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## **THE ECONOMIC POTENTIAL OF SMALL AND MEDIUM BUSINESSES IN KAZAKHSTAN**

This article presents an economic analysis of the potential of small and medium-sized businesses in Kazakhstan. The purpose of the study is to study the dynamics of development of small and medium-sized businesses, and to assess its real role in the development of the country. The method of research is analytical grouping, comparing time series, building linear and point graphs, correlation analysis, which allowed to determine the presence, direction and form of relations between SMEs and a country's GDP. The distribution of countries' GDP by the share of SMEs in GDP is a figure similar to the normal distribution, with a peak of 50%. This makes it possible to understand that the optimal share of SMEs in GDP is 50%, but this does not guarantee GDP growth. The provision on the dual role of the institution of small and medium business (SME) in the economic system, where it simultaneously acts as a factor of its sustainability and a factor of modernization, is substantiated. This makes it difficult to build a state policy of support and development of SMEs, since within the framework of the policy being pursued, two opposing tasks have to be solved: stabilization and modernization. The results obtained in this article confirm the mutual influence and dependence of SMEs and the country's GDP, and justify the shortcomings of government programs to promote SMEs in Kazakhstan.

**Key words:** small and medium business, GDP, economic development.

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### **Қазақстандағы шағын және орта бизнестің экономикалық әлеуеті**

Бұл мақалада Қазақстандағы шағын және орта бизнес әлеуетінің экономикалық талдауы келтірілген. Зерттеудің мақсаты шағын және орта бизнестің даму динамикасын зерттеу және елдің дамуындағы оның нақты рөлін бағалау болып табылады. Зерттеу әдісі ШОБ және елдің ЖІӨ арасындағы қатынастардың бар болуын, бағытын және нысанын анықтауға мүмкіндік беретін уақытша серияларды, сызықтық және нүктелік графиктерді құрастыру, корреляциялық талдауды салыстыра отырып, аналитикалық топтау болып табылады. ЖІӨ-дегі елдердің ЖІӨ-нің ШОК үлесі бойынша бөлуі қалыпты үлестіруге ұқсас, 50% шыңы бар. Бұл ЖІӨ-дегі ШОК оңтайлы үлесінің 50%-ды құрайтынын түсінуге мүмкіндік береді, бірақ бұл ЖІӨ-нің өсуіне кепілдік бермейді. Экономикалық жүйеде шағын және орта бизнестің (ШОБ) институтының қосарлы рөлі туралы, ол бір уақытта оның тұрақтылығы мен модернизация факторы ретінде әрекет ететін ережеге негізделген. Бұл шағын және орта бизнесті қолдау және дамытудың мемлекеттік саясатын құруды қиындатады, өйткені осы саясаттың шеңберінде екі қарама-қарсы міндеттерді шешу қажет: тұрақтандыру және жаңғырту. Осы мақалада алынған нәтижелер ШОБ және елдің ЖІӨ-нің өзара ықпал етуі мен тәуелділігін растайды және Қазақстанда шағын және орта кәсіпкерлікті дамытуға бағытталған мемлекеттік бағдарламалардың кемшіліктерін дәлелдейді.

**Түйін сөздер:** шағын және орта бизнес, ЖІӨ, экономикалық даму.

Тураров Д.Р.<sup>1</sup>, Олжаш Е.А.<sup>2</sup><sup>1</sup>к.э.н., старший преподаватель, e-mail: dauren.83@mail.ru<sup>2</sup>магистрант, e-mail: olzhash.en@mail.ru<sup>1,2</sup>Казахский национальный университет имени аль-Фараби, Казахстан, г. Алматы**Экономический потенциал малого и среднего бизнеса в Казахстане**

В данной статье представлен экономический анализ потенциала малого и среднего предпринимательства в Казахстане. Целью исследования является изучение динамику развития малого и среднего бизнеса, и оценка его реальной роли в развитии страны. Методами исследования являются аналитическая группировка, сравнение динамических рядов, построение линейных и точечных графиков, анализ корреляции, что позволило определить наличие, направление и форму отношений между МСБ и ВВП страны. Распределение ВВП стран по доле МСП в ВВП представляет собой фигуру, похожую на нормальное распределение с вершиной в 50%. Это дает возможность понять, что оптимальной долей МСП в ВВП является 50%, однако это не гарантирует рост ВВП. Обосновано положение о двойственной роли института малого и среднего бизнеса (МСБ) в хозяйственной системе, где он одновременно выступает фактором ее устойчивости и фактором модернизации. Это затрудняет выстраивание государственной политики поддержки и развития МСБ, так как в рамках проводимой политики приходится решать две противоположные задачи: стабилизации и модернизации. Результаты, полученные в данной статье, подтверждают взаимное влияние и зависимость МСБ и ВВП страны, и обосновывают недостатки государственных программ по содействию МСБ в Казахстане.

**Ключевые слова:** малый и средний бизнес, ВВП, экономическое развитие.

**Introduction**

To identify the key factors of business development and develop appropriate policies, it is common in world practice to analyze the state of small and medium businesses (hereinafter SMEs), since this factor is the core of a sustainable civil society, on whose development the welfare of all countries depends, and including Kazakhstan. Small and medium businesses not only fulfill an enormous social role, supporting the economic activity of the majority of the population, but also provide significant tax revenues to the budget. In the current difficult situation, it is the SME that can act as a stabilizer, and therefore has the right to count on the appropriate attention of society and the state.

World experience shows that if a state wants to develop dynamically and sustainably, then its social and economic programs must necessarily include measures to stimulate small and medium-sized businesses. Today, in the developed countries of the world, SME accounts for between 40% and 90% of gross domestic product (GDP). Therefore, it is quite natural that the governments of these states give primary attention to supporting this sector. In this regard, below are considered issues of competitiveness of small and medium-sized businesses as an important factor in the development of the country's economy.

**Materials and methods**

In the process of writing the work, a systematic approach to the study of processes, institutions and mechanisms of state support for SME development was implemented, based on the priorities of the modernization of the national economic system. The author used such methods of scientific knowledge as comparative analysis, generalization, deduction, systematization, and also used the method of analysis of specific situations.

Also, the correlation method was used, calculated by the following formula:

$$R_{yx} = \sqrt{\frac{\overline{xy} - \bar{x}\bar{y}}{(\overline{x^2} - \bar{x}^2)(\overline{y^2} - \bar{y}^2)}}$$

where  $R_{yx}$  is the model of correlation of the share of SMEs in GDP and GDP in real value, coefficient;

$x$  – is the share of SMEs in GDP, %;

$y$  – GDP in real value, billion dollars.

It also mentions the World Bank Doing Business rating 2019. It has been mentioned since 2005. from 0 to 100, where it represents the lowest performance and 100 represents the best performance. The ease of doing business ranking ranges from 1 to 190 (Doing business 2019 report).

The information base of the research was made up of official statistics materials: the ministries of economic development, finance, as well as legislative and regulatory acts of state authorities of the Republic of Kazakhstan and the Russian Federation.

The theoretical basis of the study was the fundamental works of foreign, Russian and Kazakhstan economists in the field of economic modernization, state regulation of entrepreneurship and the theory of the firm.

### Literature review

The development of modern Kazakhstan was promoted by the intensive development of small and medium-sized businesses, which is the basis of economic and socio-economic stability of society and, according to various analytical agencies, should occupy at least 40-50% in the country's economy, for example, in the economy of the United Kingdom is at least 64%, in Germany - 58%, and in the Netherlands - about 51.5% (Mamyrov, 1999: 412).

In European countries, it is SMEs, in which the middle class is formed, that is the basis of stability and economic prosperity (Battilana et al., 2009: 65-107). Therefore, development issues of SMEs are on the agenda, and unfortunately, there are still enough problems in this area. Such a conclusion can be made by examining a study conducted by Halyk Finance analysts on the role of SMEs in the economy of Kazakhstan. The study of the problems of entrepreneurship, including small and medium, has found wide coverage in the scientific literature. His analysis is presented in the works of many foreign and domestic famous scientists.

As the President of Kazakhstan said «Kazakhstan has set a large-scale goal - to enter the top thirty most developed economies in the world. A strong economy is a strong entrepreneurship, high competitiveness of domestic enterprises. The support of domestic business is designated by me as the second most important direction of the new political course» (Zasedaniye Soveta predprimateley pri Prezidente Respubliki Kazakhstan, 2013). The importance of the role of SMEs was particularly evident in the global financial crisis. Overcoming the consequences of this crisis by Kazakhstan's economy revealed for domestic scientists that SMEs not only have a significant potential for sustainability, but under certain conditions can become an important factor in economic growth, employment, competition and innovation. Greater flexibility in comparison with large enterprises provided Kazakhstan's SMEs with

productivity growth during the crisis, along with the solution of regional employment problems. During the crisis, Kazakhstan faced the phenomenon of the greatest contribution to the creation of jobs in the sector of small and medium-sized businesses, which brought this sector to the fore as a social basis for the irreversibility of economic modernization processes (Okayev, 2000). In this regard, it became urgent to clarify the priorities of economic modernization policy, based on the role of small and medium-sized businesses in economic development in General and in conditions of instability of the global financial and economic system, in particular.

Meanwhile, empirical analysis of foreign economists shows that in countries with transit economies, including Kazakhstan, this fact has not yet found the proper awareness. Theoretical research in the field of transformation processes focuses on the problems of structural diversification without adequate consideration of the role of SMEs in economic transformation. Currently, the relevance of the study of the problem of SMEs is particularly acute, as it is associated with the need to enhance the role of this sector in solving the problems of modernization of the economy (Wijen, Ansari, 2007).

Experts note that the share of SMEs in the economy of Kazakhstan reaches 26% of GDP, having risen from 21% of GDP in 2010. By world standards, this indicator is low, as in OECD countries, SMEs account for more than half of a country's GDP. At the same time, in Kazakhstan the SME sector provides employment for 3.1 million people, which is 37% of the total number of the employed population (AO «Halyk Finance» Obzor MSB Kazakhstana, 2018).

Kazakhstan economists come to the conclusion that the main imperatives of the state support system for the development of SMEs should be highlighted: creating motivation for sustainable SME growth by creating incentives for increasing entrepreneurial activity of the population; developing the capacity of SMEs through the growth of its competitiveness through the development of human capital, the introduction of advanced technologies and management systems; supporting SME development towards a cluster initiative; promoting the creation of a network of business associations (Enterprise Surveys: Kazakhstan Country Profile 2009).

There was a statement about the dual role of the institution of small and medium-sized businesses (SMEs) in the economic system, where it simultaneously acts as a factor of its sustainability and a factor of modernization. It is shown that

the stabilizing role of SMEs is associated with its adaptive abilities, and the modernization role - with a high susceptibility to new sources of benefits arising in the process of socio-economic changes (Kusainov, 2012: 62).

The development of private initiative, an increase in the number of businessmen for the government of Kazakhstan is one of the priorities (Hvan, 2005: 94-95). The goal was set to bring the contribution of business in the country's GDP to 50%. At the state level, a number of business support programs have been adopted, including financial support. And, according to the reports of the Ministry of National Economy, the result of these programs is obvious.

The quality of statistics on SMEs is at a low level, there are contradictions at the macro level, and the possibilities for cross-country comparisons are limited. The change in the classification criteria for SMEs by the size of the enterprise in 2014 significantly complicated the analysis of the dynamics of the share of SMEs in GDP, and a significant decrease in the number of representatives of medium-sized businesses was recorded (Kenzheguzina, 2005: 20-32). As state agencies themselves point out, gaps in the legislation lead to fragmentation, and not to the consolidation of business.

The presence of an extensive theoretical heritage does not mean that the problem of interaction between the state and entrepreneurship has been

resolved. Many aspects remain poorly investigated. Firstly, the issue of the role of SMEs in shaping the country's GDP for Kazakhstan has not been resolved. Secondly, the potential of SMEs in Kazakhstan has not been studied. All this determined the purpose, logic and objectives of the study. The goal of this study is to determine the role of SMEs in shaping the country's GDP in Kazakhstan, and the share of SME's in GDP was taken as an object of the study.

## Results and discussion

The role of small and medium-sized businesses is determined by its contribution to the country's economy, which by the end of 2017 amounted to about 26% of GDP, providing 37% of employment. As we have already noted, the economy in Kazakhstan in 2017 was mainly provided by the commodity export sector, while the domestic non-commodity sector is in a depressed state, which is clearly seen from the data on the share of SMEs in GDP, which fell by 1pp to 25, 6% (Table 1). The sharp jump in the share of SMEs in GDP in 2008 is due to the revaluation of the contribution of small business to GDP, and in 2014 the revaluation of the contribution of medium-sized businesses. Without taking into account periods of revaluation of the contribution of SMEs to GDP, its dynamics show almost the same growth rates as the country's GDP.

**Table 1** – Changes of SME sector in Kazakhstan

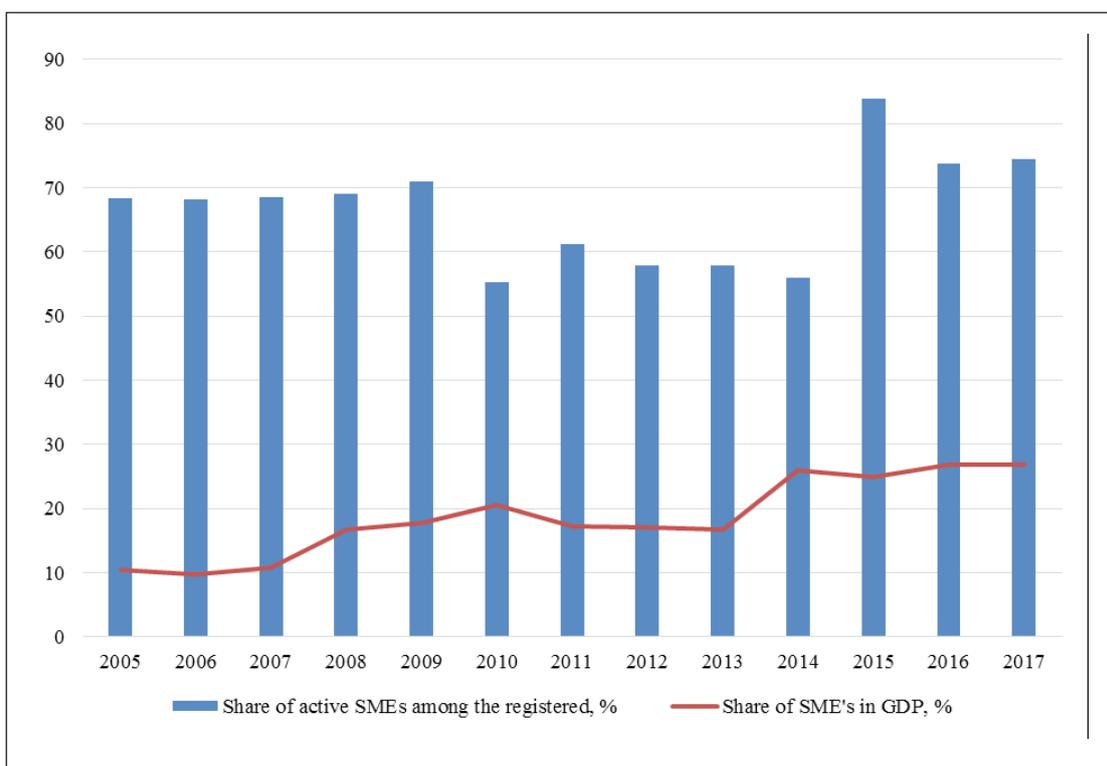
Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Share of SME's in GDP, %	10,5	9,8	10,7	16,7	17,7	20,6	17,3	17,1	16,7	25,9	24,9	26,8	26,8
Active SME's	507 365	572 738	643 376	707 821	663 374	661 598	846 111	809 750	888 233	926 844	1242 579	1106 353	1145 994
Registered SME's	742 785	840 000	938 155	1026 255	934 691	1196 725	1383 727	1399 787	1535 983	1655 386	1481 454	1498 243	1540 592
Share of active SMEs among the registered	68,30576	68,18309	68,57886	68,97126	70,97254	55,28404	61,14724	57,84808	57,82830	55,9896	83,87563	73,84336	74,38659

Source – Official statistical information: The cost of small and medium enterprises in GDP

Positive trends in the macroeconomic aspects of SME development have been identified. After a long decline, by the end of 2015, for the first time an increase in the share of active enterprises among the registered ones was recorded (Figure 1). By the end of 2017, this figure is 74.3%, which is considered successful in developed countries.

As of the end of the first quarter of 2018, over 1 million individual entrepreneurs (IP) were registered in Kazakhstan. In general, the number of able-bodied citizens was 9 million people, i.e. from a legal point of view, every ninth able-bodied Kazakhstan citizen was an individual entrepreneur. In addition, statistics show that on the same date, 356.6 thousand legal entities that are small businesses and 197 thousand peasant farms were registered.

The growth in the number of registered small businesses continued until the end of 2014, when it reached a peak of 1.65 million units. At the same time, the most pronounced contribution to growth was made by PI, the number of which increased from the end of 2010 to the end of 2014 more than doubled. However, in 2015-2016 this indicator began to decline and by the beginning of 2017 it dropped to less than 1.5 million units, i.e. below its value at the end of 2013. After this, the number of registered small business entities began to grow slowly and reached 1.56 million units by the end of the first quarter of the current year. At the same time, the number of registered PIs did not reach the value prevailing at the end of 2013 (Kazakhstanskiy MSB, 2018).



**Figure 1** – Share of active SME's among the registered

Source. Official statistical information: Quantity of active subjects and small and medium enterprises; Official statistical information: Quantity of registered subjects and small and medium enterprises

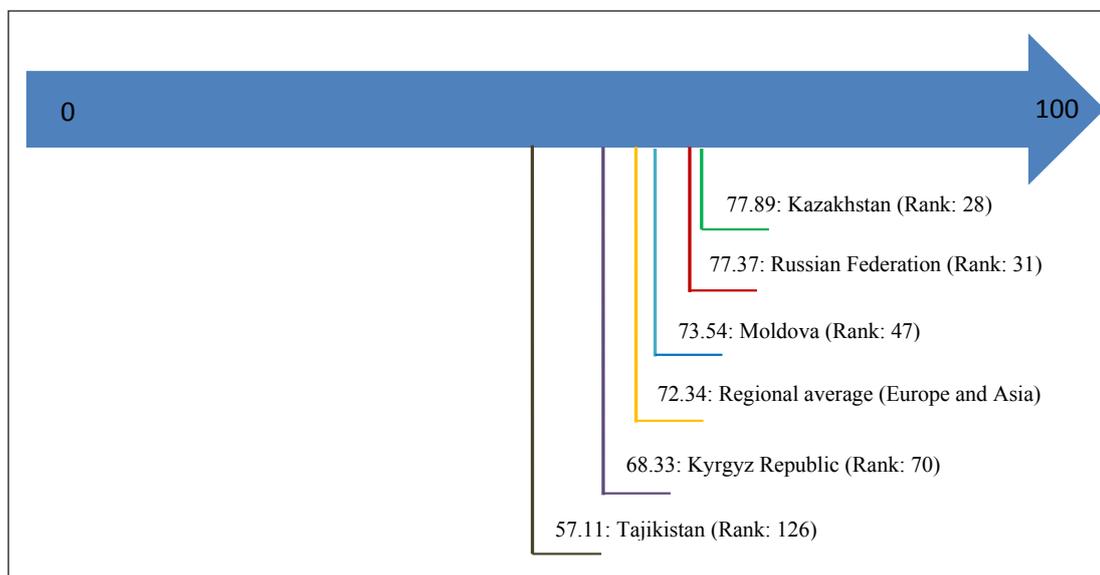
According to the World Bank Doing Business 2019 rating, Kazakhstan occupies the 28th position (Figure 2), ahead of Russia by 3 positions. Promotion of Kazakhstan in this ranking demonstrates consistent progress: 83rd place in 2006, 63rd place in 2012. The tax burden in the country is one of the lowest in the world. An

economy's ease of doing business score is 77.89. Nearly 5.5 points higher than the regional average (Europe and Central Asia).

Remember, the ease of doing business score captures the gap of each economy from the best regulatory performance observed on each of the indicators across all economies in the Doing

Business sample since 2005. An economy's ease of doing business score is reflected on a scale from 0 to 100, where 0 represents the lowest and

100 represents the best performance. The ease of doing business ranking ranges from 1 to 190 (Doing business report, 2019).



**Figure 2** – 2019 Ease of doing business score  
Source – Doing business 2019 report

The measures taken had a positive effect on the SME sector. According to the statistics committee, the number of operating businesses in 2017 amounted to 1 million 145 thousand 994 units, or 3.6% more compared to 2016. Employment in this segment of the economy amounted to 3 million 118 thousand 442 people, an increase of 2.6% compared to the same period of 2016. At the same time, the production of SMEs increased significantly. In the first nine months of 2017, output amounted to 14.4 trillion tenge, or 28.5% more compared to 2016.

Obviously, quantitative indicators are increasing, which should mean the development of the national

economy and raising the standard of living of the population, at least in comparison with our northern neighbor Russia. However, it is clear that there are a lot of unsolved problems, but why do they not affect the statistics? Let's look at the numbers of SMEs in GDP and GDP in nominal terms. Table 2 presents 29 countries, among which there are both developed and developing countries, their share of SMEs in GDP, GDP in physical terms and the share of the shadow economy in GDP. The correlation between the first two indicators is -0.23, which means there is almost no correlation. The graph of the relationship of these variables (Figure 3) says much more.

**Table 2** – Comparison of economic indicators of different countries

Country	SME's in GDP, %	GDP, billion \$	Shadow economy in GDP, %	Country	SME's in GDP, %	GDP, billion \$	Shadow economy in GDP, %
Russia	21	3817	34	Slovakia	55	172	11
Kazakhstan	26	476	33	France	55	2876	12
Canada	30	1714	9	Finland	60	247	13
Mexico	39	2358	28	Denmark	60	296	15
Brazil	50	3241	35	Sweden	60	505	12
Japan	50	5487	8	Spain	62	1770	22
USA	50	19352	7	Austria	63	462	9

Continuation of table 3

Country	SME's in GDP, %	GDP, billion \$	Shadow economy in GDP, %	Country	SME's in GDP, %	GDP, billion \$	Shadow economy in GDP, %
Poland	52	1102	17	Netherlands	64	900	9
Great Britain	52	2857	8	Italy	68	2387	23
Romania	54	506	23	Norway	71	324	15
Hungary	54	275	21	Latvia	71	53,6	17
Australia	54	1192	8	Lithuania	72	90,7	19
Germany	55	4187	8	Estonia	76	41,8	19
Turkey	54	2140	27	Greece	79	297	27
Czech Republic	55	385	11				

Note – compiled by authors based on sources (The World Bank: Gross domestic product based on purchasing-power-parity (PPP) valuation of country GDP, 2018; AO «Halyk Finance» Obzor MSB Kazakhstana, 2018)

The distribution of countries' GDP by the share of SMEs in GDP is a figure similar to the normal distribution, with a peak of 50%. The exception is Russia (the green dot on the graph), the high level of GDP of which is explained by the abundance of natural resources and the heritage of the USSR. Kazakhstan is represented by a red dot in the figure and personifies many developing countries whose GDP and SME share in GDP strongly and positively correlate. Also, you need to pay attention to countries where, on the contrary, these factors are negatively dependent. These countries include the countries of Eastern Europe, which are located at the bottom of Table 2. This can be explained by the high rate of changes in the structure of GDP, which have not yet had a qualitative effect on the national economy.

Of greater interest are the countries located in the middle of the table, that is, countries where the share of SMEs is about half of GDP. Here, the correlation is almost zero and there is no connection between these indicators. This makes it possible to understand that the optimal share of SMEs in GDP is 50%, but this does not guarantee GDP growth.

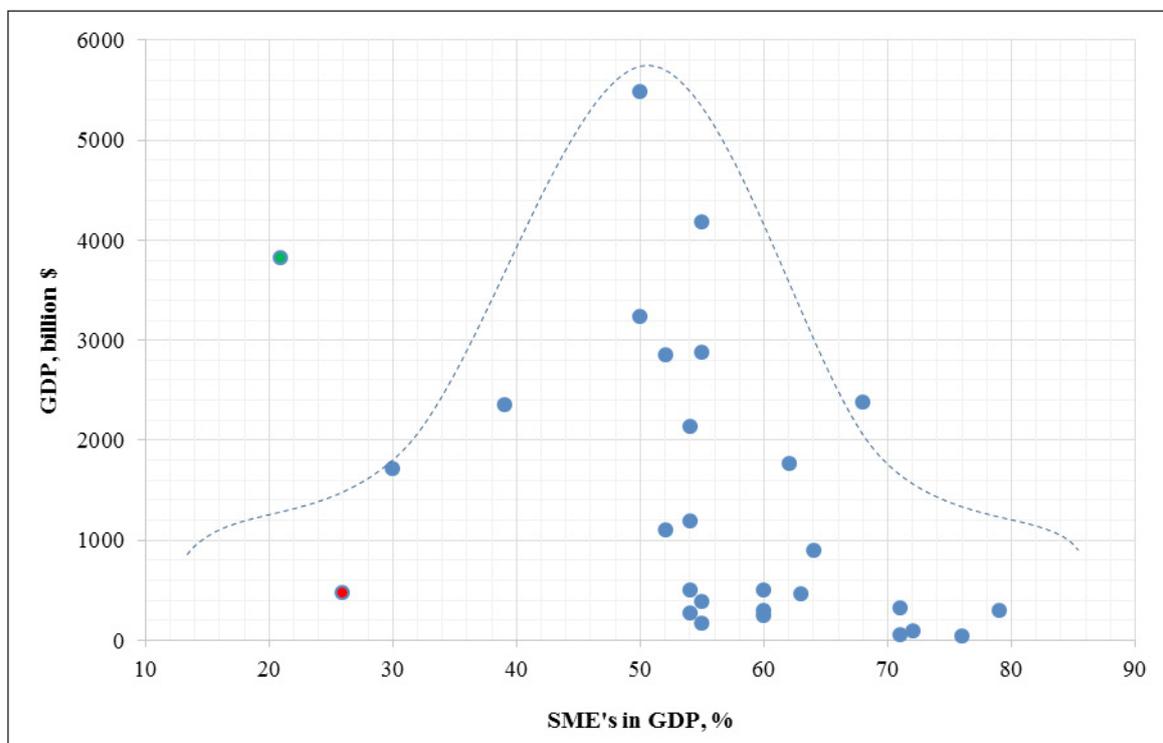
On the one hand, SME is a factor of economic sustainability. At the same time, its inherent stabilizing role is connected not only with its place in the system of economic relations, but also with its inherent flexibility. As for the place in the system of economic relations, the SME is an integrator of technological, economic and institutional parties (Scott, 2009: 33, Wijan, Ansari, 2007: 1079-1100). Providing interaction between major manufacturers, SMEs form the cooperation base for the industry organization. By promoting the development of communication links, on the one hand, within the

business community (between agents of small, medium and large businesses, as well as within each group), and on the other, between market agents (sellers and buyers), SME ensures the rooting of common institutional norms and in particular, civilized forms of competition (Reynolds, 2005: 205-231). The inherent SMB flexibility is manifested in its high ability to adapt to changes in the market environment (Tukaev, 1996: 69). This ability is expressed not only in a quick response to changes in market and aggregate demand by reducing or expanding production and investment, but also in exerting a regulatory impact on the level of employment through the involvement of the working-age population in business. This allows us to state that in the economic system the SME performs a stabilizing function (Doing business in a more transparent world).

On the other hand, at the same time as the stabilizing function, the SME acts as a conductor for qualitative, innovative changes in the economic system, i.e. factor of its modernization. The renewal potential of SMEs is due to its high susceptibility to new sources of benefit. By actively connecting to the copying of innovations, it contributes to the acceleration of the spread of innovation (Eisenstadt, 1966, DiMaggio, 1988: 3-21). By promoting the availability of innovations and lowering the monopoly power of innovators, they stimulate the search for new ways of acquiring competitive advantages, thereby creating competition. Representing the ideal form of cooperation of large manufacturers in solving individual problems through joint financing of developments and interacting in different forms with the majority of participants in the industry

market, SMEs accelerate the spread and rooting of innovations in the industry and the accumulation of competitiveness elements in it (Shevchenko, 2007: 17-23). Finally, it is through SMEs that the

population is involved in the industrial-innovative sector, which should be considered as a factor in the modernization of not only the economy, but also society as a whole (Kusainov, 2012: 62).



**Figure 3** – The distribution of GDP of countries by share of SMEs in GDP

Note – compiled by authors based on table 2

Recently, the entrepreneurship of Kazakhstan has been characterized by an unstable dynamics of growth in the number of enterprises and employees employed in them. Sectoral and regional structure is irrational. The criminalization of business is increasing. Attempts to control the emergence of entrepreneurship are often episodic and unscientific. The monetary system of protecting the entrepreneur and his property from encroachment has not been worked out. A number of problems related to the development of entrepreneurship in general have been solved in the country. There is a concept on licensing system. Created a program of industrial-innovative development, industry programs. A number of other programs related to such important issues as financing on preferential terms of real sectors of the economy operated by the Damu Fund: with the provision of free consulting services, whose operators are public organizations, consulting companies, the right solution was found labor productivity, that is, the process as a whole is

not bad (Lysakovskaya, 2006: 261-266). However, today there is a problem associated with the influence of financial-industrial groups on legislation. The law plays in favor of large lobbies, and representatives of small and medium-sized businesses - leaders of public associations who have been professionally engaged in this for more than ten years, are not in the Parliament of the Republic of Kazakhstan. The opinion of small business in work groups is practically ignored. The reasons for this are not only in the limited financial resources allocated for business support, the weak development of market infrastructure, but also in the fact that a coherent government strategy for supporting entrepreneurship was not developed in time (Okaev et al., 2000: 102). No sectoral and regional priorities were identified. Entrepreneurship was not defined as a «pole of intensive growth», which should have been influenced to cause a booming economy. In addition, there was no feedback from business structures. There was no monitoring of ongoing

processes, their identification and system analysis. Adequate statistics were not adjusted (Koshanov et al., 1995). There are miscalculations of both strategic and tactical nature. Also, the problem of small business is not proper business management, decision-making, personnel policy.

Any type of business requires a fairly flexible management and constant search for new solutions, technologies and markets. One of the main problems faced by the owner of a small business is the improvement of small business at all stages of its development. One of the main drawbacks of many small enterprises is the lack of clear planning of financial indicators. Improving small businesses should also affect personnel policy (Khayek, 2000: 256, Khamzin, 2003: 83-87). If at the initial stage of development of the enterprise, you can hire workers, having told about your business to your friends, then in the process of expanding small business you need to contact the recruitment agency or place ads on the Internet about searching for «labor». One of the most important stages of improving small business is the distribution of powers. The owner of a small enterprise cannot physically solve all the problems that arise in the management of an enterprise (Gryadova, 2003: 326). The only correct direction for the development of an enterprise is the continuous improvement of small business and the application of new technologies, both in the production of goods or the provision of services, and in the management of an enterprise.

The duality of the role played by SMEs in the economic system is evidence not only of the specificity of this type of business, but also of the inconsistency it contains. This makes it difficult to build a state policy of support and development of SMEs, since within the framework of the policy being pursued, two opposing tasks have to be solved: stabilization and modernization. The challenge is to turn this contradiction into a generator of development (Baumol, 2002; Wijen, Ansari, 2007: 1079-1100).

The experience of countries with developed market economies, as well as some Eastern European countries with transition economies, shows that the development of small business contributes to solving a number of important tasks for the ongoing socio-economic development of the country, such as un-monopolization, the formation of a market structure of the economy and competitive environment; market saturation with goods and services; employment and self-employment; economic growth and increase in tax revenues (with a stable tax system); the formation of the middle

class; strengthening business ethics, including tax discipline (Europe and Central Asia Report N°240, 2016: 29). It was these final goals that were initially set when developing a state-owned approach with regard to supporting the development of small business in Kazakhstan. However, today small business has found exactly those dimensions that the modern economic structure allows it to achieve and other economic realities that have emerged as a result of the reforms, and its rise to a level above this «bar» can be achieved in the future only through fundamental socio-economic changes and changing the very paradigm of development of the country. In this regard, with a high degree of confidence, it can be argued that a noticeable increase in the performance of small businesses, reaching certain values, will slow down if its development constraints are not removed. Therefore, the task of developing this sector should still remain one of the priorities of the state's economic policy and its solution is impossible to break from other areas of economic reform and without coordinating the efforts of republican, regional and local authorities.

### Conclusion

One of the difficulties in the study of business is that it consists of a number of diverse and diverse topics that are interrelated. Another difficulty is that the subject business is highly dynamic. To overcome these obstacles, it is recommended to keep abreast of the latest news in this area through intensive reading of additional literature.

Excluding the contribution of SMEs to GDP revaluation periods of its dynamics shows almost the same growth rate as the GDP. Distribution of GDP of the SME share in the GDP - a measure similar to a normal distribution, with a maximum of 50%. This allows us to understand that the optimal share of SMEs in GDP is 50%, but it does not guarantee the growth of GDP.

Entrepreneurship in Kazakhstan faces a number of problems: an insufficient resource base, an imperfect legislative base, the lack of a system for in-depth analysis of enterprises, but, knowing the causes, they can be solved. The main problem is the lack of economic growth trends in response to the actions of state bodies that encourage and support entrepreneurship. However, the solution of this problem as a whole requires a systematic approach and the implementation of a set of interrelated measures aimed both at reducing the risks of the SME sector and at developing the institutions of financial support.

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