Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of World Economy

Master's Thesis

The development of small and medium size enterprises in Kazakhstan

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DIPLOMA THESIS ASSIGNMENT

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World Economy

Thesis title

Development of small and medium size enterprises in Kazakhstan

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Objectives of thesis

This diploma thesis aims to investigate the growth and development of small and medium-sized enterprises (SMEs) in the Akmola region of Kazakhstan. The study aims to identify the factors that influence the growth and development of SMEs, including the regulatory environment, access to financing, infrastructure development, market competition, the influence of COVID-19 and government support. To achieve these objectives, a quantitative survey will be conducted using 15 questions to gather data from SME owners and managers in the Akmola region. The collected data will be analyzed using appropriate quantitative analysis techniques to test the hypotheses related to the factors that influence the growth and development of SMEs in the region. The study's findings will provide insights into the challenges and opportunities for SMEs in the Akmola region and suggest potential policy interventions to support their growth and development.

Methodology

Author uses a quantitative research approach to investigate the growth and development of SMEs in the Akmola region of Kazakhstan. A survey is used as the primary data collection tool, and data is gathered from SME owners and managers in the region. The survey questionnaire consists of 15 questions, targeting a specific research objective and hypothesis. The collected data will be analyzed using appropriate quantitative analysis techniques, to test the hypotheses related to the factors that influence the growth and development of SMEs in the region. The study's results will be presented using tables to facilitate data interpretation and understanding.

The proposed extent of the thesis

60-80 pages

Keywords

SMEs, entrepreneurship, business development, government support, government policy

Recommended information sources

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Declaration

I declare that I have worked on my master's thesis titled "Development of small and medium size enterprises in Kazakhstan" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master's thesis, I declare that the thesis does not break any copyrights.

In Prague on 31.03.2023   _____

Development of small and medium size enterprises in Kazakhstan

Abstract

Small and medium size enterprises (SMEs) in Kazakhstan have great impact to the whole economy and its development. SMEs play a vital role in promoting sustainable development through job creation, innovation, competition, and economic diversification. Despite their significant contributions, SMEs encounter numerous obstacles such as inadequate infrastructure, limited access to financing, and complex environmental regulations.

To explore the growth and development of SMEs in the Akmola region of Kazakhstan, quantitative and qualitative research approach will be employed in this thesis. A survey will serve as the primary method of data collection, with SME owners and managers in the region serving as participants. The survey questionnaire will include 15 questions, each geared towards a specific research objective and hypothesis. The gathered data will then undergo suitable quantitative and qualitative approaches to examine the factors that impact the growth and development of SMEs in the area. The thesis findings will be presented in tables to simplify data interpretation and comprehension.

Keywords: SMEs, entrepreneurship, business development, government support, government policy

Rozvoj malých a středních podniků v Kazachstánu

Abstrakt

Malé a střední podniky (MSP) v Kazachstánu mají velký vliv na celou ekonomiku a její rozvoj. MSP hrají zásadní roli při podpoře udržitelného rozvoje prostřednictvím vytváření pracovních míst, inovací, vytváření konkurence a ekonomické diverzifikace. Navzdory svému významnému přínosu se MSP potýkají s mnoha překážkami, jako je nedostatečná infrastruktura, omezený přístup k financování a složité environmentální předpisy.

K prozkoumání růstu a rozvoje MSP v regionu Akmola v Kazachstánu bude v této studii použit kvantitativní a kvalitativní výzkumný přístup bude použit v diplomové práci. Průzkum poslouží jako primární metoda sběru dat, jehož účastníky budou majitelé a manažeři malých a středních podniků v regionu. Průzkumný dotazník bude obsahovat 15 otázek, z nichž každá bude zaměřena na konkrétní výzkumný cíl a hypotézu. Získaná data budou následně podrobena vhodným kvantitativním a kvalitativním přístupům ke zkoumání faktorů, které ovlivňují růst a rozvoj malých a středních podniků v dané oblasti. Závěry práce budou uvedeny v tabulkách pro zjednodušení interpretace dat a jejich pochopení.

Klíčová slova: MSP, podnikání, rozvoj podnikání, vládní podpora, vládní politika

Table of content

1 Introduction

Small and medium-sized enterprises are critical drivers of economic growth and development in many countries including Kazakhstan. SMEs contribute to creation of job positions, innovation, competition and diversification of the economy, making them essential for sustainable development. However, SMEs faces a lot of challenges, including limited access to finance, inadequate infrastructure and a complex of enviromental regulations.

Analyzing regional competitiveness is another area of interest in SME research. Konings and Marcolin argue that analyzing regional competitiveness is more effective than doing it at the national level due to the existence of size differences in economies and the significant heterogeneity among regions of the same economy. This approach can help policymakers to develop targeted policies that take into account the specific needs of different regions.

(J.Konings, 2011)

International trade indicators are commonly used to estimate the competitiveness of an economy, region, or sector. Arghyrou and Bazina suggest that trade indicators such as export performance, import penetration, and net trade can provide insights into the competitiveness of a given economy or sector. Such indicators can help policymakers to identify areas of strength and weakness and develop appropriate policies to address them.

(M. Arghyrou, 2002)

In summary, SMEs are critical components of any economy, and their competitiveness is essential for overall economic growth and stability. Research on the competitiveness of SMEs has shown that policies and strategies that support SMEs can boost economic competitiveness. Analyzing regional competitiveness and using international trade indicators can provide insights into the competitiveness of an economy, region, or sector and inform policymaking decisions.

(C.Cho, 2017)

The purpose of the thesis is to explore the development of SMEs in Kazakhstan and to identify strategies that can be used to overcome the challenges facing these businesses. The thesis will examine the current state of SMEs in Kazakhstan, including their contribution to the economy, the policies that have been implemented to support their development.

2 Objectives and Methodology

2.1 Objectives

This Diploma Thesis aims to investigate the growth and development of small and medium-sized enterprises in Kazakhstan in the Akmola region. The study aims to identify the factors that influence the growth and development of SMEs, including the regulatory environment, access to financing, infrastructure development, market competition and government support. To achieve these objectives, a quantitative survey will be conducted using 15 questions to gather data from SME owners and managers in the Akmola region. The collected data will be analyzed using appropriate quantitative analysis techniques to test the hypotheses related to the factors that influence the growth and development of SMEs in the region. The study's findings will provide insights into the challenges and opportunities for SMEs in the Akmola region and suggest potential policy interventions to support their growth and development.

2.2 Methodology

This study will adopt a quantitative research approach to investigate the growth and development of SMEs in the Akmola region of Kazakhstan. A survey will be used as the primary data collection tool, and data will be gathered from SME owners and managers in the region. The survey questionnaire will consist of 14 questions, each targeting a specific research objective and hypothesis. The collected data will be analyzed using appropriate quantitative analysis techniques, to test the hypotheses related to the factors that influence the growth and development of SMEs in the region. The study's results will be presented using tables to facilitate data interpretation and understanding.

3 Literature Review

In the literature review will be explored the current state of SMEs in Kazakhstan.

3.1 Overview of SMEs

Small and medium-sized enterprises (SMEs) are businesses that have a limited number of employees, typically fewer than 250, and annual revenue below a certain threshold, which varies by country. SMEs are important contributors to economic growth, innovation, and job creation in many countries around the world.

SMEs can be found in a wide range of sectors, including manufacturing, services, retail, and agriculture. They often play a critical role in supplying goods and services to larger businesses and the public sector.

According to the International Council for Small Business (ICSB), SMEs account for over 90% of businesses worldwide and contribute to more than 50% of employment. In addition, SMEs are responsible for generating around 35% of GDP in high-income countries and up to 60% in low-income countries.
(The World bank, 2023)

Despite their importance, SMEs face various challenges. Access to finance is often a significant hurdle, as small businesses may have difficulty obtaining loans or other forms of funding from traditional sources such as banks. A lack of skilled labor can also be a challenge, particularly in sectors where specialized skills are required.

In addition, SMEs may face barriers to entry in certain markets, such as high regulatory compliance costs or limited access to distribution channels. SMEs may also lack the resources to invest in research and development, which can limit their ability to innovate and compete.

Governments and international organizations have implemented various initiatives and programs to support SME growth and development. These may include financial support,

business development services, access to markets, and regulatory reforms. In some cases, SMEs may also benefit from public procurement policies that prioritize contracts for small businesses.

3.1.1   Study area

Figure 1. Map of the Republic of Kazakhstan

Source: Wikipedia (2022)

Kazakhstan is a country located in Central Asia and is the world's ninth largest country by land area. In recent years, Kazakhstan has been actively working to promote the development of small and medium-sized enterprises (SMEs), recognizing their importance to the overall economic growth of the country.

Kazakhstan has the largest economy in Central Asia, and it is heavily reliant on its natural resources, particularly oil, gas, and minerals. The country has a diverse economy that includes sectors such as agriculture, mining, manufacturing, and services.

In recent years, Kazakhstan has implemented economic reforms aimed at promoting sustainable growth, diversifying the economy, and improving the business environment. These reforms have included measures to liberalize trade, simplify the tax system, and strengthen the financial sector.

Kazakhstan has a population of over 18 million people, and its GDP was $184 billion in 2020.("Kazakhstan" World Bank Data) The country has been growing steadily over the past decade, with an average annual growth rate of around 4%.
(Kazakhstan Economy Profile, 2021)

The oil and gas sector is a key driver of the Kazakhstan economy, accounting for a significant share of the country's GDP and exports. Kazakhstan is also a major producer of metals such as copper, zinc, and uranium, as well as agricultural commodities such as wheat and livestock.

The government of Kazakhstan has prioritized investment in infrastructure, particularly in transportation and energy. This has included the construction of new highways, airports, and railways, as well as the expansion of the country's oil and gas pipelines.

Despite these developments, Kazakhstan still faces several challenges in its economic development. These include dependence on natural resources, weak institutional capacity, and a need to diversify the economy. In addition, the COVID-19 pandemic has had a significant impact on the Kazakhstan economy, particularly on sectors such as tourism and retail.

Overall, Kazakhstan's economy has shown resilience and potential for growth, but it will require continued efforts to address its challenges and promote sustainable development.

3.1.2   Current state of SMEs in Kazakhstan

Small and medium-sized enterprises (SMEs) constitute a significant proportion of businesses in Kazakhstan, making up 96.4% of all businesses in 2020. These businesses also account for a substantial share of total employment (38.6%) and national GDP (31.6%).
(Financing SMEs and Entrepreneurs An OECD Scoreboard, 2022)

Between 2014 and 2017, SME lending in Kazakhstan experienced an upward trend. However, from 2017 to 2019, the SME loan portfolio displayed a negative trend. The COVID-19 pandemic brought about changes, with the government introducing anti-crisis measures to support SMEs. In 2020, the SME loan portfolio increased by 19.3%, and new lending to SMEs increased by 46%. The share of SME loans out of total business loans also rose to 32.5%.

(Financing SMEs and Entrepreneurs An OECD Scoreboard, 2022)

SME interest rates in Kazakhstan have fluctuated over the reference period, with rates increasing steadily from a record low of 11.5% in 2014 to 14% in 2016. In 2020, the average SME interest rate was 12.7%, while for large enterprises, it was 11.2%. Leasing and hire purchases are the largest non-bank sources of finance, and their market is steadily growing. This growth is attributed to the need for industrial, transport, and agricultural enterprises to update and expand their machinery and equipment, as well as the flexibility of leasing companies in their collateral policy.
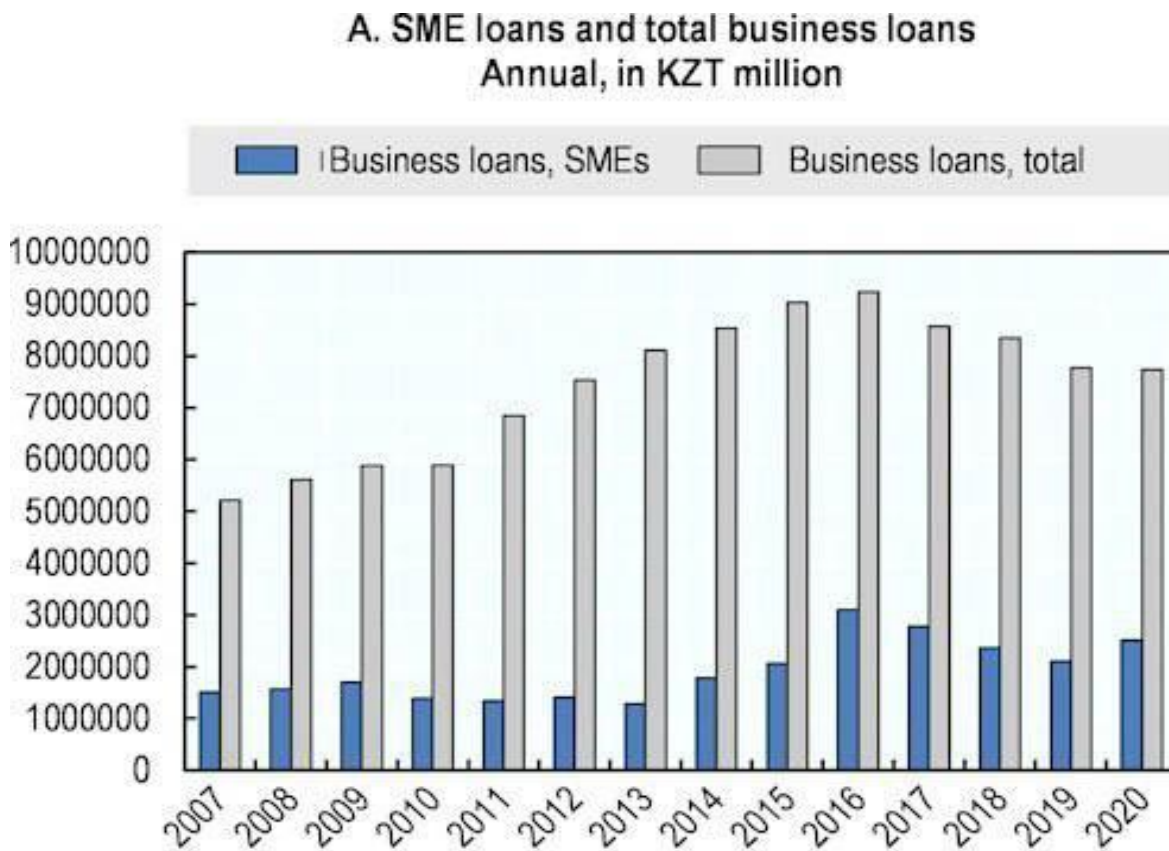
(Financing SMEs and Entrepreneurs An OECD Scoreboard, 2022)

Non-performing loans (NPLs) with arrears of more than 90 days decreased in 2020, with commercial banks meeting the requirement set by the National Bank of Kazakhstan to keep the maximum rate of NPLs at 10% of the total loan portfolio.

(NBK, 2023)

The state plays an essential role in ensuring SMEs have access to credit by placing funds in commercial banks to provide concessional lending during liquidity shortages in the market. The government has allocated funds for SME lending since 2014, and these funds are still being used for lending to SMEs on a revolving basis. Additionally, since 2010, the government has provided interest rate subsidies and loan guarantees for SMEs under the "Business Roadmap" Programme through the "Damu" Entrepreneurship Development Fund. Loan guarantees have become popular, with over 13,000 guarantees issued by the end of 2020. The government has also introduced a portfolio guarantee tool for banks as part of the "Business Road Map" programme.

Figure 2. SME loans and total business loans

A. SME loans and total business loans
Annual, in KZT million

Business loans, SMEs   Business loans, total

[Bar chart showing Business loans, SMEs (blue) and Business loans, total (grey) from 2007 to 2020, Y-axis from 0 to 10000000]

Source: National bank of RK.

The table shows the amount of business loans provided to small and medium-sized enterprises (SMEs) and the total amount of business loans in Kazakhstan for the years 2007 to 2020.

In 2007, the amount of business loans provided to SMEs was 1,508,160, and it increased gradually until 2009, reaching 1,708,189. However, the amount of business loans provided to SMEs decreased significantly in 2010 to 1,389,348 and continued to decrease until 2012, reaching a low of 1,283,441. From 2013 to 2016, there was a significant increase in business loans provided to SMEs, with the highest amount of loans being provided in 2016 at 3,104,912. After this, there was a slight decrease in 2017 and 2018, but it increased again in 2019 and 2020.

The total amount of business loans in Kazakhstan increased gradually from 2007 to 2011, reaching 6,849,050. It then increased significantly from 2011 to 2016, reaching its peak in 2016 at 9,234,407. After this, there was a slight decrease until 2018, followed by a further decrease in 2019 and 2020.

Table 1. Categorisation of firms in Kazakhstan

Category	Annual average number of employees	Average annual income
Micro	0-15	Up to 30 000 MCI or KZT 79.5 million
Small	16-100	Up to 300 000 MCI or KZT 795.3 million
Medium	101-250	Up to 3 000 000 MCI or KZT 7 953 million
Large	More than 250	More to 3 000 000 MCI[1] or KZT 7 953 million

Source: the Code on Entrepreneurship of the Republic of Kazakhstan, Article 24.

The Code on Entrepreneurship of the Republic of Kazakhstan outlines various categories of businesses that are determined by the average number of employees and annual revenues of companies.

Table 2. Distribution of SMEs in Kazakhstan

Firm size	Number
Individual entrepreneurs and farms	1 208 984
Small	398 846
Medium	2 666
Total	1 610 496

Source: Agency for Strategic planning and reforms of the RK Bureau of National statistics, 2021, OECD

Based on the table, it can be concluded that the majority of firms in Kazakhstan are individual entrepreneurs and farms, which make up 75% of the total number of firms. Small

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[1] MCI (Monthly Calculated Index) is used to calculate pensions, benefits, fines, taxes, etc. in Kazakhstan.

firms make up the next largest category at 24.7%, while medium-sized firms comprise only 0.2% of the total.

Overall, the table suggests that entrepreneurship is thriving in Kazakhstan, with a large number of individual entrepreneurs and farms contributing significantly to the country's economy. However, there may be a lack of mid-sized businesses, which could potentially limit employment opportunities and economic growth.

Figure 3. Non-perfoming loans

B. Non-performing loans
Annual, as a percentage
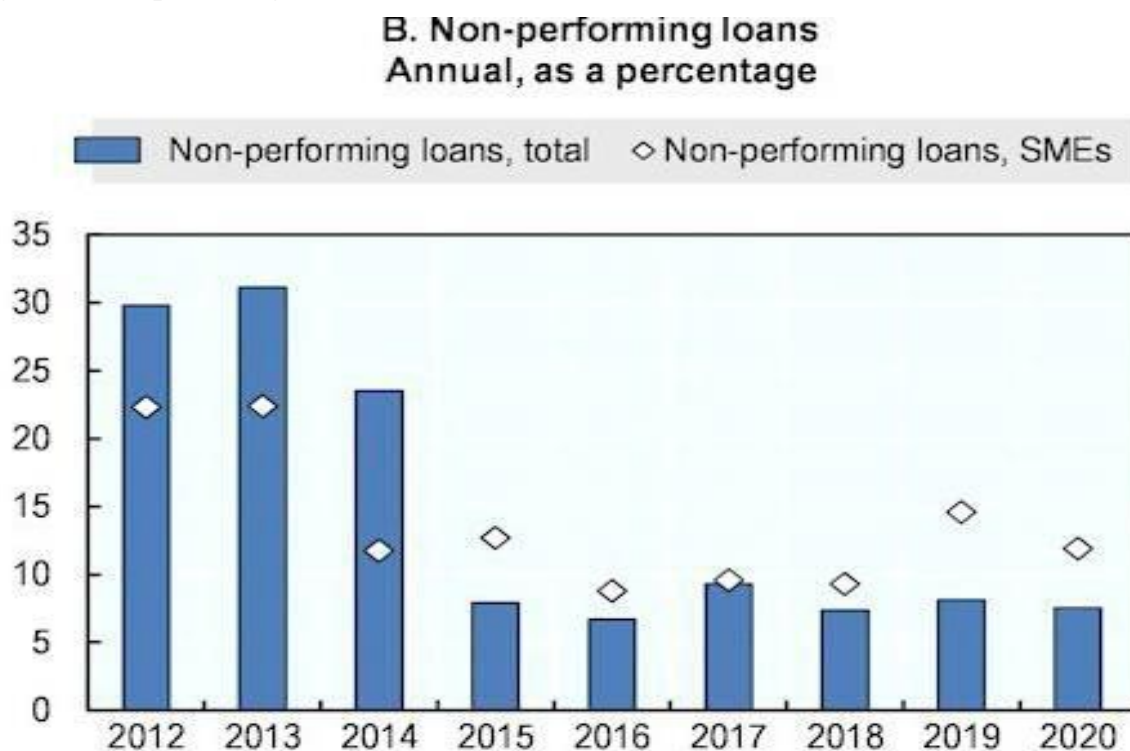
Source: National bank of RK.

This table shows the percentage of non-performing loans (NPLs) for both total loans and loans to small and medium-sized enterprises (SMEs) in Kazakhstan for the years 2012 to 2020. Non-performing loans refer to loans on which the borrower has failed to make scheduled payments for a certain period of time.

In 2012, the percentage of non-performing loans for the total loan portfolio was 29.8%, indicating a high level of credit risk in the country's banking system. However, this percentage gradually decreased over the years, reaching 7.55% in 2020. Similarly, the

percentage of non-performing loans to SMEs was 22.3% in 2012, which also decreased to 11.9% in 2020.

The decrease in NPLs for both total loans and SMEs can be attributed to several factors, including improvements in the regulatory framework for banks, better risk management practices, and economic growth. However, the percentage of non-performing loans to SMEs is still relatively high compared to total loans, which highlights the importance of continuing efforts to strengthen the creditworthiness of small businesses in Kazakhstan.

Figure 4. Interest rates and interest rate spread

C. Interest rates and interest rate spread, Annual, in percent
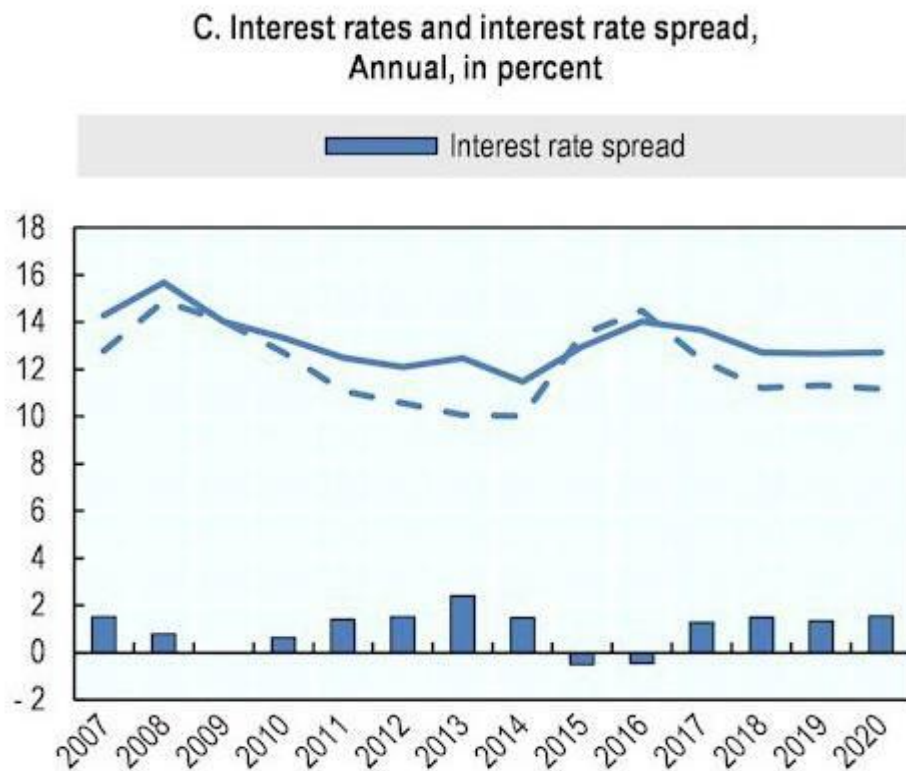
Source: National bank of RK.

This table shows the interest rates for small and medium-sized enterprises (SMEs) and large firms from 2007 to 2020, as well as the interest rate spread between the two. The interest rate for SMEs was higher than that of large firms every year, with the spread between the two fluctuating from a low of 0.0% in 2009 to a high of 2.4% in 2013. In general, the interest rates for both SMEs and large firms decreased over time, with some fluctuations. However,

the spread between the two remained positive, indicating that SMEs consistently paid higher interest rates than large firms. The interest rate spread narrowed from 2015 to 2016 but widened again in the following years.

Figure 5. SME government guarantees and guaranteed loans

D. SME government guarantees and guaranteed loans
Annual, in KZT million
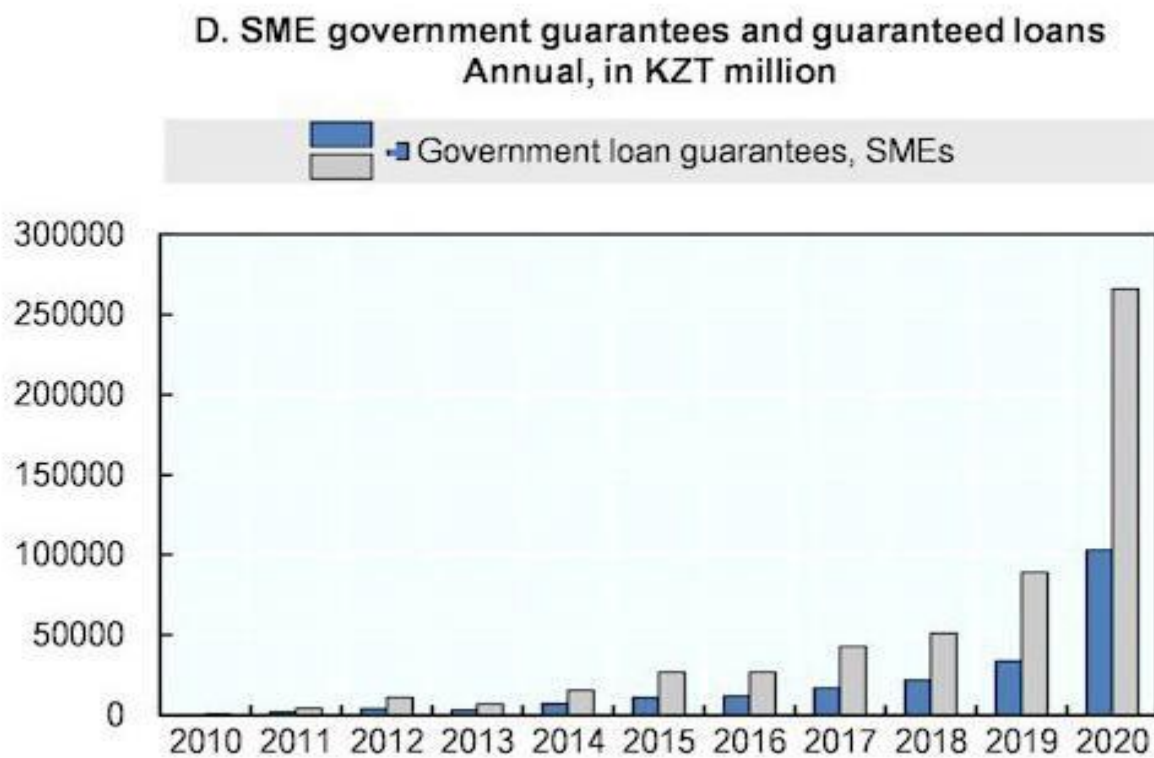
Source: National bank of RK.

This table shows the amounts of government loan guarantees and government guaranteed loans for SMEs (small and medium-sized enterprises) for the years 2010 to 2020.

A government loan guarantee is a guarantee provided by the government to a lender (such as a bank) that if a borrower (such as an SME) defaults on a loan, the government will reimburse the lender for a certain percentage of the outstanding balance.

On the other hand, a government guaranteed loan is a loan where the government provides a guarantee to the borrower (in this case, an SME) that if they default on the loan, the government will step in and make the payments on the loan.

Looking at the table, we can see that the amounts of both government loan guarantees and government guaranteed loans for SMEs have increased over the years. In 2010, the government provided guarantees for 339 loans and guaranteed 677 loans. By 2020, the number of guarantees had increased to 103,111.85 and the number of guaranteed loans had increased to 265,816.62. This indicates that the government has been actively supporting SMEs by helping to secure financing and reduce the risk for lenders.

Figure 6. Leasing and hire purchases

E. Leasing and hire purchases
Annual, in KZT million
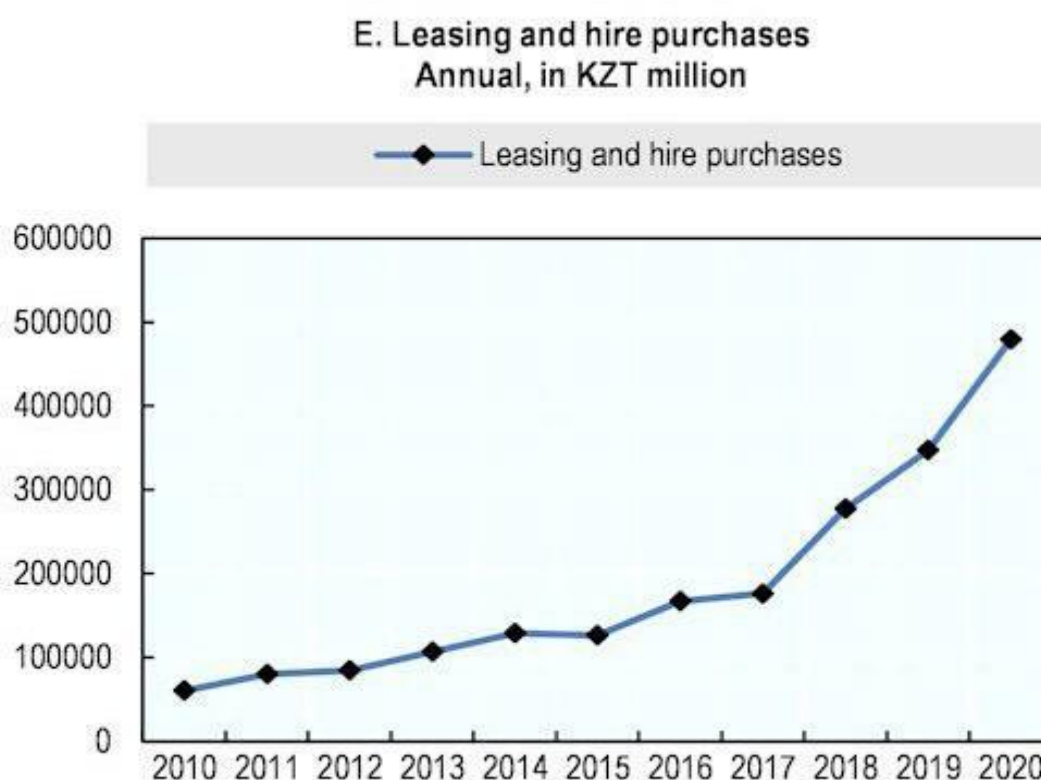
Source: Committee on statistics of Ministry of national economy of RK.

This table represents the total value of leasing and hire purchase contracts in millions of tenge, for the years 2010 through 2020.

Leasing and hire purchase contracts are types of financing arrangements used by businesses to acquire equipment or other assets. In a leasing arrangement, a business essentially rents the asset from a leasing company for a set period of time, and at the end of the lease term, may have the option to purchase the asset outright. In a hire purchase arrangement, the

business agrees to make a series of payments over time, and at the end of the payment period, takes ownership of the asset.

Looking at the table, we can see that the total value of leasing and hire purchase contracts has generally increased over time, with some fluctuations from year to year. In 2010, the total value was 60,352 million tenge, and by 2020, it had risen to 479,303.172 million tenge. Notably, there was a dip in the total value of these contracts between 2014 and 2015, but overall the trend has been one of steady growth over the past decade.

Figure 7. SME bankruptcies

F. SME bankruptcies
Annual, number
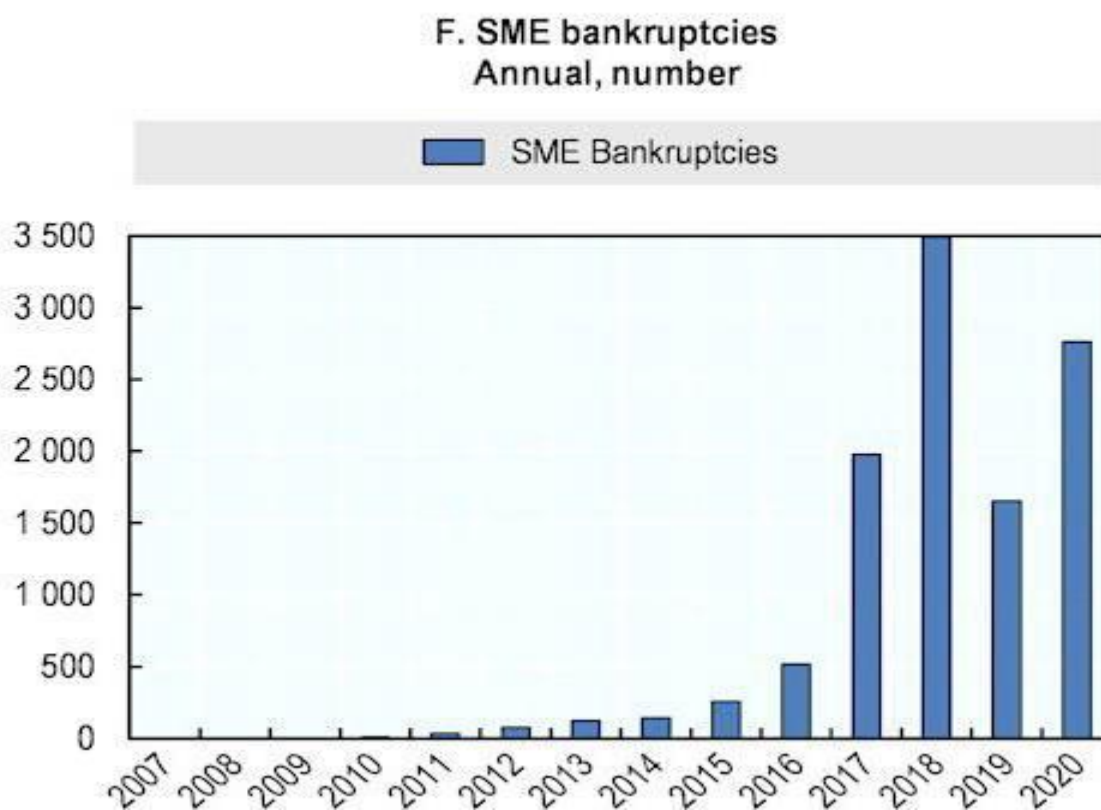
Source: State revenue committee of Ministry of finance of RK.

This table shows the number of SME bankruptcies for each year from 2007 to 2020. SME bankruptcies refer to small and medium-sized enterprises that are unable to pay their debts and are forced to close down their business.

In 2007 and 2008, there were no reported SME bankruptcies. However, the number increased in 2009 to 3, and then sharply increased in 2010 to 8. The number continued to

increase over the next few years, with a significant jump in 2012 to 77 and 125 in 2013. The number of SME bankruptcies peaked in 2019 with 3493 cases, but decreased to 1654 in 2019 and 2763 in 2020.

The decrease in the number of SME bankruptcies in 2020 could be due to government support measures and financial aid programs introduced in response to the COVID-19 pandemic.

3.1.3 Chapter of level

The number of registered small and medium-sized enterprises (SMEs) as of January 1, 2022.

Table 3. The number of registered small and medium-sized enterprises (SMEs) as of January 1, 2022. National Statistical Bureau. Agency for Strategic Planning and Reforms (2022)

	Number of SMEs - Total	Including		
		Legal entities	Individual entrepreneurs	Peasant (farm) households
	1	2	3	4
Republic of Kazakhstan	**1,694,672**	**418,983**	**1,044,252**	**231,437**
Akmola	55,003	11,303	37,142	6,558
Aktobe Region	75,525	16,163	50,530	8,832
Almaty Region	150,448	20,126	82,307	48,015
Atyrau Region	59,528	11,805	44,430	3,293
West Kazakhstan Region	51,012	9,146	33,455	8,411
Zhambyl Region	87,108	11,246	56,776	19,086
Karaganda Region	109,023	27,062	69,586	12,375
Kostanay Region	60,772	11,103	42,967	6,702
Kyzylorda Region	56,976	8,219	36,033	12,724
Mangystau Region	64,330	13,790	47,468	3,072
Pavlodar Region	53,361	14,378	35,092	3,891
North Kazakhstan Region	34,251	7,944	21,653	4,654
Turkestan Region	149,383	12,415	67,275	69,693
East Kazakhstan Region	110,093	17,949	73,575	18,569
Astana	191,109	77,608	112,921	580
Almaty	295,861	124,382	170,090	1,389
Shymkent	90,889	24,344	62,952	3,593

Source: Agency for Strategic planning and reforms of the Republic of Kazakhstan Bureau of National statistics

The presented table provides valuable information on the number of registered small and medium-sized enterprises (SMEs) in the Republic of Kazakhstan as of January 1, 2022. The data are categorized by legal entities, individual entrepreneurs, and peasant (farm) households, providing a comprehensive overview of the distribution of SMEs across the different regions of Kazakhstan. The table shows that the total number of SMEs in Kazakhstan is 1,694,672, with the majority of SMEs being individual entrepreneurs (1,044,252) and legal entities (418,983), while peasant (farm) households account for a smaller percentage of SMEs (231,437).

The data also reveal regional differences in the distribution of SMEs, with Almaty having the highest number of SMEs (295,861), followed by Astana (191,109) and Shymkent (90,889). The regions with the highest number of SMEs are Turkestan (149,383), East Kazakhstan (110,093), and Karaganda (109,023), while the regions with the lowest number of SMEs are North Kazakhstan (34,251), Pavlodar (53,361), and Kyzylorda (56,976).

3.2 State support. Damu Fund.

The Damu Fund is a government-backed financial institution in Kazakhstan that was established in 26 April, 1997. The primary purpose of the fund is to provide financial support to small and medium-sized businesses in the country.

The name "Damu" is derived from the Kazakh word for "support" or "assistance", reflecting the fund's mission to help foster economic growth by supporting entrepreneurship and small businesses.

The fund provides a range of financial services to entrepreneurs and small business owners, including loans, guarantees, and equity investments. It also offers training and consulting services to help entrepreneurs and small business owners develop their businesses and improve their chances of success.

The Damu Fund plays an important role in supporting the growth of small and medium-sized businesses in Kazakhstan. By providing access to finance and other resources, the fund helps to level the playing field for smaller businesses, which may otherwise struggle to compete with larger firms.

Over the years, the Damu Fund has supported thousands of businesses across a range of industries, including manufacturing, services, agriculture, and construction. Its impact has been particularly significant in rural areas, where access to finance and business support services can be limited.

Overall, the Damu Fund is an important institution in Kazakhstan's economic landscape, providing support to entrepreneurs and small business owners and helping to drive economic growth and development.

3.2.1 State support budgets for SMEs in OECD countries and Kazakhstan.

The entrepreneurship development in participating countries is continually monitored by the Organization for Economic Cooperation and Development. Kazakhstan is an active member of this organization and has successfully implemented OECD standards in all areas, including the SME sector.

Amidst a challenging economic situation, countries worldwide are taking steps to encourage business growth, and lending is a primary mechanism. In 2018, Kazakhstan ranked among the top five countries with the highest growth in lending to SMEs, with an increase of 7.17% (Entrepreneurship Development Fund, 2023)

Between the years 2013 to 2019, the government provided preferential financing for SMEs through the Damu Fund, which was similar in volume to OECD countries. The budget allocated for SME support programs during this period amounted to 748 billion tenge, which allowed the financing of 85.6 thousand SME projects, with a total value of 3.5 trillion tenge. Over the course of seven years, the SME loan portfolio in STBs has increased to 4.0 trillion tenge, with the proportion of SMEs in the portfolio growing to 26.9%.
(Entrepreneurship Development Fund, 2023)

Using the OECD Country Review, the Damu Fund conducted an analysis of the government funding allocated to stimulate entrepreneurship during 2018. The following figures were obtained: Turkey allocated 11,856 million US dollars for business development, Canada - 7,659 million, Russia - 2,298 million, Austria - 993 million, Kazakhstan - 901.5 million, Finland - 899 million, the Netherlands - 754.7 million, and the Czech Republic - 338 million

US dollars. The figures demonstrate that Kazakhstan is pursuing an ambitious policy towards business financing.
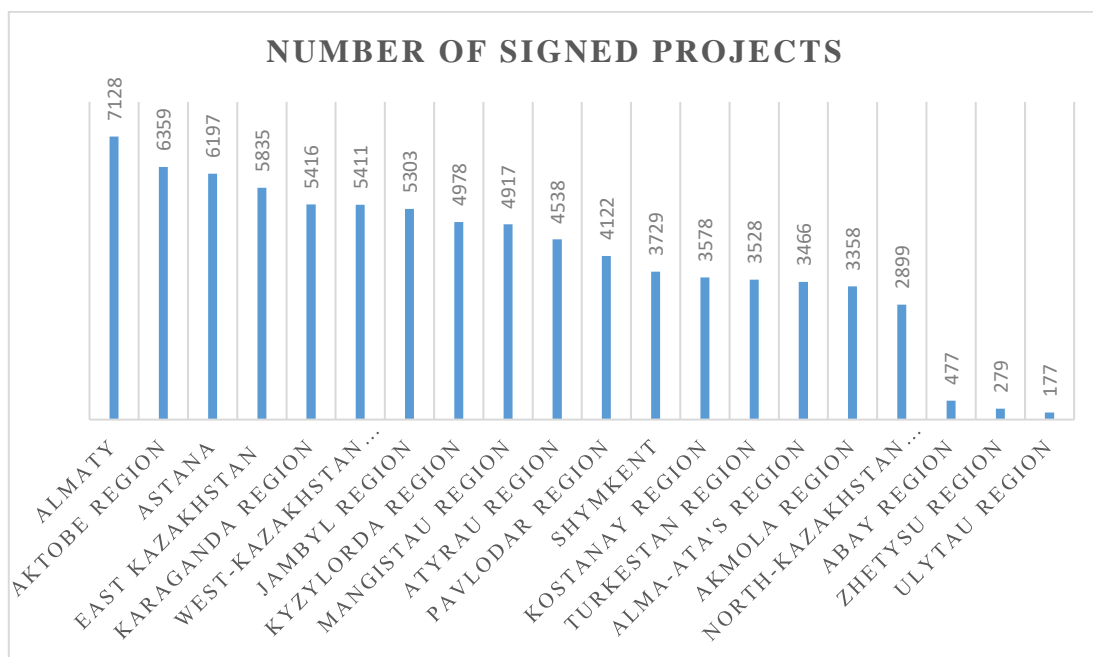
(Entrepreneurship Development Fund, 2023)

The primary means of supporting entrepreneurship in OECD countries include subsidies, guarantees, soft loans, financing for export-oriented companies, among others. These measures have also been successfully implemented in our country. Additionally, the Damu Fund has introduced new instruments, such as securitization, concessional lending based on Islamic financing principles, and the issuance of "green bonds" coupons, along with traditional support measures.

3.2.2 Subsidizing

From the 1st of January 2010 to the 12th of January 2022, a total of 81,695 projects were approved. These projects comprised of 19,437 projects in sectors that were impacted and 31,439 projects in portfolio subsidies. Among the regions, Almaty city, Aktobe region, and Astana city were the most active.

(Entrepreneurship Development Fund, 2023)

Figure 8. Number of signed projects by regions

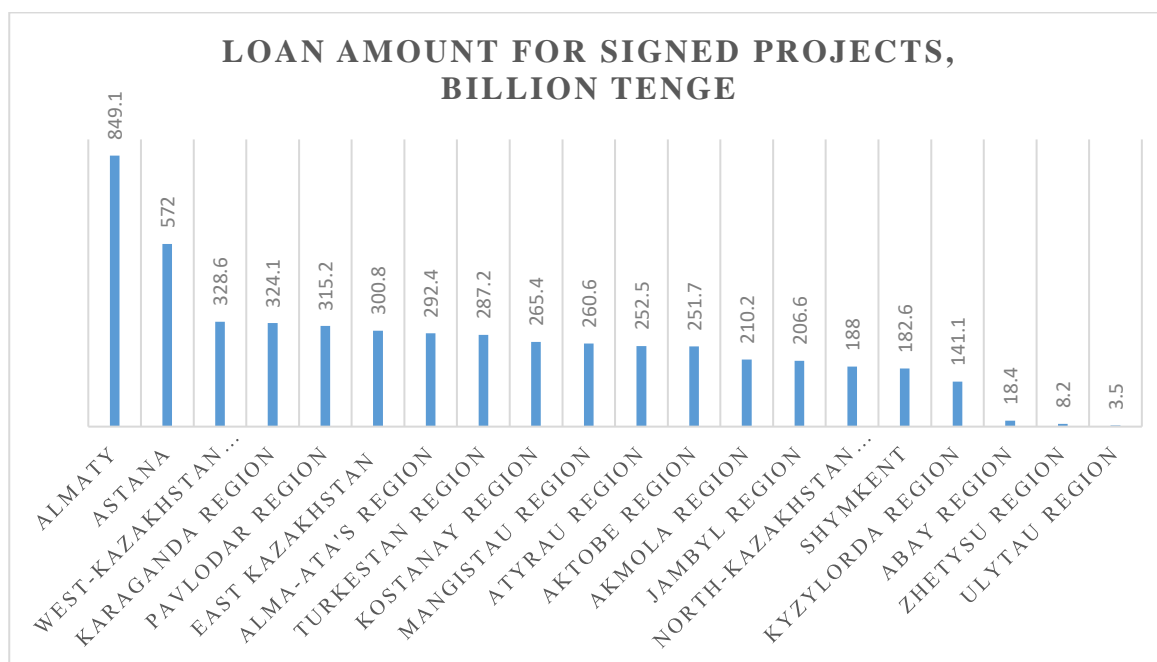Source: «DAMU» Entrepreneurship Development Fund» JSC

Almaty, Aktobe region, and Astana have the highest number of signed projects and contracts, with 7128, 6359, and 6197 respectively. These regions are likely to be significant economic hubs in Kazakhstan, with a high level of investment and business activity.

The regions with the lowest number of signed projects and contracts are Ulytau, Zhetysu, and Abay, with 177, 279, and 477 respectively. These regions may be less economically active, with fewer investment opportunities and business activities.

There are significant variations in the number of signed projects and contracts across different regions. For example, Almaty has almost 2.5 times more signed projects and contracts than the Akmola region, which is just a few regions down the list. This suggests that there may be significant disparities in economic development and opportunities across different regions in Kazakhstan.

The regions with the highest numbers of signed projects and contracts are concentrated in the southern and western parts of Kazakhstan, while the regions with the lowest numbers are in the central and eastern parts. This geographic pattern may reflect differences in natural resources, infrastructure, and access to markets, among other factors.

Figure 9. Loan amount for signed projects by regions in billion tenge

Source: «DAMU» Entrepreneurship Development Fund» JSC

30

Almaty has the highest loan amount for signed projects, at 849.1 billion tenge, which is significantly higher than the loan amounts for most other regions. This suggests that there may be a high level of investment and funding for projects in Almaty, making it a significant economic hub in Kazakhstan.

Astana, the capital city of Kazakhstan, has the second-highest loan amount at 572 billion tenge. This suggests that the capital city is a significant center for investment and development in the country, with a range of projects and initiatives underway.

The loan amounts for the other regions vary widely, with some regions having much higher loan amounts than others. For example, the loan amounts for the top five regions on the list (Almaty, Astana, West-Kazakhstan region, Karaganda region, and Pavlodar region) are all above 300 billion tenge, while the loan amounts for the bottom five regions on the list (Kyzylorda Region, Abay region, Zhetysu region, Ulytau region, and North-Kazakhstan region) are all below 200 billion tenge.

There is some overlap between the regions with the highest loan amounts and the regions with the highest numbers of signed projects and contracts. For example, Almaty and Astana are among the top regions in both tables, suggesting that these regions may be particularly attractive for investors and businesses.

3.2.3 Types of entrepreneurship in Kazakhstan

"Individual entrepreneurship is one of the forms of entrepreneurial activity available in Kazakhstan. To become an individual entrepreneur, it is necessary to submit a Notification of the beginning of activities as an individual entrepreneur to the state revenue authorities. This can be done through the e-government portal or the mobile application of second-tier banks, using the state information system e-license.kz. Types of individual entrepreneurship can be both personal and joint." (GOV.KZ, 2021)

"There is also a type of partnership for entrepreneurship with limited liability, called Limited Liability Partnership (LLP), where a person can open a business not alone, but with a friend

or partner. The main difference between LLP and Sole Proprietorship (SP) is that to register an LLP, the person must register the enterprise with the justice authorities. An LLP can engage in any activity, but certain activities require additional licenses, such as the sale of alcoholic beverages. To open an LLP, an authorized capital is required. The authorized capital is formed from the contributions of each member of the partnership, which determines their shares. This money cannot be spent on raw materials, rent, utilities, and other expenses. It is an untouchable amount that must remain in the LLP's account even during times of crisis. The authorized capital serves as a security deposit and is withdrawn in the event of the company's liquidation. The money can be used to pay off debts and other obligations of the LLP after bankruptcy." (GOV.KZ, 2021)

3.2.4 Taxation regimes in Kazakhstan for small business

The form of activity also depends on the tax regime, which must be indicated during registration. In Kazakhstan there are several taxation regimes, after choosing one of them, a small business entity is registered. There are two. One of them is the generally established procedure for taxation and special tax regimes. (GOV.KZ, 2021)

In Kazakhstan, small businesses can opt for a special tax regime that is provided for in the Tax Code. This regime has three types: a patent-based regime, a simplified declaration-based regime, and a fixed deduction-based regime. However, there are certain limitations on the number, turnover, and types of activities that qualify for this regime. (GOV.KZ, 2021)

Under the generally established taxation regime, small businesses need to submit a tax return for individual income tax annually, by March 31 of the following year. This tax return calculates the profit earned during the reporting period, which is subject to personal income tax at a rate of 10%. The profit is determined by subtracting all the official costs and expenses incurred during the reporting period, such as the purchase of goods, salaries, rent of premises, telephone communications, etc., from the business turnover. (GOV.KZ, 2021)

Another type of special tax regime in Kazakhstan is the simplified declaration-based regime. This regime applies to businesses that meet certain conditions, such as having up to 30

employees during the reporting period and earning an income of up to 24,038 MCI. Under this regime, the individual income tax rate is 3% of the income earned during the period (excluding expenses). Unlike the generally established regime, this regime requires businesses to pay taxes on their entire turnover without considering any expenses. Tax reporting is done once every six months. This regime aims to reduce the tax burden on businesses engaged in trade, public provision, and other services. (GOV.KZ, 2021)

The third type of special tax regime in Kazakhstan is the fixed deduction-based regime. This regime allows businesses to deduct an additional fixed amount of 30% of their total income without providing any documents. In addition, the wage fund can be reduced by 200%. To qualify for this regime, businesses must meet certain criteria, such as having a maximum number of 50 employees and earning a marginal income of up to 144,184 MCI. This regime offers a preferential tax refund for businesses engaged in wholesale and retail activities, providing other services, and working in the construction sector. (GOV.KZ, 2021)

As a business in Kazakhstan, you are required to register a cash register with the tax authority if you receive payments in cash or through bank cards for goods sold, services rendered, or work performed. However, you are not mandated to use a cash register for all transactions. You must purchase and register a cash register with the tax authority before receiving any cash payments. In other words, you should have a registered cash register at the time of receiving payment from buyers. (GOV.KZ, 2021)

3.2.5 Women in small and medium size enterprises in Kazakhstan

Women play an important role in small and medium-sized enterprises (SMEs) in Kazakhstan, as they occupy 31.4% of jobs in the sector and contribute to 14.6% of the country's GDP through entrepreneurship. As of 2020, 28.3% of enterprises were led by women. Providing economic benefits for women in entrepreneurship helps address issues such as gender inequality, poverty, and unemployment. Kazakhstan is continually improving its policies to support women in entrepreneurship.

There are several government programs to support women's entrepreneurship, such as the "Enbek" Program for the Improvement of Productive Employment and Mass Entrepreneurship for 2017-2021, the "Employment Roadmap for 2020-2021," the "Business Roadmap 2025," as well as various programs from international organizations and the "Damu" Entrepreneurship Development Fund. During the pandemic, measures were taken to support SMEs, such as tax incentives, protection of borrowers from financial organizations, and motivation for citizens affected by job cuts.

(Satpaeva, Small but remote: Women's entrepreneurship in Kazakhstan., 2020)

These state support measures have led to an increase in the percentage of enterprises led by women. From 2010 to 2020, the overall percentage of women-led enterprises increased from 26.1% to 28.3%, taking into account the size of the enterprises. However, women's participation in large enterprises remains low. In 2020, women led only 17.9% of large, 28.3% of small, and 33.2% of medium-sized enterprises in the country. The highest percentage of women-led enterprises is in the Kostanay region, Astana, and Almaty (29.3%), while the lowest is in the Turkestan region (24.0%).

(Satpaeva, Small but remote: Women's entrepreneurship in Kazakhstan., 2020)

The most popular sector for women's entrepreneurship in Kazakhstan is the self-employed sector (SEs). As of January 1, 2020, there were 1,330,244 SEs in the country, of which 575,524 (43.3%) were managed by women. The highest concentration of female-led enterprises is in Almaty, Astana, and the Almaty region. However, there is low activity in female entrepreneurship in the North Kazakhstan, West Kazakhstan, and Akmola regions.

(Satpaeva, Small but remote: Women's entrepreneurship in Kazakhstan., 2020)

3.2.6 COVID-19

From the beginning of the pandemic Covid-19 in the end of the year 2019, virus was spreading enormously quickly and contaminated 204 countries all around the world. The virus has impact in all the economics sectors especially in SMEs.

The impact of Covid-19 on SMEs in Kazakhstan has been significant, with many businesses facing challenges related to decreased demand, disrupted supply chains, and reduced access to finance.

According to a survey conducted by the Asian Development Bank in 2020, 48.5% of SMEs in Kazakhstan reported a negative impact from Covid-19, while 34.7% reported a neutral impact. Only 10.9% of SMEs reported a positive impact from Covid-19, while 5.9% reported no impact.
(Asian Development Bank, 2023)

One of the main challenges facing SMEs in Kazakhstan has been reduced demand for their products and services due to the pandemic. This has been particularly challenging for businesses in the retail, tourism, and hospitality sectors. Many SMEs have also faced disrupted supply chains, making it difficult to access the raw materials and goods needed to operate their businesses.

Access to finance has also been a major challenge for SMEs in Kazakhstan during the pandemic. According to the EBRD survey, 49% of SMEs reported a decline in access to finance due to the pandemic. This has been due to a combination of factors, including reduced demand and increased risk for lenders, as well as changes in government regulations related to lending.

A survey by the European Bank for Reconstruction and Development (EBRD) found that 49% of SMEs in Kazakhstan reported a decline in access to finance due to the pandemic. Government regulations and infrastructure development have also been identified as major challenges for SMEs in Kazakhstan, with 23.8% and 24.8% of businesses respectively reporting these as major challenges according to the EBRD survey.
(European Bank for Reconstruction and Development , 2023)

To address the impact of Covid-19 on SMEs, the government of Kazakhstan has implemented various measures, including providing financial support and tax breaks to affected businesses. The EBRD has also launched a program to provide emergency support to SMEs affected by the pandemic, including access to finance and technical assistance.

The EBRD has also launched a program to provide emergency support to SMEs affected by the pandemic. This includes access to finance and technical assistance to help businesses adapt to the challenges of the pandemic and build resilience for the future.

Overall, the impact of Covid-19 on SMEs in Kazakhstan has been significant, but there are efforts underway to provide support and assistance to affected businesses. As the pandemic continues to evolve, it will be important for policymakers and business leaders to continue to work together to address the challenges facing SMEs and promote a sustainable and resilient business environment.

4 Practical Part

In this practical part, author will analyse the relationship between the number of registered SMEs in Akmola region, Almaty region, and the cities of Astana and Almaty, and macroeconomic variables, including GDP, unemployment, inflation, FDI, and HDI. To achieve it statistical program Gretl was used.

The survey data is an essential aspect of this analysis as it provides valuable insights into the current level of government support for SMEs in the regions and cities under investigation. By incorporating survey data, author aims to gain a more comprehensive understanding of the factors that may impact the number of registered SMEs in each region and city.

Using Gretl, author will perform statistical analyses to determine whether there is a significant relationship between the number of registered SMEs and the selected macroeconomic variables. The thesis helps to shed light on the extent to which the economic indicators impact the SME sector in the regions and cities under investigation.
In addition to the reserach, a SWOT analysis was conducted to identify the internal strengths and weaknesses, as well as external opportunities and threats facing the SMEs in Kazakhstan.

4.1 Population size of the study

This study focused on small and medium-sized businesses in the Akmola region of Kazakhstan, with a total of 300 participants included in the sample. The Akmola Chamber of Entrepreneurs provided the researchers with a list of SMEs in the region.

4.1.1 Procedure of data collection

The data collection procedure involved the following steps:

Contacting SMEs: The selected SMEs were contacted through email, phone and messenger. (Whatsapp).

Providing information: The SMEs were provided with information on the purpose and importance of the study and were assured of the confidentiality of their responses.

Administering the survey: The SMEs were given the survey questionnaire and allowed sufficient time to complete it.

4.1.2   The research design

The research designs for this study were a quantitative and qualitative survey. A survey questionnaire was developed to gather data from SME owners and managers in the Akmola region. The survey aimed to identify the factors that influence the growth and development of SMEs, including the regulatory environment, access to financing, infrastructure development, market competition, the influence of COVID-19, and government support. The survey was conducted using a structured questionnaire with 15 questions.

4.1.3   Ethical consideration

In this chapter, author discusses the ethical considerations that were taken into account during the research process. The research aims to investigate the growth and development of SMEs in the Akmola region of Kazakhstan using a semi-structured survey as the primary data collection tool. The survey data was gathered from SME owners and managers in the region. To ensure the ethical and responsible conduct of the research, the following measures were taken:

Informed consent was obtained from all the SME owners and managers who participated in the survey. The consent form included a clear explanation of the research purpose, what participation involved, and any risks or benefits associated with participation. The respondents were also informed that participation was voluntary, and that they could withdraw from the study at any time.

The survey questions were designed to be non-intrusive and sensitive. The respondents were not asked to disclose any personal or confidential information that could potentially harm them.

In conclusion, the research was conducted in an ethical and responsible manner to ensure that the rights and interests of the survey respondents were respected. The measures taken included obtaining informed consent, ensuring anonymity and confidentiality, protecting the data, minimizing harm, addressing potential conflicts of interest.

4.2 Factors Affecting Economic Growth

The main factors of economic growth are GDP growth, FDI, HDI, Unemployment rate, Inflation. Main factors are described and compared.

### 4.2.1 GDP of Kazakhstan from 2000 to 2020

Figure 10. GDP growth (%)
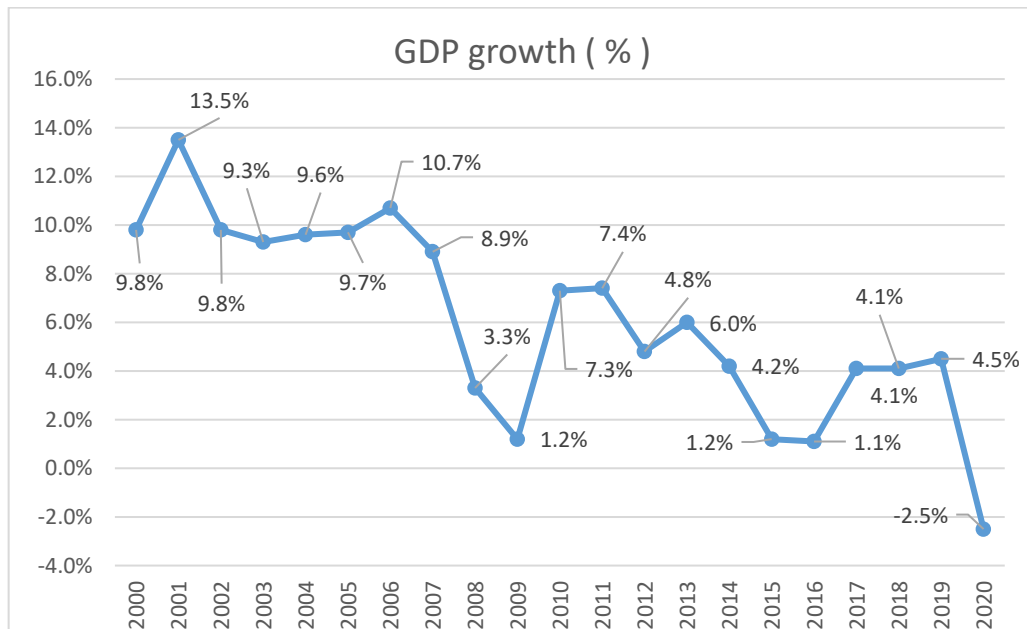
Source: Own processing, based on the data of Worldbank (2022).

According to the World Bank (2021), Kazakhstan's GDP grew at an average annual rate of 3.3% between 2000 and 2020. However, the country experienced a slowdown in GDP growth in 2020 due to the COVID-19 pandemic, with the economy contracting by 2.6% compared to 2019. The International Monetary Fund (2020) notes that the decline in GDP was largely driven by a drop in oil prices and a reduction in oil production, which are key drivers of Kazakhstan's economy. The country's dependence on the natural resource sector has been identified as a challenge to achieving sustained economic growth, with efforts underway to diversify the economy and promote the development of the non-resource

sectors (National Bank of Kazakhstan, 2021). Despite these challenges, Kazakhstan has made significant progress in improving its business climate and attracting foreign investment, which could support future economic growth (Central Intelligence Agency, 2021).

4.2.2 Comparison FDI, HDI, Population growth, Inflation and unemployment

Figure 11. FDI, HDI, Population growth, Inflation and unemployment
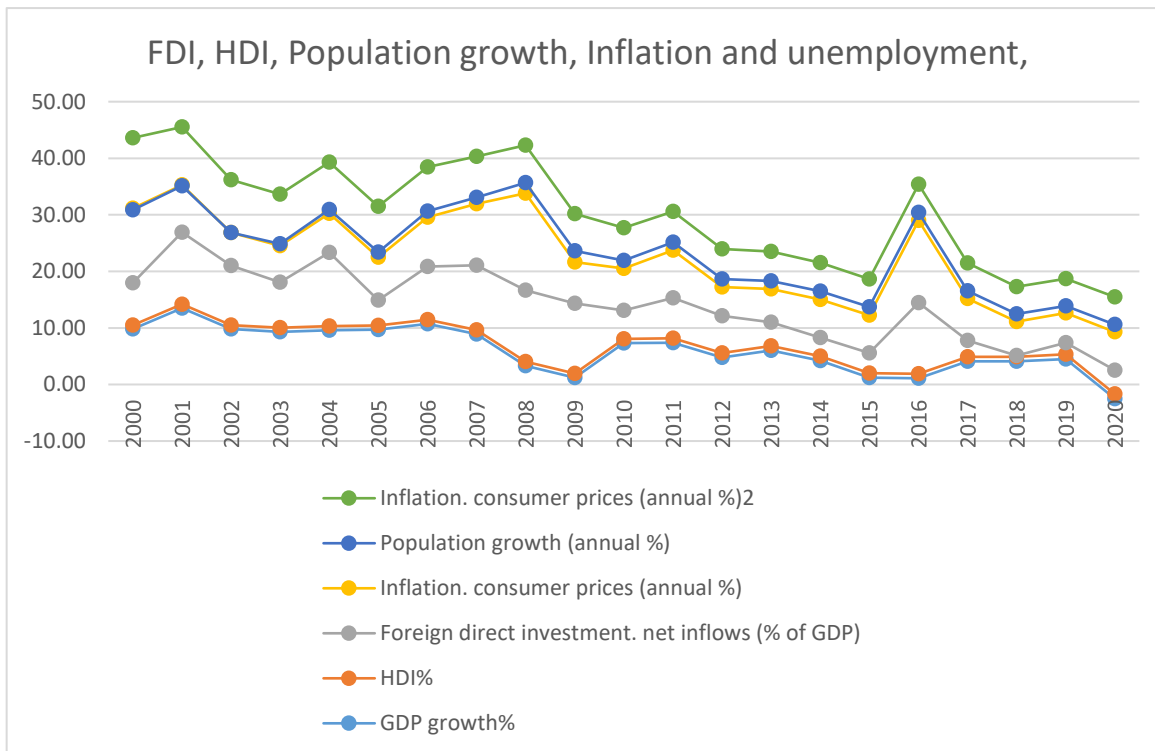
Source: Own processing, based on the data of Worldbank (2022), Our world in data (2021)

Comparing the data for HDI, FDI, population growth, inflation, and unemployment can provide insights into the overall economic and social conditions of a country or region.

It can be observed that HDI has been steadily increasing over time, indicating an improvement in living standards, education, and health. FDI has fluctuated over time, with some years showing higher levels of foreign investment than others. Population growth has also been increasing, but the rate of growth has been gradually slowing down.

Inflation has fluctuated over time as well, but it has generally remained relatively low, with some years showing slightly higher rates. Unemployment has been decreasing over time, indicating an improvement in the labor market.

These indicators can be connected to each other in various ways. For example, FDI can contribute to economic growth, which can lead to higher living standards and, in turn, higher HDI. Population growth can impact the labor market and consumer demand, which can affect unemployment and inflation rates. Inflation can impact living standards and purchasing power, which can affect HDI.

Analyzing these indicators together can provide a comprehensive understanding of the economic and social conditions of a country or region, and can help inform policy decisions aimed at improving these conditions.

4.2.3 The result of survey tool

1. *How many people in comparison to male and female are in SMEs business?*

Figure 12. Gender partition in SMEs
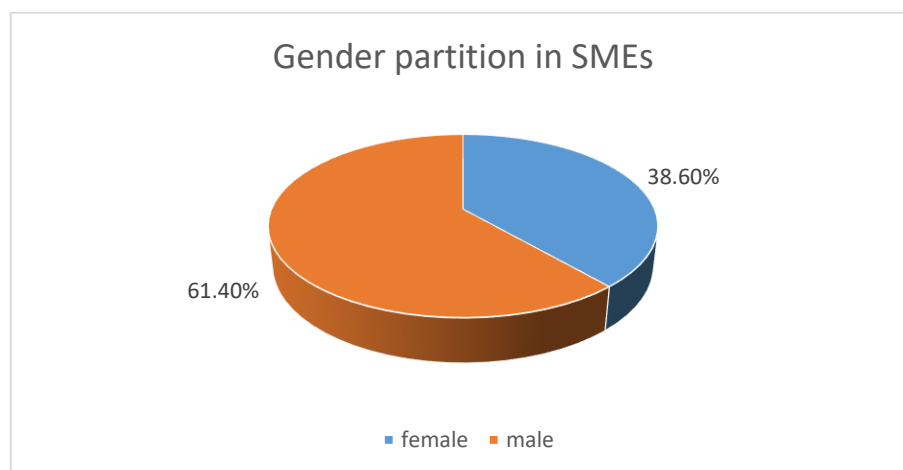
Source: Own processing, based on the data from survey (2023)

Provided data suggests that while there is still a gender gap in SMEs, there is an increasing number of female-owned businesses. The data shows that 38.6% of SMEs are owned by women, which is above one-third of the total. This may indicate that more women are taking on entrepreneurship and starting their own businesses.

However, the fact that males still own more than half (61.4%) of SMEs may suggest that there are still barriers or challenges that women face when it comes to entrepreneurship. These barriers may include limited access to funding, resources, and networks, as well as societal and cultural biases that favor male-owned businesses.

It is worth noting that having a diverse pool of business owners can bring a range of benefits to the economy and society as a whole. Female-owned businesses may bring different perspectives, ideas, and approaches to the market, which can lead to increased innovation and economic growth.

2. *How old are people who enter SMEs market?*

Figure 13. Age proportion
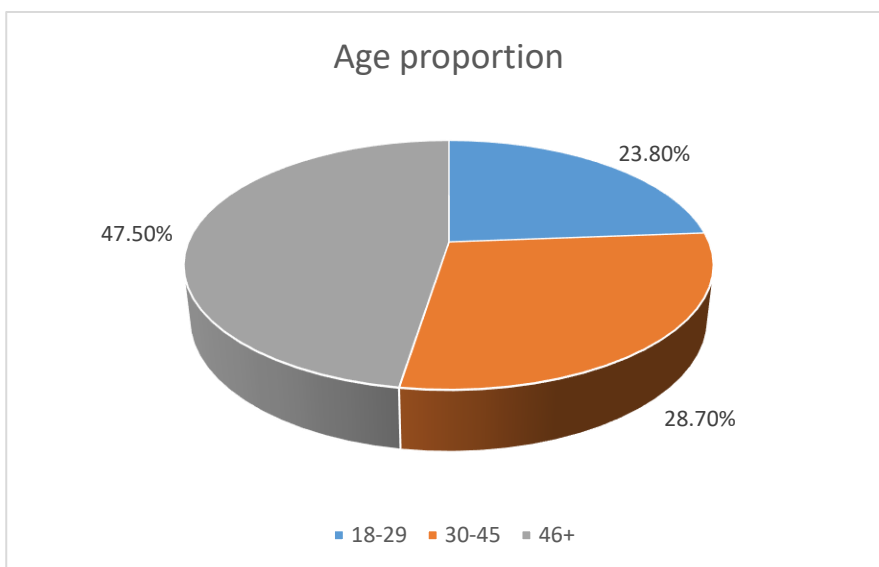
Source: Own processing, based on the data from survey (2023)

Based on the research we can see that almost half of the SMEs (47,5%) are owned by people who are older then 46 years old. On the second place with 28,7% are people in the age of 30 to 45 years old. And last but not least we have people in the age of 18 to 29 years old that také 23,8% on the market.

The data suggests that the majority of small and medium-sized enterprises (SMEs) are owned by individuals who are over the age of 46. This may indicate that older individuals have more experience, resources, and networks to start and run a business successfully. On the other hand, younger individuals may face more challenges in terms of limited experience, capital, and connections.
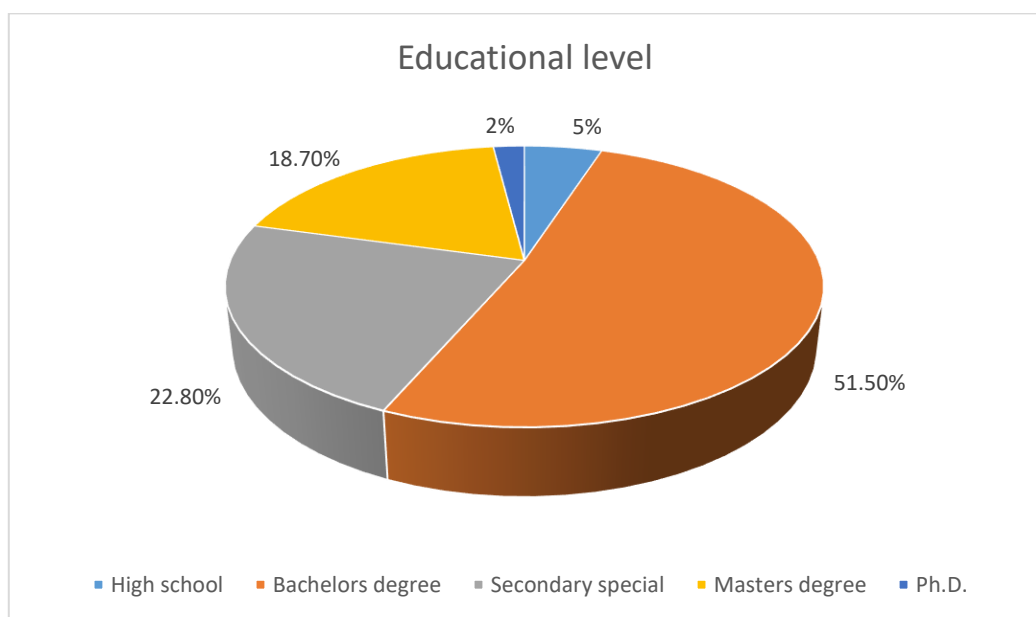
It is worth noting that while the percentage of SMEs owned by people aged 18 to 29 is relatively low (23.8%), this age group still represents a significant portion of the market.

Young entrepreneurs often bring fresh ideas, innovative thinking, and a willingness to take risks, which can be valuable assets for starting and growing a successful business.

Overall, the age distribution of SME owners suggests that there is no one-size-fits-all approach to entrepreneurship. Success can come from individuals of any age, provided they have the right combination of skills, knowledge, and support.

3. *What is highest education level in the SMEs?*

Figure 14. Educational level

Source: Own processing, based on the data from survey (2023)

The majority of SMEs are owned by individuals who have a Bachelor's degree. This may indicate that having a Bachelor's degree provides individuals with the skills, knowledge, and resources necessary to start and run a business successfully.

It is worth noting that while the percentage of SME owners with a Master's degree is relatively low (18.7%), this may still represent a significant portion of the market. Individuals with a Master's degree may bring additional expertise, experience, and connections that can be beneficial for entrepreneurship.

The fact that only 2% of SME owners have a Ph.D. may indicate that pursuing a higher degree may not be necessary for success in entrepreneurship.

The relatively low percentage of SME owners with a high school diploma (5%) suggests that pursuing higher education may be beneficial for those interested in entrepreneurship. However, it is worth noting that 22.8% of SME owners have a secondary specialization, which may indicate that individuals with vocational or technical training may also be successful in entrepreneurship.

4. *What is the size of your SME in terms of employees?*

Figure 15. Size og the SME in terms of employees
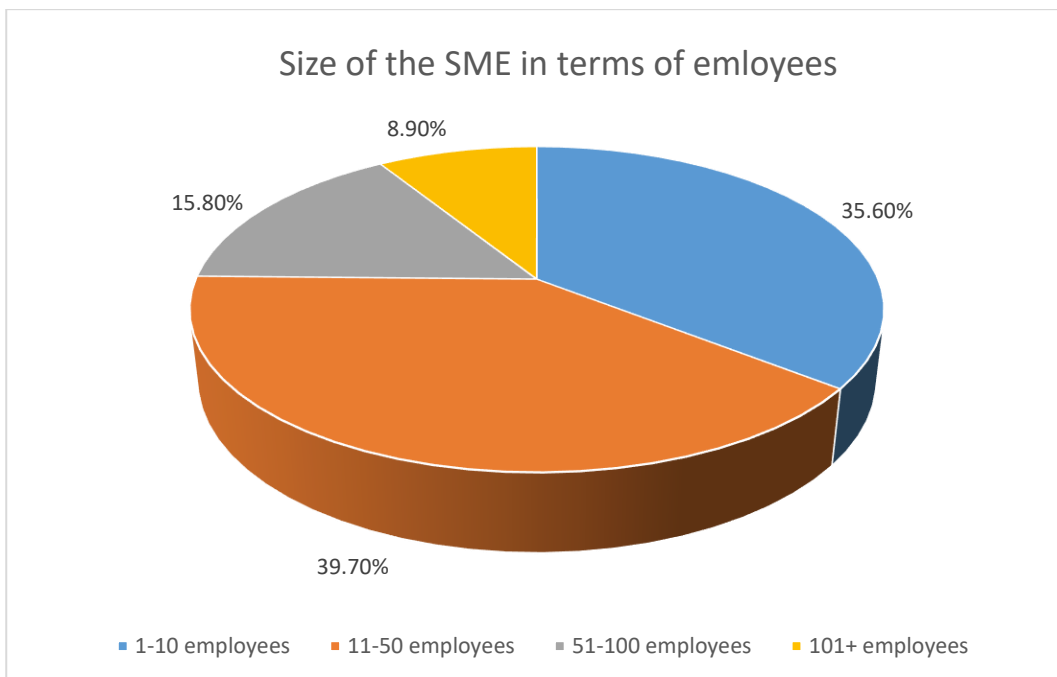
Source: Own processing, based on the data from survey (2023)

The most popular size of SMEs in terms of employees is between 11 and 50 employees per SME, which makes up 39.7% of the market. This may indicate that many SMEs fall within the range of being relatively small but still having a significant number of employees.

The data also shows that 35.6% of SMEs have between 1 and 10 employees, which suggests that many small businesses are operated by a small team or even a sole proprietor.

SMEs with 51 to 100 employees make up 15.8% of the market, indicating that there are still a significant number of medium-sized businesses in the market. These businesses may have more resources and capacity to expand and grow compared to smaller businesses.

Finally, SMEs with more than 101 employees make up only 8.9% of the market, suggesting that there are relatively few large businesses in the SME market. However, these larger businesses may still have a significant impact on the economy and may provide more job opportunities and contribute more to GDP.

5. *How long has your SME been in operation in the Akmola region?*

Figure 16. Period of the time of SME in operation in the Akmola region
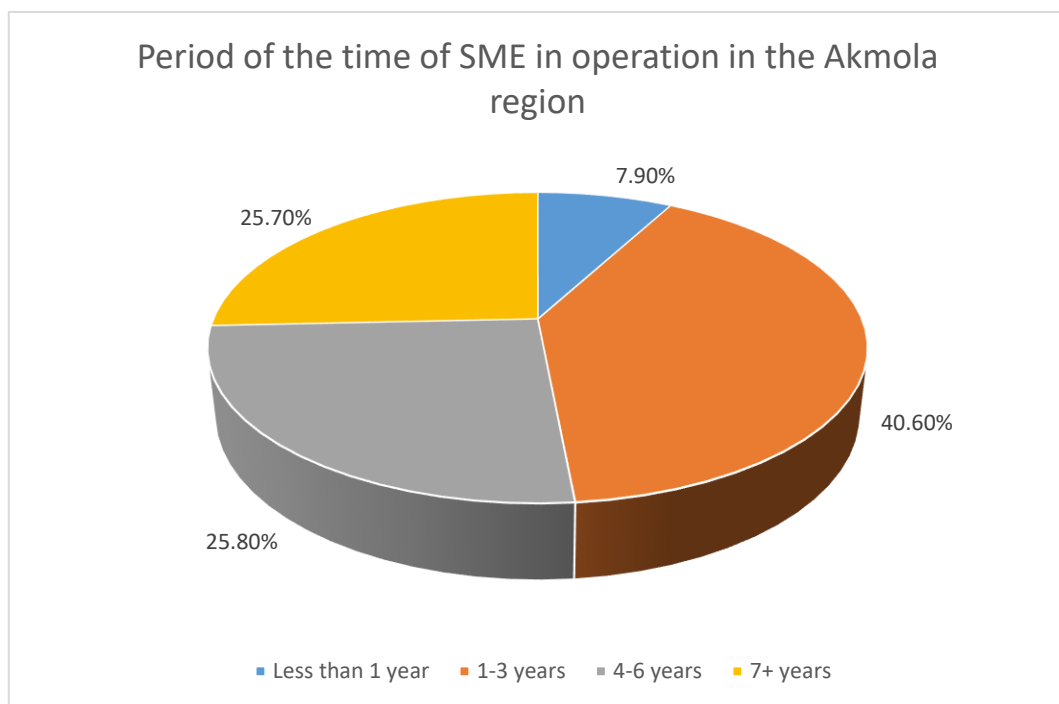
Source: Own processing, based on the data from survey (2023)

Data suggests that SMEs are at different stages of their business cycle in terms of how long they have been operating in the market. According to the data, 40% of respondents said that their SMEs have been on the market for 1 to 3 years, which may indicate that there is a relatively high turnover of businesses in the SME market.

25.8% of respondents said their SMEs have been on the market for 4 to 6 years, indicating that a significant number of businesses are entering the market and are able to survive and grow beyond the initial start-up phase.

Another 25.7% of respondents said that their SMEs have been on the market for more than 7 years. This suggests that there are businesses that have established themselves in the market and have been able to remain competitive and successful over a longer period of time.

The smallest value of 7.9% indicates that a relatively small number of SMEs are on the market for less than 1 year. This may suggest that it is difficult for new businesses to enter the market, but those that do survive and grow beyond the first year have a good chance of establishing themselves in the market.

6. What is the nature of your SME's business activities?

Figure 17. Nature of SME's business activities
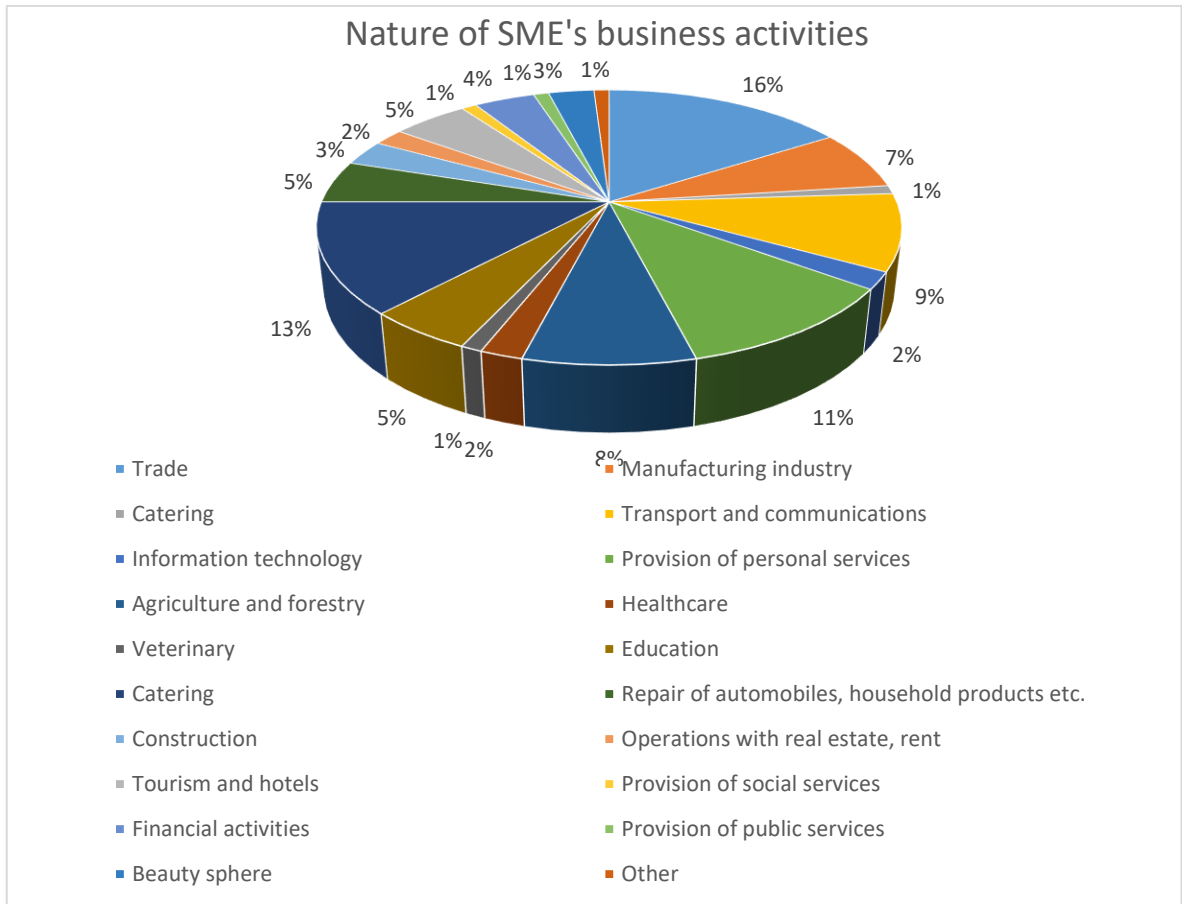
Source: Own processing, based on the data from survey (2023)

Our respondets are from various business spheres starting from trade to beauty sphere. As we can see the most common SMEs segments are trade (16%), catering (13%), provision of personal services (11%), transport and communication (9%) and agriculture and forestry (8%). Other than that we can see that market has all types of varieties of the SMEs.
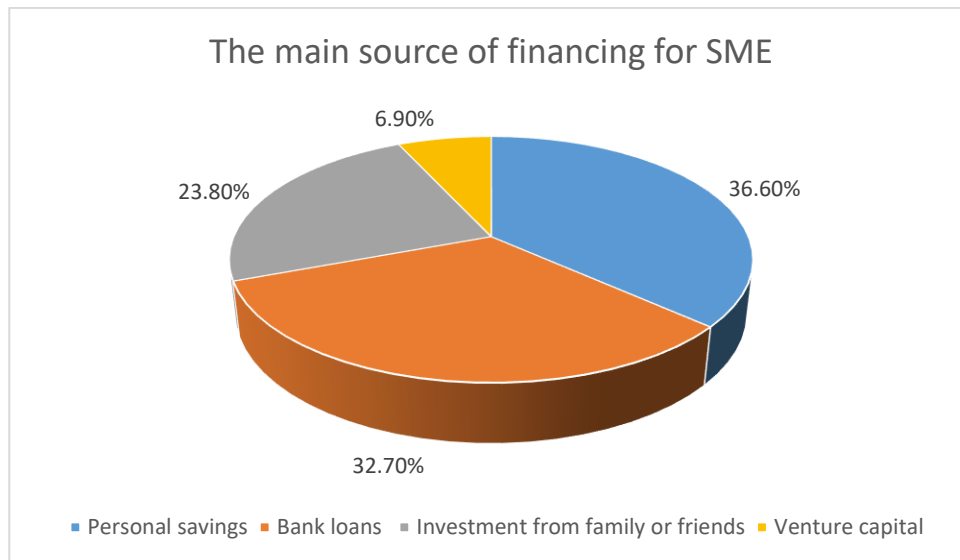
7. What is the main source of financing for your SME?

Figure 18. The main source of financing for SME

Source: Own processing, based on the data from survey (2023)

We can see that there are different sources of financing for SMEs. According to the data, 36.6% of respondents said that their main source of SME financing is personal savings. This may indicate that many entrepreneurs rely on their own savings to start and grow their businesses.

32.7% of respondents said they prefer bank loans as a source of SME financing. This may indicate that traditional lending is still an important source of financing for many SMEs.

23.8% of respondents said they have investments from family or friends as a source of SME financing. This may indicate that there is a network of informal financing among family and friends that is important for SMEs.

Only 6.9% of respondents said that their source of SME financing comes from venture capital. This suggests that venture capital is not a common source of financing for SMEs, at least among the respondents in the study.

8. What is the current level of government support for your SME?

Figure 19. The main source of financing for SME

The main source of financing for SME

6.90%

23.80%   36.60%

32.70%

■ Personal savings   ■ Bank loans   ■ Investment from family or friends   ■ Venture capital
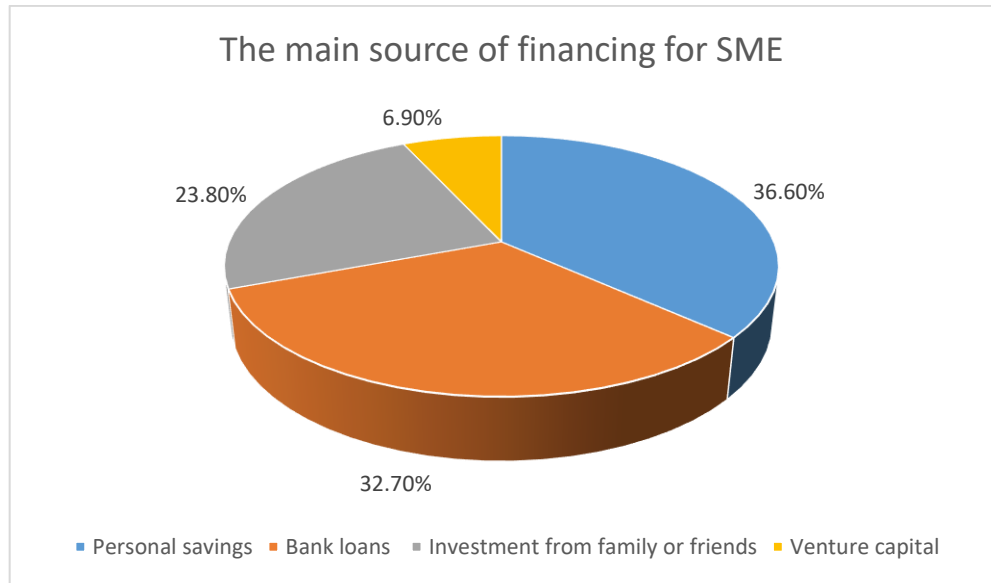
Source: Own processing, based on the data from survey (2023)

Data collected suggests that government support is not always necessary for successful business growth, but it can still be an important factor. According to the data, 25.7% of the respondents reported that they receive no government support. This may indicate that some businesses are able to thrive and grow without any external support from the government.

31.7% of the respondents reported receiving minimal government support. This may suggest that some businesses receive some support from the government, but it is not enough to significantly impact their growth and development.

36.6% of the respondents reported receiving moderate government support. This may indicate that some businesses receive a significant amount of support from the government, which could be in the form of grants, tax incentives, or other forms of financial assistance.

Only 6% of the respondents reported receiving high government support. This suggests that government support may be limited in some regions, or that some businesses may not qualify for certain types of support.

9. *What is the level of competition in your SME's market?*

Figure 20. Level of the competition in the SME's market
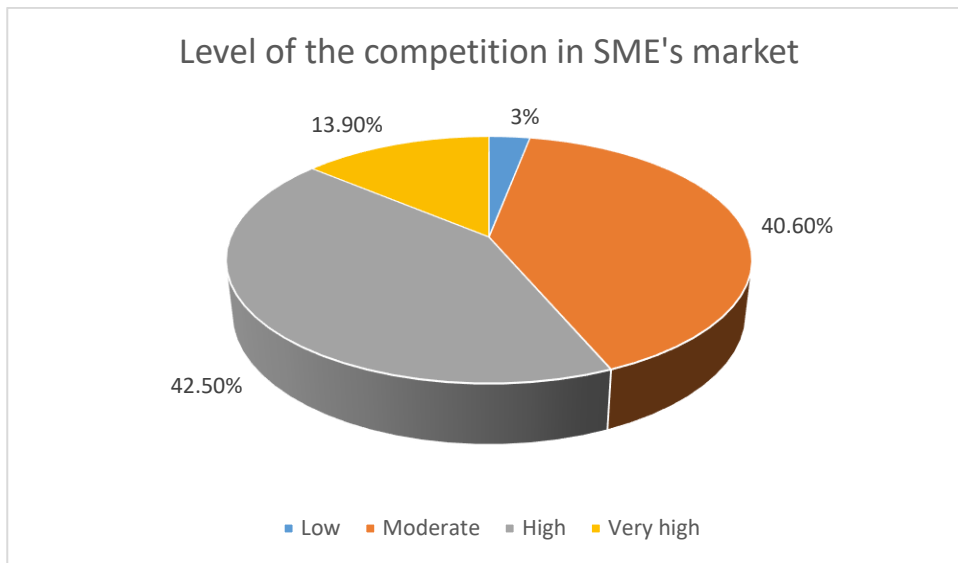
Source: Own processing, based on the data from survey (2023)

In competition is an important factor in the SME market. According to the data, 42.5% of the respondents reported having high competitiveness in their market. This may indicate that these businesses are facing significant competition from other companies in their industry and must work hard to differentiate themselves and stand out in order to be successful.

Around 40.6% of the respondents reported having moderate competitiveness in their market. This may suggest that these businesses are facing some competition from other companies, but are still able to compete effectively and maintain a strong position in their industry.

13.9% of the respondents reported facing very high competitiveness in their market. This may indicate that these businesses are operating in highly competitive industries and must work hard to differentiate themselves and stand out in order to succeed.

Only 3% of the respondents reported having low competitiveness in their market. This suggests that most SMEs are facing at least some competition and must work hard to compete effectively in their industry.

10. How has the COVID-19 pandemic affected your SMEs operations?

Figure 21. Affect of the COVID-19 in the SMEs operations
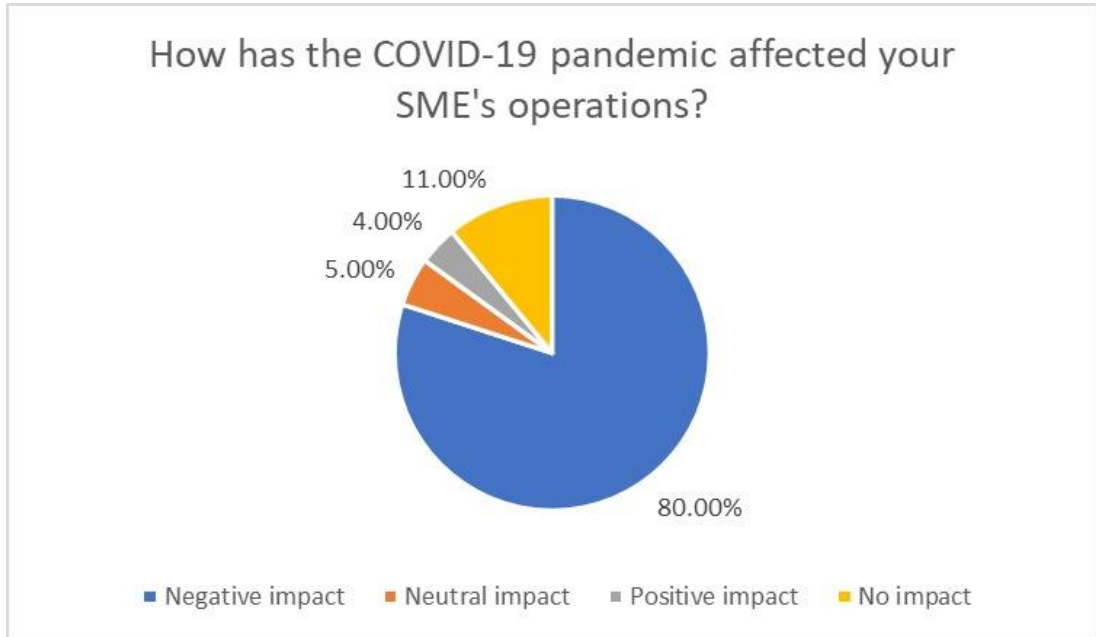
Source: Own processing, based on the data from survey (2023)

The majority of SMEs have been negatively impacted by the COVID-19 pandemic, with 80% reporting a negative impact. Only a small percentage of SMEs report a neutral impact at 5%, and an even smaller percentage report a positive impact at 4%. Additionally, 11% of SMEs report no impact from the COVID-19 pandemic.

It is important to note that the impact of the COVID-19 pandemic on SMEs may vary depending on factors such as industry, location, and business size

11. What are the major challenges facing your SME in the Akmola region?

Figure 22. Major challenges facing SME in the Akmola region
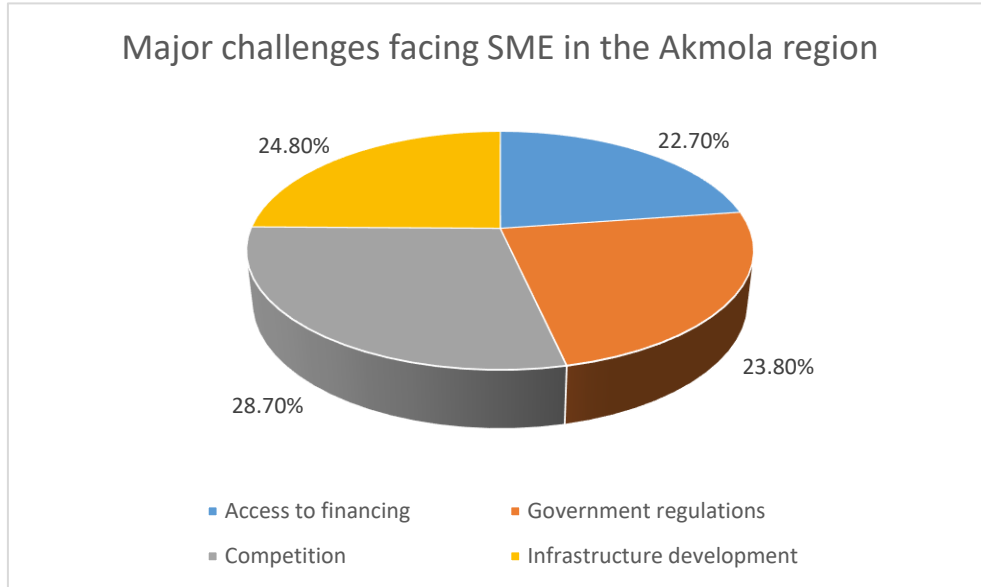
Source: Own processing, based on the data from survey (2023)

The most significant challenge, reported by 28.70% of SMEs, is competition. Another significant challenge, reported by 24.80% of SMEs, is infrastructure development. Government regulations were identified as a significant challenge by 23.80% of SMEs. Access to financing was reported as a challenge by 22.70% of SMEs. This could indicate that businesses in the region are having difficulty securing the funding they need to grow and expand.

12. What state support in the field of education do you need?

Figure 23. State support in the field of education
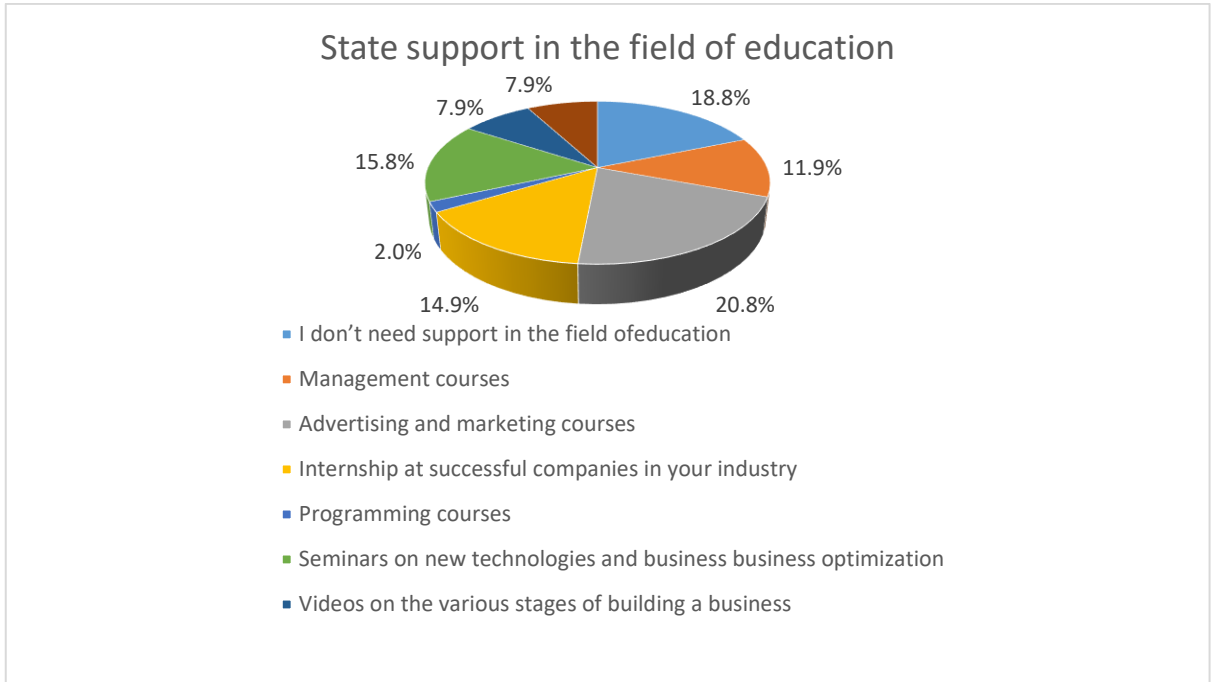
Source: Own processing, based on the data from survey (2023)

According to the survey, there are various areas in which individuals feel they need support from the government in the field of education. Approximately 18.8% of individuals reported that they do not need support in the field of education. Among those who do need support, the most commonly cited area is advertising and marketing courses, which were mentioned by 20.8% of respondents. Seminars on new technologies and business optimization were mentioned by 15.8% of respondents, internship at successful companies in the industry and internship abroad at successful companies in the industry were mentioned by 14.9% and 7.9% of respondents, respectively. Management courses were cited by 11.9% of respondents, indicating a desire for skills and knowledge related to business management. Videos on the various stages of building a business were mentioned by 7.9% of respondents and programming courses were mentioned by only 2.0%.

13. Is it easy to get financial support for small and medium-sized businesses?

Figure 24. Level of complexity to get financial support for SMEs
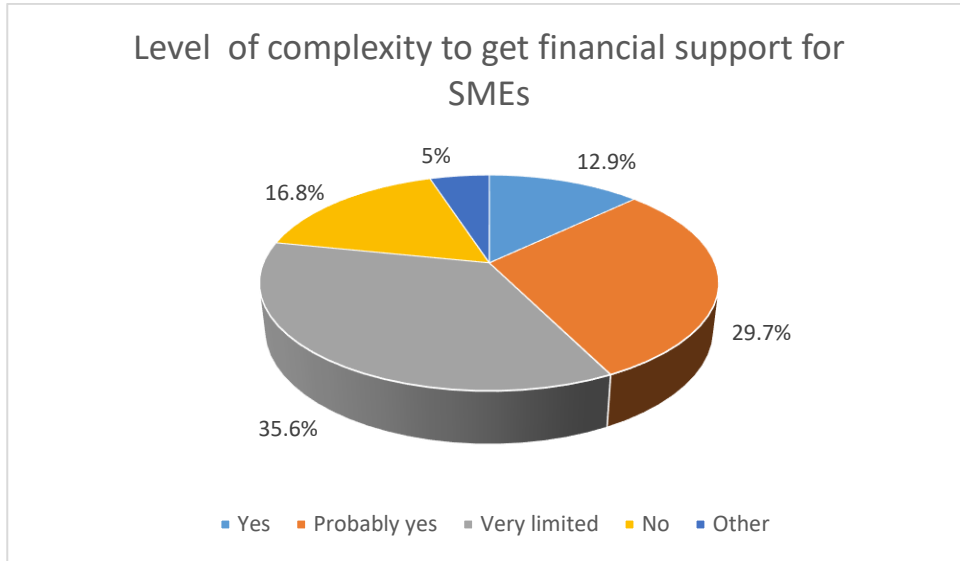
Source: Own processing, based on the data from survey (2023)

In the survey there are mixed responses on the ease of getting financial support for SMEs. Only 12.9% of respondents answered that it is easy to get financial support for SMEs. However, 29.7% of respondents answered "probably yes", suggesting that while it may not be easy, there is a chance of getting financial support for SMEs. On the other hand, a significant proportion of respondents, 35.6%, answered "very limited", indicating that it is difficult to get financial support for SMEs. 16.8% of respondents answered "no", suggesting that they do not believe it is possible to get financial support for SMEs. Finally, 5% of respondents answered "other", indicating that they have a different perspective or experience related to the ease of getting financial support for SMEs.

14. Form of business aktivity

Figure 25. Form of business activity
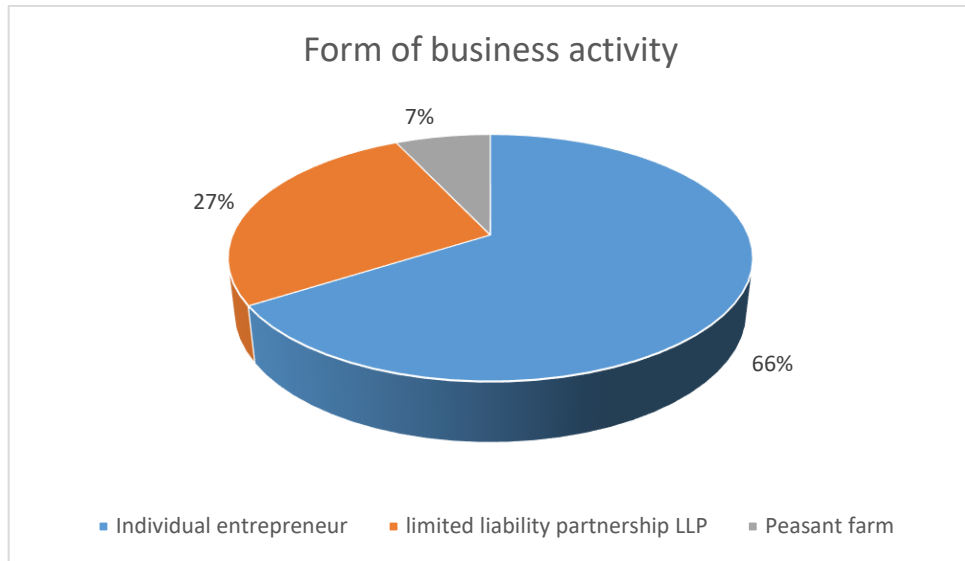
Source: Own processing, based on the data from survey (2023)

The majority of business activity in the region is conducted by individual entrepreneurs, accounting for 66% of the total. This suggests that the region has a large number of small businesses operated by individuals. Limited liability partnerships (LLP) were the second most common form of business activity, representing 27% of the total. LLPs are a popular form of business organization for SMEs as they offer the benefits of limited liability for the partners. Peasant farms accounted for 7% of the total. Peasant farms are typically small-scale agricultural operations run by individuals or families, often with traditional and sustainable farming practices.

15. What is the most prosperous region(city) in Kazakhstan to start a business?

Figure 26. The most prosperous regions
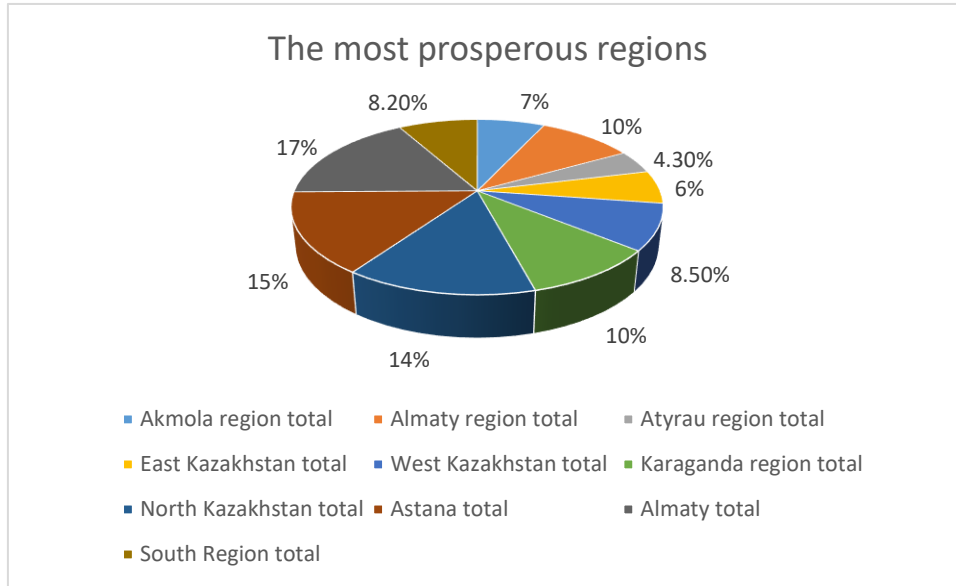
Source: Own processing, based on the data from survey (2023)

The data provides percentages for the total number of businesses in various regions and cities in Kazakhstan. The North Kazakhstan region has a relatively high percentage of businesses with 14%. In contrast, the Atyrau region has the lowest percentage of businesses at 4.3%. The Karaganda and Akmola regions both have 10% of businesses, while the East and West Kazakhstan regions have 6% and 8.5% respectively. Overall, the data provides a snapshot of the distribution of businesses across Kazakhstan, with the cities of Almaty and Astana being the most significant contributors to the country's overall business landscape.

4.3 Descriptive statistics

Table 4. Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
What is your gender? Male= 0, Female=1	300	0	1	0.5	0.487
How old are you? 18 - 29:0, 30-45:1, 46 - 46+:2	300	0	2	32.5	10.1
Your highest educational level achieved. High school = 0, Secondary special = 2, Bachelor degree = 1, Master = 3, Ph.D. = 4.	300	0	4	1.6078	1.0555
What is the size of your SME in terms of employees? 1-10=0, 11-50=1, 51-100=2, 101+=3	300	0	3	28.76	26.03
How long has your SME been in operation in the Akmola region? Less than year=0, 1-3 = 1, 4-6=2, 7+=3	300	0	3	1.72	1.093
What is the nature of your SME's business activities? Trade=0, manufacturing industry=1, transport=2, services = 3, agruculture=4, Healthcare=5, Education=6, Catering=7, Tourism=8, finance=9, construction=10	300	0	10	5.08	3.1
What is the main source of financing for your SME? Personal savings=0, bank loans=1, investment from family and friends=2, venture capital=3	300	0	3	1.12	0.96
What is the level of competition in your SME's market? Low=0, moderate=1, high=2, very high=3	300	0	3	1.91	0.9867
How has the COVID-19 pandemic affected your SME's operations? Negative impact=0, neutral impact=1, positive impact=2, no impact=3	300	0	3	0.61	0.79
What are the major challenges facing your SME in the	300	0	3	2.04	1.02

	N	Minimum	Maximum	Mean	Std. Deviation
Akmola region? Access to financing=0, Government regulations=1, Competition=2, Infrastructure development=3					
What state support in the field of education do you need? I don't need=0, Management=1, marketing=2, Internship=3, programming=4, seminars=5, videos =6	300	0	6	2.18	1.88
Is it easy to get financial support for small and medium-sized businesses? Yes=0, Probably yes =1, Very limited =2, No=3	300	0	3	1.13	0.91
Form of business activity Individual entrepreneur=0, Limited liability partnership LLP=1, Peasant farm =2	300	0	2	0.44	0.53
What is the current level of government support for your SME? None=0, minimal=1, moderate=2, high=3	300	0	3	1.3	1.05

Source: Own processing, based on the data from survey (2023)

This table shows the descriptive statistics for different variables that were collected from a sample of 300 individuals or small and medium-sized enterprises (SMEs). The variables include demographic information (gender and age), educational level, business characteristics (size of SME, length of operation in the Akmola region, nature of business activities, and main source of financing), market conditions (level of competition), impact of the COVID-19 pandemic on SME operations, major challenges facing SMEs in the Akmola region, desired state support in the field of education, ease of getting financial support for SMEs, form of business activity, and current level of government support for SMEs.

For each variable, the table provides the following descriptive statistics:
N: the number of observations in the sample
Minimum: the minimum value observed for the variable

Maximum: the maximum value observed for the variable

Mean: the average value of the variable across all observations

Std. Deviation: the standard deviation of the variable, which is a measure of the amount of variation or spread in the data.

By examining these statistics, one can gain insights into the distribution of each variable and the range of values that were observed. For example, we can see that the gender variable is almost evenly split between male and female (0.5 mean), and that the standard deviation is relatively high (0.487), indicating that there is some variation in gender distribution among the SMEs sampled. Similarly, we can see that the age variable has a mean of 32.5 and a relatively large standard deviation of 10.1, suggesting that there is some diversity in age among the sample.

4.3.1 Investigating the Relationship between Macroeconomic Indicators and SME Development in Kazakhstan

In this chapter, author aims to investigate the relationship between macroeconomic indicators and SME development in Kazakhstan using linear regression. Is there a relationship between larger cities such as Astana and Almaty with economic indicators? The primary hypothesis is that the performance of SMEs in Kazakhstan is significantly affected by macroeconomic factors such as GDP, HDI, FDI, unemployment, and inflation.

H0 hypothesis claims that there is no statistical significant relationship between variables.

H1 hypothesis claims that there is statistical significant relationship between variables.

To test this hypothesis, we will analyse the data over the past two decades from 2000 to 2020 and evaluate their impact on the number of registered SMEs in different regions of Kazakhstan. All the data used was collected from WorldBank (2022) and Our World in Data (2021 – 2022). See the Appendix 2.

4.3.2 Outputs from Gretl

Figure 27. Model 1. The dependence of number of registered SMEs in Astana and macroeconomic indicators.

```
Model 1: OLS, using observations 2000-2020 (T = 21)
Dependent variable: Astana

               coefficient    std. error    t-ratio    p-value
     ----------------------------------------------------------------
     const       -505763       120442        -4.199     0.0009   ***
     GDPgrowth    -1492.41      467.993       -3.189     0.0066   ***
     HDI          694905        132395         5.249     0.0001   ***
     FDI          -301.193      426.648       -0.7060    0.4918
     Inflation     41.7862      474.830        0.08800   0.9311
     Population   -12209.1      4194.03       -2.911     0.0114   **
     Unemployment  4404.57      2658.94        1.657     0.1198

Mean dependent var   31956.24    S.D. dependent var   20840.03
Sum squared resid    3.09e+08    S.E. of regression   4695.671
R-squared            0.964462    Adjusted R-squared   0.949231
F(6, 14)             63.32350    P-value(F)           2.42e-09
Log-likelihood      -203.0826    Akaike criterion     420.1653
Schwarz criterion    427.4770    Hannan-Quinn         421.7521
rho                  0.606646    Durbin-Watson        0.786968

Excluding the constant, p-value was highest for variable 8 (Inflation)
```

Source: Own processing.

Based on the analysis of the OLS regression model using the data from 2000 to 2020, we examined the relationship between amount of registered SMEs in Astana and the economic indicators of GDP growth, HDI, FDI, inflation, population, and unemployment. The results indicated a statistically significant relationship between SMEs in Astana and GDP growth, HDI, population. However, there was no statistically significant relationship between number of SME in Astana and FDI, inflation and unemployment. Unemployment shows the lowest p value among others.

The coefficient for GDP growth was negative, indicating that an increase in GDP growth was associated with a decrease in amount of registered SMEs in Astana. HDI had a positive coefficient, indicating a positive relationship between HDI and number of SMEs in Astana. Population also had a negative coefficient, suggesting that as the population increases, amount of registered SMEs in Astana decreases. However, unemployment had a positive coefficient, indicating a positive relationship between unemployment and amount of SMEs in Astana.

There is a statistically significant relationship between amount of SMEs Astana and certain economic indicators. We reject the null hypothesis that there is no relationship between SMEs in Astana and the economic indicators of GDP growth, HDI, population. The relationship between population and SMEs is weaker than GDP growth and HDI index. However, we accept the null hypothesis that there is no relationship between registered SMEs in Astana and FDI, inflation and unemployment.

The Durbin-Watson statistic is 0.786968, which indicates the possibility of positive serial correlation in the residuals of the model.

The F-statistic for the model is 63.32350, with a p-value of 2.42e-09, indicating that the model as a whole is statistically significant at conventional levels of significance.

The adjusted R-squared value in this model is 0.949231, which takes into account the number of independent variables in the model and adjusts the R-squared value accordingly. This adjusted R-squared value indicates that approximately 94.92% of the variation in the number of SMEs in Astana is explained by the independent variables included in the model, after adjusting for the number of independent variables.

Regarding the p-values for individual coefficients, the coefficient for Inflation has the highest p-value of all independent variables included in the model, which means that it is not statistically significant at conventional levels of significance.

Figure 28. Model 2. The dependence of number of registered SMEs in Almaty and macroeconomic indicators.

```
Model 2: OLS, using observations 2000-2020 (T = 21)
Dependent variable: Almaty

                  coefficient   std. error   t-ratio   p-value
  -------------------------------------------------------------
  const           -547651       128483       -4.262    0.0008    ***
  GDPgrowth          -1760.53      499.237    -3.526    0.0034    ***
  HDI              783232        141234        5.546    7.21e-05  ***
  FDI                -802.104      455.132    -1.762    0.0998    *
  Inflation           290.660      506.530     0.5738   0.5752
  Population         -3331.07      4474.03    -0.7445   0.4689
  Unemployment       6220.94      2836.45      2.193    0.0457    **

Mean dependent var    76377.48   S.D. dependent var   26600.99
Sum squared resid     3.51e+08   S.E. of regression    5009.163
R-squared             0.975178   Adjusted R-squared    0.964540
F(6, 14)              91.67016   P-value(F)            2.00e-10
Log-likelihood      -204.4398    Akaike criterion      422.8797
Schwarz criterion    430.1913    Hannan-Quinn          424.4665
rho                   0.307130   Durbin-Watson          1.344046

Excluding the constant, p-value was highest for variable 8 (Inflation)
```

Source: Own processing. Output from Gretl.

In the second model, the dependent variable is amount of registered SMEs in Almaty, and the independent variables are GDP growth, HDI, FDI, inflation, population, and unemployment. The results show that there is a statistically significant relationship between SMEs in Almaty and the independent variables. The coefficient for GDP growth is negative and statistically significant, suggesting that a decrease in GDP growth is associated with a decrease in amount of SMEs in Almaty. The coefficient for HDI is positive and statistically significant, indicating that higher HDI is associated with higher amount of SMEs in Almaty. The coefficient for inflation is positive but not statistically significant, indicating that inflation does not have a significant effect on SMEs in Almaty. The coefficient for population is negative and not statistically significant, suggesting that population does not have a significant effect. The coefficient for unemployment is positive and statistically significant, indicating that higher unemployment is associated with higher number of SMEs in Almaty. On the other hand, The relationship between unemployment is weaker than

between GDP growth, HDI and SME. There was no statistically significant relationship between number of SME in Astana and FDI.

The R-squared value of 0.975178 indicates that the model explains 97.52% of the variation of number of SME in Almaty, and the adjusted R-squared value of 0.964540 suggests that the model is a good fit for the data. The F-statistic of 91.67016 is statistically significant with a p-value of 2.00e-10, indicating that the model is a good fit overall. The Durbin-Watson value of 1.344046 indicates that there is no significant autocorrelation in the model.

Excluding the constant, the p-value was highest for the variable inflation, which suggests that it is not a significant predictor of SMEs in Almaty. Overall, the results suggest that GDP growth, HDI, and unemployment are important factors in determining the number of SMEs in Almaty.

Figure 29. Model 3. The dependence of number of registered SMEs in Akmola region and macroeconomic indicators.

```
Model 3: OLS, using observations 2000-2020 (T = 21)
Dependent variable: Akmolaregion

                  coefficient   std. error    t-ratio   p-value
    --------------------------------------------------------------
    const          -39557.2      16439.5       -2.406    0.0305   **
    GDPgrowth       -130.156        63.8779    -2.038    0.0610   *
    HDI            60870.8       18071.0        3.368    0.0046   ***
    FDI              -37.5247       58.2347    -0.6444   0.5298
    Inflation         11.2945       64.8111     0.1743   0.8641
    Population      -979.891       572.457     -1.712    0.1090
    Unemployment     320.893       362.927      0.8842   0.3915

Mean dependent var     7187.381   S.D. dependent var    2041.221
Sum squared resid      5751040    S.E. of regression     640.9279
R-squared              0.930986   Adjusted R-squared     0.901409
F(6, 14)              31.47631    P-value(F)             2.37e-07
Log-likelihood        -161.2616   Akaike criterion       336.5232
Schwarz criterion      343.8348   Hannan-Quinn           338.1100
rho                    0.221875   Durbin-Watson          1.498547

Excluding the constant, p-value was highest for variable 8 (Inflation)
```

Source: Own processing.

In this model, the dependent variable is the amount of SMEs in Akmolaregion, and the independent variables are GDP growth, HDI, FDI, inflation, population, and unemployment. The results show that there is a statistically significant relationship between number of SMEs

in Akmola region and the independent variables. The coefficient for GDP growth is negative and marginally significant, suggesting that a decrease in GDP growth is associated with a decrease in amount of SMEs in Akmola region. The coefficient for HDI is positive and statistically significant, indicating that higher HDI is associated with higher amount of SMEs. The coefficient for FDI is negative and not statistically significant, suggesting that FDI does not have a significant effect on number of SMEs. The coefficient for inflation is positive and not statistically significant, indicating that inflation does not have a significant effect on number of SMEs in. The coefficient for population is negative and not statistically significant, suggesting that population does not have a significant effect on number of SMEs.

The R-squared value of 0.930986 indicates that the model explains 93.1% of the variation of SMEs, and the adjusted R-squared value of 0.901409 suggests that the model is a good fit for the data. The F-statistic of 31.47631 is statistically significant with a p-value of 2.37e-07, indicating that the model is a good fit overall. The Durbin-Watson value of 1.498547 indicates that there is positive autocorrelation in the model.

Figure 30. Model 4. The dependence of number of registered SMEs in Almaty region and macroeconomic indicators

```
Model 4: OLS, using observations 2000-2020 (T = 21)
Dependent variable: Almatyregion

                  coefficient    std. error    t-ratio    p-value
   -------------------------------------------------------------------
   const           -70054.9       32256.4       -2.172     0.0475   **
   GDPgrowth        -290.245       125.336      -2.316     0.0363   **
   HDI              108785         35457.6        3.068     0.0083   ***
   FDI              -71.2313       114.264      -0.6234     0.5430
   Inflation          8.12605      127.167       0.06390    0.9500
   Population       -2341.90      1123.23       -2.085     0.0559   *
   Unemployment      352.377       712.107       0.4948     0.6284

Mean dependent var    10866.24    S.D. dependent var    4053.092
Sum squared resid     22141082    S.E. of regression    1257.579
R-squared             0.932610    Adjusted R-squared    0.903728
F(6, 14)              32.29095    P-value(F)            2.01e-07
Log-likelihood       -175.4161    Akaike criterion      364.8323
Schwarz criterion     372.1440    Hannan-Quinn          366.4191
rho                   0.468726    Durbin-Watson         1.049975

Excluding the constant, p-value was highest for variable 8 (Inflation)
```

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Source: Source: Own processing.

The results show that there is a statistically significant relationship between the number of SMEs in Almaty region and the independent variables. The coefficient for GDPgrowth is negative and statistically significant, indicating that a decrease in GDP growth is associated with a decrease of number of SMEs in region. The coefficient for HDI is positive and statistically significant, suggesting that higher HDI is associated with higher number of SMEs. The coefficient for FDI is negative but not statistically significant, suggesting that FDI does not have a significant effect on number of SMEs. The coefficient for inflation is positive but not statistically significant, indicating that inflation does not have a significant effect on number of SMEs. The coefficient for population is negative but marginally significant, suggesting that a decrease in population is associated with an increase of number in region. The coefficient for unemployment is positive but not statistically significant.

The R-squared value of 0.932610 indicates that the model explains 93.3% of the variation of number of SMEs in region, and the adjusted R-squared value of 0.903728 suggests that the model is a good fit for the data. The F-statistic of 32.29095 is statistically significant with a p-value of 2.01e-07, indicating that the model is a good fit overall. The Durbin-Watson value of 1.049975 suggests that there is no significant autocorrelation in the model.

Overall, the results suggest that HDI is the most important factor in determining the number of SMEs in Almaty region, followed by GDP growth, while the other variables do not have a significant effect.

4.4 SWOT analysis about the development of SMEs in Kazakhstan

Strengths:
- Government support: The Kazakh government has implemented policies and programs to support the development of SMEs, including access to funding, business development services, and tax incentives, such as the State Program for the Development of Business and the "Business Roadmap" program.
- Natural resources: Kazakhstan is rich in natural resources, including oil, gas, and minerals, which can provide opportunities for SMEs in related industries.

- Strategic location: Kazakhstan is located at the crossroads of Europe and Asia, which provides opportunities for trade and export.
- Increasingly educated and skilled workforce
- Growing middle class with increasing purchasing power

Weaknesses:
- Lack of access to finance: Despite government initiatives to support SMEs, many small businesses in Kazakhstan still struggle to access affordable financing.
- Limited market: Kazakhstan has a relatively small market, which may limit the growth opportunities for SMEs.
- Infrastructure challenges: The country's infrastructure, including transportation and telecommunications, may not be adequate to support the needs of SMEs.
- Limited skilled labor: There may be a shortage of skilled labor in certain industries, which could limit SME growth in those areas.

Opportunities:
- Diversification: Kazakhstan's economy is heavily reliant on oil and gas, providing an opportunity for SMEs to diversify into other sectors.
- Regional integration: Kazakhstan is a member of the Eurasian Economic Union (EAEU), which provides access to a larger market and potential for increased trade.
- Export potential: Kazakhstan's strategic location and abundant natural resources could provide opportunities for SMEs to export to neighboring countries and beyond.
- Innovation: The government has emphasized the importance of innovation in its economic development plans, providing opportunities for SMEs with innovative products or services.
- E-commerce and digitalization trends provide opportunities for online businesses.

Threats:
- Political instability: Political instability or changes in government policies could create uncertainty and negatively impact SMEs.
- Economic instability: Economic instability and dependence on natural resources, which can lead to price volatility and vulnerability to external factors.

- Competition: SMEs in Kazakhstan may face competition from larger businesses or foreign companies.
- Economic downturn: A global economic downturn or recession could negatively impact Kazakhstan's economy and, in turn, the development of SMEs.
- External factors: External factors such as natural disasters, pandemics, or geopolitical tensions could also negatively impact SME development.

Based on the SWOT analysis, it is evident that the development of SMEs in Kazakhstan has both advantages and disadvantages. While limited access to financing and credit, bureaucratic hurdles, and limited access to international markets are major challenges, favorable government policies, access to natural resources, and a growing middle class provide opportunities for SMEs to grow and succeed.

To take advantage of these opportunities, SMEs in Kazakhstan can leverage the resources available to them, such as government programs, business associations, and financing options. By doing so, SMEs can improve their competitiveness and expand their operations, contributing to the country's economic growth and development.

5 Result and Discussions

Based on the theoretical part, the government of Kazakhstan makes efforts to support small and medium sized enterprises. Kazakhstan has implemented several policies and programs to support the development of SMEs (Small and Medium Enterprises) in the country. These initiatives aim to create a more favorable environment for the growth of SMEs, which are seen as important contributors to the country's economic development.

One of the ways in which Kazakhstan has contributed to the development of SMEs is by providing various forms of financial support, such as grants, loans, and guarantees, to small and medium-sized enterprises. These financial programs are designed to help SMEs access the capital they need to start or expand their businesses. In addition, the government has established a number of funds that are specifically targeted at supporting SMEs, such as the Fund for the Development of Small Business and the Innovation Fund.

Kazakhstan has also introduced a number of measures to simplify the regulatory and administrative procedures for SMEs. For example, the government has streamlined the process for registering a business, reducing the time and cost involved in setting up a new enterprise. This has made it easier for entrepreneurs to start and operate SMEs in the country.

On the other hand, the fact that the government has simplified the process of starting a business and made it easier to become an entrepreneur greatly facilitates the task, and anyone can start their business without leaving their home. Based on the survey results, 35.6% of the respondents stated that government support is very limited, while 16.8% said that no support is provided at all. However, 29.7% of the respondents answered that it is quite possible to receive support from the government. Perhaps this was influenced by moratoriums during the COVID-19 pandemic and the reduction of mandatory taxes during the crisis.

Based on the practical part, the author concludes that the government of Kazakhstan is implementing an initiative policy to help and develop small and medium-sized businesses, but the level of trust among people is very low, possibly due to corruption and government machinations. The majority of enterprises are in the size range of 11 to 50 employees. The respondents' answers make up 39.7% of the total.

Based on the questionnaire results, the author recommends:

Increase government support: Although 29.7% of respondents believe that it is possible to receive government support, 35.6% believe that support is very limited, and 16.8% believe that it is not available at all. Therefore, it is recommended that the government increase its support for entrepreneurs and small businesses, particularly during times of economic hardship, such as the COVID-19 pandemic.

Target specific age groups: The survey showed that 47.5% of respondents aged 46 and above have their own businesses, compared to only 23.8% of those aged 18-29. This suggests that more support and resources should be directed towards younger entrepreneurs to encourage them to start their own businesses.

Focus on certain industries: The survey showed that the most common industries among respondents were trade, provision of personal services, catering, and manufacturing. Therefore, it may be beneficial for governments and organizations to focus their efforts on supporting these industries, particularly during times of economic hardship.

Provide more financing options: While bank loans and personal savings were the most common sources of financing for respondents, only 6.9% received venture capital. Therefore, it may be beneficial to provide more financing options for entrepreneurs and small businesses, particularly those in the early stages of development.

Address negative impacts: 80% of respondents reported experiencing negative impacts while running their businesses, which could be due to various factors such as competition, government regulations, or lack of infrastructure development. Therefore, addressing these negative impacts can help to support entrepreneurship and small business development.

Provide education and training: The survey showed that many respondents would benefit from education and training in areas such as management, advertising and marketing, and new technologies. Therefore, it is recommended that governments and organizations provide more educational opportunities for entrepreneurs and small business owners.

Based on the statistical analysis, the author can say that HDI (Human Development Index) is a significant variable because it has a positive coefficient with a high t-ratio and a low p-value. This indicates that there is a strong positive relationship between HDI and Almaty, the dependent variable, and that this relationship is statistically significant. The coefficient of HDI suggests that a one-unit increase in HDI is associated with an increase in Almaty by 783232 units, all other variables being held constant.

The HDI is a composite index that measures the level of human development in a country based on factors such as education, health, and income. A higher HDI score indicates higher levels of human development, and in turn, is associated with higher standards of living and better economic outcomes. The significant coefficient of HDI in the models suggests that higher levels of human development in the region are associated with higher levels of economic growth and prosperity. In this model, compared to Astana, the Almaty region and the Akmola region, the city of Almaty appears to be more favorable in terms of economic development. HDI is a significant variable in this model, as it has a positive coefficient with a high t-value and a low p-value. This indicates a strong positive relationship between HDI and the dependent variable, Almaty, and that this relationship is statistically significant. The HDI coefficient suggests that a one-unit increase in HDI is associated with an increase in Almaty by 783,232 units, holding other variables constant.

6 Conclusion

The author concludes that the state is taking quite effective measures to identify the exit of business from the shadow economy. First of all, the online payment system. That is, when payments exceed a certain amount, and the payment goes to a bank account, then there is a big risk when doing business. the tax authorities have big questions. This brings transparency and forces entrepreneurs to conduct business openly and honestly. There are no age restrictions that may prevent you from opening a business. There are no unnecessary requirements that could prevent the opening of a business. But based on the practical part, it turns out that in order to open a business in a situation with a lack of finance, there is a problem with the high cost of capital investments, there are high requirements for the supply of engineering networks, water supply, sewerage, electrical networks. There are big requirements regarding labor contracts and contracts. in addition to the 10 percent tax, the owner of the enterprise is obliged to pay various social benefits. Otherwise, the account is blocked, which subsequently negatively affects the enterprise. The survival of the business is very small under such pressure. The author advises that at the initial stage of the emergence of an enterprise, the state should encourage people to open businesses by holding competitions for start-ups and thus supporting them in order to collect tax from these enterprises later. The author proposes to introduce one single income tax. So that the entrepreneur understands how much he will need to pay taxes. Now the entrepreneur is obliged to pay for insurance, pension, medical tax, which makes it very difficult to do business. Knowing that the entrepreneur has to pay a certain amount makes the task much easier. On the plus side, the author can mention that for five years there has been a moratorium on inspections of small and medium-sized enterprises conducted by the prosecutor, SES and government agencies, which simplifies doing business. Recommendation for local executive bodies: provision of certain areas, or provision of premises or facilities with the possibility of redemption at preferential prices. Assistance in providing engineering infrastructure to reduce the start-up capital for starting a business, since in general people usually have a low level of start-up capital. The author also proposes to local executive bodies the idea of creating funds in which a person who wants to open a business in a certain area will receive support and information, such as: standard projects tied to the area and demand for further implementation. These projects can be created on the basis of existing enterprises and laws.

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8 List of pictures, tables, graphs and abbreviations

8.1 List of figures

8.2 List of tables

Appendix

1.   *What is your gender?*

a.   Male

b.   Female

2.   *How old are you?*

a.   18-29

b.   30-45

c.   46-45+

3.   *Your highest educational level achieved.*

a.   High school

b.   First year of university (dropouts)

c.   Secondary special

d.   Master Thesis

4.   *What is the size of your SME in terms of employees?*

a.   1-10 employees

b.   11-50 employees

c.   51-100 employees

d.   101+ employees

5.   *How long has your SME been in operation in the Akmola region?*

a.   Less than 1 year

b.   1-3 years

c.   4-6 years

d.   7+ years

6.   *What is the nature of your SME's business activities?*

a.   Trade

b.   Manufacturing industry

c.   Transport and communications

d.   Provision of personal services

e.   Agriculture and forestry

f.   healthcare

g.   Education

h.   Catering

i.   Repair of automobiles, household products and …

j.   Construction

k.   Operations with real estate, rent

l.   Tourism and hotels

m.   Provision of social services

n.   Financial activities

o.   Provision of public services

p.   Veterinary

q.   Fishing and fish farming

r.   Other

7.   *What is the main source of financing for your SME?*

a.   Personal savings

b.   Bank loans

c.   Investment from family or friends

d.   Venture capital

8.   *What is the current level of government support for your SME?*

a.   None

b.   Minimal

c.   Moderate

d.   High

9.   *What is the level of competition in your SME's market?*

a.   Low

b.   Moderate

c.   High

d.   Very high

10.   How has the COVID-19 pandemic affected your SME's operations?

a.   Negative impact

b.   Neutral impact

c.   Positive impact

d.   No impact

11.   What are the major challenges facing your SME in the Akmola region?

a.   Access to financing

b.   Government regulations

c.   Competition

d.   Infrastructure development

12.   What state support in the field of education do you need?

a.   I don't need support in the field of education

b.   Management courses

c.   Advertising and marketing courses

d.   Internship at successful companies in your industry

e.   Programming courses

f.   Seminars on new technologies and business process optimization

g.   Videos on the various stages of building a business

13.   Is it easy to get financial support for small and medium-sized businesses

a.   Yes

b.   Probably yes

c.   Very limited

d.   No

e.   Other

14.   Form of business activity

a.   Individual entrepreneur

b.   Limited liability partnership LLP

c.   Peasant farm

15 . What is the most prosperous region(city) in Kazakhstan to start a business?

a. Akmola region total

b. Almaty region total

c. Atyrau region total

d. East Kazakhstan total

e. West Kazakhstan total

f. Karaganda region total

g. North Kazakhstan total

h. Astana total

i. Almaty total

j. South Kazakhstan Region total

Appendix 2

	The number of registered SMEs									
Year	Astana	Almaty	Akmola region	Almaty region	GDP growth %	HDI%	Foreign direct investment. net inflows (% of GDP)	Inflation. consumer prices (annual %)	Population growth (annual %)	Inflation. consumer prices (annual %)
2000	8458	42128	4339	5401	9.80	0.68	7.49	13.18	-0.30	12.75
2001	5384	29333	5105	6570	13.50	0.70	12.72	8.35	-0.17	10.43
2002	8921	43914	4572	5986	9.80	0.71	10.51	5.84	0.00	9.33
2003	10681	50029	4949	6532	9.30	0.72	8.05	6.44	0.34	8.78
2004	12117	45232	5056	6606	9.60	0.73	13.01	6.88	0.69	8.40
2005	16428	65427	6609	8668	9.70	0.74	4.46	7.58	0.89	8.13
2006	17047	60879	5477	7317	10.70	0.75	9.40	8.72	1.06	7.79
2007	20620	66294	5895	8386	8.90	0.76	11.42	10.85	1.14	7.26
2008	23015	71377	6473	9223	3.30	0.76	12.60	17.14	1.87	6.63
2009	25424	77129	6879	10068	1.20	0.76	12.38	7.32	1.98	6.55
2010	26194	68899	6676	10445	7.30	0.77	5.04	7.40	1.41	5.77
2011	28664	72526	6997	10967	7.40	0.78	7.14	8.42	1.43	5.39
2012	31547	76360	7180	11412	4.80	0.78	6.56	5.10	1.41	5.29
2013	36166	82299	7597	12044	6.00	0.79	4.23	5.85	1.44	5.20
2014	42422	93024	7842	11665	4.20	0.80	3.30	6.71	1.47	5.06

2015	45234	95407	8450	13213	1.20	0.81	3.57	6.67	1.46	4.93
2016	50370	101949	9129	14403	1.10	0.81	12.55	14.55	1.42	4.96
2017	57315	109660	9815	15713	4.10	0.81	2.85	7.44	1.36	4.90
2018	64339	114845	10341	16852	4.10	0.81	0.20	6.02	1.31	4.85
2019	68483	116704	10584	17916	4.50	0.82	2.05	5.25	1.29	4.80
2020	72252	120512	10970	18804	2.50	0.81	4.22	6.75	1.30	4.89

Appendix 3

Data	GDP growth%	HDI%	Foreign direct investment. net inflows (% of GDP)	Inflation. consumer prices (annual %)	Population growth (annual %)	Inflation. consumer prices (annual %)
2000	9.80	0.68	7.49	13.18	-0.30	12.75
2001	13.50	0.70	12.72	8.35	-0.17	10.43
2002	9.80	0.71	10.51	5.84	0.00	9.33
2003	9.30	0.72	8.05	6.44	0.34	8.78
2004	9.60	0.73	13.01	6.88	0.69	8.40
2005	9.70	0.74	4.46	7.58	0.89	8.13
2006	10.70	0.75	9.40	8.72	1.06	7.79
2007	8.90	0.76	11.42	10.85	1.14	7.26
2008	3.30	0.76	12.60	17.14	1.87	6.63
2009	1.20	0.76	12.38	7.32	1.98	6.55
2010	7.30	0.77	5.04	7.40	1.41	5.77
2011	7.40	0.78	7.14	8.42	1.43	5.39
2012	4.80	0.78	6.56	5.10	1.41	5.29
2013	6.00	0.79	4.23	5.85	1.44	5.20
2014	4.20	0.80	3.30	6.71	1.47	5.06
2015	1.20	0.81	3.57	6.67	1.46	4.93
2016	1.10	0.81	12.55	14.55	1.42	4.96
2017	4.10	0.81	2.85	7.44	1.36	4.90
2018	4.10	0.81	0.20	6.02	1.31	4.85

2019	4.50	0.82	2.05	5.25	1.29	4.80
2020	-2.50	0.81	4.22	6.75	1.30	4.89