



Executive Branch Turnover and Non-Resource Economic Growth in Kazakhstan: An Event-Study Analysis

Bauyrzhan Kalen^{1*} | Ivan Tenyakov²

¹Economic research Institute,
Astana, Kazakhstan.

²Lomonosov Moscow State
University, Moscow, Russia.

Correspondence

*Kalen Bauyrzhan - Master,
Economic research Institute, Astana,
Kazakhstan. Email: b.kalen@eri.kz

SCSTI: 06.52.13

JEL Code: H11, O43, O47

Received: 24 June 2026

Revised: 6 September 2026

Accepted: 11 September 2026

Published: 30 September 2026

Conflict of interest:

author(s) declare that there is no
conflict of interest

Abstract

The development of the non-resource sector largely depends not only on the foreign economic environment but also on the stability of public administration institutions and the continuity of economic policy. This study examines the dynamics of non-resource economic performance around major changes in government leadership in Kazakhstan using an event-study framework. The empirical base covers 1995-2019 and includes annual data from the Bureau of National Statistics of the Republic of Kazakhstan, the International Monetary Fund, information on prime minister and minister appointments, and oil price indicators. The study uses descriptive analysis, basic OLS regression, an event-study specification, and robustness checks; standard errors are calculated using the Newey–West HAC method. In the baseline model, the MajorResh coefficient was negative but statistically insignificant for both non-resource GDP ($\beta = -2.95$; $p = 0.192$) and the manufacturing industry ($\beta = -1.37$; $p = 0.265$). At the same time, the event-study analysis revealed a statistically significant decline in the nominal growth of non-resource GDP in the year of the prime minister's change ($\beta = -4.94$; $p = 0.016$) and a negative relationship in the following year ($\beta = -4.65$; $p = 0.074$). Additional analysis showed a statistically significant negative relationship between changes in the minister of industry and manufacturing output ($\beta = -4.40$; $p = 0.008$), while changes in the minister of finance showed no statistically significant results. The results indicate that the rotation of executive power is primarily associated with a short-term deterioration in the performance of the non-resource economy.

KEYWORDS

Economic Growth, Non Resource Economy, Economic Policy,
Institutional Stability, Public Administration, Industry, Industrial
Policy

1 | INTRODUCTION

The impact of political instability on macroeconomic dynamics remains an important area of research in political economy and institutional macroeconomics. Existing theoretical approaches generally emphasize the relationship between the stability of executive institutions, economic policy uncertainty, economic agents' planning horizons, and the state's ability to maintain institutional continuity and policy consistency.

The relevance of the present study stems from the fact that the existing literature has focused predominantly on complete government changes in parliamentary democracies, electoral cycles, and changes in national political leadership. Much less attention has been devoted to systematic intra-term rotation of prime ministers and ministers within highly centralized presidential systems, a governance model characteristic of many post-Soviet and developing economies, including Kazakhstan. In such institutional settings, political stability at the presidential level may coexist with relatively frequent changes in the executive branch, raising questions about the implications of administrative turnover for economic policy continuity and economic performance.

This study examines the relationship between frequent changes in prime ministers and government teams and macroeconomic stability and non-resource economic growth in Kazakhstan within a highly centralized presidential system. It pays particular attention to whether major government reshuffles are associated with changes in non-oil economic growth and manufacturing performance before, during, and after such events.

Within this study, the concept of the "On-Duty Doctor's Logbook" is proposed as an analytical framework for describing a governance model characterized by frequent changes in executive teams. The framework is based on the idea that high administrative turnover may encourage greater attention to short-term responses to immediate socio-economic challenges, while implementing long-term structural reforms requires greater institutional continuity and policy consistency. Like an on-duty doctor focused on stabilizing a patient's immediate condition during a limited period, frequently rotating government teams may be incentivized to prioritize quickly observable administrative outcomes. At the same time, addressing deeper structural constraints may require longer planning horizons, accumulated institutional expertise, and continuity in implementing public policy.

The present study therefore represents a first step toward developing an analytical framework for understanding the relationship between the frequency of executive turnover and the continuity of economic governance. Existing academic literature provides limited empirical evidence regarding the frequency of ministerial turnover that may be compatible with effective governance and sustained policy implementation. This gap limits the evidence base for assessing the potential economic consequences of frequent executive rotation, particularly in countries where the president retains substantial authority to appoint and dismiss the government and exercises considerable influence over the broader political system (Fish, 2006).

In this context, the frequency of changes in prime ministers and government teams can be regarded as an important indicator of administrative continuity within the public governance system. Frequent cabinet rotation may create additional uncertainty for businesses and investors through shifts in economic policy priorities, revisions to reform implementation mechanisms, and changes in managerial approaches. Such changes may also affect the continuity of state programs, industrial policy, infrastructure projects, and other long-term development initiatives that require coordinated implementation over extended periods.

This study examines the dynamics of non-resource economic performance around major changes in government leadership in Kazakhstan using an event-study framework. This study contributes to the literature in three respects. First, it examines intra-term executive turnover in a highly centralized presidential system, a setting that has received considerably less attention than government changes in parliamentary democracies. Second, it applies an event-study framework to examine the dynamics of non-resource economic indicators before, during, and after major government reshuffles. Third, it introduces the “On-Duty Doctor’s Logbook” concept as an analytical framework for interpreting the potential trade-off between short-term administrative responsiveness and long-term institutional continuity.

2 | LITERATURE REVIEW

According to the literature, one key channel through which political instability affects macroeconomic dynamics is the shortening of planning horizons among public authorities and private-sector actors. In Alesina et al. (1996), political instability is viewed as a factor that intensifies economic policy uncertainty, under which political elites facing a high probability of resignation or government replacement become more inclined to implement short-term, rapidly observable measures rather than consistently pursuing structural reforms and long-term transformations.

The study also notes that frequent leadership and government team changes are accompanied by growing uncertainty about future tax, fiscal, and regulatory policy parameters. In the literature on economic policy uncertainty, this mechanism is considered a factor contributing to lower investment activity, slower job creation, and weaker economic growth dynamics due to deteriorating expectations among economic agents.

Dirks and Schmidt (2024) provide similar evidence, using data from 34 developed economies over 1996–2020 and a panel vector autoregression model with instrumental variables, and find that an increased probability of government change is associated with weaker economic growth. Gurgul and Lach (2013) reach similar conclusions, finding that indicators of political instability, including government turnover, are systematically associated with weaker economic growth performance, based on evidence from two decades of post-communist transition in Central and Eastern Europe.

In the context of developing and transition economies, the study by Aisen and

Veiga (2013) demonstrates that each additional cabinet change per year, defined as the appointment of a new prime minister and/or replacement of 50% of ministers, reduces annual GDP per capita growth by 2.39 percentage points. The main transmission channel is a decline in productivity growth, which accounts for more than half of the effect, and, to a lesser extent, the accumulation of physical and human capital.

Evidence from presidential systems further supports the relevance of cabinet stability for economic performance. Kim (2018), using time-series cross-sectional data for 111 presidential systems over 1990–2015, finds that frequent changes of cabinet ministers are systematically associated with lower economic growth, while less predictable cabinet changes are associated with greater economic volatility. Nevertheless, much of the earlier literature focuses on complete government changes, electoral cycles, or changes in national leadership rather than intra-term ministerial turnover within presidential systems.

According to the existing literature, ministerial turnover and cabinet reshuffles have received limited attention, with most studies focusing primarily on parliamentary democracies and the new democracies of Central and Eastern Europe. Huber and Martínez-Gallardo (2008), as well as subsequent studies by Indriðason and Kam (2008), show that individual ministerial stability is only weakly correlated with overall cabinet stability. It is determined primarily by problems of selecting competent personnel and controlling “ministerial drift” – deviations of ministers from the prime minister’s policy line within the framework of the principal-agent problem. Cabinet reshuffles thus serve as instruments of discipline and minimization of control losses (Huber & Martínez-Gallardo, 2008; Indriðason & Kam, 2008).

Research on presidential systems also suggests that ministerial turnover may be a strategic response to changing political and policy circumstances rather than merely a source of instability. Martínez-Gallardo (2014), using an original dataset on individual cabinet changes in 12 Latin American presidential systems between 1982 and 2012, shows that presidents use ministerial replacements to respond to unexpected shocks and adjust the composition of government to changing political conditions. In the work of Grotz et al. (2024), based on 131 cabinets across 11 countries in the region during 1990–2018 and using linear regressions with country and decade fixed effects, frequent cabinet reshuffles are shown to significantly reduce the prime minister’s ability to effectively perform core functions, including coordination of public policy, resolution of intra-cabinet conflicts, and control over the bureaucratic apparatus. The strongest negative effect is observed when ministers from coalition parties outside the prime minister’s party are replaced. The authors attribute this effect primarily to the lower experience level of newly appointed ministers, increased internal contradictions within the cabinet, and more complicated mechanisms of control over the state apparatus. One key channel of negative impact identified by the study is the loss of accumulated expertise and the disruption of institutional continuity in public administration (Grotz et al., 2024). A complementary typology developed by Helms and Vercesi (2024) further

distinguishes reshuffles by mode and scope, offering a conceptual framework for situating the frequent intra-term reshuffles observed in Kazakhstan.

The consequences of ministerial instability may extend beyond cabinet organization to policy implementation. Belchior and Silveira (2023), using evidence on ministerial instability and government pledge fulfillment in Portugal over 1995–2019, find that greater portfolio instability is associated with lower levels of policy commitment fulfillment, particularly at the junior ministerial level and in politically salient ministries. Their findings support the argument that personnel continuity may matter for accumulated administrative expertise and consistent implementation of government programs.

Izu (2026) presents direct quantitative estimates of the macroeconomic consequences of frequent cabinet reshuffles. According to the econometric analysis, each additional cabinet reshuffle is associated with a reduction in annual GDP per capita growth rates by 1.7–2.9 percentage points depending on the model specification used. These estimates support the hypothesis that political instability may affect economic dynamics by increasing uncertainty and shortening planning horizons among economic agents (Izu, 2026; Bedasso, 2024).

Studies and analytical reports on the United Kingdom provide additional evidence of the institutional costs of high ministerial turnover, where cabinet reshuffles traditionally occur frequently. The parliamentary report of the House of Commons Political and Constitutional Reform Committee (2013–2014), as well as the report of the Institute for Government (2020), based on opinions of experts, former ministers, and civil servants, note that high personnel turnover creates incentives for short-term policymaking, complicates the advancement of long-term projects, and weakens the stability of ministerial teams. The authors emphasize that limited tenure in office reduces ministers' ability to master their portfolios and build stable relationships with the state apparatus, complicating consistent policy implementation and the transfer of institutional memory (Sasse et al., 2020).

At the same time, ministerial turnover should not be interpreted as uniformly detrimental. Dewan and Dowding (2005), using evidence from the United Kingdom, show that ministerial resignations may serve a corrective function by enabling governments to respond to perceived failures and regain political support. Evidence of similar costs of leadership turnover outside parliamentary and Western contexts is provided by studies of local officials in China, where frequent replacement of city-level leaders has been shown to reduce urban economic efficiency, in part through weaker credit allocation and less efficient use of land resources (Ji et al., 2022), suggesting that the economic costs of executive turnover are not confined to any single type of political system.

Recent evidence also highlights the potential endogeneity of ministerial turnover. Schmid and Nyrup (2026), using data on more than 2,800 finance ministers from 1966–2021, show that economic performance is related to the political survival of finance ministers, though the relationship varies substantially across regime types. In democracies, stronger economic growth is associated with a greater probability of retaining finance ministers, whereas this relationship is

considerably weaker in autocracies. These findings matter for studies of executive turnover because they suggest that economic performance may influence personnel decisions, complicating a purely causal interpretation of the relationship between ministerial changes and subsequent economic outcomes.

Methodological approaches to identifying the economic consequences of political leadership changes remain diverse. Some studies rely on plausibly exogenous leadership shocks, such as unexpected deaths of national leaders (Jones & Olken, 2005), while others examine political uncertainty through its effects on asset prices and risk premia (Pástor & Veronesi, 2013). However, quasi-experimental evidence specifically addressing intra-term cabinet reshuffles remains comparatively limited.

Studies on public administration and administrative reforms in post-Soviet states provide additional context for understanding how executive power functions in Kazakhstan. Knox (2008), examining the modernization of public administration in Kazakhstan, argues that reforms were implemented within a highly centralized presidential system in which the presidency played a decisive role in defining national development priorities. Building upon this perspective, Knox and Orazgaliyev (2025) analyze the evolution of public administration in Kazakhstan through the lens of post-Soviet institutional legacies and modernization processes. Their study shows that under a strong presidential system, administrative coordination, institutional stability, and public institutions' capacity to implement long-term strategic priorities become particularly important.

Despite the growing literature, several important research gaps remain. First, most existing studies focus on parliamentary democracies, electoral transitions, changes of national leaders, or complete cabinet changes, whereas systematic evidence on intra-term executive turnover in highly centralized presidential systems remains limited. Second, relatively few studies examine the macroeconomic consequences of government-team changes while distinguishing dynamics before, during, and after major reshuffles. Third, the potential endogeneity of executive turnover remains an important methodological issue, since deteriorating economic conditions may themselves contribute to decisions to replace ministers or government teams.

3 | METHODOLOGY

Kazakhstan's institutional configuration from 1995 to 2019 provides a relevant setting for examining the relationship between executive turnover and macroeconomic dynamics. For most of the period under consideration, the country was characterized by a highly centralized presidential system, while prime ministers and cabinet members changed relatively frequently. The average tenure of a prime minister was approximately 2–2.5 years. These relatively short tenures may have limited the time available to implement long-term structural transformations, particularly in infrastructure, industrial, and institutional policy, where multi-year managerial and institutional continuity is important. In addition, several periods saw substantial personnel changes within the economic bloc, sectoral ministries,

and development institutions.

This institutional configuration combined a relatively stable political framework with considerable variability in the executive branch's composition. A significant share of government initiatives, programs, and reforms was implemented amid regular renewal of management teams, shifts in socio-economic policy priorities, and changes in policy implementation mechanisms. This feature is particularly relevant for Kazakhstan as a resource-dependent economy, since sustainable development in non-resource sectors requires long-term planning, consistent industrial policy, and continuity in implementing infrastructure projects. Regional panel evidence for Kazakhstan also indicates that institutional quality represents an important channel through which resource concentration affects non-resource economic performance (Oskenbayev et al., 2013). Frequent changes in executive leadership may therefore alter the balance between short-term stabilization measures and longer-term structural transformation.

The study covers the period 1995–2019. The starting year reflects the adoption of the Constitution of the Republic of Kazakhstan in 1995, which established the institutional framework of the presidential system and shaped the subsequent organization of executive power. The period therefore provides a comparatively stable institutional setting for examining changes within the executive branch. However, the presidential transition in 2019 should be considered when interpreting the final year of the sample.

For the empirical analysis, an event-study framework is applied. Changes in the Prime Minister are treated as discrete political events around which the dynamics of macroeconomic indicators are examined. The empirical strategy does not assume that prime-ministerial turnover is fully exogenous. Rather, it evaluates whether systematic changes in economic performance can be observed before, during, and after changes in executive leadership. Accordingly, the estimated coefficients represent conditional associations rather than strictly causal effects.

The main advantage of the event-study framework is its ability to distinguish economic dynamics before the event, during the government reshuffle, and after the event. This makes it possible to assess whether changes in macroeconomic indicators are concentrated around periods of executive turnover and whether any observed association persists after the reshuffle.

To distinguish the pre-event, event-year, and post-event periods, the study estimates the following event-time specification (1):

$$Y_t = \alpha + \beta_{-1}D_{-1,t} + \beta_0D_{0,t} + \beta_{+1}D_{+1,t} + \gamma_1 Oil_Urals_t + \gamma_2 W_GDP_t + \gamma_3 USD_KZ_t + \varepsilon_t \quad (1)$$

where:

Y_t – the dependent macroeconomic variable in year t ;

$D_{-1,t}$ – the binary indicator equal to 1 in the year preceding a MajorResh event and 0 otherwise;

$D_{0,t}$ – the binary indicator equal to 1 in the year of a MajorResh event and 0 otherwise;

$D_{+1,t}$ – the binary indicator equal to 1 in the year following a MajorResh event and 0 otherwise.

The dependent variables are nominal non-oil GDP growth (percentage change from the previous year) and the index of physical volume of manufacturing output (IFOMan, percentage relative to the previous year). These indicators were selected because they are less directly influenced by oil-sector fluctuations than aggregate GDP and may therefore provide a more informative measure of developments in the non-resource economy. Manufacturing output is also relevant for assessing changes in sectors that depend on industrial policy, institutional continuity, and the consistent implementation of government programs.

Data on non-oil GDP growth were obtained from the Bureau of National Statistics of the Republic of Kazakhstan and the International Monetary Fund. Data on the manufacturing output index were obtained from the Bureau of National Statistics (2025). Annual rather than quarterly data were used because of the limited availability and comparability of quarterly historical data for the early years of the study period and to ensure a consistent time series throughout the analysis.

The available non-oil GDP series is expressed in current prices and is therefore not adjusted for inflation. This feature partly explains the relatively high average annual growth rates observed during 1995–2019, a period characterized by substantial inflation and exchange-rate depreciation. Consequently, the variable should be interpreted as nominal non-oil GDP growth rather than real economic growth, and the magnitude of the estimated coefficients should be interpreted with appropriate caution. Future research should reconstruct a comparable real non-oil GDP series.

The key explanatory variable, MajorResh, is a binary indicator of prime-ministerial turnover. It equals 1 in years in which a new Prime Minister of the Republic of Kazakhstan took office and 0 otherwise. In the empirical analysis, prime-ministerial turnover is used as a proxy for a major change in executive leadership. The following years are classified as MajorResh events: 1997, 1999, 2002, 2003, 2007, 2012, 2014, 2016, and 2019, for a total of nine events. Additional indicators capture turnover of the Minister of Industry (TurnInd) and the Minister of Finance (TurnF). Information on prime-ministerial and ministerial appointments was collected from official presidential decrees published on the Akorda.kz website.

The dataset also identifies 1995 as a year of prime-ministerial appointment. However, this observation is excluded from the event-time estimation because the pre-event period cannot be constructed for the beginning of the sample. The empirical analysis therefore uses the nine MajorResh events occurring between 1997 and 2019. TurnInd and TurnF are constructed analogously as binary variables equal to 1 in years in which a new Minister of Industry or Minister of Finance, respectively, took office. Because the industry portfolio was repeatedly renamed and, during part of 1997–2001, combined with energy and trade functions, the TurnInd indicator is considered more reliable from 2002 onward.

Because prime-ministerial changes occurred in consecutive years in 2002 and

2003, some event windows overlap. The corresponding coefficients should therefore be interpreted as average event-time associations rather than as the effects of completely isolated political events. Table 1 presents descriptive statistics for the main variables used in the empirical analysis.

Table 1. Descriptive statistics for the main variables

Variable	N	Mean	SD	Min	Max
Nominal non-oil GDP growth, % y/y	24	20.15	9.19	6.00	43.89
Manufacturing output index (previous year = 100)	25	103.65	7.97	83.70	122.80
MajorResh (0/1)	25	0.40	0.50	0	1
Urals oil price, USD/bbl	20	62.64	29.36	23.10	110.40
World GDP growth, %	25	3.16	1.20	−1.34	4.53
KZT/USD exchange rate	25	166.81	88.53	60.95	382.75

Note: compiled by the authors

The model includes three control variables: the average annual price of Urals crude oil, the annual growth rate of world GDP, and the average annual nominal exchange rate of the Kazakhstani tenge against the US dollar. These variables are included to account for external economic conditions that may simultaneously affect Kazakhstan’s non-resource economic performance and coincide with changes in executive leadership.

The baseline econometric specification takes the following form (2):

$$Y_t = \alpha + \beta \text{MajorResh}_t + \gamma_1 \text{Oil_Urals}_t + \gamma_2 \text{W_GDP}_t + \gamma_3 \text{USD_KZ}_t + \varepsilon_t \tag{2}$$

where:

- Y_t – the dependent variable in year t ;
- MajorResh_t – the binary indicator of prime-ministerial turnover;
- Oil_Urals_t – the average annual price of Urals crude oil;
- W_GDP_t – the annual world GDP growth;
- USD_KZ_t – the average annual nominal KZT/USD exchange rate.

Overall, the empirical strategy combines descriptive analysis, stationarity testing, a basic regression model, an event-study approach, and robust results tests. To account for possible heteroskedasticity and autocorrelation, Newey–West HAC standard errors are used. Given the small sample size, overlapping event windows, the presidential transition in 2019, and the nominal nature of the non-resource GDP series, the coefficients are interpreted with caution as conditional relationships rather than strictly causal effects. The following section presents results from the baseline model, event-study analysis, and robustness checks.

4 | RESULTS

The empirical analysis begins by comparing macroeconomic indicators between years with and without prime-ministerial turnover. The quasi-experimental anal-

ysis using the Event-Study method indicates a relationship between major government reshuffles and the dynamics of non-resource economic growth and the manufacturing industry. In years with major cabinet reshuffles ($\text{MajorResh} = 1$), the average growth rate of non-oil GDP was 16.07%, whereas in years without major reshuffles it was 22.60%. Thus, after controlling for external economic conditions, the negative differences observed in the descriptive comparison remain directionally consistent but are not statistically significant in the baseline specification. Table 3 presents the full regression results, including the coefficients of the control variables.

Table 2. Comparison of average macroeconomic indicators by prime-ministerial turnover status

Indicator	MajorResh = 0	MajorResh = 1	Difference (p.p.)
Non-oil GDP growth rate, %	22.60	16.07	-6.53
Manufacturing output index (previous year = 100)	104.53	102.33	-2.20

Note: compiled by the authors

The baseline OLS regression results, controlling for the average annual price of Urals crude oil, world GDP growth, and the KZT/USD exchange rate, indicate a negative but statistically insignificant association between prime-ministerial turnover and both dependent variables at conventional significance levels. For nominal non-oil GDP growth, the estimated coefficient on MajorResh is -2.95 (HAC-robust SE = 2.26; $p = 0.192$). For the manufacturing output index, the corresponding coefficient is -1.37 (HAC-robust SE = 1.23; $p = 0.265$). Thus, after controlling for external macroeconomic conditions, the negative differences observed in the descriptive comparison remain directionally consistent but are not statistically significant in the baseline specification. Table 3 presents the full regression results, including the coefficients of the control variables.

Table 3. Baseline OLS regression results for nominal non-oil GDP growth and manufacturing output

Variable	Non-oil GDP growth	Manufacturing IFO
MajorResh	-2.95 (2.26) [0.192]	-1.37 (1.23) [0.265]
Oil_Urals	-0.03 (0.03) [0.320]	-0.08 (0.03) [0.013]
W_GDP	3.27 (0.50) [0.000]	2.58 (0.46) [0.000]
USD_KZ	-0.04 (0.01) [0.000]	-0.01 (0.01) [0.179]
Constant	20.48 (3.12) [0.000]	105.84 (2.98) [0.000]
N	20	20
R ²	0.575	0.581

Coefficients are reported with Newey–West HAC-robust standard errors (one lag) in parentheses and p-values in square brackets. MajorResh is a binary indicator of prime-ministerial turnover.

Note: compiled by the authors

The baseline regression results indicate a negative relationship between prime-ministerial turnover and both nominal non-oil GDP growth and manufacturing output. However, the estimated coefficients for MajorResh are not statistically significant at conventional levels. For nominal non-oil GDP growth, the coefficient is -2.95 ($p = 0.192$), while for the manufacturing output index it is -1.37 ($p = 0.265$).

Among the control variables, world GDP growth is positively associated with both dependent variables and is statistically significant in both models. The Urals oil price shows a statistically significant negative association with manufacturing output ($\beta = -0.08$; $p = 0.013$), but not with nominal non-oil GDP growth. The KZT/USD exchange rate is negatively associated with nominal non-oil GDP growth ($\beta = -0.04$; $p < 0.001$), whereas its coefficient for manufacturing output is not statistically significant.

Taken together, the descriptive comparison in Table 2, the baseline regression results in Table 3, and the event-study estimates in Table 4 show a broadly consistent pattern.

Table 4. Event-study specification: dynamics of macroeconomic indicators around major government reshuffles

Variable	Non-oil GDP growth	Manufacturing IFO
D_{-1} (year before reshuffle)	0.73 (2.77) [0.792]	-0.83 (1.51) [0.583]
D_0 (reshuffle year)	-4.94 (2.06) [0.016]	-2.91 (1.76) [0.098]
D_{+1} (year after reshuffle)	-4.65 (2.60) [0.074]	-2.00 (1.85) [0.282]
Oil_Urals	-0.05 (0.02) [0.035]	-0.09 (0.03) [0.003]
W_GDP	3.54 (0.29) [0.000]	2.70 (0.52) [0.000]
USD_KZ	-0.05 (0.01) [0.000]	-0.02 (0.01) [0.013]
Constant	24.52 (2.80) [0.000]	108.85 (3.31) [0.000]
N	19	19
R ²	0.670	0.652

Cell entries: coefficient (Newey-West HAC-robust standard error, 1 lag) [p-value]. D_{-1} , D_0 and D_{+1} are indicator variables equal to 1 in the year preceding, the year of, and the year following a MajorResh event, respectively.

Note: compiled by the authors

Prime-ministerial turnover is associated with lower nominal non-oil GDP growth, with the largest and statistically significant deviation observed in the turnover year. For manufacturing output, the coefficients are also negative, although they do not reach conventional levels of statistical significance after controlling for external macroeconomic conditions. Overall, the event-study results suggest that the relationship between prime-ministerial turnover and economic performance is most pronounced in the turnover year. Nominal non-oil GDP growth declines significantly in that year and remains negative the following year, though with weaker significance. No comparable pre-event decline is observed. For manufacturing output, the estimated coefficients follow the same negative pattern, but the evidence is weaker and does not reach the 5% significance level.

These results indicate that the association between executive turnover and economic performance is concentrated mainly around the timing of the turnover itself rather than in the period preceding it.

Figure 1 illustrates the dynamics of nominal non-oil GDP growth around the identified turnover years.

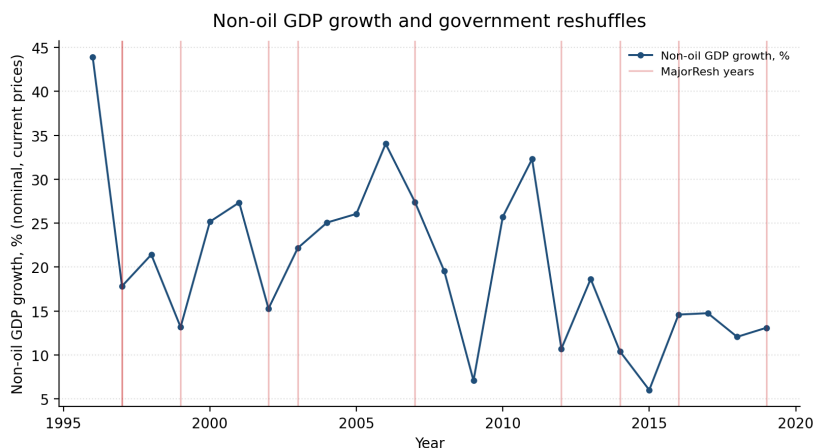


Figure 1. Nominal non-oil GDP growth and prime-ministerial turnover for 1995–2019

Figure 1 shows that nominal growth in non-resource GDP during the period under consideration was quite uneven. In several years coinciding with a change of prime minister, growth rates declined relative to previous periods, but this reaction was not uniform in all cases. The most noticeable deviations occur in individual years when the government changes, which generally aligns with the event-study results. Minister turnover, dated from actual presidential appointments rather than the raw cumulative indicators in the dataset, shows a pattern distinct from MajorResh. As Table 6 shows, replacing the Minister of Industry (TurnInd) is associated with a negative, significant coefficient for manufacturing output (-4.40 ; $SE = 1.67$; $p = 0.008$), while the non-oil GDP coefficient is small and insignificant (1.61 ; $p = 0.598$).

The results show differences in the nature of the relationship between personnel changes in individual ministries and economic indicators. The change of the Minister of Industry is associated with a decline in the index of the physical volume of the manufacturing industry: the coefficient is -4.40 and is statistically significant ($p = 0.008$). At the same time, the relationship with the nominal growth of non-resource GDP is statistically insignificant ($\beta = 1.61$; $p = 0.598$). No statistically significant relationships were identified for the change of the Minister of Finance. The results obtained suggest that personnel changes in the industrial sector are largely linked to sectoral dynamics rather than to the overall indicators of the non-resource economy.

These results warrant caution for two reasons. First, the exact within-year

timing of a ministerial appointment cannot be fully verified from annual data, so coefficients capture an association with the appointment year rather than a

Table 6. Ministerial turnover and economic performance

Variable	Nominal non-oil GDP growth	Manufacturing output index
Panel A. Minister of Industry turnover (TurnInd)	-	-
TurnInd	1.61 (3.04) [0.598]	-4.40 (1.67) [0.008]
N	20	20
R ²	0.553	0.674
Panel B: Minister of Finance turnover (TurnF)		
TurnF	0.19 (2.19) [0.929]	-2.25 (2.01) [0.262]
N	20	20
R ²	0.546	0.599

Cell entries: coefficients are reported with Newey–West HAC-robust standard errors (one lag) in parentheses and p-values in square brackets. All specifications include the same control variables as in Table 3. TurnInd and TurnF are binary indicators equal to 1 in years in which a new Minister of Industry or Minister of Finance, respectively, took office.

Note: compiled by the authors

precisely dated causal effect. Second, the mechanism is not directly tested: a plausible interpretation, consistent with the study’s general hypothesis, is that a change in industry-sector leadership disrupts policy continuity and accumulated expertise, but reverse causality - weak performance prompting the minister’s replacement - cannot be ruled out. The Minister of Finance result is directionally consistent with the same hypothesis but not statistically significant and should be read as a possible association rather than an established effect. The dynamics of the physical volume index of the manufacturing industry during the years of the prime minister’s change are presented in Figure 2.

Figure 2 shows that the dynamics of the manufacturing industry in 1995–2019 were accompanied by noticeable fluctuations in the physical volume index. In some years, a change in the prime minister was accompanied by a decline in the indicator or a slowdown in its growth, but this reaction was not uniform in all cases. Visually, this corresponds to the overall negative direction of the coefficients obtained in the regression analysis, but this does not allow us to conclude that personnel changes had a causal impact on industrial dynamics. Overall, the figure confirms the presence of a temporal coincidence between certain episodes of executive rotation and the deterioration of sectoral indicators.

A model using a lagged MajorResh variable was also tested. The coefficient for the MajorResh_lag1 variable amounted to -3.58 (HAC-robust SE = 2.11; p = 0.090), retaining the same sign as the contemporaneous specification (see Table 5).

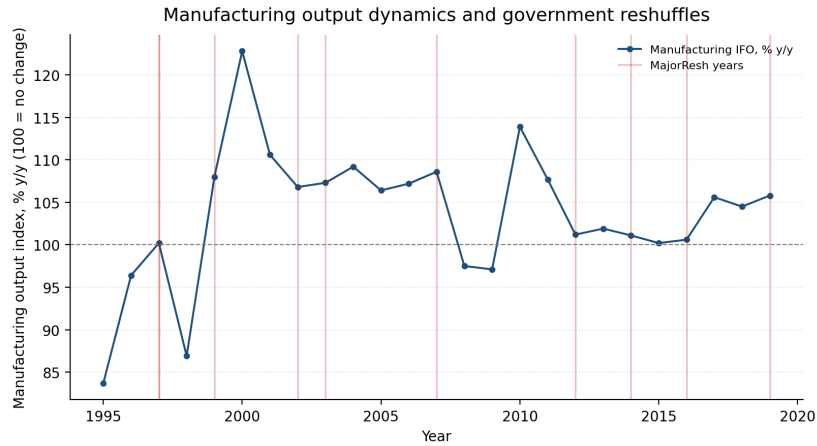


Figure 2. Manufacturing output dynamics and major government reshuffles for 1995-2019

Robustness checks included a linear time trend, a log-transformed dependent variable, an annual-growth-rate exchange-rate specification, and the lagged MajorResh variable above; results are in Table 5. A genuine year-fixed-effects specification is not identifiable here, since the dataset has only one observation per year and MajorResh would be perfectly collinear with year dummies; the linear time trend substitutes for this and captures any secular decline in growth. Across specifications, the MajorResh (or event-time) coefficient retained a negative sign, reaching significance in the time-trend ($p = 0.095$) and event-study reshuffle-year ($p = 0.016$) specifications, but not in the baseline or lagged ones. Thus, the results suggest a relationship between the frequency of government team changes and the dynamics of non-resource economic growth and manufacturing industry performance.

Table 5. Robustness of the prime-ministerial turnover coefficient across alternative specifications

Specification	Coefficient (HAC SE)	p-value	N
Baseline (Oil, W_GDP, USD level)	-2.95 (2.26)	0.192	20
With linear time trend	-3.76 (2.25)	0.095	20
Lagged MajorResh (t-1)	-3.58 (2.11)	0.090	20
USD_KZ as annual growth rate	-3.01 (3.28)	0.240	20
Event-study, reshuffle year (D_0)	-4.94 (2.06)	0.016	19
Event-study, year after (D_{+1})	-4.65 (2.60)	0.074	19

The coefficient column reports the estimated coefficient for MajorResh or the corresponding event-time indicator. Newey–West HAC-robust standard errors with one lag are reported in parentheses. MajorResh is a binary indicator of prime-ministerial turnover.

Note: compiled by the authors

5 | DISCUSSION

The results suggest that the impact of political instability on macroeconomic dynamics in Kazakhstan cannot be reduced solely to electoral cycles or changes at the head-of-state level. Under a stable presidential vertical, frequent intra-term rotation of prime ministers and government teams may also matter for understanding economic dynamics through institutional and administrative channels.

One key mechanism identified in the study's framework is the shortening of the effective planning horizon in public administration. Frequent replacement of government teams limits the time available to master sectoral specifics, build stable interaction with the bureaucratic apparatus, and ensure continuity in implementing state programs. Under such conditions, attention may shift toward short-term administrative measures, while implementing long-term reforms may require stronger institutional continuity.

The obtained results are generally consistent with the conclusions of Alesina et al. (1996), Aisen and Veiga (2013), Dirks and Schmidt (2024), and Grotz et al. (2024), who associate political instability and frequent cabinet reshuffles with rising uncertainty, weakening institutional continuity, and deterioration in economic dynamics. At the same time, the Kazakhstan case shows a specific institutional configuration in which the effects associated with administrative turnover emerge even without changes at the highest level of political authority. This result may indicate that institutional continuity within the executive branch itself is an independent factor in economic stability, particularly for economies characterized by a strong state role in investment allocation, industrial policy, and infrastructure development.

Particular attention should be devoted to the heterogeneous effects reported in Table 6. The negative, significant coefficient for the Minister of Industry on manufacturing output is broadly consistent with the study's general hypothesis: a change in industry-sector leadership may disrupt sector-specific policy continuity and accumulated expertise, analogous to the mechanism proposed for reshuffles. This also shows why turnover effects should not be read off a single long tenure: one official held the industry portfolio from 2009 to 2014, yet the coefficient across the full 1997-2019 sequence of appointments points the opposite way. Because the exact channel is not directly tested, read the result as an association consistent with the institutional-continuity hypothesis rather than a demonstrated causal mechanism; reverse causality cannot be excluded. In contrast, the Minister of Finance coefficient, while negative for manufacturing output, is not significant once turnover dates and HAC-robust errors are used, suggesting fiscal-leadership turnover may matter less than industry-portfolio turnover, though a modest negative association cannot be ruled out given the limited power of 20 annual observations.

The persistence of the negative coefficient in the lagged model additionally indicates that the consequences of major government reshuffles are not limited to short-term political effects. Part of the impact appears with a delay through channels associated with interruptions in implementation procedures, restructuring of management teams, revised priorities, and slower coordination between

state institutions. This result may point to the role of institutional memory and administrative continuity in sustaining medium-term economic growth.

Within this context, the concept of the “On-Duty Doctor’s Logbook” proposed in the study may be interpreted as a model of public administration characterized by a predominantly reactive approach to economic governance. Frequent replacement of government teams may reduce the time available to accumulate sector-specific experience and ensure continuity in implementing state programs. Under such conditions, implementing long-term development initiatives may depend more on institutional continuity and policy consistency.

At the same time, the results obtained should not be interpreted as evidence that any personnel rotation necessarily produces negative economic consequences. A certain level of renewal within the executive branch remains necessary for adapting state policy to changing economic conditions, correcting ineffective decisions, and introducing new managerial approaches; indeed, cross-country evidence suggests that excessively long tenure in executive office can itself be associated with slower growth, higher inflation and declining institutional quality (Papaioannou & Van Zanden, 2015). However, the event-study pattern - a significant negative deviation in the reshuffle year and the year after, but not before - is consistent with the idea that a point may exist beyond which excessive turnover weakens institutional continuity. This study does not estimate a threshold or non-linear specification directly given the limited observations, so treat this as a hypothesis motivated by the event-study pattern rather than an established finding; testing it would require a larger or higher-frequency dataset.

The Kazakhstan case therefore shows that the effectiveness of public administration depends not only on the stability of supreme political leadership, but also on the executive branch’s ability to preserve institutional continuity, accumulated expertise, and consistent implementation of strategic priorities over extended periods.

6 | CONCLUSION

The obtained results are consistent with the interpretation that frequent changes of prime ministers and members of the Government may be associated with short-term stabilization in certain sectors of the economy; whether this reflects genuinely faster crisis response is a plausible interpretation of the “On-Duty Doctor’s Logbook” framework rather than a mechanism measured directly in this study, since the speed of government response to shocks and the effectiveness of specific anti-crisis measures are not observed in the data used here. However, the findings also suggest opportunities for deeper structural transformation and longer-term development initiatives.

The findings suggest that alongside short-term stabilization outcomes, the pace of infrastructure modernization, economic diversification, and long-term development initiatives may also depend on the degree of institutional continuity. Frequent rotation of management teams may influence the balance between short-term policy objectives and longer-term strategic priorities.

The study's scientific contribution lies in extending the literature on political instability and economic development by analyzing intra-term government turnover under conditions of a stable presidential vertical. In addition, the study introduces the concept of the "On-Duty Doctor's Logbook" as an analytical framework for explaining how frequent changes of government teams may affect institutional continuity and long-term economic policy implementation. From a practical perspective, the findings highlight the importance of administrative continuity and strategic consistency for successfully implementing structural reforms and industrial policy.

Despite these results, the study has several limitations typical of analyzing political-economic processes in countries with limited time-series observations. First, the relatively small sample size and the high concentration of political events during certain periods limit the statistical power of the estimates and the significance of individual coefficients.

Another limitation is potential endogeneity. In particular, the deterioration of the macroeconomic situation itself could have provoked more frequent changes in prime ministers and members of the Government. Despite the use of control variables and the quasi-experimental event-study design, it is not possible to fully rule out reverse causality.

Furthermore, the model does not fully allow a quantitative assessment of the influence of informal institutions, the quality of the state apparatus, differences in managerial competence among individual cabinets, and foreign policy factors that can affect economic dynamics.

Three further data-related limitations warrant note. First, the non-oil GDP series is nominal rather than inflation-adjusted, affecting the magnitude (though not necessarily the sign) of estimated coefficients; a real-terms reconstruction is left for future work. Second, the manufacturing-output regression shows residual autocorrelation (Durbin-Watson = 0.76), addressed here with HAC-robust errors but still pointing to unmodelled dynamics a longer series could capture. Third, TurnInd and TurnF were reconstructed from dated presidential appointments; because the industry portfolio was repeatedly renamed and merged with energy and trade for parts of 1995-2001, TurnInd is more reliable from 2002 onward, and Table 6's minister-level results should be read with this caveat.

The next stage of the research is expected to include decomposition of the existing dataset into quarterly observations, expansion of the cross-country sample through the inclusion of additional post-Soviet and developing economies, as well as the development of an analytical framework for estimating the optimal duration of ministerial tenure for effective sectoral governance and implementation of long-term structural reforms.

AUTHOR CONTRIBUTIONS

Writing – Original Draft: Bauyrzhan Kalen, Ivan Tenyakov.

Conceptualization: Bauyrzhan Kalen, Ivan Tenyakov.

Formal Analysis and Investigation: Bauyrzhan Kalen.

Funding Acquisition and Research Administration: Bauyrzhan Kalen.

Development of Research Methodology: Bauyrzhan Kalen, Ivan Tenyakov.

Software and Supervision: Bauyrzhan Kalen, Ivan Tenyakov.

Data Collection, Analysis, and Interpretation: Bauyrzhan Kalen, Ivan Tenyakov.

Visualization: Bauyrzhan Kalen, Ivan Tenyakov.

Writing – Review and Editing: Bauyrzhan Kalen, Ivan Tenyakov.

REFERENCES

- Aisen, A., & Veiga, F. J. (2013). How does political instability affect economic growth? *European Journal of Political Economy*, 29, 151–167. <https://doi.org/10.1016/j.ejpoleco.2012.11.001>
- Alesina, A., Ozler, S., Roubini, N., & Swagel, P. (1996). Political instability and economic growth. *Journal of Economic Growth*, 1(2), 189–211. <https://doi.org/10.1007/BF00138862>
- Bedasso, B. (2024). Ministerial musical chairs: Does leadership turnover undermine the effectiveness of World Bank education aid? *World Development Perspectives*, 33, Article 100572. <https://doi.org/10.1016/j.wdp.2024.100572>
- Belchior, A. M., & Silveira, P. (2023). The effect of ministerial instability on government's mandate fulfilment: Evidence from the Portuguese case. *Swiss Political Science Review*, 29(3), 310–329. <https://doi.org/10.1111/spsr.12552>
- Bureau of National Statistics. (2025). Official statistical data. Retrieved May 15, 2026 from <https://stat.gov.kz/en/>
- Dewan, T., & Dowding, K. (2005). The corrective effect of ministerial resignations on government popularity. *American Journal of Political Science*, 49(1), 46–56. <https://doi.org/10.1111/j.0092-5853.2005.00109.x>
- Dirks, M. W., & Schmidt, T. (2024). Political instability and economic growth: Causation and transmission. *European Journal of Political Economy*, 85, Article 102586. <https://doi.org/10.1016/j.ejpoleco.2024.102586>
- Fish, M. S. (2006). Stronger legislatures, stronger democracies. *Journal of Democracy*, 17(1), 5–20. <https://doi.org/10.1353/jod.2006.0008>
- Grotz, F., Kroeber, C., & Kukec, M. (2024). Cabinet reshuffles and prime-ministerial performance in Central and Eastern Europe. *Government and Opposition*, 59(4), 1252–1273. <https://doi.org/10.1017/gov.2022.24>
- Gurgul, H., & Lach, Ł. (2013). Political instability and economic growth: Evidence from two decades of transition in CEE. *Communist and Post-Communist Studies*, 46(2), 189–202. <https://doi.org/10.1016/j.postcomstud.2013.03.008>
- Helms, L., & Vercesi, M. (2024). Cabinet reshuffles in parliamentary democracies: A typology and framework for comparative analysis. *Government and Opposition*, 59(4), 1161–1182. <https://doi.org/10.1017/gov.2022.22>
- House of Commons Political and Constitutional Reform Committee. (2013). The impact and effectiveness of ministerial reshuffles: Second Report of Session 2013–14 (HC 255). House of Commons. <https://www.parliament.uk/globalassets/documents/commons-committees/political-and-constitutional-reform/Ministerial-Reshuffles-FINAL-Report-VOL-I.pdf>
- Huber, J. D., & Martínez-Gallardo, C. (2008). Replacing cabinet ministers: Patterns of ministerial stability in parliamentary democracies. *American Political Science Review*, 102(2), 169–180. <https://doi.org/10.1017/S000305540808012X>
- Indriðason, I. H., & Kam, C. (2008). Cabinet reshuffles and ministerial drift. *British Journal of Political Science*, 38(4), 621–656. <https://doi.org/10.1017/S0007123408000318>
- Izu, A. (2026). Too short or too long? Finding the perfect timing for cabinet reshuffles in Africa [Preprint]. Preprints.org. <https://doi.org/10.20944/preprints202601.1100.v1>
- Ji, X., Liu, S., & Lang, J. (2022). Assessing the impact of officials' turnover on urban economic efficiency: From the perspective of political promotion incentive and power rent-seeking incentive. *Socio-Economic Planning Sciences*, 82(PB), Article 101264. <https://doi.org/10.1016/j.seps.2022.101264>
- Jones, B. F., & Olken, B. A. (2005). Do leaders matter? National leadership and growth since World War II. *Quarterly Journal of Economics*, 120(3), 835–864. <https://doi.org/10.1162/003355305774268165>
- Kim, C.-W. (2018). The prices of political accountability?: The economic effects of cabinet instability in presidential systems. *Peace Studies*, 26(1), 361–397. <https://doi.org/10.21051/PS.2018.04.26.1.361>

- Knox, C. (2008). Kazakhstan: Modernizing government in the context of political inertia. *International Review of Administrative Sciences*, 74(3), 477–496. <https://doi.org/10.1177/0020852308095314>
- Knox, C., & Orazgaliyev, S. (2025). Public administration country study: Kazakhstan—Post-Soviet legacy, modernisation, and hybridity. *Public Administration Review*. <https://doi.org/10.1111/puar.70030>
- Martínez-Gallardo, C. (2014). Designing cabinets: Presidential politics and ministerial instability. *Journal of Politics in Latin America*, 6(2), 3–38. <https://doi.org/10.1177/1866802X1400600201>
- Oskembayev, Y., Yilmaz, M., & Abdulla, K. (2013). Resource concentration, institutional quality and the natural resource curse. *Economic Systems*, 37(2), 254–270. <https://doi.org/10.1016/j.ecosys.2012.11.001>
- Papaioannou, K. J., & Van Zanden, J. L. (2015). The dictator effect: How long years in office affect economic development. *Journal of Institutional Economics*, 11(1), 111–139. <https://doi.org/10.1017/S1744137414000356>
- Pástor, Ľuboš, & Veronesi, P. (2013). Political uncertainty and risk premia. *Journal of Financial Economics*, 110(3), 520–545. <https://doi.org/10.1016/j.jfineco.2013.08.007>
- Sasse, T., Durrant, T., Norris, E., & Zodgekar, K. (2020). Government reshuffles: The case for keeping ministers in post longer. <https://www.instituteforgovernment.org.uk/publication/report/government-reshuffles-case-keeping-ministers-post-longer>
- Schmid, J. W., & Nyrup, J. (2026). Governing for growth? Economic performance and finance minister survival in democracies and autocracies. *Political Research Quarterly*, 79(3), 921–935. <https://doi.org/10.1177/10659129261445888>

AUTHOR BIOGRAPHIES

***Kalen Bauyrzhan** - Master, Economic research Institute, Astana, Kazakhstan.
Email: b.kalen@eri.kz

Ivan Tenyakov – Cand. Sc. (Econ.), Lomonosov Moscow State University, Moscow, Russia. Email: itenyakov@mail.ru

How to cite this article: Kalen, B., & Tenyakov, I. (2026). Executive branch turnover and non-resource economic growth in Kazakhstan: An event-study analysis. *Eurasian Journal of Economic and Business Studies*, 70(3), 128–146. <https://doi.org/10.47703/2789-8253-2026-3-128-146>