







# “Comparative analysis of public administration tools in special economic zones of China and Kazakhstan”

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# COMPARATIVE ANALYSIS OF PUBLIC ADMINISTRATION TOOLS IN SPECIAL ECONOMIC ZONES OF CHINA AND KAZAKHSTAN

## Abstract

This study examines the role of public administration tools in special economic zones (SEZs) in China and Kazakhstan. The aim of this study is to conduct a comparative analysis of public administration tools in SEZs of both countries, focusing on governance models, regulatory frameworks, investment incentives, and their impact on economic performance. The methodology includes a review of the historical development and current practices of SEZs in both nations, especially comparing the special economic zones of Shenzhen and Astana. This involves analyzing governance structures, tax incentives, and policies impacting FDI and technology transfer using both qualitative and quantitative data. The study concludes that the effectiveness of public administration tools in SEZs depends on governance structures and alignment with national economic goals, highlighting the need for flexible governance models to maximize the economic benefits of SEZs. Findings indicate that China's decentralized governance was a key factor in its significant and rapid economic growth, providing an example for Kazakhstan to study further and potentially implement, as it grants more decision-making autonomy to local SEZ authorities. The key recommendations are that the adaptivity of public administration strategies plays a vital role in fostering the efficiency of SEZs and attracting high technological industries for Kazakhstan.

## Keywords

public management tools, special economic zones,  
preferences, development, investments, industrial  
development

## JEL Classification

H11, H79, H83

## INTRODUCTION

Special economic zones (SEZs) have been of interest to the world for a considerable period, but the last twenty years have been the most notable for studying and developing SEZs (Frick & Rodríguez-Pose, 2023). As the developing countries started implementing SEZ policies and opening new SEZs, the number of SEZs increased up to 20 times in 2019 compared with 1980 (Frick & Rodríguez-Pose, 2023). According to Frick and Rodríguez-Pose (2023), these days, SEZs are estimated as one of the main influences of economic growth.

The first SEZ was established in Ireland (Shannon) to promote industrial development and economic growth. The SEZs in the world have evolved and transformed during the last couple of years by showing the development of high-technological progress, such as digitally integrated technologies (Zeng, 2021). As the SEZs have emerged as significant instruments for economic reform and development in many countries, the world practice of organizing and functioning special economic zones shows that they contribute to achieving various objectives.

Both China and Kazakhstan have established SEZs to facilitate foreign investment, enhance trade, and foster innovation. The primary objectives of establishing special economic zones typically include increasing the inflow of foreign direct investment, expanding export-import operations, fostering more open relations with the global market, developing new technologies, and introducing innovations into production (Narula & Zhan, 2019). Yet the topic of governance of special economic zones and its impact on their performance has not been well researched and analyzed among academics. Most SEZs do not accomplish their objectives, which are explained either by unsatisfactory governance set-up or weak governmental regulations (Hidayat & Negara, 2020).

The analysis of public administration tools, such as regulatory frameworks, administrative institutions, incentive programs, and best practices, as well as challenges and opportunities in the management of special economic zones, helps researchers and academics to understand the issue further. China's approach to public administration in special economic zones is considered optimal or well-balanced due to the country's economic growth and the fast-growing high-technology industry, as well as its provision of the best services. Therefore, China's governance structure, regulatory frameworks, and economic aspects regarding the special economic zones should be studied further to answer the questions regarding the effects of public administration tools on the success of the special economic zones. This study also aims to provide policymakers and practitioners with insights into best practices and analyzed experiences for fostering the development and management of special economic zones. Consequently, analysis of the influence of public administration tools in the operation and effective performance of special economic zones of China and Kazakhstan, especially by comparing the special economic zones of Shenzhen in China and Astana in Kazakhstan, encourages state officials to deal with existing gaps and problems more efficiently.

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## 1. LITERATURE REVIEW

The issue of special economic zones has been raised increasingly in the last twenty years, even though the first steps started in 1980. According to the United Nations Conference on Trade and Development (UNCTAD, 2019), the number of special economic zones worldwide is estimated to exceed 5,300 as of 2019.

There are many definitions of special economic zones and aims for developing them. Some of these are foreign direct investments, exports of goods and services, economic diversification, job creation, and the introduction of new technologies and industries (Cizkowicz et al., 2017). The regulatory regimes are also differentiated in special economic zones as they should be comfortable and prospective for future foreign investors (Ambroziak & Hartwell, 2018).

The economic growth of any country is a crucial aspect that requires additional resources and services to achieve its ultimate goal. In order to support sustainable development and rapid growth, the need for the implementation of new changes in terms of

regulatory and management tools rises accordingly. The demand for effective public administration tools, such as regulatory frameworks, administrative institutions, and incentive programs, increases in all areas, emphasizing the importance of prompt responses. In this regard, special economic zones are estimated to be effective ways of regional development and even national growth. Over the past few decades, the development of special economic zones has become one of the most noticeable phenomena in the global economy (Alexianu et al., 2019).

It is widely acknowledged that special economic zones cannot operate effectively without state regulation and management. Omi (2019) explained that the key to the success of special economic zones is not only due to detailed strategic programs but also to effective state regulations implemented by the government and its authorized bodies. Many countries with good examples of successful special economic zones encouraged economic development and growth. For instance, the success of special economic zones in China and the United Arab Emirates was achieved largely due to the effective state policies of local and central authorities (Narula & Zhan, 2019).

For the sustainable development of special economic zones and their effective growth, precise and exact conditions must be in place for the functionality of these zones and for investors. According to Hidayat and Negara (2020), the effectiveness of the functionality of the SEZ assumes the mandatory conditions, such as the formation of a clear concept at the government level of SEZ that takes into account both national and regional interests or modification and addition of the relevant legislative and regulatory framework. In addition, it is worth mentioning the mutual economic interest of both local authorities and the government in the creation of SEZ, opportunity (and willingness) of governments to allocate significant budgetary funds for the construction and development of infrastructural necessities of the SEZ by estimating the outcome and the real effect for the country that can be obtained only in the long term, and creation of a special management body at the government level that coordinates the processes of creating SEZs and monitors the fulfillment of their obligations towards the state. Finally, providing foreign investors operating in the SEZ with better business conditions than those they have abroad is necessary.

The special economic zone preferences have a positive effect on the local economy by benefiting specific areas or countries (Chaisse & Ji, 2020). Despite this, it may have some drawbacks for countries and trade organizations, as some products from specific countries may not incur taxes and additional expenditures, potentially leading to a lack of competition and rivalry (Chaisse & Ji, 2020). A good example of this can be seen in the Asian Development Bank diagnostic study (Asian Development Bank, 2018), which demonstrates that the World Trade Organization (WTO) has no rules regarding special economic zones or industrial zones. In fact, until recently, the WTO did not deal with the issues of SEZ and industrial zones.

The possible drawbacks of special economic zones for WTO could be that some aspects of these zones, especially their exemption from a variety of internal and border taxes, may violate WTO rules by decreasing rivalry in trade and market, including the conditions for authorizing work in SEZs or industrial zones. However, obtaining the right

to tax preferences and financial benefits is considered one of the key aspects and characteristics of special economic zones (Shadikhodjaev, 2021). Therefore, the regulatory framework of countries in terms of special economic zones and international trade organizations work together for sustainable development and growth.

Accordingly, countries should create better conditions for investors by implementing effective public administration tools in special economic zones (Aaron, 2019). It means regulatory aspects, benefits, incentives, and preferences need to be studied further in order to provide optimal conditions for business and the state. For this reason, firstly, it is better to understand the terms and conditions of special economic zones in international laws and conventions.

Based on the Kyoto Convention, as cited in Omi's work (2019), a special free zone refers to a territory where products are exempt from standard customs regulations and taxes. In addition, Saulius (2024) identified that the main point of functionality of SEZs was the development of SEZ running in an efficient way. The main and initial factors for efficiently running the SEZs include overall stability and general situation in the country, political condition in terms of corruption, and incentives from the state to the foreign and potential investors.

In this regard, countries should not only provide incentives, benefits, and preferences to investors but also ensure political and economic stability in the region and the country. The best practices of preferences could include fiscal and customs benefits, as well as governmental and administrative incentives. The implementation of effective public administration tools, such as regulatory framework, administrative institutions, and incentive programs, should be used properly in order to create and develop special economic zones, so there should be good conditions and opportunities for the state, population, region and of course for the potential investor as well. Mirzaliyeva (2019) identified investor (by minimizing the risks of doing business in conditions of increased instability), state (to assist in the growth of the internal economy and sectors), population located in the part of the area where the creation of SEZ has been identified (to get a new job and raise their income level),

and region (to increase investments which will further improve the infrastructure of the region).

After creating special economic zones that meet the necessary conditions, another regulatory factor is the provision of necessary preferences for investors, which can be an innovative tool for public administration (Konysbek, 2022). Tax benefits, according to Narula and Zhan (2019), are benefits provided to the companies of the zones with a preferential regime. The purpose of tax benefits is to reduce the pressure of the tax burden on participants. Tax preferences for residents include reduced or no income tax rate (based on the activity type of SEZ); the property tax mostly reduced or even canceled; the tax for land use also reduced or sometimes canceled; legally obtained profits for foreign residents; discount for foreign companies when buying locally produced equipment; import of products into the territory of the special customs zone without payment of customs tax and VAT (Narula & Zhan, 2019).

In summary, prior research emphasizes the significance of administrative efficiency, policy coherence, and incentive structures in SEZ performance. However, few studies have conducted a focused, comparative analysis of specific administrative tools within individual SEZs in China and Kazakhstan. This paper addresses that gap by examining governance models and investment incentive mechanisms in two representative SEZs. Accordingly, the study's objective is to assess how these tools are operationalized and how they affect the zones' economic outcomes and strategic development roles.

## 2. METHODOLOGY

The study employs qualitative research methods to analyze public administration tools used in managing special economic zones in Kazakhstan and China. More specifically, content analysis of legislative documents, incentive programs, and administrative institutions was used to investigate the mentioned issues. According to Zeng (2015), the regulatory framework, administrative institutions, incentive programs, and their relationships to the performance of special economic zones are key indicators for analyzing the effectiveness of governance and public administration in SEZs.

In this regard, firstly, the comparative analysis of the regulatory framework, administrative institutions, and incentive programs of both countries is applied by studying governmental reviews, academic articles, case studies, laws on special economic zones, and tax codes of both countries.

The methodology also includes a review of the historical development and current practices of SEZs in both nations. Specifically, this involves analyzing governance structures, tax incentives, and policies that impact FDI and technology transfer, utilizing both qualitative and quantitative data. Key metrics, such as the number of SEZs, types of incentives, and employment outcomes, are considered. The findings reveal that in China, over 300 SEZs operate under a decentralized governance model, leading to rapid industrial growth, especially in high-tech sectors like Shenzhen (UNCTAD, 2019). In contrast, Kazakhstan has 14 SEZs, which are centrally governed, resulting in slower decision-making but still attracting 2.3 trillion tenge in investment and creating 24,000 jobs (Qazindustry, n.d.). Both countries offer significant tax incentives, such as 0% corporate tax and reduced property taxes, making their SEZs attractive to investors (UNCTAD, 2019).

Analysis of the regulatory framework encompasses comparative regulatory analysis and regulatory impact assessment, which involve evaluating economic indicators. Analyses of administrative institutions and incentive programs would be more comprehensible through comparison and in relation to the overall performance of special economic zones in the two countries. According to Scott (2018), these methods are suitable for analyzing regulatory frameworks, administrative institutions, and incentive programs.

The research analysis of China covers the period from late 1970s, when the transition to a market economy and decentralization process was started. In terms of Kazakhstan, analysis starts in 1991, when the country took its independence. After reviewing all the necessary sources and materials, the following key criteria for comparison are developed:

1. Governance structure of special economic zones, centralized vs. decentralized models and methods.

2. Policy framework: Types of incentives and guidelines.
3. Economic impact: Number of SEZs, employment, number of registered citizens, and the extent of investments attracted.

### 3. RESULTS

Both countries aim to implement working regulatory acts that improve the conditions for new investors and business sectors. These new implementations should also foster the economy of the country by opening new jobs, developing technological aspects of the countries, and increasing the ability and opportunities regarding the export of SEZ-made goods and services.

The development of public administration mechanisms, policies of SEZs, and the overall chronological history of special economic zones in China can be seen in Table 1. The start of decentralization of government resources started at the end of the 1970s in China due to the market economy policy, which led to the privatization of land and resources and the opening of special economic zones (Table 1) that function for the needs of local regions and country as well (Lin & Liu, 2000). The decentralized approach primarily empowers local authorities with more power and decision-making

capabilities, enabling them to respond quickly to challenges and implement new changes effectively (Crane et al., 2018).

According to Zeng (2010), the economic operation of SEZs in China is administered locally in a decentralized way or governance model. The overall legal framework is established by the State Council of China and the National Development and Reform Commission; however, the implementation of policies addressing regional and economic needs is driven by local governments (Zeng, 2015). This kind of decentralization offers benefits for the country as the new changes and the implementation of policies locally would play a role of experimentation that could then be used all over the country (Leong, 2013).

A good example of this is SEZ Shenzhen (Table 1), which gained autonomy through the Legislative power regulation of the Shenzhen Special Economic Zone (Yeung et al., 2009). According to Yeung et al. (2009), this autonomy allowed the SEZ to set and implement local business regulations and laws that are different from the overall country's laws and policies. The result of this decentralized model enabled SEZ Shenzhen to be famous all over the world as an innovative and technological hub by reducing bureaucratic inefficiency and quick response to the demands and dynamics of the market (Farole & Akinci, 2011).

**Table 1.** The development of public administration policies for SEZs in China

Year	Public administration policies of SEZs and governance	Key Points
1979	Decision on the establishment of SEZs and market-oriented reforms	China established SEZs in Shenzhen, Shantou, Zhuhai, and Xiamen to attract foreign investment
1984	Opening of 14 coastal cities	Expanded economic liberalization to cities like Shanghai, Guangzhou, and Tianjin, allowing more foreign investment
1988	Hainan becomes a special economic zone	Hainan was designated as a full provincial-level SEZ to encourage tourism and trade
1990	Establishment of Pudong New Area (Shanghai)	Pudong was designated as an open economic zone to drive financial and high-technological industry development
1994	Company Law of the People's Republic of China	Defined legal structures for businesses in economic zones, ensuring regulatory oversight
2000	Western Development Strategy	Introduced preferential policies for economic zones in western China, such as Xi'an and Chengdu
2010	State Council Guidelines on Further Development of SEZs	Encouraged innovation, advanced technological industries, and financial services in SEZs
2013	China (Shanghai) pilot Free Trade Zone (FTZ)	Introduced financial liberalization, trade facilitation, and foreign investment incentives
2015–2020	Expansion of FTZs	Additional FTZs were created in Guangdong, Tianjin, Fujian, Hainan and other regions
2021	Hainan Free Trade Port Law	Aimed to turn Hainan into a world-class free trade port with reduced tariffs and relaxed business regulations

**Table 2.** Basic tax rates in the SEZ of China and Kazakhstan

Source: The Tax Code of Kazakhstan, World Investment Report (UNCTAD, 2019), and World Bank Report (World Bank, 2014).

Type of tax	China	Kazakhstan
Corporate Income Tax	0% and reduced up to 5 years	0%
Value Added tax	Reduced or eliminated	0% for goods fully consumed on the territory of SEZ
Property tax	Reduced or eliminated	0%
Land tax	Reduced or eliminated	0%

According to the results obtained, Kazakhstan's special economic zones offer incentives such as tax exemptions on property and income taxes, but these incentives often come with complex regulatory requirements. For instance, the special economic zone of Astana offers a 0% corporate tax rate; however, investors must obtain certificates from the central operating company, not only from the SEZ Astana operating company (Qazindustry, n.d.).

Table 2 indicates that special economic zones of both countries are indeed attractive to foreign investors in phrases of tax advantages for all. Special economic zones offer a wide range of benefits to investors, including reduced or even 0% corporate income tax, land tax, and asset tax. Operating a business within the SEZ offers several specific benefits that reduce operational costs for its citizens. As a result, this makes it possible to get a big share of earnings geared toward the energetic development of the business and scientific studies. For a resident, working within the SEZ offers excellent privileges.

The negative consequences encompass a reduction in tax revenues to the financial system of the countries by prolonged payback length of the SEZ (Abdimomynova et al., 2019). Nevertheless, the benefits that the country receives due to the SEZ outweigh the possible drawbacks. Thus, companies have the opportunity to invest in research and development, which, in the long run, will contribute to the innovative growth of the state and enhance its competitiveness on the global level.

Demonstration of a good example of following all the necessary conditions and the implementation of public administration tools, such as regulatory framework, administrative institutions, and incentive programs in special economic zones that are supported by the state and businesses, could be seen in China's case. To start with, the beginning

of China's special economic zones started in 1978 as a result of the economic reform policy (Aritua et al., 2022). There are many special economic zones in China, but the first four special economic zones are Shenzhen, Zhuhai, Xiamen, and Shantou. The aim of creating these special economic zones was to attract foreign direct investment and promote the export of local goods (Yang et al., 2022). The total amount of foreign direct investment in special economic zones or free zones in 2010 was approximately 70 billion US dollars, accounting for 30% of China's overall foreign direct investment (Zeng, 2015).

The effectiveness of special economic zones can also be obtained by the creation of special economic management companies. The special economic zones management companies' authorities are mostly autonomous in China. Management companies play a significant role in the functioning and effectiveness of special economic zones, and their key objectives are the creation of opportunities and conditions for the growth of the level of modern products, technologies, and best practical tools; attraction of FDI into the economy; decreasing the level of operational and functionality costs of the services, increasing the income of population; development of the production of worldwide competitive goods and products (Mirzaliyeva, 2019).

As the strategy and regulatory acts on special economic zones were effective in China, the number of special economic zones increased for more than 200 zones by developing regional economies. According to Zeng (2010), local economies or regions of China became fast-growing areas of economy and technology due to the well-balanced regulatory acts. The technology shift and foreign investment were key indicators that can be seen in China as a good public administration tool in special economic zones (Crane et al., 2018). Kazakhstan could consider the decen-

tralized model of China for further development and improvement of tools for regulating its special economic zones. Concerning a decentralized approach or model, where local governments or state officials deal with individuals and businesses to solve and discuss challenges and opportunities, one should consider efficiency and transparency as well. According to Bokayev et al. (2024), public officials should have the capability of understanding responsibility and effective communication skills in order to collaborate cross-departmentally with businesses and individuals as well. Consequently, this study focused on a comparative analysis of public administration tools, including regulatory frameworks, administrative institutions, and incentive programs, used in the special economic zones of China and Kazakhstan to foster economic growth and industrial development.

Special economic zones in China operate in a more decentralized manner, allowing local authorities greater power and a quicker response. This also enables swift decision-making processes in attracting foreign direct investment. Shenzhen can serve as a good example of this decentralized approach, as a small fishing village has evolved into an international technological hub that contributes to China’s innovative development and economic growth (Zheng, 2021). Conversely, Kazakhstan’s SEZs are managed centrally by national agencies and state organizations, which could slow decision-making and implementation strategies (Table 3). The centralized governance model often leads to delays in approvals and the execution of initiatives.

Due to the development of special economic zones, many small towns and villages have transformed into major ports and cities, increasing the economic potential of China and the country’s GDP. For instance, only Huawei and Tencent could play vital roles in technological growth and good busi-

ness environments in SEZs such as Shenzhen. The economic interest generated in those zones represents the majority part of China’s total exports (Zeng, 2011; Zhan & Zhang, 2024).

According to the National Bureau of Statistics of China (n.d.), the Gross Domestic Product (GDP) of China in 1978 was 52.9 billion US dollars. After that, GDP started growing rapidly, in 1986 – 149.3 billion US dollars, in 1991 – 316.6 billion US dollars, in 2000 – 1,442.8, in 2006 – 3,157.3 billion US dollars, in 2017 – 11,971.7 billion US dollars, in 2022 – 17,413 billion US dollars. The data indicate that the GDP growth from 1978 to 2022 was substantial and contributed significantly to the country’s prosperity. Estimates by Zeng (2010) show that special economic zones, free zones, and all the industrial parks with some preferences created jobs for over 30 million people by accounting for nearly 22% of China’s GDP. This means that state reforms and public administration tools, such as regulatory frameworks, administrative institutions, and incentive programs, played a crucial role in establishing, developing, and modernizing special economic zones in China. Consequently, special economic zones in China have demonstrated a positive effect on job creation and GDP growth. It demonstrated that the public administration tools, such as regulatory framework, administrative institutions, and incentive programs in China, developed the effectiveness of special economic zones.

The special economic zones of Kazakhstan also showed positive outcomes even though there was not a long period of time from the start of opening the first SEZs (Table 4). The primary objective of operating SEZs in Kazakhstan should be the transformation of modern technology and equipment into locally produced products and goods, ensuring 100% localization. Modern technological progress is evident in Kazakhstan’s SEZs and

**Table 3.** Comparative framework analysis of the SEZ governance and administration in China and Kazakhstan

Source: Qazindustry (n.d.) and World Investment Report (UNCTAD, 2019).

Country	China	Kazakhstan
Governance model	Decentralized	Centralized
Local Autonomy	High	Low
Decision-making speed	Fast	Low
Policy implementation	Flexible and Adaptive	Rigid and Uniform

**Table 4.** Comparative overview analysis of the SEZ activities in China and Kazakhstan

Source: The Law of Kazakhstan on special economic zones, Qazindustry (n.d.) and World Bank Report (World Bank, 2014).

Parameters	China	Kazakhstan
Regulation	Each SEZ is regulated individually by local administrative regulatory acts, but overall trade and investment controlled by central governmental tax code.	The Law of the Republic of Kazakhstan "On Special Economic zones in the Republic of Kazakhstan" dated April 3, 2019.
Number of SEZs	over 300 (there are many types of SEZ)	14
Employment	over 30 million	24.000
The volume of investments attracted	22% of national GDP, 46% of FDI	2.3 trillion tenge

industry, with the majority of SEZs in Kazakhstan likely being oriented toward attracting foreign direct investment primarily (Yuzbashioglu et al., 2018).

The special economic zones of Kazakhstan (Table 4) created an additional twenty-four thousand jobs in the country by attracting 2.3 trillion tenge investments (Qazindustry, n.d.). In terms of China, there are many types of SEZs, and they vary in scope and functionality, such as administrative areas, regions, geographical areas, international cooperation areas, industrial parks, parks for local industrial clusters, clusters for corporate special zones, and other industrial parks (World Bank, 2014).

There are 6 SEZs, 14 open coastal cities, four pilot unfastened exchange areas, five monetary reform pilot regions, 31 bonded areas, 114 country-wide high-tech improvement parks, 164 country-wide agricultural technology parks, 85 country-wide eco-industrial parks, 55 national ecological civilization demonstration regions, and 283 country-wide present-day agriculture demonstration regions in China (World Bank, 2014). All these special economic or free zones, as well as zones with special benefits from the government to investors, exist not only on the domestic side of China but also abroad in foreign countries.

## 4. DISCUSSION

The analysis shows that there are good public administration tools in terms of incentives and privileges (tax and customs) in Kazakhstan. The governance over the SEZs in Kazakhstan showed that it is more centralized, whereas in China, it is more decentralized. The outcomes of this paper support Mirzaliyeva (2019). As Kazakhstan con-

centrates on the effectiveness of special economic zones, China's approach to the administration and development of special economic zones could be beneficial for the implementation of best practices. China's adaptive administrative framework, fast decision-making processes, and decentralized governance showed beneficial aspects regarding the development of special economic zones, innovation, and the economy of the country.

This enables local authorities to capitalize on more opportunities and advantages in decision-making processes and respond quickly to business needs. A good example of this can be seen in China, where optimal conditions are created for investors by demonstrating an advanced response in practice to market and global changes and needs (Farole & Akinci, 2011). Kazakhstan could consider this example by allowing local government authorities to react to the changes in the global market and the needs of the region individually. Consequently, a decentralized approach could give more responsibilities to local authorities and foster a foreign investment environment. This could be completed by innovating public administration that allows businesses and investors to adapt to the realities of the changing economy and world (Bokayev & Issenova, 2022).

In addition, a performance-based evaluation system for special economic zones could be one of the primary tools to control and regulate the efforts and results of SEZs' management companies and local and central state authorities. The results of the evaluation system could be a key factor in evaluating the current situation and implementing necessary rules and practices. This type of evaluation can be seen in China's practice, where local authorities are responsible for economic objectives and for the results of management (Wijnbergen & Willems, 2016).

The results showed that some obvious challenges in both countries should be considered and studied by China and Kazakhstan as well. Opportunities exist for Kazakhstan to learn from China's experiences, especially in sharing responsibilities with local authorities and embracing virtual governance. According to Bokayev et al. (2022), alternative channels of communication and digital tools can help the way of communication of the government with the public sector. It also could improve the effectiveness of the services gained from the state and the decision-making processes. Consequently, digital services would be one of the important opportunities in terms of fostering the decision-making processes and transparency of the business process between business and state. The responsive approach of local authorities that regulate the special economic zones could be beneficial to Kazakhstan and for the development of special economic zones as well.

The data obtained from the analyses revealed some drawbacks of SEZs as well. For instance, Gopalakrishnan (2007) claims that there are some drawbacks to special economic zones in China, notably environmental and land problems, where the loss of agricultural and arable land occurs due to the expansion of special economic zones. It also has possible causes in terms of land degradation and pollution. The issue regarding the infrastructure and infrastructural development of Kazakhstan's special economic zones is open and requires more attention from the state. The overall readiness of the infrastructural situation of all special economic zones in Kazakhstan is about 70% (Forbes, 2024; Kazinform, 2024). This concern could be a critical aspect in attracting foreign direct investment and the development and transfer of technological innovation to Kazakhstan.

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## CONCLUSION

The purpose of this paper is to analyze the public administration tools, including regulatory frameworks, administrative institutions, and incentive programs, in special economic zones of China and Kazakhstan, to gain a better understanding of their functionality and the effectiveness of these zones. The analyses of these tools, best practices, challenges, and opportunities in the management of special economic zones could help researchers, academics, and practitioners understand the issue further. Accordingly, the outcomes demonstrate that the performance of the special economic zones depends on the public administration tools and management. The results of the study also highlight the main challenges and opportunities for both countries.

The outcomes showed that each nation aims to attract investment and develop the economic situation of their countries, but individual and specific strategies of public administration tools play a key factor in the results of special economic zones and overall economic outcome. Flexible and adaptable regulatory frameworks, investments in infrastructure development, and decentralized governance were the primary reasons for the economic development and growth of China's special economic zones.

In terms of Kazakhstan, the obtained results showed positive outcomes from opening special economic zones. However, it should foster the development of special economic zones, economic growth, and increase foreign investment and technology more rapidly by implementing new approaches following the experience of China. The changes could enhance the responsiveness of local authorities to the outcomes of SEZs and regional development, as well as increase the level of adaptability of regulatory frameworks to market and business needs.

Consequently, the conclusion of the comparative study shows that China's case is beneficial not only by increasing foreign investment but also by modernizing existing technologies in Kazakhstan. It does not mean it can be changed in a short period of time, but at least there should be a high level of collaboration between local and national state organizations and officials, which would help streamline bureaucratic processes and increase the number of investors' approval for the transfer of technology to Kazakhstan. The experiences and lessons in regulation, decentralized governance, and aspects of the economic performance of China are valuable data for developing countries.

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