

Social Policy, State Regulation, and Economic Foundations of Early Childhood Education (ECE) in RK

Dinissa Duvanova
did214@lehigh.edu
Lehigh University

&

Bakhytnur Otarbayeva
bakhytnur@mail.ru
Almaty Management University

February 20, 2018



Research Question

What constitutes supportive business climate? What promotes the development of new economic sectors?

- Business climate is shaped by:
 - state sectoral policy



Research Question

What constitutes supportive business climate? What promotes the development of new economic sectors?

- Business climate is shaped by:
 - state sectoral policy
 - regulatory environment (rules and regulations + implementation mechanisms)



Research Question

What constitutes supportive business climate? What promotes the development of new economic sectors?

- Business climate is shaped by:
 - state sectoral policy
 - regulatory environment (rules and regulations + implementation mechanisms)
 - structural economic factors (supply/demand/technology/factor endowment/supplementarity)

Research Question

What constitutes supportive business climate? What promotes the development of new economic sectors?

- Business climate is shaped by:
 - state sectoral policy
 - regulatory environment (rules and regulations + implementation mechanisms)
 - structural economic factors (supply/demand/technology/factor endowment/supplementarity)
- Political economy literature debates the relative importance of state policy and implementation mechanisms

Research Question

What constitutes supportive business climate? What promotes the development of new economic sectors?

- Business climate is shaped by:
 - state sectoral policy
 - regulatory environment (rules and regulations + implementation mechanisms)
 - structural economic factors (supply/demand/technology/factor endowment/supplementarity)
- Political economy literature debates the relative importance of state policy and implementation mechanisms
- There is no consensus on what policy approach stimulates the economy

Research Question

What constitutes supportive business climate? What promotes the development of new economic sectors?

- Business climate is shaped by:
 - state sectoral policy
 - regulatory environment (rules and regulations + implementation mechanisms)
 - structural economic factors (supply/demand/technology/factor endowment/supplementarity)
- Political economy literature debates the relative importance of state policy and implementation mechanisms
- There is no consensus on what policy approach stimulates the economy
- Faulted implementation mechanisms may negate the state policy

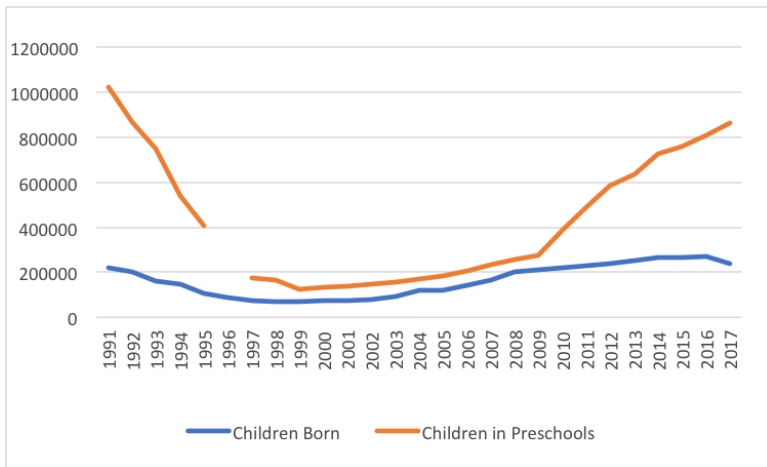
Research Design

- Sectoral Analysis: Case study of Early Childhood Education (ECE) sector

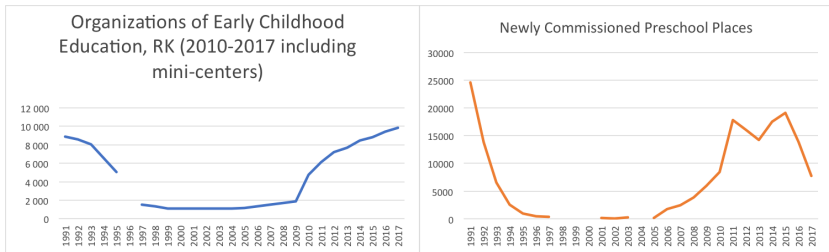
Research Design

- Sectoral Analysis: Case study of Early Childhood Education (ECE) sector
 - Subnational variation in Kazakhstan
 - Over time variation
 - 14 provinces, 2 centrally administered cities (late-1990s — 2017)

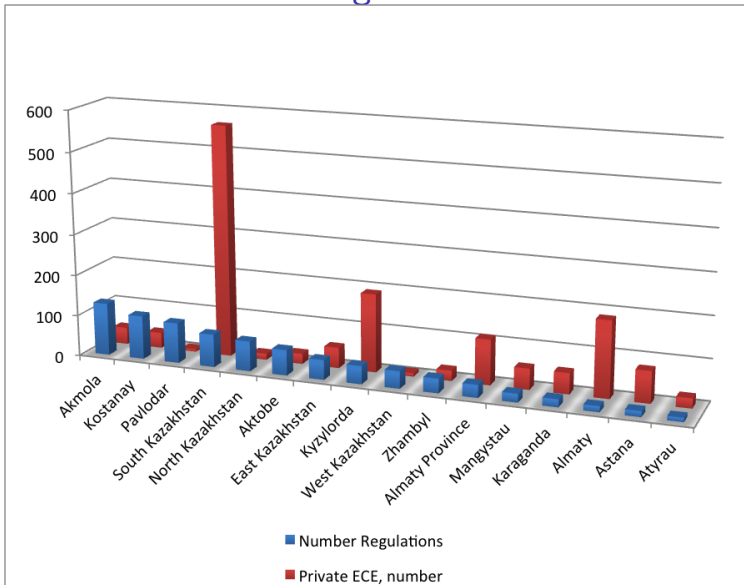
Prolonged Transitional Recession



Private alternatives to the state-run ECE proliferated in 2010-17



Uneven Regional Distribution



Explanatory Factors

- Social Policy (State Financing)
 - 2006 Law On Concessions; 2015 Law On State-Private Partnership
 - 2010-17 Balapan program

Explanatory Factors

- Social Policy (State Financing)
 - 2006 Law On Concessions; 2015 Law On State-Private Partnership
 - 2010-17 Balapan program
- Regulatory policy
 - Incremental changes
 - Fewer regulations improve business climate (Djankov, et al., 2002)
 - Implementation is improved when regulations are more detailed (Huber & Shipan, 2002)

Explanatory Factors

- Social Policy (State Financing)
 - 2006 Law On Concessions; 2015 Law On State-Private Partnership
 - 2010-17 Balapan program
- Regulatory policy
 - Incremental changes
 - Fewer regulations improve business climate (Djankov, et al., 2002)
 - Implementation is improved when regulations are more detailed (Huber & Shipan, 2002)
- Structural factors
 - Incomes
 - Skills
 - Opportunities

Effects of Regulation, Policy, and Economy on ECE

	Students per capita		ECE units	Unmet Demand	
	(1)	(2)	(3)	(4)	
Social Policy		.007	217.886	-2.013	
Balapan Program Dummy Variable for		(.001)***	(36.714)***	(2.507)	
Regulatory Environment	.009	.003	200	.001	
Length of Regulations, mill words	(.0036)**	(.0032)	(80)**	(.006)	
Rate of Unemployment	-.003	-.001	-17.160	1.157	
% of Active Labor Force	(.001)**	(.001)	(26.479)	(1.926)	
Disposable Incomes	.019	.033	-200	20	
Average Monthly Wage PPP, mill KZT	(.007)***	(.0065)	(200)	(.001)*	
Human Capital	-.323	.249	9114.415	486.256	
Number of Professional Graduates	(.246)	(.223)	(6045.517)	(413.761)	
Fixed Capital Stock	-5.01	-3.55	-68000	-4000	
Investment less Depreciation, bill KZT	(4.10)	(3.37)	(85000)	(6000)	
Central Government Investment	-.025	-.022	-.578	-.105	
bill KZT	(038)	(.032)	(.778)	(.061)*	
Const.	.036	.019	87.835	70.562	
	(.009)***	(.007)***	(249.998)	(9.852)***	
Obs.	77	77	77	77	
R ² within	.59	.727	.687	.206	
R ² between	.001	.459	.213	.040	
R ² overall	.151	.520	.513	.044	
ρ	.37	.41	.27	.55	
F ($u_i = 0$)	F(15, 55) = 3.17		F(15, 54) = 3.64	F(15, 54) = 1.28	F(15, 54) = 1.71

Concluding Points

- Both social and regulatory policy have important independent effects on ECE

Concluding Points

- Both social and regulatory policy have important independent effects on ECE
- Regulatory specificity significantly improves business development

Concluding Points

- Both social and regulatory policy have important independent effects on ECE
- Regulatory specificity significantly improves business development
- Demand regression is poorly specified (noisy data, additional variables, volatility)