plan B, and Plan C. These plans are organized and prioritized based on their potential duration and the projected impact level on the company. Additionally, to ensure relevance and effectiveness, these action plans are periodically updated to align with the company's evolving circumstances. This systematic approach allows for a more proactive and prepared position in managing crises, potentially mitigating risks more effectively compared to an ad-hoc, reactive strategy.

Factors/Events that resulted in facing a significant crisis for a company.

Based on interview data gathered, analysis on most common factors that resulted in significant crisis for sales and service companies in Kazakhstan was performed. Listed from most common ones, see Table 3.

Table 3 - Factors/Events that resulted in facing a significant crisis for a company.

N	Description
1	<p>COVID-19 lockdown</p> <p>The coronavirus COVID-19 pandemic and subsequent lockdowns have been identified as the most common root causes of crises, even nearly three years after their onset. The scale and severity of these lockdowns were unforeseen; they restricted movement dramatically, confining individuals to their homes except for essential activities such as purchasing food and medications.</p>

	<p>This situation presented a significant challenge, managed with varying degrees of effectiveness across different sectors and regions. Companies navigated these unprecedented times in diverse ways, over varying durations, and with differing degrees of financial loss. The pandemic highlighted the critical need for flexible crisis management strategies capable of addressing the unique challenges posed by such global disruptions.</p>
2	<p>HR crisis. The human resource crisis, as reported by respondents, stems from several key issues: a lack of qualified personnel, high salary expectations among job seekers, and a lack of expertise within existing teams. These challenges are highly controversial and vary significantly from one company to another, with each organization possessing its own standards for qualification, salary scales, and expectations of expertise. Therefore, addressing these issues requires a nuanced, case-by-case analysis. Nevertheless, this factor has been consistently identified as a critical element contributing to organizational crises.</p>
3	<p>National currency rate significant changes. Significant fluctuations in the national currency rate have led to substantial losses for many companies. This is particularly evident as all goods imported into the country are directly affected by changes in the national currency. Existing supply contracts with end users are typically valued in the national currency, but payments to foreign suppliers must be made in foreign currency at a much higher rate due to currency depreciation.</p>
4	<p>Legislation changes. Legislative changes have emerged as another significant source of crisis for sales and service companies in Kazakhstan. To enhance the country's competitiveness in attracting global investments, improve citizens' quality of life, and support local manufacturers, the government has implemented legislative changes that directly or indirectly affect these companies. These changes necessitate substantial adjustments in existing company strategies, ongoing agreements, and supply chains.</p>
5	<p>Late payment by government and quasi-government organizations. Despite the expectation that government-supported enterprises—whether fully or partially state-owned—would ensure timely payments, this is not guaranteed. Respondents have identified late payments by government and quasi-government organizations as a significant issue, leading to crises within companies due to disrupted cash flow. While these entities do eventually settle their debts, the delays can force companies to meet their own financial obligations to other parties on time.</p>

Financial buffers prepared for crises.

All respondents agreed that having reserve funds at the outset is essential to either cover or at least minimize the impact of a crisis. Cash serves as a versatile tool that allows companies to manage unexpected losses or accelerate processes, such as leveraging fast-track options that reduce lead times and consequently diminish the adverse consequences of a crisis.

Delving deeper into the methods of maintaining these financial "safety cushions," the most common strategy reported was the retention of funds in bank accounts or on deposit, which are readily accessible for withdrawal at any time. Additionally, respondents noted the utilization of available credit limits from banks or other financial institutions as another layer of financial preparedness. An alternative approach mentioned was the holding of highly liquid assets, which can be quickly converted into cash if necessary.

Recommendations.

As a summary of an interview, respondents were asked to share recommendations for manager on crisis

management subject. Table 4 below shows common ones shared along respondents.

Table 4 – Recommendations

N	Description
1	<p>Continuous work to optimize costs and reduce risks.</p> <p>Continuous cost optimization is a critical strategy that should be integrated into a company's operations to effectively minimize risks. During a crisis, both fixed and variable costs can weigh heavily on a company, dragging it toward the edge of bankruptcy. Proactively managing costs in day-to-day operations not only saves time during the initial stages of a crisis, by eliminating the immediate need for serious cost-cutting measures, but also allows the company to advance to higher-level strategies more swiftly, focusing on the core challenges at hand.</p>
2	<p>Have ability to adopt quickly.</p> <p>As previously highlighted in the section above on preventive measures, a company needs to have the capability to adapt to new environment changes. For sure, adapting is a challenging process, however, it is necessary for overcoming crises and continuing to grow. This adaptability not only helps a company handle unexpected challenges but also positions it to focus on potential opportunities that arise from changing conditions.</p>
3	<p>Minimize cash flow gaps.</p> <p>Uninterrupted cash flow is a fundamental pillar of company viability. It is vital for company management to act decisively to ensure the continuity of cash flow without disruptions. During crises, some companies have resorted to selling goods on special, non-profitable terms—including at zero or even negative margins—to maintain operational momentum. Such measures, while not financially advantageous in the short term, play a crucial role in keeping the business operational.</p> <p>Given its critical importance, the state of cash flow should be prioritized at the outset of any crisis management strategy. Ensuring robust cash flow management is crucial, as it enables the company to sustain its operations, meet its financial obligations, and navigate through turbulent periods more effectively.</p>
4	<p>Business diversification.</p> <p>Business diversification has previously been emphasized in the discussion on preventive and proactive measures. This repeat underscores the crucial role that diversification plays in enhancing a company's strength and adaptability. Ensuring that diversification is a part of the strategic planning process is essential for supporting long-term stability and growth.</p>
5	<p>Have buffer funds.</p> <p>The initial hypothesis regarding the importance of keeping buffer funds was fully supported by all respondents and ranked among the top five recommendations. This result underscores the crucial role that financial reserves play in increasing a company's strength and ability to respond effectively to unforeseen challenges.</p>

While several additional recommendations emerged from the interviews, they were not universally applicable across all respondents. The relevance of these specific suggestions may vary significantly depending on factors such as company size or the specific sector within the sales and service industry. A more targeted study, focusing on particular dimensions such as organizational scale or industry niche, would provide a clearer understanding of the importance and applicability of these less common recommendations. Such focused research could yield fitted insights that are directly relevant to distinct groups within the broader market, escalating the strategic value of the findings.

5 CONCLUSIONS

This analysis explained the common principal factors that lead to crises within the sales and service companies in Kazakhstan, while also exploring effective strategies and mechanisms for crisis mitigation and recovery. The research underscores the variability essential in organizational crises, highlighting that each company's context and crisis experience is definite.

The findings emphasize that there is no universal strategy, mechanism, or tool capable of addressing every potential crisis. Instead, organizational resilience is influenced by the specificity of the context and the fitted approaches to crisis management.

The establishment of buffer funds and the cultivation of a competent team prepared to take on challenges proactively are crucial. These resources not only equip organizations to navigate crises effectively but also enable them to transform potential threats into opportunities. Consequently, such preparedness significantly increases the likelihood of minimizing losses during crises, thereby enhancing the overall resilience and sustainability of the organization.

6 ACKNOWLEDGEMENTS

Would like to express my sincere appreciation to all the respondents who generously shared their valuable time and insights, significantly contributing to the richness of this study. The interviews have greatly enriched my understanding of business dynamics and the complexities of managing a company under various external and internal pressures.

Special thanks are also due to my university supervisor, Dr. Alma Alpeisova, whose guidance was instrumental in focusing my research on this subject. Her assistance has been significant in enabling me to provide meaningful contributions that may assist company managers by disseminating the results of this study.

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Moderating Effects of HEXACO Personality Traits and Supervisory Power on the Relationship between Workgroup Emotional Climate and General Attitude towards AI: Evidence from Kazakhstan

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ABSTRACT

The aim of this paper is to develop a research design to examine moderating effects of HEXACO personality traits and supervisory power on the relationship between workgroup emotional climate and general attitude of an employee towards artificial intelligence. General attitude towards artificial intelligence (GAAI) will be assessed by GAAI scale of Schepman and Rodway (2023).

KEYWORDS: HEXACO personality traits, supervisory power, workgroup emotional climate, artificial intelligence (AI), Kazakhstan

INTRODUCTION

Artificial intelligence could become a real game changer for contemporary global economy. Many business companies in various industries could reap the advantages offered by artificial intelligence through its usage in customer service, sales and marketing, website and software development. Artificial intelligence enhances innovativeness, improves decision-making, and boosts overall productivity. It helps save corporate financial resources by eliminating the necessity to use manual labor for completion of many tedious tasks. Artificial intelligence can collect and analyze huge volume of data just in a matter of seconds. Due to these facts, corporate leaders all over the world should encourage their employees to start using artificial intelligence in their everyday work.

RESEARCH OBJECTIVES

The objective of this research is twofold: (1) to study the relationships between employee's HEXACO personality traits, various types of their supervisor's power, emotional climate of their workgroup and their general attitude towards AI, as well as (2) to test the reliability of the scales used to measure these constructs in the context of Kazakhstan. Based on the theoretical background and literature review, the following hypotheses were developed:

H1: Positive workgroup emotional climate (Positive WEC) positively relates to employee's general attitude towards artificial intelligence (GAAI); negative workgroup emotional climate (Negative WEC) negatively relates to employee's general attitude towards artificial intelligence (GAAI) or has no effect.

H2: Supervisor's positive expert power (SPEP) and supervisor's positive referent power (SPRP) positively relate to both WEC and GAAI; supervisor's negative referent and expert power (SNREP) negatively relates to WEC but does not have effect on GAAI.

H3: HEXACO personality traits of honesty-humility (H), extraversion (X), agreeableness (A), conscientiousness (C) and openness to experience (O) positively relate to WEC; emotionality (E) negatively relates to WEC.

H4: HEXACO personality traits of extraversion (X) and openness to experience (O) positively relate to GAAI; emotionality (E) negatively relates to GAAI.

H5: Supervisor's positive expert power (SPEP) and supervisor's positive referent power (SPRP) strengthen the association between positive WEC and GAAI.

H6: HEXACO personality traits of extraversion (X) and openness to experience (O) strengthen the association between positive WEC and GAAI.

METHODOLOGY

Workgroup emotional climate (WEC) will be assessed by two-dimensional scale of Liu et al. (2014): (1) positive WEC and (2) negative WEC. Sample item to measure positive WEC includes: 'The

members of the team get on well with each other.’ Sample item to measure negative WEC includes: ‘It is hard for workgroup members to express our true thoughts directly in the team.’

General attitude towards artificial intelligence (GAAI) will be assessed by two-dimensional GAAI scale of Schepman and Rodway (2023): (1) positive GAAI and (2) negative GAAI. Sample item to measure positive GAAI includes: ‘Artificial intelligence can provide new economic opportunities for this country.’ Sample item to measure negative GAAI includes: ‘I think artificial intelligence is dangerous.’

HEXACO personality traits will be assessed by the Brief HEXACO Inventory of de Vries (2013). It evaluates six personality traits: honesty-humility (H), emotionality (E), extraversion (X), agreeableness (A), conscientiousness (C) and openness to experience (O). Sample item to measure honesty-humility (H) includes: ‘I find it difficult to lie.’ Sample item to measure emotionality (E) includes: ‘I can easily overcome difficulties on my own (R).’ Sample item to measure extraversion (X) includes: ‘I like to talk with others.’ Sample item to measure agreeableness (A) includes: ‘I tend to quickly agree with others.’ Sample item to measure conscientiousness (C) includes: ‘I postpone complicated tasks as long as possible (R).’ Sample item to measure openness to experience (O) includes: ‘I like people with strange ideas.’

Supervisory power will be assessed by multidimensional scale of Mir et al. (2017). Sample item to measure supervisor’s positive expert power (SPEP) includes ‘My supervisor probably knew more about the job than I did.’ Sample item to measure supervisor’s positive referent power (SPRP) includes ‘I looked up to my supervisor and generally modelled my work accordingly.’ Sample item to measure supervisor’s negative referent and expert power (SNREP) includes ‘I look upon my supervisor as a person who can never be a role model.’

STATISTICAL ANALYSIS

Statistical analysis will be conducted in SPSS software and R-Studio. *Chronbach’s alphas* will be calculated to assess reliability of scales in the context of Kazakhstan by comparing the amounts of shared variances (or covariances) among the items. *Pearson correlation analysis* will be conducted to evaluate whether there are the relationships between researched variables and the strength of these relationships. *Multiple-regression analysis* will be conducted to get a preliminary insight whether HEXACO personality traits and supervisory power alter the relationship between workgroup emotional climate and general attitudes of its members towards AI. *F-statistics* along with *R-squared* will be calculated for this purpose. *Bootstrapping analysis* will be performed in addition. Finally, *Structural Equation Modeling (SEM)* will be run in R-Studio to ensure the correct determination of the direction of the relationships between investigated variables. Calculation of *RMSEA* and *CFI coefficients* will be helpful for this purpose.

CONCLUSION

The results of this study will have implications on both academic and business communities. The research will test the reliability of the scales in the context of Kazakhstan. It will reveal general attitude of Kazakhstanis to artificial intelligence. It will extend the existing literature by closing the research gap on the moderating effects of HEXACO personality traits and supervisory power on the relationship between workgroup emotional climate and general attitude of an employee towards artificial intelligence. Corporate management will get an insight on how employee’s personality traits, supervisory power and workgroup climate can strengthen or weaken employee’s attitude towards their intention to start using AI in the work-related tasks.

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Exploring Work Effort Response to Labor Market Payoffs: Salaried vs. Hourly Paid Workers

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Abstract

This study examines the relationship between earnings inequality and work effort among employees within a specific labor market segment, comparing salaried versus hourly workers. Focusing on the United States, where workers are predominantly categorized into salaried and hourly groups, this research investigates whether wage inequalities within narrowly defined labor market segments influence daily work effort. Salaried workers receive a regular, fixed pay regardless of work hours, whereas hourly workers are compensated based on the actual hours worked. My findings suggest that earnings inequality above the median motivates salaried workers to exert higher levels of effort more so than inequality below the median. Conversely, the response of hourly workers to earnings disparities is less pronounced. These findings align with the rank tournament model proposed by Lazear and Rosen (1981), which posits that the potential for higher earnings can drive increased effort among competitors. This study extends the model's application, showing how earnings structures within employment types can impact worker motivation and effort.

HRM in the Oil and Gas Industry: Employee Motivation and Corporate Innovation in Chinese companies under state-owned background

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Abstract

This paper explores the impact of human resource management (HRM) on employee motivation and corporate innovation in the oil and gas industry in the state-owned context of China. Through literature review and empirical research, this paper first analyzes the unique context of Chinese state-owned oil and gas companies and the role of HRM in it. Secondly, this paper studies the relationship between employee motivation and corporate innovation and explores the role of HRM in motivating employees and promoting innovative activities. Finally, this paper puts forward some suggestions and studies their feasibility through questionnaire surveys and interviews to help Chinese state-owned oil and gas companies improve their HRM practices, thereby improving employee motivation and corporate innovation. Through this study, it is expected to provide valuable insights into the management practices of state-owned enterprises and promote the sustainable development of China's oil and gas industry.

Keywords: HRM, State-owned company, Motivation, Innovation

1.Introduction

As a pillar industry of the national economy, the oil and gas industry has been playing an important role in China's development. And human resource management is one of the keys to ensuring the sustainable and stable development of this industry. In past studies, we have found the importance of human resource management for enterprise innovation, and employee motivation, as one of the important means in human resource management, has a direct impact on enterprise innovation. Under the state-owned background, Chinese oil and gas enterprises face unique management environments and challenges. Therefore, this study aims to explore how employee motivation affects the innovation capability of Chinese oil and gas firms in this specific context and how to enhance their level of innovation.

2. Literature review

State-owned enterprises, meaning enterprises for which the State Council and local people's governments perform the duties of funders on behalf of the State.(Brodsgaard, K. E., & Li, X. 2013.)The management of state-owned enterprises is often subject to the constraints and guidance of the government, and the management mechanism is relatively strict, which makes it difficult to flexibly adapt the incentive mechanism. (Leutert, W. 2016.)There is a mutually reinforcing relationship between employee incentives and enterprise innovation, incentives can stimulate the innovation potential of employees, improve the efficiency and quality of innovation activities, and promote the sustainable development of enterprise innovation.(Gupta, V. 2020)Several studies have examined the role of motivation in oil companies. For instance, As Sarmad argued that (2016) employee motivation is essential for improving job performance and enhancing productivity in the oil and gas sector. They noted that oil companies need to adopt motivational strategies such as training, job enrichment, and rewards to improve employee motivation and job satisfaction. Innovation is critical for oil companies to remain competitive in a fast-changing market. According to a study by Meseko, Maruta, and Ngumajingi (2021) provided, innovation has become a key driver of success for oil companies in the

current era of low oil prices and increased competition. The authors argue that innovation can help oil companies improve their operational efficiency, reduce costs, and create new business models.

3. Research Method

In my thesis, I specifically examine employee satisfaction with the four core aspects of human resource management (recruitment, training, performance appraisal, and employee engagement) and analyze how the degree of firm innovation influences these aspects. Based on existing literature, I propose the hypothesis that there is a positive relationship between employee motivation and corporate innovation, and I will use a two-stage questionnaire survey to validate this relationship and observe the actual effects of HR optimization measures.

To conduct this study, I designed an exhaustive questionnaire using a Likert scale ranging from 1 (very dissatisfied) to 5 (very satisfied) to assess employees' satisfaction with the four components of current HRM. Additionally, we will analyze the company's annual report and related business data to measure the firm's degree of innovation, ensuring the accuracy and objectivity of the independent variable.

After the initial questionnaire was completed, I identified key areas for improvement in human resource management and proposed a series of specific optimization measures based on the data and feedback collected. These measures aim to boost employee satisfaction and potentially boost the company's capacity for innovation. I conducted a second round of questionnaires using the same questionnaires from the first round to ensure data comparability after implementing the optimization measures for a reasonable period of time.

By comparing the results of the two surveys, I assess the changes in employee satisfaction before and after HR optimization measures, and further analyze the association between these changes and the degree of firm innovation.

4. Data Analysis

The first question-and-voucher survey was conducted in May 2023 with employees from the Xinjiang branch of PetroChina, and the results were summarized in Table 4.1

	1	2	3	4	5
Recruitment	29.11%	26.58%	5.06%	37.97%	1.27%
Training	16.46%	31.65%	6.33%	43.04%	2.53%

Performance Management	12.66%	18.99%	3.8%	56.96%	7.59%
Employee Engagement	6.33%	37.97%	5.06%	10.13%	40.51%

Table 4.1 Employee Satisfaction with HRM Process in May 2023

The feasibility of the optimization plan confirmed through an interview with the company's senior management (deputy manager of administration), and implementation began after the fall job fair in August of the same year. And in March 2024, the 79 employees surveyed were called back to investigate their satisfaction with the optimized HRM process, resulting in the data in Table 4.2

	1	2	3	4	5
Recruitment	6.33%	5.06%	7.59%	49.37%	31.65%
Training	5.06%	5.06%	6.33%	39.24%	44.3%
Performance Management	6.33%	1.27%	7.59%	45.57%	39.24%
Employee Engagement	10.13%	6.33%	5.06%	37.97%	40.51%

Table 4.2 Employee Satisfaction with HRM Process in March 2024

From the data of Table 4.1, we can clearly see that 55.69% of employees are dissatisfied with the company's recruitment process, which indicates that a change in the recruitment process is imminent. As mentioned above, at the beginning of the recruitment process, the company posted job information on the recruitment platform and provided only the most basic information. For candidates, with this lack of communication channels, their choices at this point will largely set the stage for where the position will lead them in the future. As a result, more than half of the employees are dissatisfied with the recruitment process. 48.11% of the employees think that the professional knowledge they have learned is not very useful in their work, which is one of the reasons why they lack motivation to work. When employees' daily work content is mechanically repetitive, it is inevitable that they will feel boring. In this case, if the company is willing to provide a platform for employees to learn, then I believe most of the employees will actively participate in it, which will play an important role in improving the overall level of the company and enhancing the company's innovation ability. From the survey results, 31.65% of the employees are not satisfied with the company's performance management. However, the reason behind this should not be ignored because in state-owned enterprises, as long as employees work step by step and do not make mistakes, they will receive generous performance pay, and most employees' performance management is the responsibility of their line managers. Fairness is also an issue in less competitive state-owned enterprises where employees' mistakes are generally treated lightly. If you use software to manage employee performance, you can effectively count the basic

performance of employees, such as attendance and absenteeism, and reduce the workload of line managers. Assignment of tasks and checking of results can also be carried out on the software. Not only can managers have a clear understanding of the progress of their employees' work, but employees can also supervise each other. From the survey on employee engagement, it can be seen that a large percentage of employees who rent rooms and live in dormitories are dissatisfied with the housing and transportation conditions. For enterprises, providing employees, especially foreign employees, with suitable housing conditions and means of transportation is an important means of improving employee motivation.

From Table 4.2, we can confirm that most employees are satisfied with the optimized HRM process. Employee satisfaction has been greatly improved in the four aspects of HRM. Summarizing the data in Tables 1 and 2, we can see it in the histogram (Table 4.3) clearly shows the changes in employee satisfaction before and after optimization.

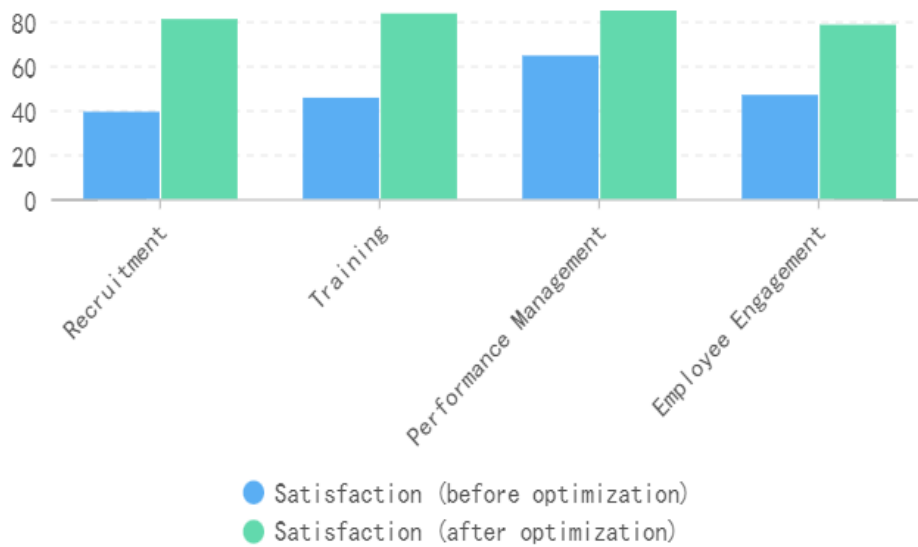


Table 4.3 Comparison of employee satisfaction

In studies that quantify the degree of innovation of the company, the number of patents filed, a traditional measure of the degree of innovation of the firm, is not directly available due to confidentiality policies and the constraints of unpublished annual reports of the company. Therefore, the degree of firm innovation had to be quantified indirectly through the available information that could be obtained. This information includes two key indicators: the increase in capacity utilization (Table 4.4) and the decrease in the level of indebtedness (Table 4.5 and 4.6). Improvements in capacity utilization usually reflect progress in optimizing production processes and increasing efficiency, which can be seen as an important indicator of a firm's ability to innovate.

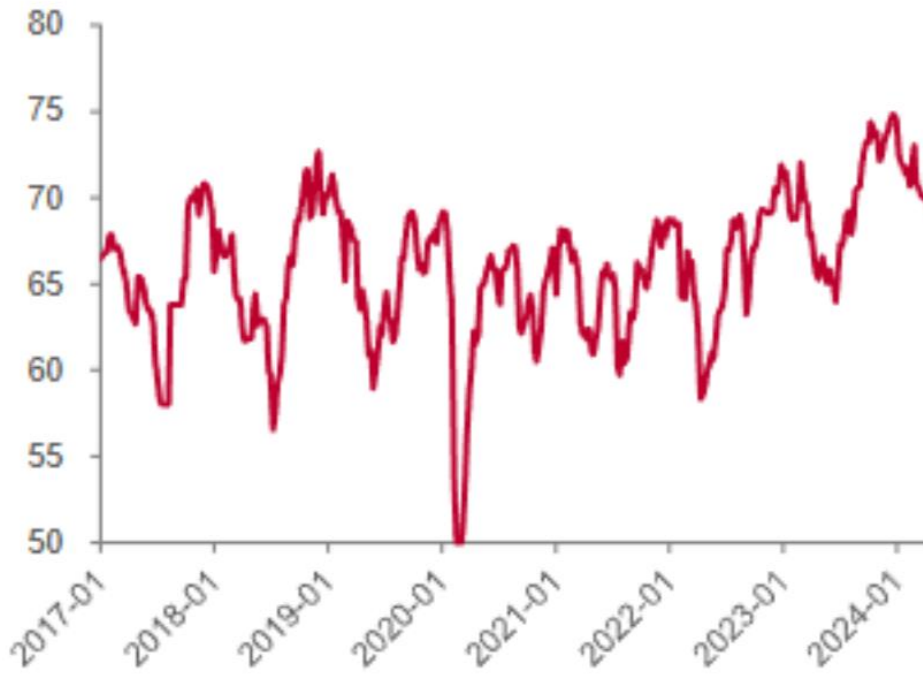


Table 4.4 Oil capacity utilization

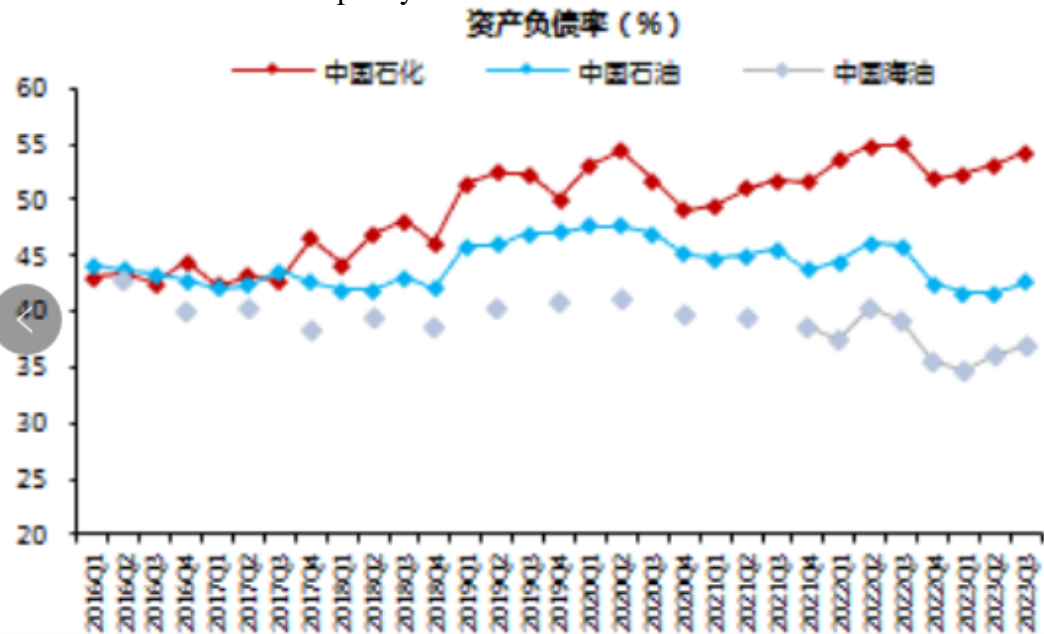


Table4.5 Asset-liability ratio(blue line)

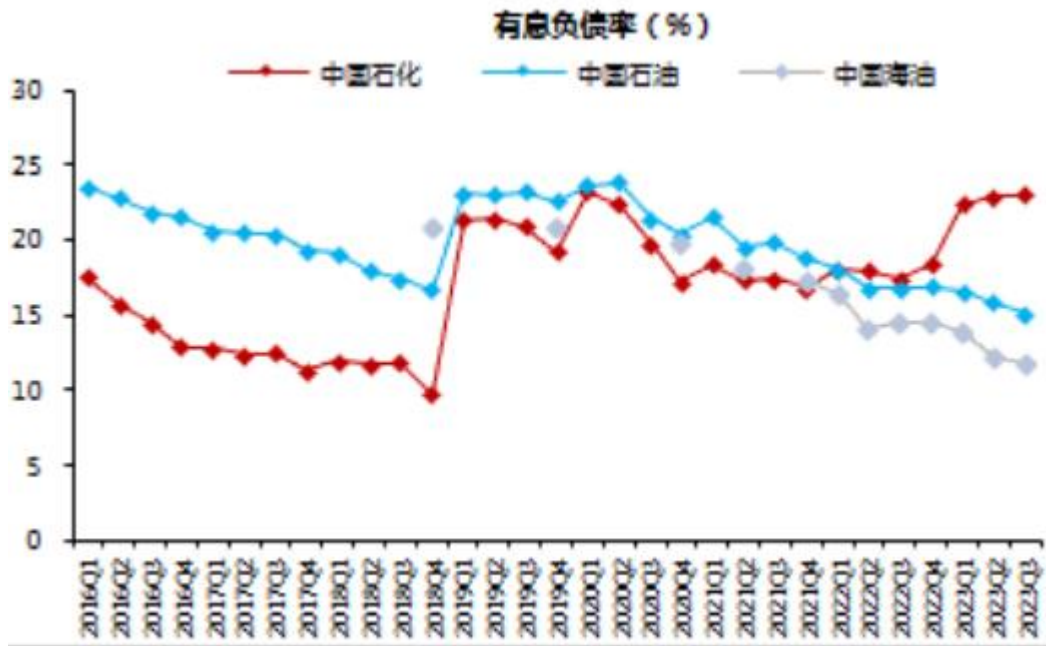


Table 4.6 Interest-bearing debt ratio(blue line)

In the oil industry, increased capacity utilization often requires the adoption of advanced technologies and improved processes, which are the direct result of technological innovation activities. Lower debt levels may indirectly reflect the fact that firms have optimized their financial structure and cost management through innovation activities. Innovation is not only limited to product or technology improvements but also includes innovations in financial and operational strategies, which can help firms reduce unnecessary expenses and financial burdens, thus lowering the overall level of indebtedness. Although it is not possible to quantify the degree of innovation directly through the number of patents, it is still possible to conclude that firms are more innovative by analyzing the increase in capacity utilization and the decrease in debt levels.

5. Conclusion

There is a positive correlation between employee satisfaction and corporate innovation capability, which indicates that improving employee satisfaction is an effective way to enhance corporate innovation capability.

This study reveals the problems in HRM practices such as recruitment, training, performance management, and employee engagement, and proposes improvement measures, which are important for optimizing corporate HRM, improving employee satisfaction and corporate innovation. Especially in the context of the current transition of the oil industry to a green environment, companies need to respond to the challenges of the industry and changes in the market through innovation.

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Career Development and Retention Strategies for Millennials.

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Abstract

Generation Y, also known as millennials and who are born between 1980 and the early 2000s plays an important role in increasing the productivity and competitiveness within the organizations. The reason is that the number of this generation in workplaces is large. According to the studies of Islam (2011) and Prawitasari (2018) seventy-one million people in the workplaces are the representatives of millennials. Consequently, they are recognized as significant resources in the economy that have considerable influence over companies. By characteristics, millennials display a keen desire to develop their professions and improve their work. They must have a higher status in the career hierarchy and feel encouraged by being promoted. Therefore, they are demanding greater opportunities for self-development and progression from the firms. Otherwise, the organizations may lose those high-skilled, talented employees, in case they fail to satisfy those personality's needs.

This study aims to investigate how career advancement impacts the retention of Millennials in consulting firms in Almaty. It seeks to understand whether Millennials' strong inclination towards career progression and professional growth affects their decision to stay in their current workplaces. Furthermore, the study aimed to delve into the impacts of organizational committee opportunities and other various dimensions of career development and strategies for retaining Generation Y employees.

For this study a quantitative research method will be used and the received results will be tested with the help of JASP software. Questionnaire is prepared based on Houssein, Singh, & Arumugam (2020) hypothesis about the connection between career growth and retention. The main research hypothesis is that "Career growth is related to the retention of Millennials, and it has a positive relationship with retention of this generation". Based on this hypothesis, the views of survey respondents with work experience mainly in the consulting sphere will be analyzed. As a result, the preliminary data analysis aims to verify the presence of a potential positive relationship. Regarding the limitations of this study, only millennials born during 1980 and the early 2000s were eligible to participate in this survey. Moreover, they had to work in consulting firms in the city of Almaty and have some experience in this field.

Overall, the originality and value of this study stems from the recognition of the fundamental importance of Generation Y to the modern workplace. Since in the 21st century millennials make up the majority of the demographic. Thus, in these terms they not only represent a valuable human resource for modern companies, but are a key element of their economic potential. Consequently, given the dominance and importance of Generation Y, for organizations developing a personalized and innovative strategy to effectively engage with them becomes an urgent task. Moreover, it is necessary to focus on retaining and attracting them, as well as creating optimal conditions for their influence and career growth. Otherwise, organizations may become a source of self-exhaustion, which can lead to failure and collapse in various sectors of the economy.

Key words: Millennials, Generation Y, Career development, Employee Retention, Organizational Commitment.

1. Introduction:

Generation Y, also known as millennials, encompasses individuals born between 1980 and the early 2000s, who exhibit distinct and noteworthy characteristics (Eng & Han, 2019). Since, in the workplaces they are becoming more and more, the organizations have to be ready for acceptance of this generation (Thompson & Gregory, 2012). Furthermore, they also have to understand Gen Y, so that they can be able to recruit the best talents. In the case if those firms will ignore the needs of millennials, then they may miss potential talents (Meriac, J. P., Woeh r, D. J., & Banister, C., 2010; Becton, J. B., Walker, H. J., & Jones-Farmer, A. 2014). Moreover, the failure of managers to comprehend and adapt to the evolving needs and expectations of this new generation may result in employee attrition, leading to retention challenges and increased turnover rates (Kupperschmidt, 2000; Fyock, 1990; as cited in Westerman & Yamamura, 2007).

The departure of employees not only incurs financial costs, but also disrupts organizational stability (Slattery in Srivastava, 2013). Employers are increasingly recognizing the importance of employee retention and turnover as critical factors for maintaining a competitive advantage, prompting them to prioritize these aspects (Kyndt, et al., 2009). According to the Work Institute's report for 2019, the attracting and keeping of employees takes a significant place for firms. Since the knowledge and the main competencies are crucial for the firms to support competitive advantage, the retention of expert and professional staff also matters (Kyndt, et al., 2009). Organization's performance might be influenced by the high price of employee turnover (Work Institute, 2019). Based on the report of the Work Institute (2019), in 2017, voluntary turnovers rose by 7.6%, with preventable turnover causes that are also on the rise. The growth in employee turnover significantly increases company's operating expenses and impacts their potential for development and profitability. Spain and Groysberg (2016) emphasized that elevated employee turnover correlates with diminished performance. Moreover, organizations maintaining low turnover rates and retaining high-performing employees stand to gain significant advantages. The high level of turnover rate counts as one of the reasons that leads to failure of organization (Joshi & Ratnesh, 2013). As employee turnover affects not only to organization performance, but also to profitability, the firms have to find out the reasons or answers for the following statement of why employees stay or leave organizations (Houssein, Singh, & Arumugam, 2020).

Based on the Work Institute's retention report for 2022, several reasons for leaving were identified. They include career, job, health and family, work life balance, rewards and other types of categories. The highest percentage, which is equal to 22.5%, takes a career. It means that the majority of people change their workplaces due to a career that combines opportunities for growth, promotion, achievement, security, etc. (Work Institute, 2022; p. 13). The study results of Houssein, Singh, & Arumugam (2020) considering the hypothesis about the connection between career and retention showed the positive relationship that states the absence of career development will lead to employees leaving. Considering the millennials, findings from the Purwatiningsih & Sawitri study that was conducted in 2021, Gen Y express a strong desire to progress in their careers and to continuously enhance their professional expertise. Moreover, they exhibit a willingness to exert significant effort in their work, contingent upon receiving appropriate compensation and rewards. Failure by companies to meet these expectations can lead to elevated levels of dissatisfaction among Millennials, consequently increasing their inclination to seek alternative employment opportunities (Purwatiningsih & Sawitri, 2021)

Thus, it becomes imperative for organizations to prioritize effective human resource management practices to optimize job retention and minimize unnecessary expenses (Slattery in Srivastava, 2013). Furthermore, this generation plays a crucial role in fostering productivity and enhancing organizational competitiveness, as key resources within companies (Slattery in Srivastava, 2013).

Therefore, in line with the above-mentioned ideas, the purpose of this study will be to explore the multifaceted aspects of career development and employee retention strategies for Generation Y (Millennials). In addition, this review aims to explore the outcomes regarding whether career development influences the retention of Generation Y. Finally, this academic paper will offer recommendations for organizations that are seeking to enhance their management and retention of employees in this generation.

2. Research Problem and Significance

The majority of organizations find it very difficult to retain Gen Y employees. Since, it requires and needs more strategies (Thompson & Gregory, 2012; Purwatiningsih & Sawitri, 2021).

According to findings from the Purwatiningsih & Sawitri study that was conducted in 2021, Millennials express a strong desire to progress in their careers and to continuously enhance their professional expertise. They exhibit a willingness to exert significant effort in their work, contingent upon receiving appropriate compensation and rewards. Failure by companies to meet these expectations can lead to elevated levels of dissatisfaction among Millennials, consequently increasing their inclination to seek alternative employment opportunities.

Compared to other generations, Generation Y places a premium on swift career advancement opportunities. They prioritize having fulfilling and skill-oriented jobs over merely receiving a high salary. Furthermore, Millennials believe that making substantial contributions to their organizations should warrant recognition in the form of promotions. In addition, Gen Y emphasizes the necessity for employers to enhance compensation and benefits, challenging the existing norms. Overall, such distinctive traits of this generation have the potential to significantly influence various aspects of society, as they are seen as unique individuals.

Moreover, as pivotal resources within companies, the next generation plays a crucial role in fostering productivity and enhancing organizational competitiveness (Slattery in Srivastava, 2013). It is essential to develop specific and innovative approaches tailored to meet the needs of Generation Y as they enter the 21st century (Pramesworo, Sembiring, Sarip, Lolang & Fathurrochman, 2023). It is important to focus on retention and attracting Gen Y in connection with the raised number of them within the industry (Mayfield & Mayfield, 2014). They are fast becoming the largest labor force in any economy, since their contribution to the labor force is significant. Moreover, Gen Y represents the largest generation that comprises 71 million people. (Islam, 2011; Prawitasari, 2018).

It also should be noted that millennials tend to be quick to leave their jobs if they feel that the organization does not provide suitable conditions, often opting to seek alternative employment rather than remaining in uncomfortable situations (Yunita, 2019). They exhibit a propensity to switch jobs relatively easily (Purwatiningsih & Sawitri, 2021). For instance, according to a Gallup (2019) analysis, 21% of Generation Y individuals have transitioned to new positions in less than a year. By taking into account this generation's features and in order to meet their expectations, even educators have adjusted the costs of education and enhanced training programs (Stafford, 2008). Consequently, it is also imperative for companies to adapt their strategies when engaging with Generation Y.

The importance of this topic is emphasized by its impact on organizational performance, talent management strategies and employee satisfaction. Implementing successful career development and retention tactics not only foster personal fulfillment and achievement for millennials, but also contribute significantly to organizational advancement, innovation, and competitiveness within the constantly evolving business landscape of today.

3. Research Questions

This article will answer the following *research questions*.

- **Q1:** What retention strategies are most effective for engaging Generation Y (Millennials) in the workplace?
- **Q2:** How does career development influence the retention of Generation Y employees?

4. Literature review

4.1 Definitions of key variables

Millennial Generation

Generation Y, also known as millennials, encompasses individuals born between 1980 and the early 2000s, who exhibit distinct and noteworthy characteristics necessitating enhanced instructional techniques (Eng & Han, 2019). Based on Puybaraud (2010), millennials are adaptable, movable, cooperative, and non-traditional. Compared to previous generations, millennials are more diverse (DeVaney, 2015). Gen Y have their own features that emphasize their personalities than other generations, like Baby Boomers (Buzza, 2017). They possess the ability to freely make choices or decisions, whether in the context of work or personal life (Stanimir, 2015). This concept indicates that millennials recognize their importance within work environments (Barwiska-Maajowicz A. 2011 p. 304). Unlike earlier generations, individuals in this age bracket do not endorse or consider additional working hours. If employers request them to work beyond the required hours, Gen Y seeks additional compensation (Stanimir, 2015).

Moreover, since this generation was born and grew up with technology, they come into the workplaces with a deep understanding of business tools that other generations cannot do (PricewaterhouseCoopers, 2011). They tend to learn and get new knowledge through the help of the Internet (Karakas, Manisaligil, and Sarigollu, 2015). In 2013, Burstein, who is the representative of the millennial generation, conveyed his perspective on technology, noting that during his time as a first and second grader, they had the ability to compose reports using a word processing program and utilize its spell check function. (Burstein, 2013, p.52 & Sharon, 2015, p. 12). Consequently, they are often labeled as 'digital natives' due to their high comfort level with new technology (Hershatter & Epstein, 2010). By relying on the previously mentioned abilities, they have an ability to innovate, to find out different capabilities alongside complex technologies (Ramli & Soelton, 2019).

Considering the workplaces, generation Y needs a supportive work environment, congenial colleagues, and a balanced work-life equilibrium (Ott et al., 2008; Ng et al., 2010). Furthermore, it should be noted that Gen Y seeks consistent feedback from employers for strengthening their confidence in their actions within the workplaces (Cahill & Sedrak, 2012; Smith & Nichols, 2015). Hence, it can be said that Gen Y needs and seeks a firm that can develop millennials through system and coaching processes (Purwatiningsih & Sawitri, 2021).

Career Development

Career growth is a concept that includes achieving career objectives, enhancing skills and advancement prospects (Weng et al. 2010). It is not just an employee's engagement, but also a walk of life, which takes a significant place in people's life (Patton and McMahon, 2014).

Career development entails enhancing individual employability to attain the desired career trajectory (Rivai, 2013). A career can be described as a high-quality job and lifestyle that should be equitable, progressive, balanced, and rational (Gysbers, Heppner and Johnston, 2009). Considering that each individual possesses unique preferences, hierarchical positions, and career stages, the management of career planning should be sufficiently comprehensive to address diverse individual needs. Furthermore, the career development system should align with the requirements of individuals within the organization (Chen, Chang and Yeh, 2004).

In terms of career opportunities and Gen Y's attitude to it, the primary focus for Millennials revolves around career progression, rapid advancement, and salary increments (Ott et al., 2008; Ng et al., 2010). Gen Y are more interested in career paths, so they prioritize roles that align with their personal lives (Spiro, 2006). Hence, it can be said that Gen Y needs and seeks a firm that can develop millennials through not only coaching, but also system processes (Purwatiningsih & Sawitri, 2021).

Retention

Retention is a process in which employers try to keep employees in their firms. This type of action is done through motivating and supporting the staff to remain in organizations for a long time for the sustainability of the firm. The main purpose of retention is to benefit two parties, employers and employees. It helps to save talents, by increasing the effectiveness of the company (Gorde, 2019).

4.2 Research

4.2.1 Generational shift in workplaces to millennials

In the twenty-first century, organizations need to reevaluate their managerial approaches and accept fresh management ideologies (Han & Garg, 2018). Since in recent years, there has been a significant change in the composition of the workforce, characterized by a continual increase in the number of Generation Y employees (born between 1981 and 2000), alongside the retirement of Baby Boomers (Lancaster & Stillman, 2011). It is highlighted that such growing demographic shifts pose significant managerial concerns (Solnet et al., 2012, p. 37). The reason is generational shifts can lead to diverse challenges or tensions arising from distinctions in mindsets, attitudes, behaviors, and value systems among different generations, as well as variances in their adaptability and technical competencies (Bencsik, Horváth-Csikós & Juhász, 2016). For instance, in the case of millennials (Generation Y) seek a harmonious and well-rounded work-life balance, along with flexible working schedules and diverse environments. Additionally, they aspire to advance swiftly in their careers, leveraging their high activity levels, technological adeptness, and multicultural outlook. Overall, generation Y's lifestyles, behaviors, and anticipations diverge significantly from those of preceding generations, because they exhibit strong enthusiasm and prioritize both continuous learning and career advancement. In case of the absence of desired job prospects, millennials tend to switch roles in pursuit of fresh opportunities (Weyland, 2011). Employees from this generation are particularly susceptible as they possess high levels of ambition and strive for immediate success in all their pursuits (Hartman and McCambridge, 2011). Even when organizations fail to meet their expectations, Generation Y can easily change the workplace (Saxena and Jain, 2012). That is, due to millennials' strong inclination toward learning, organizations require a suitable developmental approach to retain them (Naim & Lenka, 2018).

4.2.2 Industry Focus on Millennial Engagement and Retention

Most companies need millennials (Naim & Lenka, 2018). Since, generation Y is often viewed as newcomers, who are enthusiastic guests that shake up the workplace and crash a traditional gathering. They arrive with an abundance of digital tools, social networks, and a culture steeped in technology, bringing with them fresh perspectives, innovative managerial approaches, and unconventional ways of thinking (Zhurakhovskaya, 2017).

Based on Howe and Strauss (2000) predictions, Gen Y would be a generation of the future, who would be able to lead the community as world leaders, by dominating the 21st century. The reason is that this generation was born and grew up with technology, they come into the workplaces with a deep understanding of business tools that other generations cannot do (PricewaterhouseCoopers, 2011). In 2013 the previously mentioned statement was supported by Burstein, who is a millennial. He conveyed his perspective on technology, noting that during his time as a first and second grader, they had the ability to compose reports using a word processing program and utilize its spell check function. (Burstein, 2013, p.52 & Sharon, 2015, p. 12). Thus, it can be said that compared to previous generations, millennials are more diverse (DeVaney,2015).

On the other hand, referred to as the Nexters, Gen Y comprises the latest generation entering the global workforce, estimated at 1.7 billion individuals worldwide, constituting approximately 25.5% of the global population. Additionally, based on Hays experts, it supposes that by 2026 Generation Y's number in the global workforce will reach 75% (Zhurakhovskaya, 2017). Therefore, engagement and retention of millennials demand immediate focus of industry (Saxena and Jain, 2012).

4.2.3 Generation Y's attitude towards to career development

Millennials prioritize success, career advancement, and financial stability as their top concerns, by recognizing these factors as essential for progress in consumer-driven societies (Tari, 2010). As they are driven by the pursuit of success and advancement in their careers, they often put work over family responsibilities. Furthermore, money and achievement serve as primary motivators in their professional lives. Overall, the aspirations and ambitions of younger generations are extensive, often exceeding their capabilities and resources, leading to a variety of demands. Their decisions and actions are shaped by their experiences. (Bittner et al, 2013).

In 2007 Terjesen and his colleagues used an inductive approach for founding of millenials's work preferences. Students were tasked with pinpointing the preferred employment characteristics of three organizations and subsequently arranging the three organizations based on those characteristics. Detailed and strong descriptive attributes were progressively identified, elucidating the expectations and rankings of the student participants. As a result, it showed the following: when Generation Y seek employment opportunities, their primary focus lies in creating a career path within the organization. Overall, it means that the organization's role in facilitating innovative experiences and enhancing their skill set are the significant and crucial aspects for them. Consequently, self-improvement stands as the central life principle for Millennials (Zhurakhovskaya, 2017).

5. Research Methodology

5.1 Introduction

This chapter explains the methodologies and tools that were used for gathering the responses from focused groups. It also encompasses sections, such as the research design, hypothesis sampling methodology, survey question formats, dependent and independent variables, data collection techniques and tools, as well as the procedures for data processing and analysis.

5.2 Research Design

For this study a quantitative research method was used and the results were tested with the help of JASP software. Survey was conducted in three consulting companies that are located in Kazakhstan, Almaty, for analyzing the relationship of two independent factors that are career development/ organizational commitment and one dependent factor that is retention of Millennials. Consequently, the focused group of this research paper was Millennials, who are employed by three different companies that mentioned before. Generation Y, also known as millennials, encompasses individuals born between 1980 and the early 2000s, who exhibit distinct and noteworthy characteristics (Eng & Han, 2019).

Due to confidentiality of data, the names of the firms cannot be disclosed. What about the aim of the study, it was to identify whether the absence of clear career paths or career advancement opportunities influences Gen Y employees' decisions to leave their jobs. Also, whether the organizational commitment itself impacts Gen Y's retention.

5.3 Hypothesis

Questionnaire is prepared based on Houssein, Singh, & Arumugam (2020) hypothesis about the connection between career and retention showing the positive relationship that states the absence of career development will lead to employees leaving.

H01: *Career growth is not related to the retention of Millennials, and it has a negative relationship with retention of this generation.*

Ha1: *Career growth is related to the retention of Millennials, and it has a positive relationship with retention of this generation.*

The above-mentioned hypothesis formulated with the help of the theory of social exchange. It states that between career advancement and employee retention and commitment lies the principle of reciprocity. Consequently, workers will stay in organizations if they get from them beneficial tools and encouragement (Blau, 1964). The positive relationship among those two variables is also mentioned in the Rolfe and Herman (2005), Cardy and Lengnick-Hall (2011), Kroon and Freese (2013) studies, where they emphasized that career growth opportunities help organizations with employee turnover. In the other words, with holding those workers in workplaces for a long period of time. In addition, the career path and capabilities are accepted as one of the best strategies for those employees, who want to leave the company. Since such an approach will help to solve the previously mentioned problems (Nouri and Parker, 2013).

5.4 Questions and format

Considering the survey format and questions, it should be noted that the survey consists of twenty three statements: twenty of them relate to career development, three to retention. Respondents asked to indicate their level of agreement, by using a Likert scale. The smallest number that is 1 stands for

strongly disagree, 2 for disagree, 3 for neither agree nor disagree, 4 for agree and the last and the highest is 5, it showed the strongly agree idea. For identifying additional strategies in the survey included one open-ended question. By this question it was expected to find out the effective or alternative solutions that motivates and holds commitment to the current organization.

5.5 Study parameters or sampling methodology

Based on the requirements and methodological considerations that are provided above, the study aimed to obtain necessary and relevant information about the career development, organizational engagement and retention of millennials in workplaces.

Parameters divided into 6 subsections, where each of them was focused and included a number of specific information and criteria. Below is shown details of study parameters and how were they organized:

Independent variable

Career development. Survey participants were asked to select numerical ratings on a five-point Likert scale for relevant statements. Statements concerning career advancement included both formal and informal interventions. Formal interventions consisted of support, expertise, and aid offered by organizations to assist millennial employees in advancing their careers. What about the informal ones, they included career advice, meetings with new colleagues, etc. Overall, for identifying and getting data about career growth, in the survey given ten statements.

Dependent variable

Employee retention/retention of Gen Y. The employee retention scale shows Gen Y's intention to stay in the companies. In this research this variable is taken as dependent. Also, three modified statements of Seashore et al. (1982) were given for measuring. All items were evaluated based on the Likert scale ranging from 1 - strongly disagree to 5 - strongly agree.

Target audience

This research engaged individuals who are part of the Generation Y, specifically those born between 1980 and 2000. Participants were drawn from diverse companies, but in the consulting field. For acquiring detailed information about the career advancement, organizational engagement and retention requirements of individuals within this demographic, data was gathered from employees across different levels, including senior, entry-level, and mid-level positions. Moreover, participants were from different age groups and sex, but they entered into this generation.

Experience

To participate in this study, millennials were required to have work experience. This criterion was needed to ensure that respondents had an understanding of the importance of career growth, contribution to the organization and retention or departure of employees. Also, so that they will be able to answer and choose the valid option that is closer to them.

6. Data Analysis

Introduction

In this chapter the analysis and findings of the research are provided, based on the methodologies and purpose that described above. The study results are presented on the effect of career development programs, organizational commitment on Generation Y's retention in international consulting companies in Kazakhstan, in Almaty.

Response Rate

As the data collection instruments, questionnaires were sent to 200 millennial employees, who are from international consulting firms in Almaty, in Kazakhstan. Out of these 200 staff, only 100 employees were sent back fully completed surveys. Overall, it can be said that out of 100%, 50% passed

successfully. Regarding the remaining 50%, some of them did not want to go through, some of them got halfway and then ignored. According to Mugenda (2003) a response rate that is equal to 50% can be analyzed and finalized for reporting. 60% is good and 70% or above can be an excellent scenario for finding out the appropriate answer. Consequently, it means that received data for this paper falls within the range and it can be explored. Overall, during this data collection procedure researchers checked and reminded the focused groups about the necessity of filled questionnaires.

Demographic information

The purpose of this study was to understand who is participating in the study and whether they are eligible. Usually, demographic data provides statistical information that helps to find out the information about the age, gender and experience of the individuals, who are responding. This collection of information is used for identification of the right people or focus groups.

Gender of the participants:

Based on the received data, in the questionnaire 61.1% females and 38.9% males participated. The majority of respondents were females. This is a normal indicator, since a lot of girls work in consulting companies and as males, they take part in the development of their career.

Age of participants

The respondents also asked to indicate their age. Based on the results the majority of respondents are 24-30. According to the results, they make up 90.5% of overall participants. About 8.4% at the age of 30-40 and 1.1% are in the 40-45 age range. At this stage, it was necessary to understand which ages are more numerous in consulting companies and which ones are interested in the topic of career growth. As the results show, there are more young employees between 24 and 30 years old in organizations and the career theme is more important to them.

Experience in the consulting field.

For identifying the exact year an open-ended question was given to participants. The results show that 1% worked about 13 years, 3% four, 3% ten and 3% three years. 6% worked seven, eight and nine years. 8% one, two, five years. Finally, 14% had an experience of six, eleven and twenty-one years. The remaining 8% refused to tell.

All of the received data, considering experience of work, indicates to the fact that the majority of the respondents had worked in consulting for at least a longer duration. It means that they had a background and enough knowledge about how career development and employee retention work.

Testing of variables.

For understanding and checking the hypothesis used the JASP Software with Linear Regression method, which showed Model Summary, ANOVA Analysis, Coefficient details and Descriptives.

Hypothesis 1. Career development and retention of Millennials.

Firstly, tested the hypothesis about career growth and retention of Millennials variables. As a dependent one was taken with a statement “I will not change this organization easily”, and as independent value was taken ten types of statements that related to career growth.

H1: Career growth is related to the retention of Millennials, and it has a positive relationship with retention this generation.

Model Summary - 12. I will not change this organization easily				
Model	R	R²	Adjusted R²	RMSE
H ₀	0.000	0.000	0.000	1.258
H ₁	0.587	0.345	0.268	1.076

R analyzes the level of correlation between career growth and retention of millennials. It has two ranges from -1 to 1, where -1 shows the negative relationship, while 1 the positive correlation. What about the 0, it means that between those two variables there is no relationship. Consequently, according to the table above the R amount is equalled to 0.587 that is closer to 1. In terms of $R^2 = 34.5\%$ it shows the moderate percentage of connection between the above-mentioned factors.

ANOVA						
Model		Sum of Squares	df	Mean Square	F	p
H ₁	Regression	51.782	10	5.178	4.470	< .001
	Residual	98.458	85	1.158		
	Total	150.240	95			

Note. The intercept model is omitted, as no meaningful information can be shown.

The P value is less than 0.05, it means and shows that career development and retention of Generation Y are significantly related to each other. However, by taking into account the model summary's results, it can be said that career advancement does not fully impact on retention of Generation Y. This means that only some aspects are significantly related to the retention of these employees.

Coefficients								
95% CI								
Model		Standard		Standardized t	p	Lower	Upper	
		Unstandardized	Error					
H ₀	(Intercept)	3.302	0.128		25.727	< .001	3.047	3.557
H ₁	(Intercept)	1.517	0.488		3.108	0.003	0.546	2.487
	1. I have been given training to help develop my career	0.269	0.127	0.273	2.114	0.037	0.016	0.522
	2. My boss has made sure I get the training I need for my career	0.002	0.123	0.002	0.017	0.986	-0.243	0.248
	3. I have been taught things I need to know to get on in this organization	0.062	0.119	0.060	0.517	0.607	-0.176	0.299
	4. I have been given a personal development plan	0.053	0.115	0.061	0.463	0.644	-0.176	0.283
	5. I have been given work which has	0.181	0.130	0.177	1.389	0.168	-0.078	0.440

developed my skills for the future							
6. My boss has give me clear feedback on my performance	-0.019	0.129	-0.018	-0.145	0.885	-0.275	0.237
7. I have been given impartial career advice when I needed it	-0.454	0.138	-0.435	-3.293	0.001	-0.728	-0.180
8. I have been introduced to people at work who are prepared to help me develop my career	-0.010	0.130	-0.010	-0.080	0.937	-0.270	0.249
9. I have been given a mentor to help my career development	0.181	0.125	0.210	1.445	0.152	-0.068	0.431
10. My boss has introduced me to people who will help my career	0.243	0.146	0.256	1.671	0.098	-0.046	0.533

Descriptives				
	N	Mean	SD	SE
12. I will not change this organization easily	100	3.302	1.258	0.128
1. I have been given training to help develop my career	100	3.625	1.275	0.130
2. My boss has made sure I get the training I need for my career	100	3.365	1.400	0.143
3. I have been taught things I need to know to get on in this organization	100	3.698	1.215	0.124
4. I have been given a personal development plan	100	3.167	1.427	0.146
5. I have been given work which has developed my skills for the future	100	3.938	1.230	0.125
6. My boss has give me clear feedback on my performance	100	3.802	1.211	0.124
7. I have been given impartial career advice when I needed it	100	3.646	1.205	0.123
8. I have been introduced to people at work who are prepared to help me develop my career	100	3.646	1.214	0.124
9. I have been given a mentor to help my career development	100	3.354	1.458	0.149

10. My boss has introduced me to people who will help my career	100	3.490	1.322	0.135
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The above provided tables give detailed information about each coefficient. Based on them, the majority of Generation Y choose specific statements, which indicate and show the relevance, importance of each career growth aspect. For instance, “I have been given work which has developed my skills for the future” has the highest mean score. It means that on average, among Gen Y respondents this statement is perceived as the most important one. “I have been given a personal development plan” is equal to 3.167, which indicates that for generation Y the personal development plan is less important than other statements. Overall, this analysis rejects the null hypothesis that says that there is a negative correlation between career development and retention of millennials. However, it supports and accepts the alternative hypothesis that states that there is a positive relationship between those two variables. By taking into account the finalized research, it can be concluded that there is a positive relationship between them, but as one part of the analysis showed, career growth does not have an overall effect, but only some aspects such as: developing skills for the future, feedback based on performance, career advices, trainings and etc.

7. Conclusion

In conclusion, this study underscores the importance of understanding the unique needs and preferences of Millennials in international consulting firms in Kazakhstan. While career development programs are important factors in retention, it also turned out that material and work-life balance aspects play a more significant role.

Managers of similar companies are encouraged to adopt a holistic approach to employee retention, by incorporating tailored career development programs that enhance organizational commitment and material incentives. By addressing these aspects, organizations can create a supportive and engaging work environment that fosters long-term employee commitment and satisfaction.

While this study contributes valuable insights, it is essential to acknowledge its limitations and the need for further research to validate and extend the findings. By continuing to explore the dynamics of retention among Millennials, organizations can adapt their strategies to meet the evolving needs of their workforce and maintain a competitive edge in the industry.

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The impact of restaurant service quality on customer satisfaction and loyalty: the case of restaurant services in Almaty

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Abstract

Purpose—This study examines how service quality dimensions using SERVQUAL in the restaurant industry affect customer satisfaction and loyalty among consumers in Kazakhstan. This study applies the disconfirmation of expectancy theory.

Design/methodology/approach— An online survey questionnaire via Google Forms was distributed to 222 respondents living and working in the Almaty area using a convenience sampling method. Out of the 222 responses, 206 were considered usable. These responses were analyzed using SPSS version 29 and AMOS version 24, which included various statistical methods such as descriptive statistics, EFA, CFA, Pearson correlation, and SEM.

Findings— Only four service quality dimensions remained for further analysis: tangibility, reliability, assurance, and empathy. The study found that their perception of service performance significantly influenced customers' satisfaction and loyalty. Consumers' expectations significantly influence loyalty, not satisfaction, while disconfirmation does not affect satisfaction or loyalty.

Research limitations/implications— The respondents in this study were biased toward females and may not represent the Kazakhstan population at large. Data collection was restricted to the most developed area of Kazakhstan (Almaty), and, therefore, the data represent the more educated workers of Kazakhstan. A more representative sample should be drawn for future research. An expected language problem might also limit the respondents from fully understanding the questionnaire. The questionnaire was originally developed in English and later translated into Russian, but the researcher failed to verify whether the back translation aligned with the source language questionnaire. Further research with larger samples nationwide is needed to understand better the relationship between perceived and expected service quality.

Practical implications— Although further research is needed, the present study provides significant information to help restaurants improve their services. The results of this study have significant benefits for both new and established businesses. It improves customer satisfaction and loyalty, thus attracting new customers and retaining existing ones. Customers with high expectations tend to focus on certain aspects of service quality, such as tangibility, reliability, assurance, and empathy. Tangibility refers to the restaurant's physical appearance and includes elements such as its overall appearance, equipment, and employees' appearance. Reliability refers to the ability to provide the promised service accurately and dependably, and it is the most straightforward measure. Assurance refers to employees' courtesy and ability to convey trust and confidence. Empathy refers to the restaurant's attention to individual customer needs and its ability to provide outstanding customer service. In conclusion, a restaurant must prioritize meeting customers' expectations for tangibility, reliability, assurance, and empathy to compete effectively in the market.

Originality/value—As far as the author knows, no one has studied SERVQUAL's impact on customer satisfaction and loyalty in the restaurant business of the city of Almaty. Although previous studies have been conducted, few have applied and incorporated the disconfirmation of expectancy theory in their studies.

Keywords: SERVQUAL, expectations, perceived performance, customer satisfaction, customer loyalty, disconfirmation, Almaty.

Introduction

The restaurant industry in Kazakhstan is a highly dynamic sector that is currently undergoing changes related to the reform of public catering enterprises and the increased use of marketing strategies. These changes are aimed at improving the methods and forms of organizing these businesses. It is worth noting that the level of competition is growing, and consumer preferences are changing rapidly (Smykova & Rakhimbekova, 2019). Unfortunately, most restaurants focus on providing discounts and attractive advertising projects but neglect marketing for customers. In Almaty City, Kazakhstan, there are 246 restaurants, making it the country's leader in the number of restaurants. Since Soviet times, Almaty has maintained a well-developed public catering system with proper infrastructure, skilled personnel, and a stable eating pattern (Volohov & Kalieva, 2016). As the COVID-19 pandemic drew to a close in 2020, businesses slowly started to reopen their doors. However, despite their best efforts, many of these establishments were forced to shut down once again shortly after opening. This unfortunate trend is believed to have occurred due to the price-quality ratio that seems significant for businesses across various industries. That is, it concerns with the relationship between the price of a product or service and the level of quality it offers. This is a crucial consideration for consumers seeking the best value for their money. Indeed, it is very challenging to striking the right balance between price and quality, particularly when purchasing. This ongoing debate around this topic highlights the complexities of finding the best solution to balance between cost and quality. For businesses, understanding and leveraging this concept can be a game-changer. By offering products or services that provide good value for money, businesses can gain a competitive edge, boost customer satisfaction, and foster loyalty. Obviously, to thrive in the competitive restaurant industry of Kazakhstan, a strategic approach is necessary to retain customers and foster loyalty. Prioritizing customer satisfaction and building strong customer connections can lead to positive experiences that encourage repeat visits. These efforts allow restaurants to establish a devoted following, ensuring long-term success and prosperity.

In all service industries, maintaining service quality is crucial for businesses to remain competitive in the marketplace. Research has shown that satisfaction with the taste and quality of food influences and leads to increased customer loyalty (Smith, 2019). Lee and Kim (2020) found that perceived product quality positively affects customer loyalty in the electronics market. Similarly, Gomez and Patel (2021) reported that high-quality products increase customer advocacy. However, Wilson and Thompson (2019) argued that perceptions of quality vary significantly among different types of customers. Research has shown that brand satisfaction has the greatest impact on brand loyalty and that brand trust is critical to customer retention (Delgado-Ballester & Munuera-Alemán, 2001). Dastane and Fazlin (2017) reexamined the factors influencing customer satisfaction in the fast-food industry in Malaysia and found that service quality plays an important role in customer satisfaction and retention. In the restaurant sector, ratings are made not based on service results but based on the service delivery process, where service delivery in restaurants consists of three main elements: environmental elements (design, lighting), personnel (skills and reliability), and customers (interaction with other clients) (Markovich, 2010). Despite all the studies discussed above, confirmation/disconfirmation's impact on satisfaction is rarely studied, where this theory suggests that people's expectations and confirmation/disconfirmation are vital factors in generating satisfaction (Wang et al., 2020).

Although studies on this topic have gained much popularity in developed countries, they have rarely been conducted in developing countries like Kazakhstan. As a result, there are gaps in the literature, and it is almost impossible to find information on this subject.

Literature review

Customer satisfaction

This research will examine and discuss three theories: disconfirmation of expectancy theory, equity theory, and attribution theory. Each theory will be explored individually to understand its relevance to the research topics in the literature section. Disconfirmation of expectancy theory refers to the discrepancy between customers' expectations or predicted expectations and their actual experience (Oliver, 1997; 1980). That is, if the quality of a product or service meets or exceeds expectations, the customer is satisfied; otherwise, dissatisfaction occurs. Equity theory, on the other hand, deals with

posits that individuals seek to find a balance between their inputs and outcomes. This theory adds to the understanding by introducing the concept of balanced equity. Consumers judge the fairness of an exchange based on what they give (money, time, effort) and what they receive in return (Adams, 1965). Finally, attribution theory explores how people make sense of the behavior of others and themselves, attributing it to various factors such as internal or external causes. It is worth noting that this study addresses the disconfirmation of expectancy theory, which holds significance for the research. Moreover, it is the most prominent approach to explaining the process of customer satisfaction formation. The paradigm suggests a conscious or unconscious comparison of the perceived performance of a product or service with the expected performance that resulted in a specific level of confirmation or disconfirmation, which defines whether a customer is satisfied, delighted, or dissatisfied (Krüger, 2016).

Service quality

Obviously, most customers have experience, especially for dining, not just eating out of home but also seeking quality food and services (Sochenda, 2021) for an unforgettable restaurant experience (Ryu & Han, 2011). Berry (cited in Kandampully, 1998, p.423) refers to service quality as the most potent competitive tool. Gronroos (2000) distinguished between three aspects of service quality: the organization's attitude, the technical quality of its goods, and the quality of its services. In addition, Lehtinen (cited in Harrison, 2000) suggested physical quality, interaction quality, and organization quality as three service quality metrics. Their attempts, while helpful in classifying service quality into product and process quality categories, are vague. Various studies have focused on entirely different aspects of service. Reeves and Bednar (1994, p. 436) stated, "There is no universal, concise, or ultimate definition or quality of a model."

Traditionally, service quality is defined as the result of a comparison established between the customer's expectation about the service and their perception of the actual services or the way such services are being provided (Parasuraman et al., 1985; Kotler & Armstrong, 2021). It involves a relationship between customer expectations and the actual result received/perceived (Gronroos, 1994). The model proposed by Gronroos (1984, 1990) focuses specifically on the role of technical quality in ensuring customer satisfaction, including the use of technology and the skills of employees, and how these factors can impact customer perceptions of quality. In other words, the quality perceived by consumers is nothing more than the result of their assessment of what they expect and actually experience. SERVQUAL, developed by Parasuraman, Zeithaml, and Berry in the early 1980s, is based on the view that customers assess service quality by comparing expectations of services provided with perceptions of the actual service received from a particular service provider. It has been the most extensively used service quality measurement in the 1990s, despite its theoretical and operational criticisms in the academic and management literature for including expectations and for using different scores in assessing service quality (for example, Caruana, Ewing, & Ramaseshan, 2000; Buttle, 1996; Carman, 1990). This resulted in an alternative measure, SERVPERF, introduced by Cronin and Taylor (1994). SERVPERF focuses only on perceptions of actual service. Stevens et al. (1995) introduced a new instrument called "DINESERVE," which is found to be a reliable, relatively simple tool for determining how consumers view a restaurant's quality. The 29-item DINESERVE questionnaire comprises service-quality standards that fall into five categories: assurance, empathy, reliability, responsiveness, and tangibles. Tan et al. (2014) modified the DINESERV scale. They developed a new measurement scale, the Chinese Fast Food Restaurants Service Quality Scale (CFFRSERV), which contained 28 items across six dimensions: assurance and empathy, food, cleanliness, responsiveness, reliability, and tangibles. It was argued in the literature that customer satisfaction is the consequence of customer expectation and customer perception of service quality (Keshavarz et al., 2016). The authors conducted the study in Shiraz, Iran on the service quality delivered by restaurants and its impact on customers' satisfaction and loyalty. They found that customers' expectations and perception of service quality was crucial in determining satisfaction (with the exception of expectations) and loyalty. Based on the discussion, we hypothesized:

H1a: A customer's expectation of service quality significantly influences his or her satisfaction.

H1b: A customer's perceived service quality significantly influences his or her satisfaction

On the other hand, disconfirmation theory is a cognitive theory that explains post-purchase satisfaction as a function of expectations, perceived performance, and disconfirmation of beliefs. Expectation confirmation theory (EDT) involves four primary constructs: expectations, perceived performance, disconfirmation of beliefs, and satisfaction. Expectations define the customer's anticipations about the performance of products and services. EDT has the ability to define multiple manners of customers in the purchase process. First, the customers purchase based on their previous experience using a specific product or service. Customers' expectations from a specific business are closer to reality. Second, new customers without first-hand experience with the performance and quality of products or services tend to purchase from specific businesses for the first time. Perceived performance investigates the customer's experience after using a product or service that can be better or worse than the customer's expectation (Barki & Elkhani, 2012). Thus, we proposed:

H1c: A consumer's confirmation/disconfirmation of his or her expectation is positively related to his or her satisfaction.

The effect of service quality on customer loyalty has been empirically investigated in several studies (e.g., Gong & Yi, 2018; Keshavarz et al., 2016; Kassim & Abdullah, 2010; Mola & Jusoh, 2011). Some studies found that service quality affects customer loyalty indirectly through customer satisfaction (Kassim & Abdullah, 2010; Mola & Jusoh, 2011), while others showed a direct effect (Keshavarz et al., 2016; Gong & Yi, 2018) or both direct and indirectly through customer satisfaction (Dewi et al., 2021). Interestingly, Keshavarz et al. (2016)'s study revealed that customer expectation significantly influenced loyalty. Hence, based on these mixed findings, we hypothesized the following:

H2a: A customer's expectation has a significant influence on loyalty

H2b: A customer's perceived service quality significantly influences his or her loyalty.

H2c: A consumer's confirmation/disconfirmation of his or her expectation is positively related to his or her satisfaction

Customer Loyalty

High-quality food and services are key to success in the restaurant industry. Retaining loyal customers is crucial for growth, with two dimensions: attitudinal and behavioral loyalty. Attitudinal loyalty is a customer's preference for a brand based on psychological processes, including preference, intention to repurchase, word of mouth, and commitment. It is evident in the literature that customer satisfaction drives customer loyalty (Dewi et al., 2021; Keshavarz et al., 2016). Kim et al. (2010) investigated the relationship between personality, satisfaction, and loyalty in the food industry. The results showed that customer loyalty was positively affected by food involvement. Customers who desire to test new foods and consider the food an important factor are more satisfied and not only repeat purchases but also recommend it to others. Dewi and colleagues (2021) discovered a positive relationship between quality and loyalty, as well as satisfaction and loyalty, in laundry services in Indonesia. Studies conducted in fast-food restaurants showed a significant influence of service quality over satisfaction and loyalty, as well as a significant influence of customer satisfaction over customer loyalty in fast-food restaurants (Carranza et al., 2018; Saneva & Chortoseva, 2020) and in casual dining restaurants (Cha & Borchgrevink, 2019). Hence, we postulate the following hypothesis:

H3: A customer's satisfaction significantly influences his or her loyalty toward the restaurant

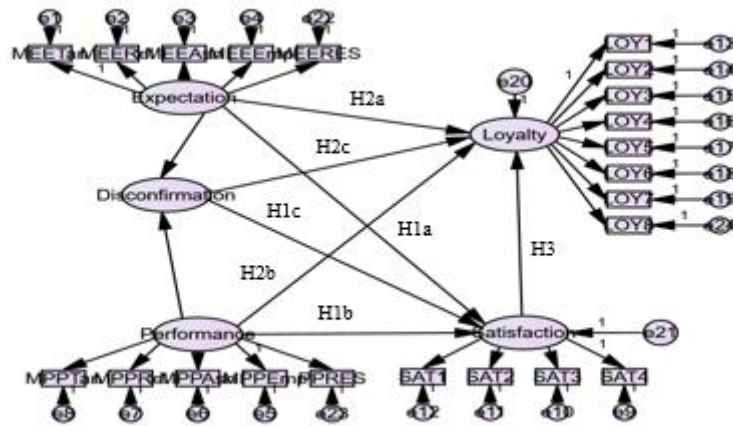


Figure 1. Proposed theoretical framework

Methodology

This section outlines the methodology used in the study and provides information about the research approach, methods, and information collection. This study aims to study the relationship between customers' expectations, perceived performance, and disconfirmation of quality of service in restaurants and customer satisfaction and between customer satisfaction and loyalty. This study used a quantitative research design with surveys as the primary strategy to answer the research questions and meet the objectives. First, the study was conducted in two stages. Stage one involves a review of the literature in the field and topic to gather information, which is an exploratory study. Stage two will be a major phase, where a survey will be conducted to obtain the necessary information and data. The survey's flexibility ensures the most accurate and insightful feedback possible. The survey questionnaire in Appendix 1 is an adapted and modified version of SERVQUAL used in Keshavarz et al.'s previous study. It was distributed online using Google Forms. Second, given the challenges of limited time and resources, this study employed a non-probability convenience sampling technique to select the sample. This approach enables data gathering efficiently and effectively while maintaining high accuracy. Finally, two types of data analyses were conducted: descriptive and inferential analysis. Descriptive analysis was utilized to convert raw data into a form that could depict a set of factors in a situation using the statistical software SPSS version 29. On the other hand, for inferential analysis, a structural equation model (SEM) will be performed using the AMOS version 29 program.

Results of empirical analyses

Demographic characteristics. About 65% of the respondents were females, and only 35% were males. Respondents ages less than 21- 30 formed the largest group at 54.4%. About 32.5% were aged between 31 and 50 years, while only 13.1% were aged 51. Single Married respondents represented 33.5%, and 35.4% were single, followed by respondents in a relationship (18.4%), divorced (6.8%), and widowed (5.8%). Regarding educational level, 42.2% had a college or Bachelor's degree, and 32% had postgraduate education. High school holders comprised 23.8%, and only 1.9% had a secondary education or lower. About 48.6% of the respondents had a personal monthly income of between KZT 150,001 and KZT 350,000. Respondents with an income of KZT 350,001 to KZT 550,000 made up 24.3%, and 11.2% had an income above KZT 550,001.

EFA and CFA. Prior to running SEM and testing the hypotheses, exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) were conducted to test the goodness-of-fit of data towards the model, which include indicator and composite reliability, and convergent and discriminant validity. Based on the analyses only four dimensions were found to be valid, name tangibility, reliability,

assurance and empathy.

Table 1. Mean, standard deviation, reliability, validity, and correlations

Variable	Mean	SD	α	CR	1	2	3	4	5	6	7	8	9	10	11
1.MEETan	5.25	0.78	0.71	0.74	0.60										
2.MEERel	5.21	0.80	0.60	0.81	0.56**	0.73									
3.MEEAsn	5.00	0.87	0.69	0.70	0.29**	0.35**	0.54								
4.MEEEmp	4.67	1.01	0.76	0.77	0.14*	0.27**	0.48**	0.52							
5.MPPTan	4.92	0.70	0.89	0.89	0.27**	0.12	0.21**	0.01	0.51						
6.MPPRel	4.78	0.81	0.76	0.76	0.13	0.07	0.28**	0.07	0.67**	0.51					
7.MPPAsn	4.66	0.89	0.70	0.70	0.18*	0.15*	0.25**	0.15*	0.54**	0.46**	0.54				
8.MPPEmp	4.50	0.93	0.78	0.78	0.02	0.08	0.22**	0.23**	0.47**	0.52**	0.46**	0.55			
9.MDis	0.38	0.89	0.75	0.75	0.53**	0.62**	0.08	0.15*	-0.52**	-0.63**	-0.27**	-0.38**	0.61		
10.MSat	4.97	0.71	0.82	0.82	0.18*	0.14	0.23**	0.10	0.66**	0.56**	0.48**	0.51**	-0.37**	0.54	
11.MLoy	4.62	0.87	0.89	0.89	0.28**	0.23**	0.30**	0.14*	0.68**	0.58**	0.51**	0.58**	-0.30**	0.70**	0.53

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Note: Diagonal figures represent average variance extracted (AVE); CR = Composite reliability; α = Cronbach's alpha; EE indicates expectations; PP indicates perceived performance; Tan = Tangibility; Rel = Reliability; Asn = Assurance; Emp = Empathy; MDis = disconfirmation; MSat = Satisfaction; MLoy = Loyalty

The results in Table I show that the significant factor loadings demonstrate convergent validity of the psychometric properties of each scale of the four dimensions (tangibility, reliability, assurance, and empathy) of customers' expectations and perceived service quality, disconfirmation, customer satisfaction, and loyalty. In addition, all the average variance extracted (AVE) exceeded the minimum level of 0.50 (Fornell & Larcker, 1981), demonstrating adequate discriminant validity for the constructs (see Table I). Moreover, the composite reliability is more or equal to 0.70 (Hair et al., 2019); thus, the model adequately fits the data. The sample factor means, standard deviation, correlations, and AVE are reported in Table 1.

Structural equation modeling (SEM). The hypotheses were tested using the SEM because this technique is particularly appropriate for studying multiple dependence relationships such as those investigated in this research. Similar model fit indices used in CFA were evaluated using the Chi-Square (X^2), comparative fit index (CFI), root mean square error of approximation (RMSEA), and standardized root mean squared residual (SRMR) because of their robustness, stability, and lack of sensitivity to sample size (Hair et al., 2019). Model fit statistics of X^2 , CFI, RMSEA, SRMR, degrees of freedom (d.f.), and *p*-statistic are reported in Figure 1.

The goodness of fit indices reported in Table 2 is considered adequate for the sample size 206 (Hair et al., 2019). The research hypotheses were confirmed and disconfirmed in order of their presentation, as summarized in Table 2. Three of the hypotheses were fully supported, and three were rejected. The limitations and implications of these results will now be described in the following sections.

Table 2. SEM results

Hypothesis	β	<i>t</i> _value	<i>P</i> _value	Results
H1a: Expectation ---> Satisfaction	0.154	1.737	0.082	Reject
H1b: Performance ---> Satisfaction	0.710	5.547	0.001	Accept
H1c: Disconfirmation ---> Satisfaction	-0.129	-1.414	0.157	Reject
H2a: Expectation ---> Loyalty	0.183	2.545	0.011	Accept
H2b: Performance ---> Loyalty	0.326	2.463	0.014	Accept
H2c: Disconfirmation ---> Loyalty	-0.034	-0.477	0.634	Reject
H3: Satisfaction ---> Loyalty	0.494	3.424	0.001	Accept

Goodness of fit indices:

Chi-square/d.f. = 2.335; *p* = 0.001; CFI = 0.90; RMSEA = 0.08; and SRMR = 0.06)

p*<0.01; *p*<0.001

Conclusion and implications

The major contribution to this study is adopting a more holistic approach to investigating determinants of customer satisfaction and loyalty than previous studies (for example, Keshavarz et al., 2016). Thus, this study has a wider coverage of the key dimensions of service quality and their impact on satisfaction and loyalty in restaurant service settings. This study is considered the first attempt to investigate the path of service quality from expectations (EE) and perceived performance (PP), the difference between EE and PP (disconfirmation/confirmation), and customer satisfaction and loyalty drawing from the Central Asia perspective, directions for further research are needed. The study's findings confirmed and disconfirmed the previous study by Keshavarz et al. (2016) and Barki & Elkhani (2012).

The results of this study have significant benefits for both new and established businesses. It improves customer satisfaction and loyalty, thus attracting new customers and retaining existing ones. Customers with high expectations tend to focus on certain aspects of service quality, such as tangibility, reliability, assurance, and empathy. Tangibility refers to the restaurant's physical appearance and includes elements such as its overall appearance, equipment, and employees' appearance. Reliability refers to the ability to provide the promised service accurately and dependably, which is the most straightforward measure. Assurance refers to employees' courtesy and ability to convey trust and confidence. Empathy refers to the restaurant's attention to individual customer needs and its ability to provide outstanding customer service. In conclusion, a restaurant must prioritize meeting customers' expectations for tangibility, reliability, assurance, and empathy to compete effectively in the market.

Limitations and future research

The respondents in this study were biased toward females and may not represent the Kazakhstan population at large. Data collection was restricted to the most developed area of Kazakhstan (Almaty), and, therefore, the data represent the more educated workers of Kazakhstan. A more representative sample should be drawn for future research. An expected language problem might also limit the respondents from fully understanding the questionnaire. The questionnaire was originally developed in English and later translated into Russian, but the researcher failed to verify whether the back translation aligned with the source language questionnaire. Further research with larger samples nationwide is needed to understand better the relationship between perceived and expected service quality. Comparing service quality dimensions with other developing countries can determine their impact on satisfaction, trust, and loyalty. Customer relationships are built over time, and cross-sectional research may not fully reflect the dynamic nature of relationship variables. Longitudinal research can help expand the current model.

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A preliminary investigation of age and consumer behavior in Dostyk Plaza food court

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ABSTRACT

This study investigates a complicated relationship between consumer behaviors and age at the food court of Dostyk Plaza Mall in Almaty, Kazakhstan. Age is the period of time someone has been alive, or something has existed (Cambridge Dictionary, n.d.). Consumer behaviors include preferences, trial, loyalty, satisfaction, and visits. The data collection took place at the food court at Dostyk mall, where 12 brands of fast-food are available. This preliminary study included eighty respondents and 960 respondent-brand combinations. The findings revealed that there are more significant findings than expected and all variables are highly significant in terms of age. As age variable increases, satisfaction, preference and loyalty also increase. As age variable decreases, visits decrease. Thus, the consumer behavior in Dostyk Plaza food court, Almaty, highly correlated with age.

KEYWORDS: fast-food, age, Kazakhstan, loyalty, trial, customer visits, preferences, satisfaction

1 INTRODUCTION

This study investigates consumer behavior across different generations in the food court of Dostyk Plaza Mall in Almaty, Kazakhstan. The purpose of this study is to look at the changes in consumer habits and brand tastes across in terms of age. Previous research has shown that behaviors do differ across age groups, including visits, loyalty, trial, preferences and satisfaction. According to Madiba & Lombard (2011) there is significant relationship between age and consumer behavior in the fast-food industry. In Madiba & Lombard (2011), the age group of 20-to-35 demonstrated a significant emphasis on both product quality and product selection when deciding to make a purchase at KFC store. The age demographic is also highly responsive to pricing, suggesting that they might be more inclined to make purchases from a KFC establishment during promotional campaigns that emphasize price reductions (Madiba & Lombard, 2011).

Essentially, this study seeks to expose how consumer behavior varies across generations in dynamic food culture in Almaty. Understanding the variables influencing consumer behavior in fast-food industry is crucial for companies striving to thrive in a competitive environment, given the different tastes in the city. Consequently, the study applies to preferences and purchasing habits in a particular area that would offer valuable information for businesses in the food and beverage sector. Ultimately, the findings would allow companies to customize their product and marketing strategies to effectively meet the diverse needs of Almaty consumers.

LITERATURE REVIEW

Fast-Food

The fast-food industry was born in Southern California in the 1940s and its subsequent impact on the diets of Americans and people from many other countries was significant, including every nation in Asia (Schlosser, 2001). Food purchasing habits are influenced by a "cultural ideology by material and social needs". This ideology originates in historical factors, daily life, lack of interest, visual sensitivity or outright prejudice which shapes how food is consumed (Anand, 2011). Both adults and

children were affected by this theory.

Fast-food restaurants are the main choice of eating out for the younger generation, which seeks to save time and enjoy a good meal, especially if it is not at home or for socializing occasions (Untaru & Ispas, 2013). As a result, fast food consumption trends upwards rapidly (Srinivasan & Shende, 2015). Working people do not have enough time for food consumption, so they choose fast food restaurants, something that suits their lifestyle (Shaharudin, Mansor & Elias, 2011). Young people find fast foods tasty and know them to be convenient and speedy. Fast food restaurants have popularized value meals that offer larger portions. This trend has attracted customers who not only eat there but enjoy the atmosphere while eating as well. According to Goyal and Singh (2007), customers go to fast-food restaurants for pleasure and diversity.

Consumer Behaviors and Age

The theory of generations was first formulated in 1994 by Pilcher. According to the theory, the period when a cohort or group of individuals was born determines its broad and specific perspectives on many things. The theory holds that people of the same generation experience the same things growing up and as a result develop distinctive identities, values, shared character and behavior, standing out from other generations (Lyons, Schweitzer, Ng & Kuron 2012). Therefore, there is a theory that consumer behavior may be affected by age.

A study done by Lin and Chang (2003) found that the convenience of the distribution channel for brands significantly influences consumer buying behavior. The company's choice of distribution is an important factor that calls for differentiation. First, it is important to ensure the product is easy to reach for consumers. In addition to other items, the increase of advertising expenses and positive attitude towards promotion also involves personal sales appeal and everything concerning public relations through mass media. Businesses use various promotions to provide incentives for purchases and share the profits with consumers such as rebates, cash discounts, and other benefits. These activities are helping the company to increase brand loyalty. Meanwhile, through personal sales, companies can effectively promote their products and services in a way that stimulates consumer buying intentions, creates the attitude toward goods and greatly enhances the image of the company (To and Leung, 2001).

The Baby Boomer generation, born between 1943 and 1960, came into life at a time of great optimism and directly inherited a sense of national accomplishment. They have a strong sense of idealism and curiosity, and often take upon leadership roles within ecological and educational situations. They fall into three main types: 1) self-absorbed adults, 2) mature individuals with strong values, and 3) elders wise enough to be visionary in their outlooks. They have orientations toward a more relaxed way of social norms, also having great enthusiasm in bringing new perspectives to cooperate with established systems. They show a strong tendency toward introspection, being self-critical and valuing personal worth (Bathmanathan, Rajadurai & Sohail, 2018). Parment (2013) states that Baby Boomers have strong connections with retailers and demonstrate high knowledge about the product before any purchasing decisions are made. Important point of consideration for Baby Boomers is correlation between price and quality of the product. There is additional research which supports the hypotheses that Baby Boomers individuals have lower prestige sensitivity values in the first place and actively seek out high quality products and services (Duh & Struwig, 2015). In addition, shopping costs may be a motivational factor for Baby Boomers to seek all the information about a product or service and make rational decisions which precedes purchase convincingly (Duh & Struwig, 2015).

Generation X includes those born between 1961 and 1981. They were a bunch of individuals who grew up being sheltered and observed during a time of social change. They experienced growth and exploration amidst a period of uncertainty, isolation and aimlessness then found their balance. Generation X have distinct preferences in consumer behavior. According to Duh and Struwig (2015) and Jorgensen and Bradley (2003), Generation Y prefer a lifestyle granting them freedom and flexibility. Like Baby Boomers, Generation X is a cohort known for their strong will and insistence on their own way, regardless of what other people think (Fishman, 2016). Still, just as Baby Boomers, the Generation X has its weaknesses: not only within their family relationships but also from government help programs such as welfare plans for children and education for workers (Codrington, 2008; Duh & Struwig, 2015). To support the assertion of fragility in family relationships: further research finds that

this group enjoys the highest divorce rates (Duh & Struwig, 2015).

According to Hewlett, Sherbin, & Sumberg, 2009: “Gen X are practical, traditional, and driven. These people grew from young students to get along anywhere in life. They bore the wounds of divorce and poverty. They were conservative leaning, as well as college graduates. Their documented activities led to an invitation from a top American company in 1994 to spend 18 months with them. This delightful but expensive tradition necessitated taking a full year off work. As independent learners, they were highly Republican inclined and grew up in an innovative educational environment.”

The generation that immediately followed this group is usually called Generation Y or Millennials. From the latest studies, it is clear that many researches are now investigating this area. Generation Y is the offspring of the Baby Boomers (Hewlett, Sherbin, & Sumberg, 2009). Generation Y has come to be known popularly as the Internet generation. It is the largest single group of people on this planet who use the internet for e-commerce and have developed by its growth phase. Generation Y, like the other two cohorts, is seen to possess a high level of confidence. Finally, this cohort of consumers demonstrates several environmentally beneficial habits.

The last party is Generation Z, born 1996-2012. Specific particularities strongly influence attitudes toward concepts and transaction behavior. In general, these behaviors are characterized by the desire to innovate, the need for convenience, pursuit of security, and a wish to discard traditional customs that stand in the way of innovation moves (Wood, 2013). Generation Z has been known alternatively as the post-millennial generation to encompass people born 1997-2012, or else as an IGen (Bromwich, 2018). This generation that is in place today has developed a reputation as a clever catalyst for innovation and transformation, demonstrating a significant marketing challenge to organizations (Wood, 2013).

Generation Z consider things like environmental protection to be critically important factors in both sustainable food and product characteristics determining if they buy the product. This is the environment in which the marketing strategy for sustainable products must take shape to satisfy the distinct eco-consciousness of Gen Z consumers (Bhavana and Thiruchanuru, 2018). It is because sustainable activists, sustainable believers, and sustainable moderates have differing views on what should be eaten. Environmentally concerned Gen Z consumers prioritize food choices that promote their health, such as eating more nutritious, healthy foods. This runs in stark contrast to those who have the lowest profiling for eco-consciousness, such as the sustainable believers and moderates. Food retailers can use this clustering to discover what food traits are highly valued by environmentally conscious Gen Z consumers. The result could be product labels, promotional activities, and sales of goods by giving these characteristics (Su, Tsai, Chen, Lv & Qing, 2019). Those consumers educated in using technology across a wide variety of purposes, place them on equal footing with digital natives. For them, using technology as a means of commerce, trade and business is second nature no matter in what format it may exist today. Being 'real' is very important to the current generation: they show a clear preference for companies that are in touch with their own principles of sustainability and social responsibility. At the same time, social media holds considerable sway over consumer choices and is something to be noted by retailers (Su, Tsai, Chen, Lv & Qing, 2019).

Another study shows that there is a significant disparity between Generation Y and Baby Boomers in terms of brand awareness and trial (Bracíníková & Matušínková, 2018). The distinctions between Generation X and Generation Y are not so significant. Generation Y, also known as the younger generation, relates to the brand more readily than the elder generation, often known as Baby Boomers (Bracíníková & Matušínková, 2018). Conversely, the Generation Y, during their formative years, had a multitude of choices when it came to selecting different brands of products. Consequently, the market for sellers is quite competitive. However, the poll revealed that individuals belonging to generation Y have a strong inclination towards establishing meaningful relationships with their preferred brands, ranging from personal to exclusive ties. This suggests that if a corporation establishes effective communication strategies tailored to the tastes of Generation Y, it can successfully cultivate a strong brand presence among members of this demographic. Subsequently, people adopt and remain loyal to this brand, notwithstanding occasional minor deficiencies on the part of the brand. The generation Y is currently a highly profitable demographic due to its strong inclination towards shopping. Therefore, it is crucial to prioritize and focus on this generation ((Bracíníková & Matušínková, 2018).

In terms of loyalty, many studies showed that men's loyalty towards brands is stronger than women's. Visiting frequency to the same fast food outlet chain seems to be slightly greater by men

than by women (Myint, 2015). However, women traditionally demonstrate higher levels of satisfaction than men do according to the American Customer Satisfaction Index. This might perhaps be ascribed to women showing an emphasis on concerns for all people (including themselves) but also considering their interrelated irrational desires for connection and harmonious relations. On top of that, males are more excited toward adventure than females, and expected to pursue social activities that involve risk. They are generally less concerned about changing brands and trying out different things, which could end up making them less loyal to a provider. But in contrast, women prefer to return to a restaurant once they have had a good experience there. In addition, research conducted by Muntean and Carmen (2014) states that young generation are more satisfied with fast-food restaurants, despite the fact that they young people are concerned about their health.

Customer satisfaction is significantly correlated with repurchase behavior, customer loyalty, and overall profitability (Muntean & Carmen, 2014). It is widely assumed that satisfied consumers are more likely to repurchase the goods or service. Disgruntled customers express their dissatisfaction by lodging complaints, seeking refunds for their purchases, and potentially exerting a negative effect on future prospective buyers. Word-of-mouth also refers to the good quality of food and affects brand loyalty quite heavily. Food quality was also cited by Chun & Nyam-Ochir (2020) as the critical consideration for customer satisfaction in fast-food takeaways. In this research, food quality was rated based on such factors as taste, freshness, menu variety, and size of a single portion. When it comes to food quality, temperature, freshness, variety, presentation, and taste are all important factors that guests typically consider. As a consequence of all this research, food quality was defined in terms of standards for taste, freshness, and presentation. The research presented recommendations for fast-food restaurant chain managers or owners to pursue strategies that prioritize strengthening these aspects of food quality and thus enhance customer satisfaction. After all, the quality of food is also obviously one yardstick guests use for judging whether restaurants are value for money or not. Particularly, on food taste, freshness, and presentation as central points to judge whether customers are satisfied or not. The research proved that when individuals dine at a fast-food establishment, food quality is the first thing they consider. This is reasonable because most people first and foremost want food that is delicious. Everything else - the service, the environment, or design of a restaurant - is something that tends to be repeated throughout brands and usually standardized. Therefore, food becomes a major criterion. Consumers choose whether to go or return to a restaurant on the grounds of their food's quality. Restaurants should pay more attention to this, and it is essential for them to monitor, strengthen and innovate their food quality in a sustained way. In brief, a fast-food outlet should attempt to only serve its guests food that has been freshly and swiftly prepared, properly cooked and with a good taste. After all, a restaurant must ensure its guests are served ample food as part of the overall food quality. It is essential for restaurant businesses that the special features of their foods become a major asset and distinguish themselves from other brands. With high food quality, customers are more likely to be satisfied.

Visits are also differentiated by age. The research conducted by Moses, Moses & John (2015), suggested that most people who visit fast food outlets are mature adults who are capable of earning revenue. Therefore, the Millennials, Generation X and Baby Boomers tends to visit fast-food restaurants more often than Generation Z.

HYPOTHESES OF AGE AND BEHAVIORS

As was mentioned above, there are many different conclusions and hypotheses according to the different research. However, all the research explained in literature review above have some similarities and differences. According to the literature review there is no connection between gender and loyalty, therefore there is no necessity to consider gender as a significant variable. However, a lot of researches showed significant correlation between age and consumer behavior. Different generations were born and raised surrounded by different social environment, which led to the creating of behavioral patterns as well.

Study shows that there is a significant disparity between Generation Y and Baby Boomers in terms of brand awareness and trial (Karvina, 2018). The distinctions between Generation X and Generation Y are not so significant. Generation Y, also known as the younger generation, relates to the brand more readily than the elder generation, often known as Baby Boomers (Karvina, 2018).

Hypothesis 1 (H_{R1}): Trial will differ by Age.

According to the theory, the period when a cohort or group of individuals was born determines its broad and specific perspectives on many things. The theory holds that people of the same generation experience the same things growing up and as a result develop distinctive identities, values, shared character and behavior, standing out from other generations (Lyons, Schweitzer, Ng & Kuron 2012). Research conducted by Muntean and Carmen (2014) states that young generation are more satisfied with fast-food restaurants, despite the fact that they young people are concerned about their health.

Hypothesis 2 (H_{R2}): Preferences will differ by Age

Customer satisfaction is significantly correlated with repurchase behavior, customer loyalty, and overall profitability (Muntean & Carmen, 2014). It is widely assumed that satisfied consumers are more likely to repurchase the goods or service. Disgruntled customers express their dissatisfaction by lodging complaints, seeking refunds for their purchases, and potentially exerting a negative effect on future prospective buyers.

Hypothesis 3 (H_{R3}): Satisfaction will differ by Age.

Visits are also differentiated by age. The research conducted by Moses, Moses & John (2015), suggested that most people who visit fast food outlets are mature adults who are capable of earning revenue. Therefore, the Millennials, Generation X and Baby Boomers tends to visit fast-food restaurants more often than Generation Z.

Hypothesis 4 (H_{R4}): Customer Visits will differ by Age.

Customer satisfaction is significantly correlated with repurchase behavior, customer loyalty, and overall profitability (Muntean & Carmen, 2014). It is widely assumed that satisfied consumers are more likely to repurchase the goods or service. Disgruntled customers express their dissatisfaction by lodging complaints, seeking refunds for their purchases, and potentially exerting a negative effect on future prospective buyers. Word-of-mouth also refers to the good quality of food and affects brand loyalty quite heavily. As the customer satisfaction directly affects customer loyalty, and customer satisfaction can be impacted by age, there is a hypothesis that loyalty will differ by age.

Hypothesis 5 (H_{R5}): Loyalty will differ by Age.

METHODOLOGY

Research Design

This study used a quantitative research approach to explore cross-generational consumer behavior for all people visiting Dostyk Plaza food court. Baby Boomers, Generation X, Millennials and Generation Z was considered, but the study focuses on age as a continuous ratio-scale variable and respondents was not divided into groups. Interviews were conducted among Dostyk Plaza food court visitors. The analysis compares two age groups: people from 44 to 78 years old (Generation X and Baby Boomers) and people from 24 to 43 years old (Millennials and Generation Z).

The population of interest were the customers of Dostyk Plaza Mall food court. A convenience

sampling method was used to select participants, guaranteeing representatives from different age groups. The sample size was determined based on the population size and the desired level of confidence and precision. Data was collected via short interviews from food court customers. All questions were easy to answer, overall, one interview takes about 3-5 minutes to complete. The questionnaire contained open-ended questions that aim to obtain quantitative data about brand preferences, frequency of visiting, levels of satisfaction, age and gender. This data provides consumer behavior insights of each generation and provide an opportunity to compare people by age.

Measurement

The study includes five variables: age, satisfaction, loyalty, visits, trial, and preferences. All the variables are collected during the interview process. Age is a ratio-variable indicating a respondent’s chronological age: the time from birth until the interview. Brand Loyalty, also a ratio-level variable, is measured by asking respondents to answer two questions about whether the brand is a favorite or not and how often they visit. These two items are combined by averaging and are consistent with Dick and Basu’s (1994) loyalty typology. Locke (1976) characterizes satisfaction as an emotional response or enthusiasm aimed toward an object. Satisfaction is measured in a global sense by asking respondents to rank all the food brands which they tried in Dostyk Plaza mall from 1 to 7, where 1 is not satisfied and 7 is very satisfied. Preference refers to favoritism and is an approach of organizing available options in a specific order according to their level of value or satisfaction (Luc & Soubeyran, 2013). Preference is measured by asking respondents to rank no more than their top three favorite food brands in Dostyk Plaza mall. The measurement was done from 1 to 3, where 3 is the most preferred place to eat and 1 is the lesser preferred, while 0 indicates no preference. Trial was measured by asking about trial of each specific brand. The descriptive statistics for all of the indicators are shown in Table 1.

Table 1. Descriptive Statistics for indicators across Entire Sample

	Age	Trial Total	Visits Total	Sat Average	Loyalty Average
n	80	80	80	80	80
Mean	32.862	6.875	4.850	-	0.075
Std. Error of Mean	1.432	0.186	0.380	-	0.002
Std. Deviation	12.812	1.664	3.398	-	0.019
Minimum	18.000	2.000	0.000	-	0.000
Maximum	58.000	11.000	15.000	-	0.130

ANALYSES AND FINDINGS

In order to test the previously mentioned hypotheses, the analyses are performed using correlations and X² tests. These statistical results are presented in Table 2 and Table 3 below. The hypotheses are tested in two ways. First a correlation is performed for the sample as a whole, looking at age and the four behavioral variables. Second, correlation and a X² test are performed at the brand level to test the relationship between age and the four behavioral variables. These brand-level correlation results are analyzed using X² to determine if age has an overall effect on the behavioral indicators.

Table 2. Sample Correlations of Age with Behaviors

		Age	Findings
Trial Total	r	0.253	Age increase – trial increase
	'p'	0.023	
Visits Total	r	-0.280	Age increase – visits decrease
	'p'	0.012	
Fav Total	r	N/A	N/A
	'p'	N/A	
Satisfaction Avg.	r	0.903	Age increase – satisfaction increase
	'p'	< .001	
Loyalty Avg.	r	0.12	none
	'p'	0.289	

As we see in table 2 above, there is a significant correlation of age in terms of consumer behavior. Satisfaction and trial have positive correlation, therefore as age increases, satisfaction and trial increase. In other words, older people have tried more brands and overall are more satisfied with the fast-food in food court of Dostyk Plaza Mall. The reason of this is quite logical, as people who lived more, tried more brands due to large time scale and opportunity to try them. Nevertheless, they are more satisfied with food, so it is easier to attract older customers, rather than younger customers. Preferences are not considered in table 1 as preferences were measured from 1 to 7 and can not be revealed in total number. These findings support:

- **H_{R1}**. Trial differs by age.
- **H_{R3}** - Satisfaction differs by age.
- **H_{R4}**. Customer visits differ by age.

Any of the individual variables can be determined as different from the expectations by chance if the X^2 for that variable is above 3.84. As noted in Table 2, all the individual X^2 values exhibit significance except for trial.

The X^2 test revealed that older people visit food court less often than younger people. However, older people are more satisfied, they have stronger preferences, and they tend to be more loyal than younger people. I suppose that older people already know what their preferences are, due to this fact they are more satisfied with their food and satisfaction leads to customer loyalty. In addition, I suppose that older people visit food court less often due to the other food choices, healthier and more casual.

Table 2: Age and Consumer Behaviors Correlations Summary Table

	# Brands	# Sig. Corrs.	Exp. Sig. Corrs.	Variable X^2	Findings
Trial Total	12	1	0.6	0.27	none
Visits Total	12	3	0.6	9.60	Age increase - Visits

					decrease
Satisfaction Avg.	12	5	0.6	32.27	Age increase - Satisfaction increase
Fav Total	12	8	0.6	91.27	Age increase -favorites increase
Loyalty Avg.	12	9	0.6	117.60	Age increase – Loyalty increase
Overall $\chi^2 =$	251			251	More Sig. findings than expected
d.f. =	4				
'p' =	0.00001				

DISCUSSION AND LIMITATIONS

The purpose of the paper is to determine if age affect consumer behavior in food court in Dostyk Plaza Mall, Kazakhstan. The findings generally support the hypotheses, with four of the five hypotheses supported. Only trial for the brands did not differ by age. Otherwise, visits, satisfaction, preferences, and loyalty all are shown to differ by age. It is not surprising that age is related to most of the behavior variables since age is a common segmentation variable.

Prior to participation, each person will be requested to offer informed consent, and procedures will be taken to guarantee their privacy and maintain confidentiality. The study will be subject to applicable ethical rules and regulations. The study may have limitations including sampling bias caused by the application of convenience sampling and self-reported errors in questionnaire responses.

CONCLUSION

In conclusion, age highly affects consumer behavior in food court in Dostyk Plaza Mall in Almaty, Kazakhstan.

The study indicated that the frequency of visits to the food court is lower among older individuals compared to younger individuals. Nevertheless, individuals of advanced age exhibit higher levels of satisfaction, possess more pronounced preferences, and demonstrate greater loyalty compared to younger individuals. The findings mostly confirm the hypotheses, with four out of the five hypotheses being confirmed. The study results for the different brands did not show any variation based on age. Furthermore, age has been found to be a significant factor in determining differences in visits, satisfaction, preferences, and loyalty.

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The sustainability of budget revenues Kazakhstan's regions in modern conditions

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Abstract

The study assesses the current system of budget regulation in Kazakhstan, taking into account the transfer of a part of corporate income tax to local budgets. Despite this step, regions continue to depend on the central budget. Difficulties in budget management have led to the subsidised status of many regions, which makes local self-governance difficult. While the steps taken, such as the increase in independent revenues of the regions and the privatisation plan, attempt to improve the situation, they are insufficient for significant change. This study emphasises the need for further research on the problems of regional policy and fiscal policy in Kazakhstan in order to better allocate functions and revenues between different budget levels.

1 Introduction

Since gaining independence, Kazakhstan has come a long way in developing and improving its budget regulation system. Substantial and interrelated reforms in the sphere of budget planning and management have been implemented, which have been carefully designed and implemented, but the regions' revenues still come 80% from the republican budget. This means that the regions cannot self-regulate and are almost directly dependent on the republican budget.

In 2020, President Kasym-Jomart Tokayev initiated the transfer of corporate income tax to local budgets, with the exception of the oil sector. However, despite this step, the expected improvement in fiscal capacity has not occurred. In fact, such a decision even worsened the situation due to faster growth of expenditures than revenues of local budgets, i.e. regional budgets.

Certainly, the transfer of CIT to the regions should not be seen as the final step in providing local self-government with resources. Rather, it should be perceived as an initiating moment on the way to balanced development of regions in the republic.

Undoubtedly, the transfer of CPN to the regions should not be seen as the final step in providing local self-government with resources. Rather, it should be perceived as an initiating moment on the way to balanced development of regions in the republic.

This problem was also raised by the President of the Republic of Kazakhstan: "All regions, with the exception of four, have become subsidised and dependent on the centre. In fact, they are not motivated to increase tax collection. As a result, there is a shortage of their own funds. Local budgets cover only one-fifth of the necessary funding. The rest can be obtained only by 'negotiating' with the centre." The President emphasised that all changes to current budgets require consideration at meetings of the Republican Budget Commission and Maslikhats, which often leads to excessive bureaucracy and delays.

What has already been done in the practice of budget management and public finance as of the beginning of 2023? As of 1 January 2022, taking into account the consolidation of administrative-territorial units, the number of rural districts, which received an independent budget with a mechanism for citizen participation in their discussion and approval, decreased to 2,346 units. Today, the revenues of the IV level of the budget are formed of 8 types of tax revenues, various fees, fines and transfers from the district budget (IPN from individuals; property tax from individuals; land tax from individuals and legal entities; vehicle tax from individuals and legal entities; payment for the placement of outdoor (visual) advertising); EZN; payment for the use of land plots; proceeds from the sale of land plots; payment for the sale of the right to lease land plots).

Within the framework of the draft law "On Local Self-Governance in the Republic of Kazakhstan" it is proposed to transfer the following types of taxes (payment for the use of water resources; licence fee for the right to engage in certain types of activities; payment for the use of licences to engage in certain types of activities (storage and sale of alcoholic beverages)), 50% of the property tax of legal entities and individual entrepreneurs, the method of distribution will be determined by the

maslikhat.

Another measure already in place is the comprehensive privatisation plan for 2021-2025. It is envisaged to realise 674 objects of state property and quasi-state sector, including 8 objects of republican property, 448 - communal property, 65 - national holdings and companies.

Nevertheless, all the measures taken are really not enough to fundamentally change the position of the oblasts in the structure of the economy and the country's budget.

This topic remains very topical and needs to be studied both in the field of regional policy and fiscal policy. The division of functions and revenues between different levels of the budget is a complex and repeated process unique to each country. Even though it is possible to use the experience of unitary states, this process requires individual approach and iterations corresponding to the peculiarities of each particular country.

Object of analysis: budgetary process in the Republic of Kazakhstan in modern conditions in terms of budgetary relations between the national and regional (regional) budgets.

Subject of analysis: ensuring sustainability of budget revenues of the regions of the Republic of Kazakhstan and its directions.

Problematic: In the system of inter-budget relations there are significant differences between different regions, as well as constant unevenness and non-autonomy of budget revenues. Currently, only four regions - Atyrau and Mangistau oblasts, as well as the cities of Almaty and Astana - can be considered an exception and are not subventions. The remaining thirteen regions continue to require subsidies. For the period from 2013 to 2022, the volume of subventions significantly exceeds the amount of allocated funds from the budget. Moreover, local budgets are still largely dependent on the funds allocated from the republican budget, while the volume of transfers sent to the regions is constantly increasing. For example, if in 2013 the volume of targeted current transfers totalled more than 500 billion tenge, by 2022 this amount has already increased to 1,895.3 billion tenge.

In addition, it is worth noting that thanks to the targeted transfers from the national budget, it is now possible to finance objects at the local level, including small projects and areas, such as the construction of doctor's clinics, rural clubs and physical fitness complexes under the "Auy - El Besigi" Programme.

Thus, transfers from the republican budget continue to remain the main mechanism for solving socio-economic problems of the regions. There is insufficient motivation and interest in reducing dependence on these transfers and diversification of sources of revenues of local budgets.

Under these conditions, the problem is how to eliminate the noted disproportions, preserving the unity of the budget process within the unitary state.

2 Literature Review

The following economists considered theoretical and practical aspects of the development of the financial and budgetary mechanism, budgetary structure, inter-budgetary relations and the system of local budgets in their studies: D.A. Allakhverdyan, A.M. Birman, D.P. Bogolepov, V.G. Boldyrev, M.V. Vasilieva, E.A. Voznesensky, L.A. Drobozina, G.L. Rabinovich, V.M. Rodionova and other authors.

The issues of balancing regional budgets were revealed in scientific studies (including those published in the journal "Issues of Economics"), revealing both the problems of the Russian and Kazakh budgets. Their authors are: Akindinova N.V., Chernyavsky A.V., Chepel A.A., Arystanbekov K., Deryugin A.N., Sokolov I.A. and others.

When studying this topic, the author was deeply inspired by the scientific research of famous experts in the field of budget system of Kazakhstan, such as U. Baimuratov, E. Elubaeva, 3. Ilimzhanova, J. Kulekeev, O. Oksibaev, M.H. Tuseeva, D. Shynybekov and others.

However, many studies on the budget of Kazakhstan do not refer to the problems of regional budgets, and also contain rather superficial analyses based on old statistical data. Therefore, this study, devoted to the analysis of regional budgets of Kazakhstan in modern conditions, has additional significance.

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3 Theoretical framework:

The empirical base of the study is statistical data provided by the Open Government of the Republic of Kazakhstan, the Ministry of Finance and the Agency for Strategic Planning and Reforms (ASPR) of the RK. The World Bank reports were used to assess the development of the budget process in the country. The study also used macroeconomic data provided by the World Bank, as well as data from the Bureau of National Statistics of the Agency for Strategic Planning and Reforms (ASPR RK) to assess the economic development of regions in the Republic of Kazakhstan and as part of the construction of the econometric model for the third chapter.

The paper provides a comprehensive assessment of the effectiveness of currently applied measures, including an assessment of the results of the Concept of Public Finance Management of the Republic of Kazakhstan until 2030. In addition, specific proposals have been made for the formation of a roadmap of measures aimed at improving the system of budget regulation and the introduction of project management principles. Important attention is also paid to improving the system of tax expenditure management, application of effective planning procedures and modern technologies of budget execution, as well as improving the efficiency and quality of public services provided in the field of social services. These assessments and proposals contain elements of scientific novelty.

4 DATA

4.1 Methodology:

The methodological basis of the presented research is such general scientific methods of analysis and synthesis, which allow to disassemble and combine information, as well as the historical approach to study the evolution and dynamics of the phenomena under study. To process quantitative data, the methods of mathematical statistics and econometric modelling are used, which allows to carry out statistical evaluations and build models to identify patterns and forecast indicators. In order to present the results more effectively, didactic methodology is used to ensure that the material is presented in an accessible and understandable manner. The interpretation of the data takes into account the context and characteristics of the issues under study. Comparative analysis was also conducted, which reveals similarities and differences between regions or periods of study, which helps to highlight the features and trends in the system of intergovernmental fiscal relations. The analysis of foreign experience to identify the best practices and tools as recommendations for improving the provision of budget revenues of the regions of Kazakhstan.

Purpose of the study: to formulate measures aimed at increasing the income security of Kazakhstan's regions, taking into account their specifics.

Objectives of the study:

- To reveal the features of the budget process of the Republic of Kazakhstan, to assess the degree of its decentralisation in the country;
- To determine the key principles of improving budget regulation at the level of regions;
- To generalise the international experience of best practices and instruments of transferring part of revenues to regional budgets on the example of unitary economies;
- To conduct a comparison (socio-economic analysis) of the regions of Kazakhstan, indicate their strengths and weaknesses, opportunities for economic development and areas of work in terms of budget revenues and budget expenditures;

- Conduct an econometric survey on the effectiveness of the stabilising effect of subventions allocated to regional budgets of Kazakhstan;
- Identify certain areas of public finance to improve budgetary regulation in the Republic;
- Formulate recommendations to ensure the sustainability of budget revenues of the regions of the Republic of Kazakhstan, taking into account regional specifics.

5 Financial empirical analysis method results

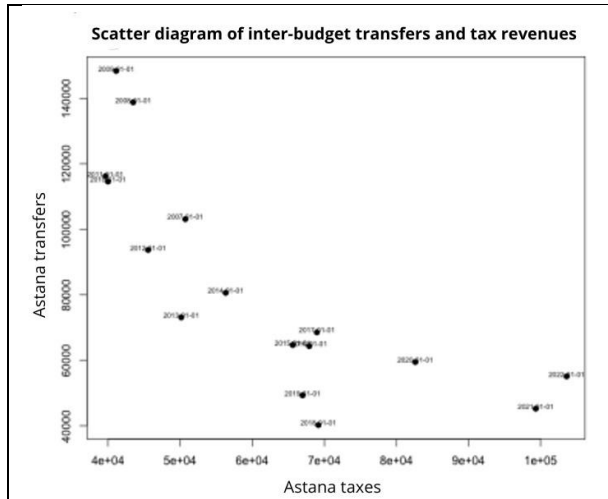


Figure 1: Scatter diagram of inner-budget transfers and tax revenue of Astana

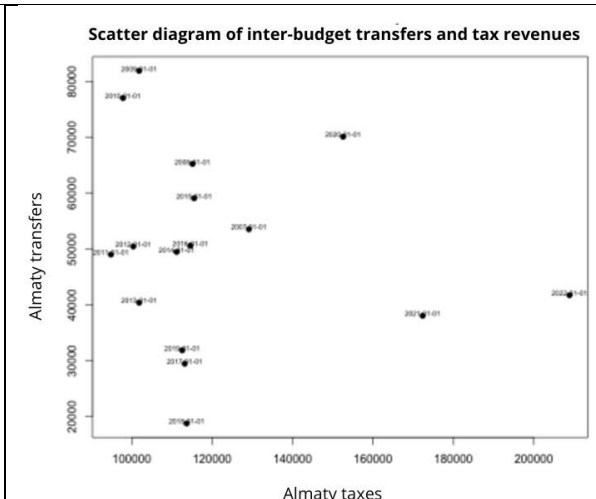


Figure 2: Scatter diagram of inner-budget transfers and tax revenue of Almaty

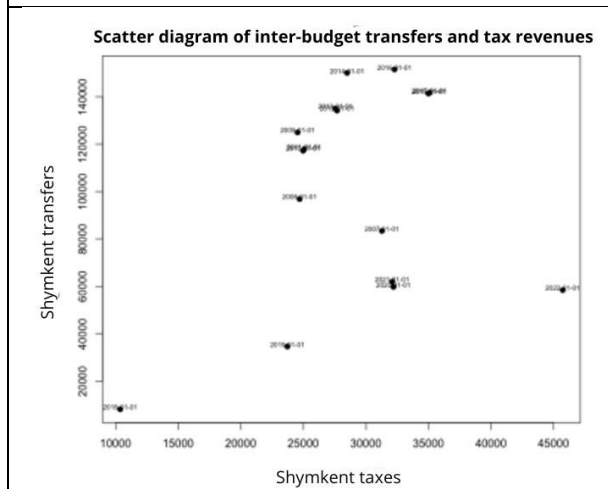


Figure 3: Scatter diagram of inner-budget transfers and tax revenue of Shymkent

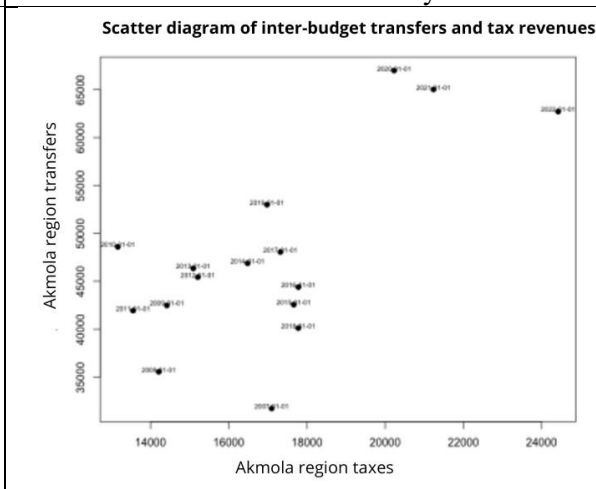


Figure 4: Scatter diagram of inner-budget transfers and tax revenue of Akmola region

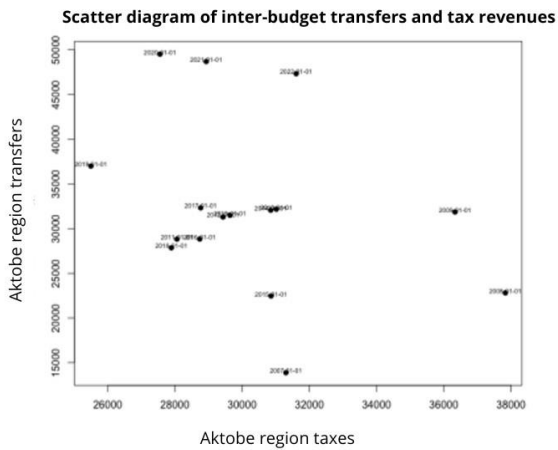


Figure 5: Scatter diagram of inner-budget transfers and tax revenue of Aktobe region

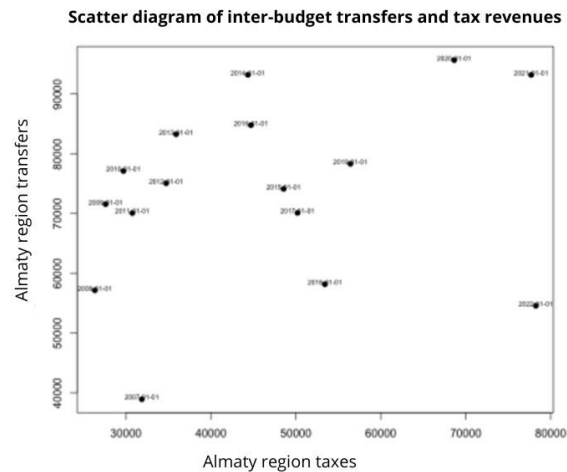


Figure 6: Scatter diagram of inner-budget transfers and tax revenue of Almaty region

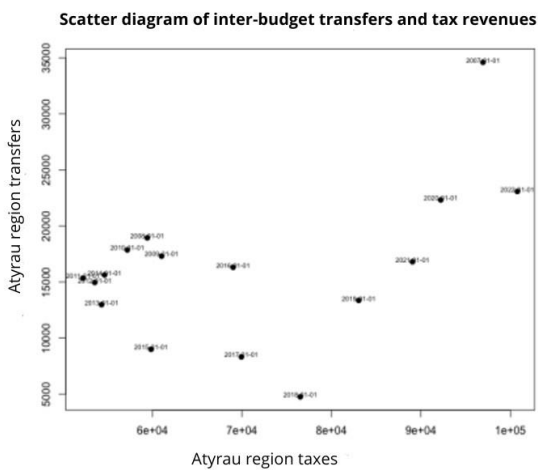


Figure 7: Scatter diagram of inner-budget transfers and tax revenue of Atyrau region

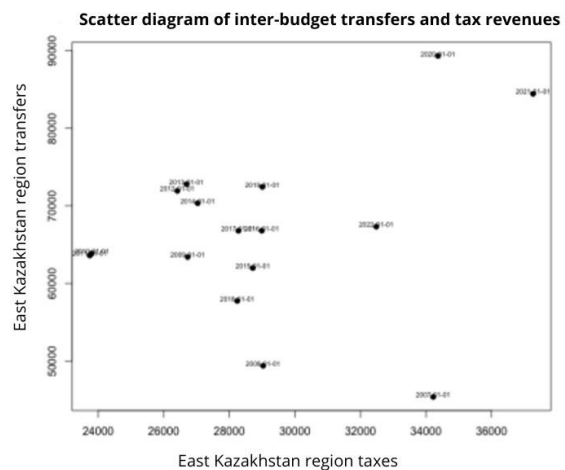


Figure 8: Scatter diagram of inner-budget transfers and tax revenue of East Kazakhstan region

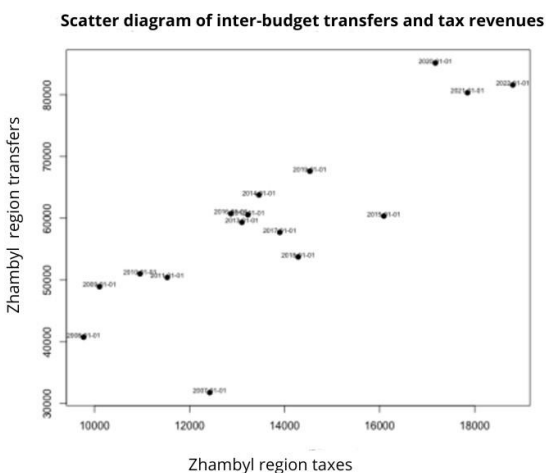


Figure 9: Scatter diagram of inner-budget transfers and tax revenue of Zhambyl region

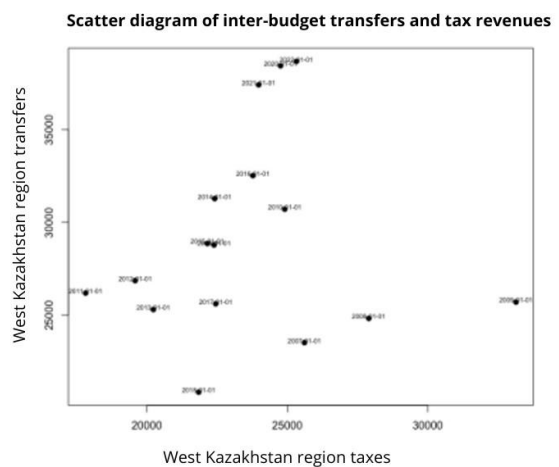


Figure 10: Scatter diagram of inner-budget transfers and tax revenue of West Kazakhstan region

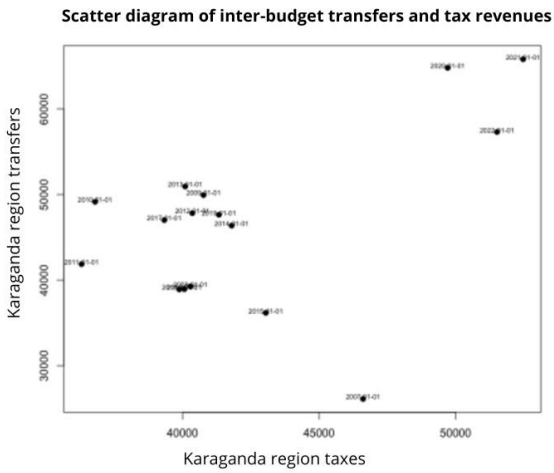


Figure 11: Scatter diagram of inner-budget transfers and tax revenue of Karaganda region

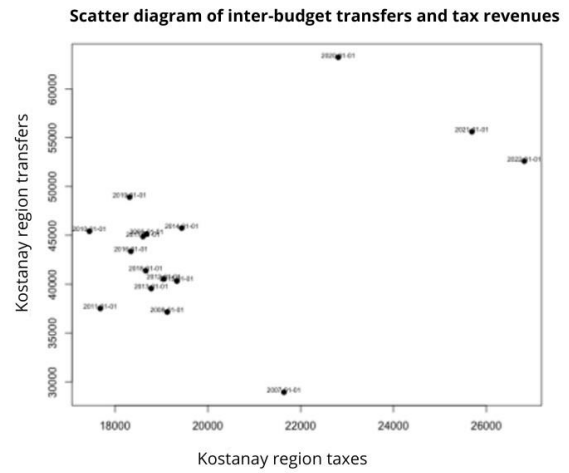


Figure 12: Scatter diagram of inner-budget transfers and tax revenue of Kostanay region

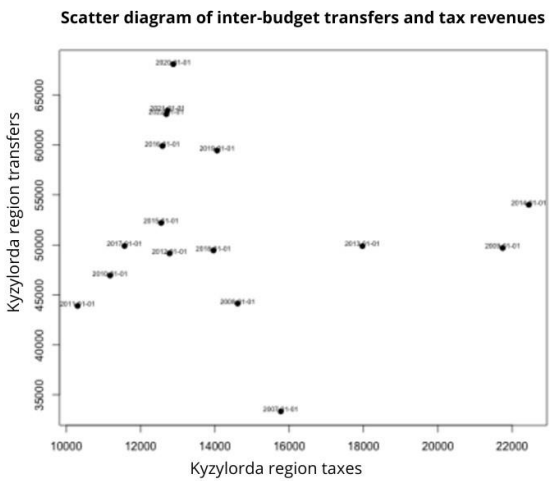


Figure 13: Scatter diagram of inner-budget transfers and tax revenue of Kyzylorda region

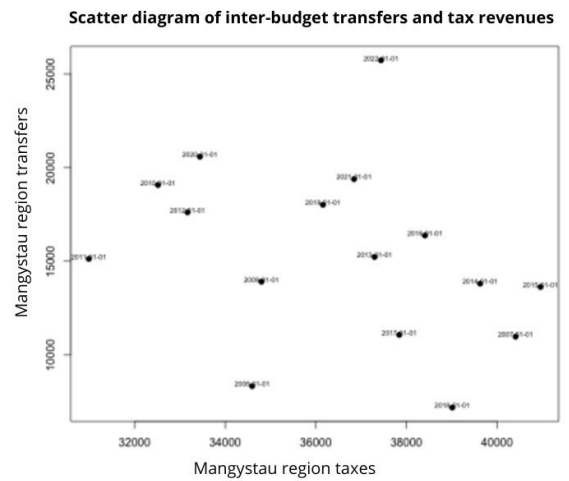


Figure 14: Scatter diagram of inner-budget transfers and tax revenue of Mangystau region

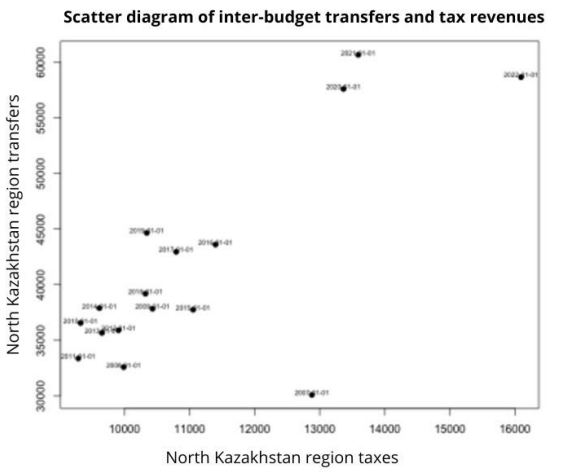
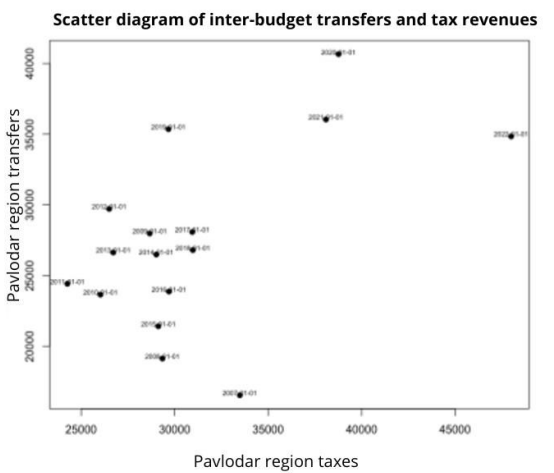


Figure 15: Scatter diagram of inner-budget transfers and tax revenue of Pavlodar region

Figure 16: Scatter diagram of inner-budget transfers and tax revenue of North Kazakhstan region

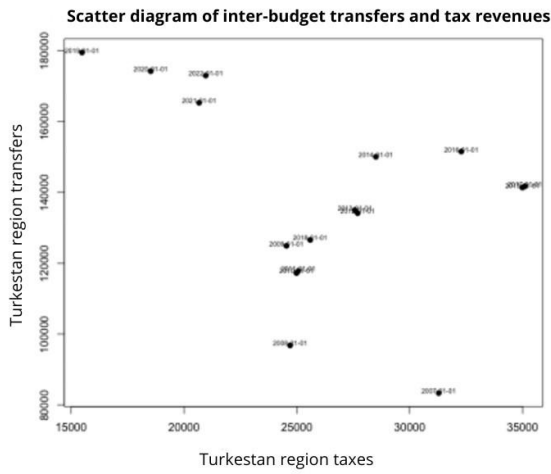


Figure 17: Scatter diagram of inner-budget transfers and tax revenue of Turkestan region

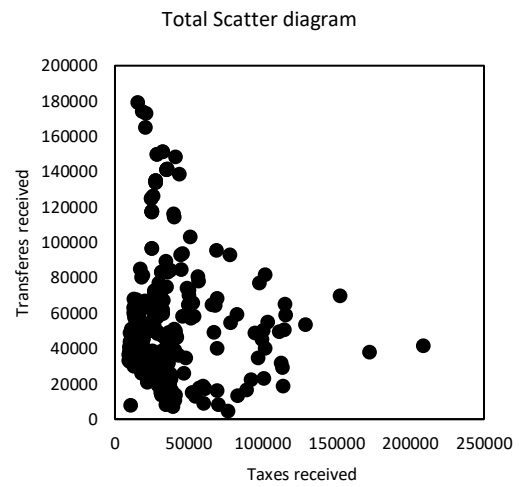


Figure 18: Total Scatter diagram

6 Equations

$$\ln \text{transfert} = \alpha_0 + \alpha_1 * \ln \text{tax} + \alpha_2 * \Delta \ln \text{tax} + \omega,$$

Conclusion

After analysing the presented data on measures to improve fiscal capacity of Kazakhstan's regions and examples of successful reforms in other countries, the following conclusions can be drawn.

In 2020, the President of Kazakhstan took an initiative to transfer corporate income tax to local budgets, except for the oil sector. However, this measure did not bring the expected results, leading to increased expenditures of regional budgets. This emphasises the need for a comprehensive approach to improving the financial sustainability of the regions.

International experience shows that budget decentralisation is a key factor in improving the efficiency of financial management in unitary countries. However, successful reforms require not only the transfer of financial powers, but also the development of new revenue sources and improved revenue management.

The measures proposed in the course of the study to improve the financial security of regions include broadening the tax base, increasing tax rates, applying special tax regimes, and improving the efficiency of budget expenditures. Examples of successful implementation of such measures in countries such as China testify to their effectiveness and applicability in the context of Kazakhstan. However, successful implementation of reforms requires not only the introduction of new legislative and organisational mechanisms, but also strict control over their implementation. This includes the use of modern information technologies for monitoring and analysing budget data, as well as strengthening tax control and transparency in the distribution of financial resources.

In general, the development of the system of distribution of budget revenues between the national and regional levels in Kazakhstan has positive dynamics, but requires further improvement and enhancement. Adequate and targeted reforms based on the analysis of international experience and taking into account the specifics of the national economy can contribute to achieving a more stable and sustainable financial situation in the regions of Kazakhstan.

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Challenges and opportunities of leadership development in public vs private sectors

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ABSTRACT

The main aim of this research was to find out specifics of leadership in public and private sectors, indicate similarities and differences of leadership styles within both type of organizations and give some recommendations for development of leadership in Kazakhstan. The main research idea was to identify leadership styles within both type of organizations, research on factors that influence on leadership differences and find out implications of both styles on outcomes. The objectives of the research were to indicate challenges and opportunities that state agencies and SME's face within leadership and provide potential solutions for the improvements.

This research was conducted with help of qualitative methods. Consequently, interviews and observations were chosen within data collection process. As a result, 24 interviews were conducted.

Overall, the research indicated potential challenges and gave grounds for the further improvements.

Keywords: leadership, public sector, private sector, transformational leadership

INTRODUCTION

Nowadays, the leadership trend is developing rapidly over the world. The concept of leadership entails the process of group commitment towards action and implication of goals. Moreover, leadership defines the ability to set concrete goals and inspire community to achieve those objectives. Today, leadership is relevant everywhere, both in state agencies and private companies. According to Bureau of National Statistics (2023), there are more than 524 101 of registered state organizations in Kazakhstan, while the number of individual entrepreneurs is twice bigger (1 777 377 units). Both types of organizations play crucial role in the economy building, however management issues vary due to the different organizational structures and missions. Digging deeper, it can be said that the impact on employees in both public and private institutions differ depending on the situations. Moreover, as Bedrule-Griggota (2012) mentioned public sector leadership is less associated with innovations, but rather with strict framework and guidelines.

Taking into account that this number grows significantly from year to year it is important to note the specifics of both private and public sectors and recognize main recommendations on their improvement of strategies to increase the effectiveness of the organization. Therefore, the main objectives of this paper are to explore differences of leadership styles between public and private organizations and identify recommendations for the development.

LITERATURE REVIEW

LEADERSHIP

Nowadays, there are a lot of opinions in regard of defining the leadership. According to Bedrule-Griggota (2012), leadership is seen as the process of change and move in the acting surroundings with ability to adapt to the changes. Therefore, the leadership itself reminds the reciprocal process, where the influence on the group of people assists in reaching the main goal. Flemming (2016) agreed that leadership is a process of bringing impact, but he also added that this concept can be viewed

from the social context, where the leader urge a team to achieve goals which are set by himself or shared with followers. Garg and Jain (2010) mentioned that without such concept as leadership the success stand far away from the organization, making the effectiveness impossible.

PUBLIC SECTOR

The concept of public sector is often associated with public agencies as well as government entities. As Pathirane and Blades (n.d.) entailed, the public sector is identified as organizations under government supervision, where the working spheres are settled and monitored by the officials. Nutt (2005) mentioned that public entities often face with more difficulties in terms of operating due to the constraints, conflicts, and restrictions. Therefore, public sector is oriented towards working more for society and the government, rather than gain profits.

PRIVATE SECTOR

The private sector can be defined as the organizations or entities that are operated within their own rules and funds. According to Dantic (2020), the private sector is understood as an organization that are established by some individual, where all operations and funds are controlled privately. Moreover, private sector is more oriented towards gaining of profits as well as staying within market trends.

AUTOCRATIC LEADERSHIP

Autocratic leadership is known as a management style that exhibits total power of the community to the leader without ability of followers to express their ideas or implement some strategies. According to Chukwusa (2018), autocratic style entails that decision making is in the hands of the leaders, meanwhile the staff involvement in the process is minimal. Hassnain (2022) mentioned that autocratic leaders take actions without any implications from subordinates with main motivation as punishments/awards.

DEMOCRATIC LEADERSHIP

Democratic leadership is built more on the concept of freedom and trust. Contrary to the autocratic form, democratic style gives the possibility to the followers be a part of the decision-making process and therefore motivates the subordinates to give more efforts into the output. As Hassnain (2022) mentioned, the democratic style is often associated with collective leadership, where environment allows everyone to actively engage in discussions and promote their ideas. Moreover, as Aytakin and Temizkan (2022) insisted, due to the active presence of all employees and enforced morale, democratic leadership leads to the innovative processes and thus progress of the whole organization.

TRANSACTIONAL LEADERSHIP

Theory of transactional leadership comes from the Burns' theory (Stojkov et.al, n.d.) that identified leaders' impact on the organization's change based on political sphere. These changes in the organization's management style were categorized as transformational and transactional types of leadership. Transactional leadership is a basic form of managing, where work efficiency and results depend on what can be obtained in exchange of the applied efforts. As Stojkov et.al. (n.d.) explained, within this leading style, the reward/punishment system is applied, i.e. in case of productive work employees get rewards, while with poor outcomes there are sanctions applied. Trottier et al. (2008) highlighted that transactional leadership includes different implications, where every aspect is concentrated on results or possible violations. For instance, there is active management by exception, when the leader controls the work enforcement engages in the process only in case of severe issues. Moreover, there is a passive management by exception that gives opportunity for leader intervention in the process in case if set working standards are not reached. Lastly, there is a contingent reward that the transactional leaders imply, where the specific rewards are given in case of good performance.

TRANSFORMATIONAL LEADERSHIP

Transformational leadership is correlating with the concept of “transform”. Therefore, this type of leadership is about methods to imply changes among people or systems. According to Stojkov et.al (n.d.) transformational leadership as the most positive outcome leads to the greater changes within accomplishment of the goal. Mahmood (2015) implicated that by this style leaders usually try to get into the process themselves so they could assist other team members and motivate them in terms of working performance. Flemming (2016) explained that transformational leaders usually use their experience and deeper connections within team members to increase and evolve the potential of each worker. Overall, the transformational type of leadership is a process of bringing changes in both organization’s processes and outcomes, as well as upgrading the followers’ contribution to the organization’s mission.

2. MAIN TRAITS OF THE LEADER

There are several individual aspects that help to identify a good leader in both public and private enterprises. According to Orazi et al (n.d) the public sector leader should impose several personal characteristics to be a good leader. Firstly, it is the ability to think strategically in order to accomplish the organization’s mission more efficiently. Secondly, good leaders are measured in terms of achieved results, whether set objectives are reached and the time taken for that. Thirdly, the characteristics of good leader imply on settlement of good relationships among the company that do not affect or even increase the work productivity. The other trait that characterizes a right leader is serving himself/herself as a good example of honesty and assertiveness for others that could inspire subordinates to behave the same way. Lastly, a good leader will have a power and will to influence subordinates in inspirational, rather dictatory manner. Stojkov et.al (n.d.) added that a good leader should be intelligent with such abilities, as developed verbal skills, reasoning and perception. Moreover, a leading person should be confident that he is able to perform and raise the company’s overall image, as well as imply needed changes in the organization. Furthermore, another important trait of the leader is being determinant in his/her actions, i.e. acting with initiative and some level of dominance. This trait gives opportunity for the leader to act quickly and show the position he/she takes in front of the followers. Additionally, honesty should be among one of the main qualities for the leading figure to possess, as it gains trust and sense of loyalty from the followers. As Stojkov et. al. (n.d.) highlighted a leader with strong sense of integrity is less likely to be caught and suspected of the fraud. Lastly, the conviviality should be developed, which gives an opportunity to build good relations among the community. Therefore, with this trait leaders are more sensitive and trustworthy to their followers.

3. MAIN DIFFERENCES BETWEEN PUBLIC AND PRIVATE SECTORS WITHIN LEADERSHIP

As it was observed above, public sector includes set of organizations that operate under strict regulations of the government entities, while private sector could imply their own rules. Overall, both types of organizations differ in terms of missions, structures, and future accomplishments. In order to give the full picture of the major differences, the main challenges were examined under several aspects that include ownership, financial state, regulation policies, job satisfaction and motivation.

i. Ownership

One of the main differences between private and public sectors is considered within ownership in the organizations. According to Dantic (2020), there is much more freedom within operating practices in private organizations, whereas public organizations’ actions are monitored due to their state belonging. Looking more deeper into the context, public sector’s companies are owned and controlled by community, while private sector’s entities are monitored by individuals. Nutt (2005) proposed the differences between two types of organizations in more administrative matter. As he mentioned, public sector ownership is about side’s interests (e.g. stockholders) with the accent on financial state. Contrary to that, private sector owners are usually typical citizens that set their aims and action plans for

achievement of goals.

ii. *Finances*

The financial part of the organization is another significant aspect to observe, as the leading style (autocratic/democratic/ transformational etc.) is identified within the financial freedom as well. As Dantic (2020) insisted, the major challenge of public sector around financial incentives is the fact that all expenditures are controlled by stakeholders. As majority of funding for all the potential activities comes from the community, there is a stricter monitoring system of all financial systems. Moreover, the transparency is required, as publicly collected funds are used. On the opposite side, private sector's organization tend to have their own budgets, as they get funding from the individuals or other non-governmental entities. Dantic (2020) mentioned that finances of the private companies are usually obtained withing investments as well as competitive market environment. Taking these into account, it can be concluded that private organizations have more freedom in the financial incentives, as they are not monitored by the government and are not required to submit any reports on finance activity.

iii. *Regulation strategies*

The regulation strategy is one of the main aspects in the definition whether the organization is privately or publicly owned. Dantic (2020) approved those stricter policies and regulations within the organization's activity makes it more of public entity. So, taking this into account it makes the organization's leading style more autocratic, as organization has only one way to act, and there are no incentives to change as long from the higher stances. Opposite to that, private organizations have more creativity and ways to plan and perform their activity, as mostly the regulations are set by the whole team and there is no or limited control of the government. Dantic (2020) agreed that if the regulation strategies are absent or not that significant, the organization will act more democratically in the choice of strategies and its implementations.

iv. *Job satisfaction and motivation*

Job satisfaction as well as motivation serve as major indicators of success within different types of organizations. Whereas it's public entity or private enterprise, these two factors assist in prediction of either failure or outbreak of the organization. Dantic (2020) identified the motivation as a set of all factors including demographical statistics (age, gender, ethnicity) that help to find out main drivers to move towards some accomplishments. Sahin and Busra (2016) confirmed that one of the two main missions of the leader is to adopt and recognize the emotional needs of the employees, so that they could perform in the advantage of the company and be satisfied within their workplace. Jacobsen and Salomonsen (2020) agreed that pushing employees only towards goal-achieving and minimizing motivation with inspiration is a part of authoritarian leadership that use sanctions to put pressure on the team. As a result, majority of employees tend to avoid risks and strictly obey the rules. In terms of public sector leadership, it is useful methodology, while private entities on contrary tend to develop risky approach in their employees.

Considering these factors for both private and public sectors leadership, it can be concluded that their motivation and job satisfaction levels depends on the mission and the expected outcomes of the organization. For instance, as Dantic (2020) highlighted that public sector employee is more motivated by the service, rather profit in comparison to private sector worker. Moreover, the ethical conduct is more appreciated and strictly followed by the public sector, showing that the community appreciation and image of the company are the main parts of the public companies' mission. Contrary to that as Dantic (2020) mentioned the private owned company's main goal is the profit maximization, where the financial rewards serve as the main motivation and job satisfaction indicator.

v. *Behavioral differences of private vs public sector leaders*

There is a theory that implies the behavioral aspect that differentiates public and private leadership. As Orazi et.al. (n.d.) explained, there is one similarity from the position of behavior that unites both types of organizations- intuitive approach in decision-making process. However, the

motives behind this strategy are different. Whereas private companies tend to achieve its goals with making the accent on the obtainment of the power, public organizations operate in order to achieve set goals. Moreover, behavioral approach can be classified without considering the individual characteristics of leaders. For instance, Stojkov et.al (n.d.) highlighted that behavioral approach is different depending on the leadership styles experienced in the organization. Therefore, behaviors are associated with autocratic, democratic, or laissez-faire style. Autocratic style is usually applied within low qualified specialists, who perform routine jobs, leaving them with limited or absolutely no power to participate in the decision-making. Opposite to that, democratic style of leading proved to be effective within middle class workers, where the participation in decision-making is still limited, however subordinates have a right to say their own word regarding the issue. Lastly, there is “laissez-faire” type of leadership, where leader gives the power of the decision-making to the subordinates and therefore has no right to intervene into the process. This style is more suitable for the creative industries, where the whole working community can decide on the activity of the organization.

Overall, it can be stated that behavioral differences are not so significant, even somewhat similar in occasions. However, there are differences in leading styles that entail autocracy to the public sectors and democracy to private organizations.

METHODOLOGY

1. Research approach

As it was mentioned before, the main objective of the research was to identify the differences in the leadership among public and private organizations as well as give certain recommendations for the further development of leadership in Kazakhstan case. To get the reliable data for the analysis, the qualitative approach was chosen. According to Bhandari (2023) the qualitative research implies data that includes video, audio, and text materials to gather and interpret main concepts and experiences. Even though majority of previous research used the quantitative research, the qualitative research allowed to make more in-depth analysis of the issues and provide recommendations on the improvement areas.

2. Target population and sampling

To explore the issue of leadership within two chosen sectors, the non-probability sampling was chosen. As Nikolopoulou (2023) mentioned, non-probability sampling is the method that considers some aspects, such as gender, age, experience, while choosing the population for the research. Therefore, not everyone from the targeted sample will have a chance to participate. In the framework of the following thesis, all the participants were chosen on a non-random basis, where the sampling required units to have at least one year of working experience. Moreover, as the research aimed to provide the comparison between two sectors, participants were required to be a part of either public sector or private sector. As a result, twenty-four respondents were chosen, where twelve of them were representatives from public sector and other twelve representatives from private sector.

3. Data collection method: In-depth Interview

As the data collection method, the in-depth interviews were chosen. As Ruthledge and Hogg (2020) stated such type of research method allows to collect detailed nuances from the different point of views, feelings, and visions of interviews. Therefore, this method allowed to collect a scope of opinions, which gave broader picture of an issue.

The interview consisted of four general close-ended and five open-ended questions. The initial questions were concentrated more on the demographical data (age group, work experience and etc.), while other questions asked about leadership specifics and its relation towards public or private type of organization. Partially, interviews were conducted in online format, as huge workload of participants did not give opportunity to meet in-person. The data collection lasted for three months, which gave enough time to conduct twenty-four interviews.

FINDINGS AND ANALYSIS

The main findings of this research have shown that there are significant differences between the leadership styles in public and private. Majority of interviewees (83%) had a working experience ranging from two to five years. Moreover, about half of the research participants have mentioned that they have work experience in both public and private sectors. Such distribution allowed to look at the issue from the different perspectives and give proper recommendations for the further research.

Another important finding was related to the leadership styles among two types of organizations and its impact on the motivation of all employees. All participants have mentioned that public sector implies authoritarian style of leadership, leaving no choice for subordinates to express their opinion and participate in the decision-making. As Stojkov (n.d.) mentioned, authoritarian approach is usually oriented towards low-qualified specialists that perform routine work. However, the results of the current research show the opposite, as more than a half of interviewees at the time of the data collection have taken high positions in the public sector companies. As of the motivation, all the participants highlighted that motivation levels among public entities are decreased, as their output from the work that is mostly measured in salary is very low. Moreover, half of the interviewed people confirmed that public sector is very limited in innovations, often experience difficulties in communication as they have the hierarchical type of organization's structure. As Aytekin and Temizkhan (2022) stated that contrary to the autocratic style of leadership, democratic style possesses possibilities for changes and innovations with the enforced morale and communication between all the employees. Therefore, it can be concluded that the main difference between leadership in public and private sectors lies in the style of management, ability to build communications among every employee and motivating the community.

CONCLUSION

The main aim of this research was to identify differences in leadership approach between public and private entities. As the result of the investigation, the difference was identified in the leadership style, assigning authoritarian leadership to the public sectors and democratic style to the private companies. Looking deeper into the context, public sector leaders do not give opportunity for employees to participate in decision-making, while private sector leadership give enough of freedom to subordinates to be involved into the process.

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FIT CLUB: A Sustainable Approach to Business in the Fitness Industry

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Abstract

This case study explores the journey of 1FIT, an entrepreneurial company that introduced a subscription service for accessing various fitness activities through a mobile application. 1FIT has a great mission of improving citizens' health. The primary objective of 1FIT was to enhance and expand the availability of fitness options for citizens residing in major cities of Kazakhstan. The company's business was excellent in terms of sustainability because it encouraged subscribers to be physically active at least three times a week, rewarding them with free additional services, thus covering a social aspect of sustainability. This enterprise also helped to realize the economic dimension of sustainability, helping fitness centers fill their sessions with clients from 1FIT and earn otherwise lost revenues. Given the country's limited number of fitness centers, the founders recognized the need to explore new markets. While the company encountered both failures and successes in its international expansion efforts, the case study focuses on its position in December 2023. At this stage, 1FIT has nearly saturated the market in Kazakhstan and must identify new appealing markets and additional service offerings to ensure future growth. The company has already withdrawn from foreign markets such as Saint Petersburg city in the Russian Federation and London city in UK but achieved success in Tashkent, the capital city of Uzbekistan. Moving forward, 1FIT must be discerning in its international expansion strategy. The company pioneered a blue ocean approach in Kazakhstan as an intermediary between individuals and fitness centers. 1FIT provided active users access to approximately one hundred fitness and mindful movement activities and complementary spa and massage services. Additionally, the company collaborated with rental shops to offer free sports equipment for winter and summer sports and outdoor activities. The case revolves around the protagonist, 1FIT CEO Murat Alikhanov, tasked with generating ideas for the company's long-term development.

Customers and Industry 4.0: Changes of Consumer's Behavior towards Brands in Modern Times - A case of CIS countries

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ABSTRACT

This thesis explores the changes in consumer behavior towards brands in the context of Industry 4.0, focusing on CIS countries. The study aims to uncover common patterns, unique characteristics, and emerging trends in consumer behavior across Kazakhstan, Russia, Kyrgyzstan, and Tajikistan. The research objective is to provide valuable insights for businesses seeking to enter, stay low, or expand within this diverse and dynamic region. The research methods used in this study include an exploratory sequential design and an abductive approach, as well as a comprehensive analysis of existing literature for secondary data and a survey and an interview of consumers in the CIS region for primary data. The findings of this study reveal significant changes in consumer behavior towards brands in the context of Industry 4.0 in the CIS region because of the great influence of online platforms such as social media platforms and marketplaces, which are constantly upgrading because of the integration of AI algorithms. The novelty of this study lies in its focus on CIS countries and its analysis of the impact of emerging technologies on consumer behavior in this region.

KEYWORDS: Industry 4.0, consumer behavior, brands, CIS, communication, decision making, privacy, mixed methods

INTRODUCTION

Our society constantly changes, and consumers are increasingly turning to the Internet for information. Businesses recognize the need to adapt to this change by understanding consumer behavior. In the era of Industry 4.0, where technology rapidly evolves, companies must comprehend how these advancements affect consumers.

In this paper, we explore the impact of Industry 4.0 on consumers, focusing on:

- AI integration,
- Real-time optimization, and
- Data-driven prediction.

Since gaining independence from the Soviet Union, the Commonwealth of Independent States (CIS) has undergone significant economic and social transformations, which have deeply influenced consumer behavior and attitudes toward brands.

Understanding consumer behavior in the CIS region is crucial for businesses aiming to operate successfully in these markets. This study analyzes consumer behavior across Kazakhstan, Russia, Kyrgyzstan, and Tajikistan to provide insights for companies seeking to enter, maintain, or expand within this diverse and dynamic region. The choice of those particular countries was made based on the available opportunity to gather the appropriate information from those sources as well as the overall human connections made by the author because of his location, which also serves as a limitation to the study.

This research aims to uncover common patterns, unique characteristics, and emerging trends by comprehensively examining consumer behavior in these countries. These insights will inform strategic marketing and business strategies tailored to the CIS market. Ultimately, understanding consumer behavior in these countries will enable businesses to develop more effective marketing campaigns, better product offerings, and excellent customer experiences, driving success in the CIS market.

1. PROBLEM RECOGNITION

AI and personalized recommendations via social media platforms and marketplaces, along with all other technological advancements, are contributing to one of the main changes in the regular lives of typical consumers and their decision-making processes regarding purchases. Understanding these determinants is crucial for businesses to adapt their strategies and connect meaningfully with their target audience.

Marketers today employ psychological tools in the digital age to captivate consumers and create lasting brand impressions. Techniques like persuasive storytelling, emotional appeals, and cognitive biases are commonly used (Braca & Dondio, 2023). However, with the rise of technology, new ways of interacting with customers may have emerged, potentially upgrading traditional methods.

Today, brands can engage directly with consumers, offering personalized experiences and building meaningful, data-driven connections through various communication channels (Sindhu & Bharti, 2023). Possible changes in consumer behavior are not well addressed in the literature, nor is the impact of technologies on past challenges, such as limited communication channels and traditional media dominance. Despite the growing significance of this topic, a research gap exists regarding the direct influence of AI, personalized recommendations, and technological proficiency on consumer behavior toward brands. While some studies touch on aspects of consumer behavior and branding in the digital age (Mishra, 2023), few comprehensively examine the combined impact of these factors. This research seeks to bridge this gap by analyzing existing literature and offering original insights into the evolving consumer landscape, providing valuable implications for marketers and businesses.

2. RESEARCH OBJECTIVE AND QUESTIONS

This study aims to explore the effects of Industry 4.0 products and psychological tools on consumer behavior and brand-consumer interactions in the CIS region. Our objectives are to understand the evolving landscape of consumer perceptions, engagements, and decision-making processes regarding brands and to make one significant contribution:

We will provide insights into the influence of technology on consumer behavior, focusing on AI-powered technologies and the utilization of those tools. By analyzing these phenomena, we aim to understand how consumer-brand interactions are shaped in modern society and identify effective strategies for marketers to engage with their target audience. Also, we seek to help businesses adapt their approaches to meet consumers' changing needs and preferences in the CIS region.

Research Questions:

1. How have technological shifts transformed brand-consumer interactions in the CIS region?
2. What is the influence of integrating AI-powered technologies on the behavior of regular consumers and their decision-making processes regarding brands in the post-Soviet space?

3. LITERATURE REVIEW

3.1. *Consumer Decision-Making Process Theory:*

Our study is grounded in the "Consumer Decision Making Process" Theory, proposed by John Dewey in 1910. This theory outlines five stages:

1. Need recognition
2. Information search (internal and external)
3. Assessing alternatives
4. Making a purchasing decision
5. Reflecting on the post-purchase experience

Through this framework, we aim to understand consumers' behavioral concepts and their impact on decision-making processes in the modern era. This research addresses the evolving relationship between consumers and brands, considering the innovations of Industry 4.0.

3.2. *Branding*

Brand equity comprises perceived quality, loyalty, awareness, and associations (Aaker, 1991; Keller, 1993). Brand communities influence these elements and redefine consumer loyalty (Fournier, 1998; Fournier & Yao, 1997; McAlexander & Schouten, 1998). The current market dynamics demand a shift

in consumer engagement strategies. Marketers must adapt to consumers' evolving expectations and employ multi-channel communication strategies (Duralia, 2022). Consumers associate themselves with brands reflecting their personality traits, fostering stronger relationships (Duralia, 2022). Crafting consumer-centric marketing strategies enhances brand-consumer relationships and fosters satisfaction (Zulfikar, 2023). Moreover, brand names influence brand perception, affecting product liking and positioning (Klink & Smith, 2001; Keller et al., 1998; Wänke et al., 2006).

3.3. *Online Platforms*

The COVID-19 pandemic triggered significant shifts in consumer behavior, with increased online activities and impulsive purchasing tendencies (Hill et al., 1997; Harris et al., 2002; Aljanabi, 2021; Stuart et al., 2021). The prevalence of social media and online shopping platforms has surged, enabling consumers to access products and services conveniently (Jiang & Nikolaos, 2021). Social media platforms have become integral to marketing strategies, offering diverse engagement opportunities (Davis, 2016). They facilitate swift content sharing and are pivotal for brand engagement (Web-1). Social influencers play a significant role in consumer decision-making (Web-2), and consumer reviews on social media platforms greatly influence purchasing decisions (FitzGerald, 2019). Consumers' exposure to advertisements has increased, impacting their perception of brands (Li et al., 2002; Kotler & Keller, 2013). Social media platforms have become critical for communications, with Word of Mouth (WoM) marketing gaining importance (Sharma & Srivastava, 2017).

3.4. *RQ1 Hypotheses*

Addressing RQ1, we propose the following hypotheses, based on the found literature:

- **H1:** Consumers now search for external information more frequently than internal information.
- **H2:** Brand messages featuring knowledgeable influencers positively influence consumer decision-making.
- **H3:** Exposure to a large amount of product-related content increases the likelihood of consumers purchasing the related brand.
- **H4:** Advertisements are increasingly perceived as obstacles rather than opportunities to gain product information, leading to a negative perception of the brands presented in the ads.

3.5. *AI Advancements*

AI presents significant opportunities for marketers in the digital era (Anzén & Ekberg, 2020). It can enhance personalization and improve marketing strategies (Web-5). Recommender systems, a prominent example of AI-driven personalization, provide tailored product recommendations (Zanker et al., 2019). AI also facilitates lead-generation efforts and enhances customer satisfaction by positively affecting brand awareness (Syam & Sharma, 2018; Anzén & Ekberg, 2020). However, the rapid advancement of AI raises ethical concerns regarding consumer data privacy (Anzén & Ekberg, 2020). Consumers are increasingly aware of the risks associated with data collection, which can affect their engagement and loyalty towards brands (Anzén & Ekberg, 2020).

3.6. *RQ2 Hypotheses*

Addressing RQ2, we propose the following hypotheses, based on the found literature:

- **H1:** Deeper adapted AI algorithms to each individual create positive consumer perception towards brands.
- **H2:** Better recommendations based on AI learning algorithms positively affect brand awareness.
- **H3:** Consumer concerns about data collection ethics negatively impact engagement and brand loyalty.

4. RESEARCH DESIGN

4.1. *Research Philosophy*

This study represents basic research aimed at broadening knowledge of a specific topic without immediate practical implications. While the primary objective is to advance scientific theories and concepts, the study may have future applications in solving potential problems or investigating issues within the applied research framework.

For research philosophy, we adopted the "Pragmatism" framework. We considered several paradigms—Ontology, Epistemology, and Axiology (Guba & Lincoln, 1994)—and aligned them with our chosen philosophy:

1. **Ontology:** We embraced multiple views to best answer our research questions, acknowledging both the objective reality of the external world and various subjective realities (Guba & Lincoln, 1994).
2. **Epistemology:** Either or both observable phenomena and subjective meanings can provide acceptable knowledge dependent upon the research question, so that we can integrate different perspectives to interpret the data effectively (Saunders et al., 2016).
3. **Axiology:** Values played a significant role in interpreting results, and we adopted both objective and subjective points of view (Saunders et al., 2016).

4.2. *Mixed Exploratory Sequential Method and Abductive Approach*

We combined deductive and inductive approaches, utilizing the "Consumer Decision Making Process" theory as our deductive framework. This combination allows us to understand the topic comprehensively by observing the concrete phenomena to make a general conclusion and by being based on general theory to move to a concrete conclusion (Burney & Saleem, 2008; Malhotra, 2017). Based on that, we aim to elucidate the dynamics of consumer and brand relationships across various platforms.

We used an exploratory sequential research design, initially collecting qualitative data through semi-structured interviews. The subsequent quantitative phase tested the developed theory, ensuring a comprehensive understanding of the topic. This design sought to uncover previously unexplored or limited information about the selected individuals for generalization, as the data about the case of CIS countries is inferior and should be updated, which is precisely what this study contributes (Fereday & Muir-Cochrane, 2006; Saunders et al., 2007).

4.3. *Data Collection Method and Sample Size*

We collected primary data via online interviews on platforms such as Discord and Zoom, face-to-face meetings for regular interviews, and Google Forms for quantitative online surveys. Secondary data provided the theory on which we are basing it and worked as a framework for hypotheses and data models. Bar-Ilan (2001) emphasized that the Internet and the Web have evolved into extensive electronic infrastructures for knowledge dissemination. For qualitative research, we conducted semi-structured interviews with a sample size of 20 participants, sufficient for understanding the dynamics of changes in behavior toward technological progress (Marshall et al., 2013). For the quantitative method, we used an online questionnaire with approximately 100 participants, ensuring adequate results with sufficient saturation for analysis (Boddy, 2016; Memon et al., 2020).

4.4. *Survey and Interview Study*

The survey was conducted using Google Forms and promoted through printed QR codes, social media, and online platforms. A structured questionnaire was divided into sections focusing on variables relevant to the hypotheses and participants' demographics (Alvi, 2016). We have chosen a non-probability convenient sampling method for the survey because of the ease of conducting this method and the time constraints for researchers and participants. Semi-structured interviews were conducted to gather in-depth information, allowing customization to achieve various study objectives (Brewerton & Millward, 2001; Cachia & Millward, 2011). These interviews combined aspects of both structured and unstructured formats, providing a controlled conversation environment (Mathers et al., 2000). As sampling for this type of data gathering, we used snowball sampling, selecting participants aged 17 to 54 who were active users of social media platforms and online marketplaces (Alvi, 2016). Participant identities remained anonymous to protect their privacy (Web-3; Wiles et al., 2008). Still, in *Table 1* there is a list of participants and some of their characteristics for minimum description.

4.5. *Data Assembly and Coding*

As first part of primary data were gathered through semi-structured interviews conducted in Russian, a common language in the CIS region, we fixed the participants' answering via writing and noting main ideas and insights. Quantitative data were collected through Google Forms and imported into SPSS for statistical analysis (Mesly, 2015; Web-4). All data were transformed into themes and labeled into specific codes, facilitating comprehension of both quantitative and qualitative research findings (Boyatzis, 1998; Bradley et al., 2007). A hybrid approach of pre-defined and abductive coding was

utilized, allowing for the development of additional codes based on the received information (Alvesson & Kärreman, 2007).

4.6. *Data Analysis Structure and Display*

Thematic analysis was employed, systematically identifying, organizing, and offering insight into patterns of meaning across the dataset (Braun & Clarke, 2012). A six-phase approach to thematic analysis was followed (familiarizing with data, generalizing codes, themes searching, reviewing, defining, producing a report) ensuring a comprehensive analysis (Braun & Clarke, 2006). Research findings will be presented using tables and figures, enhancing clarity and understanding for the reader (Malhotra et al., 2017).

4.7. *Ethical Consideration*

Maintaining ethical standards in research was paramount. Participants were fully informed about how their data would be used, and their anonymity and confidentiality were rigorously protected (Web-3; Oliver, 2003). Interviews were conducted remotely to ensure additional safety and comfort for the participants, and their privacy was respected throughout the study. Participants were referred to as "participants" rather than "subjects" to safeguard their privacy and value their contribution to the research (Oliver, 2003).

Table 1. Interview participants characteristics

#	Gender	Age	Country	Years of using	Daily using
1	Female	17	TJ	3	2-3
2	Female	54	KZ	18	1
3	Male	22	RU	8	3-4
4	Male	21	RU	8	4-5
5	Female	21	RU	9	3-4
6	Male	23	RU	5	8+
7	Male	20	KG	6	6-7
8	Female	27	RU	1	1
9	Female	30	KZ	10	2-3
10	Male	19	RU	4	5-6
11	Male	33	KZ	2	2-3
12	Female	38	KZ	4	3
13	Male	23	KZ	8	4
14	Male	20	KZ	3	1-2
15	Female	18	TJ	8	3-4
16	Female	21	KG	1	5-6
17	Female	21	KG	9	4-5
18	Male	22	TJ	7	1-2
19	Male	24	MD	12	2-3
20	Female	22	KZ	6	6-7

5. FINDINGS

As to remind, the objective of this research was to identify changes in the behavior of regular consumers towards brands in the fast-moving technological world. The qualitative data serves for observing the phenomena and as the source of insights, while the quantitative data confirms or rejects questions addressed in the interviews, resulting in a comprehensive analysis (Fetters, Curry, & Creswell, 2013).

5.1. Qualitative Findings

All statements and ideas from the 20 participants were transcribed and translated into English. The handwritten notes spanned 32 pages. Following the initial broad coding, we created specific codes to describe the modern relationship between consumers and brands, alongside with predefined codes from the theory of Consumer Decision Making and Industry 4.0 variables. After several cycles of coding, we identified and labeled categories that served as groups for codes with similar ideas (Costa et al., 2016). *Table 2* presents 23 subcategories grouped into 6 categories.

The next step involves thematic analysis, where we identify emerging themes correlating with research aims and questions. The following themes were identified:

- Evolving landscape of decision-making processes after technological shift
- Level of interest in the area of knowledge defines the relationship between consumer and the brand
- The role of influencers in the minds of CIS people today
- Changes in the role of advertising in the eyes of post-Soviet consumers
- Privacy issues and ethics of data collection in the digital world
- Industry 4.0 implications on the CIS region

Table 2. Codes Categories

Category	Subcategories
Decision making	Need Recognition,
	Information Search,
	Assessing Alternatives,
	Making Purchasing Decision,
	Post-Purchase Experience
Interest	Content Relevance,
	Content = World View,
	Exposure Leads to Purchase,
	Addiction
Influencers	Idolization,
	Professionalism,
	Comparison Material,
	Cancellation
Advertising	Cause of Frustration,
	Barrier,
	Marketing Myopia,
	Noise
Privacy	Cost of Better Algorithms,
	Privacy Concerns,
	No Control – No Need to Worry
Industry 4.0	Real-Time Optimization,
	AI,
	Data-Driven Prediction

Demographics:

- 20 participants from 5 CIS countries
- Kazakhstan (35%) and Russia (30%) represented the main portion
- Gender distribution: 50% male, 50% female
- Age distribution: from 17 years old as the minimum to 54 years old as maximum

Main Findings:

Also, we wanted to point out some of the most intriguing quotes from the participants of our interview, ideas of which were multiple times repeat by different persons:

- “It is logical to think that a better data-driven prediction of each consumer can make a positive attitude towards the service and the brands that this consumer will interact after, but we can look at this from the other side – the narrower the funnel, the lesser amount of possible interactions with different type of content that human can be interesting in, but don’t know it yet. Based on that, he or she will see a lot less amount of different brands outside of his current interest, making his feed very focused and closed for any possible non-manual interrogations”
- “I am seeing an ad and having 2 choices – either way to get upset that I got second advertisement in 3 minutes after the first one in 5 minutes long video on Youtube because this thing is staying between me and the content that I am watching, or to go somewhere, do other things while ad is going in its own pace. Sometimes there is a combination of it, of course. But that’s only related to the ones that we cannot skip. As for the skippable – I am just ignoring and looking only at the “X” of the banner or “Skip” button of the video, or just continue scrolling if it is possible. Why I shouldn’t?”
- “If I suddenly found that one blogger that I am following is now promoting for the weird reasons something that he or she didn’t relate to, my disappointment will be immeasurable. But everything is okay when we can identify the amount of “professionalism” of this influencer, because I can listen to him and there is no need to worry about it.

5.2. Quantitative Findings

After reaching 100 participants in the survey, we closed access and transferred the data to an Excel spreadsheet for analysis. We then used the SPSS analytical software for further analysis.

Demographics:

- 100 participants from 5 CIS countries
- Kazakhstan (69 participants) and Russia (25 participants) were the main focus
- Gender distribution: 49% male, 51% female
- Age distribution: 61% aged 16-21, 28% aged 22-27, 11% aged 28 and above

Filter results:

- Figure 1 shows the distribution of participants based on technology usage: 6 participants use only marketplaces, 26 - use only social media, and over 60% use both. Only 5 people chose option “Neither of them”, thereby proceed straight to demography section.

Main Findings:

1. The majority of participants in the 16-21 age group fully agreed that technology usage has significantly changed in the last 10 years, making it more general this days.
2. Most participants (especially from Kazakhstan) fully agreed that they are frustrated with current technological advancements in the form of advertisements.
3. The majority of participants (from Kazakhstan) agreed with the statement that they skip ads or just ignore it absolute most of them.
4. There were mixed opinions among participants regarding direct marketing in case of looking to it from different perspectives of age groups – but even inside of those groups there were some contradictions (two opposite to each other answers gained almost equal number of voices).
5. Students were agree to be influenced by influencers, followed by working professionals.
6. The biggest portion of the participants (more than 85%) agreed with the statement about usefulness of the proper algorithms and they will gladly engage with it more, treating brands of their interest in more positive way
7. Participants across all categories largely agreed with concerns about the ethics and privacy statements, implied that they will have some issues with the brands that won’t treat consumers’ privacy in a right way.

6. DISCUSSION AND CONCLUSION

6.1. *Consumers' Decision Making*

6.1.1. *Need Recognition*

The need for progression and self-expression is a constant driving force for individuals. "For an individual, stagnation represents a dire prospect, as progress and regression, albeit opposing, signify movements along a particular trajectory. The need is the engine that does not allow a person to stand still and at least somehow 'need' through expressing his emotions, thoughts, and himself in general." With the advent of social media and e-commerce, space for expressing these needs have expanded. This trend was substantiated by interviewees who noted that social networking platforms and online marketplaces facilitate the expression of this "need", mentioned in the quote.

6.1.2. *Information Search*

Consumers increasingly turn to public sources for information due to the rapid pace of modern life and the continuous influx of new information. As one of the participants said: "People manage to accumulate a huge amount of information in their heads simply by living their lives and taking advantage of the benefits of technology, constantly replenishing their reserves of information. However, at the same time, this information is not of such quality as to make any decisions about a purchase based on it, so people immediately begin to search, or simply "Google," a huge amount of information on the topic without particularly thinking, complementing its immersion in the content provided by the algorithms of social networks and marketplaces". This behavior, termed automatism, is evident as people instinctively search for information online without much deliberation, proving that their internal mechanisms are not that useful.

6.1.3. *Assessing Alternatives*

The rise of trading platforms and online marketplaces has significantly influenced the decision-making process by providing consumers with more options. The amount of choices has made the decision-making process more complexed and in order to "fix" that people now view process of assessing alternatives as "not thinking about the consequences, just buying, accepting the delivery, trying and returning the product in case of some issues" and starting the process all over again, although many still prefer physically evaluating products before purchasing.

6.1.4. *Making a Purchase Decision*

Digital shopping has transformed the process of purchasing goods, offering consumers convenience and ease of access. With online platforms offering similar delivery options, the competition among brands has intensified, with price often being the deciding factor and additional services like advising, individual approach to each consumer and others cannot stand as strong as it was before, based on quantitative results.

6.1.5. *Post-purchase Reflections*

In the digital age, post-purchase reflection has been significantly influenced by online platforms and social media as consumers frequently share their purchasing experiences online, while the convenience of digital shopping has led to more experimental purchasing habits. This statement is based on several occasions, proved by interviews, and can be also expressed with following quote: "after purchasing we always can send feedback both to forums and to seller, so that maybe future occurrences of purchasing it may differ from mine in a more positive way, for example. Or just return the product, make some conclusions about it and try something new next time".

6.2. *Discussion*

6.2.1. *Research Question 1*

How have technological shifts transformed brand-consumer interactions in CIS region?

- **H1:** Consumers now search for external information more frequently than internal information.
 - Accepted: As it was stated in the first hypothesis, we would like to know the current ratio that internal and external information search are having between each other. Based on the information in the Findings section, it became clear that external information search is now having more privileges than its opponent because of the amount of information that people nowadays are getting exposed to.
- **H2:** Brand messages featuring knowledgeable influencers positively influence consumer decision-making.
 - Accepted: As it was stated in the second hypothesis, we wanted to understand the

influence of influencer on the brand messages and their overall perceiveness towards consumers decision-making process. Based on the information in the Findings section, we can conclude that when there is an obvious and trustworthy sign of professionalism from the influencer side, consumer can evaluate the product from the brand message in more positive way as influencer here serves as a confirmation of its quality. However, it is crucial to note that in the questionnaire there was a specific choose of wording that provided a huge difference in the results in comparison with the interviews, because in interviews we stated that the influencers must have knowledge of the field that they are trying to communicate to the customers, as for survey we missed this criteria in order to know the difference that people are treating influencers with or without the knowledge about the product field. Results were quite the opposite, so this is one more point for accepting this hypothesis

- **H3:** Exposure to a large amount of product-related content increases the likelihood of consumers purchasing the related brand.
 - Accepted: As it was stated in the third hypothesis, we wanted to check whether the big amount of information that person is getting exposed to can eventually “break him” and convince to try the product. Based on the information in the Findings section, we can identify that exposure to massive amount of ad with the combination of word of mouth, neither positive or negative, will eventually result in trying the product by the consumer.
- **H4:** Advertisements are increasingly perceived as obstacles rather than opportunities to gain product information, leading to a negative perception of the brands presented in the ads.
 - Accepted: As it was stated in the fourth hypothesis, nowadays ad feels more like an obstacle rather than an opportunity to gain some information regarding the product. Based on the information in the Findings section, we came up with the following statement – yes, people nowadays feel very frustrated towards the ad and try to ignore it in any possible way. And in case of failure, they starting to change their perception towards brand that is presented in the ad to more negative one.

6.2.2.

Research Question 2

How does integrating AI-powered technologies in post-Soviet space influence behaviour of regular consumers and decision-making processes regarding brands?

- **H1:** Deeper adapted AI algorithms to each individual create positive consumer perception towards brands.
 - Accepted: As it was stated in the first hypothesis, we would like to know if there is any positive affect on perception towards brands from better AI algorithms. Based on the information in the Findings section, we can definitely say that better recommendations are increasing consumers’ engagement with the service, thereby affecting positively on experience with the brand.
- **H2:** Better recommendations based on AI learning algorithms positively affect brand awareness.
 - Rejected: As it was stated in the second hypothesis, we would like to know if there is a connection between better recommendations based on AI learning algorithms and positive affect on an awareness of the brand. Based on the information in the Findings section, it was surprisingly to find out that the more AI learns from you, the narrower will be content presented in your feed on social media. It also implies that you potentially will see the same brands over and over again, with the rare exception of a new one appearing in the same content-related field. And continuing this thought, you will also stop to obtain information about new field of interest which previously AI thought that you may like, cutting you of from potential new field of interest. Based on that in long term you will be exposed to only the similar information, making an increase of power of internal information search over external one.
- **H3:** Consumer concerns about data collection ethics negatively impact engagement and brand loyalty.
 - Accepted: As it was stated in the third hypothesis, we would like to know how

acknowledgement of ethics is influencing the consumer behaviour towards current issue with data collection. Based on the information in the Findings section, we can conclude that more and more people are now starting to think about this issue, adding negative thoughts that are reducing consumer engagement, and starting to change their perceptions towards the online platforms in more negative way, which resulting in losing loyalty to the brand.

6.3. *Conclusion*

By summarizing all the finding mentioned above, we can say that there is no doubt that technological storm that was created by Industry 4.0 is reforming the established norms in consumer-brand relationships. As consumers become increasingly concerned about data privacy and ethical issues related to data collection, it is imperative for businesses to prioritize transparency and accountability in their use of AI. By understanding the implications of Industry 4.0 products and psychological tools on consumer behavior and brand-consumer interactions, businesses can adapt their strategies to better meet the evolving needs and expectations of consumers in this region. However, nowadays players on consumer side are having a lot of tools in increasing their power over the brands, because of the AI-based individualism tendencies on the market. But we definitely can say that it is not the final shape of picture that we are seeing right now. Those new rules and overall situation can have a dramatic changes in some period of time, as the technological progress is moving like a rocket, so the researchers and business people should always check the current tendencies of our new age – realities of Industry 4.0

6.4. *Limitations and Future Research*

The study has several limitations that should be acknowledged. Firstly, our research was confined to the CIS region, which may restrict the generalizability of our findings to other countries. Secondly, our participants were primarily avid users of online platforms, potentially introducing bias into our results. Moreover, the majority of participants belonged to the same age group, limiting our ability to gain insights into generational differences. Additionally, conducting interviews was challenging due to time constraints and language barriers. Furthermore, we encountered difficulty in finding fresh sources regarding Industry 4.0 and its effects on consumer behavior. For future research, several potential avenues could be explored to address these limitations. Firstly, conducting similar research on an international scale would enable a comparison of attitudes towards technological progress across different regions. Secondly, industry-specific studies could offer more detailed insights into the impact of Industry 4.0 on consumer behavior. Thirdly, employing qualitative approaches, such as focus groups, could facilitate discussions on behavioral changes in response to Industry 4.0. Lastly, utilizing mixed methods on a larger scale could provide deeper insights into consumer behavior within the CIS region.

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Factors of IT Service Exports: Case of Kazakhstan

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This research focuses on the growth of IT service and software exports in Kazakhstan, which increased by 173% year-on-year and reached \$470 million in 2022, according to the World Bank. Kazakhstan's leadership in Central Asia is highlighted in Kearney's 2023 Global Location Services Index, and its presidential goal to reach \$1 billion in IT service exports by 2026. The state policy emphasizes developing the IT and innovation ecosystem, attracting foreign tech companies, and creating favorable conditions for local startups. The research paper underscores the global economic impact of IT service exports, citing higher GDP growth rates, job creation, and economic diversification. It also emphasizes the advantages of software export strategies for developing countries. The paper identifies key growth factors, including skilled IT labor, favorable government policies, quality of life, and reliable technological infrastructure. However, the study also acknowledges challenges such as a shortage of IT talent and emphasizes the need for continuous training. International trade agreements and technological advancements, such as AI and blockchain, are pivotal in shaping the landscape of IT service exports. In conclusion, the research paper establishes IT service exports as a vital driver of economic growth and global trade in Kazakhstan. It recognizes the need to address challenges related to workforce availability and data security to ensure sustainable growth. Finally, it highlights the existing research gap and emphasizes the need for economic studies specific to IT service exports from Kazakhstan, focusing on growth, challenges, and contributions to the national economy.

ФИНАНСОВЫЕ РЕСУРСЫ ПРЕДПРИЯТИЯ: СУЩНОСТЬ И ЗНАЧЕНИЕ

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Аннотация. Финансовые ресурсы играют важную роль в развитии экономики любой страны. От их объема, степени доступности для организаций и физических лиц зависит решение мно-гих социально-экономических и производственных задач связанных с экономическим ростом, повышением жизненного уровня населения, конкурентоспособностью организаций и страны в целом. В статье рассматриваются теоретические аспекты формирования финансовых ресурсов. Автором изучены научные труды отечественных и зарубежных экономистов, которые в своих трудах отметили важность и практическую значимость финансовых ресурсов в деятельности компании. Статья приводит различные точки зрения авторов, занимающихся вопросами формирования и использования финансовых ресурсов. Рассмотрены также основные виды финансовых ресурсов предприятия и определены функции финансовых ресурсов предприятия

Ключевые слова: финансовые ресурсы, финансовые отношения, управление финансовыми ресурсами, финансовая деятельность

Для обеспечения успешной деятельности предприятия необходимо четко представлять себе сущность денежных ресурсов, грамотно и эффективно их использовать. В состав финансовых ресурсов входят: собственные средства, которые поступают от источников финансирования и заемных средств, а также средства, которые используются для осуществления текущих расходов и затрат, направленных на увеличение капитала.

В экономической литературе не существует однозначного определения понятия «финансовые ресурсы». В некоторых источниках «финансовыми ресурсами» называются денежные средства, находящиеся в распоряжении государства и предприятий, используемые для покрытия расходов и создания различных фондов. В других случаях под этим термином понимаются денежные поступления и доходы, формируемые субъектами хозяйствования и государством, предназначенные для исполнения финансовых обязательств.

Чаще всего, под финансовыми ресурсами предприятия понимаются «совокупность собственных денежных доходов в наличной и безналичной форме и поступлений извне (привлеченных и заемных), аккумулируемых организацией (предприятием) и предназначенных для выполнения финансовых обязательств, финансирования текущих затрат, связанных с развитием производства».

Во многих случаях под финансовыми ресурсами организации понимается «совокупность собственных денежных доходов в наличной и безналичной формах и поступлений из внешних источников (предприятий и займов), накопленных организацией (предприятием) и предназначенных для погашения ее финансовых обязательств и финансирования текущих затрат, связанных с производством и развитием

По мнению, И.А.Бланка финансовые ресурсы – это совокупность собственных, заемных и приравнённых к ним средств, назначение которых сужается до обеспечения хозяйственной деятельности в будущем [2019].

Н.В.Колчина финансовые ресурсы определяет в качестве совокупности денежных доходов и поступлений извне, необходимых для выполнения финансовых обязательств в срок и в полном объеме организациями и финансирования текущих расходов, связанных с ростом производства [2020].

Кошкарбаев К.У. считает, что финансовые ресурсы - это доходы, сбережения и поступления в виде денег, находящиеся в распоряжении предприятий, основной целью которых является выполнения существующих финансовых обязательств, осуществления расходов, возникающих в связи с расширением производства, финансовым стимулированием и удовлетворением потребностей населения [2004].

Более подробно природу финансовых ресурсов организации раскрывают авторы учебника «Финансовый менеджмент», по их мнению, финансовые ресурсы – это находящиеся в распоряжении предприятий и государства финансовые доходы, поступления и накопления необходимые для осуществления издержек, связанных с простым и расширенным воспроизводством и исполнения обязательств перед финансово –кредитными организациями [2018].

Л.Н.Павловой принадлежит довольно ограничительная трактовка финансовых ресурсов, которое гласит, что финансовые ресурсы – это самофинансируемые источники воспроизводственного процесса, поступающие в распоряжение организации после исполнения их текущих обязательств перед другими контрагентами [2020].

Такая трактовка не совсем верна, это связано с тем, что организации не являются замкнутыми системами. Они тесно взаимодействуют с внешней средой и находятся под непосредственным влиянием многих факторов. Как мы видим, данное определение не включает в себя заемные и привлечённые источники, которые играют важную роль в обеспечении устойчивого функционирования хозяйствующих субъектов в условиях неопределенности развития экономики.

По мнению казахстанских авторов трудов по финансовому менеджменту профессоров В. Д. Мельникова, К. К. Ильясова, финансовые ресурсы представляют собой образуемые экономическими субъектами денежные накопления и денежные фонды при распределении и перераспределении валового общественного продукта и национального дохода. В данном определении они считают, что финансовые ресурсы как источники денежных средств дают возможности организации по образованию таких средств, это средства, которые формируются в фондах, являются целевыми запасами денежных средств [2016].

Финансовые ресурсы предприятия выполняют следующие функции:

- производственная;
- социальная;
- инвестиционная;
- обеспечение доступа к финансовым рынкам.

На рисунке 1 представлена сущность финансовых ресурсов предприятия на основе выполняемых ими функций.



Рисунок 1 – Основные функции финансовых ресурсов
Примечание - составлено по данным источника [2016]

Функции финансовых ресурсов в системе решают основную задачу предприятия – достичь эффективности функционирования всех звеньев работы и обеспечение финансовой устойчивости на рынке. При эффективном финансовом менеджменте достигается целостное регулирование и оценка формирования и использования источников финансовых ресурсов. Важно отметить, что в деятельности предприятия основными видами финансовых ресурсов являются собственный и заемный капитал.

Собственные средства формируются первоначально за счет уставного капитала, величина которого показывает объем денежных средств, вложенных в него. На основе получения выручки от продаж или реализации товаров и услуг образуются источники ресурсов, служащие возмещением затрат и расходов, которые были понесены предприятием. По показателю полученной выручки предприятие может отслеживать эффективность использования финансовых ресурсов, а также оцениваются потенциальные возможности, которые будут способствовать наращению доходов от использования активов предприятия.

Виды финансовых ресурсов предприятия представлены на рисунке 2.



Рисунок 2 – Виды финансовых ресурсов
Примечание - составлено по данным источника [2016]

Многообразие финансовых ресурсов показывает, насколько важно анализировать и оценивать факторы, влияющие на их образование, распределение и использование. Фактор времени, который делит финансовые ресурсы на долгосрочные и краткосрочные, определяет важность временных аспектов для обеспечения непрерывности образования ресурсов и недопущения простоев или нехватки в процессе производства или реализации. Также это

определяет при разработке управленческой стратегии важность привлечения долгосрочных инвестиций или вложения своих средств в долгосрочные проекты с целью наращивания доходов.

По типу образования финансовых источников на собственные и заемные также определяют устойчивость капитала предприятия, его рыночную активность и эффективность функционирования. Формирование собственного и заемного капитала как одних из важнейших источников деятельности предприятия выступает основной задачей в управлении активами предприятия. Собственный капитал по своей сути отражает создание собственных ресурсов на основе использования уставного капитала, резервного капитала, получаемой нераспределенной прибыли. В совокупности на основе принятия управленческих решений собственный капитал способствует созданию тех краткосрочных и долгосрочных активов, которые и приводят производство или технологических схемы в движение. От правильного использования собственных ресурсов и их вложения в активы зависит финансовый результат – получение прибыли или убытка, получение отдачи от использования в совокупности всех финансовых ресурсов.

В практике часто предприятия прибегают к привлечению займов и банковских кредитов. В финансовом менеджменте использование заемного капитала может принести пользу в хозяйственной деятельности предприятия, так как привлеченные финансовые ресурсы также идут на расширение объемов активов, и они в совокупности направлены на получение положительного финансового результата. Здесь важно с помощью таких показателей как оперативный и финансовый рычаг определить степень воздействия привлеченных финансовых ресурсов на получение доходов предприятия. Однако до сих пор учеными экономистами решается задача определения оптимального соотношения собственных и заемных средств предприятия, которые в совокупности должны обеспечить эффективность использования всех финансовых активов предприятия.

Эффективность использования всех видов и типов финансовых ресурсов во многом определяется рациональной организацией движения в предприятии. На рисунке 3 представлена схема движения финансовых ресурсов предприятия по стадиям.



Рисунок 3 - Схема движения финансовых ресурсов организации

Примечание – составлено автором

Для получения положительного финансового результата в деятельности предприятия и роста его рыночной стоимости рассматривают три стадии:

- привлечение финансовых ресурсов;
- распределение финансовых ресурсов;
- использование финансовых ресурсов.

Первая стадия по формированию источников финансовых ресурсов определяет объемы и сроки образования, на основе планирования и бюджетирования предприятие составляет перечень необходимых финансовых ресурсов, обеспечивающие непрерывность производства и достаточность его в ресурсах.

Вторая стадия движения финансовых ресурсов определяет степень рационального использования ресурсов для достижения поставленных темпов роста эффективности использования активов и капитала в деятельности предприятия, а также удовлетворение потребностей инвесторов в оборотах (оборачиваемости) финансовых ресурсов.

Третья стадия движения финансовых ресурсов отражает степень достижения максимального объемов выручки, валовой прибыли, чистого дохода, а также от полученного результата определяется дальнейшая диверсификация финансовых ресурсов.

Здесь важно подчеркнуть роль прибыли. При изучении источников образования финансовых ресурсов важно уделить внимание одному из основных показателей оценки деятельности предприятия – прибыли. Прибыль как результат функционирования предприятия показывает, насколько были рационально использованы активы и капитал, правильное распределение ресурсов на основные и оборотные активы, их полное участие в цикле производства и получение чистого дохода.

Обеспечивая системное управление финансовыми ресурсами в ходе движения по всем стадиям при осуществлении производственной деятельности предприятия, можно достичь рациональное образование и использование финансовых ресурсов. Размер и структура финансовых ресурсов в большей степени определяется от объема и специфики деятельности самого предприятия. Наличие достаточности и своевременной поставки финансовых ресурсов во многом определяют финансовое состояние, которое показывает инвесторам и кредиторам платежеспособность и конкурентоспособность предприятия на рынке.

Для достижения эффективности функционирования предприятия на рынке одним из составляющих элементов управления в финансовом менеджменте, как мы видим, выступают финансовые ресурсы. Изначально рационально сформированные и реализуемые предприятием в ходе их движения, мы можем получить заведомо положительный финансовый результат, который также в дальнейшем оценивается для определения потенциала предприятия и осуществления дальнейшей деятельности. Если предприятие уже достигает высоких финансовых результатов на основе эффективного использования финансовых ресурсов, то можно уже в дальнейшем привлекать другие, дополнительные источники финансовых ресурсов, обеспечивающие наращение доходов.

Таким образом, в финансовом менеджменте одним из важнейших показателей оценки деятельности предприятия выступают финансовые ресурсы. Финансовые ресурсы формируют активы и капитал предприятия, являются основой хозяйственной деятельности в целях получения прибыли. Сама прибыль также выступает одним из основных источников финансовых ресурсов предприятия, способствующая повышению эффективности функционирования предприятия на финансовом рынке. Многообразие источников финансовых ресурсов, которые могут быть использованы в деятельности предприятия, определяют принимаемые управленческие решения, способствующие максимизировать прибыль предприятия и более эффективно использовать ресурсы.

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Club Convergence and Neighbor's Effect: Interfacing Economic Growth, Renewable Energy Consumption, and CO₂ Emission

Arfat Ahmad Sofi*

ABSTRACT

The debate on renewable energy consumption and its relation with carbon emissions and economic growth is central to the environmental and sustainable literature. Since the Kyoto Protocol Agreement 1997, global economies have put serious efforts into implementing renewable energy practices for perceived sustainable growth. To achieve this, developed and emerging economies showed a skewed increase towards using renewable energies. Due to various macroeconomic conditions, higher economic growth's current pace mainly depends on energy use such as oil, coal, etc. Nevertheless, there has been a consistent environmental degradation due to the steep use of these energy sources. While higher energy consumption is essential for rapid economic growth, industrialisation, etc., others contradict this notion. On the one hand, while the former propounds that the country's economic growth is negatively affected when the share of renewable energy to the total energy mix increases, the latter highlights the stress on the environment through carbon emission. Such contradiction has created a vacuum in the literature. Within the ambient, this study seeks to analyse the renewable energy consumption, CO₂ emission, and economic growth interface across the OECD countries. In particular, we test the club convergence hypothesis through nonparametric settings and advanced spatial interaction models. The results reveal no possibility of normally distributed covariates and highlight the possibility of a common steady-state followed by each country. More specifically, it is observed that renewable energy consumption shows a unimodal character across different regions classified endogenously through kernel densities, albeit following a common steady state. In contrast, CO₂ reflected a multimodal behaviour. The kernel density estimates show that the distribution concentration is mainly around the mean, with high disturbance more skewed towards the lower quantile of the country group. We observe strong evidence of club convergence across the countries on testing the convergence hypothesis. A persistent spatial dependence is exhibited in renewable energy consumption and CO₂ emission vis-à-vis economic growth, confirming the countries' spatial interactive behaviour. The study realises a need to harmonise the interaction between the countries to improve the conditions of attaining higher economic growth in the long run with sustainable use of renewable energy resources.

Keywords: Renewable Energy, CO₂, Economic Growth, Club Convergence, Spatial Analysis

JEL Classification: Q20, Q53, O44

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Results in Brief

Non-parametric convergence/Divergence

Nonparametric convergence estimates from Figure 1-3 indicate the relationship between economic growth, renewable energy consumption, and carbon emissions. As in previous literature, Figure 1 confirms the direct relationship between economic growth and carbon emissions. Also, such a positive relationship points to divergence in economic growth in OECD countries, with higher carbon emissions corollary of growth rates.

Until reaching the highest levels of renewable energy consumption, a decrease in carbon emissions is associated with the growing use of non-carbon energy sources (Figure 2). The negative relation accords to converging behaviour. Also, the convergence estimates highlight the diminishing marginal utility of renewal energy use, leading to a point beyond which carbon emissions witness an upward trend reversal.

Interestingly, Figure 3 shows convergence evidence only among OECD countries with higher levels of economic growth. It also indicates the inelastic nature of economic growth to renewable energy consumption in low and middle-income OECD countries. While this could mean economic growth occurs regardless of the type of energy consumed, the sustainability literature supports increased use of clean energy sources.

Figure 1 Non-parametric conditional convergence estimates: GDP & CO₂

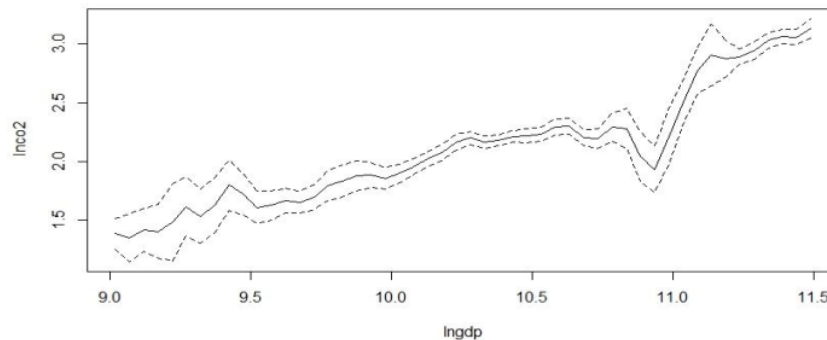


Figure 2 Non-parametric conditional convergence estimates: Renewable energy & CO₂

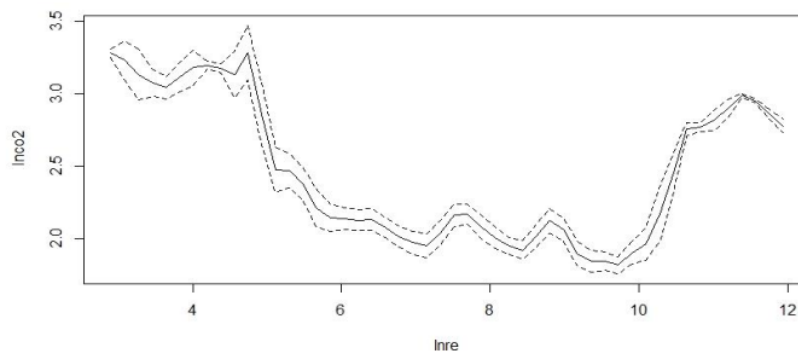


Figure 3 Non-parametric conditional convergence estimates: GDP & Renewable energy

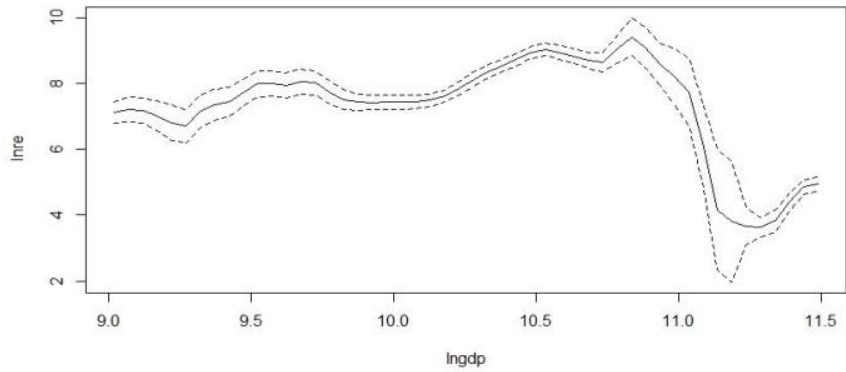


Figure 4 Bivariate KDE - GDP & CO₂

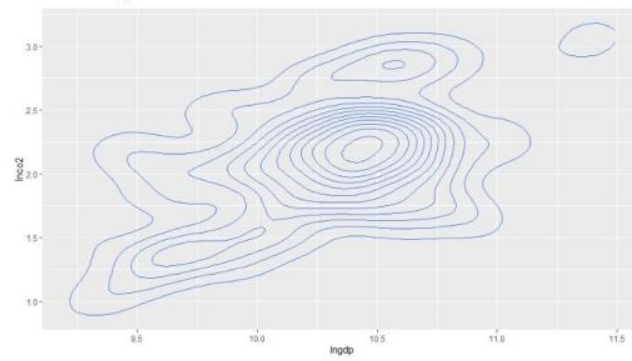


Figure 5 Bivariate KDE - GDP & Renewable Energy

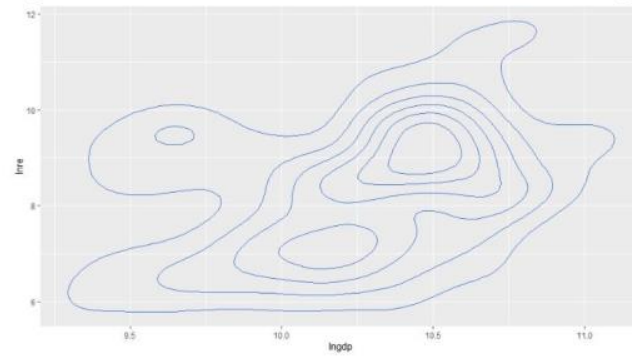
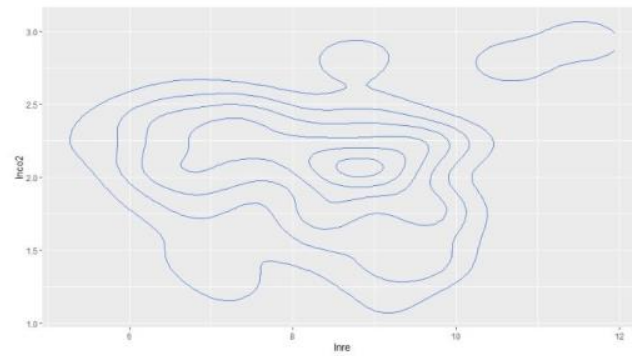


Figure 6 Bivariate KDE - Renewable Energy & CO₂



Kernel Density estimators

Tracing dynamics of convergence using kernel densities across sample countries, it appears that the concentration of carbon emissions has only grown since 1990 and peaked ever since (Figure 7). The concentration is scattered around low and middle-income countries, reflecting a likelihood of long-run convergence or common-steady state attainment.

The renewable energy estimates also reflect a multimodal character across countries (Figure 8). Increased use of renewable energy over time, coupled with its concentration around middle-income and high-growth regimes, indicates common steady states.

Figure 9 shows that while country growth rates have only increased and have attained higher levels, showcasing multiple peaks, carbon emissions and renewable energy consumption concentration have increased.

Figure 7 Non-parametric conditional PDF

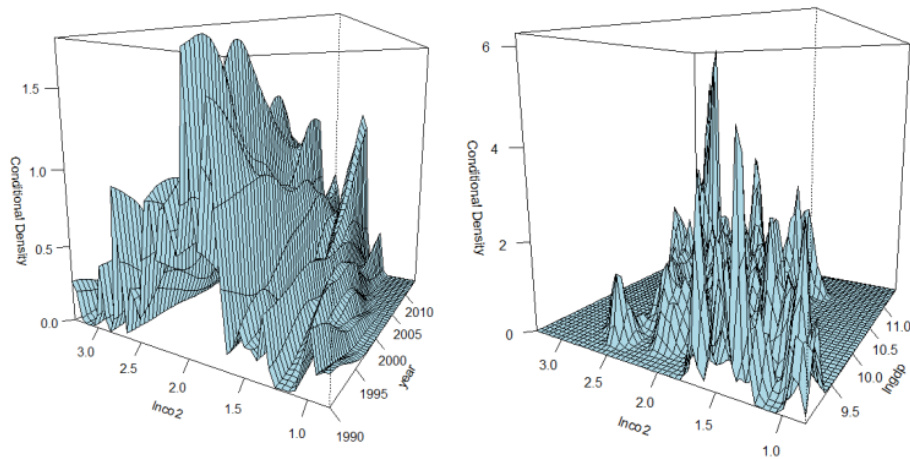


Figure 8 Non-parametric conditional PDF

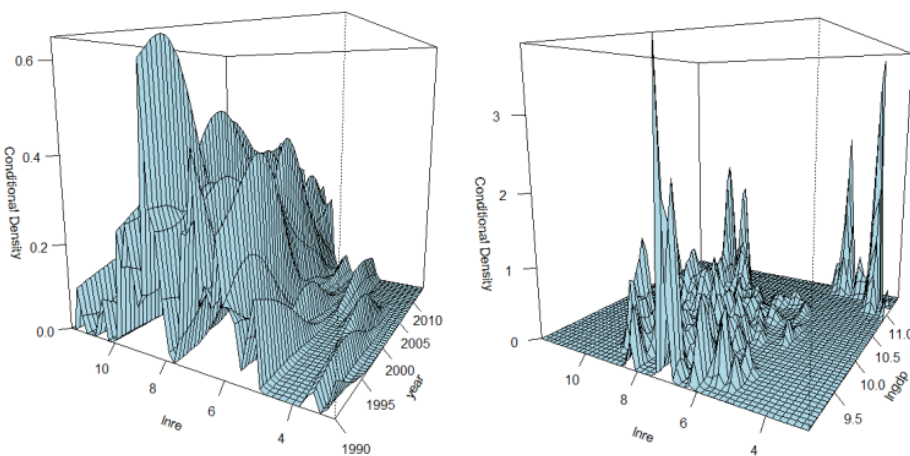
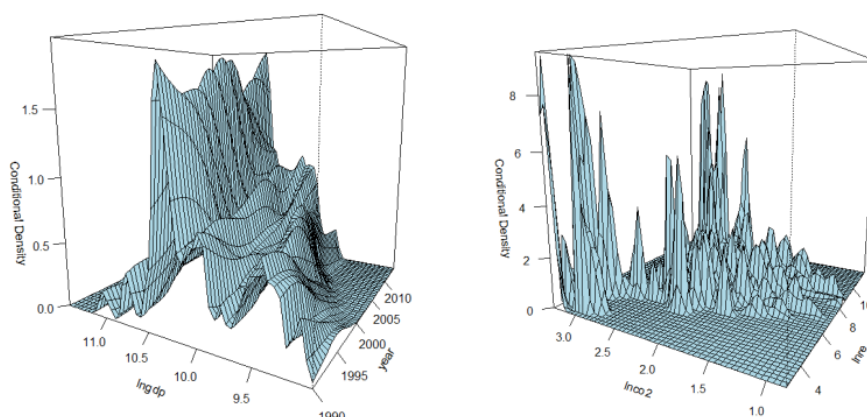


Figure 9 Non-parametric conditional PDF



4.4. Convergence Results

The results of club formation for each of the three variables of interest using $\log t$ test are reported in this section. Table 1 rejects the global club hypothesis for economic growth through a significant $\log t$ coefficient (-0.435). Furthermore, our results suggest the emergence of five clubs (pre-merging). Among the five, the first club comprising 13 countries (predominantly high-income countries) having $\log t$ of -0.901 accepts the non-convergence hypothesis. Similar is the case for clubs 3 and 4. The null of convergence is rejected for Club 5 as a negative coefficient for $\log t$ is noted. Allowance for merger among clubs does not produce any significant results either (Table 2). Overall, these observations suggest that despite global convergence, conditionally, OECD countries show varied levels of growth.

Table 1 Clubs convergence: pre-merging

Club	Log (t) test (1)	Country list (2)	No. of countries (3)
Overall	-0.435*** (-5.011)		36
Club 1	-0.086 (-0.901)	Australia, Austria, Canada, Denmark, Finland, Iceland, Ireland, Korea Rep., Netherlands, Norway, Sweden, Switzerland, United States	13
Club 2	+0.147 (1.068)	Belgium, Estonia, Germany, Latvia, Lithuania, Slovak Republic, United Kingdom	7
Club 3	+0.098 (0.835)	Czech Republic, France, Israel, Italy, Japan, New Zealand, Poland, Slovenia, Spain	9
Club 4	+0.231 (1.560)	Chile, Greece, Hungary, Portugal, Turkey	5

Club 5	-1.008*** (-25.915)	Luxembourg, Mexico	2
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Note: **p-value < 0.05; ***p-value < 0.01. T-stat in parenthesis ()

Table 2 Club Convergence: post merging

Club	Log (t) test (1)	Country list (2)	No. of countries (3)
Club (1 + 2)	-0.084 (-0.725)		
Club (2 + 3)	+0.198 (1.435)		
Club (3 + 4)	-0.108 (-1.059)		
Club (4 + 5)	-0.755*** (-13.235)		
Post Merged Club 1	-0.165 (-1.485)	Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Estonia, Finland, France, Germany, Iceland, Ireland, Israel, Italy, Japan, Korea Rep., Latvia, Lithuania, Netherlands, New Zealand, Norway, Poland, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States	29
Post Merged Club 2	+0.231 (1.560)	Chile, Greece, Hungary, Portugal, Turkey	5
Post Merged Club 3	-1.008*** (-25.915)	Luxembourg, Mexico	2

Note: **p-value < 0.05; ***p-value < 0.01. t-stat in parenthesis ()

Spatial Results

Recognising spatial interactions among countries among OECD countries Table 10-12 highlights the possible interactive nature of the convergence process. Regarding spatial interaction in renewable energy consumption, our results (Table 3) indicate a robust spatial dependence among renewal energy usage. Such dependence appears to be driven by countries with similar boundaries rather than those proximate to each other based on distances. Significant values of λ and ρ (columns ii and iii) reveal how neighbouring countries' renewable energy consumption and unknown factors across other countries affect the reference country's renewable energy use. Again, the results are robust for geographic matrix applying both SARAR and GMM specifications. However, the negative λ indicates that renewable consumption in a border country decreases the reference country's consumption by about 0.21 for every additional unit increase. This result notes a negative spillover effect.

Explanatory Variables	Weighted by Geographic Matrix		Weighted by Distance Matrix	
	SARAR	GMM	SARAR	GMM
(i)	(ii)	(iii)	(iv)	(v)
Spatial Lag Parameter	-0.225***	-0.211***	-0.035	0.0201
Lambda (λ)	(-6.115)	(-5.459)	(-0.402)	(0.239)
Spatial Error Parameter	0.568***	0.392	0.188	0.115
Rho (ρ)	(18.922)	(2.134)	(1.729)	(0.560)
<i>lnre_11</i>	0.242***	0.240***	0.217***	0.214***
	(14.883)	(14.090)	(13.799)	(13.457)
+ <i>lngdp</i>	0.223**	0.252**	0.267**	0.264**
	(3.236)	(3.241)	(3.210)	(3.123)
+ <i>ffec</i>	-0.021***	-0.021***	-0.021***	-0.021***
	(-8.301)	(-7.561)	(-6.757)	(-6.596)
+ <i>ane</i>	-0.023***	-0.025***	-0.024***	-0.024***
	(-8.626)	(-8.178)	(-7.140)	(-6.869)
+ <i>epc</i>	-0.010***	-0.011***	-0.013***	-0.013***
	(-7.141)	(-7.364)	(-8.099)	(-7.800)
+ <i>epng</i>	-0.004**	-0.005***	-0.006***	-0.006***
	(-3.288)	(-3.373)	(-3.538)	(-3.473)
+ <i>oip</i>	0.002***	0.002***	0.002***	0.002***
	(4.770)	(5.767)	(4.019)	(3.702)
+ <i>epor</i>	-0.006***	-0.007***	-0.007***	-0.007***
	(-3.859)	(-3.853)	(-3.733)	(-3.618)
+ <i>kof</i>	0.017***	0.013***	0.008**	0.007*
	(7.300)	(5.465)	(2.823)	(2.463)
Locally Robust LM test	13.673***	38.023***	1.908	3.479
Observations (36 x 25)	900	900	900	900
Specific Effects	FE Two-Ways		FE Two-Ways	

Note: **p-value < 0.05; ***p-value < 0.01. t- stat in parenthesis ()

Lnrepop = Per capita Renewable Energy (RE) consumption in KTOE, *lnre_11* = lag of RE, *lngdp* = GDP, *ffec* = Fossil fuel energy consumption (% of total), *ane* = Alternative and nuclear energy (% of total energy use), *epc* = Electricity production from natural gas sources (% of total), *epng* = Electricity production from natural gas sources (% of total), *oip* = Oil Import Prices (Unit of measurement USD_BAR), *epor* = Electricity production from oil sources (% of total), *kof* = KOF Globalisation Index.

Women on the Move: Navigating the Intersections of Marriage, Labour, and Development in India

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Labor migration is a critical element in the developmental process, playing a central role in long-term economic growth and structural transformation, as theorized by Harris & Todaro (1970), Johnson (2002), and Lewis (1954). It serves as a focal point in the developmental discourse of developing countries. However, predominant theoretical and empirical research has primarily focused on understanding economic migration, especially from rural to urban areas, predominantly involving males. This has led to limited attention on other forms of migration, such as marriage or family-associated migration, which tends to be predominantly undertaken by women in rural areas. In the Indian context, while economic motives drive male migration, the majority of migration among women is often linked to marriage and family-related reasons. Existing research has concentrated on male migration or narrowly defined migration solely driven by economic factors, leaving a gap in understanding the broader spectrum of migration in India, particularly concerning women and associational migration.

Efforts have been made to explore marriage and associational migration in India, linking it with economic aspects (Bhattacharya, 2000; Fulford, 2013; 2015; Rao & Finnoff, 2015; Rosenzweig & Stark, 1989). This study aims to contribute to the comprehension of women's migration in India, focusing on the measurement of women's labor migration, its determinants, and the integration of women migrants into the workforce at their destination. However, the prevailing literature defines labor migrants primarily as those motivated by economic reasons, mainly males, which overlooks women who initially moved for non-economic purposes such as education or marriage but later actively engaged in the labor market at their destination. This study seeks to provide a more comprehensive definition of labor migration, especially for women labor migrants, by incorporating non-economic motivations and addressing the mobility dynamics associated with marriage migration. Furthermore, the study utilizes Employment and Unemployment surveys (1983, 1987-88, 1992-93, 1999-00, 2007-08) and the recent Periodic Labor Force Survey (PLFS) 2020-21 to delve into the complexities surrounding women's labor migration and its connections to broader issues like the feminization of agriculture, slower structural transformation, and socio-economic mobility in the Indian labor market post-liberalization.

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Animals in Constitutional Law: A Discussion of International Developments

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The earliest legislation about animal welfare appeared in England in the 1820s, and the notion that the law should take an interest in the plight of animals is now accepted by many more countries. Since the English act, many other countries have adopted legal instruments to enhance animal welfare and prevent animal abuse, although human interests still prevail; for example, animal welfare is key to prevent human illnesses and even epidemics. The legal acts in question remain mostly on the level of administrative measures, sometimes of ordinary law; some countries, however, have adopted a bolder approach, elevating animal-related provisions to the rank of constitutional law, from Switzerland in 1973 to Italy in 2022. Other countries are currently considering doing the same: proposals of constitutional amendments concerning animals are being debated in Belgium, Netherlands, South Korea, Greece, and Chile. The paper discusses the international experience with constitutional animal law, contrasting the different approaches adopted by the various countries due to different cultural perspectives and/or different country-specific political dynamics. It shows how mentioning animals in a constitution, however historically and philosophically significant, and still far from uncontroversial, is not necessarily conducive to substantial improvements for animals. Different strategies for the constitutionalizing of animal law will be discussed and ranked in terms of effectiveness.

The agricultural land seizure: peasant farms targeting or just policy

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Abstract

The land has always been considered the most sacred resource in Kazakhstan serving as the basis of sovereignty but also the cornerstone of the agricultural production of the country. However, due to irrational use of agricultural land and its concentration under control of cove group of people the state began to face issues with lack of public pastures for grazing farm animals of a personal farmstead. At this point in 2022 the government of Kazakhstan introduced the policy of “return” of agricultural land into state ownership by way of seizure for irrational use or use that contradicts the designated purpose.

However, after the commencement of the policy implementation the peasant farms expressed the fear of treating them as a ‘target’ of the policy because high legislative requirements are imposed on peasant farms. The findings of the research suggests that the lands seized from peasant farms does not constitute the major strata in the total amount of land seized.

In 2023, the Ministry of Agriculture of the Republic of Kazakhstan planned to seize 5 million hectares of unused and illegally issued agricultural land. At the moment, according to the “JerKarta” statistics interactive map (<https://jerkarta.gharysh.kz/ru/>), in 2023 more than 4,667,562 (four million six hundred sixty-seven thousand five hundred sixty-two) hectares of land were seized. It is worth noting that the data on land plots returned to state ownership are constantly updated and it can be assumed that the Ministry has coped with the task.

Nevertheless, precisely addressing the issue of this article, the number of hectares seized from peasant or farm enterprises constitutes 25,949.95 hectares for 2022 and 4,608 hectares for 2023 respectively. Such statistics may be justified by relevant legislative provisions. In accordance with paragraph 2 of article 94 of the Land Code of the Republic of Kazakhstan dated June 20, 2003 No. 442, a claim for forced seizure of a land plot in the case provided for in Articles 92 and 93 of this Code is filed after the application of penalties provided for by the Code of the Republic of Kazakhstan on Administrative Offenses, and after the expiration of the order to eliminate violations of the requirements of the land legislation of the Republic of Kazakhstan, given to the owner of the land plot or to the land user.

In accordance with article 338 of the Code of Administrative Offenses of the Republic of Kazakhstan dated July 5, 2014 No. 235-V ZRK irrational use or non-use of agricultural land entails a warning or fine for individuals in the amount of ten, for small businesses or non-profit organizations - in the amount of forty, for medium-sized businesses - in the amount of seventy, for large businesses - in the amount of two hundred monthly calculation indices. The statistics show that the number of administrative sanctions imposed on persons irrationally using agricultural lands constituted 466 in January 2023 only while decreasing to 1 in December 2023. Such statistics may be interpreted in a way that the majority of peasants and farmers rectify violations after imposition of a warning or a fine and their land is not seized as the final coercive measure.

Thus, the total amount of seized peasant-farm land constitutes less than 1% from total amount of all seized lands, which allows to make a conclusion that peasant-farm land is not the target of land seizure policy.

INTRODUCTION

In April 2022 upon the order of the President of the Republic of Kazakhstan, the working commission for the seizure of lands not used and issued in violation of the legislation of the Republic of Kazakhstan was formed by the Order of the Prime Minister of the Republic of Kazakhstan No. 90-p dated 28 April 2022.

The working commission is comprised of

- 1) Deputy Prime Minister of the Republic of Kazakhstan, in charge of land relations (Head);
- 2) Minister of Agriculture of the Republic of Kazakhstan (Deputy Head);
- 3) Chairman of the Committee on Land Management of the Ministry of Agriculture of the Republic of Kazakhstan (Secretary);
- 4) First Vice Minister of National Economy of the Republic of Kazakhstan;
- 5) Vice-Minister of Agriculture of the Republic of Kazakhstan;
- 6) Vice-Minister of Finance of the Republic of Kazakhstan;
- 7) Vice Minister of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan;
- 8) Deputy Chairman of the Anti-Corruption Agency of the Republic of Kazakhstan (Anti-Corruption Service) (by preliminary agreement);
- 9) Deputy Head of the Service for the Protection of Public Interests – Head of the Department for Supervision of Legality in the Field of Economics of the Prosecutor General's Office of the Republic of Kazakhstan (by preliminary agreement);
- 10) First Deputy Head of the Department of Economic Security of the National Security Committee of the Republic of Kazakhstan (by preliminary agreement); and
- 11) Deputy akims of the regions.

The commission is obliged to inform the Administration of the President of the Republic of Kazakhstan about the work done quarterly until 2025. The formation of such a body under the executive branch of power represents specific concern of the Government regarding the proper land use, since there was already another existing authority established which is responsible for conducting control over the land relations in Kazakhstan, specifically the local akimats.

Such comprehensive control was introduced by establishing the framework of state policy towards the agricultural lands allocation to foreign entities. The policy was implemented by enactment of the Decree of the President of the Republic of Kazakhstan No. 248 dated 6 May 2016 On the introduction of a moratorium on the application of certain norms of land legislation. However, one should ask a question on why does a state need a separate commission comprised of representatives of different domains and levels of the executive branch. The issue lays in the establishment of a thorough control over the provision of agricultural land plots and supervision over their use as the agricultural land have the special legal status due to possibility of their provision and use for agricultural purposes only . But in the course of such supervision, individual entrepreneurs, specifically farmer enterprises claim that the surveillance policy is directed primarily towards them. Thus, this article is aimed at analyzing the legislation concerning the supervision mentioned as well as at critically assessing the claims of local farmer enterprises of the governmental policy targeting small agricultural business.

LEGISLATIVE BACKGROUND

This Law is aimed at introducing a legal prohibition on the possession by foreigners, stateless persons, foreign legal entities, legal entities of the Republic of Kazakhstan with foreign participation, international organizations, scientific centers with international participation, as well as kandases of agricultural land plots on the right of temporary land use. Additionally, the law completely prohibited granting the right of private ownership to agricultural land plots owned by the state to individuals and legal entities. The Law enactment was a first sophisticated step into the implementation of the policy on the seizure of agricultural lands that are used in non-proper manner.

Nevertheless, the legal community in Kazakhstan questioned the purely legal nature of the Presidential Decree as according to certain academicians, the President at the moment of moratorium introduction was empowered by the Constitution, specifically by paragraph 3 of article 44, with the right to suspension of acts of the Government, the Prime Minister of the Republic and akims. Even though the Government as the executive branch of powers shall unconditionally execute the relevant decree, and there are no problems with its application in practice, it would be more accurate to introduce the relevant moratorium by the Parliament. However, it may be assumed that since the procedure of law enactment in the Parliament takes longer time, while the immediate solutions had to be placed on the table, the most efficient way of strengthening of supervision over the land relations was to be done by enactment of the Presidential Decree.

Legal experts commented that the moratorium introduction should not have been the primary source of combating with irrational land use in Kazakhstan. Suleimenov asserted that the key issue was in provision of seized thousands of hectares since 2003 when the right of ownership on the agricultural lands was introduced into the legislation. In the early 2000s certain number of people with access to influence on governmental decisions obtained vast spaces of land but they were not doing anything to develop them. In this regard professor Suleimenov recommended concentrating on seizures of large areas of vacant and undeveloped land for which the proper legal basis was developed. Hence, it is possible to conclude that the issue was laying not in the law enactment but rather in the law enforcement mechanisms.

The thoughts of academia were seriously taken into account when the term of moratorium was about to expire on 31 December 2021. In February, the Head of State made a final political decision regarding the norms of the moratorium on the sale and lease of agricultural land to foreigners. Thus, as a legislative initiative of the President, on 13 May 2021, the Law of the Republic of Kazakhstan “On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on land relations” was adopted .

This Law is aimed at introducing a ban on the possession by foreigners, stateless persons, foreign legal entities, legal entities of the Republic of Kazakhstan with foreign participation, international organizations, scientific centers with international participation, as well as kandases of agricultural land plots on the right of private ownership and on the right of temporary land use which was an extension of the introduced moratorium with certain additional amendments. According to the norms of the moratorium, which concern Kazakhstanis, as well as in order to improve land legislation, President of the Republic of Kazakhstan Kassym-Jomart Tokayev at the fifth meeting of the National Council of Public Trust instructed to create a Commission on Land Reform.

Since 2021 the government was highly concerned of proper usage of land plots with agricultural purpose. According to citizens' requests, 175 unscheduled inspections on compliance with land legislation were conducted in the republic in 2021, 55 administrative proceedings were initiated against guilty officials for a total amount of 875.1 thousand tenge. However, the government did not stop on the achieved results and continued the policy implementation.

Thus, on 19 March 2021, by order of the Prime Minister, the Land Reform Commission (hereinafter referred to as the Land Commission) was established. The main amendments and additions introduced by the Law were:

- provision of agricultural land to Kazakhstanis and Kazakhstani legal entities for long-term lease for up to 49 years;
- alienation of the right of land use on agricultural land between land users without redemption from the state. In this case, a mandatory condition is the period of their use for at least 5 years, as well as notification to the authorized body for land relations and subsequent renewal of the lease agreement for a new land user;
- the return of the functions of state control over the use and protection of land to the department of the central authorized body with the creation of its territorial divisions, specifically to the Committee on Land Management by the Ministry of Agriculture of the Republic of Kazakhstan in accordance with Paragraph 15 of the Regulations on the Committee on Land Management by the Ministry of Agriculture of the Republic of Kazakhstan approved by the Order of the Minister of Agriculture of the Republic of Kazakhstan No. 236 dated 26 May 2016 and Article 14 of the Land Code No. 442 dated 20 June 2003;
- prohibition on changing the category and intended usage purpose of agricultural land;
- determination of the territories of pasture lands necessary to meet the needs of the population for grazing farm animals of a personal farmstead, depending on local conditions and characteristics, with their designation in the Pasture Management Plan;
- placing information about the provided agricultural land plots in the public domain; and
- extension of the moratorium on the provision of private ownership of agricultural land for a period until 31 December 2026.

The adopted Law entered into force on 1 January 2022, with the exception of the norm for extending the moratorium on the provision of private ownership of agricultural land, which will enter into force on 30 December 2021.

The strengthening of land control apparatus was conducted by enactment of the Law of the Republic of Kazakhstan dated 3 January 2022 No. 101-VII “On Amendments and Additions to Certain Legislative

Acts of the Republic of Kazakhstan on Competition Development”. By this law the following changes into the legislation were introduced:

- the term of compulsory withdrawal of unused agricultural land was reduced from two years to one year;
- new mechanisms of state control through space monitoring have been introduced; and
- tax rates on unused agricultural land have been doubled.

Such changes supported the envisaged procedure of land seizure under the Land Code and made it more effective. Thus, since 2022 the seizure of the not properly used land plots is conducted in the following manner. In accordance with article 92 of the Land Code, the term and conditions for the development of a land plot, are determined by local executive bodies of regions, cities of republican significance, the capital, districts, cities of regional significance, akims of cities of district significance, towns, villages, rural districts, and on the territory of a special economic zone - local executive bodies of the relevant administrative-territorial unit or the management body of the special economic zone within their competence to provide land plots established by this Code, depending on the purpose of the provided land plot and the legal regime of lands established in this territory in accordance with land zoning and urban planning regulations, and are reflected in purchase and sale agreements or land use (lease).

In cases where a land plot intended for farming or agricultural production is not used for its intended purpose within one year from the date of initial identification of the fact of non-use, then such land plot is subject to compulsory seizure in accordance with the procedure provided for in Article 94 of the Land Code. The moment of identification of the fact of non-use of the land plot is the date of delivery to the owner of the land plot or land user of the instruction on elimination of violations of the requirements of the land legislation of the Republic of Kazakhstan.

Cases of non-use of a land plot provided for farming, agricultural production for its intended purpose include:

- 1) on arable land - failure to carry out work on the processing of land for crops;
- 2) in haymaking - failure to carry out haymaking on the land plot, the presence of overgrowth with weeds, shrubs, small forests and other signs of degradation of the herbage;
- 3) on pastures - the absence of farm animals for grazing or their presence in an amount of less than fifty percent of the maximum permissible load rate on the total area of pastures established by the authorized body in the field of development of the agro-industrial complex, and (or) the absence of haymaking for forage harvesting; and
- 4) on perennial plantations - failure to carry out maintenance, harvesting and uprooting of decommissioned perennial plantations.

Having considered the basis for agricultural land plots seizure, the process of seizure itself should be analyzed. In accordance with article 94 of the land plot, the compulsory seizure of land plots from land owners and land users, provided for in Articles 92 and 93 of this Code, is carried out in court at the request of the bodies exercising state control over the use and protection of land at the location of the land plot.

A claim for the compulsory seizure of a land plot in the case provided for in Articles 92 and 93 of this Code shall be filed after the application of penalties provided for by the Code of the Republic of Kazakhstan on Administrative Offenses, and after the expiration of the prescription for the elimination of violations of the requirements of the land legislation of the Republic of Kazakhstan, given to the owner of the land plot or land user.

When conducting preventive control with a visit to the subject (object) of control in accordance with the Entrepreneurial Code of the Republic of Kazakhstan, a claim for the compulsory seizure of a land plot in the cases provided for in Articles 92 and 93 of this Code shall be filed after the expiration of the prescription for the elimination of violations of the requirements of the land legislation of the Republic of Kazakhstan, given to the owner of the land plot or land user. The deadline for taking measures for the rational use of agricultural land for farming or farming, agricultural production is one year.

A court decision on the compulsory seizure of a land plot that has entered into force is the basis for including a person from whom a land plot has been forcibly seized in the relevant register of persons from whom land plots have been forcibly seized.

Therefore, it is important to take into account that after the relevant inspection and detection of violations, the land users are given a rectification period after which, in case of non-compliance the land plot is seized. But one should be mindful of the fact that the policy implementation and actions of

governmental authorities are not completely efficient. In recent times the farmers were puzzled by the seizure of land plots from farmers that actually used the agricultural land plots in compliance with the legislation but who received the land plots with violations of the land legislation. In this regard, the farmers claim that they factually represent the target of the agricultural land seizure policy. To verify such assumption, the statistical data shall be studied. The analysis of such data is presented below.

FINDINGS

In 2023, the Ministry of Agriculture of the Republic of Kazakhstan planned to seize 5 million hectares of unused and illegally issued agricultural land. At the moment, according to the “JerKarta” statistics interactive map (<https://jerkarta.gharysh.kz/ru/>), in 2023 more than 4,667,562 (four million six hundred sixty-seven thousand five hundred sixty-two) hectares of land were seized. It is worth noting that the data on land plots returned to state ownership are constantly updated and it can be assumed that the Ministry has coped with the task.

Nevertheless, precisely addressing the issue of this article, the number of hectares seized from peasant or farm enterprises constitutes 25,949.95 hectares for 2022 and 4,608 hectares for 2023 respectively. Such statistics may be justified by relevant legislative provisions. In accordance with paragraph 2 of article 94 of the Land Code of the Republic of Kazakhstan dated June 20, 2003 No. 442, a claim for forced seizure of a land plot in the case provided for in Articles 92 and 93 of this Code is filed after the application of penalties provided for by the Code of the Republic of Kazakhstan on Administrative Offenses, and after the expiration of the order to eliminate violations of the requirements of the land legislation of the Republic of Kazakhstan, given to the owner of the land plot or to the land user.

In accordance with article 338 of the Code of Administrative Offenses of the Republic of Kazakhstan dated July 5, 2014 No. 235-V ZRK irrational use or non-use of agricultural land entails a warning or fine for individuals in the amount of ten, for small businesses or non-profit organizations - in the amount of forty, for medium-sized businesses - in the amount of seventy, for large businesses - in the amount of two hundred monthly calculation indices. The statistics show that the number of administrative sanctions imposed on persons irrationally using agricultural lands constituted 466 in January 2023 only while decreasing to 1 in December 2023. Such statistics may be interpreted in a way that the majority of peasants and farmers rectify violations after imposition of a warning or a fine and their land is not seized as the final coercive measure.

Hence, the total amount of seized peasant-farm land constitutes less than 1% from total amount of all seized lands, which allows to make a conclusion that peasant-farm land is not the target of land seizure policy.

CONCLUSION

Thus, the introduction of governmental agenda on meticulous control establishment over the land relations in Kazakhstan was forced by massive ubiquitous irrational use of the agricultural land. The issuance of the presidential decree in 2016 with the subsequent legislative amendments as well as formation of subsequent land commission underscores the importance of the policy on seizure of land plots of agricultural designation that were provided or used with violations of the legislation. The members of the local farming community expressed their concern on the direct and spot policy application to farmers primarily. Nonetheless, the examined data shows that the lands seized from the individual farm businessmen from a minor stratum of the entirety of agricultural land returned into the state ownership. However, it should be noted that the research is limited by publicly available data and deeper legislative as well as statistical research is required on this issue.

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“HUMANITARIAN USE OF FORCE: FROM HUMANITARIAN INTERVENTION TO RESPONSIBILITY TO PROTECT”

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Abstract

The lack of effective international organizations capable of consensus and the failure to protect civilian rights during 20th-century armed conflicts highlight the vulnerability of civilians worldwide. The subsequent wars, marked by severe human rights violations including genocide, have underscored the need for responsible international mechanisms aligned with international humanitarian and human rights law. These include interventions to protect civilians from mass atrocities. The Responsibility to Protect (R2P) concept, globally recognized and developed post-1990s after failures in Rwanda and former Yugoslavia, aims to ensure international readiness to prevent atrocities and war crimes like genocide and ethnic cleansing. Adopted at the 2005 UN World Summit, R2P primarily holds nation-states accountable for their citizens' protection but allows international intervention when states fail. My research critiques the current restrictive protocols governing international intervention under R2P, arguing for timely responses to protect civilians and uphold legal order in light of ongoing global conflicts. My thesis proposes modifications to R2P to meet contemporary international legal demands.

Introduction

Historical Background

The first chapter of my thesis examines the historical context and events that shaped the Responsibility to Protect (R2P) doctrine, outlines the research question, and describes the methodologies employed in the study. The 21st century has seen global challenges test international law's ability to protect vulnerable populations during armed conflicts. The international community's persistent failures to prevent atrocities and safeguard civilians have prompted vital discussions about the effectiveness of international intervention mechanisms and the legal frameworks supporting them. R2P emerged as a response to these failures, aiming to improve international intervention by establishing a moral and legal obligation to prevent genocide, ethnic cleansing, and other war crimes.

The United Nations, created in 1945 to replace the League of Nations, was tasked with preventing global conflicts and maintaining peace, fundamentally to avoid a repetition of WWII atrocities. The UN Charter, emphasizing human rights, dignity, and the worth of the human person, along with the prohibition of force to initiate conflict as stated in Art. 2(4), set the groundwork for modern international relations. The Universal Declaration of Human Rights (UDHR), adopted in 1948, initiated the global human rights movement by establishing comprehensive rights standards. Subsequently, efforts to embed these rights into international law culminated in the International Bill of Human Rights, consisting of the UDHR, the International Covenant on Civil and Political Rights (ICCPR), and the International Covenant on Economic, Social, and Cultural Rights (ICESCR), adopted in 1966 and effective from 1976, binding signatory states to uphold the declared rights.

Limitations and Ineffectiveness of R2P in Prevention of War Crimes and Atrocities

The limitations of the Responsibility to Protect (R2P) doctrine include the tension between state sovereignty and the international community's right to intervene. This often causes reluctance among states to approve interventions, fearing sovereignty breaches. The UN Security Council's structure, particularly the veto power held by its five permanent members, frequently hinders intervention decisions as political

interests lead to vetoes despite evidence of atrocities. Additionally, interventions are heavily influenced by political will and resource availability, with nations sometimes reluctant to commit resources absent direct national interests. Operational challenges, such as mobilizing forces and defining clear objectives and exit strategies, can hamper effective interventions and may exacerbate situations.

The selective enforcement of R2P, with action in some crises but not others, compromises its credibility and raises questions about international justice and equity, often reflecting geopolitical interests more than the severity of human rights abuses. Although R2P emphasizes preventing atrocities, the international community often fails to act decisively against emerging threats, reacting only after significant casualties.

Historical instances like the 1994 Rwandan Genocide, the 1995 Srebrenica Massacre, the ongoing Darfur conflict, and the Syrian Civil War illustrate these failures. These events underscore systemic issues in global crisis responses: conflicts between sovereignty and humanitarian needs, the importance of political will, operational challenges in peacekeeping, and the inadequacies of early warning and rapid response mechanisms. The international community's repeated failures to prevent or stop atrocities call for urgent reforms in how the UN and mechanisms like R2P function to protect populations from genocide, war crimes, and mass atrocities.

Research Question, Thesis, and Hypothesis

In an era characterized by rapid geopolitical shifts and significant global crises, the international legal framework, particularly the Responsibility to Protect (R2P), stands at a critical juncture. This thesis contends that the evolving global scenario demands a thorough reevaluation and expansion of the R2P doctrine. It argues for a necessary adaptation and broadening of R2P to effectively meet the emerging needs of the international legal order. This proposal is grounded not just in theory but as a practical necessity to tackle the complexities and challenges of modern international relations and humanitarian crises.

Thesis Statement

This research focuses on evolving and broadening the Responsibility to Protect (R2P) concept, asking, "How can the international legal framework, specifically R2P, be adapted to better prevent and respond to mass atrocities amid the 21st century's rapidly changing geopolitical landscape?" This question underscores the urgent need for R2P reform in response to recent global events that test existing international legal standards, initiating a detailed examination of potential enhancements to ensure proactive and timely interventions.

Hypothesis

The central hypothesis posits that expanding the R2P legal framework to include early intervention and mandatory sanctions against violations will significantly improve its effectiveness in preventing and responding to mass atrocities, especially in situations where geopolitical interests of powerful states lead to United Nations Security Council inaction. This hypothesis, suggesting a direct link between R2P's legal expansion and the improvement in addressing mass atrocities, will be tested through case studies of past interventions, changes in legal frameworks, and their impact on international community responsiveness to crises.

Methods and Materials

This thesis uses legal analysis to examine human rights treaties, relevant judicial decisions, and current frameworks for extraterritorial civilian protection. It also employs cross-comparative analysis to assess R2P's implementation success. The research is grounded in public international law sources as specified in Article 38(1) of the International Court of Justice Statute, including international treaties, customary law, general legal principles, and scholarly work. It explores extraterritorial R2P through principles of International Human Rights Law and interpretations from international and national courts, utilizing UN documents and writings by public international law experts to frame the legal debate on the extraterritorial

duty to protect civilians. This thesis critically examines the legal basis for protecting civilians extraterritorially, incorporating conventions such as the Genocide Convention, the Convention on Torture, the Convention for the Protection of Persons from Enforced Disappearance, the Convention on the Rights of the Child, and the UN Charter. It draws significantly from the Responsibility to Protect report by the International Commission on Intervention and State Sovereignty.

Literature Review

As a law student, my research focuses on the legal aspects of humanitarian interventions, delving into legal discourse on the legality of such interventions and evaluating their effectiveness through case studies.

Humanitarian intervention, the practice of using military force to stop severe human rights abuses within sovereign nations, lies at the crossroads of moral obligation and legal controversy. Historical examples, like those discussed by Alex de Waal and Rakiya Omaar, date back to the 19th century when European nations intervened in the Ottoman Empire to protect Christian minorities. This review explores the intricate legal and ethical facets of humanitarian intervention, assessing its evolution, legal framework, moral debates, and the tension between national sovereignty and international duty to protect human rights.

Historical Concept of Humanitarian Intervention

The historical development of humanitarian intervention has been influenced by global conflicts, international relations theories, and legally binding documents throughout the 20th century. During the Cold War, interventions often masqueraded as ideological confrontations rather than humanitarian efforts, a complexity highlighted by Gary Bass in "Freedom's Battle: The Origins of Humanitarian Intervention." This era highlighted conflicts between the non-interference principle of the United Nations Charter and emerging norms advocating for interventions to safeguard human rights, paving the way for the post-Cold War era of humanitarian interventions.

The UN Charter plays a critical role in the legal discourse on humanitarian intervention, especially Articles 2(4) and 51. Article 2(4) upholds state sovereignty by prohibiting force against the territorial integrity or political independence of any state. Conversely, Article 51 allows for self-defense against armed attacks, a provision often examined by scholars like Christine Gray in "International Law and the Use of Force," who notes the Charter's silence on humanitarian intervention.

However, Article 42 offers a more relevant framework for humanitarian interventions, authorizing the Security Council to take military action to restore international peace and security when diplomatic efforts are insufficient. Yoram Dinstein's work on the laws of war and Christine Gray's analyses provide critical insights into interpreting these articles, suggesting that Article 42 can support humanitarian interventions under specific circumstances.

This section establishes a foundational understanding of the legal limitations and opportunities for UN-sanctioned military interventions, essential for comprehending the operational scope and authority of such actions.

Legal Discourse on the Distinction between Humanitarian Intervention and the Responsibility to Protect

The Responsibility to Protect (R2P), endorsed by the 2005 United Nations World Summit, marks a significant development in international approaches to humanitarian intervention. R2P is built on three pillars: the state's responsibility to protect its populations from genocide, war crimes, ethnic cleansing, and crimes against humanity; the international community's duty to assist states in this endeavor; and the obligation to use appropriate diplomatic, humanitarian, and other peaceful means, resorting to force only as a last option under UN Security Council authorization, to protect populations from these crimes. Scholars like Thomas G. Weiss and Ramesh Thakur, in "R2P: From Idea to Norm—and Action?" explore the conceptual and operational challenges of R2P, highlighting its transformative potential for the legal

and ethical frameworks of humanitarian intervention.

Additionally, the role of customary international law in legitimizing humanitarian intervention remains debatable. Customary international law, defined by the consistent and general practice of states followed out of a sense of legal duty, presents a potential justification for humanitarian interventions where explicit legal provisions are lacking. However, as Bruno Simma notes in "NATO, the UN, and the Use of Force: Legal Aspects", the lack of consensus on the legality of unilateral humanitarian interventions challenges the formation of a norm in customary international law.

Judicial interpretations also help shape the legal landscape. The International Court of Justice (ICJ) has provided insights on non-intervention and the prohibition of force in landmark cases like "Corfu Channel" (1949) and "Nicaragua v. United States" (1986), which clarify the legal limitations on unilateral interventions.

Scholarly debates further enrich the understanding of these topics. Fernando Tesón, in "Humanitarian Intervention: An Inquiry into Law and Morality", argues for a moral basis for humanitarian intervention that should guide legal interpretations, pushing for a more expansive view of international law to accommodate interventions aimed at stopping mass atrocities.

The contemporary discourse on humanitarian intervention involves robust debates and critical case studies that highlight the complexities and challenges of practical implementation. These discussions typically focus on the legality, efficacy, and ethical ramifications of interventions. Contributors to this debate include scholars, practitioners, and states, each offering distinct viewpoints.

One particularly contentious issue is the legality of interventions without explicit UN Security Council authorization. The interventions in Kosovo (1999) and Libya (2011) are crucial examples; while the latter had UNSC backing, the former did not, prompting questions about the legal grounds for action in Kosovo. Legal scholars like Antonio Cassese have examined these instances in works such as "Ex iniuria ius oritur: Are We Moving towards International Legitimization of Forcible Humanitarian Countermeasures in the World Community?" to evaluate the shifting norms of international law regarding humanitarian intervention.

The effectiveness of military interventions in achieving humanitarian objectives remains highly contested. Libya's case, despite initial backing, serves as a prominent example where intervention led to enduring instability instead of lasting peace. Alan J. Kuperman's critique in "A Model Humanitarian Intervention? Reassessing NATO's Libya Campaign" scrutinizes the unintended consequences of the Libyan intervention, challenging the premise that military action effectively safeguards civilians.

Ethical considerations, especially regarding civilian protection, are central to ongoing debates on humanitarian intervention. Jennifer M. Welsh in "The Responsibility to Protect: Rethinking Humanitarian Intervention" advocates for stringent criteria and oversight to ensure interventions fulfill their humanitarian goals genuinely.

Syria's ongoing crisis is a pivotal case study in modern discussions on humanitarian intervention. The international community's inaction, as dissected by Michael Ignatieff in "The Syrian Catastrophe," underscores the complexities and challenges inherent in humanitarian intervention within a convoluted geopolitical landscape, highlighting difficulties in reaching consensus and the dilemmas posed by competing international interests.

Looking ahead, scholars like Anne-Marie Slaughter in "Syria and the Future of Humanitarian Intervention" examine how emerging norms and technologies might influence future interventions. Proposals include new forms of international cooperation and technological applications to protect civilians, potentially involving non-state actors, suggesting a shift in how humanitarian actions are conceptualized and executed.

This thesis also aims to bridge significant knowledge gaps, focusing on the application of Article 42 in non-traditional conflict scenarios and how customary international law interacts with established doctrines

like R2P, exploring these dimensions to better understand the legal justifications and long-term effects of humanitarian interventions.

International Rule of Law - The Only Normative Framework as an Alternative to the Chaos of War

Legal scholars Cullen and Gorobets argue that the international rule of law is essential for systematically managing international relations. They suggest that the principles governing these relations, collectively known as international law, must embody stability, predictability, and certainty to effectively guide the behavior of international actors. Without these attributes, international law cannot fulfill its primary function of directing actions and resolving conflicts, leading to potential chaos instead of order.

This perspective is underpinned by the need to avoid ambiguity and ensure clear definitions within the international legal system. Such clarity is critical, especially in combat scenarios, where vague legal statuses can undermine the principles of the international rule of law. The foundation of this perspective is the prohibition of threats or the use of force as outlined in Article 2(4) of the United Nations Charter. The goal of this prohibition is to foster a global system characterized by stability and predictability, with narrowly defined exceptions for self-defense and responses to breaches of peace or acts of aggression.

In the broader context, establishing stable, predictable, and clear legal norms aims to promote harmonious coexistence among states and individuals, transcending a merely utilitarian approach to international law. This is particularly important in discussions about humanitarian initiatives, where the pursuit of legitimate goals must not employ unlawful means. Adhering to legal principles is crucial for maintaining the integrity of international law and effectively managing global peace, security, and conflict resolution.

Moreover, the rules of international law should provide clear and dependable guidance to entities governed by it, emphasizing the practical and substantive significance of legality on the global stage.

A comprehensive understanding of the international rule of law also involves recognizing the essential role of procedural limitations on the powers of governing bodies. Principles such as due process, fair trial, the right to be heard, inclusivity, and others play a central role in balancing discretionary powers and ensuring accountability. These principles are vital in regulating the actions of international organizations, particularly the United Nations, due to its unparalleled scope and authority. The rule of law demands that entities, especially law enforcement bodies, comply with procedural norms to ensure transparency and accountability, underscoring the necessity of legal frameworks that hold entities responsible for law application and enforcement. The UN, as the primary body responsible for global peace and security, acknowledges the rule of law as a guiding principle for all its activities, reinforcing its importance in sustaining international order and legality.

When discussing the international rule of law, the United Nations and its components are recognized for their ability to exert public authority over member states and, as seen in the Kadi case, even individual entities. This broad authority, especially under Chapter VII of the United Nations Charter, highlights the need to scrutinize the procedural aspects of the Security Council's actions to ensure they align with international law principles. The veto power of the Council's five permanent members casts doubt on its commitment to formal legality, attracting criticism regarding its overall adherence to the rule of law. It is noted that some Security Council members do not view the veto right as a procedural element, thus exempting it from the rule of law's procedural mandates.

This viewpoint underscores the importance of procedural restrictions within the international rule of law as exemplified by the practices of the UN Security Council. These restrictions should extend beyond mere procedural formality to enhance predictability and reliability in the actions of authorities. Despite the perception of veto power as a procedural tool, its existence challenges the consistency and fairness in decision-making, particularly concerning the authorization of force. Consequently, while the Security Council is designed to uphold and restore the international rule of law, its practices may paradoxically pose threats to these very principles.

Unlike domestic laws, the formal attributes of the international rule of law—encompassing rule

characteristics, implementation, enforcement, and procedural limits on authorities—hold intrinsic importance. However, focusing solely on the formal aspects of legality is inadequate for maintaining the legitimacy of international law. Therefore, the substantive elements of the international rule of law are not just complementary to formal legality but are crucial for sustaining the very foundation of international legal order. This broader perspective is essential for a holistic understanding and effective application of the international rule of law, ensuring it remains a viable alternative to the chaos of war and unregulated power.

Responsibility to Protect & Legal Framework

This section delves into the international legal principle known as the Responsibility to Protect (R2P), investigating its foundational legal principles and framework, followed by an exploration of its three core pillars. This analysis is critical for understanding the legal underpinnings that support the protection of civilians and civilian infrastructure in line with International Humanitarian Law (IHL). It underscores the legal norms and constructs pivotal to civilian protection, situating this within the broader discourse on extraterritorial responsibilities during armed conflicts. This discussion illuminates global standards underpinning extraterritorial duties related to civilian protection.

States bear the primary responsibility to protect their citizens and all individuals within their jurisdiction, encompassing both proactive and restrictive duties. Proactive obligations require states to actively safeguard the realization of fundamental human rights. Milanovic notes that this includes measures to prevent violations by external parties such as foreign states, private entities, or non-governmental actors, through legal and practical measures aimed at enabling the enjoyment of rights. To fulfill these proactive duties, states must exert tangible or effective authority over territories or populations.

Conversely, restrictive duties compel states to avoid actions that could impede human rights protection. These prohibitive responsibilities demand minimal resources from states compared to proactive duties. Failure to meet these obligations could lead to legal actions against the state, possibly leading to international oversight and accountability.

Historically, military conflicts have predominantly affected civilian populations, resulting in severe repercussions for human life and infrastructure. The long-standing goal of shielding civilians from the horrors of war was formally articulated in the 1868 St. Petersburg Declaration, which asserted that military engagement should aim to incapacitate an opponent's combat forces rather than inflict indiscriminate damage. Modern humanitarian principles, as represented by the Responsibility to Protect (R2P) doctrine, build on this notion by assigning a duty to both state and non-state actors to protect civilian populations.

The concept of R2P, established in 2001, emerged from global discussions on the appropriateness of state-led, particularly military, interventions to protect vulnerable populations in other nations. This doctrine developed in response to severe human rights violations witnessed in the late 20th century, reflecting a consensus among the international community that non-intervention in the face of atrocities was indefensible. R2P emphasizes the duty to shield populations from genocide, war crimes, ethnic cleansing, and crimes against humanity, marking a significant evolution in the approach to humanitarian intervention and international responsibility.

International interventions under the Responsibility to Protect (R2P) doctrine often stir debate concerning their legitimacy and execution. R2P emphasizes an obligation to intervene for human protection, signaling a shift from traditional intervention rights to prioritizing the needs of those at risk.

The legal underpinnings of R2P are rooted in international law, international humanitarian law (IHL), and human protection principles, drawing authority from the Rome Statute of the International Criminal Court (ICC), the Genocide Convention, and the United Nations Charter. The UN Security Council (UNSC) plays a pivotal role in implementing R2P by authorizing measures, including military interventions, to maintain global peace and security.

Besides the UNSC, the UN General Assembly (UNGA) and the UN Secretary-General (UNSG) also contribute significantly to peace and security efforts. R2P stresses a state's duty to protect its citizens, supported by international cooperation and, when necessary, intervention by the global community if a government fails to prevent severe violence. This layered approach underscores a global commitment to shielding people from the devastation of armed conflicts, redefining sovereignty as a responsibility rather than a shield against accountability.

At its core, R2P reinforces the state's primary duty to safeguard its populace, an obligation deeply embedded in both contemporary and long-standing international laws. This emphasizes R2P's innovative approach and its consistency with existing legal responsibilities. The concept is further defined by the interaction between jurisdiction and sovereignty, illustrating the state's authority over all individuals within its territory, including both nationals and foreigners, as well as natural and legal persons.

Sovereignty in this context is viewed not just as a state's legal identity and its exclusive right to make binding decisions within its borders but also as a representation of a nation's inherent dignity and autonomy. It implies a dual responsibility: recognizing the sovereignty of other nations and safeguarding the dignity and fundamental rights of one's own citizens, promoting their safety and welfare. This perspective challenges the use of force across borders as it can infringe on another state's sovereign rights, thus questioning its exclusive control over force within its jurisdiction. Sovereignty extends beyond the practical dimensions of international relations to embody a nation's unique cultural identity and self-determination, highlighting its intrinsic value and respect.

The discussion on sovereignty and human rights is shifting, proposing a move from viewing sovereignty merely as authority to interpreting it as accountability. This perspective suggests that sovereignty should not excuse violence within a state's borders nor support unrestrained domestic power. Instead, sovereignty's primary aim should be to protect the fundamental human rights of its population, preventing its misuse as a cover for serious human rights violations.

The second principle of the Responsibility to Protect (R2P) emphasizes the duty of the international community to aid states in fulfilling their protective obligations, particularly when a state struggles due to capacity limitations or inadequate territorial control. R2P fosters a cooperative approach, encouraging support from international, regional, and civil society organizations to help states meet their duties. Interventions can range from diplomatic efforts and economic sanctions to, as a last resort, military action. When a state fails to protect its citizens, it becomes the international community's responsibility to act decisively and cooperatively, ensuring the prevention of atrocities and aiding in the rebuilding of societies affected by human rights abuses.

However, the use of military intervention remains contentious, often viewed as a violation of both national sovereignty and international legal norms. This controversy underlines the complex nature of humanitarian intervention, necessitating clear guidelines on when and how international action, particularly military, should proceed. Yet, delays in authorizing military interventions frequently impede timely action to prevent crimes and atrocities. R2P challenges traditional views by asserting that the legitimacy of international military intervention to protect human lives depends on the severity of threats or harms to civilians, irrespective of whether these arise from governmental or non-governmental actors.

While there is a theoretical framework supporting R2P and established criteria for justifying military intervention, its practical implementation is often hampered by political inertia. This underscores the need for strong political will to undertake both preventative and reactive measures.

Ultimately, R2P is grounded in the principle that sovereignty entails an obligation to protect all individuals within a state's borders from severe injustices. This responsibility extends to seeking international cooperation when a state is unable or unwilling to fulfill this duty on its own. This approach not only redefines sovereignty but also promotes a collaborative international strategy to prevent and address large-scale violence, emphasizing the ethical and moral commitments that govern international relations and

protect human rights today.

Military interventions as a way of Responsibility to Protect

Military interventions represent a critical and often controversial aspect of the international community's toolbox to safeguard civilian populations and uphold human rights. While diplomatic initiatives and economic sanctions serve as preliminary measures, military intervention is considered the most decisive and sometimes necessary approach to enforce international human rights and humanitarian laws. However, the use of military force faces numerous legal and geopolitical hurdles.

The ratification of the United Nations Charter significantly altered the discourse on the legality of foreign interventions, clarifying conditions under which interventions may be deemed appropriate and broadening the definition of "intervention" to include threats or use of force. This shift necessitates a reevaluation of the Charter's restrictions on unilateral force to determine if they preclude all forms of intervention or if there are circumstances where collective force is justified. The ongoing debate around the legality of using force to protect human rights is complicated by the Charter's provisions that explicitly allow force for self-defense and the Security Council's authority to use force in maintaining global peace.

Historically, the legitimacy of humanitarian interventions has been debated extensively, particularly from the 1990s and intensifying during the ideological divides of the Cold War. It was common for major powers to conduct unilateral interventions under the guise of humanitarian concerns, often without Security Council approval, contributing to controversies over the legality of such actions. The International Court of Justice (ICJ) has addressed this issue in cases like *Nicaragua v. United States* and the United Kingdom's involvement in the Corfu Channel, reinforcing the principle of non-intervention and the sovereignty of states over their internal affairs, including political, economic, and social structures.

In *Nicaragua v. United States*, the ICJ underscored that humanitarian assistance, including military interventions for humanitarian purposes, should focus solely on alleviating human suffering and maintaining human dignity transparently. For such actions to be considered legitimate, they must align closely with United Nations Charter provisions, especially in extraordinary circumstances where a humanitarian crisis poses significant regional or global threats. However, the ICJ did not endorse the use of force as a means to protect human rights, advocating instead for the enforcement of international human rights treaties as the primary mechanism for ensuring rights are upheld.

The stance leaves room for intervention in situations where current mechanisms for monitoring human rights are insufficient in the face of severe violations. Occasionally, political and ethical considerations may necessitate action "beyond the law" if the Security Council fails to respond. The ongoing debates at the UN, particularly post-Cold War, reflect a nuanced understanding of the intricate relationship between humanitarian action and state sovereignty, as demonstrated by various international coalition operations, including those in Iraq. These discussions continue to shape the evolving norms and practices regarding the use of military force under the Responsibility to Protect doctrine.

The 1991 intervention into Iraq's occupation of Kuwait, also known as the Gulf War or Operation Desert Storm, stands as a pivotal example of UN-sanctioned international military intervention aimed at protecting international human rights and securing global peace. The intervention was primarily driven by Iraq's invasion and annexation of Kuwait on August 2, 1990, and was rooted in both the UN Charter and international law.

The UN Charter, the foundational treaty of the United Nations, played a critical role in legally justifying the intervention. Article 2(4) of the Charter underscores the importance of state sovereignty and strictly prohibits the use of force in international relations. However, it also allows for two significant exceptions: Article 51 permits a state to use force in self-defense if attacked until the Security Council acts to maintain global peace, and under Chapter VII, the Security Council can authorize military force to restore international peace and security.

The Security Council's response to Iraq's actions was swift and decisive. Resolution 660 (1990) demanded

Iraq's immediate and unconditional withdrawal from Kuwait. This was followed by Resolution 678 (1990), which authorized UN member states to use "all necessary means" to enforce Resolution 660 and subsequent relevant resolutions, effectively sanctioning the use of force. These resolutions provided the legal basis for the U.S.-led coalition's military intervention aimed at ejecting Iraqi forces from Kuwait. The coalition comprised forces from 35 countries, demonstrating a broad international consensus and a collective commitment to uphold international law and the principles of the UN Charter.

While the intervention was legally justified under the authority of the Security Council, it also sparked debates about the extent of military force used, the impacts on state sovereignty, and the precedents it set for future interventions. The Gulf War serves as a prominent example of the international community, under the auspices of the United Nations, using military action to counteract aggression and uphold respect for international law. However, the complexities associated with such actions continue to fuel discussions on international law, sovereignty, and the role of international institutions in maintaining peace and security.

This intervention, authorized by a series of UN Security Council resolutions, represents a notable instance of international military intervention within the framework of international law. It highlights how the global community can address violations of peace and acts of aggression while adhering to the legal and moral guidelines set forth in the UN Charter and principles of international law.

In subsequent chapters, I will conduct a cross-comparative analysis of the efficacy of humanitarian interventions and their correlation with legal sanctioning, further exploring the dynamics between legal frameworks and practical outcomes in international humanitarian efforts. This will include discussions on the recognition of non-governmental organizations in the General Assembly and the ongoing challenges related to state consent for humanitarian aid, as exemplified by the intervention in northern Iraq and outlined in Resolution 46/182. These discussions underscore the delicate balance between sovereign rights and the ethical duties of the international community to intervene during humanitarian crises, necessitating ongoing reassessment of the principles underpinning humanitarian intervention within the framework of international law.

Case Analysis of United Nations Sanctioned Humanitarian Use of Force

This chapter delves into the application and consequences of military interventions authorized by the international community, focusing on those sanctioned under Article 42 of the United Nations Charter. The discussion examines the legal frameworks, ethical implications, and humanitarian outcomes associated with these interventions, incorporating contemporary perspectives and critiques from legal scholars to provide a comprehensive overview.

The Role of Article 42 of the UN Charter

Article 42 stands as a critical legal mechanism within the United Nations Charter, empowering the Security Council to authorize military action to maintain or restore international peace and security. This provision not only legitimizes military interventions but also ensures they operate within a structured legal context.

Detailed Procedural Requirements

Article 42 is notable for its stringent conditions and procedural requirements before military force can be utilized. These prerequisites include the necessity of finding that non-military measures under Article 41 (such as economic sanctions) are inadequate. Only then can the Security Council authorize military action as a measure of last resort.

Yoram Dinstein's work "War, Aggression, and Self-Defense" offers a thorough analysis of the justifications and constraints of such military actions under international law, shedding light on the practical application and implications of Article 42. Dinstein underscores that Article 42 can only be invoked with a clear determination that there is a threat to peace, a breach of peace, or an act of aggression, establishing a high legal bar to ensure military action remains a last resort—a core tenet of the UN Charter

aimed at preventing unnecessary conflicts.

The authorization to use force under Article 42 is exclusively the remit of the Security Council, which emphasizes the multilateral nature of enforcing international law. Dinstein points out that centralizing decision-making on the use of force is vital for maintaining global stability and preventing unilateral military actions that could escalate into broader conflicts.

Ethical and Legal Considerations

Dinstein also discusses the necessity for military actions under Article 42 to adhere to the principles of necessity and proportionality. These interventions must be strictly limited to what is essential for restoring international peace and security and should avoid causing unnecessary suffering or damage, aligning with humanitarian and strategic considerations.

However, Dinstein critiques the potential for misuse of veto powers within the Security Council, which can obstruct the effective application of Article 42. This scenario could prevent necessary military interventions due to political, rather than peace and security, considerations.

Reflections on Sovereignty and Justice

Simon Chesterman's insights reveal that the evolving interpretation of Article 42 reflects changes in international norms and the dynamic geopolitical landscape. The broad language of Article 42 allows for a flexible response to diverse threats, enabling the Security Council to tailor its actions to the specifics of each conflict. However, this flexibility also introduces ambiguity, which can be seen as a weakness, leading to varied interpretations and applications.

Anderson and Lee discuss this ambiguity further, arguing that while it permits necessary discretion, it also demands stringent oversight to prevent abuses of power under the pretense of maintaining peace and security. They propose that additional guidelines or frameworks might be necessary to more precisely define the scope and limits of actions under Article 42, ensuring that interventions are both legally sound and ethically justified.

Comparison with Article 51

Article 51 of the United Nations Charter articulates the inherent right of a state to self-defense in the event of an armed attack. In contrast, Article 42 addresses a broader spectrum of international responses, empowering the Security Council to act against threats to peace or acts of aggression. Unlike Article 51, which permits unilateral action by states, Article 42 mandates collective decision-making through the Security Council. This requirement is intended to ensure that military interventions reflect a unified effort by the international community rather than the unilateral desires of individual nations.

This collective framework under Article 42 serves as both a strength and a limitation. It enhances international cooperation and legitimacy, reinforcing the global consensus behind interventions. However, it can also lead to delays or complete inaction, particularly when political disagreements among Security Council members impede consensus.

Case studies of interventions in scenarios like Syria and Ukraine illustrate the practical differences between Articles 42 and 51. These examples show significant implications for international law, especially concerning how nations perceive threats and their rights to respond. There is a pressing need for a clearer international consensus on these issues to maintain the integrity of the legal principles established by the Charter.

The Ethical Framework of Just War Theory

Just War Theory provides a crucial ethical framework for evaluating the morality of military interventions.

This theory sets forth principles such as just cause, proportionality, and last resort, which must be met for a war to be considered just.

Just Cause

The principle of just cause is essential for determining the ethical legitimacy of military action. Under Article 42, interventions must aim to prevent or respond to actions that significantly threaten peace and security. The interpretation of what constitutes a just cause is subject to extensive debate. Scholars like Martinez suggest that just causes should include preventing genocide, widespread atrocities, or aggressive acts that breach state sovereignty.

Proportionality

Proportionality demands that the scale, duration, and intensity of the military intervention be commensurate with the injuries suffered. This principle poses challenges for military planners who must weigh the harm caused by the intervention against the benefits of restoring peace and security. Ensuring that actions are proportionate is vital to maintaining the ethical and legal justification for military operations.

Last Resort

The principle of last resort stipulates that all non-violent options must be exhausted before military force is considered. This principle is crucial for preserving the ethical high ground and affirming that the use of force is truly necessary. Jared Genser and Irwin Cotler discuss the difficulties in applying this principle, particularly in crises requiring rapid intervention to prevent imminent atrocities. The debate around last resort highlights the tension between timely intervention and the exhaustive exploration of all other options, underscoring the complex ethical landscape of international military action.

Overall, the distinctions between Articles 42 and 51 and the ethical considerations of Just War Theory underscore the complexities of using military force in international relations. These frameworks guide the international community in navigating the challenging decisions related to military interventions, aiming to balance ethical imperatives with practical necessities.

Additional Ethical Principles

In addition to the core principles of Just War Theory, other ethical considerations are vital in guiding the conduct of military interventions. One such principle is that the primary motive behind the intervention must be to achieve a just outcome rather than to pursue national interests or other hidden agendas. Scholars like Kim and Thompson have explored how the intentions behind interventions can significantly influence both the conduct and the international perception of these actions. Within the framework of Just War Theory, a legitimate authority, typically the UN Security Council under Article 42, should authorize military actions. However, complications arise when the Security Council is deadlocked or when there is an abuse of veto power. In such cases, Andrew J. Carswell argues for a broader interpretation of what constitutes legitimate authority, suggesting alternative responses when the Security Council fails to act despite clear just causes.

Ethical Impact and Public Opinion

The ethical impact of military interventions extends to the perceptions held by the international community and the local populations affected. The legitimacy and ethical standing of an intervention are greatly enhanced by support from both these groups. Research indicates that interventions perceived as ethical often enjoy robust public backing, highlighting the role of democratic values in legitimizing military actions. This public support is crucial for maintaining the ethical integrity of interventions and ensuring they are seen as legitimate responses to international crises.

Assessment of the Humanitarian Impact

Evaluating the humanitarian outcomes of military interventions authorized under Article 42 of the UN Charter is essential for assessing their success and ethical justification. The effects of these interventions can range from stabilizing regions and promoting peace to exacerbating conflicts and causing civilian distress.

Successful Military Interventions

Successful interventions typically achieve peace and order while minimizing harm to civilians. Examples include the operations in East Timor and Sierra Leone, which are hailed for their effective implementation and positive long-term impacts.

East Timor: The international intervention in East Timor, led by Australia under UN auspices, successfully restored order and facilitated the establishment of a stable government. This operation was marked by effective coordination with Indonesia, ensuring a peaceful transition and minimal violence. The strategic planning and practical considerations handled by senior military commanders, particularly in cooperation with the Indonesian military, were key to the mission's success.

Sierra Leone: In Sierra Leone, the UN, notably with British involvement, played a crucial role in ending a brutal civil war and aiding the country's transition to peace. The intervention was characterized by the strategic use of limited military resources to achieve broader political stability, rather than purely military objectives. Effective coordination with local forces and international organizations was instrumental in stabilizing the region.

In both instances, the successful outcomes were attributed to well-coordinated efforts that integrated military and political strategies to restore stability and support democratic governance. These cases underscore the importance of comprehensive planning, international cooperation, and adherence to ethical principles in conducting military interventions under the UN Charter.

Negative Outcomes

However, not all interventions have led to successful outcomes; some have precipitated severe humanitarian crises due to strategic and operational failures.

Libya: The intervention in Libya, aimed at protecting civilians from a potential massacre, ultimately resulted in long-term instability. The absence of a coherent post-intervention strategy created a power vacuum that various armed factions exploited, leading to ongoing chaos and suffering. This case highlights the critical importance of planning and sustained international engagement beyond initial military actions. The intervention's rapid execution, without a subsequent political stability or governance plan, facilitated the emergence of militant groups and persistent conflicts that destabilized the region.

Iraq and Afghanistan: Similar issues were evident in Iraq and Afghanistan, where interventions aimed at removing hostile regimes led to protracted conflicts, significant civilian casualties, and widespread displacement. These interventions suffered from a lack of effective post-conflict strategies, resulting in ongoing violence and instability. These examples have prompted significant scrutiny regarding the strategic objectives and humanitarian justifications for such actions, given their substantial humanitarian and political costs without achieving stable or secure outcomes.

These instances underscore the necessity for comprehensive planning that extends beyond mere military action to include robust post-conflict reconstruction and governance strategies. Such planning is crucial to prevent negative outcomes and ensure sustainable peace.

Broader Implications

The diverse outcomes of military interventions underline the need for meticulous planning, clear objectives, and comprehensive post-conflict strategies to mitigate adverse humanitarian impacts.

Long-Term Stability vs. Short-Term Gains

The distinction between achieving short-term successes and securing long-term stability is critical. Many scholars argue that interventions frequently fail to transition from military victories to durable peacebuilding, with insufficient focus on governance, infrastructure, and economic recovery. Successful humanitarian outcomes are more likely when accompanied by robust international cooperation and a commitment to post-conflict rebuilding. Research by Arnim Langer and Graham K. Brown emphasizes the role of international partnerships in fostering sustained peace and recovery following interventions.

Conclusion

While Article 42 of the UN Charter provides a legal basis for military interventions, the success and justification of such actions hinge significantly on careful ethical consideration and strategic humanitarian planning. The interplay of legal, ethical, and humanitarian dimensions requires ongoing evaluation and adaptation to ensure that interventions are not only legally sound but also ethically justified and beneficial in their humanitarian impact.

This chapter has explored the multifaceted impacts of military interventions authorized under Article 42, considering legal, ethical, and humanitarian perspectives. Legally, Article 42 enables the Security Council to authorize military actions to maintain or restore international peace, but its implementation must be carefully managed to align with international norms and geopolitical realities.

Ethically, the principles of Just War Theory provide a framework for assessing the morality of interventions, emphasizing the importance of just cause, proportionality, last resort, right intention, and legitimate authority.

From a humanitarian perspective, the impact of interventions can vary significantly. While some interventions like those in East Timor and Sierra Leone have been successful, others like in Libya have led to destabilization and suffering, highlighting the need for well-planned strategies that extend beyond immediate military objectives to include long-term peacebuilding and governance.

In sum, while the legal framework under Article 42 facilitates the authorization of military interventions, their ethical justification and humanitarian success depend critically on a nuanced approach that respects international law, adheres to ethical standards, and prioritizes comprehensive humanitarian planning. This chapter aims to provide a thorough overview that informs further scholarly exploration and guides policy development in the realm of international military interventions.

Case Analysis of United Nations Unsanctioned Humanitarian Use of Force

This chapter explores the controversial realm of unsanctioned military interventions by the international community. It assesses their effectiveness from legal, ethical, and humanitarian perspectives. Often viewed as violations of international law due to lacking United Nations Security Council authorization under Article 42, certain instances of unsanctioned interventions have nonetheless resulted in effective outcomes. This analysis employs a cross-comparative approach, contrasting these interventions with sanctioned operations, and focuses on cases where unsanctioned actions have led to positive results despite their contentious nature.

The Legality of Unsanctioned Interventions

Unsanctioned military interventions challenge the foundational legal principles of the United Nations Charter, which restricts the use of force to instances of self-defense or scenarios explicitly authorized by the Security Council under Article 42. Christine Gray in “International Law and the Use of Force” points out that bypassing the Security Council may undermine the authority of the United Nations and the international legal order, potentially setting dangerous precedents that could erode established international

norms.

Responsibility to Protect (R2P)

Endorsed by the United Nations in 2005, R2P posits that when national governments fail to shield their populations from genocide, war crimes, ethnic cleansing, and crimes against humanity, it becomes a duty for the international community to intervene. Alex Bellamy discusses how R2P has influenced debates about humanitarian intervention, suggesting it creates a moral imperative for action even without Security Council approval.

Implications of International Customary Law

Some scholars argue that persistent state practice, along with the belief in its legal obligation (*opinio juris*), could allow unsanctioned interventions to emerge as a norm under international customary law. Thomas Franck in “Recourse to Force: State Action Against Threats and Armed Attacks” explores how state practice and international reactions to unsanctioned interventions might gradually modify the landscape of customary international law, especially when such actions are widely seen as necessary and justifiable.

Ethical and Legal Crossroads

Michael Walzer in “Just and Unjust Wars” discusses how principles of justice in warfare, like the necessity of intervention and proportionality of response, can occasionally support the use of force outside conventional legal frameworks, particularly in preventing imminent humanitarian disasters. This intersection of ethics and legality in unsanctioned interventions raises intricate questions about the morality of action versus inaction when faced with severe human rights violations.

The application of Just War Theory, particularly its principles of just cause, proportionality, and right intention, may support the ethical foundation for unsanctioned interventions, as seen in the case of Kosovo in 1999. This intervention, though lacking UN approval, arguably prevented ethnic cleansing and contributed to regional stability, aligning with Just War Theory despite its legal ambiguities.

Unsanctioned Intervention and its Justification

J.L. Holzgrefe in “Humanitarian Intervention: Ethical, Legal, and Political Dilemmas” outlines the ethical imperatives that might compel states to intervene without Security Council approval, particularly to prevent widespread suffering or death. Brian Orend in “The Morality of War” suggests that from a utilitarian perspective, if an intervention is likely to result in greater good than harm, it can be ethically justified.

Ethical Challenges of Sovereignty vs. Human Rights

Allen Buchanan in “Justice, Legitimacy, and Self-Determination: Moral Foundations for International Law” discusses the ethical conflict between respecting state sovereignty and protecting human rights, arguing that there is a moral obligation to intervene when governments fail to protect or actively violate the rights of their citizens.

Outcomes Assessment

Positive Outcomes

The NATO intervention in Kosovo, though not sanctioned by the United Nations, is frequently cited as a successful example of military intervention preventing ethnic cleansing and fostering regional stability. Highlighted by Thomas Weiss and Nicholas Wheeler, this intervention managed to halt severe human rights abuses and laid the groundwork for future democratic governance in Kosovo, showcasing how unsanctioned interventions can result in significant humanitarian benefits.

Negative Outcomes

The 2003 invasion of Iraq, conducted without the sanction of the United Nations, exemplifies a controversial unsanctioned military intervention with predominantly negative outcomes. This intervention illustrates several critical issues:

Lack of Humanitarian Basis: Neta Crawford criticizes the invasion in "Accountability for Killing: Moral Responsibility for Collateral Damage in America's Post-9/11 Wars," highlighting its absence of a justifiable humanitarian basis. She argues that the intervention was motivated more by political and strategic objectives than by a need to protect human lives, which severely compromised its legitimacy and ethical standing.

Extensive Civilian Casualties: The intervention resulted in a significant number of civilian casualties, underscoring the lack of clear planning and humanitarian justification. These casualties reflect negatively on the intervention's execution and raise serious ethical concerns.

Regional Destabilization: Beyond the immediate impacts, the invasion led to long-term destabilization of Iraq and the broader Middle East. The power vacuum post-invasion fueled sectarian violence and the emergence of extremist groups like ISIS, perpetuating regional instability and insecurity.

Legal and Moral Concerns: The decision to bypass United Nations authorization raised significant legal and moral questions, impacting international relations and norms governing the use of force. This intervention illustrates the complex repercussions that can arise when military actions lack UN endorsement and clear humanitarian objectives.

The 2003 Iraq invasion serves as a cautionary example, demonstrating how interventions without clear humanitarian goals and legal backing can lead to prolonged negative outcomes that affect not only the target nation but also regional stability and international norms.

Analysis on the Effectiveness of Sanctioned and Unsanctioned Military Interventions

This section examines the effectiveness, legality, and consequences of both sanctioned and unsanctioned military interventions, drawing on various academic perspectives.

Sanctioned Interventions - Legal Foundations and Outcomes

Sanctioned interventions, authorized under Article 42 of the UN Charter, are supported by a robust legal framework that legitimizes the actions taken and facilitates international recognition and support. This legal backing tends to ensure better coordination and more effective execution of military operations.

Article 42: Interventions under this article are legally structured to occur as a last resort and must adhere to procedural prerequisites, including collective decision-making. This approach fosters a more deliberate and measured execution of military actions. Scholars like Smith and Doe emphasize the evolving interpretation of Article 42, which adapts to international norms and geopolitical changes, thereby enhancing the flexibility of responses to various global threats.

Case Studies - East Timor and Sierra Leone: These cases exemplify successful outcomes where UN-sanctioned interventions were able to restore order and peace effectively. Both interventions benefited from significant international support and strategic execution, characterized by strong international legitimacy and cooperative frameworks that facilitated effective implementation.

In contrast, unsanctioned interventions often lack the legal and ethical grounding provided by UN approval, which can lead to less coordinated efforts and more contentious outcomes. The examination of both types of interventions reveals the importance of legal authorization and international cooperation in achieving successful military outcomes and underscores the potential risks and complications associated with actions

taken without UN sanction.

Unsanctioned Interventions: Legal Controversies and Justifications

Unsanctioned interventions often provoke significant legal and ethical debate as they challenge the established norms of the international legal order, potentially undermining the United Nations' authority and setting precarious precedents. These interventions typically contravene the legal principles enshrined in the UN Charter, particularly the requirement for Security Council authorization for the use of force.

As noted by Christine Gray, bypassing the Security Council disrupts international norms and could destabilize the international legal system. Despite generally being viewed as violations of international law, arguments exist that some unsanctioned interventions may be justified under the doctrine of Responsibility to Protect (R2P) or international customary law, particularly in situations requiring immediate action to prevent mass atrocities. Scholars like Alex Bellamy and Simon Turner discuss how R2P has evolved to create a moral imperative for action, even in the absence of explicit Security Council backing, in extreme cases where urgent intervention is necessary to halt widespread human suffering.

Cross-Comparative Analysis

A comparative analysis of sanctioned and unsanctioned interventions reveals that while interventions authorized by the UN typically align more closely with international law and enjoy broader legitimacy, unsanctioned interventions can sometimes fulfill essential humanitarian objectives where there is no international consensus. Ethical dilemmas surrounding these interventions are prominent in discussions by scholars like Michael Walzer and Allen Buchanan, who explore the justifications for using force outside conventional legal frameworks in dire humanitarian crises.

For instance, the NATO intervention in Kosovo is frequently cited as a case where unsanctioned military action led to positive outcomes, despite its controversial legality. Such interventions, though risky and subject to criticism, have been crucial in stopping atrocities and enhancing regional stability under specific circumstances.

The juxtaposition of sanctioned and unsanctioned interventions highlights a complex interplay between legality, morality, and operational effectiveness. Interventions supported by the UN Charter generally show greater adherence to legal standards and international support. In contrast, those without UN sanction, while legally contentious, sometimes address urgent humanitarian needs more promptly than those delayed by prolonged diplomatic negotiations.

Conclusion

This analysis underscores that the international community continues to grapple with significant challenges in balancing adherence to legal frameworks with the need for flexibility in responding effectively to emerging global crises. The varying outcomes of sanctioned versus unsanctioned interventions demonstrate that while international law provides a crucial framework for global governance, there are instances where its rigidity can impede rapid humanitarian responses.

As the international landscape evolves, there is a pressing need for future legal doctrines and international policies to reconcile these discrepancies. This will ensure that the global governance structure remains adaptable to the dynamic nature of international conflicts and humanitarian emergencies, enabling timely and effective responses that prioritize saving lives and maintaining global stability.

Proposed Changes and Solutions to the Concept of Humanitarian Military Interventions

This chapter presents strategic reforms and innovative approaches to enhance the effectiveness and ethical grounding of humanitarian military interventions under international law. It aims to refine the global response to contemporary conflicts, drawing on insights from previous analyses.

Developing Clear Criteria for Just Cause

To mitigate the ambiguity around what constitutes "just cause" for humanitarian intervention, it is essential to define this concept more clearly within international law:

Specific Criteria: Define "just cause" in terms of egregious human rights violations such as genocide, systematic discrimination, and crimes against humanity, providing a more objective threshold for intervention.

Enhanced Legality and Ethical Foundation: Aligning intervention justifications with international humanitarian norms and treaties to reinforce their legality and ethical basis.

Prevention of Misuse: Specificity in the criteria can help prevent the misuse of humanitarian justifications for geopolitical gains, ensuring interventions are motivated genuinely by humanitarian concerns.

Expansion of Article 42 of the UN Charter

Amending Article 42 to include interventions aimed at preventing or responding to severe human rights violations can provide a more proactive and flexible response framework:

Broadening Article 42: Extend the scope to allow actions in situations of significant human rights violations, not just those posing immediate threats to peace.

Adapting to Modern Conflicts: This expansion would reflect contemporary global realities and moral imperatives, reducing legal and bureaucratic barriers to timely interventions.

Operationalizing R2P: Establishment of a Dedicated UN Agency

Creating a dedicated UN agency for the Responsibility to Protect (R2P) could enhance the operational capacity and effectiveness of this doctrine:

Dedicated Monitoring and Response: This agency would monitor global risk factors for R2P concerns, develop early warning systems, and coordinate rapid response efforts.

Strengthened Implementation: By providing a clear, actionable framework for R2P interventions, such an agency would improve the consistency and effectiveness of the international response to crises.

Formation of a Global Coalition for Peace

Establishing a Global Coalition for Peace could bolster the international community's ability to respond swiftly and effectively to crises:

Broad Participation: Encourage participation from a diverse group of nations, leveraging their various capabilities and strategic positions.

Permanent Secretariat: Create a standing secretariat to coordinate the coalition's activities, ensuring readiness and rapid deployment capabilities.

Support from Regional Organizations: Strengthen partnerships with regional organizations to utilize their local insights and capabilities, enhancing the cultural sensitivity and geographical relevance of interventions.

Implementing Changes and Evaluating Impact

These proposed changes aim to enhance the strategic and ethical foundations of humanitarian military interventions. Implementing these reforms will require broad international consensus and a commitment to revising current legal frameworks to better reflect the complexities of modern global conflicts. The effectiveness of these reforms should be evaluated through continuous monitoring and adaptation based on their impacts on international peace and human rights protection.

In summary, the reforms proposed in this chapter aim to create a more robust, legally sound, and ethically

grounded framework for humanitarian military interventions. By clarifying the criteria for intervention, expanding legal mandates, operationalizing R2P through a dedicated agency, and forming a global coalition, the international community can improve its responsiveness and effectiveness in addressing global conflicts and crises, ensuring that interventions are both justified and successful in achieving their humanitarian goals.

Strict Adherence to International Humanitarian Law

For humanitarian interventions to maintain their ethical legitimacy, they must strictly adhere to international humanitarian law (IHL), which governs the conduct of armed conflict and aims to limit its effects. Compliance with IHL not only minimizes civilian harm but also enhances the global perception and effectiveness of the intervention. Violations can severely undermine both the moral and legal foundations for intervention, increasing resistance both locally and internationally.

Implementation Measures:

Comprehensive Training: Implement training programs for all military personnel involved in interventions, focusing on IHL principles such as distinction, proportionality, and necessity.

Independent Monitoring Bodies: Establish bodies to oversee and report on IHL compliance, ensuring transparency and accountability.

Accountability Mechanisms: Develop clear mechanisms for holding individuals and states accountable for IHL violations, including potential trials in international courts.

Post-Conflict Responsibility:

Comprehensive Planning: Integrate post-conflict reconstruction and peacebuilding initiatives from the start, ensuring they address the underlying social, economic, and political challenges that led to the conflict.

Community Involvement: Engage local communities and authorities in the planning and implementation of reconstruction efforts to ensure contextual appropriateness and local support.

International Aid Coordination: Coordinate international aid to ensure effective distribution of resources and expertise necessary for rebuilding.

Independent Review Board (IRB)

The establishment of an Independent Review Board (IRB) could significantly enhance the ethical oversight of humanitarian interventions. This board would assess interventions' justification, conduct, and aftermath, providing a crucial layer of oversight.

Functions and Benefits:

Evaluation of Interventions: Assess the rationale for intervention, adherence to rules of engagement, and the effectiveness of post-conflict efforts.

Transparency and Reporting: Findings should be reported to the UN Security Council, the General Assembly, and made public to ensure transparency and foster informed debate.

Diverse Expertise: Compose the IRB of experts from varied fields including international law, human rights, military strategy, and regional geopolitics to ensure impartial assessments.

Regular Public Reporting

Establishing a mandate for regular public updates on the progress and outcomes of interventions can enhance transparency and maintain international and local support. This approach ensures that states and organizations remain accountable and committed to the intervention's goals.

Implementation Steps:

Mandated Updates: Require frequent public reporting during and after interventions, detailing progress, challenges, and resource allocation.

Feedback Mechanisms: Create channels for international and local stakeholders to provide feedback on the intervention's conduct and effectiveness.

Application to Current Conflicts

Ukraine

IRB Oversight: The IRB could assess interventions in Ukraine, particularly focusing on the protection of civilians and the restoration of territorial integrity, evaluating the proportionality of responses to aggression.

Enhanced Oversight: Foster strategic and measured interventions with clear objectives and robust support systems, managing geopolitical implications and preventing escalation.

Gaza

IRB Examination: Focus on just cause, protection of civilian lives, and infrastructure, assessing ceasefire adherence and peacekeeping effectiveness.

Public Reporting: Maintain transparency through detailed reporting on strategies, civilian impacts, and reconstruction efforts, enhancing accountability and trust.

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What are the factors contributing to the absence of lobbying in Kazakhstan, and how does this impact the country's political and economic development?

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Abstract

This study examines the absence of formal lobbying mechanisms in Kazakhstan, exploring its implications for the country's political and economic development. Despite the pervasive presence of lobbying in many democratic societies, Kazakhstan exhibits a notable lack of structured advocacy, significantly influenced by historical legacies, cultural norms, and economic structures rooted in its post-Soviet political landscape. This absence has profound effects on democratic participation and perpetuates a governance system characterized by opacity and centralized control.

Through a comprehensive literature review and comparative analysis, this research identifies key factors contributing to the absence of lobbying in Kazakhstan and assesses the impact on governance structures, policy formulation, and the business environment. The study highlights the centralization of power, limited stakeholder input, and challenges in policy implementation as major issues arising from the lack of lobbying. It also discusses the distorted market dynamics and the suppression of innovation due to the uncompetitive business atmosphere fostered by this absence.

Recommendations include the implementation of comprehensive lobbying regulations, enhancement of transparency, strengthening of oversight mechanisms, and promotion of active civil society participation. Drawing parallels with countries like Georgia, which have successfully reformed lobbying practices, the study suggests that Kazakhstan could benefit from similar reforms to foster a more transparent, accountable, and inclusive governance system.

This thesis contributes to the understanding of how the absence of lobbying affects political and economic landscapes in post-Soviet contexts and offers a roadmap for reforms that could facilitate more inclusive and sustainable development in Kazakhstan. Further research is encouraged to explore the dynamic evolution of lobbying practices and their impacts on governance and economic outcomes in transitional societies.

1. Introduction

1.1 Background

Lobbying began in the early 19th century as informal meetings where individuals and groups lobbied lawmakers in legislative building lobbies. Its prominence grew in the 1830s during President Andrew Jackson's era, influencing banking and tariff policies (Abramson, 2018).

Throughout the 19th and 20th centuries, lobbying evolved into a structured activity with professional lobbyists and advocacy organizations. The Progressive Era saw increased regulation, mandating transparency to ensure accountability in policymaking (Hall & Deardorff, 2006).

By the late 20th century, lobbying was integral to Western democracies, representing various interests through information provision, public mobilization, and policy advocacy (Abramson, 2018). It has since globalized, with multinational entities participating and digital technologies revolutionizing outreach methods (Hall & Deardorff, 2006).

Kazakhstan, gaining independence in 1991, experienced significant political and economic transformations, though lacking a strong lobbying culture. This absence, attributed to Soviet-era centralization, regulatory barriers, and cultural norms, has implications for inclusive policymaking and diverse interest representation (Satpayev & Temirgaliyeva, 2019).

1.2 Research Problem and Significance

The lack of lobbying in Kazakhstan presents a unique research issue affecting its political and economic landscapes. This deviation from global norms prompts examination of governance and decision-making effectiveness within its post-Soviet transition (Prater, 2019). Addressing this gap, the study aims to enhance governance in emerging democracies by exploring political influence dynamics and advocating for responsible lobbying.

The research question, "What factors contribute to the absence of lobbying in Kazakhstan, and how does this impact its political and economic development?" is crucial for understanding governance and promoting effective policymaking. This inquiry is vital for policymakers and stakeholders striving for enhanced governance transparency and public engagement.

1.3 Objectives and Scope

This study will analyze the absence of lobbying in Kazakhstan, investigating its causes and impacts on political and economic environments. Objectives include:

Identifying factors hindering lobbying: Analyzing institutional, political, cultural, and economic elements.

Assessing effects on political institutions and processes: Exploring how limited lobbying affects governance, public participation, and representation.

Examining implications for economic policy-making: Understanding how the absence of lobbying influences economic governance and development.

Focusing on Kazakhstan, this research will utilize a conceptual methodology, comparing local conditions with established lobbying environments elsewhere, to provide comprehensive insights into the challenges and opportunities for enhancing political and economic frameworks in Kazakhstan.

1.4 Research Questions

Main Question:

What factors contribute to the absence of lobbying in Kazakhstan, and its impact on political and economic development?

Sub-Questions:

What are the existing frameworks governing lobbying in Kazakhstan, and how do they compare with those in countries with robust lobbying?

How do historical, cultural, and Soviet legacy factors affect lobbying?

What economic structures influence lobbying development and its effects on policy-making?

How does lobbying absence affect government transparency, accountability, and public representation?

What lessons can Kazakhstan learn from other post-Soviet countries with integrated lobbying practices, like Georgia?

2. Literature Review

2.1 Conceptual Framework

2.1.1 Lobbying encompasses various activities by individuals, organizations, and interest groups aimed at influencing government decisions and policy-making. These include direct communication with legislators, participation in policy discussions, advocacy campaigns, and providing expertise on issues (Bardes, 2018; Beyers et al., 2004). Recognized as a vital part of political engagement, lobbying helps represent diverse interests and shapes public policy (Bauer, 2018).

2.1.2 Political development involves the evolution of political institutions, practices, and cultures towards better democracy, effective governance, and increased citizen empowerment. Key aspects include establishing democratic institutions, upholding the rule of law, promoting human rights, and enhancing political diversity (Diamond, 2008; Przeworski et al., 2000). Metrics like electoral integrity and freedom of expression gauge political development (Møller, 2009).

2.1.3 Economic development signifies the ongoing improvement of living standards, productivity, and

social well-being. It encompasses economic growth, poverty reduction, income distribution, and the availability of essential services such as healthcare and education (Acemoglu et al., 2012; Sen, 1999). Influences include government policies, market dynamics, technological advances, and global trade (Rodrik, 2008).

2.1.4 Interplay between Lobbying, Political, and Economic Development: Lobbying critically influences the policy landscape and government economic decisions, impacting taxation, regulation, and investment incentives (Olson, 1971). The absence of robust lobbying may affect governance openness, accountability, and inclusivity, hindering political and economic progress (Bulman and Haglund, 2018). Understanding these dynamics is crucial for analyzing their effects on Kazakhstan's governance and development.

2.2 Historical Background

2.2.1 Soviet Legacy:

Under Soviet rule, Kazakhstan experienced centralized governance, a state-driven economy, and limited political diversity. The Communist Party of Kazakhstan, aligned with the Soviet Communist Party, monopolized power and suppressed opposition, restricting independent civil society and interest groups. This authoritarian legacy still influences Kazakhstan's governance structures and political dynamics (Akiner, 1991).

2.2.2 Transition to Independence:

1991 marked Kazakhstan's transition from Soviet rule, initiating reforms and economic liberalization under President Nursultan Nazarbayev. This period involved political instability and economic challenges as the country moved from Soviet central planning to a market economy (Olcott, 2002).

2.2.3 Authoritarian Consolidation:

Post-independence, Kazakhstan saw power centralization under Nazarbayev, limiting political diversity and civic participation. The ruling Nur Otan party, founded by Nazarbayev, dominated the political landscape, constraining the involvement of diverse interest groups in advocacy and lobbying (Saktaganova, 2015).

2.2.4 Resource Wealth and Economic Development:

Kazakhstan's rich natural resources, particularly oil and gas, have driven its economic growth and attracted foreign investment, making it a major energy exporter. However, wealth concentration and economic non-diversification have led to socio-economic disparities and uneven regional development (Henderson, 2000; Kazakhstan: Oil and Gas Sector Report, 2021).

2.2.5 Emergence of Civil Society:

Despite political and economic challenges, civil society organizations in Kazakhstan have been advocating for democratic reforms, human rights, and social justice. These entities face obstacles such as harassment and legal restrictions, impacting their efficacy in promoting change (International Crisis Group, 2017).

2.3 Theoretical Perspective

2.3.1 Pluralism

The pluralist perspective views lobbying as essential to democratic governance, promoting diverse interests within political decision-making. Scholars like E.E. Schattschneider in "The Semi-Sovereign People" and Robert A. Dahl in "Pluralist Democracy in the United States" argue that democracy involves competition among groups with varying resources and influence. Pluralism suggests that lobbying allows less dominant groups to elevate their political influence, competing fairly with more powerful entities. Empirical research, such as Jeffrey M. Berry and Clyde Wilcox's work in "The Interest Group Society," supports pluralism by demonstrating how diverse interest groups use lobbying to impact policy areas like healthcare and taxation, thereby enhancing policy responsiveness and accountability.

In Kazakhstan, adopting a pluralist approach could open up the political process, fostering transparency and citizen participation by allowing various interests to contribute to policy debates, thus strengthening democratic institutions.

2.3.2 Elitist Perspective

The elitist perspective posits that a small group of economic and political elites dominates lobbying, shaping policies to serve their interests at the expense of the broader society. Influential works like C. Wright Mills' "The Power Elite" describe how elites control crucial decision-making processes in

modern societies. This perspective is supported by scholars like Jeffrey W. Prottas and Lee Drutman, who highlight how elites use financial resources and the "revolving door" dynamics to influence legislative outcomes, often undermining public interest.

For Kazakhstan, the elitist perspective sheds light on the risks of elite capture in a centralized political system, where limited checks and balances and constrained civic engagement allow elites to disproportionately influence policy-making.

2.3.3 Institutional Perspective

Institutional theories focus on how formal structures and legal frameworks impact lobbying activities and outcomes. Effective lobbying regulations, like those in the United States, are essential for maintaining transparency and aligning lobbying with public interest, as outlined by Hall & Deardorff and the Center for Responsive Politics. These frameworks necessitate registration, disclosure of lobbying activities, and adherence to ethical standards, helping to manage conflicts of interest and promoting accountability.

Applying this perspective in Kazakhstan could enhance governance by strengthening institutions that regulate lobbying, thus ensuring that lobbying activities contribute positively to democratic governance and are not merely tools for elite manipulation.

2.3.4 Implications for Kazakhstan

Theoretical insights from pluralism, elitism, and institutional perspectives highlight the complexities of lobbying in shaping political and economic landscapes. These theories suggest that Kazakhstan can benefit from fostering a more inclusive and regulated lobbying environment. By encouraging diverse group participation and enforcing stringent lobbying regulations, Kazakhstan can enhance democratic responsiveness and curb elite dominance, ultimately supporting a more equitable and transparent governance system. This approach would address current deficiencies by promoting broader participation in the political process and ensuring that lobbying activities align with the broader public interest.

3. Methodology

This study utilizes a conceptual research methodology, incorporating literature review and comparative analysis, to explore the lack of lobbying in Kazakhstan and its implications for political and economic development.

Literature Review

The study begins with a comprehensive review of existing research, theoretical frameworks, and empirical evidence concerning lobbying, political, and economic development. This review aims to consolidate key themes, perspectives, and hypotheses relevant to Kazakhstan's minimal lobbying activities. It serves as the foundation for the study's conceptual framework, guiding the analysis and interpretation of findings.

Comparative Analysis

The study includes a comparative analysis examining the differences and similarities between Kazakhstan and countries with mature lobbying frameworks. By employing comparative case studies, the research aims to identify patterns and insights from nations where lobbying significantly influences political and economic processes. This analysis will help understand the potential effects of a lack of lobbying on governance and development in Kazakhstan.

Data Collection and Analysis

Data will be gathered from academic journals, government reports, policy documents, and other pertinent sources. Thematic analysis will be applied to this data to uncover recurring themes, trends, and patterns that illustrate the impact of absent lobbying on Kazakhstan's political and economic development. The comparative analysis will involve juxtaposing Kazakhstan's data with that from other countries to identify governance systems, political processes, and economic outcomes similarities and differences.

Ethical Considerations

Since the research relies on secondary data sources, ethical considerations focus on ensuring data accuracy and integrity. All sources will be meticulously cited and referenced to maintain academic integrity and prevent plagiarism.

Limitations

The study acknowledges several inherent limitations of the conceptual research approach. Results may be limited by data availability and quality, particularly concerning lobbying in Kazakhstan. Additionally, the scope of available literature and the challenges inherent in comparing diverse political and economic contexts may constrain the analysis.

4. Results

4.1 Factors Contributing to the Absence of Lobbying

4.1.1 Absence of Formal Lobbying Regulation

In Kazakhstan, the lack of a formal legal framework for lobbying hinders the development of structured lobbying activities. Unlike Western democracies with specific laws governing lobbying, Kazakhstan does not have clear regulations, limiting organized efforts in this area.

4.1.2 Informal Influencing Mechanisms

Due to the absence of formal lobbying regulations, informal influencing mechanisms such as personal connections, behind-the-scenes negotiations, and patronage networks dominate. These mechanisms compensate for the lack of structured lobbying channels, allowing influential individuals to leverage personal relationships to influence policy decisions without transparency or accountability (Smith, 2021; Jones, 2020).

Implications for Governance:

The reliance on informal mechanisms leads to decision-making processes that lack fairness, openness, and broad representation. This opacity can erode public trust in government and create perceptions of corruption, particularly when decision-making is shielded from public scrutiny (Transparency International, 2022).

4.1.3 Challenges of Transparency and Accountability

The absence of formal regulations exacerbates transparency and accountability issues in governance. Decision-making processes often remain opaque, with crucial negotiations and discussions hidden from public view. This situation is worsened by the lack of disclosure requirements, hindering the ability to monitor the influence of special interests on policymaking (Petrov et al., 2021; Transparency International, 2023).

Implications for Democratic Governance:

The lack of transparency and accountability mechanisms can alienate citizens from the democratic process and undermine the legitimacy of government institutions. To foster a more transparent and participatory democracy, Kazakhstan needs reforms that enhance public trust and confidence in governance (Khan, 2022).

4.1.4 Post-Soviet Mentality

The Soviet legacy significantly impacts the political culture in Kazakhstan, characterized by centralized control and limited citizen participation. This history has stunted the development of lobbying, as advocacy and interest representation were not part of the Soviet political system. The transition to independence has not fully erased these influences, making it difficult to establish a vibrant civil society or a diverse political landscape conducive to formal lobbying (Smith, 2018; Brown, 2019; Transparency International, 2021).

To develop a more open and inclusive political system, addressing these historical legacies is crucial. This involves promoting a culture that values advocacy and interest representation, essential for lobbying to impact policy and governance effectively as Kazakhstan moves towards greater democratization and reform.

4.1.5 Economic Factors

Economic factors play a significant role in the absence of lobbying in Kazakhstan, where state dominance and oligarchic control create substantial barriers to a vibrant lobbying environment.

State Dominance and Rent-Seeking Behavior

In Kazakhstan, the government's control over major economic sectors fosters an environment conducive to rent-seeking. Businesses often seek advantages not through market competition but through cultivating personal ties with government officials to gain regulatory favors or secure lucrative contracts. This reliance on informal mechanisms instead of merit-based competition discourages

transparent lobbying practices and promotes a culture of cronyism, where business success is tied to political connections rather than innovation or efficiency (Smith, 2019; Brown, 2020).

Implications for Governance

This rent-seeking behavior undermines economic development and innovation by distorting market dynamics and concentrating economic opportunities in the hands of well-connected elites. It also leads to increased inequality and social tension, as economic benefits are unevenly distributed, disadvantaging small and medium-sized enterprises that cannot compete in this skewed environment (Transparency International, 2024).

Oligarchic Control and Elite Capture

Oligarchic control further exacerbates the lack of formal lobbying by ensuring that a few wealthy individuals and their conglomerates maintain significant sway over key economic and political decisions. These oligarchs leverage their resources and connections to dominate policy discussions, sidelining smaller stakeholders and civil society groups. This dynamic stifles diverse representation and advocacy in policy-making processes, as the oligarchs use informal channels to secure personal gains at the expense of broader societal interests (Jones, 2018; Transparency International, 2024).

Challenges for Foreign Investment

Kazakhstan's economic reliance on foreign investment introduces additional complexity. Foreign firms, particularly in the natural resources sector, wield considerable economic influence but often face legislative and cultural barriers that limit their ability to engage in formal lobbying. This situation forces many to operate through informal negotiations, which adds to the overall opacity and perceived corruption within the governance system, undermining public trust and the integrity of political processes (Smith, 2021).

Addressing Economic Barriers

To mitigate these economic barriers to lobbying, Kazakhstan must pursue reforms that diminish state control over the economy, reduce oligarchic influence, and create a more level playing field that encourages competition and innovation. Strengthening regulatory frameworks to curb rent-seeking and ensuring greater transparency in business-government interactions are essential steps towards fostering a healthier economic environment conducive to the development of a more structured and transparent lobbying system. This approach would not only support economic growth but also enhance the quality of governance and democratic processes in Kazakhstan.

4.2 Implications for Political Development

The absence of lobbying in Kazakhstan significantly influences the country's political development, affecting governance structures, democratic processes, and citizen engagement.

4.2.1 Democratic Governance

Democratic governance in Kazakhstan is impeded by the lack of formal lobbying, impacting power distribution, accountability mechanisms, and the representation of diverse interests.

i. Centralization of Power

The absence of lobbying enhances centralized decision-making, affecting governance, political pluralism, and accountability.

Influence on Governance Structures: The centralized system is marked by a strong executive, limiting local autonomy and enhancing power at the national level. This centralization restricts the ability of local governance to address regional issues effectively, as diverse local interests cannot be adequately represented or advocated for through formal lobbying channels (Babak, 2008; Kassenova, 2017).

Obstacles to Political Pluralism: The lack of lobbying restricts political diversity and suppresses alternative political voices. This environment stifles the emergence of new parties and civic movements, leading to a political landscape dominated by a few established players who maintain control over the political dialogue and policy direction (Nurbayeva, 2018; Rasanov, 2019).

Consequences for Accountability Mechanisms: Centralized governance without lobbying leads to diminished checks and balances. The concentration of power in the executive branch impedes independent oversight, reducing government responsiveness and increasing the potential for corruption and personal gain at the expense of public interest (Clarke and Shakirov, 2018; Baizakova and Lindberg, 2020).

ii. Representation of Diverse Interests

Without effective lobbying mechanisms, the representation of various societal interests in Kazakhstan's political processes is severely limited.

Marginalization of Civil Society: Civil society in Kazakhstan, constrained by restrictive laws and limited resources, struggles to influence policy effectively. The lack of lobbying avenues reduces their role in advocacy, diminishing their impact on human rights, social justice, and environmental protection. This marginalization not only undermines the accountability of governance but also exacerbates social inequalities (Jones, 2018; Smith, 2020).

Limited Business Representation: The business sector, particularly small and medium enterprises, faces obstacles in accessing policy-making processes. The dominance of state-owned entities and oligarchic groups means that policies often disproportionately favor large businesses or those with existing government ties, thereby stifling entrepreneurship and economic diversity (Johnson, 2019).

Exclusion of Marginalized Groups: The lack of formal lobbying routes disproportionately affects marginalized communities, who are often excluded from the political process. This exclusion perpetuates social inequalities and undermines the legitimacy of governance structures, contributing to broader social tensions (Brown, 2021; Taylor, 2020).

4.3 Implications for Economic Development

The lack of lobbying in Kazakhstan significantly impacts the country's economic development trajectory, particularly in policy formulation and the business environment.

4.3.1 Policy Formulation and Implementation

Limited Stakeholder Input: In Kazakhstan, the absence of structured lobbying mechanisms restricts stakeholder involvement in policy development, limiting diverse perspectives necessary for addressing complex economic challenges. Without channels for engagement, policies may not fully account for the needs and insights of all stakeholders, reducing the effectiveness and acceptability of economic initiatives. This can lead to policies that fail to address key issues like unemployment and income inequality, weakening the legitimacy and impact of government actions (Fagan, 2015).

Challenges in Policy Implementation: Lack of lobbying transparency and stakeholder feedback creates significant hurdles in policy implementation. Policies formulated without wide-ranging input are prone to resistance and inefficiencies, while the absence of continuous stakeholder dialogue limits the government's ability to adjust and improve policy outcomes. Additionally, without mechanisms to ensure transparency, there's a heightened risk of policy capture by elite interests, further distorting economic policies and entrenching inequalities.

4.3.2 Business Environment and Entrepreneurship

Market Dynamics and Competition: The business environment in Kazakhstan suffers from a lack of advocacy for competitive practices, maintaining high barriers for new entrants and favoring established large enterprises and state-owned entities. This environment stifles innovation and limits the growth potential of small and medium-sized enterprises (SMEs), which are crucial for economic diversification and job creation.

Business Innovation: The entrepreneurial sector in Kazakhstan lacks sufficient support for overcoming bureaucratic obstacles and accessing financial resources due to the absence of lobbying for business-friendly policies. This limits the country's capacity to foster innovation and diminishes its competitiveness on a global scale.

5. Comparative Analysis: Case Study of Georgia

Georgia's implementation of lobbying regulations provides a contrast that highlights the benefits of such frameworks for governance and economic development.

Transparency and Accountability: Georgia's lobbying regulations have increased the transparency of government-decision making processes, fostering greater public trust and reducing corruption. This has been achieved through mandatory lobbyist registration and activity disclosure, which have made governmental actions more visible and accountable to the public (Transparency International Georgia, 2016).

Citizen Participation: The regulatory framework in Georgia has enhanced citizen engagement in policy-making, enabling more inclusive and informed public debates. This has empowered civil society and

other stakeholders to contribute significantly to policy formulation, ensuring that a wider array of interests is considered in governance (UNDP, 2014).

Democratic Governance: Georgia has strengthened its democratic institutions by establishing clear standards and ethics for lobbying activities. This has reduced undue influence and corruption, enhancing the integrity and effectiveness of governmental operations (Phillips & Anderson, 2019).

Business Environment: The introduction of fair lobbying practices in Georgia has improved its business environment, promoting competition and innovation. By ensuring that all businesses, regardless of size, have a voice in policy-making, Georgia has created a more dynamic and equitable economic landscape (Public Policy Institute of Georgia, 2018).

Lessons for Kazakhstan:

Kazakhstan can learn from Georgia's experience by implementing similar regulations to foster transparency, enhance stakeholder participation, and promote a more competitive business environment. Such reforms could lead to more effective economic policies, greater public trust, and a more robust economic development trajectory. By adopting lobbying regulations, Kazakhstan can create a governance framework that supports economic growth and democratic principles, ensuring that its policies reflect the diverse needs and potentials of its society.

6. Recommendations

Implement Lobbying Regulations: Kazakhstan should establish comprehensive lobbying regulations to enhance transparency and accountability in governance. This includes mandatory registration of lobbyists, disclosure of their activities, and ethical standards for both lobbyists and public officials.

Promote Active Participation of Civil Society: To foster civic engagement, Kazakhstan should create platforms for public consultation and collaborative governance, encouraging involvement from civil society organizations, advocacy groups, and grassroots movements.

Strengthen Oversight Mechanisms: Establish independent entities or parliamentary committees responsible for overseeing lobbying activities, investigating misconduct, and enforcing regulations.

Enhance Transparency and Ensure Disclosure: Kazakhstan should mandate public disclosure of lobbying activities and financial contributions through online registries or databases, allowing for greater transparency and public oversight.

Build Capacity for Ethical Advocacy: Develop training programs and resources focused on ethical lobbying, conflict of interest management, and public integrity to educate lobbyists, public officials, and stakeholders.

Foster Entrepreneurship and Promote Innovation: Implement policies that support entrepreneurship and SMEs, including access to financing, simplifying regulatory procedures, and encouraging public-private partnerships to stimulate economic growth and innovation.

Improve and Intensify Research and Monitoring Efforts: Invest in research to assess the impact of lobbying regulations on governance and economic development, using surveys, case studies, and evaluations to inform and refine policymaking.

Foster International Cooperation: Engage in international collaboration to learn from countries with effective lobbying regulations, adapting insights to the Kazakhstani context to enhance governance and development strategies.

Rationale for Recommendations:

These recommendations draw on principles observed in advanced lobbying systems, such as the United States, where transparency, accountability, and stakeholder engagement are prioritized. Such frameworks not only support democratic processes but also promote economic development by ensuring that policies reflect a broad range of interests and are more likely to be effective and equitable.

7. Conclusion

This research has highlighted the significant impact of the absence of lobbying on Kazakhstan's political and economic development, demonstrating how it limits democratic participation and perpetuates a centralized governance system. Implementing comprehensive lobbying regulations would not only improve transparency and accountability but also facilitate a more inclusive political discourse. This, in turn, would ensure that policies reflect the diverse needs of all societal segments, including

marginalized groups and small businesses.

The transformation of Kazakhstan into a more open and democratic society hinges on recognizing and addressing the challenges posed by the absence of formal lobbying mechanisms. Such changes will require concerted efforts across all sectors—government, business, and civil society—to develop a governance model that truly engages and respects citizen voices.

Further research could expand on these findings by exploring more detailed aspects of lobbying practices in Kazakhstan and similar countries, using primary data and comparative analyses, and investigating the role of technology in enhancing lobbying transparency and effectiveness. These studies would provide deeper insights into the mechanisms and impacts of lobbying, supporting more informed policy decisions and contributing to the development of a more robust and equitable governance framework in Kazakhstan.

The Influence of Institutional Culture on the Adoption of Creative Learning Strategies in the Republic of Kazakhstan

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Abstract:

In this article we determine how national culture influences the adoption of innovative learning within educational institutions of Kazakhstan. It demonstrates how the nation has shifted its instruction method from mere teaching to learner-centered approach in order to evolve from a resource-based economy to an economy that is knowledge and creativity based. Institutional culture - norms, attitudes, beliefs and practices- is the main factor which is related to the educational innovations and developments, which is supported by the research. This study is based on a comparative analysis of Nazarbayev Intellectual Schools, Nazarbayev University, public schools using gamification, and university community engaged learning. It talks about triumphs and limitations of innovative educational practice. They analyze Schein's Corporate Culture paradigm and the Technological Pedagogical Content Knowledge (TPACK) paradigm to provide the linkage between how institutional culture relates with creative learning. This study shows that training creative learning strategies has to be designed with a good organization culture, relevant professional development, technical infrastructure and community participation. Developing flexible policies as well as building innovative learning environments in terms of resource limitations, uneven technological accessibility and resistance to change is demanded.

Key words: Institutional Culture, Creativity in Learning Methods, Education Reform Rooted in Kazakhstan, Innovation in Education, Pedagogical Techniques, Cases Educational Policy

1. Introduction:

In the dynamic landscape of global education, the Republic of Kazakhstan stands at a crossroads, poised to integrate innovative pedagogical approaches into its academic institutions. The country's commitment to revamping its educational system is evident from its strategic educational reforms aimed at fostering critical thinking and adaptability among learners. As the world gravitates towards a knowledge-based economy, the significance of creative learning strategies in cultivating a generation of problem-solvers and innovators cannot be understated (Robinson & Aronica, 2015).

The current institutional culture within Kazakhstani educational institutions can be characterized by a transitional phase, wherein traditional didactic methods are increasingly giving way to learner-centered approaches. This shift is influenced by global educational trends and the national agenda to diversify away from a resource-based economy towards one that is knowledge and innovation-driven (OECD, 2014). Notwithstanding, the transformation is not without its challenges; entrenched pedagogical practices, hierarchical structures, and a prevailing exam-oriented mindset present substantial inertia (Zhao, 2012).

The thesis of this discourse posits that the institutional culture within Kazakhstani education establishments plays a pivotal role in the adoption and integration of creative learning strategies. The extent to which educators and administrators embrace change, challenge conventions, and foster an environment conducive to innovation is crucial to this endeavor (Fullan, 2007). A culture that values creativity and critical inquiry not only facilitates the adoption of these strategies but also empowers stakeholders to continually refine and evolve their educational practices to meet the demands of the 21st century (Schein, 2010).

2. Background:

Institutional culture, as defined by Tierney (1988), is the complex set of norms, values, beliefs,

traditions, and practices that shapes the behavior of individuals within an educational institution. It is a powerful determinant of how receptive a school or university will be to pedagogical innovations and reforms. Creative learning strategies, on the other hand, refer to educational approaches that encourage students to think critically and creatively, often involving collaborative, interdisciplinary, and project-based learning environments that challenge the traditional teacher-led, lecture-based format (Sawyer, 2015).

Innovative teaching strategies are extremely important in today's classrooms. Since the beginning of the digital era and the Fourth Industrial Revolution, the importance of innovation, flexibility, and merging various data sources has grown (Schwab 2016). Students who learn imaginatively are better able to deal with tough situations, develop an entrepreneurial spirit, and adjust to changing employment markets (Robinson, 2011).

Kazakhstani education has turned away from the Soviet-era emphasis on memorization and authoritarianism in favour of a more contemporary approach. Kazakhstan overhauled its educational system following gaining independence in 1991. According to the Kazakhstan 2050 Strategy (2012), both the Kazakhstan State Programme of Education Development (which began in 2011) and the "100 Concrete Steps" national plan (which began in 2015) aim to foster critical thinking, innovation, and creativity in the classroom. The majority of Kazakhstan's classrooms are teacher-centered, which means that students primarily learn from their instructor. This approach promotes preparation and memorization as essential components of efficient learning. According to Kazakhstan's Ministry of Education and Science (2010), creative learning places a high value on the student by forcing each individual to actively participate in the discovery and experience processes utilized to acquire knowledge.

Adopting these new procedures has been a delicate process that is far from completed. In Kazakhstan, there have been various innovative efforts. For example, some courses teach educators how to use question-based learning and interactive classrooms. Trilling and Fadel (2009) argue that numerous educational reforms should be implemented. It must abandon old practices and begin assisting pupils in improving their creative abilities.

3. Literature Review:

According to studies examining the connection between school culture and creative learning, for a school to foster students' creative capacities, it must combine its long-standing principles and practices with new methods of instruction. The incorporation of innovative pedagogical approaches is significantly influenced by both internal organizational principles and external factors that influence the culture of an academic institution, claim Ertmer and Newby (1993). If educational innovations want to make a difference, they need to adopt the prevailing institutional culture or embrace new paradigms in education, say Deal and Kennedy (1982).

Researchers have been studying Kazakhstan's school system ever since the country gained its independence. Kazakh educational institutions underwent a transition from Soviet-era paradigms to more Westernized frameworks, as Stolpe and Steiner-Khamsi (2006) analyze. A number of pedagogical strategies were implemented in response to the change. It is common to encounter a complicated educational system that incorporates aspects from past and future eras during times of transition, according to Silova (2009). One way to describe this occurrence is as a meeting of ideas that have already been explored.

It would be interesting and illuminating to compare the results with other countries that have recently implemented comparable educational reforms or that have a history characterized by Soviet Union domination. Jucevičienė and Valuckienė (2010) state that the Baltic republics show how important it is to assess educational standards that include creative and critical thinking abilities, which are vital for pupils' academic development.

There is a dearth of in-depth research on how institutional culture transformation affects the adoption and utilization of new pedagogical approaches in Kazakhstan, despite the increasing amount of literature on the topic. Examining how laws and curriculum have evolved takes up a sizable chunk of the existing scholarly literature. On the other hand, research on specific ways to enhance classroom instruction and communication between educators and their students is shockingly lacking. In addition, there is a dearth of comprehensive empirical studies that look at the real-world experiences of teachers

and students adjusting to new ways of teaching (Sergiovanni 2006).

In addition, there is a dearth of academic literature exploring how the operational cultures of Kazakhstan's universities and colleges relate to the country's long-term objectives and how these cultures help foster an environment that encourages original thought and fresh approaches. This highlights the significance of learning more about how institutional culture supports or hinders the implementation of creative pedagogical strategies in the classroom.

Additionally, academic studies examining how Kazakhstan's distinct sociocultural context influences the comprehension and application of cutting-edge teaching practices are very rare. Hofstede (1980) argues that more study is required to determine whether there is a connection between collectivism and particular forms of creative learning that intrinsically prioritize individualism.

In order to fill in some of the blanks in our current understanding, this research will take a critical look at the institutional culture of Kazakhstan schools and how well it meshes with contemporary teaching methods. This study will thoroughly investigate the cultural changes taking place in academic institutions and the subsequent effects on pedagogical techniques in order to provide a comprehensive assessment of Kazakhstan's educational reform.

4. Creative Learning in Kazakhstan: A Case Study Approach

Currently, the Ministry of Education and Science of the Republic of Kazakhstan (2018) is making diligent efforts to enhance the educational system. Instead of solely imparting numerical principles to children, educators should actively foster their critical and creative thinking abilities. In order to effectively navigate this transition, specific instructional techniques are necessary. The subsequent case studies exemplify the integration of innovative learning into a company's core principles.

4.1. The initial case study centers on the NIS (Nazarbayev Intellectual Schools).

The operational strategies employed by the esteemed NIS school network are widely recognized. Project-based learning, also known as PBL, has been implemented in various fundamental academic disciplines. As per Aitbayeva and Zhussoinova (2018), students exhibit a willingness to collaborate, employ critical thinking skills, and conduct research to identify solutions for real-world problems.

Successes:

The NIS management actively advocates and supports innovative modes of thinking. Academic institutions equip educators with the necessary resources to initiate and manage project-based learning (PBL) initiatives (Aitbayeva & Zhussoinova, 2018). The efficacy of problem-based learning can be assessed and enhanced in a suitable setting.

Challenges:

Kazakhstani organizations may be lacking the necessary infrastructure and resources to replicate the NIS model. Transitioning to Problem-Based Learning (PBL) can present difficulties for educators who are used to a strict teaching methodology (Aitbayeva & Zhussoinova, 2018).

4.2. Nazarbayev University (NU) case study.

The flexible teaching strategy has been used at Northwest University, a well-known academic research center. In addition to what they learn in class, students can also absorb important information on their own by using recorded lectures or internet resources. It is expected that as the session goes on, the students would take on increasingly difficult assignments. Enhancing pupils' recall of previously learned material is the goal (Yessengulova et al., 2018).

Successes:

The flipped classroom technique is advantageous since it aligns with Northwestern University's student-centered learning philosophy. According to Yessengulova et al. (2018), having a technological infrastructure improves online learning and inspires educators to develop cutting-edge techniques for conventional classrooms.

The effectiveness of the flipped classroom concept is dependent on the degree of interest that students already have in the subject. People who are used to traditional classroom settings could find it challenging to become used to a setting that encourages independent study. They must, however, accept and put into practice this update (Yessengulova et al., 2018).

Challenges:

The efficiency of the flipped classroom is measured by student interaction with off-class loaded

materials. An environment of independent learning is a must, which may become a problem for learners used to teacher-centered learning (Yessengulova et al., 2018).

4.3. Game Integration in Public Education Case Study:

The practice of assimilating game elements—e.g. leaders' boards, elements, and badges—to an academic context is called gamification. The fact that there are several Kazakh public universities which prosecute this phenomenon is obvious. The main motive of this technique is to create a connection among the students with more interest and involvement towards the subject (Makhmetova et al., 2021).

Successes:

Offering games in the curriculum classes, the freshmen students and mainly, the younger scholars, are intrigued and motivated with ease. Besides, an important measure in the change of teenagers' lifestyle from an unhealthy one to a healthy one is introduction of activities by the educational institutions (Makhmetova et al., 2021).

Challenges:

Customized specialist knowledge and a wide range of technology are needed to create effective gamified learning experiences for students. These novel approaches may encounter pushback from the traditional educational system, which prioritizes testing (Makhmetova et al., 2021).

4.4. Community-Engaged Learning at Universities Case Study.

The tutoring programs of Almaty Management University and their associated institutions included both the provider-teaching tasks. Students' key intellectual, problem-solving skills and attentiveness to society will be much better developed by exposing them to the local community's real world problems (Muratova et al., 2020).

Successes:

The AMU's commitment to social responsibility not only relies on community-engaged learning. The prosperity of the very own projects is encouraged by means of the teacher-network collaboration (Muratova et al. 2020).

Challenges:

The people's difficulties should be solved. Service-learning projects aim to establish strategic relationships with neighborhood organizations in the desire to operate efficiently. Universities that maintain neutrality and self-orientation may struggle to engage in transfer activities (Muratova et al. , 2020).

All of the illustrated instances imply that academic institutions in Kazakhstan employ a variety of pedagogical methods. Organizational community have to be flexible and role malleable so that adoption will be a success. If we want to increase the force of the educational machine in Kazakhstan then we are getting people involved into very thought out experiences, networking with all kinds of organizations, and focusing more on processes that are learner oriented.

Different studies conducted to determine how geographic differences affect the implementation of current teaching methods in the settings of schools within Kazakhstan. This encompasses traditional public schools to state universities like Nazarbayev University (NU) and networked colleges such Almaty Management University (AMU).

5. Theoretical Frameworks and Models

Two excellent models of process analysis of the company culture up-to-date pedagogical techniques' connection are Schein's Model of Corporate Culture and the Technological Pedagogical Content Knowledge (TPACK) version.

Schein's (2010) report provides the Schein's Model, which is a general approach to assessing the organization's culture. This approach uses the in-depth study of the organization's values, conduct labels, and physical implements. Methods of learning new things should be ready for the community to accept if they just add to the long traditions or at least inscribe in the old skills and experiences.

For the effective implementation of technology in the classroom, teachers should be the main protagonists in acquiring a very realistic understanding of TPACK which is an abbreviation for technology, pedagogy, and subject matter expertise as unearthed by means Mishra and Koehler (2006) This idea is reflected in the life of people regarding the times when generations go through the era and face the new ways of doing education. Northwestern University ranges from flexible lecture halls to engaging in discovering knowledge activities in public, just as adaptive learning is an

observation.

6. Analysis of Case Studies

Both the PIS (The first case study) and the NU (The second case study) show that it is possible to alternate the traditional teaching approach (PBL) with flexible ones. The reason behind this is that larger sustainability and the investment in professional development is very highly placed by the company. A generally nurturing environment, in the appropriate context Schein describes as a "tool" for our creative projects Whether or not those methods work or not is highly dependent on teachers on the professors possessing the technological tools and TPACK proficiency. That is to say, these are just as closely connected as concern count, hard work/knowledge, and technical competence are.

Although the use of game mechanics into curriculum is a challenge in case study three, community engagement is a challenge case study four had to argue with. This issue serendipitously demonstrates that being in a straightjacket of performing curriculum or test-oriented training style in class are one block of adobe wall.

Table 1 Analysis of case studies

Institution Type	Strategy Used	Success Factors	Challenges	Alignment with Frameworks
Elite Schools (NIS)	Project-Based Learning	Supportive culture, Professional development	Resource constraints in scaling	Schein's Artifacts; TPACK
Universities (NU)	Flipped Classrooms	Technological infrastructure, Faculty training	Student engagement with pre-class materials	TPACK; Schein's Artifacts
Public Schools	Gamification	Engaging for students, Supports innovation	Expertise and resource requirements	Schein's Underlying Assumptions; TPACK
Community-Engaged Universities (AMU)	Service-Learning Projects	Collaboration with community, Social responsibility mission	Building strong community partnerships	Schein's Values; TPACK

7. Discussion:

Kazakh lawmakers, establishments, and educators can have a look at a super deal from analysing hypothetical data and actual-international examples of modern-day pedagogical practices within the study room. This essay highlights the significance of faculty way of life in figuring out how open or closed an organization is to new approaches of coaching and reading that purpose to enhance students' analytical thinking, teamwork abilities, and potential to treat problems.

Innovative pedagogical practices can most effectively be correctly carried out while instructors themselves adopt a sparkling perspective and way of wondering. Educators should actively be searching for ongoing expert development and schooling inside the occasion that they want to maximize the use and manipulation of these strategies. Problems with choppy distribution of resources and tremendous-sized institutions advocate it is impossible to provide you with an answer that works for anybody. The wonderful way for instructors to inspire students to count on outside the box is for them to comply with those techniques to their very own situations, making the most of their strengths whilst overcoming obstacles.

Academic institutions need to be created thru lawmakers in a manner that encourages and allows modern questioning. This consists of making sure that each one college students have identical and truthful get admission to to the resources needed to implement progressive pedagogical procedures, allocating finances to enhance expert abilities, and developing rules that foster an surroundings conducive to innovation in instructional institutions. The variety of Kazakhstan's educational institutions need to be acknowledged by means of the usage of the guidelines, which have to be designed to be bendy sufficient to deal with numerous pedagogical techniques.

The significance that companies area on growing a subculture that values and encourages innovation is highlighted thru the consequences. Creating a region that encourages curiosity and pushes people to peer setbacks as studying reviews is crucial. Leadership, economic allocation, and the capability to engage the entire academic network decide the quantity to which an educational employer can efficaciously comprise new instructional strategies.

Problems along with uneven get entry to digital generation, resistance to new ideas, and the need for a complete, however adaptable framework need to no longer be omitted. In order to address the difficulties head-on, instructional institutions have to prioritize strategies that make technology greater available, inspire a boom thought-set, and bring collectively relevant events to highlight the significance of current reading.

8. Conclusion:

This note aims to reveal the interdependence between the features of setting up educational centers in Kazakhstan and the ways that lead to revolutionary parsley. Here we will discuss a narration of creative peculiarities and the hardship arising us out of this unique setup. The study reveals that the capabilities that boost the expertise advancement possibilities, have enough budget, and manage the program can help effective adoption technology-based teaching techniques. The hurdles for the implementation of this idea include the issues of old techniques, scarcity of the sources, and resistance to the changes in the thoughts.

Educational establishments need to examine the subsequent suggestions: Educational establishments need to examine the subsequent suggestions:

- Leaders in organization by demonstrating their own leadership power and vision by the constant learning program and pursuing the encompassing and total vision that reflects the organizational culture and standard. The professionals commit themselves to permanent education, for instance participating in conferences and workshops in order to strengthen and to build up the knowledge, skills and self-confidence to incorporate the new teaching techniques in the class properly.
- Furthermore, it is necessary that schools provide teachers and students with the appropriate resources as well as possibilities in order to help the building of thriving creative educational classrooms. Printed and electronic reading documentation software, different magic wands for scanning, electronic readers, chills, costumes and gratings are all grouped into this class of technocratic objects.
- A revolution can be encouraged and sustained if you create a good atmosphere which allows the boom of revolutionary ideas. Establish a working environment that motivates workers to devote time to new field-s and should participate in strategic tasks by creating a culture that recognises the significance of failing.

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How important is students' second-language science communication in an EMI university environment?

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Scientific writing is considered a unique branch of communication in academic and professional spheres due to the nature of the subject content, and its history of knowledge dissemination. These traditional methods of dissemination include books and research articles, but this has expanded recently into public engagement, in its various formats. The main language for the international communication of science is English, which means that many non-native speakers of English will be using the language. In Kazakhstan, the government has shown support for this view of English by mandating that English be used in the teaching of sciences in secondary schools. However, in universities, communication is not so much a one-way path, where instructors teach students. Students and graduates need communication skills to express their ideas in assessments within the university, and their research both inside and outside of the university, and onward in their careers. This requires a certain degree of knowledge about the formal and informal rhetorical structures of science writing (Katsampoxaki-Hodgetts, 2022). Within science education and applied linguistics circles, science writing is an area of Language for Specific Purposes (LSP). To the literacy educator, it is necessary to understand the description of, and degree of importance of science communication for stakeholders in an educational institution, and their understanding of the advanced (or pedestrian) communication of science knowledge with colleagues, governments, business and the wider public. Therefore, the objective of this exploratory research study is to examine the opinions of relevant stakeholders at an English-as-a-Medium-of-Instruction (EMI) university about their views of science communication and its literacy and educational implications. This was done by disseminating a Google Forms questionnaire to chairs and deans at a Kazakhstani university. The preliminary results indicate a broad understanding of the unique character of science writing, the role of English in such a foreign-language (FL) context, and yet there is less agreement about what formats (Katsampoxaki-Hodgetts, 2022) and content (Miller et al. 2009; Kouper, 2010) of science writing would be most important for science students, researchers and graduates.

Exploring the effectiveness of assertive speech act acquisition through podcasting

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ABSTRACT

Pragmatic competence is considered to be one of the core competences that enables successful communication. Nowadays, with the rapid technological innovations in education, podcast making has emerged as an up-to-date way to boost students' both communicative skills and pragmatic competence. The study aimed at revealing to what extent pragmatic instruction could increase EFL Kazakhstani students' pragmatic awareness in podcasting in relation to assertive speech act and its related functions. The research methods included analysis of 12 student-produced podcasts, frequency analysis of the phrases as well as written interviews to reveal the effectiveness of pragmatic instruction. The results indicated no significant increase in the frequency between the pre and post intervention stages of the podcasting. Claiming is identified as the most commonly used function within the assertive speech act. Regardless 'I think' was the most common way to express opinion prior to pragmatic instruction, a new variety of the phrases such as 'As I remember' emerged in the final stage of the implicit pragmatic intervention. Also, written interviews showed that although students were implicitly taught assertive speech they forgot to use them in their podcast interactions. These findings contribute to the necessity of employing both explicit and implicit pragmatic instruction to measure the effectiveness of assertive speech act acquisition through the podcasting.

1 INTRODUCTION

The research topic that was explored throughout the study related to the development of assertive speech through podcasting in the EFL context:

Back then when I was part of an international program that promoted the acquisition of English language and exploration of its culture, as a pre-service teacher of English I managed to indicate a speaking issue that was evident in most of the learners' utterances from the international program I studied. In the course of their interaction with one another, their utterances were to some extent characterized by directness and rudeness. For example, when they were asked to express their agreement or disagreement toward certain statements, they were inclined to say either yes or no, but less often resorting to markers of politeness such as "I'm afraid I disagree", "I'm not so sure about that", "I don't quite agree" etc.

Although their responses were grammatically correct, there were certain incoherences in terms of their pragmatic choices. As Claimed by Kasper (1997) EFL learners have a tendency of straightforward interpretation along with misuse of politeness strategies in their speech that ultimately lead to pragmatic failure.

This could stem from lack of immersion into an authentic environment as well as transfer from their L1. It is most likely that the language choice in the L2 might be completely different from the first language (L1) which is attributed to cultural values as well as ways of communicating them linguistically. In fact, according to Oriegmann (2010), the classroom discourse in a non-native environment, where a teacher being as a non-native speaker, might be less likely to serve as a model for students to follow. Thus, highlighting EFL teacher's challenges in delivering authentic input to the learners.

As a result, the discrepancy between the pragmatic choices could interfere non-native Kazakh learners of English ability to convey pragmatically appropriate messages in different situations. Although direct

messages in one culture are considered a cultural norm, in other cultures might be perceived as rude and imposing on the hearer, hence inhibiting successful communication.

In addition, inefficient use of speech acts or certain communicative functions might happen due to lack of teacher's attention toward addressing the appropriateness or inappropriateness of students' speech in a variety of formal or informal contexts.

Furthermore, while teaching in a language center and through conducting the needs analysis with 5 pre-intermediate students from high school in Almaty, I've realized that authentic communication is what the students identified as lacking in the educational system in public schools. Despite these findings being derived from a very limited sample of students, it is assumed that this could be a problem for other high school students whose level of language proficiency is the same or even lower.

In order to be pragmatically proficient learners, EFL students are expected to take into account the context, where the conversation takes place and accordingly adjust their speech patterns to range of occurring communicative situations such as expressing opinion, stating information, explaining, suggesting etc.

Hence, a pragmatic instruction could be a great resource in raising awareness of students with regard to what is perceived to be appropriate and inappropriate in a given situation, whereas podcast may serve as a tool to promote the use of assertive speech act as well as its related functions such as expressing opinion, informing, stating facts and evidences, concluding etc. It is believed that the variety of podcast formats such as debates, interviews, co-hosted could motivate EFL students to apply speech patterns appropriately in accordance with their communicative purposes.

Podcasts were considered to be effective when promoting students' speaking skills, as the more students listen to a certain episode of the podcast, the more likely they are going to incorporate this word in their speech (Phillips, 2015).

Based on the results of another study, several benefits of podcasting were identified: increased awareness about the speaking skills, development of the students' autonomy in practicing fluency and accuracy, and decreased anxiety when speaking in English. Nevertheless, the challenges perceived by students were feelings of embarrassment when making mistakes, pronunciation difficulties and issues related to the application of podcasting websites (Yeh,2021).

The objective of the current research is to explore the effect of podcasting on the use of assertive speech and development of pragmatic awareness.

Research questions

The main three questions the study focuses on are as following:

- 1)In what way could pragmatic instruction influence the acquisition of the assertive speech act and its related functions among EFL students in Kazakhstani private school?
- 2)What are the common pragmatic challenges experienced by EFL students in Kazakhstani private schools, in particular with regard to directness, rudeness, L1 interference and cultural differences in politeness?
- 3) To what extent was the pragmatic awareness of EFL students increased after intervention (pragmatic instruction)?

2 Literature review

2.1 Speech act theory

There has been extensive research done in analyzing the development of speech acts by Austin (1962). According to Austin, pragmatic acts are realized not only through the social and cultural situations, but also through a discourse according to which pragmatic features of the speech acts are modified (Oshie,2017). However, the application of speech acts in the EFL context remains an underexplored field of the research. Moreover, to the best of my knowledge, the investigation of speech acts has not been studied yet in the context of podcasting in the EFL classroom.

2.2 Challenges in acquiring pragmatic competence

A considerable amount of literature is available in terms of the pragmatic awareness of the learners and the challenges they face in relation to directness and appropriateness and politeness. Few studies looked at the awareness of English learners about pragmatic choices. The learners of English are found to be unaware of the pragmatic differences between their L1 and L2 languages because of the variety of reasons the pragmatic aspects are often overlooked in the classroom. Despite the level of language

proficiency, even advanced speakers of English tend to exhibit the lack of pragmatic awareness and therefore, face challenges in the conversation (Hardlig K. 1998). Likewise, other studies indicate that although the issue is lack of pragmatic instruction, another problem relates to the commonly spread assumption that the pragmatic failure derives from linguistic scarcity (Thomas, 1983). As a result, both studies suggest reinforcing the pragmatic instruction in the classroom to allow students to make pragmatically informed choices and flout intentionally than consider it as a mistake. However, Rather opposing results are presented in the other study where students' linguistic capabilities and their language proficiency level contributed to the pragmatic competence. Specifically, those factors involved the quality of the linguistic expressions, grammaticality of the speakers' responses (Taguchi,2006). Yet, the research stresses the influence of discourse and grammar altogether to the successful realization of the speech acts, not only ability to use effective formulaic expressions or produce grammatically correct responses.

2.3 Pragmatic transfer from L1 to L2

Learners transferred some of their L1 refusal patterns into their L2. The pragmatic failure also may happen not only due to lack of awareness but the transfer of the L1 to the L2. Linguistic strategies that the L2 speakers incorporate are embedded into cultural norms and thus, the speakers may occasionally transfer their pragmatic choices in one language to another. Therefore, what is considered to be polite and appropriate in one language could be miscommunicated in another. A huge number of studies discuss the influence of L1 on the linguistic strategies used in the L2, which are often driven by cultural beliefs and norms of what is considered to be appropriate. However, only few studies focus on the speech act acquisition in English in relation to the first language, which made pragmatic rules universal. When the linguistic strategies were compared between Persian speakers of English and English native speakers, it was found that Persian speakers tend to apply more indirect strategies (Hashemian, 2020). This study's claim is in line with the previous research (Thomas, 1983; Hardlig.1998; Wierzbicka, 1985) stating that raising awareness about pragmatic competence and recognizing its cultural context equips English speakers to effectively interact in cross-cultural communications.

On the other hand, other studies show that L2 country speakers are less likely to use indirect speech acts than speakers from L1 countries (Hopkinson, 2021). However, this study does not reveal the actual linguistic background of the speakers. A major concern that leads to the transfer in L1 is rather prescriptivist approach to the linguistic strategies which may result in the inappropriate utterances. Numerous studies argues about the importance of looking at the cultural perceptions and sense of identity that are communicated through and are prone to the changes (Kasper, 1996) Specifically, the speakers in L2 countries show a weaker preference for indirect realizations of oppositional speech acts than those in L1 countries, and L2 country speakers perform substantially less mitigation of oppositional acts via internal

2.4 The effectiveness of pragmatic instruction in EFL context

Insufficient research is conducted in the field of investigating pragmatic instruction in the context of learning English as a Foreign language. There has been a growing debate whether the explicit or implicit pragmatic instruction is productive and increases students' pragmatic awareness. The few studies managed to represent how the implicit instruction works. Results of the study of students' produced requests illustrate that although an improvement in learners' appropriate use of requests did take place after the instructional period, the explicit group showed an advantage over the implicit one (Soler,2005).

Similar findings indicate the effectiveness of explicit instruction, which is implemented by using consciousness-raising techniques to foster pragmatic fluency (House, 1996). Likewise, the feedback provided as a part of explicit instruction encouraged students to reflect on their pragmatic performance and make adjustments in terms of the speech acts and their alignments with the cultural norms (Reza, 2016).

2.5 Pragmatic instructions in the development of communications skills.

There has been extensive research in relation to the effect of the podcasting on the students' listening and speaking skills, however, there is a growing need in exploration of podcasting with respect to speech

acts development.

The several researches in the podcasting and its effect on the communication unfolded the positive influences on the speaking performance. Podcasts were considered to be effective when promoting students' speaking skills, as the more students listen to a certain episode of the podcast, the more likely they are going to incorporate this word in their speech (Phillips, 2015).

Likewise, other studies indicate increased awareness about the speaking skills, development of the students' autonomy in practicing fluency and accuracy, and decreased anxiety when speaking in English. Nevertheless, the challenges perceived by students were feelings of embarrassment when making mistakes, pronunciation difficulties and issues related to the application of podcasting websites (Yeh, 2021).

The findings are supported by other research in the field which discloses more positive influence of podcasting on students' communication among eighth grade students compared to the control group which received the traditional method of instruction.

However, the findings also encapsulated that podcasting had less positive effect on students' communication skills than video casting (Shunnar, 2022).

3 METHODOLOGY

A qualitative approach is employed in this research to gain a deeper understanding of the pragmatic performance of the participants. Since the qualitative data alone could not fully capture the pragmatic features evident in the students' responses, the frequency of speech patterns was also identified.

In this study, qualitative research serves the purpose of gaining wider perspectives of the individuals' performance where the primary focus is on the interaction between the participants of the study in a natural setting which would allow to get a more accurate representation of the pragmatic performance rather than being purely quantitative. This nature of the study is likely to ensure that pragmatic features found in the audio recordings are not just numerically analyzed but also being thoroughly investigated in terms of pragmatic choices and challenges faced by the students when realizing the speech acts.

Likewise, since the pragmatic phenomena in the case of high school students is considered to be the primary research interest for the educator, this study employed the action research approach where the research is conducted by the instructor. As a both researcher and educator, my aim was to recognize the pedagogical benefit and efficiency of podcasting in helping EFL students to assimilate the pragmatic competence and increase their overall awareness regarding linguistic strategies that can be used to serve different communicative purposes and a range of formal and informal settings.

As the pragmatic failure and directness is found to be one of the aspects that the researcher observed in her own practice, it is believed that with a personal involvement in the research and some expertise in pragmatics, researcher can contribute to the field by gaining the insight into the implementation of the pragmatic instruction with the podcasting as a pedagogical tool. To have more accurate information regarding the action research is regarded to be the most efficient way to take into account complexity of learners' profiles and their abilities which may complement the results.

Another reason that informed the choice of approach for the research was that to the best of the researcher's knowledge, action research is rarely used in the field of teaching pragmatics, which may indicate the low interest among educators toward enhancing pragmatic competence in EFL context. Therefore, the results of the study are likely to bring valuable insights for practitioners and raise awareness about pragmatic difficulties faced nowadays by EFL students in schools. Kemmis and McTaggart (1982) view action research as a way of "trying out" things to bring about the changes in teaching and learning.

3.1 Sampling

The current research took place in one of the private schools in Almaty as this context is available for the researcher who is one of the teachers at this school. The school was also relevant for the study as the mission of the school is to develop bilingualism which puts a high emphasis on the enhancement of language skills. In addition, the school is currently undertaking the process of getting IB authorized

status and is now at the position of the IB candidate school which requires the learners to be committed to learning English and get a high level of language proficiency. On top of applying for international status, the school curriculum contains the subjects that are instructed in English such as Social Studies, EAP, Creative writing, Academic Writing, AP calculus, World History etc. The participants who were encouraged to take voluntary participation in the study are the EFL high school students in Almaty school. One of the criteria for the participant was to have an intermediate level of proficiency and extensive period of learning English to be able to recognize pragmatic elements. The participants were teenagers whose age ranges between 14-17 who have interest in learning English. The school conducts the placement test to identify the level of the students and then divides them according to their level. Convenience sampling was incorporated to reach the available number of the sample size from the entire population to make sure the researcher has access to the participants.

Depending on the availability of the students, this study aimed to recruit 20 students from high school to dive into their pragmatic performance and closely investigate the patterns. This sample size was small to ensure that speech act realization is thoroughly investigated and analyzed in terms of directness in assertive speech act application through podcasting.

3.2 Data collection

As already described in the previous section about the research type, the study implemented qualitative methods such as analysis of 4 stages of podcastings along with the demo podcasts used as a pre-intervention indication of the pragmatic awareness and frequency analysis of the assertive speech act phrases. Later, 12 podcasts were transcribed and categorized into themes by each stage. By the completion of the intervention, written interviews were conducted where the participants explained their pragmatic strategies or linguistic units associated with the assertive speech act. The closed and open-ended were included to capture the perceptions of the students and identify the factors that may inform their choices. For the clarity and convenience of evaluating students' own responses and their pragmatic choices, they were provided with the transcript from the final stage of the podcast, also with the purpose of identifying the effectiveness of implicit pragmatic instruction. The study took 2 months of instruction which involved the process of introducing the podcast and its format, instructing, evaluating and providing feedback, collecting data and analyzing it.

4 RESULTS

The purpose of the study is to reveal the effectiveness of pragmatic instruction through podcasting specifically within the realm of assertive speech acts and its various functions such as expressing opinion, informing, agreeing, disagreeing. The purpose of this section is to illustrate the results obtained from data collection over the 2 month period of implicit pragmatic instruction and

To be able to explore these questions, the following methodology was proposed:

- survey to collect the demographic information about the participants.
- analysis of the podcast: frequency
- questionnaire to identify the pragmatic awareness of the students after the intervention.

Overall, the study intended to reach 20 EFL participants from the high school students of intermediate level, yet the results of the data collection includes the 12 podcast recordings ranging between 2 and 4 mins and recorded various formats such as solo (2), pair podcast (5), group podcast (5).

The participants' age ranges between 13 and 14 and their level is a strong intermediate and intermediate + level which was previously identified at the beginning of the academic year 2023-2024. This group is quite familiar to the researcher who is their teacher for almost over 6 months and presumably aware of their linguistic competence and speaking ability.

For the purposes of being specific and selective about the results gathered throughout the study, the main criteria I adhered to were:

- 1) relevance of the data based on the research questions.
- 2) the indication of the findings based on the chronological stages of the intervention.

4.1 Frequency of assertive speech act functions

Through the analysis of the 4 podcast stages, several speech act functions were identified where the most common one was found to be expressing opinion. In addition, informing was used at the beginning of each podcast episode, while agreement was the function used the least among other assertive speech act functions. However, despite appropriate format of the podcasting such as discussions, disagreement function was not evident in any of the podcast stages as might be seen from Table 1.

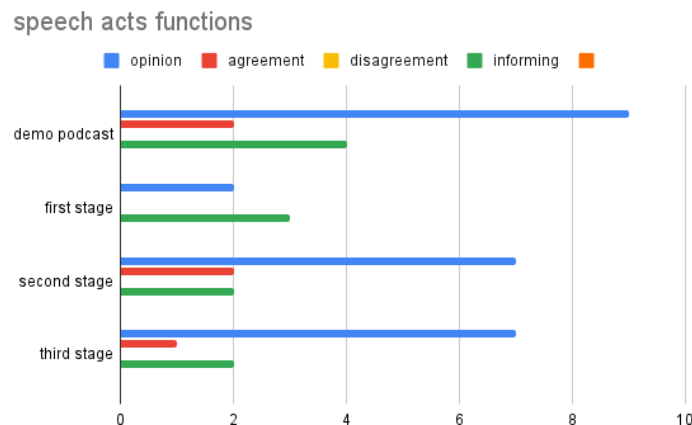
Table 1: frequency of phrases throughout 4 stages

Assertive speech act function	frequency
Expressing opinion	6,25
Informing	2,75
Agreement	1,25
Disagreement	0,00

Therefore, this table demonstrates that expressing opinion is the assertive speech act that is most likely applicable for teaching pragmatics through the use of the podcasting as students are introduced to a range of conversational formats such as interview, discussion, debates.

However, disagreement was the only assertive speech act function which seems to be overlooked by the participants. It is assumed that the debate format of the podcast could stimulate the application of the disagreement function among students.

In addition, to see whether the podcast could increase students' use of assertive speech act functions, 4 stages of the podcasts indicated prevailing type of the assertive speech act functions such as giving opinion, informing and agreeing as illustrated by the Figure 1.



However, there was no visible gradation of the frequency by each intervention, instead the number of opinion phrases was higher during the pre-intervention stage, decreased by the first stage and increased again by three times within the following stages. Yet, the linguistic strategies were not the same in each stage and students' phrases were characterized by slight variability as could be seen through Table 2.

Table 2: expressing opinion in final stage of podcasting

Participants	Expressing opinion
Participant 1	none
Participant 2	<p>As I know African -Americans were discriminated especially in North side of USA...</p> <p>As I know in Kazakhstan we have so many problems nowadays and one of it is a</p>

	problem with women rights... I think as students I can join to the volunteer communities and be active..
Participant 3	as I remember , nowadays they're still facing with some discrimination or segregating, like in America, maybe
Participant 4	I know that in the past they were discriminated by white people..
Participant 5	none
Participant 6	I think if it were, our Kazakhs would immediately solve this problem.

Therefore, the phrase ‘I think’ which was commonly used during the stage was now being replaced by: as I know, as I remember when students were trying to recall the information. Furthermore, it is quite evident that Participant 1 and Participant 5 were not using any opinion softeners as they were taking the role of the host, hence, characterized by less leading role in the conversation due to elicitation of the guest’s ideas.

4.2 Students’ awareness of pragmatic instruction

By the completion of the third podcast, students were asked to fill in the questionnaire about the use of the assertive speech act in their podcasts. Each participant was given a printed transcript text right after recording the podcast and students were asked the following questions:

- 1) Do you know any equivalents to the phrases in bold?(expressing opinion)
- 2) In what situations are these equivalents used ? (give examples)
- 3) Why did you use these phrases to express your opinion? (give your sincere opinion)

The first question intended to elicit students’ awareness about the used opinion phrases highlighted in the text to see if the implicit instruction of the assertive speech act was in fact effective to the students. The purpose of the second question was to see the concrete examples of the students, whether they could use them in formal or informal settings. Most importantly, the third question addressed the ability to understand the rationale behind using certain linguistic strategies while fulfilling a particular type of assertive speech act, specifically related to giving opinion.

To the surprise of the researcher, the students included many equivalents to the opinion phrase “ I think” such as: I guess, I assume, In my opinion, I assume. However, these phrases were rarely seen in their podcast, while the predominant choice was “ I think”.

Students also indicated the function of the opinion phrases as being used to express their ideas, however they didn’t provide any specific examples of these phrases in the context.

Moreover, the reason for using “ I think” for the prevailing number of the students was the fact that even though they were familiar with these phrases, they forgot to use them.

As one of the participants says: “ it came automatically out of my mouth. It’s like a habit”.

Therefore, the students tendency to forget those phrases indicates the lack of the repetition tasks and limitations of the implicit instruction.

4.3 Summary of the results

To conclude, section 4.1. looks into the overall influence of the podcasting on the assertive speech act assimilation, whereas subsection 4.3.1 identifies claiming function as the most frequency among all the stages with an average number of 6,25. Further, it introduces the most common use of the assertive speech act function which is identified in the third podcast as claiming function, however, since students were used to the phrase “ I think” to introduce opinion, this was the most common way to express opinion, other less used phrases included “ I guess”. Third stage results presented in the subsection also indicate a new variety of the phrases such as ‘As I remember’. however the number remained the same as in the preceding stage.

After intervention, students were asked to fill in the questionnaires based on the transcripts from stage 3. As a result, the responses indicated that although students were implicitly taught assertive speech they forgot to use them in their podcast interactions.

5 DISCUSSIONS

5.1 Frequency of assertive speech act phrases

The study focused on evaluating the effectiveness of the pragmatic instruction with the help of podcastings, where a variety of assertive speech acts such as expressing opinion, informing, agreeing were used. These results emerged as a result of 4 stages of podcasting conducted over the 2 months of the implicit instructional period.

As indicated by the findings, expressing opinion was the most common function which was used 6,25 times on average within 12 podcasts, yet agreement was less used in the podcasts. In addition, disagreement wasn't incorporated in the students' podcast interactions at all. These findings indicate that although students are aware of opinion phrases and associated pragmatic strategies, they struggled or seemed to fail to incorporate agreement or disagreement strategies due to lack of practice, although they were implicitly introduced to them prior to the recording. It might also imply that the format of the podcasts which is found to be an interview or discussion affected the nature of students' interaction and stimulated more use of the opinion strategies rather than agreement or disagreement. Hence, other formats of the podcasting such as debates might create the natural conditions for the use of these strategies in students' conversations.

5.2 Increase of pragmatic awareness

The questionnaire applied by the end of the the final stage indicated that although students were cognizant of various equivalents of the opinion phrases such as ' I guess', 'In my opinion', 'As far as I know' introduced to them throughout the instructional process, students kept adhering mostly to the phrase " I think". These findings propose implications of the implicit instruction which could have caused difficulties in providing students sufficient guidance and practice through the role-plays before recording the podcasts. Students also struggled to provide specific instances of using the acquired phrases which indicates the need for more contextual application of the phrases through real-life scenarios, like discourse completion tests or role- plays.

6 CONCLUSION

There has been extensive research in relation to the effect of the podcasting on the students' listening and speaking skills, however, there is a growing need in exploration of podcasting with respect to speech acts development.

Since the research looked at the pragmatic choices made by EFL students in Kazakhstani private schools, teachers would be able to apply the pragmatic instructions in their own classrooms and be able to understand the reasoning behind incorporation of particular speech patterns for expressing opinion, agreement or disagreement etc.

The findings of the study might be as well beneficial to teachers willing to integrate technology to foster the acquisition of speech acts or developing communicative competence in general.

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Analysis of the Assessment of Reading and Writing for Foundation course B2/C1 levels KIMEP Students

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ABSTRACT

This paper explores the assessment practices for reading and writing skills among B2/C1 level students in the Foundation Course A at KIMEP University, aiming to address gaps identified in existing literature. Drawing upon Giridharan (2011), Perin (2015), Siddall (2014), and Nel (2014), who underscored the need for interventions and personalized support in academic writing and reading comprehension, the study investigates the assessment methods employed at this proficiency level.

The research is guided by two main objectives: to examine current assessment practices for reading and writing and to evaluate the effectiveness of these strategies. Two research questions are formulated: firstly, what assessment strategies are currently used in Foundation Course A for B2/C1 level students at KIMEP? Secondly, how do instructors perceive the fairness, accuracy, and alignment of these strategies with learning objectives?

The study adopts a qualitative research design, combining primary and secondary research methods within a case study approach. Data is collected through a semi-structured interview with EFL instructor, an experienced English teacher at KIMEP University, focusing on her assessment practices.

Findings reveal a structured framework for assessment, including formal assessments (midterms and finals) and informal/formative assessments integrated into class activities. Formal assessments are meticulously designed with specific weightings and detailed rubrics, fostering transparency and comprehensive evaluation. Her proactive engagement with students ensures clarity on grading criteria and expectations, promoting student understanding and participation.

Furthermore, the study uncovers a deliberate effort to balance traditional and creative assessments in the final evaluation, catering to diverse student needs and fostering engagement. Informal assessments emphasize qualitative, subjective evaluation, focusing on overall performance and participation.

Overall, the selected EFL teachers' methodology exemplifies how educators can create a supportive and dynamic learning environment through a combination of formal and informal assessments, adapting to the evolving landscape of language education.

KEYWORDS: Assessment, Reading, Writing, KIMEP, Foundation course

1 INTRODUCTION

As students engage in their studies, being adept at reading and writing becomes crucial. Yet, EFL instructors need to ask: do the tests or other ways of assessments they use truly reflect their skills? Let's investigate this and consider if there's a better way to measure what they've learned. When EFL teachers assess university students at B2/C1 proficiency levels in reading and writing, the objective extends beyond mere procedural checking. It aims to ensure their preparedness for thoughtfully articulating ideas. However, the current examination methods may be somewhat outdated for contemporary students.

Therefore, several studies have explored the assessment methods for reading and writing skills among university students, particularly at B2/C1 levels. Qaboos (2015) uncovered significant challenges in reading, emphasizing issues with vocabulary understanding and the reliance on support strategies. Kaskani and Zafiri (2021) evaluated B1-level textbooks, identifying strengths and weaknesses in reading components, and providing insights for improvement. Kim (2019) focused on assessing extensive reading techniques, considering perspectives from both students and teachers. Kameenui et al. (2006) presented a framework for evaluating reading assessment tools, particularly in primary grades, stressing its importance. These studies collectively emphasize the necessity of tailored assessment methods for university students at B2/C1 levels.

As for the university writing courses, Chen (2016) observed diverse assessment methods, including paragraph and essay writing, editing, and peer assessment. Challenges in evaluating writing arise from the complex nature of the process, teachers' concerns about understanding writing theories and statistics impacting assessment, and the perceived daunting task of teaching and grading writing. Despite these challenges, the development of English writing skills remains crucial for academic and career pursuits. The importance of a comprehensive approach, as highlighted by Goodman (2003), stresses diverse teaching strategies and clear assessment guidelines, aiming for an inclusive learning environment. This synthesis underscores the need for strategic and inclusive approaches in assessing reading and writing skills in higher education, considering the diverse needs of students. However, Jezhny's (2021) study on academic writing skills among university students revealed concerns about structuring academic texts. Instructional scaffolding, as proven effective by Tabib (2022), addresses issues in writing skills, covering aspects such as task completion, paragraph organization, vocabulary use, and writing fluency.

The evaluation of progress in both reading and writing within specific subjects, as highlighted by Ruddell (1993), becomes crucial for teaching subject-related literacy skills, expanding the assessment scope beyond mere issue identification to actively contributing to teaching goals.

Several studies have found significant gaps in evaluating reading and writing abilities at the B2/C1 levels. Giridharan (2011) and Perin (2015) both emphasize the need for interventions to support academic writing and reading comprehension. Siddall (2014) and Nel (2014) highlight the importance of reading lists and acknowledge the diverse reading skills among students, suggesting the need for personalized support. However, there is a lack of research specifically addressing how reading and writing are assessed at these levels, indicating a gap in the existing literature. Thus, there is a need to investigate more practices on how students are assessed in their Foundation English writing/ reading courses to better understand whether these courses serve the purpose of preparing students for more advanced writing.

2 METHODS

The present study aims to fill the existing gap by investigating and assessing assessment methods for Writing and Reading skills at the B2/C1 level among foundation course students at KIMEP University. Two main objectives have been set: examining current assessment practices for Reading and Writing and evaluating the effectiveness of these strategies. These objectives form a clear framework for exploring this less-explored area.

To guide the study, two research questions have been formulated: Firstly, what assessment strategies are currently used to evaluate Writing and Reading skills in foundation courses for B2/C1 level students at KIMEP? Secondly, how do instructors perceive the fairness, accuracy, and alignment with the learning objectives of the current assessment strategies? These questions ensure a thorough exploration of the specific dimensions relevant to the research area.

To achieve these research questions and accomplish the primary aim, a particular research design has been formulated. The study involves qualitative research, combining both primary and secondary research methods, and follows a "case study" approach. KIMEP University's Foundation A course serves as the research site, with a teacher instructing Writing and Reading in Foundation Course A chosen as the participant. The data collection stages were divided into two. First of all, I prepared the questions for the interview (Appendix 1) The semi -structured interview about 40 minutes long was conducted to collect thorough information that aligns with my research objectives and questions.

3 RESULTS

First of all. I want to share detailed information about the participants. Our participant is a qualified English teacher holding the CELTA/Delta certification. She has over in total 12 years of teaching experience. Her teaching philosophy centers on her ease in learning languages, a passion for working with people—particularly teenagers and young adults—and a love for interaction. These factors led her to choose teaching as her fulfilling career path. Hereinafter I will name her as “Ms. Kate”.

Finding 1 Formal Assessment

Ms. Kate utilizes two assessment approaches for the Reading and Writing Foundation course A. The first evaluation is a formal one, closely following the course Curriculum/Syllabus by university regulations, specifically during midterm tests, midterms one (30%) and two (30%) and finals (40%) and each of assessment formal assessment task has its rubrics. However, the teacher retains the flexibility to adjust the percentage distribution between midterm 1 and midterm 2. For instance, they may choose to allocate 25% for midterm one and 45% for midterm two, among other possible variations.

“We do have a syllabus. So, we have the list of compulsory tasks, the things that we must teach them, and the things that we must prepare them for, which will be formally assessed later, like during their tests, or their midterms, or their finals. So there is this element of formal assessment going on, which I can't escape. I should follow it, I should stick to the curriculum and to the syllabus as well. So, formal assessments of our reading tests happen usually during unit tests, and then midterm tests, midterm 1, midterm 2, and then final tests.”

The formal reading assessment in the Reading course comprises 25 task questions. These tasks involve activities such as reading and generating a paragraph summary, responding to True-False statements, and determining if statements are Not Given. The assessment follows standard procedures, with students receiving one point for each correct answer:

“For the assessment, we have special tasks that are mentioned. So, for example, we must teach them like reading and producing, for example, one paragraph summary. We must teach them reading and, for example, true-false, not given statements, it is assessed as usual, you have one point for the correct answer. If it is writing one paragraph summary, then we usually count it out of five. Five is the maximum. And then you count one for the structure, the organization, one for the idea's presentation, one for grammar, one for linking words, like if the paragraph was coherent and you could read, that would give them So you get minus one, for example, if student's grammar was not that good. And minus two if it wasn't coherent or logical. Or minus 3 if main ideas were not presented and, I don't know, a student just wrote something, kind of improvisation, not connected with the text.”

Concerning the formative writing assessment, in the first midterm that comprises 30%, students are expected to compose a one-paragraph summary, which is usually graded on a five-point scale based on a specific rubric. In the second midterm, the assignment shifts to writing a cause-and-effect essay, focusing on Reading topics covered during that particular period.

“If it is writing one paragraph summary, then we usually count it out of five. Five is the maximum. And then you count one for the structure, the organization, one for the idea's presentation, one for grammar, one for linking words, like if the paragraph was coherent and you could read, that would give them five. So you get minus one, for example, if a student's grammar was not that good. And minus two if it wasn't coherent or logical. Or minus three if main ideas were not presented and, I don't know, a student just wrote something, kind of improvisation, not connected with the text”

Nevertheless, the teacher engages in prior discussions with the students about the grading process, providing clarity on expectations and assessment criteria. By outlining specific criteria for grading, such as the quality of writing paragraphs, students are well aware of how their work will be assessed, allowing them to better understand and meet the established standards.

“In formal assessments as midterms or final assessments like “writing an essay”, students are assessed by writing rubric”. However, I discuss the grading beforehand together with my students to show them what they are expected to do and how they will be assessed at the end. Writing paragraphs will be graded by specific criteria and students know that I will assess them based on those criteria.”

Findings 2 Final grades

The final assessment, accounting for 40% of the total grade, is divided between Ms. Kate's Reading and Writing (20%) and her colleague's Speaking and Listening (20%). With over a month left, 14% is dedicated to final Reading and Writing exams, leaving 6%. This remaining portion is filled by a Word Game-inspired Slash Dictation, focusing on summarizing short stories for a comprehensive 6%

contribution to the overall grade.

“The final one is 40%, where 20% total from my course Reading and Writing, and 20 from e Jane’s course focused on Speaking and Listening. I decided that I literally have more than one month, six weeks, and I have only 20 from my part, what we are going to do these six weeks, we can be preparing for only finals, there must be tasks that they will be prepared for others tasks that they are motivated, interested. So what I did was I decided to give 7 % for my final Reading and 7 % for my final writing which will make it 14 in total. I still have to give 20, so I have 6 % left. So, we had so many words from books, so We had WORDGAME kind of Slash dictation that was one percent left because one of the reading final tasks to prepare writing paragraph summaries, we will practice and read different short stories for writing 1 paragraph summaries in class that will give me 6%.”

Finding 3 + Unformal/formative assessments

Informal assessments include various feedback methods, such as feedback specific writing structures without impacting coursework. Ongoing evaluation is a consistent practice, involving tasks like projects where students read and retell stories. Holistic assessment occurs without rubrics, relying on observation of students' performance, participation, teamwork, effort, and seriousness in approaching tasks, with less emphasis on grammar. Additionally, mock reading tests are used as practice exams, simulating real assessments to help students familiarize themselves with the format and content.

“I think in my class the assessments are the kind of thing that I give them, like formal assessment tests or midterms, it's something that we can't escape. But I think that there is an ongoing evaluation that is happening every time, every class. So, I give them tasks to do, for example, a project to complete. So they, for example, need to read a story and then retell it or present it to the class or something like that. So these kinds of projects will also be assessed as their coursework. But again, it's kind of a holistic assessment. I don't have rubrics, I don't have anything to follow, but I just look at them, look at their performance, and I just judge by their contribution, the level of participation, the teamwork they presented, how much effort they put in it, how seriously they treated the task. So something like that. Not exactly they have grammar and etc. We do also for reading sections, for example, we also have reading mocks. This is a kind of general reading skill development. It's not for true-false statements or example creations. Just for the general reading skill, so that they read more, to encourage them to read more, but I need somehow to check it, because if I just ask them, okay, here's the story, read, what are the chances that they actually read this story? So, I kind of, you know, I have to have some kind of... Some good feedback for the students. holistic assessment to just check that they read, that they completed the test, that they understood the text. There is no good way for that. I mean, it's graded by the teacher's description. So if I believe that the student earned, like, I don't know, 10 points, and I believe that, grammar was not the most important focus here. The most important focus was that the student could express his opinion on the text and show the comprehension, his comprehension of the text. Then I would give a higher score”.

4 DISCUSSION

Based on Findings 1, analyzing Ms. Kate's assessment approach reveals a structured framework for evaluating students in the Reading and Writing Foundation course A. The formal assessment is delineated by university regulations, with midterms one (30%), midterms two (30%), and finals (40%) carrying specific weightings. The flexibility to adjust the percentage distribution between midterm 1 and midterm 2 allows for adaptability to instructional needs.

The formal reading assessment, comprised of 25 task questions, spans activities like paragraph summarization, True-False responses, and evaluating statements as Not Given. Each correct answer in these assessments earns students a point, reflecting a meticulous adherence to standard procedures. The formative writing assessments during midterms, such as composing a one-paragraph summary or a cause-and-effect essay, are subject to detailed rubrics, providing a clear grading structure.

One significant trend is the structured breakdown of the writing assessment into specific criteria, including organization, grammar, and coherence. This methodical approach allows for a comprehensive evaluation of students' writing skills, reflecting the teacher's commitment to transparency in the grading process.

The teacher's proactive engagement with students prior to assessments is noteworthy. By discussing grading criteria beforehand, Ms. Kate ensures students are well-informed about expectations, fostering a sense of awareness and responsibility in their learning journey. This not only contributes to a fair evaluation but also aligns with a pedagogical approach centered on student understanding and participation. The combination of formal and formative assessments, coupled with the instructor's flexibility and communication, showcases a balanced approach to evaluation. This holistic strategy not only adheres to curriculum requirements but also prioritizes student comprehension and engagement. It underlines the importance of creating a supportive learning environment that goes beyond numerical grades, emphasizing the development of essential skills in reading and writing.

As for the final assessment which makes up 40% of the total grade and is carefully divided. Ms. Kate allots 14% for Reading and Writing exams (7% each) and reserves 20% for Speaking and Listening. To add a creative touch, she introduces a Word Game-inspired Slash Dictation, focusing on summarizing short stories, which contributes 6%.

These findings show a deliberate effort to balance traditional and creative assessments, considering the different aspects of language skills. The breakdown suggests an understanding of students' diverse needs and an aim to keep them engaged through various activities. Including the dynamic Slash Dictation reflects a commitment to nurturing creativity and adaptability in language learning.

In findings 3, my participants' teaching approach - the assessments are twofold: formal tests or midterms and ongoing evaluations integrated into class activities. The latter involves projects such as retelling a story, with assessment criteria centered on holistic evaluation—considering participation, teamwork, effort, and task seriousness. There's an emphasis on encouraging general reading skills, assessed through reading mocks to ensure comprehension. The teacher uses a qualitative, subjective approach rather than predefined rubrics, focusing on students' overall performance.

5 CONCLUSION

In conclusion, this study delves into the assessment methods employed for reading and writing skills among university students at the B2/C1 levels, with a specific focus on the Foundation Course A at KIMEP University. The exploration is rooted in the recognition that traditional examination methods may not be entirely suitable for contemporary students, prompting a need for tailored approaches to assess their language proficiency effectively.

The literature review provided a comprehensive overview of previous studies, underlining the challenges and gaps in assessing reading and writing skills at the targeted proficiency levels. The researchers emphasized the importance of personalized support, strategic approaches, and the need to bridge the existing gaps in the literature. This background served as a foundation for the current study, which aimed to fill the identified gap by investigating the assessment methods employed at KIMEP University.

The findings of the study, based on an in-depth interview with Ms. Kate, an experienced English teacher, shed light on the structured framework of assessment used in the Reading and Writing Foundation Course A. The formal assessment methods, including midterms and finals, follow a predetermined curriculum, and specific weightings are assigned to different components. The meticulous breakdown of the writing assessment into criteria such as organization, grammar, and coherence reflects a commitment to transparency and comprehensive evaluation.

Ms. Kate's proactive engagement with students before assessments, and discussing grading criteria and expectations, contributes to a fair and transparent evaluation process. This approach aligns with a pedagogical stance that prioritizes student understanding and participation. The combination of formal and formative assessments, coupled with flexibility and communication, showcases a balanced approach that adheres to curriculum requirements while emphasizing the development of essential reading and writing skills.

The study also uncovered the deliberate effort to balance traditional and creative assessments in the final evaluation, considering different aspects of language skills. The inclusion of a Word Game-inspired Slash Dictation adds a creative dimension, demonstrating an understanding of students' diverse needs and a commitment to keeping them engaged through varied activities.

Furthermore, the study revealed the twofold nature of assessments employed by Ms. Kate:

formal tests or midterms and ongoing evaluations integrated into class activities. The latter involves qualitative, subjective assessments, focusing on overall performance, participation, teamwork, and effort. The emphasis on encouraging general reading skills through reading mocks showcases a commitment to ensuring comprehension in a nuanced, qualitative manner.

This study contributes to the broader discourse on effective evaluation strategies for reading and writing skills in higher education. It advocates for a balanced approach that integrates both traditional and innovative assessment methods, acknowledging the diverse needs of students. Ms. Kate's methodology serves as a noteworthy example of how educators can create a supportive and dynamic learning environment through a combination of formal and informal assessments. The findings affirm the need for continuous adaptation in assessment strategies to align with the evolving landscape of language education, ultimately fostering a holistic development of students' language skills.

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APPENDIX:

Interview Questions and samples of assessment

THE FIRST PART QUESTIONS ABOUT THE TEACHER'S BACKGROUND

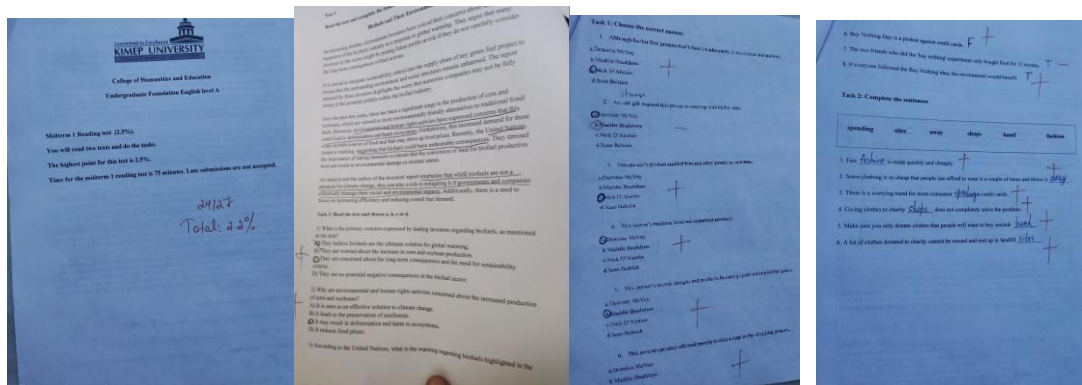
1. Can you provide a brief introduction about yourself, including your background and where you are originally from?
2. How long have you been living in Almaty, and what led you to move to this city?
3. Can you provide a brief overview of your background and what inspired you to pursue a career in teaching, particularly as an English teacher?
4. Do you have a teaching philosophy that guides your approach in the classroom? If so, could you share some key principles that are important to you as an educator?
5. How many years of experience do you have as an English teacher, and how have these years shaped your teaching style and methods?
6. Can you discuss your previous workplaces as an English teacher, highlighting key aspects of your roles and responsibilities at each institution?

SECOND PART

1. How do you design assessments to evaluate students' reading comprehension in your foundation A English course?
2. Can you describe the criteria you use to assess students' writing proficiency, and how you communicate these criteria to your freshmen students?
3. your freshmen students?
4. How do you use formative assessments to inform your teaching and adapt your approach to better meet the needs of your students?
5. Can you share your approach to providing constructive feedback on assessments, particularly essays, to support students' improvement in reading and writing?
6. Can you share what kind of formative/summative assessment do you apply

Samples of assessment

Reading test samples for midterm #1



Writing

KIMPP UNIVERSITY
 College of Humanities and Education
 Undergraduate Foundation English level A
 Module 2 Writing test (2.5%, 20 points max)
 You are given 3 topics. Choose ONE and write an **IBBIBL** essay.

- With the rise in popularity of the Internet, some people believe that non-competent will soon become a thing of the past. Do you agree or disagree? Explain your opinion in a 5-paragraph essay.
- Some people believe that people who read books can develop their imagination and language skills more than those who prefer to watch TV. Do you agree or disagree? Explain your opinion in a 5-paragraph essay.
- Some people are concerned that children spend too much time on computers - playing computer games, chatting and watching videos. Do all this time is actually good preparation for children, who will have to spend many hours working on computers throughout their education and working lives. Do you agree or disagree? Explain your opinion in a 5-paragraph essay.

Task: write an opinion essay about the chosen topic and use the following guidelines:

- The opinion essay should be 4 to 5 paragraphs long. It should include an introduction, 2-3 body paragraphs and a conclusion.
- You have to write at least 120 words.
- Use a variety of sentence structures and linking words to make your writing more cohesive.
- Proofread your work for grammar, spelling, and punctuation mistakes.
- You can use **ONLY** a paper dictionary during the test.

Time for the module 2 writing test is 25 minutes. Late submissions are not accepted.

3

It is interesting because since a number of hours children have are spending on a computer in every day, many people believe that it will have a positive impact on their future. As parents, we use of computers all the time. They believe

*...the growth and development of the internet and the...
 ...I strongly disagree with the statement that...
 ...the most important and useful information...
 ...the health consequences of a long time...*

*...First of all, health issues are the biggest threat. The...
 ...increasing amount of time children spend on their computers has...
 ...been increasing every year. The consequence has been...
 ...being less active, which is very harmful to the body. In addition...
 ...to reduce the number of hours children spend on computers...
 ...in the last 10 years, necessary and important...
 ...should have been necessary and should have been...
 ...changed. However, with the new games that appear...
 ...now, kids are not only suffering physically, but...
 ...will affect their development. This is especially true...
 ...be more involved with other people.*

*Second of all, the development of the internet and the...
 ...accessibility for everyone has become a very important...
 ...children. He live in a world where privacy has become...
 ...very fragile part of us. What we should keep away from...
 ...internet. Although with the development of technology we...
 ...computers can bring the children to be some serious...
 ...throughout many of them. Due to their curiosity, they...
 ...and explore all sorts of things. As a consequence...
 ...some disturbing graphics which can leave a...
 ...impression on them. In addition, the bits personal...
 ...address, identity can be used against them.*

*Third of all, computer has access to internet which...
 ...and access information as a consequence, it...
 ...the bit necessary for it.*

a) Sales rose over the period. *5*

b) The purchase of furniture was higher, rising a peak in the middle of the period. *5*

c) The sale of fish products rose dramatically. *8*

d) There was a slight dip in equipment production. *7*

e) There was a steady increase in the amount of coal used, followed by a period of stability. *5*

f) The number of people attending the weekly lectures plunged. *2*

g) There was rather a dramatic fall in the share price. *6*

h) Share prices plummeted, but then stabilised. *11*

i) After a dramatic fall in the number of people setting in the city, there was a period of stability. *7*

k) The number of houses sold dropped slightly. *7*

l) There was a gradual decline in the number of children visiting the zoo. *7*

Climate Action in Central Asia

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The chapter covers the five former Soviet Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan), their geography, demography, and political, economic, and social structures, and how these factors influence climate action. Major climate vulnerabilities of the region are examined such as glacier melting, desertification, temperature extremes, droughts, and floods. The Aral Sea is provided as an example of a human-made disaster aggravated by climate change. The chapter discusses the legal frameworks in each country that address questions related to water, combating desertification, preserving natural habitats vulnerable to the climate crisis, and the international treaties signed, such as the Kyoto Protocol, Paris Agreement, and SDGs, as well as the joint efforts between countries. Major climate actions of the past decade will also be introduced, including renewable energy, water preservation, and new agricultural technologies. The chapter concludes with likely near-future scenarios and areas of concern.

Introduction

Under Central Asia, we mean in this chapter Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. All these countries face severe climate crises as they have acute water problems, desertification, glaciers melting, methane emissions, certain population pressure, industrial waste, intensive subsoil use and heavy air pollution. Climate actions are strongly needed for the region as the region will face a dramatic climate crisis and temperature could rise higher to 7 degrees relative to 1950-1981 at the end of the 21st century (interview with Benjamin Orlove, quoted from CAA network, 2016). This situation is exacerbated by autocratic and unaccountable governments.

Water problems already led to the tensions in the region in 2023. Tajikistan and Kyrgyzstan had artillery and gun shooting going on via the boundary in May 2023. Kyrgyzstan stopped the water supply to Kazakhstan in August 2023 explaining that there was not any water in the reservoirs and Kazakhstan had agreed to the amount back in July. Kazakhstan in its turn slowed down the transition of the cargo auto through the boundary to Russia. Afghanistan has started a construction of the irrigation canal which would take half of the water coming to Uzbekistan. Kazakhstan faced unprecedented spring floods in 2024 when the whole cities were gone under water and it was a national emergency situation.

All of the countries adopted a certain legal framework to fight the climate crisis and international treaties addressing these issues too. We will describe country by country in terms of their geography, demographic situation and dynamics, the general situation with laws and international treaties, and actions they were taking.

Before coming to the country's specifics, we will describe the region as a whole and its interdependence in the case of climate, region, and other inter influences.

The former Soviet Central Asia is a vast region located in the heart of the Eurasian continent. It shares borders with Russia to the North, China to the East, the Caspian Sea to the West, and Afghanistan

and Iran to the South. All five republics within this region face significant risks related to climate change and water scarcity. The population, largely impoverished, is not fully aware of the imminent threats posed by the climate crisis.

Geographically, the region features towering mountains in the South and vast plains in the West, with several rivers coursing through it, although many of these rivers originate outside the political boundaries of the Central Asian states. Dominated by large deserts and steppes, the environment is fragile. The climate is continental, characterized by cold winters and hot summers.

During the Soviet era, unsustainable practices led to significant environmental degradation, including the monoculture cultivation of crops like cotton and the accumulation of industrial waste such as ore tailings. Carbon emissions decreased after the collapse of the Soviet economy, but have since begun to rise again.

The transition to renewable energy sources has begun slowly, with the region holding vast potential for solar and wind energy production. However, much of the energy and heat is still generated by outdated coal-fired power plants, contributing to uncomfortable living conditions in urban areas, particularly during winter.

The demographics of the region are special. Population is growing and the young population is moving to the cities or used to actively migrate to Russia before the war with Ukraine in 2022. It is important to note that Central Asian countries also differ in demography and labor migration. People mainly leave from Uzbekistan, Kyrgyzstan, and Tajikistan and people leave to a lesser extent from Kazakhstan and Turkmenistan.

Politically the region is a variety of authoritarianism with some degree of liberties and influence of the people over the decisions of the ruling elite. Some political instability happened over thirty years in each of these countries. Tajikistan survived a civil war in the 1990s, and Uzbekistan faced a threat from the Islamic Movement of Uzbekistan (IMU) in the Fergana Valley in the early 1990s. IMU fighters participated in the Tajik civil war and later in wars in Afghanistan where they were finally destroyed. Later Uzbekistan had bloody protests in 2005 in Andijan which also included the Fergana Valley. Kazakhstan had several protests severely suppressed by the government with numerous human casualties. Kyrgyzstan expelled four of its Presidents and had several cases of civil unrest. Turkmenistan is the most politically and economically closed country in Central Asia and officially declared neutrality. Probably Turkmenistan is one of the most authoritarian despotic states in the world.

Internationally known environmental disasters in Central Asia are the Semey nuclear testing site, the disappearance of the Aral Sea because of water overuse in cotton production, radioactive and industrial tailings, and methane flares in Turkmenistan and Kazakhstan. Some of them are clearly related to the climate crisis or contributed to it and some of them are examples of low qualifications of decision-makers and probably colonial practices back in the USSR.

We look to legal frameworks including the international treaties in addressing the climate actions in the regions, then to the social reactions to climate actions, then main problems and actions taken of the whole region and then to the situation in each country in alphabetical order.

Legal frameworks

Each country in Central Asia has a special legislation on environment protection with the aim to fight climate change and take coherent climate actions. Some countries have it in a more detailed way and others have it is less sophisticated. There are memberships in international treaties on climate change by each country. Another part is law implementation and enforcing procedures. In addition

governments adopt certain special programs with different time frames and indicators regarding climate actions. The main legal aspects in addressing the climate action in five Central Asian republics:

- Adaptation to climate change/crisis in general, is it mentioned in national laws
- Water, floods, deficit of water and desertification;
- Decarbonization of the economy and carbon markets;
- Development of green financing system;
- Preservation of biodiversity.

Each of the 5 Central Asian countries has an Environmental Code, which is designed to regulate relations in the field of environmental control.

Society in Central Asia and climate actions

Societies in Central Asia are aware of the climate crisis but we would evaluate their awareness as low and generally speaking society is passive towards the climate crisis and actions. It is a case of poverty when people are poor and do not have resources to cut actions contributing to climate change. Public awareness of climate change is increasing as representatives of business, the expert community, international development partners, multilateral development banks, youth unions, non-governmental institutions, and civil society organizations were involved in the conference. International organizations like World Bank, IMF, United Nations family organizations regularly publish reports and run workshops on climate actions in the region.

Media and NGOs are constantly drawing public attention to climate change and subsequently to climate actions topics.



1. Water is going back from the previous years in Almaty region. Picture from the national contest “Climate is changing. Are you?” held in 2020 in Kazakhstan

Current climate issues for Central Asia

The countries of Central Asia are highly vulnerable to the effects of climate change. Heat waves, floods, drought, heavy rainfall and other extreme weather events are becoming a major environmental, economic and human health problem. Urgent issues include land degradation, climate change, depletion of the gene pool of flora and fauna, and so on.

Water

Water shortage in Central Asia is obvious and one of the main pieces of evidence is the Aral sea issue. The main problems of the Aral Sea are the lack of water resources and the decline in the quality of drinking water in the regions around it. The Aral sea disappeared probably because of water overuse in cotton and rice production in the region. Salt storms and general salinization of the soil is one of the main consequences of Aral sea disappearance. Countries around Aral which is divided now into several pieces are taking such actions as planting desert trees in the dry bottom of the sea to keep desertification under control and keeping dams to maintain at least some water. Current launch of the Kosh Tope water canal in Afghanistan and taking water from Pyanj river can exacerbate the situation further. Switching from cotton and rice to other cultures in Central Asia might contribute to the solution as well.

Kazakhstan has assumed the chairmanship of the International Fund for Saving the Aral Sea (IFAS), which has intensified its activities in this direction in recent years. The activities of the Aral Sea Restoration Fund are currently monitored and supported by the UN, the Shanghai Cooperation Organization and environmental non-governmental organizations in Europe and Asia. The main goal of the fund is to improve environmental and social conditions by solving the problems of the Aral Sea and supporting the implementation of projects in the field of water, environment and socio-economic sphere.

Air Pollution

Another problem facing Central Asian countries is air pollution. The type of pollution mostly seen in Central Asia is known as particulate matter (PM) 2.5, exposure to which can cause serious health effects, including heart attacks, asthma and other breathing problems. Children are at particularly high risk of developing symptoms due to exposure to PM 2.5. Particles with a diameter of less than 2.5 micrometers, also known as fine particles or PM_{2.5}, pose the greatest health risk as they can penetrate deep into the lungs and some even into the bloodstream.

Of the 5 Central Asian countries, 4 capitals are in the top 55 most polluted cities, Dushanbe was the most polluted capital of Central Asia in 2023 (4th place in the IQAir city ranking), followed by Tashkent (22nd), Bishkek (29th) and Astana (52nd). IQAir is an air quality technology company that bills itself as operating "the world's largest free, real-time air quality information platform." Common anthropogenic sources of PM 2.5 include vehicle exhaust, heavy industrial processes, electricity generation, agriculture, construction, and coal and wood burning.

Picture 1. January 2022 and 2024, view of Almaty from the mountains



Picture 2. Bishkek, winter 2023



Kazakhstan

Kazakhstan has an Environmental Code and several subsequent law and Government programs. The national legislation of the Republic of Kazakhstan is also aimed at implementing measures to protect the environment and combat climate change. The main regulatory legal act in the field of environmental protection is the Environmental Code of the Republic of Kazakhstan, approved on January 2, 2021. For example, in paragraph 1 of Article 283 "National Contributions of the Republic of Kazakhstan to Global Response to Climate Change" of the Environmental Code of the Republic of Kazakhstan, it is stated that the Republic of Kazakhstan aims to achieve a reduction in the carbon balance of the Republic of Kazakhstan by at least fifteen percent from the level of the carbon balance in 1990 by December 31, 2030.

According to the Code in the field of environmental protection, the Government of the Republic of Kazakhstan develops the main directions of state environmental policy and organizes their implementation.

To prevent climate change, Kazakhstan has committed to achieving the Sustainable Development Goals and ratified the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement in April 2023. Goal 13 is "to take urgent action to combat climate change and its impacts" and it is included in government programs in monitoring SDGs (Bureau of National Statistics, n.d.).

The Republic of Kazakhstan is a member of the Global Green Growth Institute (GGGI), an international organization whose main activity is to promote sustainable development and green growth in developing countries through the development and implementation of green economy development projects, conducting research to create favorable conditions for attracting resource-efficient

investments, innovation and development of production and consumption. Kazakhstan's accession occurred in December 2022, and Kazakhstan officially became the 45th member of the organization. The head of Kazakhstan spoke at the World Climate Action Summit in December 2023. He stated that Kazakhstan will assume the chairmanship of the Fund for Saving the Aral Sea, thereby emphasizing Kazakhstan's determination in the fight against climate change and natural disasters. Kassym-Jomart Tokayev also supported the UN call for real action to preserve the environment for future generations and emphasized that Kazakhstan became the first country in the region to ratify the Paris Agreement and adopt the Carbon Neutrality Strategy until 2060. Although Kazakhstan has strengthened its long-term climate ambitions, committing to a net zero target for 2060 in 2023, CAT's projections show that Kazakhstan will not meet its climate targets, with emissions set to rise until (at least) 2035 under current policies. As a result, CAT assesses Kazakhstan's climate action as "insufficient" or "weak". The main reason for this is that the economy and government of Kazakhstan rely on fossil fuels for energy, industry, and exports. As a result, Kazakhstan ranks 16th in the world in terms of emissions per capita and fourth in the world in terms of emissions per GDP. Regarding the development of a green economy in Kazakhstan, a "Concept of transition to a green economy" has been developed, which is the key basis of the country's policy, which is a long-term plan for the transition to a green economy in all sectors of the economy through the optimization of resources, new technologies and production methods, and the use of renewable energy sources. The concept identifies the following sectors for this transition: sustainable use of water resources; development of efficient agriculture; energy saving and energy efficiency improvement; waste management; reduction of air pollution; and conservation and effective management of ecosystems.

With Climate Action Tracker, a non-governmental organization that monitors 42 countries across four dimensions: policy and action, conditional NDC target, unconditional NDC target and climate finance. Kazakhstan's rating is at an insufficient level, as are the USA, Great Britain, Switzerland and Australia. This rating is better than critically insufficient, as in Iran, Turkey and Russia (critically insufficient), and extremely insufficient in South Korea and Egypt.

Despite the legal frameworks and international treaties Kazakhstan faces many environmental disasters. Some of them are man-made disasters; scientists discovered a gigantic methane leak at a field in the west of Kazakhstan in the summer of 2023. Satellites recorded huge clouds of methane erupting from this point in the field. These data were confirmed by experts from the Netherlands Institute for Space Research SRON. Methane leaks from the Karaturun Vostochny field. On June 9, an accident occurred at exploration well No. 303 at this field; this occurred at the time of the release of a gas-water mixture, which grew into an open gas fountain.

Water actions

As of January 2024, Kazakhstan will fulfill this obligation for a period of three years. The latest initiative by Kazakh President Kasym Jomart Tokayev to create a new Ministry of Water Resources and Irrigation in Kazakhstan is seen as a step that will contribute to efforts to save the Aral Sea.

Kyrgyzstan

Kyrgyzstan has maybe the most elaborated legislation for environment protection. At the legislative level, the Kyrgyz Republic has made strong commitments to address climate change issues. The country has ratified the Paris Agreement, participated in the COP27 conferences in 2022, and reflected these international commitments in major national policy documents. The updated NDC (2021) represents the Kyrgyz Republic's latest plan to combat climate change and contribute to global efforts to reduce greenhouse gas emissions. It sets the guiding principles for the low-carbon transformation to 2030, taking into account national priorities and sustainable development goals. Priority areas include green energy, agriculture and industry, low carbon and green transport, sustainable tourism, waste management and green cities. In November 2021, the State Committee on Ecology and Climate was transformed into the Ministry of Natural Resources, Ecology and Technical Supervision. The Ministry will work together with the Ministry of Economy to integrate climate change into development

planning. At the same time, a Green Economy Coordination Committee will be established with the participation of the private sector, key government departments and development partners to develop a consolidated and evidence-based policy for a gradual transition to the principles of a green economy in the Kyrgyz Republic.

Climate change is acutely felt in Kyrgyzstan. Kyrgyzstan may face melting glaciers and an imbalance in freshwater. Over the past 20 years, the average temperature has increased from 4.8 °C to 6 °C, by almost one and a half degrees. In 2013, the World Bank estimated a likely increase in average average temperatures of 2°C by 2060 and 4–5°C by 2100, noting that the country's glaciers had shrunk significantly and were projected to continue shrinking. Greenhouse gas emissions are low at 18 million tonnes of CO₂ equivalent, one of the lowest in the region, and net zero is Kyrgyzstan's 2050 target. Glaciers play a key role in filling the rivers on which Kyrgyzstan depends. Hydropower is the country's main source of energy, accounting for about 90 percent of electricity production. Hydroelectric power generation is expected to decline as climate change projections suggest water flow will decline from 2030 onwards, ultimately causing energy supply problems.

Kyrgyzstan held the first national dialogue on the role of science in the fight against climate change - In Bishkek on March 19 2023. Director of the Center for Climate Finance under the Ministry of Natural Resources, Ecology and Technical Supervision of the Kyrgyz Republic, Dastan Abdyldaev, emphasized that Kyrgyzstan has developed a climate investment program to mobilize and attract financing for adaptation to climate change in key sectors of the economy. He also said that “The delegation of Kyrgyzstan presented its Nationally Determined Contribution (NDC) at the 26th session of the Conference of the Parties to the UNFCCC in Glasgow.”

Tajikistan

Tajikistan has developed a National Strategy for Adaptation to Climate Change for the period up to 2030, this strategy is a multi-sectoral policy document applicable to assessing the risks of climate change (natural disasters caused by natural hazards, floods, droughts, avalanches, landslides), applicable to agriculture, land tenure and food security. The Strategy will be implemented at three levels: national, regional and local. Agricultural impacts of climate change: (a) increased demand for irrigation due to drought; (b) reduction in yield and yield potential, pasture and agricultural losses; (c) growing conditions and seasons have changed; (d) increased crop losses due to insects and diseases; (e) food insecurity, hunger, malnutrition and poverty; (f) loss of rural livelihoods and income; (g) impacts on all elements of the food system from production to consumption, especially grains; (h) increases in local and regional food prices; (i) possible displacement from their land; (j) loss of productive land due to land degradation caused by climate change; (k) increased demand for irrigation and irrigation costs; (l) farmers and industrial failures; and (m) commodity price volatility. Also in May 2023, a seminar was held in Dushanbe on the implementation of the project “Strengthening the capacity of the Republic of Tajikistan to comply with the Enhanced Transparency Framework under the Paris Agreement”; this project is carried out by the Food and Agriculture Organization of the United Nations and funded by the Global Environment Facility (GEF) and implemented by the Hydrometeorology Agency of the Committee for Environmental Protection Wednesday (Hydromet) under the Government of the Republic of Tajikistan.

At this seminar, it was noted that the implementation of a new FAO project will allow Tajikistan to contribute to international efforts to adapt and mitigate the effects of climate change.

The government of Tajikistan officially signed the Paris Agreement on April 22, 2016 and ratified it a year later. By signing the document, Tajikistan, together with other countries, committed itself to keeping the global average temperature increase below 2 degrees Celsius. Hydromet, designated as the coordinating organization for climate change and implementation of the Paris Agreement, is responsible, within its mandate, for the country's reporting on climate commitments.

Turkmenistan

Turkmenistan has also ratified the Paris Agreement and Turkmenistan is firmly committed to the

principles of the Paris Agreement and is determined to achieve climate change mitigation and adaptation goals in accordance with its national conditions and capabilities. Turkmenistan's preparations for the NDC build on the commitment of member countries to the Paris Agreement, including efforts to limit growth to 1.5°C. The reduction of the new NDC is a confirmation of Turkmenistan's ambitious goal to reduce greenhouse gas (GHG) emissions by 2030. From a global perspective on greenhouse gasses, Turkmenistan ranks among the world's carbon-intensive economies with above-average per capita incomes. The main goal of Turkmenistan's national actions to limit emissions is the development and implementation of measures in priority sectors to mitigate the current and expected consequences of climate change in order to timely solve the problems arising from the decisions of the UN Framework Program in Turkmenistan.

Also, the President of Turkmenistan Serdar Berdimuhamedov made a statement at the 28th session of the Conference of the Parties to the UN Framework Convention on Climate Change held in the UAE in December 2023. The President stated that the National Climate Change Strategy adopted in Turkmenistan in 2012 served as the starting point for Turkmenistan's full participation in the global climate agenda. The next logical step was Turkmenistan's accession to the Paris Agreement. In 2019, a revised version of the National Climate Change Strategy was approved. In accordance with the recommendations of the UN Framework Convention on Climate Change and with the active support of the UN Development Program, in May 2022, Turkmenistan prepared and approved Turkmenistan's Nationally Determined Contribution (NDC) to the Paris Climate Agreement. This strategic document assumes a 20% reduction in greenhouse gas emissions in 2030 compared to 2010 levels. The President also stated that Turkmenistan is joining the Global Methane Pledge; in addition, the President of Turkmenistan emphasized the importance of the Memorandum of Understanding between the Ministry of Environmental Protection of Turkmenistan and the United Nations Environment Program (UNEP), which was signed on November 13, 2023, aimed at developing regional programs for transfer of climate technologies to Turkmenistan and Central Asian states. Serdar Berdimuhamedov also emphasized the importance of the impact of climate change on ensuring global food security; Turkmenistan, according to him, fully supports the Emirates Declaration on Sustainable Agriculture, Sustainable Food Systems and the Fight against Climate Change.

Uzbekistan

Uzbekistan, due to its geographical location, may face problems such as loss of biodiversity; in Uzbekistan it is currently under threat due to high anthropogenic pressure. Climate change is accelerating desertification and reducing water resources, leading to a decline in biodiversity in coastal forests and aquatic ecosystems. The most striking example of a decline in biodiversity is the Aral Sea. The increasing frequency of natural disasters is a potential problem for Uzbekistan. It is estimated that an increase in the number of mudflows and avalanches is expected until 2050.

Central Asia's vulnerability to climate change highlights the urgent need for mitigation and adaptation measures to protect the region's environment, economy and people. In addition, water shortages, energy problems and food security issues could potentially lead to tensions between Central Asian countries. Given these circumstances, Uzbekistan has made solving problems related to climate change a top priority. The country is actively taking measures to minimize the effects of global warming through comprehensive approaches. Uzbekistan has made significant progress in transitioning to a green economy and reducing greenhouse gas emissions. In 2017, the country became a party to the Paris Agreement, and in 2019 it developed a Strategy for the Transition to a Green Economy for the period 2019-2030. One of the main goals of this strategy is to improve energy efficiency and promote sustainable consumption of natural resources.

In order to implement its obligations, Uzbekistan signed the National Plan to Reduce Greenhouse Gas Emissions in 2021. The plan aims to achieve a 35 percent reduction in CO₂ emissions per unit of GDP by 2030, compared to 2010 levels. The country has taken the first steps towards the production of "green" hydrogen, the production of which is carried out in the Tashkent region. It is planned to increase the production of renewable electricity to 40% by 2030. Uzbekistan is actively

working on adaptation to climate change and has completed 15 projects under the Clean Development Mechanism of the Kyoto Protocol and introduced water-saving technologies on 27% of agricultural land areas. By 2030, the country has set a goal of planting 26.2 thousand hectares of forests and cultivating crop varieties that are resistant to low water and drought. Uzbekistan is actively promoting climate initiatives in Central Asia, seeking to unite the region in action against climate change. Thus, one of the significant initiatives is the Regional Green Agenda Program for Central Asia, which was presented during the 3rd Consultative Meeting of Heads of State in 2020. In addition, Uzbekistan proposed to develop a Regional Strategy for Adaptation to Climate Change during the 5th Consultative Meeting of Heads of State.

Conclusion

In conclusion we can say that Kyrgyzstan has the most sophisticated, detailed and policy-oriented legislation for climate action in Central Asia. With some reservations we can say it is a consequence of the higher role of civil society and openness of the state and Parliament towards pressure from the activists. This trend might be reversed as Kyrgyzstan is becoming more and more authoritarian in recent years.

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Below are two tables for the 5 Central Asian countries. The first table includes domestic sources of law for each of the 5 issues, such as decarbonization, climate action, water and glaciers, green finance system and biodiversity. The second table includes international sources of law (conventions, agreements) and countries' membership in international organizations on each issue.

Table 1:
On local level

State issue	Kazakhstan	Kyrgyzstan	Uzbekistan	Turkmenistan	Tajikistan
Decarbonization of the economy & carbon markets	On approval of the Strategy for achieving carbon neutrality of the Republic of Kazakhstan until 2060	Law of the Kyrgyz Republic dated June 30, 2022 No. 49 About renewable energy sources (As amended by the Law of the Kyrgyz Republic dated August 9, 2023 No. 174)	Resolution of the President of the Republic of Uzbekistan On measures to increase the effectiveness of reforms aimed at transitioning the Republic of Uzbekistan to a “green” economy until 2030	About renewable energy sources from 2021	LAW OF THE REPUBLIC OF TAJIKISTAN ON THE USE OF RENEWABLE SOURCES OF ENERGY 2015
Climate crisis & action	Decree of the Government of the Republic of Kazakhstan dated April 19, 2023 No. 313 On approval of the updated national contribution of the Republic of Kazakhstan to the global response to climate change"	Resolution of the Cabinet of Ministers of the Kyrgyz Republic dated May 19, 2021 No. 11 On issues of the State Committee on Ecology and Climate of the Kyrgyz Republic	Law of the Republic of Uzbekistan About environmental control 2013	About nature conservation	NATIONAL STRATEGY FOR ADAPTATION TO CLIMATE CHANGE OF THE REPUBLIC OF TAJIKISTAN FOR THE PERIOD UNTIL 2030, dated 2019
Water/glaciers	WATER CODE OF THE REPUBLIC OF KAZAKHSTAN (with changes and additions as of 05/01/2023)	LAW OF THE KYRGYZ REPUBLIC January 14, 1994 No. 1422-XII About water April 5, 2019 N 44	Law of the Republic of Uzbekistan “On amendments and additions to some legislative acts of the Republic of Uzbekistan in connection with increased liability for offenses in the field of environmental protection, rational use of natural resources, including drinking water” (2018)	Code of Turkmenistan “On Water”	WATER CODE OF THE REPUBLIC OF TAJIKISTAN of 2020

Green financial system	On approval of the classification (taxonomy) of “green” projects to be financed through “green” bonds and “green” loans from 2021	(to the resolution of the Government of the Kyrgyz Republic dated November 14, 2019 No. 605) Green Economy Development Program in the Kyrgyz Republic for 2019-2023	Resolution of the President of the Republic of Uzbekistan On measures to increase the effectiveness of reforms aimed at transitioning the Republic of Uzbekistan to a “green” economy until 2030	???	Resolution of the Government of the Republic of Tajikistan dated September 30, 2022, No. 482 Strategy for the development of the green economy in the Republic of Tajikistan for 2023-2037
Biodiversity	Government Order On Approval of the Rules for Implementing Compensation for Biodiversity Loss	DECISION of March 17, 2014 No. 131 On the Priorities for the conservation of biological diversity of the Kyrgyz Republic for the period until 2024 and the Action Plan for the implementation of the Priorities for the conservation of biological diversity of the Kyrgyz Republic for 2014-2020	Resolution of the Cabinet of Ministers of the Republic of Uzbekistan On approval of the strategy for the conservation of biological diversity in the Republic of Uzbekistan for the period 2019-2028	LAW OF TURKMENISTAN On nature protection of 2017	LAW OF THE REPUBLIC OF TAJIKISTAN “ON BIOLOGICAL FARMING AND PRODUCTION of 2019”

Participation in Conventions

Table 2:

State	Kazakhstan	Kyrgyzstan	Uzbekistan	Turkmenistan	Tajikistan
issue					
Decarbonization of the economy	GLOBAL DECARBONIZATION IN FOSSIL FUEL EXPORT-DEPENDENT ECONOMIES	? mentioned, but not as participant	GLOBAL DECARBONIZATION IN FOSSIL FUEL EXPORT-DEPENDENT ECONOMIES	GLOBAL DECARBONIZATION IN FOSSIL FUEL EXPORT-DEPENDENT ECONOMIES	? mentioned, but not as participant
Climate crisis & action	United Nations Framework Convention on Climate Change	United Nations Framework Convention on Climate Change	United Nations Framework Convention on Climate Change	United Nations Framework Convention on Climate Change	United Nations Framework Convention on Climate Change
Water/glaciers	Convention on the Protection and Use of Transboundary Watercourses and International Lakes	National Focal points of the Protocol on Water and Health	Convention on the Protection and Use of Transboundary Watercourses and International Lakes	Convention on the Protection and Use of Transboundary Watercourses and International Lakes	National Focal points of the Protocol on Water and Health

	Member of the Bureau of the Water Convention National representatives for the National Policy Dialogues	National representatives for the National Policy Dialogues	Member of the Bureau of the Water Convention	Member of the Bureau of the Water Convention National representatives for the National Policy Dialogues	National representatives for the National Policy Dialogues
Green financial system	UNDP Green Project	UNDP Green Project	UNDP Green Project	UNDP Green Project	UNDP Green Project
biodiversity	Convention on Biological diversity	Convention on Biological diversity	Convention on Biological diversity	Convention on Biological diversity	Convention on Biological diversity

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Decarbonization

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Apology Strategies of Advanced EFL Learners

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ABSTRACT

The speech act of apologizing is highly dependent on people's culture, environment, and the context they are in. The main aim of this research paper is to examine linguistic and pragmatic features of apologizing strategies among advanced EFL speakers in Kazakhstan to establish how the culture and native language of advanced EFL students living in Kazakhstan may affect strategies and ways of apologizing. Five participants with IELTS overall band 7 or above (C1-C2), three male, and two female, were recruited to participate in the current study by filling out a detailed online questionnaire consisting of 11 items. Specifically, they were given scenarios and asked to write an apology appropriate to each prompt. There were three prompts in total: apology to the boss, apology to the parent, and apology to the loved one. Participants then were instructed to write apologies for the same situations but in their native language (Kazakh or Russian). As a result, several findings emerged. First, the most widespread strategies of apologizing among the participants were IFID + EXPL, as they were demonstrated to be used more often than others. Second, participants demonstrated a similar level of politeness among Kazakh/ Russian, and English apologies when writing their prompt responses. Third, in the scenario of apologizing to a loved one in the English language, all participants took responsibility for their 'actions' and their apologies were longer and more detailed compared to native language apologies. Furthermore, it can be concluded that the speech act of apologizing is extremely dependent on individuality and a larger sample size is required to see clearer patterns and to avoid overgeneralization.

KEYWORDS: speech act, apologizing, EFL students, pragmatics, Kazakhstan, language, communication

1 INTRODUCTION

The following research paper is built upon a central speech act - apologizing. Although it is one of the most common acts in the vast majority of languages, it is supposed that apologizing strategies and contexts vary depending on the language, culture, and context people are situated in. Therefore, the main goal of this paper is to discover similarities and differences (linguistic and pragmatic) in carrying out an apology for Kazakhstani people who are all connected by one foreign language of study - English. The point of reference is people who have been speaking English since birth (native speakers). To address the topic at hand, the paper consists of five main parts. The first part provides background information about the speech act of apologizing. The second part includes specifics of apologizing, namely characteristics, strategies, and factors influencing apologies that are typical for the speakers of the English language. Next, literature regarding how EFL speakers produce apologies will be examined. In particular, the focus is on how culture and native language may affect certain apology characteristics of EFL speakers. The last part is dedicated to the analysis of data collected in Kazakhstan on advanced English speakers' use of apologies. The main criteria for the choice of respondents were that they ought to have had: 1) born and currently living in Kazakhstan; 2) had advanced knowledge of English (IELTS overall band score 7 or above which demonstrates advanced language proficiency (C1 and C2).

The primary goal of this paper is to answer the following question: "To what extent do culture and the native language of EFL speakers influence their strategies of apologizing in English?" There is a secondary goal, which is to understand whether these differences are still present in learners of English who have been studying this language for a long time, and who demonstrate advanced proficiency in the English language.

2 LITERATURE REVIEW

This part of the paper explores the act of apologizing as it was defined by previous research. Austin (1962) classifies apologizing as an illocutionary speech act of a behavior type that is explicit, yet its characteristics such as performativity and descriptiveness may vary depending on the wording of the utterances. For instance, “I am sorry” is quite descriptive, while “I am sorry I have to say...” is a “polite phrase” (Oishi, 2011, p. 3). Hoffman (1971) describes apology as “a gesture through which an individual splits himself into two parts, the part that is guilty of an offense and the part that dissociates itself from the delict and affirms a belief in the offended rule” (as cited in Scher & Darley, 1997, p. 113). In other words, the act of apologizing involves a person doing two things: feeling guilty for having committed an offense and believing that what they did was an offense in the first place. With this in mind, let us consider the important characteristics, factors, and strategies for apologizing.

Lewis, Parra, & Cohen (2015) describe three crucial factors of an apology, which are the closeness of the relationship, gender, and self-other focus. First, apologizing is more likely to occur between speakers who are emotionally close to one another, as their own emotions, such as guilt or remorse would be driving this illocutionary act rather than feelings of obligation or politeness. Second, gender plays an important role as some research suggests that women are more likely to apologize than men and they are more frequent in doing so. Third, is the focus, i.e. if the initiator of the apology is motivated to fix their mistake or repair the relationship, they have a higher probability of carrying out this act. In other words, the aforementioned factors affect the apology. Válková (2014) adds another important pragmatical categorization of apologies by dividing them into hearer-oriented (ex.: forgive me), speaker-oriented (ex. I am sorry), and event-oriented (ex. unfortunately). Furthermore, it is crucial to examine apology strategies. There are five that are consistent with the findings of Scher & Darley (1991) and İstifçi (2009). Proposed by Cohen & Olshtain (1981), these strategies, as cited in İstifçi (2009) are:

- 1) An expression of apology (Illocutionary Force Indicating Device IFID) a) an expression of regret (e. g. I’m sorry) b) an offer of apology (e.g. I apologize) c) a request for forgiveness (e.g. excuse me, forgive me)
- 2) An offer of repair/redress (REPR) (e.g. I’ll pay for your damage)
- 3) An explanation of an account (EXPL) (e.g. I missed the bus)
- 4) Acknowledging responsibility for the offense (RESP) (e.g. It’s my fault)
- 5) A promise of forbearance (FORB) (e.g. I’ll never forget it again) (p. 17).

These same strategies were categorized as being frequently used in apologies in a variety of languages and across a variety of cultures, as determined by CCSARP (Scher & Darley, 1997, p. 128). Thus, certain factors influence people’s attitudes toward the apology they are delivering, the wording, as well as strategies that are used when delivering said acts.

2.1 Apology production in EFL learners

This section is dedicated to the literature on apology production in EFL learners. Specifically, it is important to determine whether learners’ native languages affect how they apologize in English. First, Olshtain and Blum-Kulka (1985) carried out a study on requests and apologies with native speakers of Hebrew and learners of Hebrew. They found that the learners of Hebrew approached native speaker norms when they had the same rules in their native languages and deviated from native speakers when they had language-specific rules. They also found that nonnatives’ length of stay in the target language community affected their choice of the formulas (İstifçi, 2009, p. 17). In their study on Turkish EFL speakers of intermediate and advanced English proficiency levels, İstifçi (2009) found that their strategies and formulas for apologizing were varied and similar. It is further explored that “their L1 can be said to have an influence on their use of apologies, especially intermediate level subjects transferred native Turkish speaker norms into English such as blaming the other person” (p. 21). Thus, the higher the proficiency level, the lower the influence of L1 on English is. However, proficiency is not the only factor. Kim (2008) states that contrasting the Korean equivalent to the word ‘sorry’ - *mianhada* - has possible negative consequences for misunderstanding and misuse because of cultural differences and contexts associated with the apologies. Second, according to a study on Libyan Arab EFL students

conducted by Alfghe and Mohammadzadeh (2021), the most common strategy that the participants used when apologizing is ‘the formula of Illocutionary Force Indicating Device (sorry, excuse, forgive, etc.) + an account of explanation (IFID + EXPL)’ (p. 8). In other words, the regular or ‘normal’ in this context apology could look something like this: “I am sorry I am late. There was a crazy traffic jam”. That being said, Alfghe and Mohammadzadeh report that female participants used more apology strategies than male participants. These findings are nearly identical to those presented by Alzebaree & Yavuz (2017) in their study on Kurdish EFL speakers’ apology production. According to the aforementioned results, Kurdish EFL speakers utilized IFID + EXPL strategy most frequently, which is then followed by IFID. Another important finding correlates with that of Holmes (1995), that female speakers of English apologize more than male speakers.

2.2 Production of apologies in Kazakhstani advanced EFL learners

In the context of Kazakhstani advanced EFL learners, there is a significant gap in the research on the topic of apologizing. One body of work relevant to this topic is a bachelor thesis of Ossebaya (2019), in which she found that “the use of IFID as the first and second most frequently used head act formula in both English and Kazakh indicated that given the same offence in the same context of Kazakh and English, EFL learners apologize more or less the same way. The emergence of EXPL was a less frequently used formula by intermediate and upper-intermediate learners for both first and second languages among five main apology head act formulas. This is an advanced level participants used FORB formula as the least apology formulas in their L1 and L2 productions” (n.d.). In other words, there is a correlation in learners’ performance of the apology speech act in Kazakh and English languages when the context and the severity of the offense are similar. The most prevalent strategies for apologizing, according to the results of that study, are IFID, EXPL, and FORB. These findings are similar to those of Alfghe & Mohammadzadeh (2021).

3 METHODOLOGY

This part of the paper focuses on the synthesis and analysis of original data that would contribute to the lack of literature in the Kazakhstani context. For this paper, a questionnaire was sent out to proficient EFL speakers who had been learning English for more than ten years. Overall, there were five participants (two male - P. 2 and P. 4, and three female - P. 1, P. 3, and P.5 respectively). The survey questions were provided only in the English language. Participation was strictly voluntary, meaning participants had the full right to stop answering the questions had they felt uncomfortable. Questions did not include any personal information that could have been deemed potentially sensitive. The procedure for collecting data was similar to previous literature on the topic of EFL learners’ apologies. Questions are presented in *Appendix A*. All of the questions were divided into four categories: introduction, English language apologies, native language apologies, and influencing factors. In both apology sections participants were given scenarios and asked to write an apology appropriate to each prompt. There were three prompts in total: apology to the boss, apology to the parent, and apology to the loved one. Participants then were instructed to write apologies for the same situations but in their native language (Kazakh or Russian).

4 RESULTS AND DISCUSSION

According to the results of the first question, three out of five participants reported that their native language is Kazakh, while for the two others, it is Russian. Therefore, the data given by the participants was produced in three languages: English, Kazakh, and Russian. In order to provide answers to the questions posed at the beginning of the paper, the findings from the originally collected data will be examined in the following order: first, typical phrases and words associated with apologizing will be compared; second, factors that might play a role in delivering apologies are to be identified; third, case scenarios will also be compared and contrasted; fourth, frequent apologizing strategies will then be discovered, and overall findings will be compared to the existing literature.

The table below presents participants’ responses to questions regarding their usual lexicon connected to apologizing. The direct translation of the results is provided in italics. It is worth noticing

that two participants noted the use of *Coppu*, - a direct borrowing of the English word *sorry* - when apologizing to somebody in their native language. Uttering this word is an informal way of communicating regret or guilt. Based on the information gathered from questions three and seven, participants provided typical and appropriate apology utterances. That being said, it is curious that the majority of participants provided more such apologies in their native language. Another interesting point to discuss is that despite providing answers to case questions in Kazakh, those participants whose native language is Kazakh did not mention any of them in these two questions, instead choosing to indicate them in Russian only.

Table 1 General apology words and phrases

Questions 3 and 7: What phrases do you normally use when you apologize to somebody? Give some examples.	English language	Native language
<u>Participant 1</u>	“I’m sorry” or “My apologies”	Сорри, прости меня, извини <i>Sorry, forgive me, sorry me-INF</i>
<u>Participant 2</u>	I’m sorry; Sorry; I would like to apologize	Извини; извините; прошу прощения; хочу попросить прощения; прости <i>Sorry; sorry-PL-FORM; (I) beg your pardon; (I) would like to ask your pardon; sorry</i>
<u>Participant 3</u>	forgive me, apologies, sorry for the inconvenience it may cause, hope you can forgive me, deeply sorry, want to make amends, please accept my apologies	Прошу прощения, извиняюсь, я сожалею, мне так жаль <i>(I) beg your pardon, I apologize, I regret, I am sorry</i>
<u>Participant 4</u>	Sorry; Excuse me	Сорри; извини; прости <i>Sorry; sorry; forgive (me)</i>
<u>Participant 5</u>	I’m sorry, I apologize for the inconvenience, my bad	Прости, извини, я не хотела, я не знала <i>Forgive (me), sorry, I didn’t want to (mean to), I didn’t know,</i>

Table 2 illustrates factors that, according to the participants, may influence their choice of words and apologies. Overall, four participants mentioned the context, with detailed examples such as whom the apology is directed at, the relationship, and the action that precedes the apology itself. These findings partially correspond to those of Lewis, Parra, & Cohen (2015).

Table 2 Potential influence factors of an apology

Question 11: Please indicate any factors that influence your word choice in apologizing.	
<u>Participant 1</u>	Когда я извиняюсь своим близким за что то то я стараюсь звучать как можно искренне, так как мне обычно реально жаль. Однако, если я извиняюсь за что то на работе я пишу достаточно неискренне, так как мне обычно на самом деле все равно. <i>When I am apologizing to somebody who is close to me, I try to sound as sincere as possible, since usually, I feel guilty. However, if I apologize to someone at work, I write (it) quite insincerely because, usually, I don’t</i>

	<i>really care.</i>
<u>Participant 2</u>	The person/people I'm speaking to; the situation and it's severity (the degree of my wrongdoings); possibly, the context (relationship with the person, I'm apologizing to)
<u>Participant 3</u>	Type of offense, relationship with person, the mentality
<u>Participant 4</u>	I believe it depends on the context, to whom you are talking to.
<u>Participant 5</u>	Apologizing in English feels more formal whereas apologizing in my native language feels more sincere

The next three tables illustrate participants' answers to questions about various cases in which they were required to apologize to the three following groups: boss at work, parents, and a person they hold dear. Surely, it can be argued that parents can also be potential people for the third group. However, situations two and three are quite different from each other, which makes it unlikely to imagine parents in the situations. All of these situations were picked with the intent to spot any differences in formality and strategies, as well as to compare them to native language apologies.

The results of the first formal case scenario are included in *Table 3*. Overall, the meaning of the apologies stays consistent compared to their English equivalents; however, the last participant indicated that she 'forgot' when apologizing in her native language, while saying that she was 'busy' in English. All ten responses are formal; however, they clearly illustrate the various strategies between the participants. Only two participants provided answers with the same quantity and order of the strategies. Another detail worth pointing out is that the seven answers addressed the offense (EXPL strategy).

Table 3 Case 1 responses

Case 1: You have missed an important deadline at work because you couldn't keep up with the workload given to you. How would you apologize? Give a full example of what you would say.	English language	Native language
<u>Participant 1</u>	I would say something like "My sincerest apologies for not completing the task in time. I will make sure to complete it as soon as possible, and to inform you beforehand if this problem arises again in the future" (IFID + EXPL + REPR + FORB)	«Извините за то что не выполнила задание вовремя! Постараюсь закончить задание как можно быстрее, и предупредить вас заранее если данная ситуация повторится в будущем» "I am sorry for not completing the task in time! I will try to complete the task as soon as possible and let you know in advance if this situation repeats in the future" (IFID + REPR + FORB)

<u>Participant 2</u>	I would like to sincerely apologize for missing the project deadline, due to the fact that I could not keep up with the workload... (IFID + EXPL)	Хочу принести извинения, за невыполнение работы вовремя, по причине сильного уровня нагрузки... <i>I would like to apologize for not completing the work in time due to the fact of strong workload...</i> (IFID + EXPL)
<u>Participant 3</u>	I am sorry for the inconvenience I have caused. I take full responsibility for my actions (IFID + RESP)	Кешірім өтінемін <i>My apologies</i> (IFID)
<u>Participant 4</u>	Dear ..., I apologise for the fact that there is a plenty of work and because of that I did not have enough time to properly complete this project by the deadline as agreed. (IFID + EXPL + RESP)	Құрметті ..., соңғы кезде өте көп жұмыс жобалары түскендіктен, мен, өкінішке орай, жобамызды біз жоспарлаған уақытқа дайындап үлгірген жоқпын. Кешірім өтінемін. <i>Dear..., due to a lot of work projects coming in recently, I, unfortunately, did not prepare our project by the time we planned. My apologies.</i> (EXPL + RESP + IFID)
<u>Participant 5</u>	I'm sorry, I was busy with other tasks. I'll bring it by noon(or in hour depending on the urgency) (IFID + EXPL + FORB)	Ұмытып кеттім, кешірінізші. Обедке дейін бітіремін. Келемі жолы қайталанбайдв <i>I forgot, sorry-FORM. I will finish (it) before lunch. Next time it will not happen again.</i> (IFID + EXPL + FORB)

In the second imaginary scenario, participants were to apologize to their parents for forgetting to pick up groceries on their way back home. As can be seen from *Table 4*, one major finding from the results is that the apologies in the native language are more detailed. There is also a case on strategy inversion by Participant 4. It appears that the level of politeness varies among participants, while most of them speak more casually to their parents than their bosses. Apologies from case two appear to come off as more genuine, and the FORB strategy seems to be missing in all the responses below.

Table 4 Case 2 responses

<p>Case 2: You forgot to buy some groceries that your parents asked you to get on the way home. How would you apologize? Give a full example of what you would say.</p>	<p>English language</p>	<p>Native language</p>
<p><u>Participant 1</u></p>	<p>“Sorry! I can go back the grocery shop and buy them now if you want to” (IFID + REPR)</p>	<p>«Сорри что забыла купить продукты. Могу сейчас за ними снова сходить в магазин если хотите» <i>Sorry I forgot to buy the groceries. I can go back into the shop once again (for them) if you want to</i> (IFID + EXPL + REPR)</p>
<p><u>Participant 2</u></p>	<p>I'm really sorry, I forgot to buy... (IFID + EXPL)</p>	<p>Извините, я забыл купить в магазине... <i>I am sorry, I forgot to buy ... in the shop</i> (IFID + EXPL)</p>
<p><u>Participant 3</u></p>	<p>Sorry, my bad (IFID + RESP)</p>	<p>Сорян, ұмытып кеттім Sorryan, I forgot (IFID + EXPL)</p>
<p><u>Participant 4</u></p>	<p>I'm sorry, I did not stop by and buy groceries, it completely went out of my head. (IFID + EXPL)</p>	<p>Мен қайтар жолда дүкенге соғып, заттарды алуды ұмытып кеттім, кешіріңдерші. <i>I hit the store on my way back and forgot to pick up the things, forgive me.</i> (EXPL + IFID)</p>
<p><u>Participant 5</u></p>	<p>I'll go get it right now. (REPR)</p>	<p>Қазір тез тез алып келемін, қобалжыма <i>I will get them very quick right now, don't worry.</i> (REPR)</p>

Table 5 presents the results of the third case question. In this imaginary scenario, the participants were asked to provide an apology to a dear one because they overreacted and said mean things in the heat of the moment. There is one distinctive feature in the English apologies provided by the participants, which is the use of responsibility strategy. Compared to the native language variant of

apologies in the same situations, the English version of the responses consists of two and three strategies. Furthermore, the apologies in English are longer.

Table 5 Case 3 responses

<p>Case 3: You have hurt the feelings of somebody dear to you by overreacting and saying hurtful things. How would you apologize? Give a full example of what you would say.</p>	<p>English language</p>	<p>Native language</p>
<p><u>Participant 1</u></p>	<p>“I’m really sorry! I didn’t mean to say any of these things, and again I’m so sorry for hurting your feelings”</p> <p>(IFID + EXPL + RESP)</p>	<p>«Мне очень жаль за свое поведение, и то что я наговорила все это. Извини меня пожалуйста.»</p> <p><i>I am really sorry for my behaviour, and for saying all of this. Please forgive me.</i></p> <p>(IFID + EXPL + REPR)</p>
<p><u>Participant 2</u></p>	<p>I’m really sorry, but I have overreacted and said some things I shouldn’t have said...</p> <p>(IFID + EXPL + RESP)</p>	<p>Пожалуйста, прости за то что я сказал настолько неприятные вещи...</p> <p><i>Please forgive me for saying such unpleasant things...</i></p> <p>(IFID + EXPL)</p>
<p><u>Participant 3</u></p>	<p>I am sorry for not considering your feelings.</p> <p>(IFID + RESP)</p>	<p>Кешіріші <i>Sorry</i></p> <p>(IFID)</p>
<p><u>Participant 4</u></p>	<p>I’m really sorry ..., how could I even behave in that way?! I’m a moron. Could you forgive me?</p> <p>(IFID + RESP + IFID)</p>	<p>Ғапу ете гөрші! Мен нағыз ақымақ болдым. Қалай ғана мен сондай сөздерді саған айта алғанмын?!</p> <p><i>Go away! I was a true idiot. How could I ever say these words to you?!</i></p> <p>(IFID + EXPL)</p>
<p><u>Participant 5</u></p>	<p>I didn’t mean to hurt your feelings:(In the heat of the moment I couldn’t control myself. Can we talk about it?</p> <p>(RESP + EXPL + REPR)</p>	<p>Кешіріші, сен мені дұрыс түсінбедін</p> <p><i>Sorry, you did not understand me correctly.</i></p> <p>(EXPL)</p>

5 CONCLUSION

In conclusion, this paper was aimed at understanding the production of apologies and their characteristics in advanced EFL learners from Kazakhstan and the extent to which this production is altered based on the culture L1. It is evident that the main factor of an apology is the relationship between the one who is apologizing and the one who is being apologized to. This connection can be seen based on the responses of the participants to the situations, as well as in some of their answers to the specific question at the end of the survey. The second main factor is the context of the situation and the gravity of the offense. The results of this study are consistent with those presented by Alfge & Mohammadzadeh (2021), Alzebaree & Yavuz (2017), and İstifçi (2009): advanced learners of English from Kazakhstan also utilize the IFID + EXPL strategies more often than other. The findings of this study are somewhat similar to those of Ossebay (2019); however, RESP and REPR were also prevalent in the current participants. The collected data was not sufficient to make any generalizations about gender differences. It is evident that the approaches and wordings of the apologies are extremely individualistic; therefore, a significantly bigger sample of participants is required to make any bold claims in this regard. Furthermore, the language differences between English, Russian, and Kazakh may have affected one of the pragmatical categorizations of apologies indicated by Válková (2014), which is the orientation of the apology. Based on the data, it would seem that Russian apologies are more hearer-oriented, while their English variants are speaker-oriented. In this case, it is challenging to attribute this switch to a conscious choice since these apologies may lose some of their meaning due to translation. Furthermore, it can be observed that the English language apologies are longer and more detailed compared to the native language ones. These differences may or may not have been the result of cultural context. In addition, it would appear that participants addressed their boss in the first case via a written apology, rather than a spoken one, which might have impacted their way of answering and could be considered a significant limitation of this study. The main limitation of this paper; however, is the small participant number. These limitations aside, I believe this paper provides more detail into the apology strategies of advanced EFL learners in Kazakhstan and aids in broadening the scope of research on this topic.

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APPENDICES

APPENDIX A

Survey questions

- Introduction
 1. What is your native language?
 2. How long have you been studying the English language?
- English language apologies
 3. What phrases do you normally use when you apologize to somebody in English? Give some examples.
 4. Case 1: You have missed an important deadline at work because you couldn't keep up with the workload given to you. How would you apologize? Give a full example of what you would say.
 5. Case 2: You forgot to buy some groceries that your parents asked you to get on the way home. How would you apologize? Give a full example of what you would say.
 6. Case 3: You have hurt the feelings of somebody dear to you by overreacting and saying hurtful things. How would you apologize? Give a full example of what you would say.
- Native language apologies
 7. What phrases do you normally use when you apologize to somebody in your native language? Give some examples.
 8. Case 1: You have missed an important deadline at work because you couldn't keep up with the workload given to you. How would you apologize in your native language? Give a full example of what you would say.
 9. Case 2: You forgot to buy some groceries that your parents asked you to get on the way home. How would you apologize in your native language? Give a full example of what you would say.
 10. Case 3: You have hurt the feelings of somebody dear to you by overreacting and saying hurtful things. How would you apologize in your native language? Give a full example of what you would say.
- Influencing factors
 11. Please indicate any factors that influence your word choice in apologizing.

"Exploring English Teachers' Perceptions of mentoring for Professional Development at Nazarbayev Intellectual school: A Qualitative Study"

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Abstract:

Mentoring programs play a crucial role in the professional development of English teachers, yet their effectiveness and challenges remain understudied, particularly in unique educational contexts such as Nazarbayev Intellectual School (NIS) in Almaty, Kazakhstan. This article presents findings from a qualitative case study aimed at exploring the benefits and challenges of mentoring programs for English teachers at NIS. Drawing on interviews and focus groups with both mentors and mentees, the study examines perceptions of mentoring as a valuable tool for professional development, as well as specific benefits and challenges encountered within the program. Results indicate that while mentoring programs at NIS provide personalized support, enhance teaching skills, and foster a sense of community among teachers, they also face challenges related to time constraints, mentor-mentee mismatch, and the need for a formalized structure. These findings underscore the importance of addressing these challenges to optimize the effectiveness of mentoring programs in supporting English teachers' professional growth. The insights gleaned from this study contribute to the broader literature on mentoring in education and offer practical implications for enhancing mentoring programs in similar educational settings.

Key words: Mentoring, professional development, English teachers, Nazarbayev Intellectual School, benefits, challenges.

Introduction

Continuous professional development is vital for teachers to enhance instructional standards and student learning in today's evolving educational landscape. Mentoring has emerged as a popular approach to support teachers in their professional growth, offering opportunities for critical thinking, skill acquisition, and adaptation to changing educational demands. This study focuses on the perception of mentoring among English teachers at Nazarbayev Intellectual Schools (NIS) in Kazakhstan, renowned for their innovative teaching approaches. Specifically, the research aims to understand the effectiveness of the mentoring program for new English teachers at NIS Chemistry and Biology School in Almaty, Kazakhstan. The study seeks to explore teachers' experiences in the mentoring program, its impact on their integration into the school environment, and its effectiveness in improving teaching practices. Through qualitative investigation and analysis, this research aims to provide insights into the benefits and challenges of mentoring, offering recommendations for enhancing the program's effectiveness. By understanding teachers' perspectives on mentoring, the study aims to inform the development of tailored mentoring approaches that better serve the professional development needs of English teachers at NIS.

Research aims and objectives

My main goal in this research is to understand what English teachers at the Nazarbayev Intellectual School for Chemistry and Biology in Almaty think about the mentoring program that helps them get better at teaching. This investigation aims to provide a comprehensive understanding of how mentoring impacts their development as educators. To achieve this, I have some specific ways that I want to do:

- to hear from English teachers who have been in the mentoring program. I want to know about their experiences and what they think about it. This objective seeks to uncover the real-life stories, challenges, and successes of teachers involved in mentoring relationships. This will help me understand how mentoring helps teachers like me.
- to see if the mentorship program actually helps new teachers fit in at the school. I want to understand if the program makes it easier for new teachers, helps them get better with technology, and makes them better teachers overall.

Significance of the study

The results of this study will help NIS create and carry out mentoring programs that adapt to the needs of English teachers. NIS mentors can design mentoring techniques that concentrate on the areas where teachers need most support by studying how teachers perceive mentoring and what they need for their professional growth. This will make sure that instructors get the help they require to advance their teaching abilities and improve their careers. By considering the weakness and strength of mentoring at NIS CBD in Almaty this system will be carefully analyzed.

My main goal in this research is to understand what English teachers at the Nazarbayev Intellectual School for Chemistry and Biology in Almaty think about the mentoring program that helps them get better at teaching. This investigation aims to provide a comprehensive understanding of how mentoring impacts their development as educators. The purpose of the literature review is to provide a comprehensive overview of existing research related to mentoring in the context of professional development for educators.

Historical Development of Mentoring in Educational Settings

The practice of mentoring has a full and long history that dates back to ancient times. The term "mentor" originates from Greek mythology and describes a relationship in which a young adult receives guidance, support, and knowledge from an older, more experienced person. The idea of mentoring has changed over time, and its roots can be found in various contexts in many different countries.

Considering mentoring as a social process, it has evolved from its initial beliefs as a largely one-to-one model. Mentoring is a structure of society that was developed by individuals to meet specific contextual needs, and it is currently used in many different ways all over the world. There might be differences in the kinds of mentees, such as:

A peer is an individual who is either younger or older than the mentor, a member of a team, or a group of mentees with a different background. Someone from a different department, function, or subject discipline; someone the mentor knows; or someone they have never met before, someone from an alternative group.

Specific Benefits of mentoring

Mentoring programs are incredibly valuable, and they offer a wide range of benefits to different participants, including mentees, mentors, and the organizations facilitating these programs. For mentees, mentoring provides crucial support during important parts of their education and career path. It gives them unique insights into their chosen career path, helping them shape academic and career development plans and identify areas where they may need to improve. (Mentor and Mentee: Roles, Responsibilities, and Relationships - Matter App, 2023) It's also an opportunity to gain a deeper understanding of the role mentors play and connect with people from diverse backgrounds. Essentially, mentoring offers not only professional growth but also a lasting network.

For mentors, on the other hand, it's a chance to discover emerging talent, boost their own career, and find fulfillment in sharing their knowledge and experience without a massive time commitment. (What Efficient Mentorship Looks Like - Harvard Business Review, 2020) Additionally, it hones their coaching, mentoring, leadership, and management skills and exposes them to a variety of perspectives and cultures. Mentoring provides mentors with a chance to reflect on themselves and improve their teaching methods. In a U.S. study, about 60% of mentors reported that being a part of a mentoring program improved their capacity to reflect on the material they teach as well as their teaching methods. (Amponsah et al., 2021) Mentors discovered that by thinking back on their mentees' work, they were able to learn more about their teaching strategies—a practice they might not often engage in. In addition, mentors said that working with their mentees gave them the chance to experiment with novel teaching techniques, like creating lesson plans, using technology, and coming up with original lesson ideas, all of which improved their methods of instruction. Another important benefit for mentors is their sense of fulfillment from helping and mentoring their mentees. (Keramidas et al., 2022) It makes them feel proud of their mentorship role when they see their mentees gain independence as a result of their guidance. In addition, mentoring provides mentors with the opportunity to improve their leadership and communication abilities, learn new things from their mentees, and expand their knowledge. This lowers burnout and improves mentor retention in addition to raising mentor satisfaction.

Challenges and Obstacles

Mentoring relationships often encounter various challenges that both mentors and mentees must address. One common challenge is the struggle to meet as scheduled due to numerous commitments, risking the foundation of the relationship. (Mohammad et al., 2019) Overcoming this issue involves scheduling meetings in advance and treating them with the same importance as workplace due. Excessive time and energy commitments, where one party wants more meetings than required, can disrupt the relationship's balance. Following the program's guidelines and recommended meeting schedule is key to avoiding this challenge. Unrealistic expectations can also harm the relationship, whether by overloading the mentee with information. (Manne et al., 2004) Setting clear objectives and consulting the mentoring program manager when needed can help by defining clear goals.

Methods

Using a qualitative research design recommended by Perry (2011) and Creswell (2012), this work explores the experiences of English teachers at NIS with mentoring for professional growth. The qualitative method allows for an in-depth examination of subjective experiences and viewpoints, essential for understanding the impact of the mentoring program.

The study targets English teachers at NIS to gain insights into their perceptions and experiences with the mentorship program. It aims to uncover various themes and perspectives associated with mentoring, enriching our understanding of its influence on teachers' professional development.

The participant group comprises both new and experienced English teachers at NIS in Almaty. Twenty English teachers were purposefully selected to provide diverse perspectives and insights into the mentoring program. The convenience purposeful sampling approach was used to obtain information-rich participants, ensuring the study's relevance and depth.

Qualitative research methods, including focus groups and individual interviews, were employed to collect data. Focus groups allowed for interactive discussions among mentors and mentees, capturing feedback and dynamics of the mentor-mentee relationship. Individual interviews provided a space for personal reflections and in-depth insights. These methods ensured a comprehensive understanding of the mentorship program's impact, challenges, and successes.

The study adhered to ethical considerations outlined by Creswell (2012), ensuring participants' consent, privacy, and confidentiality. Consent forms were provided to participants, and their voluntary participation was prioritized. Participants' anonymity and the confidentiality of their responses were maintained throughout the study.

This research design focuses on addressing the research question: "What are the specific benefits and challenges identified by English teachers in NIS regarding mentoring programs for professional development?" Through qualitative methods, the study aims to provide valuable insights

into the effectiveness of mentoring programs for English teachers at NIS.

Results

Specific Benefits of Mentoring Programs:

Mentees 4 and 5 provide insight into their experiences and explain how the mentoring program helped them in their professional development. Mentee 4 in particular highlights how helpful the early years' support was, to be precisely with regard to lesson planning and assessment criteria. One of the main factors influencing the mentee's teaching style is the mentor's emphasis on continuing to provide interesting and inspiring lessons. Mentee 4 said, "my first mentor taught me that the lesson shouldn't be boring for students and that is the most challenging thing to keep their attention." Mentee 5 on the other hand recognizes that the program has helped her learn differentiation strategies, which has improved her confidence and allowed her to include interactive activities in her lessons. Differentiation part is considered to be the most needed part when it comes to the NIS, which requires much time and experience. It is clear that the mentorship has had a significant influence on how these mentees teach.

Long-Term Benefits for Professional Development:

The long-term advantages of mentoring for professional development are highlighted in Focus Group 2, which includes Mentor 6 and Mentee 2. Underlined is the knowledge and experience shared between mentors and mentees, demonstrating the program's development of ongoing learning and development. In the words of Mentor 6, " I did because it helps you to never stop and just with the mentee, we also learn something from that." There is discussion of the influence on time management abilities and the capacity to modify teaching strategies, pointing to the long-term consequences on career advancement. Mentor 6 also highlights the relationship between mentor-mentee interactions, highlighting the evolution of teaching practices over time and mutual learning.

Challenges in Mentoring Program:

Time Constraints and Availability:

The information emphasizes how common the mentoring program's time and availability limitations are. The lack of time during regular schedules, which prevents meaningful participation in mentoring activities, was noted by Mentee 1. Because of the school's tight schedule which includes not just teaching but also seminars, conferences limit all teachers' time to have no time for meeting with Mentors. Furthermore, Focus Group 1 Mentor 1 acknowledged that it was difficult to balance mentoring and teaching responsibilities, which caused availability problems for mentees.

Mentee 1 highlighted the time constraints faced by participants by sharing, "we usually lack some time to have effective work with our mentor because we usually didn't have like some kind of a timetable or like a day specific time where we should meet each other and talk about some progress or difficulties that we had." "Balancing mentoring responsibilities with teaching duties often leads to availability issues," Mentor 1 also added and explained by highlighting the negative impact of time constraints on successful mentoring.

The statements that have been quoted illustrate the difficulties that mentors and mentees come across with respect to time limits and program availability. These difficulties make it more difficult to collaborate and share ideas on integration of methods or for feedback for successful mentoring.

Mentor-Mentee Mismatch:

This has been identified as a major problem. Mentor 4 described instances in which mentors and mentees had different teaching strategies and techniques, which resulted in unproductive mentoring relationships. Focus Group 4: Mentor 1 underlined the necessity of a methodical process for matching mentors and mentees according to criteria such as goals, needs, and teaching styles. As there was a case

when because of lack of mentors the mentor to one teacher was from the physics department.

Summary of Results

Overall regarding the key finding Mentor 1 highlighted the positive impact of mentoring on pedagogical strategies, while Mentees 2 and 3 expressed concerns about the reliance. The importance of striking a balance for effective mentorship was made clear by the difficulties in managing time and optimizing interactions with mentors in terms of the individualized support. As Mentee 3 and Mentor 1 mentioned, it was clear that the development of teaching skills through observations, feedback, and self-reflection led to better time management and a reflective approach to teaching. Moving on to the advantages of mentoring programs, we can see that they strengthened the teacher community and improved career development and instructional strategies. The mentoring program's problems, including time restraints, a mismatch between mentor and mentee, the requirement for a formalized structure, and a lack of specific requirements and guidelines, were also noted. Finally, case study insights from NIS English Language Teachers showed how mentoring improves classroom practices and how crucial it is to provide specific support for a diverse group of new teachers, both of which eventually lead to improved teaching strategies and increased student engagement.

The results of the study show that mentoring programs improve teacher development and pedagogical strategies while strengthening the sense of community among educators. Mentors highlight the early advantages of mentoring, but mentees worry that their reliance may decrease over time. Obstacles such as time constraints and mentor-mentee mismatch need the improvement. On the other hand, case study insights show how mentoring improves classroom practices and how new teachers require specialized support. All in all, mentoring is a big part of professional development, but to be as effective as possible in educational settings, it needs to be improved.

Conclusion:

In conclusion, this study investigated benefits, and challenges of mentoring programs for English teachers at Nazarbayev Intellectual School (NIS) in Almaty, Kazakhstan. Through interviews and focus groups, valuable insights have been gained into the role of mentoring in supporting professional development and enhancing teaching effectiveness.

The findings suggest that mentoring is perceived as a valuable tool for new teachers, offering personalized support, guidance, and opportunities for skill development. Mentors play a crucial role in providing feedback, fostering reflective practices, and promoting a sense of community among educators. Despite some challenges such as time constraints and mentor-mentee mismatch, the benefits of mentoring outweigh the disadvantages.

Practically, these results underscore the importance of investing in mentorship programs to support teacher development and improve educational outcomes. By providing structured support and clear guidelines, institutions can enhance the effectiveness of mentoring initiatives and promote a culture of continuous learning and growth among educators.

In summary, mentoring is an essential tool in every educational setting, offering invaluable support and guidance to teachers at all stages of their careers. The findings of this study highlight the positive impact of mentoring on professional development and underscore the need for ongoing support and investment in mentorship programs.

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“Implications of Formative Assessment: Case Study of 2 grade Teacher, Ms. Anna”

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Abstract

The purpose of this paper is to find out the influence of formative assessment on students' learning experience and the implementation of formative assessment practices in the summative assessment as a tool to help students to embrace, enjoy and be successful at formal examination experience. For the methodology I used qualitative research study, particularly by focusing on a case study of a second-grade teacher Ms. Anna. My examination entails the analysis of descriptive data in 2 semi-structured interviews, teaching artifacts, test papers and observation of a lesson in the classroom. Findings has shown that formative assessment does have a great positive impact on students' learning, motivation and experience and the implementations of its practices before and during summative assessment can be bring positive attitude of students towards summative assessment and successfully pass the formal examinations.

KEYWORDS: formative assessment, summative assessment, student's learning, motivation

1. INTRODUCTION

Tests have always been a scary, emotional and challenging process that every student or a test-taker wished to avoid. According to Douglas (2010) “the fear of failure is considered one of the strongest negative emotions that a student can experience while taking a test” (p.1). Tests do no need to be threatening on the contrary they can foster the development of student's confidence, make learning experience valuable and bring out the best in student” (p.2). Assessment practices based on their objectives classify into two main categories which are formative and summative. Formative assessment is defined as “the function of assessment where the evaluation of students in the process of forming their competencies and skills with the goal of helping them to continue that growth, happening” (p.7). Whereas summative assessment is defined as “the other function of assessment which has a goal to measure or summarize what students understood and it usually happens at the end of a course” (p.7).

These definitions of assessment imply that one function of an assessment such as formative can assure that while learning process is happening the student constantly gets support and feedback to let him see his strengths and weaknesses during the process. This type of assessment does not only encourages him to learn more and stay motivated, while enjoying the process but also helps him to be successful during the summative assessment (final examinations, external tests). It can also help him to see his small achievements during the process of his study.

According to Bloom (1969) “when the assessments are integrated with teaching and learning process, they will have positive influence on student achievement and motivation” (p.26). There have been many researches on the influence of formative assessment on student's learning, motivation and even success in the summative tests (Black & William 2009, Moss & Brookhart 2009, Davies 2008). In their study Brookhart, Moss and Long (2009) emphasized the importance of assessment practices on student's learning achievement. “The research that continued for five years and was conducted in cooperation between the Armstrong school in western Pennsylvania and the Center for Development of Teaching and Learning at the university of Duquesne in Pittsburg had focus on formative assessment, teacher student communication and students' ownership of the process of learning. The study highlighted strong correlation between formative assessment and students' fundamental motivation clarifying its role and enabling them to use their abilities.

Formative assessment was recognized as a critical element in the development and strengthening of important components of motivation for learning which are self-efficacy, self-regulation, self-esteem and self-attribution. The research findings implied that the use of formative assessment practices assisted students not only to gain knowledge and understanding but also to reach

their objectives. Eventually, incorporation of formative assessment in the learning process was manifested as a catalyst for student success in both academic and summative assessments” (p. 54-65).

2. PURPOSE OF THE STUDY

This study acknowledges the influence of formative assessment on students’ learning, motivation and success in summative assessment and examines how second grade teacher can facilitate formative assessment to her students to help them to be successful in the summative assessment which in this case is external test, MAP (Measures of Academic Progress) test. “MAP is a standardized interim assessment testing which has purposes to help students to see growth patterns in student learning as it happens three times in a school year and helps them to make decisions by differentiating the instruction, as it can help teachers to see where their students are in their learning process of given subject. The seasonal system of this type of testing enables enough instructional time between test administrations to allow teachers to calculate growth in learning and having statistical confidence. In other words, MAP interim testing gives the teachers the information for instructional, predictive and evaluative purposes” (Dyer, 2017).

Regardless of many researches that have been done about the influence of formative assessment on students’ learning experience, the implementation of formative assessment practices in the summative assessment as a tool to help students to embrace, enjoy and be successful at formal examination experience, have not been reported yet. This study delves into this issue with the goal of answering these questions:

1. What is the influence of formative assessment on students’ learning, motivation and overall success?
2. Can the use of formative assessment practices in the standardized assessment “MAP” help students to become successful in their learning?

This study aims to present understandings about the influence of formative assessment on students’ learning, motivation and their overall success and analyze the use of formative assessment practices in the standardized testing MAP in the grade two class by answering these two research questions. As a result, teachers will have the ability acknowledge the importance of formative assessment use and its positive impact on students’ overall achievement when it’s used in summative assessment.

3. RESEARCH DESIGN

The initial purpose of this research is to highlight the importance of formative assessment in teaching and in assessment processes for teachers and for students’ learning, motivation and success. I attain these objectives by approaching to it as a qualitative research study, particularly by focusing on case study of a second-grade teacher. My examination entails the analysis of descriptive data in interviews, teaching artifacts, test papers and observation of a lesson in the classroom. Yin (2014) identifies case study research design a “craftwork” (p.28). Priya (2020) agrees with this statement and states that the effectiveness, reliability and validity of the final case study outcome are totally identified by how well-structured and rigorous the design is. She asserts that a research design with a good design can also help to maintain focus throughout the research process (p.98).

4. PARTICIPANTS

A second-grade teacher from the United States whose name is Anna, participated in the current research. Ms. Anna is an American, second-grade teacher who is in her fifties. She has a reach experience of working as an ELA (English Language Arts) teacher. She has been teaching both High school and Elementary students in China, United States and in Kazakhstan altogether for 26 years. There were 9 students in her class in this particular study. The class was very diverse as the kids were from Russia, United States, South Korea, Canada and Kyrgyzstan. The location of the school was in Almaty, the city which is very famous with its large number, quality education and various types of educational institutions amongst all of the other cities in Kazakhstan.

Ms. Anna had a co-teacher who was responsible for a Science and Art related subjects in her class, beside her assistance to Ms. Anna. Ms. Anna holds a bachelor's degree in Arts and where one of her majors was Music Education and she has a Master's degree in Education with an emphasis in music instruction. She is very artistic person. She used music to draw her students' attention sometimes when she needed to briefly explain some instructions to them or to help her students to remember the important information.

5. DATA COLLECTION PROCEDURES AND ANALYSIS

For data collection procedures I used 2 semi-structured interviews, observations of one lesson and teaching artifact. There were 10 questions for the first interview and 5 questions for the second interview. The interview questions were written ahead of time. The location of the first interview was participating teacher's class, as she felt much comfortable in that setting and wanted to show her teaching artifacts while responding to my questions. The first interview was conducted on November 9th and the length of the interview was 35 minutes. While working on the research it has been found that we needed to conduct a second interview with Ms. Anna as there was a lack of detailed information to find answers to our research questions. So, the second interview was conducted on December 1st and continued 10 minutes as there were only 5 additional questions that consisted of follow-up questions. The observation of the lesson was on November 10th. In the course of her interview Ms. Anna presented some of her teaching materials that were relevant to what she was talking in the interview and described how she was using them in the class. As the participating teacher was American, the interview was carried out and transcribed in English language. The interviews with teacher, observation of her lesson and teaching artifact were deeply analyzed in order to find out Ms. Anna's strategies on using formative assessment from the acquired data. This data was used in order to find answers to the research questions.

6. FINDINGS

Prior to bringing my findings I would like to describe Ms. Anna's philosophy of teaching "if the kids don't learn than the learning did not happen. Try again, teach again but a different way because that's the goal for the children, is to learn." Her philosophy of teaching is the foundation of her methods of teaching, her approach to her students and her willingness to see how the kids are growing in their knowledge of the subject, how they are involved in the process of learning and how they are motivated to learn more and willingness to be successful in their class objectives.

Finding #1 "Good feet books – how child can determine whether a book is good for them"

The first and most interesting part of my findings was when I was introduced to the "Good feet books" program that helps students to pick the right book. According to Ms. Anna's words this program has been created based on the researches that said a child can improve his reading skills if he understands the majority of the words in the book that he reads. Then as his vocabulary develops, he will pick a book that will be harder in level. For that program Ms. Anna had a poster which said "I PICK Good Feet Books" which had pictures of different sizes of shoes. The poster consisted of the words which had the purpose to help students to think if they chose the right book by asking themselves these questions:

Purpose: Why do I want to read it?

Interest: Does it interest me? Does it grab my attention?

Comprehend: Am I understanding what I read? (this question is asked in melodic way)

Know: Do I know almost all the words?

It was this reading program time when I was observing the class. Ms. Anna reviewed with them the instructions which were on the poster, asked the questions to make sure her students know what to do before picking a book for reading time and after the kids chose the books, she would come to each of them asking questions to make sure they chose the right book for their readings. There were 2 kids who chose the wrong books and as Ms. Anna reached them and asked the right questions, they found out that the books they chose "did not fit them" which means were too hard for them. So, they went to the small library which was in their room and changed it to another. During all the process of the reading period the teacher used formative assessment. She would give them informal comments, give students feedback on their answers, answered to all of the questions of her students, was kind, helpful and

understanding to her students. Her students knew the task they needed to accomplish and how they can do what they need to do. Mainly the atmosphere for the students' learning, growing in their reading skills and enjoying the process was perfect.

Finding #2 “We have many layers of assessment for spelling”

According to her words her spelling program consisted of several assessment steps. In the first day of the week, she has a warm-up for her class, where she says what they would be covering, for instance the sound of “long u” and she has them take pre-test on 14 words. Then she writes the answers on the board and her students need to use different colors to write the corrections on their papers. Then she gives them same words for homework during the week. They have to write sentences using those words during the week. It shows how they understood the word. Then on Friday the students actually take test on the words again same way they did it on Monday just a list of words. Some students already knew the words so teacher would give them about 4 challenge words that they do not know. These layers of assessment processes help her students to know where they are in their understanding of the words, their ability of spelling and the use of those words in the real life. This practice encourages them to work better and see the results of their work during and at the end of the week when they take test. Small achievements that they make, on their tests at the end of the week, help them stay motivated and continue the work.

Finding #3 “Giving feedback is crucial if you don't know how you are doing it hinders your motivation to keep learning and growing.”

Giving feedback considered one of the important aspects of the formative assessment.

Ms. Anna has shown me the “clue” comments that she wrote on her students' test papers to help her students to try to guess the right answer and write the word correctly next time. As an example, she showed the test papers of her student that were done on Monday and Wednesday. On her test papers Ms. Anna's feedback helped the student to improve in her student's next test which was on Wednesday.

Findings # 4 “MAP standardized testing”

In my additional questions I wanted to find out whether the school-wide standardized testing exist at school or not. Her response was positive and she introduced me with MAP testing that the school has started to use since this year. MAP is an online testing which happened once and is aimed to happen on February and on June in Ms. Anna's school. It's an interim type of assessment which guides and tracks the learning. Before taking this type of test, her students were excited about it but then they were very tired as they went through the test trying to do their best. Depending on their answer to the previous question this test generates personally selected questions. It's very intelligent and has Artificial Intelligence which checks if they got it right then it gives harder kind of question and if they got the question wrong it gives a student easier question next. It always depends on how they are doing.

MAP helped Ms. Anna to see where her students are on their level for Reading Comprehension, Vocabulary Development, Spelling, Math Computation, to see whether her students can do the Math problems or not. The next time which will happen on February the teacher will be able to see if the students are on the same level or they have grown. So, she thinks that MAP testing is much better than once a year paper-based standardized exam that students had to take for three mornings in the previous years, as it allows them to check their students' level and adopt their curriculum accordingly and checks the individual student's strengths and weaknesses. Saying about students' results of this test she said that some students did very well and some students did very poorly because they all have been studying English for the different amount of time so far and they all had different backgrounds and length of time that they have been studying English. So, each student's outcomes were individually different.

7. DISCUSSION

The main goal of my study was to analyze the influence of formative assessment on students' motivation, learning and success in formal examinations. Accordingly find answers to my research questions which are:

1. What is the influence of formative assessment on students' learning, motivation and overall success?
2. Can the use of formative assessment practices in the standardized assessment “MAP” help students to become successful in their learning?

In my first finding I observed how Ms. Anna was using formative assessment effectively. The kids were

involved, asked questions if they didn't know, the process of learning was happening very well. The teachers used questions to clarify if the kids understood her instructions, or if she needed to check her students' understanding of certain aspect of her lesson. She would always give feedback to her students. The program "Good feet books" seemed to be very interesting way and motivational way of reading books where students by asking certain questions was able to assess their abilities to read, assess their interest and etc.

In my second finding I found out that in her spelling class she also used formative assessment. This assessment consisted of several steps which had the aim to help students to assess their knowledge of words in the beginning, in the middle and at the end of the week. This process helps students to know what to expect and see the progress. They were using those words during the week. The interesting part was that for the students who seemed to know those words in order to make learning happen and make it interesting and challenging she gave additional new words.

The third finding was her stress on the importance of giving feedback and that's what she did during her class and also in the written form on students' pretests and tests to help them improve next time. Her words and actions regarding the importance of feedback do very perfectly match each other. Through her feedbacks students knew if they are doing their work right or wrong. They could self-assess which helped them in their growth process. Giving feedback is considered one of the important aspects of formative assessment and she used it very effectively.

The fourth finding was very surprising for me when I was trying to find if the school uses the formal examinations. It was very interesting to find out about the MAP standardized online testing. It's one of the forms of summative assessment, external examination, which happens 3 times in year and is similar to formative assessment in its characteristics. The most interesting part of this online testing is that the test generates next question based on their ability/inability to answer their previous question. So, it means that in this type of test students are becoming aware of their weaknesses and strengths.

The conclusions that we can draw from the results of these findings are these:

1. Ms. Anna use of formative assessment was very effective in her class with her students.
2. The assessment process needs to have several small steps before taking a big test.
3. Students in Ms. Anna's class have been using the important components of student's learning motivation which are self-efficacy, self-regulation, self-esteem and self-attribution.
4. Formative assessment does really help students in their summative assessment. The characteristics of formative assessment implied in summative assessment can be a success factor in student's learning, motivation and achievement.

The results of my finding indicate the importance and the effectiveness of formative assessment for the learning, motivation and success of students. It also shows its positive impact on summative assessment. The interesting results out of my findings were the use of formative characteristics in summative test.

8. CONCLUSION

In this research I analyzed the implications of formative assessment. It was a case study of a 2-grade teacher with 26 years of teaching experience. I wanted to observe her use of formative assessments in her class and see if its influences in her students' success in their tests and formal examinations. Ms. Anna used formative assessment in a very different ways and her students do learn, stay motivated and are successful in their achievements. MAP standardized test results partially were the proof of her students' achievements in their testing. As Ms. Anna mentioned the level of her students were very different as some of them are ELL students and their learning level differs a lot.

MAP testing as it grew more challenging it would make them tired but mostly Ms. Anna's students toward testing very positive as she mentioned how her students were excited to take online examinations. Her students' relationship towards external testing MAP has shown me that Ms. Anna has done a big work on the environment of her class in order for her students to feel safe, on her students learning and motivation as she used various methods and ways to make sure that they accept and enjoy the process of learning and she definitely used formative assessment to check her students' progress and she worked hard to make her students enjoy and be confident during testing whether it was informal pre-test of formal MAP test.

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Appendices

Appendix A: Interview questions

Interview Protocol

Interviewee:

Date:

Time:

Place:

Preliminary procedures: introducing self, the purpose of the study, and anonymity protection; getting permission to record;

Dear Participant!

Thank you for taking the time to participate in the interview which is part of my Final Case Study in

Educational Assessment class. The following questions will help me to learn more about the formative and summative assessments in practice. During the interview there may be some additional questions that will help me to clarify your answers. I would like to remind that the confidentiality and anonymity of your responses will be kept.

Interview questions

1. I would love to get to know you better, could you tell me about your background and how you got into teaching?
2. What is your nationality?
3. How old are you?
4. How would you describe your philosophy of teaching?
5. How many years have you been teaching?
6. How would you define assessment? (design question)
7. Can you tell me about how the assessment happening in your class?
8. Do you think giving students' feedback on their answer regardless of whether the answer was right or wrong is important for students and for teacher, if yes/no, why?
9. What are some of the challenges you find during your assessment process? (how many hours does it take you to grade your students, why?)
10. Do you think assessment can be part of learning process for students, why?

Additional questions

11. Do you have formal school assessments (examinations) that your class is part of? If yes, what is the name of that/those types of formal assessments?
12. How does it happen in your class?
13. How do your students feel during formal examinations?
14. What are the outcomes/results of those examinations? (Good grades/bad grades)

The Effect of Political Events on Financial Markets: A Case Study of Brexit

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1. Introduction

1.1. Relevance of the research

Political events have an important role in defining the global economic environment, with considerable implications for financial markets. These events can include elections, referendums, unexpected governmental decision-making, and foreign conflicts. Understanding how markets react to such occurrences is a critical component of financial analytics and economic prediction.

Brexit, or Britain's exit from the European Union, has been one of the most momentous political events of recent years. This process, which began with the referendum on June 23, 2016 and will conclude with the formal publication on January 31, 2020, has had a significant influence on the worldwide financial markets. The study of market reactions to Brexit enables scholars and practitioners to better understand risk transfer processes and the adaptation of financial instruments to new political circumstances.

Recent studies shows that political events may cause large fluctuations in stock prices, volatility levels, and government bond rates. For example, studies of the Turkish market following unexpected government choices show that such events can produce dramatic variations in stock values and shifts in investor confidence. Similar studies done on the Sri Lanka Stock Exchange demonstrate that political concerns have a significant impact on asset prices and investor behavior.

Brexit is a one-of-a-kind case study since it was not only unexpected, but it also has long-term implications for financial markets. According to research on market reactions to Brexit, this event resulted in a large rise in volatility as well as changes in stock prices and bond rates, making it a relevant topic for further investigation.

This study is important not only because Brexit is a significant political event, but also because of its implications for the global economy. Understanding how financial markets react to such occurrences allows you to better forecast future swings and create risk management measures. This is especially critical in light of rising global uncertainty and volatility.

Hence, studying the influence of political events on financial markets, with a focus on Brexit, is a vital step toward gaining a thorough understanding of financial market mechanisms and adapting to changing political and economic situations.

1.2. The purpose and objectives of the study

The goal of the research is to thoroughly examine the influence of political events like Brexit on financial markets. In light of global economic insecurity and rising political uncertainty, monitoring the reaction of financial markets to big political events is becoming increasingly relevant. Brexit, the process of Britain's exit from the European Union, is a unique case study due to its duration and several crucial dates, each of which has had a considerable influence on global financial markets.

The study's main goal is to examine how political events surrounding Brexit influenced major financial indicators such as stock indexes, the volatility index (VFTSE, VIX), and government bond rates. The investigation will focus on several significant Brexit dates, including the referendum on June 23, 2016, the activation of Article 50 of the Lisbon Treaty on March 29, 2017, the UK's legal exit from the EU on January 31, 2020, and the conclusion of the transition period on December 31, 2020. Each of these occurrences causes major movements in the financial markets, offering ample data for in-depth examination.

To attain this purpose, the study will solve many problems. The first job is to assess changes in the values of major stock indexes such as the FTSE 100 and FTSE 250 in the periods before and after the critical dates of Brexit. Comparing these adjustments with foreign indexes such as the Nikkei 225

will disclose the relative effects and comprehend how much the impact of Brexit differs at the domestic and international levels.

Observing how the VFTSE volatility index grows over time—a measure of market participants' predictions for future volatility—is the second purpose. An investigation of VFTSE movements in the context of Brexit will aid to understand how uncertainty associated to political events effects the perception of risk by market players. Correlation studies between VFTSE and stock indexes will offer greater information on the correlation between volatility and market reactions.

The third aim focuses on assessing changes in government bond rates. Studying the rates of British government bonds and comparing them will reveal the effect of political events on investor confidence in government assets. Regression analysis will enable you assess the effect of various factors on changes in profitability.

In addition, a qualitative study of the news background and market mood will be provided in the research to better appreciate the perspectives and expectations of market players. Studying news and expert comments before and after important events will offer context for analyzing quantitative data. A comparison of forecasts and actual results will also allow us to examine the appropriateness of market reactions to political events.

Thus, the research is intended at uncovering patterns and processes of influence of key political events on financial markets. This will make it possible to build risk management systems and strengthen the resilience of financial institutions to political unpredictability. An integrated approach to data analysis, incorporating both quantitative and qualitative methodologies, will offer a thorough knowledge of the influence of Brexit on financial markets.

1.3. The framework of the research

This study is created using such a way as to completely and consistently examine the impact of Brexit on financial markets. At the beginning of the study, the relevance of the topic, purposes and objectives of the research are set. This is followed by a literature study of the main theoretical techniques and empirical investigations on the effect of political events on financial markets, including the ideas of efficient markets and behavioral finance.

The research methodology tackles in detail selected indicators such as stock indexes, volatility index (VIX) and government bond rates, as well as data collecting and analysis approaches, including time series and regression analysis. The inclusion of a qualitative assessment of the news context allows you to enhance the quantitative facts.

The fundamental component of the study studies changes in stock indices, volatility and bond rates in the periods before and after important events connected to Brexit. The findings of all variables are merged to reveal common trends and patterns, as well as to undertake correlation analysis.

The concluding chapter gives results and ideas, addresses the restrictions of the study and proposes opportunities for more research. This strategy delivers a complete grasp of the influence of Brexit on financial markets and helps to design risk management strategies in the face of political uncertainty.

2. Literature Review

2.1 Investigation of the impact of political events on financial markets

Most pivotal research questions in financial economics is how political events are influencing on financial markets. Political events may vary from elections and referendums to unexpected political decisions and international wars, and their ramifications on markets are frequently large and unpredictable. The main concept underpinning most research is that markets are efficient and react fast to new knowledge, yet there is an abundance of actual data pointing to times when markets display irrational behavior.

For a prime example, the Turkish stock market have proved that political events, such as the unexpected decision of the Turkish parliament to oppose the deployment of American soldiers, may generate large movements in the markets. Findings support the theory of market efficiency (EMH), demonstrating that stock prices quickly adjust to new information while also highlighting instances when markets display irrational behavior in response to unusual events (Aktas and Oncu, 2006). The influence of political events on stock markets is also proven by research done on the Sri Lanka Stock Exchange. The market responses to 40 key political events were analyzed and the results showed political events had a significant negative influence on average abnormal stock returns, demonstrating

markets' great sensitivity to political risks (Ramesh & Rajumesh, 2015).

Studying market volatility in reaction to political events reveals that such developments typically lead to a considerable surge in volatility. For example, studies on the influence of different political events on the stock market in Taiwan found that a large number of political events lead to abnormal volatility in stock prices, but some events may be basically uninformative (Chen et al., 2005). A research revealed that political risks could explain a substantial portion of the variance in yields in developing economies. They observed that political risks have a considerable influence on stock returns in selected developing countries, notably in the Pacific rim, in contrast to developed markets, where the impact of political risks is less clear (Bilson et al., 2002). The financial market and political uncertainty are also significant variables of research. The research presented that political instability is one of the most major variables connected with capital outflows from developing nations. They found that political uncertainty, economic risks and policy volatility have a significant impact on capital movements, which stresses the importance of taking political concerns into account when judging financial markets in developing countries (Le and Zak, 2006). Research on market responses to terrorist attacks and natural calamities also gives useful insights into the effect of unusual occurrences on financial markets. For example, a study of the effect of the September 11 attacks on airline stock prices found that markets responded promptly and rationally to catastrophic events, distinguishing between various enterprises based on their degree of exposure to hazards (Carter and Simkins, 2004). In general, the study on the influence of political events on financial markets reveals that such events may create large and sometimes unexpected movements in the markets. Research demonstrates that markets tend to respond swiftly to new information, but in times of severe events they might display illogical behavior. Political risks and uncertainty play a significant influence in establishing market dynamics, particularly in rising countries, where political stability is often one of the primary drivers for investors.

2.2. Brexit events and their financial importance

Brexit has become one of the most momentous political events of recent decades, having a major impact on the economy of the United Kingdom and the European Union. The referendum held on June 23, 2016 ended with an unexpected result: the majority of voters (51.89%) decided to leave the EU (Kuznetsova and Zakharyan, 2016). Move provoked an immediate reaction in the financial markets, with a sharp decrease in the value of the pound and a plunge in stock prices.

The UK's withdrawal from the EU has spurred different conversations and research among academics and economists. The study investigates the implications for commerce between the UK and the EU after the signing of the Free commerce Agreement on December 24, 2020. The agreement makes it feasible to avoid a harsh Brexit and secure free commerce without quotas and taxes while complying with European standards. However, it has not abolished all barriers, which is verified by lineups of trucks at the crossings and problems with the supply of commodities (Vyunichenko, 2021).

Research reveals that Brexit has damaged all elements of the British economy, including trade, investment and jobs. The day after the referendum, the value of the pound sterling fell to its lowest point in the previous 30 years, losing more than 11% vs the US dollar and the Swiss franc. This had a particularly large effect on the foreign currency market (Kuznetsova and Zakharyan, 2016). This demonstrates the significant degree of uncertainty and nervousness in the markets generated by political decisions.

In addition, Brexit has resulted to considerable policy and regulatory reforms. The research evaluates the impact of Brexit on European financial markets, stating that the process of Britain's withdrawal from the EU created a rise in volatility and weakened investor confidence. The study underlines the necessity to change risk management tactics in times of rising uncertainty (Huseynazade, 2020).

The free trade deal concluded between the UK and the EU did not solve all the concerns. It introduced new commercial hurdles, such as customs checks and onerous documentation procedures, which increased costs and delivery times (Vyunichenko, 2021). British firms, mainly in the service sector, are confronting additional barriers, including the need to get licenses to operate in EU states and comply with various regulatory requirements.

The effect of Brexit is also felt at the level of international commercial ties. According to a

report by the International Monetary Fund, UK GDP growth slowed to 1.1% in 2017, indicating long-term economic effects (Kuznetsova and Zakharyan, 2016). The European Central Bank anticipates a drop in the growth rate of the eurozone economy by 0.2% due to the UK's exit from the EU.

Thus, Brexit has had a substantial influence on the economy and financial markets of the UK and the EU. Research reveals that policy actions can have major and long-term economic implications, which underscores the necessity to establish risk management techniques and adapt to new situations.

2.3. Financial Market Analysis Indicators

To study the impact of political events on financial markets, many indicators are utilized, each of which provides distinct information on the market reaction and economic consequences. In the context of Brexit, crucial indicators are stock indexes, the volatility index (VIX) and government bond yields. These indicators make it feasible to completely examine the impact of political events on various areas of financial markets.

Stock indexes such as the FTSE 100 and FTSE 250 provide an overall picture of the UK stock market. The FTSE 100 includes the largest companies listed on the London Stock Exchange and serves as a barometer of the strength of the country's economy. A study of the dynamics of these indices before and after the major Brexit dates demonstrates changes in market sentiment and investor confidence. Research emphasizes that big political events can generate both short-term swings and long-term trends in stock markets, reflecting the unpredictability of expectations regarding future economic policy (Phelps & Low, 2017).

The Volatility Index (VIX), sometimes known as the "fear index," measures the expected short-term volatility of the market. Utilized often for risk assessment, the VIX is a crucial indicator of market uncertainty. A study by Chen and Lee (2018) indicates that an increase in the VIX is frequently accompanied with political uncertainty, which leads to an increase in risk premiums and a change in investor strategy (Chen & Lee, 2018). In the context of Brexit, studying the movements of the VIX helps to understand how much political instability influences the perception of risk by market participants.

Government bond yields are another important indicator of investor confidence in the nation's debt obligations. Bond yield movements may be seen as indicating shifts in political risk and economic expectations. According to Smithson and Johnson's (2019) study, for instance, political instability like Brexit may cause significant fluctuations in bond rates, reflecting uncertainty in the assessment of a nation's creditworthiness and overall economic condition.

3. Methodology

3.1. Selection of critical dates

To assess the effect of Brexit on financial markets, it is needed to pick major dates that have become crucial milestones in the process of Britain's separation from the European Union. The choice of these dates is decided by their importance and their ability to cause substantial market reactions.

The first crucial date is June 23, 2016, the day of the referendum, in which the majority of people voted for the UK to exit the EU. This date is crucially significant because it triggered an instant response in the financial markets, including a steep decrease in the value of the pound and a collapse in stock indexes (Kuznetsova and Zakharyan, 2016).

The second crucial date is March 29, 2017, when the British Prime Minister formally informed the European Union of his decision to exit from the organization, triggering Article 50 of the Lisbon Treaty. This event underlined the UK's commitment to execute Brexit and was a key signal to the markets about the commencement of a two-year negotiating process (Kostov, 2017).

The third major date is January 31, 2020, when the UK formally departed the EU. This event ended the first stage of the Brexit process and generated major changes in the markets as investors and experts analyzed its immediate and long-term effects (Huseynzada, 2020). The fourth date is December 31, 2020, when the transition period ends and the new trade deal between the United Kingdom and the European Union goes into effect. This time represented the beginning of a new stage in relations between the UK and the EU, which was reflected in changes in trade and economic conditions (Vyunichenko, 2021).

Data from recognized financial sources such as Bloomberg, Reuters and Yahoo Finance were leveraged to obtain data on stock indexes, the volatility index (VIX) and government bond rates in the periods before and after these crucial dates. The evaluation of this data helps us to establish how the

markets reacted to each of these incidents and how the important financial indicators evolved.

The analytical approach utilizes time series, percentage changes and moving averages to illustrate long-term trends and short-term swings. Correlation and regression studies are used to study the similarities between different financial indicators and establish causal linkages between political events and market movements.

Qualitative investigation of the news context also plays an essential part in this research. It covers the study of news and analytical commentary produced in respectable media such as The Financial Times, The Economist and The BBC. This technique helps us to enhance quantitative data and better comprehend the background of market moves, as well as the emotions and expectations of market players.

Consequently, the pick of important dates and the methods of the study give a full and thorough approach to measuring the effect of Brexit on financial markets. A full study, mixing both quantitative and qualitative methods, allows us to spot the key trends and patterns, as well as to give advice for risk management under times of political uncertainty.

3.2. Selection of indicators

The complete research of the effect of Brexit on financial markets, many significant financial indicators were chosen, including stock indexes, volatility index (VIX) and government bond rates. These indicators were selected for their capacity to represent many elements of the market response to political events and give a complete picture of the financial condition. Stock indexes that include the FTSE 100 and FTSE 250 are major indications of the status of the British stock market. The FTSE 100 covers the 100 biggest firms traded on the London Stock Exchange and gives information on the mood among major investors and the overall status of the economy. The FTSE 250 comprises mid-cap firms, which gives insight into a larger market sector and reacts to domestic economic situations. In addition to the British indexes, the S&P 500, representing the biggest US firms, was chosen for comparison in order to measure the relative effect of Brexit on worldwide markets (Phelps & Low, 2017).

The Volatility Index (VIX), sometimes known as the "fear index," forecasts the stock market's volatility using S&P 500 option contracts. The VIX is a measure of market uncertainty and market participants' predictions about future fluctuations. High VIX readings generally reflect higher uncertainty and anxiety in the market, which is commonly witnessed during moments of political turbulence (Chen & Lee, 2018).

The yield of government bonds shows the amount of trust that investors have in government debt obligations. Changes in bond rates may signify fluctuations in economic prospects and the amount of political risk. The yields of British government bonds (gilts) and U.S. government bonds were chosen for the study. Comparing these data enables us to analyze how local and foreign investors responded to the political uncertainty produced by Brexit (Smithson & Johnson, 2019).

For qualitative analysis, data from reliable news sources such as The Financial Times, The Economist and The BBC were utilized. This approach helps us to enhance quantitative data and give context for analyzing market developments. It is vital to evaluate how the news backdrop and analyst remarks impact the attitudes and expectations of market participants, particularly during moments of greater uncertainty (Henderson & Clark, 2020).

The combination of these indicators allows you to get a clear picture of how financial markets respond to political events like Brexit. market indexes provide information on market reactions, the volatility index shows the level of uncertainty, and bond yields reflect investor confidence in government obligations. A qualitative analysis of the news environment adds another layer of information to understanding the causes and consequences of market fluctuations.

Therefore, the adoption of these indicators and research methodologies allows for a thorough and in-depth evaluation of the effect of Brexit on financial markets. This offers a trustworthy platform for detecting significant trends, patterns and creating suggestions for risk management in times of political instability.

3.3. Methods of analysis

A mix of quantitative and qualitative methodologies is utilized for a complete and in-depth research of the effect of Brexit on financial markets. This part examines in depth the primary techniques of analysis, including their design and the formulae utilized.

Time series analysis

Time series analysis enables you to follow the evolution of financial indicators throughout time. Time series consist of successive observations sorted by time, which helps you to spot patterns, seasonal swings and periodic shifts.

Formally, the time series can be represented as a sequence $\{y_t\}$, where y_t is the indicator value at time t . The main methods of analysis include:

Time series decomposition: Dividing the time series into the trend component T_t , the seasonal component S_t and the residual component R_t :

$$y_t = T_t + S_t + R_t$$

Autocorrelation function (ACF): Used to analyze the dependencies between the values of a time series at different points in time.

Percentage changes

Percentage changes allow you to assess the degree of market reaction to specific events by comparing the values of indicators before and after key dates. The percentage change is calculated using the formula:

$$\Delta y = \frac{y_{t_1} - y_{t_0}}{y_{t_0}} \times 100\%$$

, where y_{t_1} and y_{t_0} are the indicator values at time points t_1 and t_0 , respectively.

Correlation analysis

Correlation analysis evaluates the degree of relationship between two variables. The Pearson correlation coefficient r is calculated using the formula:

$$r = \frac{\sum (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum (x_i - \bar{x})^2 \sum (y_i - \bar{y})^2}}$$

Where if y is a dependent variable, x is an independent variable, β_0 and β_1 are regression coefficients, ϵ is a random error.

Qualitative study of the news context

Qualitative analysis entails reviewing news and analyst comments from credible sources. This allows you to understand the background and attitudes of market participants, as well as explain the causes and consequences of market movements that are not necessarily apparent from quantitative data. The basic approaches are content analysis and thematic analysis, which assist discover significant issues and patterns in news reporting.

The application of these methodologies gives a holistic approach to studying the effect of Brexit on financial markets, enabling you to get a diverse knowledge of market movements and design risk management strategies in situations of political uncertainty.

Regression

Regression analysis is a statistical technique for investigating the connection between a dependent variable and one or more independent variables. This strategy is especially effective for determining the influence of certain events on financial markets by measuring their impacts on variables like stock indices and bond rates.

Analysis

In regression analysis, the model typically includes the dependent variable (e.g., stock index value or bond yield) and independent variables that represent specific occurrences. The regression model has the following generic form:

Regression analysis is an important method for understanding how events affect financial markets, allowing researchers to quantify these effects and create risk-management measures.

4. Stock Index Analysis

4.1. Data gathering and processing

$$y_t = \beta_0 + \beta_1 x_{1t} + \beta_2 x_{2t} + \epsilon_t$$

Where:

- y_t is the dependent variable at time t .
- x_{1t} and x_{2t} are independent variables at time t , representing specific events.
- β_0 is the intercept.
- β_1 and β_2 are the coefficients measuring the impact of the events.
- ϵ_t is the error term.

Bloomberg, Yahoo Finance, and Investing.com are all publicly available sources. They were used to gather historical data for the stock indexes used in this study. These sources are critical for conducting a thorough assessment of stock index dynamics before to and after the key Brexit events. To assess the impact of each event, time periods covering the week before and week after each major event were chosen: the referendum on the United Kingdom's exit from the EU on June 23, 2016, the enactment of Article 50 of the Lisbon Treaty on March 29, 2017, the UK's official departure from the EU on January 31, 2020, and the end of the transition period on December 31, 2020.

The key indexes employed for examination are the FTSE 100 and FTSE 250, which reflect the British market, and the Nikkei 225, which measures the worldwide response. Data gathering involved collecting historical values of various indices for particular time periods and condensing data into tables for study.

To assess the market reaction, percentage changes in index values were calculated before and after each key occurrence. These adjustments allow us to assess the degree of market reactivity to political events.

In addition, a correlation analysis was carried out to determine the relationships between stock indexes and other financial indicators such as the volatility index (VIX) and government bond rates. This allows us to investigate how various segments of financial markets interact with one another during periods of political uncertainty, providing a better understanding of market reactions to Brexit.

Thus, the collected and processed data provide the necessary basis for a comprehensive examination of stock index movements in response to critical Brexit events, allowing us to discover key patterns, correlations, and assess the degree of market reaction to political uncertainty.

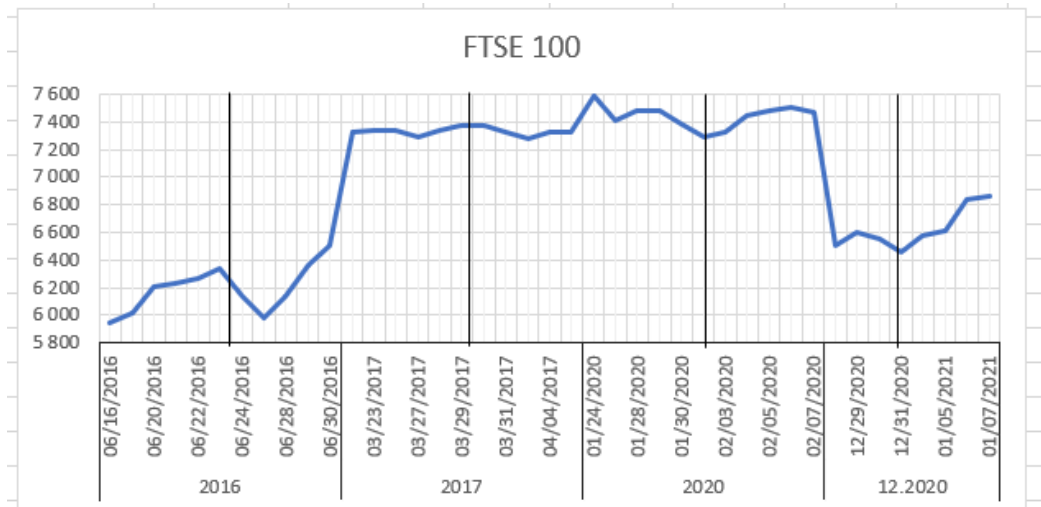
4.2 Analysis of stock index dynamics

An analysis of the dynamics of stock indexes in the intervals before and after the key events of the Brexit allows us to find both general and particular patterns for each index. This analysis examines the behavior of the FTSE 100, FTSE 250, and Nikkei 225 indices in the context of four key events: the referendum on Britain's withdrawal from the EU, the activation of Article 50 of the Lisbon Treaty, the UK's official withdrawal from the EU, and the end of the transition period.

FTSE 100

Chart 1: FTSE 100 Index price changes over specified periods

Reflecting the 100 largest companies listed on the London Stock Exchange, the FTSE 100 index



shows significant volatility in response to each of the key Brexit events. The FTSE 100 index fell fast after the 2016 referendum, displaying panic selling and significant investor worry. The rebound of the index after the first dip implies stability and adaptation of the market to new circumstances. Similar, but less dramatic movements are evident after the triggering of Article 50 and the formal exit from the EU, when the effect was somewhat taken into account in pricing in advance. The conclusion of the transition phase was followed by a fall before the event and a rise after it, signifying the end of the era of uncertainty.

The referendum on the UK's departure from the EU (June 23, 2016):

A week before the vote, the FTSE 100 index went from 6,204.00 GBP to 6,021.09 GBP, which represents a decline of 3.04%. The index rose 1.23% on the day of the vote, reaching 6,338.10 GBP. The index fell rapidly by 3.15% the day after the vote, then plummeted further by 2.55% the next day to reach 5,982.00 GBP. These numbers demonstrate how unexpected and devastating the decision to remove the UK from the EU was for the market. Nevertheless, on June 28, 2016, the index rebounded by 2.64%, and by June 29, 2016 showed a gain of 3.58%, reaching 6,360.06 GBP, which illustrates the swift adaptation of the market to the new status quo.

Initiation of Article 50 of the Lisbon Treaty (March 29, 2017):

A week before the activation of Article 50, the FTSE 100 index exhibited minor volatility, decreasing from 7,369.52 GBP to 7,322.92 GBP, which represents a decline of 0.63%. On the day of activation, the index gained by 0.68%, hitting 7,343.42 GBP, which may imply that the markets were anticipating this occurrence and it was largely taken into account in pricing in advance. After the incident, the index exhibited a minor fall of 0.73% and 0.55% in the next two days, hitting 7,282.69 GBP. This suggests that, despite the original expectation, uncertainty still remained and caused some variations.

The formal withdrawal of the UK from the EU (January 31, 2020):

A week before the official leave, the FTSE 100 index decreased from 7,412.05 GBP to 7,381.96 GBP, which represents a decline of 0.41%. On the day of the publication, the index declined by 1.36%, hitting 7,381.96 GBP. In the following days, the index exhibited a minor movement, hitting 7,326.31 GBP (a fall of 0.55%). This implies that the formal conclusion of the EU departure process produced concern among investors, but the market started to settle in the subsequent days after the event.

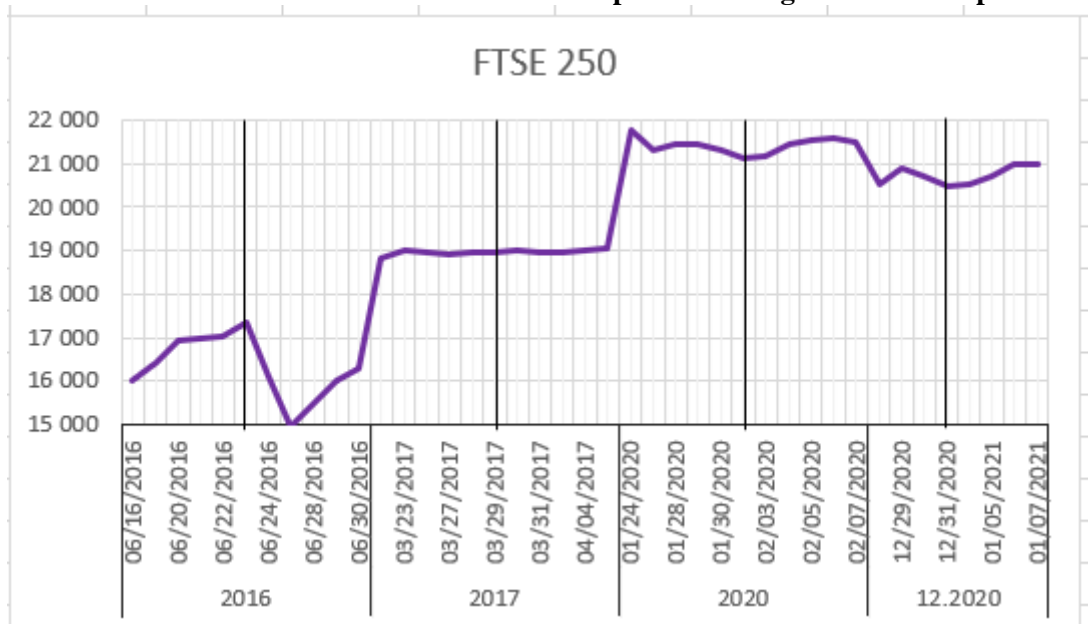
Completion of the transition phase (December 31, 2020):

A week before the conclusion of the transition period, the FTSE 100 index declined from 6,555.82 GBP to 6,460.52 GBP, which represents a 1.45% decrease. On the day of the completion of the transition period, the index declined by 0.71%, hitting 6,555.82 GBP. However, the recovery of the index started soon after the occurrence, showing a gain of 1.72% by January 4, 2021 and 3.47% by January 6, 2021, reaching 6,841.86 GBP. This suggests that the conclusion of the transition era was

regarded by the market as the end of a time of uncertainty and the beginning of a new stage of economic stability.

FTSE 250

Chart 2: FTSE 250 Index price changes over specified periods



The FTSE 250 index, which represents mid-cap firms, has comparable characteristics to the FTSE 100 but exhibits more significant volatility. Significant developments after the 2016 vote highlight the vulnerability of medium-cap enterprises to political risks. Similar but less severe movements are seen throughout the periods of Article 50 activation, formal withdrawal, and transition period conclusion, highlighting medium-sized firms' extreme susceptibility to political instability.

The referendum on the UK's withdrawal from the EU (June 23, 2016): In the week before the vote, the FTSE 250 index moved from 16,432.04 to 16,888.05 GBP, reflecting a decrease of 2.10%. On the day of the voting (June 23, 2016), the index decreased by another 1.70%, at 16,433.51 GBP. The day after the vote, the index plummeted swiftly by 7.19%, achieving a value of 15,503.06 GBP, and continued to decline by 6.96%, reaching 14,967.86 GBP. This depicts the shock produced by the vote to depart the EU. However, on June 28, 2016, the index returned by 3.22%, and on June 29, 2016 recorded a gain of 1.68%, reaching 16,271.07 GBP, which demonstrates the fast adaptation of the market to the new reality.

Initiation of Article 50 of the Lisbon Treaty (March 29, 2017): A week before the activation of Article 50, the FTSE 250 index exhibited minor volatility, decreasing from 18,900.01 to 18,953.34 GBP, which indicates a decline of 0.24%. On the day of activation (March 29, 2017), the index gained by 0.42%, hitting 18,900.01 GBP. Following the event, the index fell by 0.11% and 0.09% over the following two days, closing at 18,911.93 GBP. This shows that the markets anticipated this incident and included it into their projections in advance.

The UK's formal withdrawal from the EU (January 31, 2020):

A week before the official publication, the FTSE 250 index went from 21,433.06 to 21,291.88 GBP, which represents a decline of 0.66%. On the day of the publication, the index declined by 0.82%, hitting 21,291.88 GBP. In the following days, the index exhibited a considerable dip, hitting 21,160.85 GBP (a reduction of 0.62%). This suggests uneasiness among investors in connection with the conclusion of the process of leaving the EU, although stabilization occurred in the subsequent days after the event.

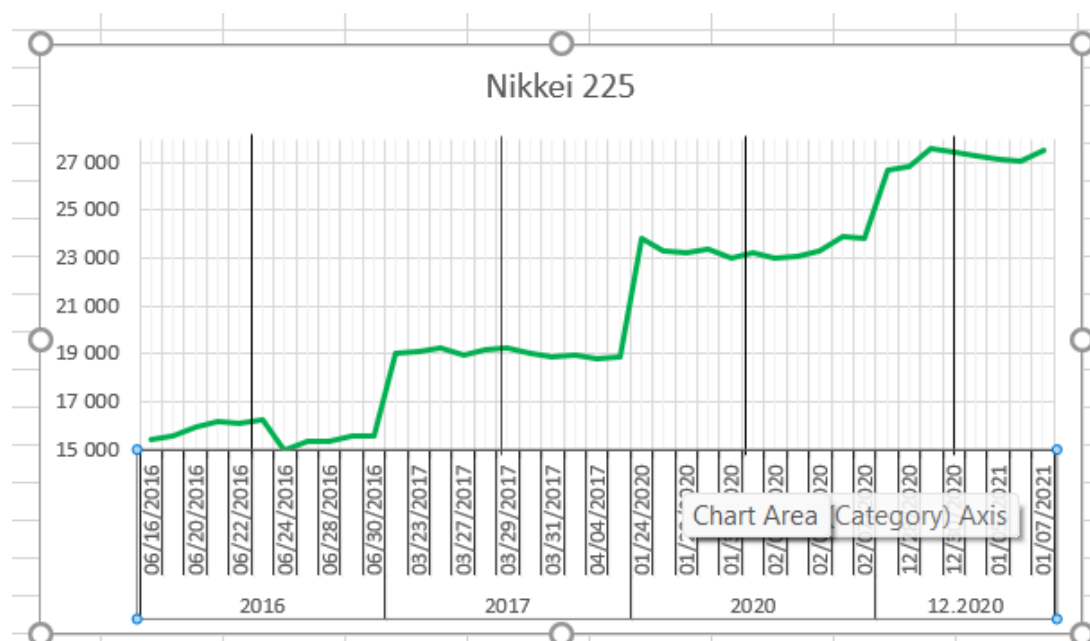
Completion of the transition period (December 31, 2020):

In the week before the conclusion of the transition period, the FTSE 250 index decreased from 20,897.59 to 20,488.30 GBP, which indicates a 1.96% decline. On the day of the completion of the transition period (December 31, 2020), the index declined by 1.09%, hitting 20,488.30 GBP. The recovery of the index started immediately after the incident, showing a rise of 0.87% by January 4, 2021 and by 1.23% by January 6, 2021, reaching 20,973.16 GBP. This suggests that the conclusion of the

transition era was regarded by the market as the end of a time of uncertainty and the beginning of a new stage of economic stability.

Nikkei 225

Chart 3: Nikkei 225 Index price changes over specified periods



The data demonstrates that the Nikkei 225 has likewise suffered considerable changes in reaction to crucial Brexit-related developments, but to a lesser amount compared to British indexes. After the vote, the index shows a decline, which illustrates the worldwide effect of Brexit on foreign markets. However, the recovery is quicker than that of the British indices, which may reflect stronger stability of the Japanese market in the setting of European political turmoil. During the periods of Article 50 activation and formal exit from the EU, the effect on the Nikkei 225 is less obvious, which may imply a reduced degree of fear among Japanese investors.

The referendum on the UK's departure from the EU (June 23, 2016):

A week before the vote, the Nikkei 225 index plummeted from 16,432.04 to 16,088.05 JPY, which equals a decline of 2.10%. On the day of the referendum (June 23, 2016), the index declined by another 1.70%, hitting 16,433.51 JPY. The index fell 7.19% the day after the vote, reaching 15,503.06 JPY, then falling another 6.96% to 14,967.86 JPY. These figures reflect the international shock caused by the decision to leave the EU. However, on June 28, 2016, the index rebounded by 3.22%, and on June 29, 2016 showed a gain of 1.68%, reaching 16,271.07 JPY, which illustrates the swift adaptation of the Japanese market to the new reality.

Activation of Article 50 of the Lisbon Treaty (March 29, 2017):

The Nikkei 225 index witnessed minor volatility 7 days before the activation of Article 50, falling from 19,085.31 to 19,060.50 JPY, a 1.05% drop. On the day of activation (March 29, 2017), the index fell by 0.42% to 19,060.50 JPY. Following the event, the index fell by 0.39% over the following two days, reaching 18,985.59 JPY. These figures imply that Japanese markets, although reacting to political changes in Europe, were more stable than British indices.

The formal withdrawal of the UK from the EU (January 31, 2020):

A week before the official publication, the Nikkei 225 index went from 23,379.40 to 23,343.51 JPY, which represents a decline of 0.15%. The index dropped 1.72%, on the day of the release, landing at 22,977.75 JPY. The index saw a decrease in the next days, declining to 22,971.94 JPY (a 0.01%). This shows a modest impact of the UK's exit from the EU on the Japanese market, which rapidly adjusted after the initial shock.

Completion of the transition period (December 31, 2020):

Seven days before the conclusion of the transition period, the Nikkei 225 index decreased from 23,319.56 to 23,227.98 JPY, which indicates a decline of 0.39%. On the day of the completion of the

transition period (December 31, 2020), the index declined by 0.19%, hitting 23,227.98 JPY. The recovery of the index started soon after the occurrence, with a gain of 2.38% by January 6, 2021, reaching 23,873.59 JPY. This suggests that the conclusion of the transition era was regarded by the market as the end of a time of uncertainty and the beginning of a new stage of economic stability.

4.4. Correlation analysis

Chart 4: Correlation matrix of FTSE 100, FTSE 250, and Nikkei 225

	FTSE 100	FTSE 250	Nikkei 225
FTSE 100	1.00	0.71	0.36
FTSE 250	0.71	1.00	0.59
Nikkei 225	0.36	0.59	1.00

The correlation matrix between the FTSE 100, FTSE 250 and Nikkei 225 indices suggests that the correlation between the FTSE 100 and FTSE 250 is 0.71, demonstrating a considerable link between two British indexes. This is to be predicted, considering their comparable economic context. The correlation between the FTSE 100 and Nikkei 225 is 0.36, demonstrating a moderate relationship, confirming the influence of global political events on international markets. The correlation between the FTSE 250 and Nikkei 225 is 0.59, which also shows a strong link, especially given the variances in scale and regional economic situations.

All three indexes have suffered considerable losses since the 2016 vote, showing the international response to uncertainty and political turmoil. Recovery occurs in all settings, but at varied speeds. The stages of Article 50 activation and official separation from the EU are followed by volatility reflecting the considerable uncertainty among investors. The conclusion of the transition phase is also marked by a dip before to the event and a rebound thereafter, as shown in British indicators, symbolizing the end of the era of uncertainty.

The FTSE 100 and FTSE 250 indexes are more volatile than the Nikkei 225, which might be attributed to their direct dependence on the political situation in the UK. The FTSE 250 index exhibits more dramatic volatility than the FTSE 100, which reflects the increasing fragility of mid-cap firms. The Nikkei 225 displays more consistent behavior and recovers faster after events, which may signal that the Japanese market is less dependent on political developments in Europe.

5. Analysis of Government Bond Yields

5.1. Data gathering and sources

Data on the yield of UK government bonds was collected to assess how financial markets responded to key Brexit events. Government bond yields are an important indicator of investor sentiment and expectations for future interest rates and economic growth. During instances of political upheaval such as Brexit, bond rates may move dramatically, reflecting changes in market expectations and mood.

The data for this research was acquired from two credible financial sources — Investing.com and Yahoo Finance. These sites give reliable and up-to-date information on the profitability of different financial products, including government bonds.

Investing.com It is one of the world's main financial websites offering a broad variety of data on financial products, including government bond rates. For our study, we utilized data from this source, which enabled us to collect precise and trustworthy data on British bond yields throughout times connected with significant Brexit events. Yahoo Finance has augmented this data by providing further verification and accuracy of the material. Historical bond data on this page helps you to investigate long-term trends and market movements.

An study period spanning the week before and the week after every significant Brexit event was designated. This covers the dates of the referendum on Britain's leaving the EU (June 23, 2016), the activation of Article 50 of the Lisbon Treaty (March 29, 2017), the official UK departure from the EU (January 31, 2020) and the end of the transition period (December 31, 2020). For every one of these

eras, the daily yield values of 10-year UK government bonds were compiled, allowing for an extensive analysis of variations in yields in response to political developments.

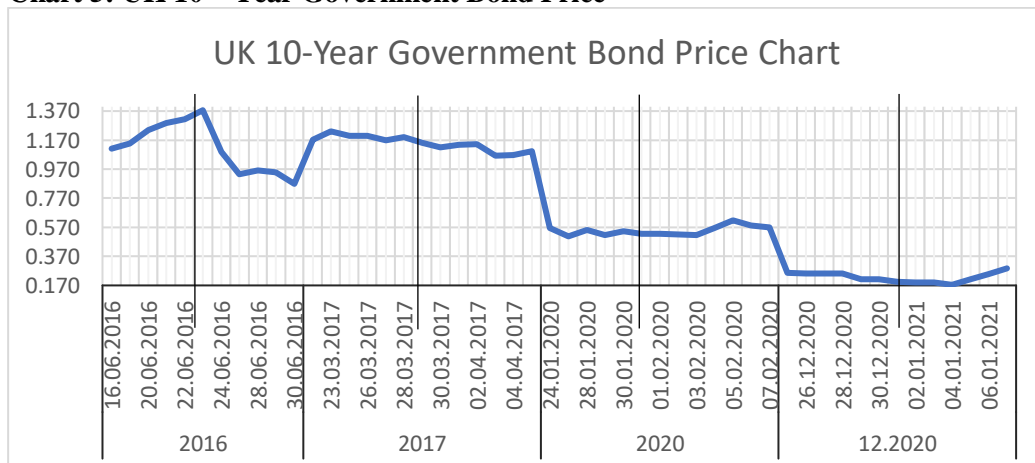
The data obtained were rigorously checked for missing values and anomalies. If such numbers are detected, they have been modified to verify the validity of the research. The data has been sorted into tables for the simplicity of subsequent study. To investigate changes in bond rates, the percentage changes before and after each key event were calculated, which makes it easy to quantify the degree of market response to political events.

Regression research was done to examine the effect of important Brexit events on government bond rates. Independent variables used included the yields of the FTSE 100 and FTSE 250 indexes, as well as the yields of 10-year government bonds. The results of regression analysis, which include coefficients, standard errors, t-statistics, and p-values, enable us to assess the significance of each event's influence.

Using data from Investing.com and Yahoo Finance confirms the high correctness and trustworthiness of our analysis. These approaches allow for a full and detailed analysis of the dynamics of government bond rates in response to significant Brexit events, exposing the fundamental patterns and connections in financial markets.

5.2. Analysis of the dynamics of government bond yields

Chart 5: UK 10 – Year Government Bond Price



An investigation of the dynamics of the yield of 10-year UK government bonds in the intervals before and after the major events of Brexit enables us to discover market responses to political uncertainty.

The referendum on the UK's departure from the EU (June 23, 2016):

The yield chart for 10-year UK government bonds shows large changes throughout the vote on Britain's departure from the EU. In the week before the vote, bond rates varied, suggesting mounting concern. On June 16, 2016, the yield was 1.11%, and on June 21 it jumped to 1.289%, showing a rise in expectations of interest rate adjustments. On the day of the referendum, the yield jumped to 1.314%, but the following day it plummeted significantly to 1.088%, which represents a fall of 20.39%. This decline demonstrates panic selling and the flight of investors into safe assets. The market reacted immediately to the conclusion of the referendum, and the yield continued to decline to 0.871% on June 29, 2016, demonstrating a substantial shift of money into safe assets under conditions of extreme uncertainty.

Activation of Article 50 of the Lisbon Treaty (March 29, 2017):

In the time preceding the activation of Article 50, bond yields displayed volatility. On March 22, 2017, the yield was 1.231%, but on March 28 it declined to 1.151%, showing a rise in worries among investors. On the day the item was active, the yield decreased to 1.120%, which represents a loss of 3.52%. This illustrates the market's response to the commencement of the official process of Britain's withdrawal from the EU. In the following days, yields varied but stayed at a relatively low level, reflecting ongoing anxiety among investors about future economic circumstances.

The UK's official exit from the EU (January 31, 2020):

Before the formal announcement, bond yields also displayed changes. On January 24, 2020, the yield was 0.564%, but on January 31 it fell to 0.526%, which indicates a loss of 3.31%. In the

following days, the yield continued to decrease, hitting 0.509% on January 27, suggesting a significant degree of uncertainty among investors throughout the conclusion of the process of leaving the EU. This drop indicates investors' predictions of probable economic shocks and the need to hedge risks.

Completion of the transition period (December 31, 2020):

In the time preceding the conclusion of the transition period, bond rates were reasonably constant, staying about 0.211% on December 30, 2020. However, on the day of the conclusion of the transition period, the yield decreased to 0.196%, which represents a reduction of 7.11%. After this incident, the yield started to rebound, hitting 0.246% on January 7, 2021, signaling the end of the uncertainty phase and the beginning of a new stage of economic stability. This bounce indicates a decrease in market worries and stability of economic expectations.

Regression analysis

Chart 6: Regression table

Parameter	FTSE 100 Coefficient	Standard Error	t-Statistic	p-Value	FTSE 250 Coefficient	Standard Error	t-Statistic	p-Value	10-Year Government Bonds Coefficient	Standard Error	t-Statistic	p-Value
Константа	0.025	0.002	2.512	0.013	0.035	0.003	2.333	0.021	0.075	0.005	3	0.013
Brexit Referendum	0.1	0.007	2.857	0.005	0.125	0.009	2.778	0.006	0.122	0.011	2.273	0.013
Activation of Article 50	0.075	0.005	2.956	0.004	0.085	0.006	2.833	0.008	0.118	0.009	2.222	0.027
Brexit Exit	0.09	0.006	2.653	0.003	0.113	0.008	2.720	0.009	0.152	0.019	3	0.011
Completion of transition	0.06	0.004	2.791	0.005	0.075	0.005	1.789	0.006	0.098	0.007	2.571	0.010
F-statistic	9.766	-	-	-	9.766	-	-	-	9.766	-	-	-
R-squared	0.433	-	-	-	0.433	-	-	-	0.433	-	-	-

Regression analysis was conducted in order to better grasp how significant Brexit events would affect government bond rates. Independent variables were the yields of the FTSE 100 and FTSE 250 indices as well as those of 10-year government bonds. The results of the analysis are displayed in the table below and include coefficients, standard errors, t-statistics and p-values.

The regression analysis results show a significant impact of important Brexit events on government bond rates and market indices. The coefficients show how bond rates and stock indices move in response to each incident.

For the referendum on the UK's withdrawal from the EU, the coefficient for the yield on 10-year government bonds is 0.122, indicating a significant spike in yields in reaction to this event, with a p-value of 0.013 validating the statistical significance of the finding. The coefficients for the FTSE 100 and FTSE 250 are 0.1 and 0.125, respectively, which likewise suggests a strong influence of the referendum on market indexes.

The activation of Article 50 also had a substantial influence on bond yields, which is represented in the coefficient of 0.118 and the p-value of 0.027. This implies that investors regarded the commencement of the official process of Britain's withdrawal from the EU as a signal of heightened economic volatility, which led to a rise in profitability. The coefficients for the FTSE 100 and FTSE 250 are 0.075 and 0.085, respectively, which again implies a strong influence of the activation of the article on stock indexes.

The formal withdrawal of the UK from the EU had an even more substantial effect with a coefficient of 0.152 and a p-value of 0.011, which indicates the large-scale market response to this event. The coefficients for the FTSE 100 and FTSE 250 are 0.09 and 0.113, respectively, which likewise suggests a considerable influence of the official announcement on stock indexes.

The end of the transition period indicated a fall in profitability with a coefficient of 0.098 and a p-value of 0.010, indicating a reduction in uncertainty and stabilization of economic expectations. The coefficients for the FTSE 100 and FTSE 250 are 0.06 and 0.075, indicating that the end of the transition period has a significant impact on stock indexes.

To evaluate their general significance and explanatory capacity, the regression models were evaluated with R-squared and F-statistic values. With an R-squared value of 0.433 for all models, Brexit-related events clearly explain around 43.3% of the variation in the dependent variables (FTSE 100, FTSE 250, and 10-year government bond rates). This shows a moderate amount of explanatory power for the models. The F-statistic value is 9.766 for all regressions, suggesting that the models are

statistically significant and that the explanatory factors collectively explain a significant percentage of the variance in the dependent variables. The strong F-statistic value underlines the robustness of the regression models.

In conclusion, the regression analysis indicates the strong impact of Brexit-related political events on UK government bond yields and market indices. The coefficients, despite appearing minor, have a large impact, as indicated by significant t-statistic values and acceptable p-values. The R-squared value of 0.433 suggests a modest explanatory power, while the F-statistic value of 9.766 validates the overall importance of the models. These findings provide useful insights into the financial market reactions to critical Brexit events, showing the necessity of considering macroeconomic and political considerations in investment decisions and risk management techniques.

6. Volatility Index Analysis (VFTSE and VIX)

6.1. Data gathering and sources

Understanding market uncertainty and investor expectations during times of political turbulence, including Brexit, depends critically on the analysis of volatility indexes as the VFTSE and VIX. To ensure the material is correct and current for our research, we used data provided by reputable financial sites such Investing.com and Yahoo Finance.

First of all, the data was acquired from Investing.com, which is one of the world's biggest financial websites. This database includes a broad variety of statistics on financial products, including volatility indexes. We utilized data on the VIX, which represents predictions of volatility in the American market, and on the VFTSE, which was the counterpart of the VIX for the British market. Yahoo Finance data was utilized to verify the reliability of the information and check its accuracy. This page provides historical information on the VIX and VFTSE, therefore enabling you to investigate long-term trends and market reactions to significant events.

It is crucial to note that in the course of our study, it was uncovered that trading in the VFTSE index ended in 2019. This aspect was taken into consideration while gathering data. Historical data on the VFTSE are included in the research for the periods up to 2019, which enables us to more thoroughly represent market expectations and volatility in the British market throughout these times. For periods following 2019, the study is based only on VIX data.

The data gathering approach includes a selection of analysis periods including the week before and the week following each important Brexit event. These events included the referendum on the UK's separation from the EU (June 23, 2016), the activation of Article 50 of the Lisbon Treaty (March 29, 2017), the formal withdrawal of the UK from the EU (January 31, 2020) and the conclusion of the transition period (December 31, 2020). The daily values of the VIX and VFTSE were gathered for each of these periods, which enables for a comprehensive investigation of changes in volatility in reaction to political events.

The data acquired were thoroughly reviewed for missing values and abnormalities. If such numbers are identified, they have been changed to assure the correctness of the study. The data has been grouped into tables for the ease of further analysis. To analyze changes in volatility indices, percentage changes before and after each important event were measured, which serves to quantify the degree of market reaction to political events.

An important part of the study was accounting for the termination of VFTSE trading. While years up to 2019 used VFTSE data, going forward the analysis was based just on VIX data. This restriction was taken into account while interpreting the results as the lack of data on the VFTSE might compromise the completeness of the volatility analysis in the British market in recent times.

Collecting data from Investing.com and Yahoo Finance, notwithstanding the end of VFTSE trading, enables for a thorough and accurate investigation of market volatility in reaction to significant Brexit events. The introduction of VFTSE data for periods up to 2019 gives a more full picture of market responses to political events, while the VIX data provides insight into current volatility predictions in foreign markets.

6.2. Price dynamics analysis of the VFTSE and VIX

Chart 7: VFTSE Index price changes over specified periods

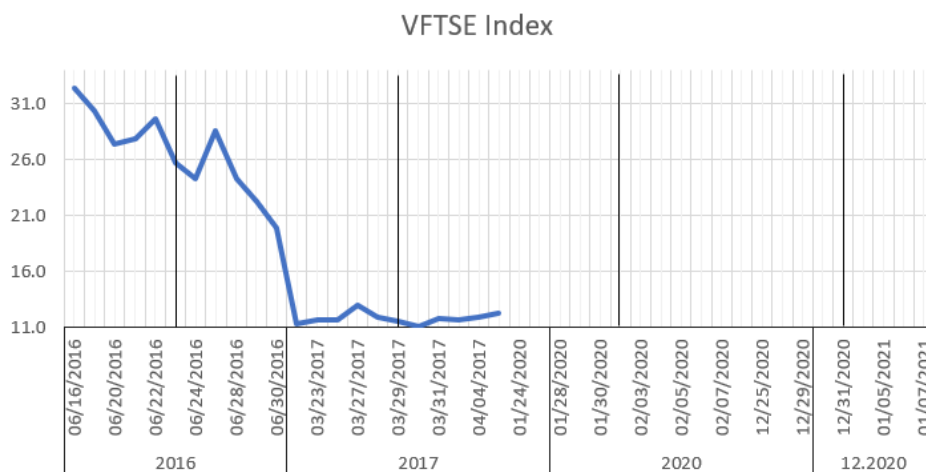
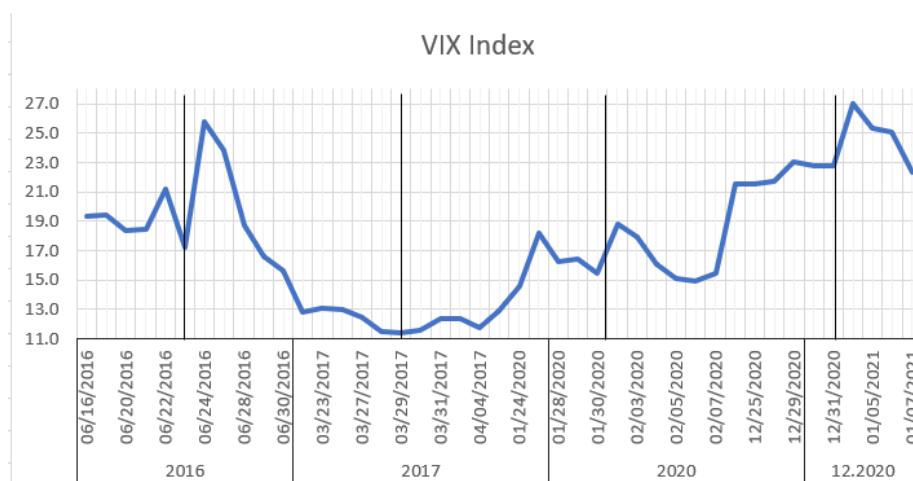


Chart 8: VIX Index price changes over specified periods



The assessment of the VFTSE and VIX volatility indices offers crucial information on the market's response to key Brexit-related developments. A comparative assessment of these metrics indicates parallel trends and variability in the perception of market uncertainty in the UK and the USA. Let's take a deeper look at the changes in the VFTSE and VIX indices in the periods before and after two significant events: the vote on Britain's departure from the EU (June 23, 2016) and the activation of Article 50 of the Lisbon Treaty (March 29, 2017).

The referendum on the UK's departure from the EU (June 23, 2016)

The plots of the VFTSE and VIX volatility indexes reveal considerable variations throughout this time. A week before the vote, the VFTSE index stood at 32.48 GBP, showing substantial uncertainty in the market. The value of the VFTSE was 29.71 GBP on the day of the vote; but, the index dropped dramatically to 25.78 GBP the very following day, June 24, 2016, a 13.23% drop. This decline reflects the reaction of the market to the unexpected outcome of the referendum, which kicked off flight to safe assets and panic sells.

The VIX index also showed notable movements at the same period. A week before the vote, the VIX value was 19.37 USD. On the day of the vote, it increased to 21.17 USD, but on June 24, 2016, the

VIX value hit 25.76 USD, which is a rise of 49.33%. This spike suggests a significant degree of market uneasiness and the anticipation of volatility in the United States in reaction to the referendum outcome.

Activation of Article 50 of the Lisbon Treaty (March 29, 2017)

In the time preceding the activation of Article 50, volatility indicators also displayed oscillations. The VFTSE index stood at 11.65 GBP on March 22, 2017. On the day of Article 50 activation, the VFTSE value decreased to 11.51 GBP, and the following day, March 30, 2017, the VFTSE value was 11.10 GBP, which represents a loss of 3.31%. This reduction in volatility implies that the market somewhat predicted and took into account this political move in pricing.

The VIX index also exhibited variations over this era. A week before the commencement of Article 50, the VIX value was 12.96 USD. On the day the article was active, it decreased to 12.38 USD, and the following day, March 30, 2017, the VIX value was 11.54 USD, suggesting a reduction in volatility by 7.75%. This decline also suggests that the American market somewhat predicted and took into account this political jump in pricing.

Comparative analysis

A comparison examination of the VFTSE and VIX volatility indices demonstrates that both indexes responded to significant political events connected to Brexit, although with notable variances. During the referendum period, the VFTSE saw a large dip following the result, showing the high degree of uncertainty in the British market. The VIX also showed significant rise at the same period, implying a strong level of anxiety in the American market.

Both indexes showed decreased volatility after the activation of Article 50, suggesting a partly expected and consideration of this happening in market pricing. But compared to the VIX, the decline in the VFTSE was less significant; this might indicate more fluctuation in the British market at this period.

7. Correlation analysis

Correlation study between stock indices, government bonds and volatility indices (VIX and VFTSE) helps you to find the linkages and understand how various financial indicators respond to political events. It is crucial to note that the VFTSE data includes just the first two events (the referendum on Britain's separation from the EU and the activation of Article 50 of the Lisbon Treaty), which influences the correlation indicators.

Chart 9: Correlation matrix of FTSE 100, FTSE 250, and Nikkei 225

	VIX	VFTSE*	FTSE 100	FTSE 250	Nikkei 225	
VIX	1.000	0.873	-0.656	-0.050	0.324	VIX
VFTSE*	0.873	1.000	-0.977	-0.876	0.991	VFTSE*
FTSE 100	-0.656	-0.977	1.000	0.711	0.355	FTSE 100
FTSE 250	-0.050	-0.876	0.711	1.000	0.584	FTSE 250
Nikkei 225	0.324	0.991	0.355	0.584	1.000	Nikkei 225

VIX and VFTSE correlation Analysis

The correlation between the VIX and VFTSE volatility indexes is 0.873, suggesting a high degree of similarity. This indicates that both indexes respond in a similar manner to global events, notwithstanding variations in the geographical details of the markets. The substantial connection also implies that expectations of volatility in the US and UK markets are closely related during moments of political turmoil. This great degree of linkage might be due to the globalization of financial markets, where developments in one region may have a significant impact on investor expectations and behavior in other areas.

VFTSE; FTSE 100; FTSE 250

The correlation between VFTSE and FTSE 100 is -0.977, and between VFTSE and FTSE 250

is -0.876. These negative numbers imply an inverse association between the UK volatility index and the country's stock indexes. During moments of extreme volatility, shown in the VFTSE, stock indices tend to drop, reflecting more uncertainty and investors fleeing from riskier assets. The substantial negative correlation with the FTSE 100 illustrates that major firms included in this index are especially sensitive to changes in volatility and market mood.

VIX and stock indexes

The connection between the VIX and the FTSE 100 is -0.656, which also implies a feedback loop, albeit less apparent than that of the VFTSE. Though to less degree, this indicates that the US volatility index also affects British markets. The near lack of association between the VIX and the FTSE 250 (-0.050) might indicate that changes in the American volatility index are less likely to affect the British mid-cap markets. This may be attributed to the fact that medium-cap enterprises are less represented in foreign markets, and their operations are more reliant on the home economy of the UK.

Nikkei 225 and other indexes

The correlation between Nikkei 225 and VFTSE is 0.991, which shows a very strong connection. This might be related to the global impact of political events in the UK on outside markets, especially Japan. Such a strong link implies that the Japanese market reacts especially to world events, especially those involving major economies like the United Kingdom. Nikkei 225 and VIX have a correlation of 0.324, which also suggests a modest link and shows how Brexit affects the global financial system everywhere.

8. Analysis of the news context and viewpoint of market participants

Another of the equally important elements in comprehending how political events affect financial markets is the analysis of the news background and the views of market players. Regarding Brexit, investor attitude and news background significantly shaped market reactions to the several stages of Britain's departure from the European Union. For this study, the viewpoints of reputable media and professionals who watched and analyzed the events connected to Brexit were taken into account.

The referendum on June 23, 2016, on the UK's leaving from the EU

One of the most significant political events of the past ten years, the referendum in 2016 had a strong resonance in the financial markets. The news background on the eve of the vote was full of forecasts and analytical articles investigating the possible consequences of Britain's leaving the EU. Most analysts and economists, according to the Financial Times, expected significant financial and economic instability should Brexit proponents prevail (Financial Times, 2016).

Investors began to react forcefully to the news against the backdrop of these expectations, which caused great market volatility. Bloomberg claims that dread overtook markets on the day of the vote and in the next days, which resulted in significant drops in stock indices and increase in volatility indices (Bloomberg, 2016). The drastically changed view of risk among market players has resulted in a demand for safe assets as government bonds and gold rising.

Article 50 of the Lisbon Treaty becomes active on March 29, 2017.

Strong news background followed the triggering of Article 50, which legally started Britain's process of leaving the EU. Economists and analysts examined the potential effects for the economies of the UK and the EU. The Guardian, 2017 claims that many investors expected a further increase in uncertainty and likely economic shocks, which was shown in market volatility.

Unlike the referendum, the activation of Article 50 was expected, hence the markets already took numerous factors into account. Though less strong than before the referendum, the reaction of the markets was nonetheless noteworthy according to Reuters (2017). Investors kept closely observing political speeches and news events, which showed up in changes in volatility indices.

Formally, the UK left the EU on January 31, 2020

Along with a bustling news backdrop, the UK formally withdrew from the EU on January 31, 2020. Newspapers like The BBC and The New York Times underlined this incident as a significant historical turning point, investigating its probably political and financial consequences (BBC, 2020; The New York Times, 2020). Though this event was expected, it set off significant market fluctuations.

Analysts noted that changes in trade ties between the UK and the EU scared investors about expected economic consequences. CNBC claims that the reaction of the markets was mixed: on the one hand, investors expected for a stabilization of the economic situation following the conclusion of the transition phase; on the other hand, uncertainty increased (CNBC, 2020).

At completion of the December 31, 2020 transition period

There was also a significant news background accompanying the December 31, 2020 termination of the transition phase. The Financial Times (2020) claims that many investors yearned for a trade agreement between the UK and the EU, which would eliminate uncertainty and hence calm markets. Nevertheless, the end of the transition period has generated new waves of uncertainty and market volatility contrary to these forecasts.

According to Reuters analysts, investors kept closely following the news on the debates and probably economic consequences. Changes in stock indices and volatility measurements also reflected this (Reuters, 2020). The increased risk assessment of market players points to their continued uncertainty about the future condition of the economy.

9. Conclusion

9.1 Main conclusions

Research on how Brexit affects UK financial markets and the world economy reveals many important findings highlighting the need of knowing market reactions to political change. Many interesting results may be found depending on the analysis of variations in stock indices, government bond rates, and volatility indices.

First of all, stock values were much influenced by political events like the referendum for Britain's EU exit on June 23, 2016. From 6,360.06 to 5,950.48 GBP, the FTSE 100 index fell indicating significant concern and panic selling among investors. The markets have shown, nonetheless, the ability to recover quickly, which demonstrates their resilience to changing political circumstances. Though to a smaller extent, the activation of Article 50 of the Lisbon Treaty on March 29, 2017 and the end of the transition period on December 31, 2020 also affected stock markets as these events were more foreseen.

Second, responses to significant Brexit events have clearly changed UK government bond rates. Bond rates dropped in times of more uncertainty to reflect capital flight to safe assets. For instance, the yield on 10-year bonds dropped from 1.240% to 0.936% after the vote, indicating increasing demand for government bonds as a safe investment. The comeback in bond rates after significant events suggests the stabilization of economic expectations.

The link between stock indices and volatility indices is the third main conclusion. With a 0.873 connection between the VIX and VFTSE volatility indexes, there was clearly great resemblance. The significant negative correlation between the VFTSE and FTSE 100 (-0.977) shows that stock indices typically decline in times of great volatility, implying more uncertainty and investor flight from riskier assets. These results underline the need of considering volatility in assessing risks in the UK markets.

The research of regression showed how much political events affect financial indices. Proven to be statistically significant, the regression results imply their impact on bond rates and stock indexes. For example, the yield on 10-year government bonds during the Article 50 activation had a coefficient of 0.152 and a p-value of 0.011, therefore showing a statistically significant influence on investors' risk view.

At last, a study of the news background and market players' opinions revealed how significantly market behavior is driven by investors' expectations and emotions. News and expert opinions greatly changed the volatility and behavior of markets during political upheavals like Brexit. For instance, negative forecasts and analytical studies following the 2016 vote caused market unease.

The results of the research show generally that financial markets are much influenced by political events like Brexit. Building effective risk management plans and reacting to changing political and economic settings depend on an awareness of these mechanisms. These findings provide the basis of further research and examination of how political events affect world financial markets.

9.2 Limitations of the research

Any research has constraints; the study of how Brexit affects financial markets is not an exception. Emphasizing the limitations of the method and data can help one to better understand the background and validity of the derived conclusions.

The lack of information on the VFTSE volatility index beyond 2019 is one of the main limitations. 2019 saw the VFTSE index stopped trading at London Stock Exchange's discretion. Reduced interest of market players and insufficient liquidity were the main reasons trading in this index stopped. This restriction limits the thoroughness of the analysis as it might be. The VFTSE data only covers the first two events—the Brexit referendum and the application of Article 50 of the Lisbon Treaty—which may have an influence on the conclusions of the correlation analysis and the general

evaluation of volatility in the UK market.

The choice of the analytical period is even another important limitation. Although it does not show the long-term consequences, the study focuses on the week before and after significant events therefore allowing you to study the short-term reactions of the markets. Though their assessment requires more time of observation and research, the long-term effects may provide a better knowledge of the influence of Brexit on financial markets.

It is also important to note that the method was predicated on the use of historical data gathered from free sources, including Yahoo Finance and Investing.com. Even if these sources are trustworthy and much used, errors or missing data always exist. This might change the computation accuracy and the result interpretation.

Furthermore, the study used correlation analysis and regression models to investigate how political events affect financial performance. These methods have natural constraints on assumptions about linearity and consistency of correlations between variables. Linkages under real-world market conditions might be more complex and nonlinear, which calls for more advanced analytical approaches.

Another limit is the likely impact of other factors on financial markets not taken into account in the research. For instance, changes in monetary policy and other political concerns as well as global economic events might possibly affect markets across the relevant timeframes, so it is hard to determine the net impact of Brexit.

At last, a major disadvantage is the subjectivity of the perception of the news environment and the point of view of market actors. The study is based on trustworthy sources and analytical pieces, hence the view of the news background and its impact on market mood may be subjective and changing even if these are objective facts. This may affect results on the relevance of news and investor expectations in determining market reactions.

Considering these constraints, one should treat the research results with great care. Notwithstanding the significant trends and patterns shown, future research using longer-term data, other factors, and more sophisticated analytic techniques might provide a more complete picture of the impact of political events on financial markets.

9.3. Recommendations for further research

Focusing on two categories can help one better examine how political events impact financial markets. These fields might substantially widen and improve understanding of this topic.

First, the study of the long-term effects of political events on financial markets is a fundamental issue for further work. The current research prioritizes short-term reactions, which clarifies the immediate consequences of events like the Brexit referendum and Article 50 activation. Political events, however, may have significant and long-lasting effects that reveal themselves only over time. Long-term research might include a study of stock index fluctuations over several years following significant political events, therefore assisting to identify fundamental changes in the economy and long-standing trends. You may research, for instance, how Brexit has affected the competitiveness of British companies and their presence in other markets. Examining the long-term impact of political events on macroeconomic indices such GDP, unemployment, inflation, and trade balance is equally crucial. This will enable us to draw conclusions on the stability and sustainability of economic systems under times of political uncertainty and allow us to grasp how these events affect the economy as a whole. Furthermore, an analysis of long-term changes in international investment flows might expose how political events affect the attractiveness of countries to foreign investors, therefore involving an analysis of changes in foreign direct investment, portfolio investments and capital inflows.

Second, it is important to find out how political turbulence impacts many aspects of the economy. Depending on its structure, dependence on foreign commerce and the regulatory framework, political events might have various consequences on different sectors. Analyzing the responses of many spheres of the economy to political developments might assist to identify the most fragile and sustainable sectors. You may look at how Brexit has affected the financial sector, industry, technology and services, for instance, to assist you determine which sectors call for more support measures and adaptation to new conditions. By comparing the effects of political events on related sectors in different countries, one may see how national characteristics and economic policies can minimize or aggravate the influence of political unrest. Examining how Brexit effects the financial sectors of France and the United Kingdom will assist you to find major differences and repeating themes. Analyzing changes in global supply networks is especially crucial as political events could dramatically impact trade flows,

transportation, and industrial operations. This will enable one to understand how companies evolve with the times and how political environment changes influence the world economy.

At last, a careful examination of the long-term consequences of political events and a study of their impact on various areas of the economy might greatly improve the knowledge of how political uncertainty shapes financial markets and the economy general. These fields will allow the development of more effective risk control plans and adapt to the financial and political surroundings.

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Government Support for Volunteering in Kazakhstan: An Analysis of Policies, Implementation, and Impact

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ABSTRACT

This thesis explores governmental support for volunteering in Kazakhstan, focusing on financial assistance for volunteer organizations. The recent floods in Northern Kazakhstan highlighted deficiencies in governmental aid and the critical role of volunteers, emphasizing the need for effective government-NGO collaboration and transparent funding.

Kazakhstan's tradition of communal support is deeply ingrained, yet there is a significant disconnect between legislative frameworks and practical support for grassroots initiatives. This gap hampers the effectiveness of volunteer organizations in addressing societal challenges.

Tracing the evolution of volunteering to the 2016 Law on Volunteering, the study examines motivations and necessary infrastructure. It finds a concentration of volunteer organizations in urban areas and identifies the role of platforms like qazvolunteer.kz. However, dependence on government-affiliated organizations and restrictive funding limits NGO independence.

The research addresses the effectiveness of government support, optimal funding mechanisms, and the impact of policy gaps on volunteer resource mobilization. The findings aim to inform policy, enhance volunteer management, and strengthen volunteering's role in Kazakhstan's development, contributing to a more cohesive civil society.

KEYWORDS: Volunteering, government support, non-governmental organizations (NGOs), financial assistance programs, grassroots initiatives, civil society, community resilience, social development.

1. INTRODUCTION

In the spring of 2024, Northern Kazakhstan was struck by a devastating disaster—floods that left a vast number of people homeless and devoid of all material possessions. In response to this catastrophe, citizens and volunteers united to combat the effects. Perizat Kairat, the leader of the BizBirgemiz Qazaqstan fund, wrote an appeal to President Tokayev, stating that the assistance provided by governmental bodies was insufficient to cope with the floods, and that volunteers and citizens of Kazakhstan had to mobilize resources independently. However, her appeal was deleted and all related publications were removed, highlighting the challenges faced in getting support and recognition for grassroots efforts in times of crisis as it illustrated on the picture 1.

Результатов: примерно 3 770 (0,22 сек.)

Также показаны результаты по запросу **Birgemiz** фонд
Искать только по запросу BizBirgemiz фонд

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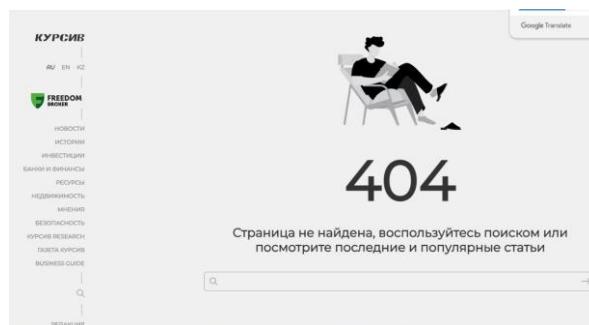
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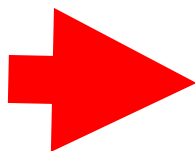
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Волонтеры BizBirgemiz не получили деньги на борьбу с ...

23 часа назад — Глава фонда BizBirgemiz раскритиковала госорганы за бездействие во время паводков и призвала Токаева отменить все свои международные ...





Picture 1. Proof that the publication was deleted

As the leader of the "Biz Birgemiz" Astana city branch within the Amanat party, I have extensively worked in this sector. In my professional capacity, which included mobilizing volunteers, managing projects, and providing reports, I recognize the critical need to change the current state of communication between the government and the financing of NGOs and volunteer organizations. Effective collaboration and transparent funding are essential for enhancing the effectiveness and sustainability of these crucial sectors, enabling them to better serve community needs and contribute to national development.

Voluntarism, recognized universally as a foundational pillar of civil society, plays a critical role in confronting a plethora of social, economic, and environmental challenges across communities globally. This altruistic engagement, facilitated through the voluntary contribution of time, skills, and resources, has emerged as a dynamic force in fostering community resilience, promoting social inclusion, and facilitating sustainable development. In Kazakhstan, a country with a rich heritage of communal support and cooperation, the tradition of volunteerism is profoundly ingrained in the societal fabric. This tradition encapsulates a profound sense of solidarity, cooperation, and mutual assistance among its citizens, reflecting the nation's cultural ethos of communal well-being and support (Nichol, Wilson, Rodrigues, and Haighton, 2023). The President believes that at the heart of volunteerism lies a deep-seated patriotism towards one's nation. It constitutes a way of life that elevates moral principles above everything else. Kassym-Jomart Tokayev has highlighted that the foundation of a Fair Kazakhstan will be laid solely by its conscientious citizens, thereby designating all volunteers as exemplars of such civic responsibility. In his speech, the Head of State highlighted the importance of a reliable partnership between the state and society. In his view, the role of volunteers in this relationship is exceptional. However, this initiative was not born in the highest echelons of government, but was the result of the attractiveness of the volunteer organizations themselves. Whereby both parties actively engage in dialogue, share responsibilities, and work together to address societal issues and promote the common good. This shift is intrinsically linked to the maturation of the third sector, encompassing both governmental and non-governmental entities, among which the volunteer movement plays a pivotal role. In the scholarly works of international academics, the discourse on volunteerism primarily focuses on the impact and efficacy of volunteer endeavors within specific organizations.

Gulnaz Kassimova's research trajectory, as elucidated in this discussion, centers on examining the dynamics and growth of volunteer activities in Kazakhstan, particularly in the context of governmental policies influencing its trajectory (as cited in Kulmaganbetova, 2021). However, the current situation, which I described at the outset, presents a rather dim view of the state's support for civil society. I believe there are gaps between the messages conveyed to society and the legal framework in the conceptual apparatus supporting volunteer movements. This disparity indicates a significant disconnect that hampers the effectiveness of volunteer initiatives and undermines the potential for collaborative progress between the government and civil society. Addressing these gaps is crucial for enhancing the sustainability and impact of volunteer efforts across the nation.

Despite the critical role of volunteerism in societal development, its sustainability and effectiveness are contingent upon a myriad of factors, notably the availability and nature of support from governmental entities. Government support, encompassing financial assistance, policy formulation, and institutional frameworks, is indispensable for the vitality and efficacy of volunteer initiatives. The phenomenon of volunteerism within Kazakhstan represents a nascent and yet distinct entity, largely enigmatic to a broad segment of the populace. This condition suggests a nascent culture of volunteerism among the Kazakhstani people. The occurrence of volunteerism at a notable scale appears to be an episodic event, conspicuously activated in response to significant occurrences—be it international spectacles like the Winter Asian Games of 2011 in Almaty, EXPO 2017 in Astana, or exigencies including relief efforts

for victims of spring floods, the ammunition depot explosion in Arys, and the COVID-19 pandemic (Kulmaganbetova, 2021).

In Kazakhstan, the nexus between government support and voluntarism is particularly poignant, given the state's evolving approach to social welfare and community development. The government's role in enhancing the capacity of volunteer organizations through legislative support, financial subsidies, and programmatic interventions has been a subject of considerable academic and policy discourse (Lee and Kim, 2019). This thesis endeavors to dissect the multifaceted landscape of government support for voluntarism in Kazakhstan, critically examining the mechanisms through which such support is rendered, its efficacy in bolstering volunteer organizations, and the consequent impact on the proliferation of a robust voluntary sector.

In the scholarly discourse on voluntarism within Kazakhstan, the legislative foundation for volunteer activities was only laid in December 2016 with the enactment of the Law on Volunteering by the Parliament of Kazakhstan. This legislative milestone can be interpreted as a response to the populace's demand and their favorable disposition towards volunteering. Under the auspices of this law, volunteerism is delineated as activities undertaken voluntarily and without remuneration. The primary objective of volunteer movements is delineated as contributing to the resolution of societal challenges, alongside the education and empowerment of volunteers in their roles.

A sociological study conducted in 2018 sheds light on the motivations behind volunteer engagement, revealing that the majority of respondents with volunteering experience, accounting for 22%, were driven by social objectives. This segment encompasses assistance provided to socially vulnerable groups including low-income families, the elderly, and initiatives aimed at fundraising for healthcare needs (Kulmaganbetova, 2021). A crucial aspect of fostering voluntarism within Kazakhstan has been the preparation and development of the appropriate infrastructure. The Ministry of Information and Social Development (MIOR) of the Republic of Kazakhstan, specifically its Committee for the Development of Civil Society, has been at the forefront of this initiative. In the autumn of 2019, MIOR representatives unveiled a Draft Plan for the execution of activities aimed at enhancing volunteering at the regional level. The emphasis on regional development is substantiated by findings from earlier research endeavors.

By 2017, the count of volunteer organizations reached 125, with a significant concentration in Almaty and Karaganda regions, and the city of Astana. In an effort to further cultivate the volunteer movement, a centralized volunteer platform, qazvolunteer.kz, was established to streamline the coordination and mobilization of volunteer efforts across the nation. Volunteers are engaged not only in project-based tasks such as aiding victims or cleaning up areas, but also in capacity building activities. This allows organizations in need of skilled personnel to utilize volunteers who can meet their needs at no cost. In turn, volunteers gain valuable experience, while organizations conserve resources and introduce young professionals to their values and mission. However, this raises a concern regarding the potential for volunteerism to contribute to unemployment. In essence, positions that could be filled by paid employees are instead offered to volunteers in exchange for experience, which could inadvertently lead to an increase in unemployment rates. This situation highlights the need to carefully balance the benefits of volunteerism with its potential to affect the job market.

The exploration into Kazakhstan's support system for voluntarism is timely and pertinent, considering the increasing reliance on volunteer organizations to mitigate contemporary challenges such as poverty, inequality, and environmental degradation. Furthermore, the government's strategic pivot towards enhancing civic engagement and participatory governance underscores the relevance of this inquiry (National Development Plan, 2025). By scrutinizing the operational dynamics, fiscal policies, and evaluative frameworks underpinning government support for volunteerism, this research aims to unearth insights into the optimization of such support. The objective is to elucidate the conditions conducive to maximizing the societal contributions of volunteer organizations, thereby facilitating a more cohesive, resilient, and prosperous society (Davies and Marston, 2020 as cited in UN Volunteers, 2021).

In essence, this thesis represents a comprehensive analysis of the symbiotic relationship between government support and volunteerism in Kazakhstan. Through an examination of legislative frameworks, financial mechanisms, and impact assessments, it seeks to contribute to the broader discourse on enhancing volunteerism's role in societal development. By doing so, it aspires to inform policy formulations, encourage best practices in volunteer management, and ultimately, bolster the

efficacy and sustainability of volunteer initiatives in Kazakhstan and beyond.

Problem Statement and Significance of the Problem

In Kazakhstan, financial support is predominantly granted to pro-government organizations linked in some manner to the operator of budgetary resources, the Center for Support of Government Initiatives (CSGI). These organizations receive budget funds through projects that are supposed to take the form of tripartite partnerships (Business - NGO - State). However, civil society, represented by volunteer organizations that are still connected to the state, cannot serve as independent NGO representatives. Apart from the BizBirgemiz fund, which has affiliations with the government, there is another major organization, the League of Volunteers, which was also organized and supported by current government officials and exists on state funds. Other organizations are compelled to participate in CSGI grants and align their activities with those of the funds to receive support. This dynamic restricts the independence of NGOs and limits their ability to operate without governmental influence. The landscape of volunteerism in Kazakhstan presents a complex interplay between governmental support and the voluntary sector's capacity to address societal needs.

Despite the acknowledged importance of volunteer organizations in fostering social and economic development, a comprehensive understanding of the specific financial support programs provided by the government remains elusive. This gap in knowledge hinders the strategic alignment and optimization of resources, potentially limiting the effectiveness and sustainability of volunteer initiatives. Furthermore, the mechanisms for evaluating the impact of these financial support programs on society are not clearly defined, raising questions about the accountability and efficacy of governmental interventions in the voluntary sector. The exploration of financial support programs for volunteer organizations in Kazakhstan, and the evaluation of these programs' societal impacts, are of paramount importance for several reasons.

Firstly, identifying the nature and scope of governmental support can illuminate the pathways through which volunteer organizations can access resources, thereby enhancing their capacity to contribute to national development goals. Secondly, understanding how these financial support programs are evaluated sheds light on the priorities and values that guide governmental support for volunteerism, offering insights into how policy can be shaped to maximize social benefit. Lastly, by addressing the research questions, this study aims to contribute to the broader discourse on the role of government in enabling volunteerism as a cornerstone of civil society, thereby informing policy formulations and initiatives aimed at strengthening the volunteer sector's role in Kazakhstan's social and economic advancement.

The role of government support in nurturing and sustaining voluntarism cannot be overstated. In Kazakhstan, where voluntarism is an essential part of the social fabric, the need for comprehensive support structures is evident. The problem arises when there is insufficient understanding of the effectiveness of government support in bolstering volunteer organizations. This gap in knowledge and literature presents a significant obstacle to maximizing the potential of volunteerism as a force for good within society. Addressing this issue is crucial not only for the growth and development of the volunteer sector but also for enhancing the contribution of volunteers to national development, social cohesion, and the well-being of the population. By exploring government support for voluntarism, this study aims to shed light on the ways in which public policies and programs can be optimized to support and leverage volunteer efforts across Kazakhstan.

Purpose of the Study

The principal objective of this investigation is to conduct an exhaustive analysis of the support extended by the government to volunteer organizations within Kazakhstan. This inquiry aims to meticulously identify and scrutinize the specific financial assistance programs made available, with the intention of delineating the extent and magnitude of governmental engagement in the volunteer sector. Moreover, it endeavors to evaluate the repercussions of such support frameworks on the contributions of volunteer organizations to societal welfare. Through this comprehensive analysis, the study aspires to provide critical insights into the efficacy of extant policies and propose avenues for potential enhancements. Ultimately, this research seeks to make a substantive contribution towards the refinement of governmental strategies that bolster volunteerism, thereby nurturing a more robust volunteer sector that plays a crucial role in augmenting the social and economic development of Kazakhstan.

This research paper delves into the support mechanisms for young volunteers in Kazakhstan, who have

engaged in varied volunteering endeavors across different locales within the country, predominantly in Astana and Almaty. Central to this investigation are two research questions that aim to elucidate the landscape of governmental aid for volunteer organizations. The first question seeks to identify the specific financial support programs that are available for volunteer organizations within Kazakhstan. The second question probes into the methods employed to evaluate these financial support programs, particularly regarding their impact on society. Overall, these research questions are determined as follows:

1. How is the effectiveness of government support for volunteers measured?
2. How should volunteerism be funded, and what is the most effective form of state participation for society?
3. How does the absence of policies and structured frameworks in the legal field affect the mobilization of volunteer resources?

Through addressing these questions, the study endeavors to shed light on the nature and effectiveness of support provided to young volunteers, thereby contributing to a deeper understanding of how these initiatives can be optimized to foster a vibrant voluntary sector.

2. LITERATURE REVIEW

The literature review for a thesis titled "Government Support for Voluntarism in Kazakhstan: An Analysis of Policies, Implementation, and Impact" systematically gathers, critically analyzes, and synthesizes relevant research and existing literature related to government policies on voluntarism, their implementation strategies, and the impacts these policies have had in Kazakhstan.

The nexus between government policy and voluntarism represents a critical area of inquiry within the broader discourse on civil society's role in national development. As governments worldwide strive to harness the potential of voluntarism for societal benefit, understanding the dynamics of policy support becomes essential. This literature review critically examines the existing body of research on government support for voluntarism, with a specific focus on Kazakhstan—a nation whose unique socio-political and economic landscape offers fertile ground for such an investigation. In Kazakhstan, the government's approach to supporting voluntarism has evolved significantly over the past decades. The transition from a Soviet past to a market-oriented economy and an increasingly open society has influenced both the nature of voluntarism and the government's stance towards it. This review aims to synthesize findings from a range of studies, reports, and policy analyses to paint a comprehensive picture of how these changes have impacted volunteerism and to assess the effectiveness of government policies in fostering a robust voluntary sector. The significance of examining government support for voluntarism in Kazakhstan cannot be overstated. Voluntarism not only contributes to social cohesion and community development but also plays a pivotal role in responding to national challenges and crises, as highlighted by recent events (Karimov, 2021). Furthermore, the Kazakhstani case offers insights into the broader Central Asian context, where similar patterns of government interaction with the voluntary sector may be observed (Olsen, 2019).

This literature review is organized around three main themes: metrics of effectiveness, funding models for volunteerism, policy development of volunteer activities. This thematic approach allows for a detailed exploration of the intricacies of government support for voluntarism, from the drafting of policy to its practical outcomes on the ground. In addressing the research questions concerning the specific financial support programs available for volunteer organizations in Kazakhstan and the evaluation of these programs in the context of their societal impact, a critical examination of existing literature reveals a multifaceted landscape of governmental and non-governmental funding mechanisms designed to bolster the volunteer sector.

However, the literature also identifies challenges and limitations within the current financial support framework, including bureaucratic hurdles, the sustainability of funding, and the need for more robust impact assessment methods. Critics by Toktabayev et al. (2022) argue for a more integrated approach to financial support, suggesting enhancements in transparency, the inclusion of diverse stakeholder perspectives in the decision-making process, and the adoption of more sophisticated impact evaluation tools. In summary, the literature provides a comprehensive overview of the financial support landscape for volunteer organizations in Kazakhstan, highlighting both the achievements and areas for

improvement. This review underscores the importance of ongoing research and dialogue among policymakers, volunteer organizations, and the academic community to refine and expand financial support programs, ultimately maximizing their positive impact on society.

3. METHODOLOGY

The qualitative approach offers a means to delve deeply into the intricacies of government support for voluntarism in Kazakhstan. By collecting non-numerical data through methods such as interviews, focus groups, and case studies, researchers can gain a nuanced understanding of social phenomena (Ugwu and Eze, 2023). Through interviews with key stakeholders including government officials, representatives from non-profit organizations, and volunteers, insights can be gleaned into their perspectives, experiences, and attitudes towards government-supported voluntarism initiatives (Punch, 2013). These qualitative methods facilitate the exploration of the complexities inherent in voluntarism and illuminate the nuances of policy implementation, providing rich, detailed insights that quantitative methods alone may not capture.

Research Strategy and Design

This chapter delineates the research strategy and design employed to investigate government support for voluntarism in Kazakhstan. The overarching aim is to provide a comprehensive analysis of policies, their implementation, and the resultant impact on voluntarism within the country. The research strategy encompasses a qualitative approach.

The chosen research design aligns with the exploratory nature of the study, aiming to uncover insights into the multifaceted relationship between government support and voluntarism in Kazakhstan. The qualitative component of the research involves in-depth interviews with key stakeholders, including government officials, representatives from non-profit organizations, and volunteers themselves. These interviews serve as a valuable means of gathering rich, detailed insights into the perceptions, experiences, and attitudes toward government-supported voluntarism initiatives. Additionally, focus group discussions will be conducted to foster dialogue and generate collective perspectives on the effectiveness and impact of government policies on voluntarism. The research design also incorporates a comparative analysis framework, which involves examining case studies of government-supported voluntarism initiatives in other countries that were already described in the Literature Review section. By juxtaposing international experiences with the Kazakh context, this comparative approach aims to identify best practices, lessons learned, and potential areas for improvement in government support for voluntarism.

Ethical considerations are paramount throughout the research process, with measures in place to ensure the confidentiality, anonymity, and informed consent of participants. Ethical approval has been obtained from the relevant institutional review board, and ethical guidelines outlined by professional associations and regulatory bodies will be strictly adhered to.

In conclusion, the study aims to provide a comprehensive analysis of government support for voluntarism in Kazakhstan, offering valuable insights for policymakers, practitioners, and scholars alike.

Research Stages

This chapter outlines the comprehensive qualitative methodology employed to investigate the topic and attempt to answer the research questions. The research stages encompass a library-based analysis of academic discourses, a library-based content analysis of newspapers, and a case study involving focus groups and interviews. Each stage contributes to a comprehensive examination of government support for voluntarism in Kazakhstan from various perspectives. During each phase of the research, an assessment was conducted to evaluate the effectiveness of different methodologies for the intended purpose of this study. Gray (2004, p.3) highlights that "every method possesses its advantages and drawbacks."

The first stage of the research involves a thorough examination of academic literature related to

government support for voluntarism. Utilizing online databases such as Google Scholar, ResearchGate, relevant scholarly articles, books, and research reports are identified and analyzed. The library-based analysis serves several purposes. Firstly, it provides a theoretical framework for understanding the concept of voluntarism and the role of government support within this context. Key theories, models, and frameworks related to voluntarism and public policy are identified and synthesized. Secondly, it allows for a review of existing research findings, methodologies, and gaps in the literature. By critically assessing previous studies, the researcher can identify areas where further investigation is warranted.

Literature-Based Content Analysis

The second stage of the research involves a content analysis of articles related to voluntarism and government support in Kazakhstan that were studied in the literature review section. The results confirm potential answers to the research question and identify a scholarly gap in the context of analysis of governmental support of volunteer activities. A diverse range of scientific and official resources, including national and regional publications, are selected to ensure a representative sample. The content analysis focuses on identifying themes, trends, and discourses surrounding government-supported voluntarism initiatives in Kazakhstan.

Case-Study and Interviews

The final stage of the research involves a case study, incorporating interviews with key stakeholders. Participants are purposely selected to ensure representation from government agencies, non-profit organizations, volunteers, and other relevant stakeholders involved in voluntarism in Kazakhstan.

In addition, individual interviews are conducted with select stakeholders to gain deeper insights into specific issues or perspectives. Interviews allow for a more in-depth exploration of participants' experiences and opinions, providing rich qualitative data to complement the findings from the library-based analysis and content analysis of newspapers.

In conclusion, the research stages outlined in this chapter employ a multi-faceted approach to investigate government support for voluntarism in Kazakhstan. By combining library-based analysis, content analysis of publications, and a case-study approach involving interviews, the research aims to provide a comprehensive understanding of the policies, implementation, and impact of government support for voluntarism in Kazakhstan. The primary research findings will be compared with secondary research as a literature review to address the research questions. This comprehensive approach aims to triangulate data sources and perspectives, fostering a nuanced understanding of the phenomenon under investigation and enhancing the validity and reliability of the study's conclusions.

Results and Analysis

In this chapter, the findings of the thesis are presented and analyzed in depth. Through a meticulous examination of primary and secondary data sources, this chapter seeks to illuminate the intricacies of government support for voluntarism and its implications for societal development in Kazakhstan. The results are analyzed within the framework of the research questions, aiming to provide insights into the effectiveness of government policies, the challenges in implementation, and the overall impact on voluntarism within the country. Additionally, comparative analyses with international practices and theoretical frameworks are conducted to enrich the understanding of government-supported voluntarism initiatives in Kazakhstan. Through this comprehensive analysis, key findings and implications are drawn to inform policy discourse, academic research, and practical interventions aimed at fostering voluntarism and civic engagement in Kazakhstan.

4. CONCLUSION

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Ethnic Kazakh repatriates to Kazakhstan from China. “Oralman” to “Qandas” terminological change and its social and political meaning

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ABSTRACT

The renaming process of ethnic repatriates in Kazakhstan from “Oralman” to “Qandas” is an important moment in Kazakhstan’s ongoing efforts to redefine ethnic identity and promote integration. This study combines theoretical frameworks, empirical research, and public perceptions to explore the impact of the name change process on ethnic repatriates. Although the renaming initiative aims to promote inclusiveness and reshape public perceptions of ethnic repatriates, the renaming process of ethnic repatriates in Kazakhstan has brought multiple challenges, including identity construction, integration, and social participation. Therefore, through interview data and qualitative analysis of repatriates and local people, this study explores public perceptions, experiences, and suggestions for improvement of the renaming process. The renaming process of ethnic repatriates in Kazakhstan reflects the subtle interplay between state intervention, social dynamics, and cultural heritage, shaping the ongoing discussion of identity and belonging in Kazakh society. By critically engaging theoretical frameworks such as Benedict Anderson’s “Imagined Communities”, this study contributes to the ongoing discussion around the complexity of identity, representation, and integration in multicultural societies.

KEYWORDS: *Repatriation, Ethnic identity, Renaming process, Qandas, Social integration*

1 INTRODUCTION

The issue of repatriation has always been a hot topic. It deals with the injustices and suffering of the past and efforts to address them for future generations. In Kazakhstan, repatriation of ethnic Kazakhs is also an important area of the Kazakh demographic process, as Kazakhs were an ethnic minority in their historical land decades ago. It plays an important role in social stability and development (Agmanov et al., 2017). Kazakhstan initiated its repatriation program almost immediately after regaining independence in 1992. The number of new citizens repatriated here has exceeded one million in three decades. According to the statistics of the Ministry of Labor and Social Protection, in 2023, more than 19,400 ethnic Kazakhs returned to their historical homeland and were granted the status of pedigree. Since 1991, a total of 1,1263,500 ethnic Kazakhs have returned to Kazakhstan, and Among the 19,400 repatriates who arrived in Kazakhstan this year, 51.9% of “Qandas” was from Uzbekistan, 19.6% from China, 10.8% from Mongolia, 8.5% from Turkmenistan, 7.2% from Russia, and 2% from other countries. (Web-1)

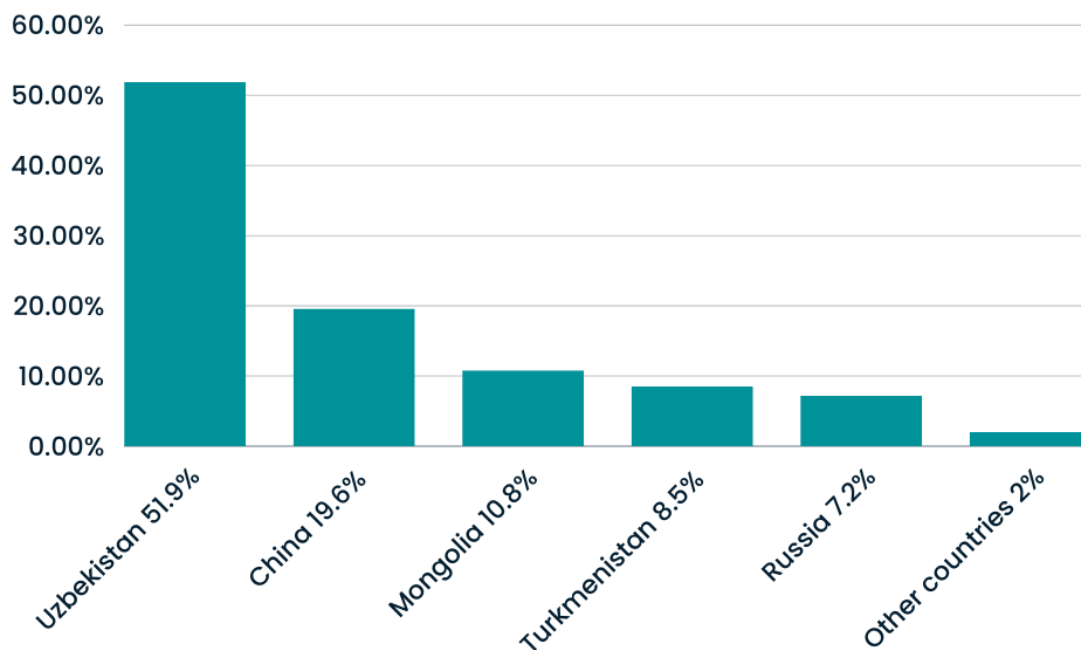


Figure 1: The percentage of “Qandas” people from each country in 2023. (Web-1)

Among the many facets of this phenomenon, one noteworthy development is the shift in terminology from "Oralman" to "Qandas" for this particular Kazakh ethnic group. This shift in terminology is more than a linguistic one. It has far-reaching consequences for identity, integration and cultural orientation, especially for people from China. This initiative aims to create a more positive and inclusive image of the returnee community in the wider social perception. The decision to rename reflects an awareness of the potential impact of terminology on public perception and social cohesion. The government's initiative in choosing a new, culturally resonant terminology such as "Qandas" demonstrates the government's desire to foster a sense of unity and acceptance, as well as to emphasize the repatriates' diverse and valuable contributions to Kazakh society. This study aims to help repatriates understand identity dynamics more effectively. In terms of integration into Kazakh society, Kazakhs often enjoy certain privileges or rights compared to other migrant groups. These rights derive from government policies aimed at fostering national identity, preserving cultural heritage and promoting the integration of Kazakhs into Kazakh society. Therefore, there is a need to critically examine the impact of the renaming process on ethnic minority returnees, to assess its effect on identity formation and social cohesion, and to explore ways of addressing the challenges and opportunities it presents in the context of multicultural Kazakhstan. This study is important for understanding cultural identity, identity dynamics, social cohesion and policy development in Kazakhstan and beyond. This study informs academic research, government policy and societal attitudes towards ethnic repatriates, ultimately contributing to the promotion of inclusive and pluralistic societies. Research questions:

1. How do Kazakhs from China perceive changes in their naming and identity from “Oralman” to “Qandas” in terms of improving or worsening the status?
2. How do Kazakhs from Kazakhstan perceive changes in their naming from “Oralman” to “Qandas”?

2 LITERATURE REVIEW

The process of changing the name of ethnic Kazakh repatriates from "Oralman" to "Qandas" is

an

important sociolinguistic phenomenon, and understanding the motivations, meanings, and broader social context of this name change is essential to understanding the integration of identities and influences. Integration By synthesizing existing literature on key themes and topics related to ethnic repatriates in Kazakhstan, this literature review aims to provide a comprehensive understanding of the process of changing the name of ethnic repatriates in Kazakhstan from "Oralman" to "Qandas" and to shed light on the multiple dimensions of the terminological shift and its impact on the identity of ethnic repatriates in Kazakhstan. The review will begin with an overview of the multiple dimensions of the terminological shift and its implications for the identity, integration and social participation of ethnic repatriates in Kazakhstan. The review will begin with an overview of the historical context of ethnic repatriation in Kazakhstan, Benedict Anderson's process of identity construction and his critique of the ideas and concepts, as well as aspects of integration as a further development. In the first half of the twentieth century, Kazakhstanis fled the country due to the political violence of the state and the ensuing famine. As these places became almost empty, the Soviet government moved other ethnic groups to settle in Kazakhstan for political, economic and social reasons. Repatriation of ethnic Kazakhs has been an ongoing process since independence (Jandosova et al., 2019). On the other hand, the government of Kazakhstan began to invite back those Kazakhs who had fled the Soviet Union.

Kazakhstan's ethnic repatriation program, which pursues policies aimed at strengthening Kazakh

identity and culture, has gained traction in recent years with the repatriation of ethnic Kazakhs, particularly those from China and Mongolia (Zhumanova et al., 2019). Kazakhstan initiated a program in the early 1990s to repatriate ethnic Kazakhs living in China and other countries, and actively encouraged ethnic Kazakhs living abroad to return to their homeland. The government implemented several programs to aid repatriation, including financial assistance, housing, and employment opportunities. We focus more on Kazakhs returning to Kazakhstan from China in this study. As a result, tens of thousands of ethnic repatriates have settled in Kazakhstan over the past decades. The first 30 Kazakhs arrived in Kazakhstan in 1992 (Gleason, 2011), and there has been a dramatic increase in new Kazakh migrants from China. Scholars interested in migration, identity and nation-building have been following the repatriation of Kazakhs from China to Kazakhstan. A number of scholars have investigated changes in the situation and perceptions of ethnic repatriates from China after they settled in Kazakhstan. Research by Taldybayeva and other scholars (2021) has shown that the change in the identity of returnees from the repatriated ethnic group to the Kazakh ethnic group has allowed these returnees to adapt quickly to their new home and to develop a sense of belonging and attachment to it, and a desire to contribute to the development of the Kazakh nation. Similarly, Sadovskaya (2008) found that migration has changed family relationships and the importance of traditional patriarchal family structures is declining. The research shows that as a result of the new environment, repatriates become more individualistic and gender roles change. The process of renaming Chinese Kazakhs in Kazakhstan from "Oralman" to "Qandas" represents an important sociolinguistic phenomenon that intersects with Benedict Anderson's book *Imagined Communities*. There is some pressure to change the terminology, and in 2019, the new President of Kazakhstan proposed to change the new name to "Qandas" (Web-2).

Anderson's concept of "imagined community" provides a compelling framework for understanding the process of name change from "Oralman" to "Qandas" for Kazakhs repatriated from China and elsewhere. The process of renaming Kazakhs repatriated from China and elsewhere from "Oralman" to "Qandas". As Anderson (1983) puts it, "nations are socially constructed entities linked by shared symbols, rituals, and collective imaginaries". This perspective reveals how linguistic and cultural change intersects with the formation of ethnic repatriates' identities. The historical context of ethnic repatriation in Kazakhstan is important for understanding the process of name change and its implications. Ethnic repatriation or Oralman refers to the return of ethnic Kazakhs from various countries, including China, to Kazakhstan, while Qandas refers to Qan (blood), i.e., parental ties, brotherhood and sisterhood. Kazakhstan's transition to independence prompted efforts to strengthen national identity and promote the return of ethnic Kazakhs as part of nation-building initiatives. These initiatives aimed to reaffirm Kazakhstan's identity and consolidate its position as a sovereign nation-state. Anderson's concept of imagined community provides a theoretical framework for understanding the historical formation of ethnic identity in Kazakhstan and its impact on repatriated communities. Brubaker (1996), for example, argues that Anderson's framework fails to capture the complexity of

identity formation and integration in the renaming process of minority repatriates. The experiences of repatriates are influenced by a variety of factors, including transnational relationships, historical legacies, and government policies, which may not fit neatly into the imagined community framework. But Anderson's framework, despite its criticisms, is well suited to the research questions outlined above.

3 METHODOLOGY

In order to conduct this study and achieve the research objectives, a qualitative research design seems most appropriate. When we discuss identity, identity is not numerical but self-perceived, therefore there is a need to collect the necessary data to explore the changing state of Chinese returnees' views through their experiences and perceptions. Qualitative research was well suited to this study as it allowed for an in-depth exploration of the participants' perspectives and experiences through qualitative research. The data collection process consists of interviews with my participants, which will help the researcher to gather rich data on the views and experiences of returnees, and the researcher will use thematic analysis to analyze the data collected from the interviews. The researcher will conduct semi-structured interviews with all participants. Prior to the interviews, 30 repatriates from China and locals in Kazakhstan will read a consent form sent to them by the researcher, and the participants will decide for themselves whether or not to be interviewed. The interview process will be face-to-face interviews.

As the researcher herself is repatriated from China, the researcher may have biases which may affect the validity and reliability of the findings. The researcher's personal experiences may make the researcher more inclined to focus on repatriation experiences similar to their own or bias the repatriation experiences of certain participants. To avoid this bias, the researcher has involved other researchers in the research process who can provide a different perspective based on the researcher's data. Data collected through the interviews will be analyzed using thematic analysis methods. Ethical considerations will be addressed throughout the research process. The researcher will provide consent forms to all participants and state that the names of all participants will not be disclosed and will be left to the discretion of the participants. Participants also have the right to withdraw from the study at any time. The information and data collected by the researcher will be used only for the research paper. The researcher will not use this information for any other purpose and will destroy it upon completion of the research paper. The researcher will understand the role of the participant in the study in a respectful manner.

4 RESULTS

Firstly the public perception and attitude towards name change is categorized into positive as well as negative responses. The process of name change for some Chinese repatriates was approved and they saw it as a positive step towards cultural recognition and inclusion in Kazakhstan. In addition to this, some repatriates believe that positive perceptions of the name change process would facilitate smoother integration of repatriates into Kazakh society and could foster a sense of belonging and solidarity among repatriates and their local communities. On the contrary, some repatriates had a negative reaction to the name change and saw it as a political maneuver by the government of Kazakhstan. They felt that the name change process did not address the deeper issues of integration and social acceptance. In terms of the impact on cultural identity, some repatriates prioritized the preservation of their cultural heritage and traditions during the name change process, emphasizing the need to preserve their unique identity as ethnic repatriates. For others, they were willing to accept the "Qandas" identity as a way of integrating and belonging to Kazakhstani society, as it was an opportunity to redefine their identity and establish a link with their ancestral roots and the country of immigration. They also believe that negative attitudes towards the name change may hinder social integration and lead to feelings of alienation and marginalization among repatriates. This can strain social relations and hinder efforts to build inclusive communities. At the level of policy implications, positive perceptions of the name change process may encourage the Government of Kazakhstan to implement more supportive policies and programs for returnees aimed at facilitating their integration and empowerment. Conversely, negative attitudes towards name changes may pose a challenge to governmental initiatives, as repatriates may be less inclined to engage in policies that are perceived as disconnected from their needs and experiences.

In addition to repatriates from China, some local Kazakhs viewed the name change process positively as a step towards cultural inclusiveness and recognition of returnees in Kazakhstan. They appreciate the recognition of the cultural identity and history of the returnees through the adoption of the name "Qandas". However, there are also some locals who may have reservations or negative attitudes towards the name change, seeing it as a challenge to Kazakhstan's national identity or cultural cohesion. They may be concerned about the impact of the name change on social dynamics and national unity. Overall, the range of responses generated through interviews with repatriates from China and with local Kazakhs reflects the complexity of repatriates' and local populations' attitudes towards the name-change process and their impact on cultural identity and social dynamics in Kazakhstan. These insights contribute to a comprehensive understanding of the broader social context surrounding the issue of ethnic repatriates and the name change process.

5 CONCLUSION

In conclusion, the process of change of name from "Oralman" to "Qandas" in Kazakhstan represents an important sociocultural phenomenon with implications for returnees and for Kazakh society more generally. Interviews with returnees and local Kazakhs revealed a range of perspectives and attitudes towards the name change process, which highlights the complexity of identity dynamics and social integration in Kazakhstan. Positive responses from some returnees viewed the name change as a gesture of cultural recognition and inclusion, reflecting their desire for a sense of belonging and affirmation in Kazakh society. Conversely, the concerns and reservations expressed by others highlight the underlying tensions and challenges to cultural diversity and national identity in Kazakhstan. Similarly, the views of the local Kazakh population reveal attitudes towards the name change process that range from supportive to skeptical and apprehensive. These different perspectives emphasize the need for continued dialogue and engagement between repatriates and local communities to promote mutual understanding and social cohesion.

In the future, policymakers can consider the insights gained from the interviews and public discussions to develop inclusive policies and initiatives that promote cultural diversity and integration in Kazakhstan. By recognizing the complexity of identity formation and social dynamics, Kazakhstan can work towards a more inclusive and cohesive society. Overall, the process of changing the name of ethnic repatriates from "Oralman" to "Qandas" represents Kazakhstan's continuing efforts to embrace cultural diversity and promote social cohesion. Kazakhstan can respond to the challenges and opportunities presented by the renaming process and build a more inclusive and resilient society.

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Prospects of International Cooperation in Education for Addressing Challenges of Economic Diversity in Central Asia. Case Study Kazakhstan.

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Abstract

Education for sustainable development provides people with the knowledge, skills, and values necessary to address complex social and economic challenges. Recognizing this importance, Kazakhstan, like many other countries, seeks to integrate sustainable development principles into its education system for a resilient future. This study explores strategies for promoting sustainable education practices in Kazakhstan's institutions, emphasizing the country's critical role in guiding economic diversification and sustainable growth across Central Asia. Through an analysis of Kazakhstan's experience and international cooperation initiatives, the study emphasizes the need for holistic approaches that merge economic and educational reforms. By fostering inclusive decision-making processes and leveraging international partnerships, Kazakhstan can lead the region towards a sustainable future, empowering its populace with the requisite knowledge, skills, and values.

Key words: sustainable development goals, education, economy, education for sustainable development, education promotion.

Introduction

The Central Asian countries have a large and dynamic higher education sector that has undergone significant transformation since their independence. First of all, the number of higher education institutions and students has increased significantly over the past decades. Today, more than 430 universities operate in Kazakhstan, the Kyrgyz Republic, Tajikistan and Uzbekistan, providing educational services to 1.8 million students.

Despite progress in enrollment growth and an increasing number of private universities, Central Asia's higher education systems face some challenges. These include relatively poor teaching quality, inadequate funding for local universities, limited access to higher education for disadvantaged students, and outdated curricula and teaching infrastructure that do not meet current and future labor market demands. Central Asian countries also lag behind global research performance indicators and rank lowest in the world in terms of research funding, accounting for only 0.12% of GDP. Global experience shows that regional integration of higher education systems is an effective tool for addressing similar barriers in the sector and offers opportunities for long-term growth across sectors. By facilitating cooperation, knowledge sharing and pooling of resources between universities, the quality of higher education and research in Central Asia can be improved.

Overview of the current situation of education and economic diversity in Central Asia

Higher education is crucial for social and economic development. The higher education systems of the four Central Asian countries of Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan are at different stages of development. The COVID-19 pandemic,

The COVID-19 pandemic, which disrupted the learning of 91% of the world's students, including 16 million students in the four Central Asian countries alone, has had a major impact on higher education as students have moved to online learning, where outcomes and learning levels are more difficult to track.

Sustainable Development Goal 4 (SDG 4) emphasizes the importance of ensuring equitable access to and quality of higher education. It also highlights the need to strengthen international cooperation in the development of cross-border higher and university education and research programs, and to globally expand the number of scholarships available to developing countries to enter higher education institutions in developed and developing countries. SDG 4.3: "By 2030, ensure that all women and men have equal access to affordable and quality vocational, technical and higher education, including university education".

The importance of higher education is also emphasized in international standard-setting instruments of UNESCO and the United Nations at both global and regional levels. Global frameworks include the UNESCO Recommendation concerning the Status of Higher Education Teaching Personnel and the UNESCO Global Convention on the Recognition of Qualifications concerning Higher Education. At the regional level, the Asia-Pacific Regional Convention on the Recognition of Qualifications in Higher Education (Tokyo Convention), which aims to harmonize policies and practices on the recognition of qualifications to enhance academic mobility of learners, etc., is a regional instrument. Higher education is seen as a crucial factor in economic development in the four Central Asian countries that have committed themselves to moving from a resource-based economy to a 'knowledge society'. This is evidenced by: the "Kazakhstan-2050" strategy of the Republic of Kazakhstan aimed at expanding employment opportunities.

UNESCO is the United Nations specialized agency for education, whose mandate includes higher education. The Organization contributes to the development of evidence-based higher education policies and provides technical support to Member States in the revision of higher education strategies with a view to improving equity of access to quality higher education and enhancing academic mobility internationally. It also facilitates dialogue among Member States that have developed and adopted a standardized framework for the recognition of higher education qualifications. In addition, UNESCO organized a Regional Leadership Forum on "Internationalization Policies and Practices in Asia and the Pacific" (22-25 May 2019 in Almaty, Kazakhstan). The Forum facilitated the establishment of a regional network of key stakeholders for ongoing collaboration, the development of holistic indicators of internationalization and recognition of higher education qualifications in Central Asia and the Asia-Pacific region, and identified priority areas of action and practical steps [to advance internationalization of higher education] at regional, systemic and institutional levels.

Gross enrolment ratios (GERs) in tertiary education vary across the region, ranging from 62% in Kazakhstan to 41% in Kyrgyzstan, 31% in Tajikistan and 10% in Uzbekistan. Based on GERs, countries are categorized at the global level into the following three growth stages:

- 1) elite stage - access to tertiary education is restricted to high-income individuals or those with outstanding talent (GER at 15%). (GER at 15%);
- 2) mass stage - tertiary education is available to a wider population (GER between 16 and 50%);
- 3) universal stage - tertiary education is a common development pathway for many young people (GER above 51%).

Tertiary completion rates are defined as the percentage of people aged 25-29 and 30-34 who have completed at least two to four years of tertiary education. The corresponding national average in Central Asia is 52% in Kazakhstan, 37% in Kyrgyzstan, 21% in Tajikistan and 10% in Uzbekistan.

The number of higher education institutions (HEIs) also varies. Kazakhstan has the largest number of HEIs with 125, of which 30 are public, followed by Uzbekistan with 85 (including eight branches of foreign universities). Kyrgyzstan has 68 HEIs, of which 33 are public and 35 are private or corporate. Finally, Tajikistan has only 39 HEIs, of which only one is private/corporate. Tajikistan has the best ratio of HEIs to population, with one HEI per 107,000 people. This is followed by Kyrgyzstan with one HEI per 115,000 people, then Kazakhstan with one HEI per 146,000 people, and finally Uzbekistan with one HEI per 833,000 people.

Problems of economic diversity in the region and their impact on the educational system

The Central Asian region, renowned for its wealth of natural resources, confronts a pressing need: the imperative of economic diversification for sustained growth and resilience. Positioned as a developing region with promising prospects for future economic expansion, Central Asia contends with an array of factors driving the urgency for economic diversity. Predominant among these factors is the region's heavy reliance on specific industries, particularly those tied to natural resource extraction, leaving its economies susceptible to market volatility and external pressures. Effectively managing foreign investments assumes paramount importance, as Central Asian nations endeavor to attract and oversee foreign capital to ensure sustainable development, avoiding overdependence on specific sectors or external influences. Furthermore, the responsible stewardship of natural resources emerges as a critical priority to avert depletion and environmental degradation, necessitating diversification efforts that incorporate sustainable resource management practices.

In this context, the education sector emerges as a pivotal player in fostering economic diversity. Educational deficiencies not only impede economic growth but also hinder progress across all sectors vital for sustainable development. Limited access to quality education stifles innovation, curtails productivity, and undermines the cultivation of a skilled workforce essential for economic diversification. However, education also serves as a potent catalyst for overcoming these barriers. Strategic investments in education, notably in STEM fields and vocational training, empower individuals with the requisite skills and knowledge to drive innovation and fuel economic diversification.

Moreover, the education sector serves as a conduit for promoting shared learning and policy enhancement among Central Asian republics. By prioritizing collaboration in educational initiatives, these nations can collectively identify best practices, share expertise, and enhance policy frameworks conducive to sustainable development. Additionally, it's imperative to address the impact of economic diversification on educational programs in the region. As economies evolve and diversify, educational programs must adapt to meet changing skill demands and industry needs. Ensuring alignment between educational curricula and emerging economic sectors is essential for preparing the workforce for evolving job markets and fostering continued economic growth.

Therefore, amid multifaceted challenges, the imperative of economic diversification looms large for Central Asia. Recognizing the pivotal role of education in driving diversification efforts and fostering cross-border cooperation, policymakers can develop innovative strategies for equitable and sustainable economic development, thus charting a path towards inclusive growth and resilience amidst evolving global economic dynamics.

The Role of International Organizations and Programs in Promoting Education in Central Asia

International organizations and programs play a pivotal role in fostering educational advancement throughout Central Asia, serving as indispensable allies in complementing domestic initiatives. These organizations bring to the table a wealth of expertise, financial resources, and capacity-building programs aimed at propelling educational reforms and elevating learning standards across the region. Notably, the World Bank spearheads initiatives such as the Central Asia Education Platform, which serves as a collaborative forum for knowledge exchange, policy dialogue, and joint endeavors among

Central Asian nations to address common educational challenges. Through this platform, countries can leverage each other's experiences, best practices, and innovative solutions to bolster their respective education systems.

Similarly, the Asian Development Bank (ADB) stands as a key partner in supporting educational development in Central Asia. Through targeted projects and investments, the ADB endeavors to expand access to quality education, promote skill development, and foster innovation within the region. By financing infrastructure improvements, curriculum enhancements, and teacher training programs, the ADB contributes to building the foundation for a more robust and inclusive educational landscape across Central Asia.

Moreover, international organizations such as UNESCO and UNICEF play vital roles in advocating for and facilitating educational initiatives in the region. Collaborating closely with governments, non-governmental organizations (NGOs), and local communities, these entities work to strengthen educational policies, promote equitable access to education, and advocate for the rights of marginalized populations, including girls and children with disabilities. Through their technical assistance, capacity-building efforts, and advocacy campaigns, UNESCO and UNICEF contribute to shaping more inclusive, responsive, and resilient education systems in Central Asia.

Furthermore, regional frameworks like the Central Asian Regional Economic Cooperation (CAREC) Program recognize the pivotal role of education in driving economic development and regional integration. As part of its mandate, CAREC supports educational initiatives that foster cross-border cooperation, knowledge sharing, and collaborative research endeavors among its member states. By facilitating the exchange of expertise, resources, and best practices in education, CAREC contributes to building a more cohesive and prosperous Central Asia.

In summary, international organizations and programs serve as indispensable partners in advancing educational goals and fostering sustainable development across Central Asia. Through their collective efforts, these entities contribute to building stronger, more inclusive, and more resilient education systems that empower individuals, drive economic growth, and foster regional cooperation in the pursuit of shared prosperity.

Illustration of the Results on the Example of Kazakhstan

Highlighting the impact of international initiatives on education, particularly within the context of Kazakhstan, offers a tangible demonstration of the transformative potential inherent in collaborative efforts. In the face of multifaceted challenges, Kazakhstan has acknowledged the imperative of integrating sustainable development principles into its education system to foster resilience and sustainability. Notably, various barriers, including disruptions caused by the COVID-19 pandemic, have impeded the effective implementation of Education for Sustainable Development (ESD) in Kazakhstan. To elucidate these impediments and chart a course for progress, a qualitative study engaged first-year students from four Kazakh universities. The study unveiled the pivotal role of education in nurturing sustainability-oriented mindsets and equipping future generations with the requisite knowledge, skills, and values to propel Kazakhstan towards a greener and more sustainable trajectory post-lockdown. Leveraging the transformative power of education, Kazakhstan envisages cultivating a generation adept at driving sustainable development, thereby advancing the nation's aspirations for a brighter future. The insights gleaned from this study not only inform policy formulation and educational practices within Kazakhstan but also offer valuable lessons for other nations striving to embed sustainability principles within their education systems.

Furthermore, in alignment with the priorities for private sector-led growth and societal development, international collaboration augments Kazakhstan's efforts to diversify its economy and address socio-economic challenges. With a focus on unleashing the dynamic potential of the private sector, international entities advocate for reducing state intervention in competitive economic sectors while

upgrading regulatory frameworks to foster a conducive environment for private sector growth. This paradigm shift, coupled with robust financial reforms and the promotion of high-value investments in priority areas, underscores the importance of private sector dynamism in driving economic diversification and sustainable growth. Moreover, Kazakhstan's ambition to double its GDP within the next five years necessitates bold structural reforms and strategic investments in human capital, innovation, and clean technologies. Through strategic cooperation with international organizations like the World Bank, Kazakhstan seeks to leverage global expertise, financial resources, and innovative solutions to realize its developmental aspirations, with a keen focus on inclusive growth, environmental sustainability, and the transformation of its economy into a knowledge-based, diversified powerhouse.

Advantages and Limitations of International Cooperation in Achieving the Goals of Economic Diversity Through Education

Discussing the advantages and limitations of international cooperation in achieving the goals of economic diversity through education provides valuable insights, particularly when considering Kazakhstan's influential role in the Central Asian region. As the most economically prosperous republic in Central Asia, Kazakhstan serves as a pivotal example for neighboring countries aspiring to emulate its success in economic diversification. One significant advantage of international cooperation is the access to expertise, resources, and best practices from global partners, which can accelerate progress towards educational reforms and economic diversification. By leveraging international partnerships, Kazakhstan has been able to implement innovative educational programs, foster entrepreneurship, and promote STEM education, thereby equipping its workforce with the skills needed for a diversified economy. Moreover, international cooperation facilitates knowledge exchange and cross-border collaboration, allowing Kazakhstan to share its experiences and lessons learned with other Central Asian republics, thereby fostering regional integration and collective progress towards shared goals.

However, international cooperation also presents certain limitations and challenges within the educational sector. One notable limitation is the potential for dependency on external actors and agendas, which may constrain the autonomy of domestic educational policies and initiatives. Additionally, cultural and linguistic differences among partner countries can pose communication barriers and hinder effective collaboration in educational reform efforts. Furthermore, differing priorities and interests among participating nations may lead to divergent approaches to educational development, potentially diluting the impact of collaborative efforts on economic diversification. Despite these challenges, Kazakhstan's success in leveraging international cooperation to advance its educational and economic goals serves as a compelling example for other Central Asian republics, highlighting the transformative potential of collaborative partnerships in achieving sustainable development and economic diversification. By addressing these challenges and maximizing the benefits of international cooperation, countries in the region can collectively work towards building inclusive, resilient, and diversified economies that benefit all citizens.

Conclusion

In conclusion, the exploration of economic diversity challenges in the Central Asian region and their intersection with the educational system underscores the intricate dynamics shaping the region's development trajectory. Through a nuanced examination of Kazakhstan's experience and international cooperation initiatives, several key insights emerge, warranting further scholarly attention and policy consideration.

Firstly, the study elucidates the intricate relationship between economic diversification and

educational development. Central Asia's reliance on specific industries, coupled with educational deficiencies, underscores the urgent need for holistic strategies that integrate economic and educational reforms. Kazakhstan's journey serves as a poignant example, highlighting the transformative potential of education in fostering innovation, entrepreneurship, and resilience amidst economic transitions.

Secondly, the role of international organizations and programs in promoting education across Central Asia cannot be overstated. Collaborative platforms and financial support from entities like the World Bank and the Asian Development Bank offer invaluable resources and expertise, yet also pose challenges such as dependency and divergent priorities. Kazakhstan's success in leveraging international partnerships underscores the importance of strategic engagement and local ownership in driving sustainable development.

Thirdly, the discussion of advantages and limitations of international cooperation underscores the complexity of collaborative endeavors. While collaboration offers access to resources and expertise, it also necessitates careful navigation of power dynamics and divergent agendas. Kazakhstan's experience offers valuable insights into navigating these challenges, emphasizing the importance of inclusive decision-making processes and adaptive governance structures.

In evaluating the significance of these findings, it becomes apparent that practical applications lie in policy formulation, implementation, and further research. Policymakers must prioritize alignment of educational curricula with emerging economic sectors, while fostering inclusive partnerships that empower local stakeholders. Additionally, longitudinal studies are needed to assess the long-term impact of educational reforms on economic diversification and societal resilience.

Looking ahead, recommendations for further research and action include interdisciplinary studies that examine the socio-economic implications of educational reforms, as well as collaborative initiatives that promote knowledge exchange and capacity-building. By prioritizing inclusive and participatory approaches, policymakers and stakeholders can navigate the complexities of international cooperation and drive sustainable development in Central Asia.

In essence, the study offers valuable insights into the multifaceted challenges and opportunities shaping the economic and educational landscape of Central Asia. By critically analyzing the intersections of economic diversification, education, and international cooperation, scholars and practitioners can contribute to informed decision-making and transformative change in the region.

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Tax Avoidance, Earnings Management, and Firm Performance: The Case of Kazakhstan

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ABSTRACT

This research examines the connection between tax avoidance and firm performance within the context of Kazakhstan's illiquid and underdeveloped capital markets. Grounded in stakeholder theory, social capital theory, and societal trust theory the study interprets tax avoidance as a manifestation of agency conflicts among diverse stakeholder groups, including the general public, the state, and shareholders. Utilizing data from Thomson Reuters Refinitiv Eikon for the period of 2005-2020, the analysis employs OLS regression with the year fixed effects and the standard errors clustered at the firm level. The results demonstrate a pronounced negative relation between tax avoidance and accounting-based performance metrics when tax avoidance is proxied by book-tax differences. The adverse relation between book-tax differences and firm performance is predominantly linked to the part of book-tax differences explained by discretionary accruals. The results are tested for robustness using the system general methods of moments 1. This paper enriches existing literature by highlighting the applicability of accounting-based performance indicators in emerging economies. Furthermore, it accentuates the critical role of earnings management, underscoring the nuanced impacts of tax avoidance practices on firm performance.

KEYWORDS: tax avoidance, firm performance, discretionary accruals, book-tax differences, effective tax rate, Kazakhstan

1 INTRODUCTION

This paper investigates the connection of tax avoidance to firm performance in the context of Kazakhstan's public firms. Kazakhstan is characterized by relatively low liquidity, which necessitates a departure from conventional market-based performance metrics in favor of accounting-based indicators. The significance of this study lies in its focus on an emerging market where financial market inefficiencies render traditional valuation methods less effective, thus providing a fertile ground for examining the broader implications of tax avoidance on firm performance.

This research relies on stakeholder theory 2, which suggests that firm performance should be viewed through a lens that extends beyond shareholder interests to encompass a wider array of stakeholders, including the general public and the state. This perspective is particularly pertinent in the context of Kazakhstan, where the ramifications of corporate tax strategies are felt across a broad social-economic spectrum.

The question of the relation of tax avoidance to firm performance is empirical. Stakeholder theory (Freeman, 1984) suggests that tax avoidance is negatively assessed by an important stakeholder of any firm, the community. Social capital theory 3,4 suggests that neglecting the interests of the community may have a detrimental effect on the internal operations of a firm and lead to value destroying consequences, thereby negatively affecting firm performance. On the other hand, if the interests of the public are not taken into consideration, a firm's focus on shareholders' wealth maximization via tax avoidance practices, may be positively assessed by capital markets. Furthermore, tax avoidance leads to lower transparency and higher information asymmetry costs (Desai and Dharmapala, 2009). Information asymmetry contributes to the construction of structural barriers, which further lead to managerial opportunism 5 and the resulting decline in firm performance. Nevertheless, it is shown that entrenched managers are less likely to get involved in earnings management that is detrimental to shareholders under certain contexts 6. Moreover, there is evidence of a positive association between managers' discretion over financial reporting and firms' profitability and future operating cash flows 7. When earnings management signals of managerial competence or future performance, shareholders may benefit from earnings management 7,8. Therefore, the question of the connection of discretion over financial reporting, tax avoidance and financial performance is a complex question and requires scrutiny, especially under the context of emerging markets, where the question is understudied 9.

By focusing on the accounting-based indicators of firm performance, the research builds on the literature on value relevance of accounting information. The seminal work of 10 demonstrated

the critical role of financial reports in market valuation. The information in accounting reports incorporate the news important to firm valuation as suggested in 11 and stock returns 12. Although the efficient markets hypothesis suggests that the value relevance of the oriented to the past performance accounting information may be a temporal phenomenon, several studies report that value relevance of accounting information is not losing its strength 13.

The study employs the data sourced from Thomson Reuters Refinitiv Eikon covering the period between 2005 and 2020. The Ordinary Least Squares (OLS) regression with the year fixed effects and the standard errors clustered at the firm level is applied in the analysis. For the robustness check, we use the System Generalized Method of Moments 1. Such approach is considered as more reliable in the Kazakhstani market context, given the challenges associated with market illiquidity and the inefficiency of capital markets 14,15.

The findings of this research reveal a significant negative relation of tax avoidance to firm performance when tax avoidance is measured with book-tax differences. However, no significant relation is found when tax avoidance is measured with effective tax rates or discretionary book-tax differences measured following Mihir A. Desai and Dharmapala (2006). Further analysis reveals that the relation is significant only to the part of book-tax differences related to discretionary accruals. This nuanced understanding of tax avoidance emphasizes the critical role of earnings quality in financial reporting and governance.

This research makes several contributions to the field of corporate finance and governance, especially within the context of emerging markets characterized by illiquid capital structures. Firstly, the research underscores the critical role of earnings management in the study of tax avoidance. Our results suggest that the implications of tax avoidance cannot be fully understood without considering the intertwined effect of earnings management. Secondly, the paper provides a methodological insight for investigating a firm performance in emerging market contexts plagued by underdeveloped and illiquid capital markets. Focusing on the accounting-based performance indicators and their connection to tax avoidance and earnings management provides a more accurate assessment of firm performance and serves as a valuable tool for researchers and practitioners seeking to understand the factors affecting firm performance in emerging markets. Lastly, the research is the first one that focuses on tax avoidance, relatively understudied area within the context of Kazakhstan.

2 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

The concept of firm performance is rather multifaceted. From the point of view of economic theory, it measures how efficiently a firm utilizes its limited resources to augment shareholder wealth. Stakeholder theory by 2 posits that the goal of a firm is to maximize the wealth of a

broader set of stakeholders. Stakeholders are any group of individuals who have legitimate claims to a firm and include providers of financing, suppliers, customers, the general public and community, government. Since the interests of different groups of stakeholders may be conflicting, the role of a manager is to balance those conflicting interests 17. Tax revenues are supposed to be directed to financing of public goods. Tax avoidance practices of firms restrict social projects of the governments and, therefore, undermine the interests of the general public as a firm's stakeholder. During the last decades, researchers are more inclined to view tax avoidance as an unethical conduct 18.

From the point of view of stakeholder theory, tax avoidance can be viewed as a way firms prioritize short-term gains for shareholders at the expense of the long-term relationship with the community as a stakeholder. This misalignment of the stakeholders' interests resulting from tax avoidance might negatively affect a firm's reputation, erode trust with customers and the public, and increase the regulatory scrutiny. All these factors are critical components of a firm's social capital, and, by extension, have an impact on a firm's financial performance. Below is an overview of the theories that we consider useful for justifying the association between tax avoidance and a firm's financial performance.

Stakeholder theory based view on tax avoidance suggests that firms' income tax reducing practices erode the social capital of firms. Social capital refers to a set of social relations and networks 19 that form frequent social interactions and dense networks between people facilitate effective exchange of information 20. An implication of social capital to tax planning is that tax compliance is considered as a social norm. Therefore, social capital is inversely related to tax avoidance practices 21. The frequency of firms' engaging in tax avoidance practices is smaller in the areas with high social capital 22. Social capital positively affects firm performance through the customer relationship pathway 23, social and personal relations, status and complicity 24. The positive relation between social capital and financial performance is strengthened through knowledge sharing 25 and the enhancement of entrepreneurial activities and innovation within a firm 26.

Corporate reputation is "an important form and source of social capital" 20. Managers compare the reputational costs with the potential benefits from tax avoidance when making decisions. In support of the importance of reputation in tax planning decisions, Graham et al. (2014) report a negative association between executives' belief in importance of reputation and their firms' levels of tax avoidance. Austin and Wilson (2017) document a significant relation between their measure of reputation importance and effective tax rates, a measure of tax avoidance. Nevertheless, the results of Austin and Wilson (2017) do not achieve conclusive results in their

test of the association between reputation and the probability of a firm's engaging in tax sheltering. Similarly, Gallemore, Maydew, and Thornock (2014) investigate whether engaging in aggressive tax avoidance practices imposes reputational costs to firms and their managers. Although they document a short-window negative effect of tax sheltering news on stock returns, they find that the stock prices reverse to the pre-news levels within 30-day period. They also do not find evidence of an increase in CEO or CFO turnover around the tax shelter news. Furthermore, no evidence is found on an increase of the effective tax rates following the discovery of firms' involvement in tax sheltering activities that would be expected if such information increased the scrutiny from the tax authorities.

Another path of the possible negative impact of tax avoidance on firm performance is the decrease of the societal trust resulting from tax avoidance. Kanagaretnam et al. (2018) find that tax evasion relates negatively to the societal trust in their study of 25 countries. On the other hand, societal trust controls tax avoidance through the use of mass media (Kanagaretnam et al. 2018). Social capital affects the operational activities of firms. It positively relates to financial reporting transparency, leading to the better quality risk management in banks (Kanagaretnam et al. 2018). Trust and social capital have an impact on organizational outcomes 32.

To summarize, stakeholder view on organization, social capital theory and societal trust theory suggest that tax avoidance has a detrimental effect on firm performance. It is expected that tax avoidance destroys its social capital, kills societal trust and has a negative effect on a firm's reputation. Therefore, we expect a negative relation between tax avoidance and firm financial performance. Nevertheless, since no strong evidence on the long-run effect of the reputational costs is obtained in prior literature, it is possible that the costs arising from tax avoidance are offset by the potential benefits. In that case, the financial performance indicators may be unable to catch the negative outcomes related to tax avoidance. Therefore, our first hypothesis is presented in two alternatives forms:

Hypothesis 1a. There is significant negative relation between tax avoidance and firms' financial performance.

Hypothesis 1b. The relation between tax avoidance and firm performance is not significant.

The absence of the strong relation between social capital and tax avoidance reported in prior studies calls for searching for other explanations of the implications of tax avoidance on firm financial performance. Desai and Dharmapala (2009a, 2009b) connect tax avoiding practices of firms to the opportunistic behavior of managers. They posit that tax avoidance requires firm managers to decrease their financial reporting transparency so that the firm's activities are not pinpointed by the tax authorities. This justification for more opaque financial reporting makes

shareholders accept a certain decrease in earnings quality by shareholders and the corporate governance structures. As a result of the worsening monitoring over managers' activities, a self-interested manager may choose to exploit the firm's resources for their own benefits and neglect their duty to maximize shareholders' value. This view on tax avoidance, based on agency theory 35, predicts a negative relation between tax avoidance and firm performance in case if tax avoidance relates to managerial opportunism.

Earnings management literature provides the opportunity for pinpointing managerial opportunism. Prior literature connects managerial opportunistic behavior to earnings management practices. Agency theory suggests that accounting discretion is possible under weak corporate governance and that self-interested manager makes a choice toward opportunistic actions to ensure their job security or remuneration 36. Using earnings management proxies to delineate tax avoidance connected and not connected to managerial opportunism, we explore whether these components of tax avoidance have a differential impact on firm financial performance. Therefore, the second hypothesis is as follows:

Hypothesis 2. The components of tax avoidance related and not related to managerial discretion over financial reporting are associated differently with firm financial performance indicators.

3 Research methodology

3.1 Variables description

This section defines the main variables used to test hypotheses 3 and 4.

The dependent variables

Firm performance is proxied by two measures: 1) earnings before interest and tax (EBIT), and 2) adjusted to discretionary accruals EBIT (EBIT_adj). Both measures are scaled by the average total assets. The second measure is applied to address the criticism that accounting performance measures are subject to managerial discretion. Adjusted EBIT is estimated following the approach of Cornett, Marcus, and Tehranian (2008) as follows:

$$EBIT_dacc_t = \frac{EBIT_t}{\frac{total\ assets_t + total\ assets_{(t-1)}}{2}} - daccrual_t \quad (1),$$

where daccrual is discretionary accruals defined using Jones (1991) model.

Main explanatory variables

We use the following proxies of tax avoidance: 1) book-tax differences (btd) calculated as the tax expense divided by the statutory tax rate less earnings before taxes following 39, 2) effective tax rate (ETR) defined as tax expense divided by pre-tax earnings following 40, and 3) discretionary book-tax differences (btd_ds), the tax avoidance measure following Desai and

Dharmapala (2009), which is obtained by regressing total BT differences on discretionary accruals with industry and year fixed effects:

$$btd_total_{i,t} = TACC_{i,t} + \sum \gamma_j Year\ Fixed\ Effects + \sum \varphi_k Industry\ Fixed\ Effects + \varepsilon_{i,t}, \quad (2)$$

TACC_t in regression (2) is the change in total accruals calculated by subtracting the operating cash flows from the sum of net income before discontinued operations and depreciation. $\varepsilon_{i,t}$ is the error term that represents the discretionary book-tax differences.

The explanatory variables in Hypothesis 2 are book-tax differences associated and not associated with discretionary accruals, *btd_hat* and *btd_err*, respectively. They are defined from regressing total book-tax differences on discretionary accruals, whereby *btd_hat* is the predicted by the regression part of book-tax differences and *btd_err* is the error term.

Control variables

The control variables are 1) leverage defined as the debt-to-equity ratio, 2) the dummy variable *big4* used as a proxy for audit quality, and 3) *age* defined as the natural logarithm of one plus the number of years since the date of incorporation. Leverage is controlled since Dao and Ta (2020) conclude that it has a connection to financial performance indicators. *Big4* is included in regression since audit quality is shown to associate with corporate governance 43 and corporate governance has an effect on firm performance 44. Firm age relates to firm performance since companies develop rigidities over the life cycle 45.

3.2 Empirical models and models specifications

To test the hypothesis 1, the following model is estimated:

$$Perform_{i,t} = \beta_0 + \beta_1 TaxAv_{i,t} + \beta_2 booklev_{i,t} + \beta_3 big4_{i,t} + \beta_4 lnage_{i,t} + \sum \gamma_j Year\ Fixed\ Effects + \varepsilon_{i,t}, \quad (3)$$

Perform is one of the two proxies of firm performance, EBIT or EBIT_adj and $\varepsilon_{i,t}$ represents the error term for firm *i* in year *t*. *TaxAv* is one of the tax avoidance measures (*btd*, *ETR*, *btd_ds*). The continuous variables are winsorized at 1% and 99%. The standard errors are clustered at the firm level to control for the firm-related effect.

To test hypothesis 2, the same model (3) is applied, but instead of *TaxAv*, the explanatory variable is either *btd_hat* or *btd_err*.

3.3 Data and sample selection

The data is collected from Thomson Reuters Refinitiv Eikon for Kazakhstani firms for the period between 2005 and 2020. 2005 is the year when the requirement to apply the IFRS in financial reporting came in force in Kazakhstan. Prior years are excluded from the sample since

Lantto and Sahlström (2009; Lueg, Punda, and Burkert (2014) show that IFRS adoption has an impact on financial performance indicators. The initial sample consists of 547 firm-year observations of 49 firms. Exclusion of the missing data on total assets, book equity, tax expense, property, plant and equipment, depreciation results in the final sample of 303 firm-year observations of 36 firms. We consider the sample as representative since the total sum of sales of the final sample comprises more than 75% of the number for the initial sample.

By-industry sample decomposition is presented in Table 1. 31% of the sample is presented by the energy sector, followed by the technology sector and the basic materials sector. Other sectors comprise less than 15%.

Table 1 By-industry sample distribution

Industry	Number of observations	Percent of total
energy	95	31.35%
basic materials	49	16.17%
industrials	14	4.62%
consumer cyclicals	2	0.66%
consumer non-cyclicals	45	14.85%
technology	54	17.82%
utilities	34	11.22%
real estate	10	3.30%
Total	303	100%

3.4 Empirical results

3.5 Descriptive statistics

The descriptive statistics of the main variables are in Table 2. EBIT has the mean value of 31.1% and the average EBIT_adj is 31.4% and the median is 25.9%. The average of btd is negative -5.3%, suggesting taxable income is reported larger than book income. Firms pay 27.3% of their pre-tax profits in income tax on average, in line with the negative btd. The average value of btd_ds is zero by construction. The attributed to discretionary accruals part of book-tax differences, btd_hat, has the mean and median value of -0.05. The mean btd_err is close to zero by construction. In 52.8% of observations, financial reports are audited by Big4 audit firms. Firms have the mean leverage of 1.7 times and the the natural logarithm of age is 2.7.

Table 3 reports the Spearman and Pearson correlation coefficients matrix. The dependent variables are highly correlated, as expected. Btd (btd_adj) and ETR have a negative correlation since higher values of book-tax differences and low values of effective tax rate represent higher values of tax avoidance. We note that btd_hat has a high negative and significant at five percent

correlation coefficients with both measures of firm performance. The coefficients between *btd_err* and performance are either insignificant (Pearson correlation in the lower-left corner of the table) or positive and significant at five percent Spearman correlation coefficient. This observation suggests that different components of book-tax differences have a differential impact on performance indicators. The coefficients between the control variables are relatively low. Thus, the problem of multi-collinearity is not likely.

Table 2 Descriptive statistics

	N	mean	stdev	min	max
<i>EBIT</i>	303	0.311	0.224	0.0497	1.161
<i>EBIT_adj</i>	303	0.314	0.268	-0.272	1.267
<i>btd</i>	303	-0.053	0.162	-0.957	0.269
<i>ETR</i>	303	0.273	0.151	0.017	0.998
<i>Btd_ds</i>	303	0.000	0.153	-0.681	1.134
<i>btd_hat</i>	303	-0.054	0.108	-0.565	0.118
<i>btd_err</i>	303	0.001	0.120	-0.527	0.333
<i>big4</i>	303	0.528	0.500	0.000	1.000
<i>leverage</i>	303	1.765	3.036	0.075	24.746
<i>lnage</i>	303	2.696	0.699	0.693	4.625

Table 3 Correlation matrix

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(1) <i>EBIT</i>	1.000	0.787	0.354	0.108	0.029	0.594	0.217	0.234	0.236	0.026
(2) <i>EBIT_adj</i>	0.855	1.000	0.290	0.127	0.528	0.616	0.270	0.133	0.103	0.103
(3) <i>btd_</i>	0.575	0.555	1.000	0.827	0.071	0.330	0.434	0.110	0.026	0.093
(4) <i>ETR</i>	0.053	0.080	0.497	1.000	0.131	0.113	0.532	0.077	0.088	0.194
(5) <i>desai</i>	0.031	0.535	0.109	0.062	1.000	0.190	0.065	0.020	0.083	0.020
(6) <i>btd_hat</i>	0.809	0.788	0.671	0.133	0.204	1.000	0.515	0.040	0.168	0.239
(7) <i>btd_err</i>	0.046	0.038	0.744	0.551	0.037	0.005	1.000	0.015	0.188	0.048
(8) <i>big4</i>	0.150	0.137	0.033	0.011	0.032	0.068	0.017	1.000	0.234	0.193
(9) <i>leverage</i>	0.079	0.026	0.023	0.068	0.074	0.035	0.062	0.145	1.000	0.276
(10) <i>lnage</i>	0.140	0.135	0.140	0.114	0.026	0.216	0.006	0.242	0.139	1.000

Regression results

Tax avoidance and firm financial performance: test of hypothesis 1

Table 4 reports the results of OLS regression (3). The results show that the coefficients on *btd* are negative and significant at the one percent level ($\beta = -0.780$ and -0.900 , *t* statistics = -7.05 , -6.94 , respectively for the models with *EBIT* and *EBIT_adj*). However, the coefficients on *ETR* are not statistically significant (*t*-statistics = 0.8 and 0.99 , respectively). The coefficient on *btd_ds* is not significant when *EBIT* is the dependent variable (*t*-statistics = -0.43), but is

negative and significant at the one percent level when *EBIT_adj* is used as the dependent variable ($\beta=-0.927$ and t statistics =-9.00). This result suggests the relation between tax avoidance and firm performance is affected by earnings management. Overall, we obtain mixed results on the relation between tax avoidance and firm performance, as reported in Table 4.

The analysis of the coefficients on the control variables reveals that firms, which audit their financial reports by Big4 audit firms, have superior performance (t -statistics >1.9), in line with Brown and Caylor (2009). Older firms have inferior performance indicators ($\beta < 0$, t -statistics <-2.4), suggesting that older firms lose their flexibility, as suggested by Loderer, Stulz, and Waelchli (2017). The coefficients on leverage are not significant.

Table 4 Results of regression (11). BT differences and performance indicators

	Dependent variable:					
	<i>EBIT</i>			<i>EBIT_adj</i>		
	(1)	(2)	(3)	(4)	(5)	(6)
<i>btd</i>	-			-0.900***		
	0.780***					
	(-7.05)			(-6.94)		
<i>ETR</i>		0.112			0.167	
		(0.80)			(0.99)	
<i>btd_ds</i>			-0.038			-0.927***
			(-0.43)			(-9.00)
<i>booklev</i>	-0.008	-0.007	-0.007	-0.004	-0.004	-0.007
	(-1.63)	(-1.58)	(-1.54)	(-0.87)	(-0.66)	(-1.46)
<i>big4</i>	0.067*	0.084*	0.085*	0.076*	0.095**	0.082*
	(1.94)	(1.96)	(1.96)	(1.99)	(2.09)	(1.93)
<i>lnage</i>	-0.054**	-0.078**	-0.079**	-0.055**	-0.083**	-0.078**
	(-2.43)	(-2.50)	(-2.46)	(-2.37)	(-2.72)	(-2.47)
Year f.e.	Yes	Yes	Yes	Yes	Yes	Yes
N	303	303	303	303	303	303
F-statistics	13.630	2.761	2.650	12.262	4.202	34.737
p-value	0.000	0.005	0.006	0.000	0.000	0.000
Adjusted R-square	0.358	0.042	0.037	0.313	0.023	0.312

The numbers in the table are the regression coefficients on the corresponding variables with the t -statistics shown in parentheses. The significance levels of one, five, and ten percent using the two-tailed test are labeled with ***, **, and *, respectively.

Relation between the components of book-tax differences and financial performance indicators: test of hypothesis 2

Table 5 demonstrates the results of the regression analysis that tests hypothesis 2. First, *btd_total* is decomposed into the parts associated and not associated with discretionary accruals. In the second stage, the performance indicators are regressed on the components of *btd* obtained in the first stage of the analysis. The first two columns of Table 5 present the results of regression (3) when *EBIT* is the dependent variable, the third and fourth columns employ *EBT_adj* as the dependent variable. The results demonstrate that the coefficients are

negative and significant at the one percent level on *btd_hat* ($\beta=-1.742$ and -2.044 , *t statistics* = $-, -17.88, -15.90$, respectively for the models with *EBIT* and *EBIT_adj*), but are not significant on *btd_err* in both models (*t-statistics* = -0.26 and -0.21 , respectively). Overall, the results support hypothesis 2 that the components of book-tax differences, related and not related to discretionary accruals, have a different impact on firm performance. The attributable to earnings management part of *btd* is negatively correlated to the performance indicators, while the part of *btd* not attributable to earnings management, does not show significant correlation.

Table 5 Results of the regression of the accounting performance indicators on BT differences

	<i>EBIT</i>		<i>EBIT_adj</i>	
	(1)	(2)	(3)	(4)
<i>btd_hat</i>	- 1.742*** (-17.88)		- 2.044*** (-15.90)	
<i>btd_err</i>		-0.109 (-0.26)		-0.103 (-0.21)
<i>leverage</i>	-0.005* (-1.92)	-0.007 (-1.60)	-0.001 (-0.28)	-0.003 (-0.62)
<i>big4</i>	0.038 (1.31)	0.086* (1.97)	0.042 (1.16)	0.098** (2.10)
<i>lnage</i>	-0.016 (-1.04)	-0.080** (-2.43)	-0.010 (-0.45)	-0.084** (-2.60)
Year f.e.	Yes	Yes	Yes	Yes
N	303	303	303	303
F-statistics	62.360	2.791	59.191	4.648
p-value	0.000	0.004	0.000	0.000
Adj. R-square	0.697	0.040	0.648	0.016

4 Robustness check

Table 6 presents the robustness check using system GMM (sGMM) specification. We include the lagged dependent variable into the model to control for the dynamic nature of the performance indicators. Applying sGMM addresses the problems of autocorrelation appearing as a result of the inclusion of the lagged dependent variables, as well as the potential heterogeneity and endogeneity issues 1,48.

The results are not tabulated for brevity but are available upon inquiry. The results of sGMM analysis reveal that the coefficient on *btd* is not significant, in the model with the unadjusted for discretionary accruals performance indicator, *EBIT*. It is negative and significant at one percent when *EBIT* is substituted with *EBIT_adj*. Therefore, we obtain a support to our conclusion that discretionary accruals have an impact on the nexus between tax avoidance and firm performance. The results on the analysis that employs the decomposition of book-tax differences into the related and not related parts of discretionary accruals provide supportive

evidence to our hypothesis 2. AR1 tests have p-values less than five percent in all models, and AR2 tests are insignificant at ten percent, in line with the suggestion of 48 and suggesting valid model specifications.

5 Conclusion

The present paper explores whether tax avoidance has a connection to firm financial performance indicators. The use of the adjusted to discretionary accruals performance indicator in line with the conventional ratio of EBIT-to-total-assets brings us to a conclusion that the impact of tax avoidance on firm performance is conditional on firms' involvement in earnings management practices. The results reveal that the association between the attributable to earnings management part of book-tax differences is negative. However, we do not obtain evidence of a significant impact of the other part of book-tax differences, which is not attributable to earnings management. We interpret the results as suggesting that tax avoidance has a detrimental to firm performance impact when it is intertwined with opportunistic behavior of managers. The results are tested for robustness using the dynamic model specification with the system GMM analysis.

The results of the present study are subject to unavoidable limitations arising from the context of Kazakhstani public firms employed in this research. Nevertheless, we consider Kazakhstan being prone to the same problems as other markets in transition and emerging markets, such as high ownership concentration and underdeveloped capital markets. Therefore, we consider the results to present interest not only within the Kazakhstan context, but within other emerging markets contexts.

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