

The history of formation and development of entrepreneurship in the Republic of Kazakhstan

La historia de la formación y el desarrollo del espíritu emprendedor en la República de Kazajistán

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ABSTRACT:

In this article the essence of entrepreneurship, its advantages and disadvantages, current status and development trends; defined the concept of entrepreneurship in the modern economy; the principal business activities; analyzes the current state of entrepreneurship; the small and medium entrepreneurship in the Republic of Kazakhstan identified the prospects of development of entrepreneurship in Kazakhstan.

Keywords: Entrepreneurship; economic trends; small and medium enterprises; market economy

RESUMEN:

En este artículo, la esencia del emprendimiento, sus ventajas y desventajas, estado actual y tendencias de desarrollo; definió el concepto de emprendimiento en la economía moderna; las principales actividades comerciales; analiza el estado actual del emprendimiento; el pequeño y mediano espíritu empresarial de la República de Kazajistán identificó las perspectivas de desarrollo del espíritu empresarial en Kazajistán.

Palabras clave: Emprendimiento; tendencias económicas; pequeñas y medianas empresas; economía de mercado

1. Introduction

For the first time the concept of the entrepreneur is found in the arena of the history of slavery, when the opportunity came about to use slave labor, and the war became the economic engine of enterprise: following the conquerors, the generals went the conquerors – business executives. History has preserved the memory of many entrepreneurs, whose activity was closely linked to warlike raids, piracy and trade. The first entrepreneurs, Industrialists have been associated with the military. The father of the famous Athenian orator Demosthenes was the owner of the factory of swords, where he worked 32 slaves. In

Rome there were gladiatorial schools, organized on an entrepreneurial basis.

In the middle ages, there were economic conditions for the formation of a new type of entrepreneurs. Aspiring entrepreneurs of that time was presented by the merchants, traders, artisans, and missionaries.

A high level of trade in 9-12 centuries in Central Asia. During excavations in the treasures found imported products – art utensils, coins. Major centers of business were Ispidzhab, Cedar, Otrar, Taraz, Navaket, Balasagun. It added the cities of the North – Eastern Semirechye, as Kallik, IKI - Oguz. In Ispidjab, there were regular markets and market paintings, caravanserais. Some of the caravanserais was inhabited by merchants from Samarkand and Naseba, and the merchants of Ispidzhab went with the goods in Baghdad, merchants from Isfahan had their own caravanserais in Seligi etc [1].

Kazakhstan is experiencing a period of transformation of a free economy. For the Republic the process of transformation is not only a radical transformation of the entire system of economic relations, but also the decision of tasks of integration into the world economic relations system, ensuring the integrity and economic independence of the country.

The development of small and medium entrepreneurship is one of the conditions for successful reform of the economy. The creation and development of small and medium enterprises is the basis of social restructuring of society, providing training of the population and transition the entire economy to a market economy. The present work is largely due to the potential of small and medium enterprises as a driving force of the formation and development of the market.

The formation and development of entrepreneurship in Kazakhstan was in an unfavorable socio-economic and political condition of the transition period, against the backdrop of serious macroeconomic crisis and the decline in the living standards of people.

Entrepreneurship as a special form of economic activity can be carried out in both public and private sector. According to this there are:

- a) The business of the state;
- b) Private enterprise.

Public entrepreneurship is the form of implementation of economic activity on behalf of the company established: a) public authorities, authorized to manage state property (state enterprises), or b) local authorities. An important characteristic of such enterprises is the fact that they are responsible for its obligations only with the property which is in their ownership.

Private enterprise is a form of implementation of economic activity on behalf of the enterprise or the businessman (if such activity is carried out without employment, in the form of individual labor activity).

Of course, each of these types of public - and private enterprise - has its own distinctive signs, but main principles of their implementation are largely the same. And in that and in other case, the implementation of such activities involves initiative, responsibility, innovation, pursuit of profit maximization. Is similar and the typology of both types of entrepreneurship.

Entrepreneurship as a form of proactive activities aimed at profit (entrepreneurial income) is to:

- 1) Implementation of direct productive functions, i.e. the production of goods (product) or rendering services (e.g., engineering firm, tour company, design offices);
- 2) Exercising mediation functions, i.e. the provision of services related to the promotion of goods on the market and passing it to the proper (socially acceptable) from a direct producer of such goods for the consumer.

Public understanding of the problem is that, on the one hand, the priority is the first type of entrepreneurial activity as public wealth (as a generalized summary of the level and quality of life of every member of society) depends on the state of Affairs in the sphere of material production, scientific-technical and maintenance services. On the other hand, is the public

attitude to this type of business practice is not really a priority - it furthers the development and the second type of entrepreneurship, i.e. mediation. Why? First of all, because the level and quality of life, convenience and comfort of every member of society to a large extent depend on the level of development in society intermediary sphere (convenient for the buyer organization for trade, advertising, delivery of goods at home, ordering a product by mail, phone, etc.); the same applies to the consumers of industrial goods.

But such is the public perception of mediation is not the only and main reason. The main thing lies elsewhere - mediation business activities, its presence and complexity to a reasonable level leads to:

- 1) to increase productivity of the direct producers of goods based on specialization [2];
- 2) to accelerate the pace of turnover (circulation) capital;
- 3) to the saturation of commodity markets objectively to the required size and operation of the direct producers in accordance with the interests of consumers.

Depending on the nature of their entrepreneurial activity and its link with the basic stages of the reproductive process there are different types of entrepreneurship: productive, commercial, financial, mediation, insurance.

Enterprise is called the production, if the entrepreneur directly, using as factors the instruments and objects of labor, produce products, goods, services, works, information and spiritual values for subsequent sale to consumers, buyers, trade organizations. Therefore, the function of production in this kind of business is basic identifies.

Entrepreneurship in the sphere of direct production of goods may, therefore, focus on production and supply on the market of traditional or innovative products. The practice of entrepreneurial activity in any form involves an innovative process. The above division of the types of entrepreneurial activities is based on the belief that the production and supply of traditional goods is also using some new methods or techniques related to the organization of production, technical elements of production or changes in the quality characteristics of manufactured goods.

In commercial entrepreneurship, the entrepreneur plays the role of a merchant, trader, selling finished goods purchased from other individuals, the consumer, to the buyer. In this business the profits generated by the sale of goods at a price exceeding the purchase price. Note that if the product is purchased legally, trade and commercial entrepreneurship should not be called speculation, and on this basis to judge. Only when there is unlawful, in violation of the rules for trade resale, we can talk about the forbidden, criminal speculation.

Financial entrepreneurship is a special form of commercial enterprise in which the subject of sale are the money and securities sold by the owner to the buyer or granted to him on credit.

Mediation is called entrepreneurship in which the entrepreneur himself does not produce or sell a product, and acts as a mediator, a liaison in the process of commodity exchange, in commodity-money transactions. The main task and subject of business of the intermediary connecting the two parties concerned in mutual transaction. So there is reason to believe that mediation consists in the provision of services of each of these parties. For the provision of such services, the entrepreneur receives income, profit.

Person (legal or physical), representing the interests of producer and consumer (and often acting on their behalf), but they are not a constraint, are called intermediaries.

Entrepreneurial activity in the field of mediation allows combining in the shortest possible time, the economic interests of the producer and the consumer. Intermediation from the point of view of the manufacturer increases the degree of efficiency of the latter, because it gives the opportunity to focus its activity only on the production, transmitting to the intermediary function to promote the product to the consumer. In addition, the inclusion of a mediator in the relationship between producer and consumer greatly reduces the period of capital turnover, and thus increases profitability.

The insurance enterprise is that the entrepreneur guarantees the insured property, the value of life, for a fee, compensation of possible damage as a result of unforeseen disasters.

Property insurance, health, life, is a special form of a financial enterprise, which consists in the fact that the entrepreneur receives an insurance payment, paying the insurance only under certain circumstances. Since the likelihood of such circumstances is small, then the remaining part of the contributions constitutes business income [3].

1.1. The history and the essence of entrepreneurship

The emergence of small business in the Republic from the first days of economic reforms is one of priorities of economic policy. The entrepreneurial class is an integral attribute of market economy, an independent subject of economic relations. The majority of entrepreneurs belong to the so-called middle class that provides stability not only of the state economy based on market economy, but also influences political processes in the society, not allowing any departure from the liberal and market values.

In Kazakhstan, the transition to a market economy has occurred spontaneously, without preparation. At the initial stage of transition to a market economy, radical reforms were "on the March", without any serious theoretical and methodological training.

Economic policy has developed in a short time a narrow circle of specialists and was based mainly on the experience of developed market countries.

In the difficult and critical situation that took place in the early 90-ies in Kazakhstan, when stopped large enterprises, and hundreds of thousands of people lost their jobs, the natural decision was the introduction of price liberalization. Now, after more than 15 years of sovereign Kazakhstan, the development of the economy and with it the development of small entrepreneurship can be divided into 4 stages, each of which has its own distinctive features.

The first stage price liberalization (1991-1992). The first subjects of market economy - small businesses - appeared in the period of liberalization in trade and services, that is, where there was rapid turnover of money. Large enterprises once have got many small enterprises in marketing their products, repair, and maintenance of main and auxiliary productions. The creation of "red" Directors at large production cooperatives and small enterprises for supply and sales, as well as artificial fragmentation of enterprises under the new fashionable word "segmentation" has led to a redistribution of the profits of large companies and the former national property in interests of separate groups and entities. Then these "schemes" was the beginning of the rise of Kazakhstan's shadow economy. In the Republic in this period was created and operated for 34.5 thousand small businesses. They were employed 6.0% of the total workforce in the country, and the share of their products, works and services amounted to 7.0% of the gross domestic product of the country. In late 1992, hosted the first Forum of entrepreneurs of Kazakhstan, which was attended by the President of the Republic of Kazakhstan and the government of Kazakhstan. On this Forum for the first time in the history of the CIS was determined as the first program of entrepreneurship development in the Republic of Kazakhstan [4].

The second stage — tight monetary and fiscal policy restriction of the state (1993-1995). At this stage, to achieve macroeconomic stabilization in the country were abolished tax incentives that stimulate production activity. The abolition of tax incentives to encourage productive activities and development of small business in 1994 had a negative impact. Sharply reduced the number of employees in the industrial sector of cooperatives, LLP and small enterprises. Due to an inaccessibility to credit and lack of own funds and high inflation, the outflow is the main part of businesses from the production sector to the intermediary trade and commercial activity. Tightening the tax burden led to a situation when productive activities became unprofitable and futile. Of particular interest in terms of the post-Soviet period, namely, shortage of goods in the markets, from the point of view, a quick turnover of invested funds, was to present entrepreneurs the so-called "Shuttle" business. It was a period of luxuriant growth of "Shuttle" business and trade, rampant hyperinflation, redistribution of budget and credit funds in favor of a very narrow circle of persons having access to these resources. Inflation and foreign exchange transactions — fraud in banking and the closely related trade and intermediary activity at that time was the most profitable,

in contrast to the dying of the real production sector of economy of the Republic. To sell money under the scheme "cash-Bank transfer-cash", with "hats and kickbacks" to take a dollar loan at 4 tenge, and a year to return it for 70 tenge, received excess profits or never to return, was more profitable than to produce something. (Most of the time the loans were never returned). In this period appeared the first stirrings of the so-called national oligarchy only began to grow excessively financial and banking sector.

Banking and trading activities were most profitable to the detriment of the real sector of the economy. In 1995, against 1992, the share of products of small businesses in GDP decreased by one-third, from 7.0% to 4.7%, and the number of employees in this sector decreased 2%, from 6.0% to 3.0%, respectively.

During this period weakened the enterprise could not constrain the growth of unemployment.

The third stage - boom small-scale privatization (1996-1997). At the end of 1996 and early 1997, the country has witnessed some macroeconomic stabilization. For support of small business was adopted by the decree of the President of the Republic of Kazakhstan of 6. 03. 1997 "On measures for state support and activation of development of small entrepreneurship". Pursuant to this Decree in the Republic of small businesses sold 1520 vacant sites and buildings that are leased - 1334 object. For selection of entrepreneurs to productive use, transferred in trust 571, on a Pro Bono basis - 204 object. For apartment redevelopment of the lower floors of residential buildings for shops, cafes, pharmacies and other facilities was obtained 5664 permits. Increased the number sold in installments and transferred to acts on land plots.

Many industries in the period of "wild" privatization of forever died, and only some of them revived only today. Partially and belatedly passed the privatization of socially-oriented enterprises, deprived of centralized control, in connection with the liquidation of former Republican ministries [5].

Targeted privatization was particularly relevant in the field of small-scale production, consumer services, public catering and trade. It would be a logical start address privatization, which would involve the transfer of objects of the above sectors in working groups on the residual value, or in trust management on a competitive basis. In this case, would be saved and the technical and labor potential, and the company and continue to work, would have the possibility of technical re-equipment and a smooth entry into the market.

Businesses in these sectors, deprived of centralized control in the form of trusts, departments of trade and public catering of district and city level, would be the basis for the formation of small businesses in the country. Unfortunately, the address the privatization was carried out late and the existing infrastructure of the above industries have been practically destroyed. When re-creating this infrastructure now requires the development of new areas, a complete upgrade of equipment and fixed assets, training of new personnel, because the old qualified staff has lost and disqualifications. Thus was missed an important sector of the economy oriented on social service of the population. But, oddly enough, after the reduction many ministries in 1988-1990 it is these sectors, deprived of centralized control and micromanagement by the state, began to develop most rapidly and to involve the greatest number of people. This was another proof that the small business market is self-regulating and the most subject to market conditions based on demand and supply. Examples of targeted sales businesses are confectionery factory "Rahat", "Bacchus", "Almaty Cream", etc.

As a result of these measures appeared in the country world-class cafes, restaurants, shops and services. The number of small businesses during this period (1996-1997) increased 2.4 times and their share of turnover increased by 1.8 times and amounted to 8.5% of GDP. The number of employees in this sector in 1997 exceeded the 1995 1.73 times. Small sector of the economy again began to "absorb" unemployment. Thus, small businesses began to make a significant contribution to the stabilization of the economy.

The fourth stage is a period of qualitative development of economy of the Republic (1998-

2001), accompanied by growth of industrial production, gross domestic product, the stable development of financial-credit sphere of the Republic. In accordance with this program, the main sources of financing of projects of small entrepreneurship are the State employment promotion Fund, second tier banks, funds of local budgets, and also funds credit lines of the Asian Development Bank and the European Bank for Reconstruction and Development. In some regions, for the interested lending to small businesses by commercial banks was created liquid mortgage funds from municipal property. Such funds operate in Almaty, Astana and regions of East Kazakhstan, Aktobe, Kyzylorda, Mangistau, Pavlodar and North Kazakhstan. These funds were funded dozens of projects in the sphere of small business.

2. Methodology

In the process of the study were used General methods of research: methods of analysis of financial statements: horizontal, vertical, ratio, comparison, and other.

To explore entrepreneurship development in Kazakhstan were used General scientific and special research methods:

- review of the regulatory framework;
- analytical method;
- economic-mathematical calculations.

2.1. Current situation

At the present stage of industrial-innovative development of Kazakhstan small and medium businesses will play an essential role in implementing innovative projects and creating the ultimate competitive product based on the use of domestic and foreign scientific potential.

The activity of small businesses is an important factor in improving the economy of the country. The advantages of such enterprises include the following:

Partners in small businesses invest their capital in the business with more interest than large;

- Creation of additional jobs, reduction of unemployment;
- An effective tool for continuous updating of all elements of the production process, ensure high competitiveness of its products and services.
- facilitating activities of large enterprises through manufacturing and delivery of components and equipment, creation of support and service industries;
- The liberation of the state from low-profitable and unprofitable enterprises through their rent and foreclosure;
- carry out innovations that initially did not require major investment, and attracting a significant amount of labor and material resources.

The Council of entrepreneurs under the President was created to receive and process received from businesses, associations and Commissions on Affairs of business information and developing specific proposals to the President, the Parliament and the government to eliminate any systematically encountered obstacles to the development of entrepreneurship and creation of conditions for its further development [6].

In addition to problems on the formation and implementation of state policy in the field of entrepreneurship government functions are performed to provide financial, analytical and logistical support entrepreneurship. All of these forms of support are implemented by the state through the Executive bodies with the help of various programs undertaken at the local and territorial levels, and with the help of specially created for this purpose with the participation of state capital organizations.

To organizations that perform these functions include the following state companies:

1. JSC "Center of engineering and transfer of technologies". The main objective of the Center is to increase of competitiveness of real sector of Kazakhstan's economy through transfer of new technologies and enhancing the innovation activity in the Republic;

2. JSC "Corporation on development and export promotion "Kaznex" provides information and analytical support to the Government in public policy formation, including development of entrepreneurship;
3. JSC "entrepreneurship development Fund "Damu" - promoting quality development of small and medium business, as well as microfinance organizations of Kazakhstan as an integrator and operator of providing financial and consulting services;
4. JSC "national innovation Fund" provides financial support to innovative entrepreneurial initiatives by attracting investments and financing of projects;
5. JSC "Kazakhstan Investment Fund" - financial support by investing in the authorized capital of enterprises engaged in deep processing of raw materials, using modern and advanced technology;
6. JSC "Kazakhstan Development Bank" - financial support;
7. Technoparks, business-incubators, industrial zones, logistical support of entrepreneurship at the stage of its formation and development.

In addition, currently, most of Kazakhstan associations of entrepreneurs have already mastered such methods of cooperation in dealing with public authorities as participation in the work of various committees, commissions, expert councils and other Advisory bodies created in the Executive branch for the decision of those or other matters affecting the interests of entrepreneurs. Some of them are actively involved in the formation of the deputies, directing their delegates in representative bodies.

Among positively proven practical results following major Kazakh enterprises:

1. Central Asian Association of entrepreneurs;
 2. The Union of workers of small and average business of East Kazakhstan;
 3. Association of furniture and woodworking industry;
 4. The Almaty Association of entrepreneurs;
 5. Association of producers of milk and dairy products;
 6. Association of entrepreneurs of Astana city;
 7. Association of entrepreneurs of Karaganda oblast;
 8. The Association of business women of Kazakhstan.
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3. Results

Economic development of Kazakhstan in recent years has significantly moved forward towards the formation poly - subject structure of property relations. Civil code, following the Constitution, the law captures this fact. Moreover, the peculiarities of acquisition and termination of ownership rights to property, of possession, use and disposition for each of the subjects is determined solely by the law. And only the law defines the types of property that can be exclusively in state or private ownership [7].

The new situation demanded a radical change in the legal basis of economic activities. Civil code is a milestone along the way. He identified a fundamental basis for economic relations in the transition to market relations, has formed a basic rules, the rules of their legal regulation, compiled and legislated a new form of economic organization that have arisen in recent years.

Today, the economic changes in Kazakhstan far ahead of conversion in the legal field. Summarizing all the above, it remains to note that the required equal Union between economic change and the legislative framework, and that this equality is committed to ensuring that Kazakhstan is economically developed country with great prospects of development.

The role of small and medium-sized business in the economic growth of the state

Small and medium enterprises (SMEs) – the basis of a stable civil society, and from its development depends the welfare of all Kazakhs. SMEs not only perform an important social

role, supporting the economic activity of most of the population, but also provide considerable tax revenues to the budget. In the current difficult situation, the SME can act as a stabilizer, and therefore entitled to the due attention of society and the state.

World experience shows that if the state wants to develop dynamically and steadily, its socio-economic programs should always include measures to stimulate small and medium business. Today, in developed countries SMEs account for between 40% to 90% of gross domestic product (GDP). And therefore it is quite natural that the governments of these countries place a priority on supporting the sector. In principle, Kazakhstani SMEs moving in line with global trends, however, its share in the economy is very different from the global criteria.

The SME sector is characterized by high dynamism, flexibility, innovative activity, ability to quickly create new industries and generate new jobs. For example, in the United States over the past decade, approximately 55% of all innovations and account for about 75% of new jobs were created in the SME sector. The capital efficiency is about 9 times higher than in the large business sector.

Rapid and sustainable growth of SMEs in these countries due to the government's interest in the development of this sector of the economy, by involving the broadest masses of the population in creative entrepreneurial activity. In the countries under consideration, you may notice many similarities in the system of state support of the SME sector, due to the powerful influence of economic globalization and the activity of international organizations (UNIDO, UN-ECE, PHARE, WASME, EBRD, TACIS, USAID, etc.), specializing in financial, technical and informational assistance [8].

3.1. Analysis of the current state of small and medium business in the Republic of Kazakhstan

The share of small and medium enterprises in the total number of economic entities.

The successful experience of developed countries in building a competitive and diversified economy is a clear confirmation of the fact that small and medium enterprises (SMEs) is one of the key elements in this process. The condition and level of development of the SME sector play a critical role in the sustainable economic growth of the country, contributing to the solution of several problems, such as unemployment, poverty, and insufficient competition, inefficient use of material and non-material resources, dependence on domestic aggregate demand on imports, etc. As a result, the issues of SME development in most countries belong to the categories of the most important and considered at the highest state level.

Small entrepreneurship in the Republic of Kazakhstan became a mass phenomenon and relatively strong (table 1).

Table 1
Main indicators of activity of subjects of small and average business

Main indicators of activity of subjects of small and average business on February 1, 2017	
in percent to the corresponding period of the previous year	
region	The number of active subjects of small and average business
The Republic Of Kazakhstan	94,0
Akmola	96,5
Aktobe	101,6

Almaty	97,8
Atyrau	95,3
West Kazakhstan	102,3
Zhambyl	93,5
Karaganda	100,4
Kostanay	88,4
Kyzylorda	95,0
Mangystau	100,4
South Kazakhstan	94,0
Pavlodar	98,9
North Kazakhstan	83,5
East Kazakhstan	84,6
Astana city	101,7
Almaty city	85,8

* The Committee on statistics of the Ministry of national economy of the Republic of Kazakhstan

Over the past four years the number of registered small businesses has increased by more than 35% in comparison with the year 2015 and 2016 reached 1,174 464 million units, accounting for about 94% of the total number of all businesses in the country (table 2) [9].

Table 2
The number of active subjects of small and average business

MONITORING OF SMALL AND MEDIUM ENTERPRISES	
The number of active subjects of small and average business	
2017	
	units
	January
The Republic Of Kazakhstan	1 174 464
Akmola	44 769
Aktobe	51 358

Almaty	115 392
Atyrau	44 547
West Kazakhstan	40 702
Zhambyl	59 773
Karaganda	86 105
Kostanay	53 455
Kyzylorda	38 515
Mangystau	46 927
South Kazakhstan	175 623
Pavlodar	43 926
North Kazakhstan	28 707
East Kazakhstan	84 044
Astana city	102 050
Almaty city	158 571

According to the Business code of the Republic of Kazakhstan from October 29, 2015 No. 375-V for the purposes of state statistics provides for the use of the criterion of assignment to subjects of small and medium enterprises only average number of meetings.

* The Committee on statistics of the Ministry of national economy of the Republic of Kazakhstan

The number of subjects of small and average business is growing in our country from year to year. This is best evidenced by statistical data (table 3) [9].

Table 3
The structure of the sector of small and medium enterprises

The structure of the sector of small and medium enterprises on 1 February 2017		
		percentage
	The number of actors	
	the proportion	to the corresponding period of the previous year
totally	100,0	94,0
legal entities of small business	16,3	107,9

legal entities of medium business	0,2	92,3
individual entrepreneurs	68,1	90,1
a farm	15,4	99,7

* The Committee on statistics of the Ministry of national economy of the Republic of Kazakhstan

Increased and the share of gross value added of small and medium business in the Gross regional product (table 4).

Table 4

The proportion of Gross value added of small and medium enterprises in the Gross regional product of Kazakhstan.

The share of GVA of small and medium business in GRP 2011-2016						
						percentage
	2011	2012	2013	2014	2015	2016
The Republic Of Kazakhstan	20,6	17,3	17,1	16,7	25,9	24,9
Akmola	24,0	23,4	20,1	19,5	23,1	25,6
Aktobe	17,7	13,8	14,1	13,5	17,8	22,1
Almaty	33,1	25,9	24,9	23,7	27,0	25,1
Atyrau	8,1	6,9	7,3	5,8	8,8	14,2
West Kazakhstan	32,3	12,6	11,0	13,6	38,7	39,9
Zhambyl	21,0	18,1	16,9	19,3	20,1	19,9
Karaganda	10,7	10,7	11,1	11,1	12,4	12,7
Kostanay	21,0	20,2	17,7	17,6	23,3	21,8
Kyzylorda	14,3	8,7	11,3	10,6	12,0	13,5
Mangystau	16,1	10,7	10,2	9,7	17,6	19,9
South Kazakhstan	21,2	18,7	16,6	16,1	19,7	20,2
Pavlodar	13,3	11,8	11,9	12,1	18,5	19,7
North Kazakhstan	25,0	25,3	25,6	25,6	25,2	23,9

East Kazakhstan	16,2	16,7	15,4	14,6	14,2	15,4
Astana city	28,9	31,5	28,6	29,1	61,8	46,0
Almaty city	30,2	25,8	25,4	22,3	33,9	29,1

The share of GVA of small entrepreneurship in GRP 2011-2016

						percentage
	2011	2012	2013	2014	2015	2016
The Republic Of Kazakhstan	7,0	6,1	5,8	6,4	16,1	20,0
Akmola	7,5	8,1	7,1	8,2	14,9	20,2
Aktobe	5,6	4,7	4,3	5,2	11,9	16,9
Almaty	14,7	11,2	11,8	11,4	17,7	19,7
Atyrau	2,1	1,7	1,6	1,9	5,0	12,2
West Kazakhstan	7,6	6,3	4,7	6,2	33,9	35,9
Zhambyl	10,9	8,5	6,8	8,6	13,2	16,9
Karaganda	4,9	4,7	4,8	5,2	8,4	10,4
Kostanay	8,4	10,0	7,9	8,3	14,7	16,8
Kyzylorda	4,8	3,1	4,5	3,5	6,3	10,9
Mangystau	5,8	3,0	3,0	3,0	10,4	16,0
South Kazakhstan	9,2	9,4	8,8	9,2	14,5	17,0
Pavlodar	6,6	5,2	4,9	5,7	14,0	16,7
North Kazakhstan	10,8	12,0	10,0	11,5	15,5	17,7
East Kazakhstan	7,8	8,0	7,6	8,1	9,6	11,6
Astana city	9,0	8,6	7,1	8,7	40,1	38,6
Almaty city	8,0	6,4	6,2	6,4	16,3	21,6

The share of GVA of medium size entrepreneurship in GRP 2011-2016

						percentage
	2011	2012	2013	2014	2015	2016
The Republic Of Kazakhstan	13,6	11,2	11,3	10,3	9,8	4,9
Akmola	16,5	15,3	13,0	11,3	8,2	5,4
Aktobe	12,1	9,1	9,8	8,3	5,9	5,2
Almaty	18,4	14,7	13,1	12,3	9,3	5,4
Atyrau	6,0	5,2	5,7	3,9	3,8	2,0
West Kazakhstan	24,7	6,3	6,3	7,4	4,8	4,0
Zhambyl	10,1	9,6	10,1	10,7	6,9	3,0
Karaganda	5,8	6,0	6,3	5,9	4,0	2,3
Kostanay	12,6	10,2	9,8	9,3	8,6	5,0
Kyzylorda	9,5	5,6	6,8	7,1	5,7	2,6
Mangystau	10,3	7,7	7,2	6,7	7,2	3,9
South Kazakhstan	12,0	9,3	7,8	6,9	5,2	3,2
Pavlodar	6,7	6,6	7,0	6,4	4,5	3,0
North Kazakhstan	14,2	13,3	15,6	14,1	9,7	6,2
East Kazakhstan	8,4	8,7	7,8	6,5	4,6	3,8
Astana city	19,9	22,9	21,5	20,4	21,7	7,4
Almaty city	22,2	19,4	19,2	15,9	17,6	7,5

* The Committee on statistics of the Ministry of national economy of the Republic of Kazakhstan

The world Bank conducts an annual survey (Doing Business Report) in which on the basis of 10 indicators assessed the ease of doing business in 183 countries. The number of indicators included: the difficulty of creating a business, getting construction permits, connecting to electricity, registering property, taxation, etc [9].

Based on the data each country receives a rating. In 2016, Kazakhstan was ranked 46th compared to 49 place in 2015, i.e. in just a single year our country has risen to 3 positions.

4. Conclusions

4.1. Issues of Kazakhstani entrepreneurship and ways to overcome them

Despite the high rates of development of business in recent years, there are several problems that hinder a qualitative growth of this sector. These problems include:

- Imperfection of the legislative base – the law on private entrepreneurship contains outdated regulations. For a number of SME development there are no clear rules that leads to an increase of administrative barriers and the dual interpretation of the current legislation;
- The problem of the criteria definition of business entities – criteria of business entities to the category of small and medium business do not correspond to world practice. Low cost criteria are below the current level of economic development and business. They stimulate artificial "splitting" of the business, reducing the effectiveness of the support measures and the competitiveness of domestic businesses;
- Lack of constructive tax system – the tax system of Kazakhstan does not provide economic incentives to increase small business and its gradual transformation into a medium;
- Administrative barriers – the existence of administrative barriers is a major obstacle to the development of small and medium-sized businesses. However, their comprehensive analysis diets the keys to the most effective solution to this problem;
- weak development and the fragmented infrastructure of support of business existing in Kazakhstan infrastructure to support SME provides integrated support of development of small and medium-sized businesses and leads to increased transaction costs [10];
- low competitiveness of products of small and medium – sized businesses- lack of capital-high level of wear updatability and low fixed assets and low-tech SME sector in General, reduce productivity, economic efficiency and competitiveness of small and medium business;
- Lack of access to financial resources – the global financial crisis has compounded the problem of lack of financing of SMEs. Timely implementation of the government Stabilization programme allowed us to partially neutralize the negative impact of the crisis on the SME sector.

The most important task of the state at this stage is the creation of an integral system of economic methods of regulation. To this end, all countries in transition to a market economy carry out a radical reform credit and the tax system.

4.2. Program of support and development of entrepreneurship in the Republic of Kazakhstan

Since the beginning of formation of independent Kazakhstan history of state measures for support of entrepreneurship can be divided into the following periods:

The first period, from 1992 to 1994;

The second period from 1994 to 1996;

The third period is from 1997 to 2000;

Fourth period, from 2001 to 2003;

The fifth period, from 2004 to 2007;

Sixth period, from 2008 to the present.

One of the first steps in this sphere is the adoption of the State programme for support and development of entrepreneurship in Kazakhstan for 1992-1994, which laid the foundations

for the establishment and development of private business as a whole, not dividing it on the scale. The main obstacles for the development of entrepreneurship at the time was the lack of solid and stable legislation, adequate tax policy, difficulties in obtaining investments and loans, production facilities, raw materials, information, that is, the absence of a real mechanism of state support of entrepreneurship, the creation of which is suggested by the Program.

With the aim of creating the conditions necessary for active layer formation of entrepreneurs, thus providing a reliable social base of economic reforms in the Republic was developed and adopted a Program of State support and development of entrepreneurship in Kazakhstan for 1994-1996. This period was marked by the implementation of the tax reform whose main goal was to reduce the tax burden through a reduction of existing taxes and charges, as well as ensuring uniform application of tax rules throughout the country. In the process of reforming the country's economy the small business has acquired a key role [11].

In the period from 1997 to 2000 in order to resolve problems of the previous period, hindering the development of small business, and sustain the positive trends in the government carried out the following measures:

Was adopted by the presidential Decree of March 6, 1997 № 3398 "About measures on strengthening of state support and activation of development of small entrepreneurship", which approved the status of the measures for support and development of small business a priority area of government economic policy and directed the measures implemented in the first place, at ensuring employment of the population, the solution of social problems and the development of labor activity, filling the consumer market with a wide range of goods and services;

The government of Kazakhstan on 26 April 1997 was created the Fund of development of small entrepreneurship (decree of the Government of the Republic of Kazakhstan from April 26, 1997 № 665 "About creation of Fund of development of small entrepreneurship");

Was adopted the State program of development and support of entrepreneurship in Kazakhstan for 1999-2000, which determined the main directions of state support of small business due to its special role in a market economy.

In 2001 was adopted the next State program for the development and support of small entrepreneurship in the Republic of Kazakhstan for 2001-2002, which included the increase of efficiency of use of the created infrastructure of support and protection of small business, improvement of normative legal acts in the sphere of small business, improving the mechanisms of financial-credit and investment policy of small business support, personnel, scientific-methodological and information support of small business, regional small business development [12].

In order to further small business development in the period from 2004 to 2007, the government defined the main directions of support of small business in the near term, including the formation of the business climate, competitive environment, system of social institutions that will encourage the private sector to set up industries with high added value. Adopted a new State programme for the development and support of small entrepreneurship in the Republic of Kazakhstan for 2004-2006. In the framework of the Programme were set the task of providing the institutional conditions for the transition of small business to diversify, the expansion of profiling, translation of investment flows into new industries, increasing the assets of small businesses, creation of science-intensive export-oriented industries and output of products (works, services) of small business to foreign markets.

Without waiting for the implementation of measures under the Program of support of small business for 2004-2006, the Government adopted another Program of accelerated measures on development of small and medium enterprises for 2005-2007, developed in accordance with the Message of the President to people of Kazakhstan of 18 February 2005 "Kazakhstan on the road to accelerated economic, social and political modernization". The programme included highly effective measures to support and develop SMEs, logically fit into the framework of the government's macroeconomic policy, based on the Strategy of industrial-innovative development of Kazakhstan for 2003-2015 and the development Strategy of

Kazakhstan for the period up to 2050 [13].

Since the end of 2007, the state with the goal of reducing the scarcity of credit for SMEs due to the global financial crisis, has embarked on a Program of conditional placement of funds in second tier banks for further lending to SMEs on favorable terms, which operator is the Fund "Damu".

The President Of The Republic Of Kazakhstan N. Nazarbayev in his message to the people of Kazakhstan on entrepreneurship (29th January 2011): "Entrepreneurship is the driving force behind the new economy. The core of diversification is entrepreneurship. We want a powerful entrepreneurial class emerge, ready to undertake risks, master new markets and introduce innovations. It is entrepreneurs that constitute the driving force of economic modernization. In this regard I instruct the Government in 2010 to ensure the introduction of a single budget program on entrepreneurship development in the regions [14]. I propose to call it "business Road map - 2020". The purpose of this program is to create permanent jobs through the development of a new layer of entrepreneurship in the regions especially small and medium-sized businesses. The use of this program should be implemented in the following areas:

- subsidizing interest rates on loans;
- Partial credit guarantees to small and medium businesses;
- Service support of doing business;
- Retraining and professional development, youth practice and social jobs.

"Business road map - 2020" opens new opportunities both for business and for banks and investors for financing non-material projects [15]. The government together with the akims should develop within the three-year budget total funding limits by year based on calculations of the economic potential of each region. These funds are transferred to the regions. Governors will take full responsibility for projects of small and medium businesses financed by the program. I instruct the Government to transfer socially – enterprise corporations to the local Executive authorities who will become the regional corporations for business development".

4.3. Summary

The key objectives of government support measures implemented in the given direction are shown:

- Support in implementation of company products, small businesses;
- Provision of compliance of produced by small businesses the products of functioning international quality standards;
- supply small businesses industrial premises;
- Co-ordination of financial support of subjects of small business production and innovation activities, including the organization of access of small businesses to the advanced forms of investment support;
- Equipment maintenance of activity of subjects of small entrepreneurship in the organization of modern high-tech, high-tech industries and innovation;
- ensuring the conditions of free competition.

Based on the objectives of industrial-innovative SME support, the main measures that are executed in the given direction will be:

- A way of organizing exhibitions, fairs, competitions of small businesses focus production and services, procurement activities for marketing services.
- holding of tenders for public procurement by ensuring the priorities of small businesses and products made by small businesses;
- Introduction to small businesses quality systems in accordance with international standards;

- Trade and transfer of lease and confidential management of small businesses, vacant sites and areas in state ownership;
- giving permission to redevelop the apartments at organization of entrepreneurial activities;
- granting the land plots for entrepreneurial activities;
- provision of interaction with institutes of development of direct financing innovation projects of small businesses, and also the base of regional venture capital companies operating in the given direction;
- Formation of progressive forms of investment support of small business-namely, leasing and franchising;
- expanding and improving the practice of business incubation;
- Organization of infrastructure of small business innovations;
- guarantees the rights and protection of interests of entrepreneurs.

The infrastructure is a necessary circumstance, allowing providing increase small business volume of production and rendered services.

The potential of cluster and network approach to the formation of small and medium enterprises generates an increase in the efficiency of infrastructure of support of small and medium-sized businesses, overcoming the existing territorial differences in development of infrastructure [16].

Criteria for the formation of components of the infrastructure of small entrepreneurship, increasing the efficiency of existing structures, will be performed by the Executive authorities of the region. State assistance with infrastructure will be implemented trends:

- support the formation of infrastructure for small businesses;
- Business centers,
- Business incubators,
- consulting centers,
- The other institutions of the infrastructure of small entrepreneurship;
- support to the organization infrastructure of small business industrial innovation areas, namely, technology business incubators, techno parks and other structures given direction;
- Formation of business associations, including industry associations of entrepreneurs.

Organization of the territorial units of cents business support to help small businesses a wide range of services for the organization and maintenance of economic activities, providing financial and credit assistance, circumstance extensive coverage of entrepreneurs including district level, is a promising course of unwinding of the joint-stock company "Fund of development of small entrepreneurship".

Promotion of entrepreneurial activities, which is contained in creating a positive attitude towards entrepreneurship in light of the state activity on the formation of small businesses and promote unwinding of the business, is a necessary fact of ensuring public support and activate the formation of small business.

That the core of diversification is entrepreneurship because entrepreneurs are the driving force of economic modernization, says the President of the Republic of Kazakhstan N. Nazarbayev to people of Kazakhstan "New decade, modern economic growth, new potentials of Kazakhstan" from the twenty-ninth of January two thousand and eleventh year, in the section "Entrepreneurship is the driving force behind the new economy".

The economy of any society is a set of various activities, the result of which is the creation of material goods and their movement to the consumer. This activity is based on the interaction of productive forces and relations of production, characterized by their penetration and interaction expression. The business activities that have historically occurred in the process of development of society.

As for economic freedom, an important factor in the development of business - it represents the freedom of economic activities, trade, land use, voluntary cooperation with each other,

etc. Economic freedoms are equally important for the entrepreneur, the businessman and the consumer, because it creates an environment for creative activity of the individual.

The large number of entrepreneurs significantly activates in the national economy rivalry and competition, is a well-known guarantor of deterrence of monopolistic trends, inflation, rising unemployment. Economic agility, flexibility, decision-making, spatial mobility, all of which characterize modern business.

Based on this analysis it should be noted that in recent years, Kazakhstan received the dynamic development of entrepreneurship.

Currently, much has been said about the revival of Kazakhstan's business. However, to be precise, what is happening in the socio-economic life of Kazakhstan is an attempt of a secondary revival of entrepreneurship in our country. The basis for the formation and development of entrepreneurship was founded in the course of implementation of state programs of development and support of entrepreneurship since 1992. Today, entrepreneurial activity in Kazakhstan is booming, based on the state support its growth. Addressing critical issues, providing business development incorporated in the State program of development and support of entrepreneurial activities, approved by presidential decree of May 7, 2001. No. 597. One of the priorities outlined in the presidential Decree "On measures for realization of Kazakhstan development strategy until 2050", is the development of infrastructure to support entrepreneurship in the country. The solution to too many problems related to entrepreneurship in Kazakhstan, reflected in the President's message from the city 29.01.2010

Enterprise development is faced with many problems, in particular, information issues, financial, institutional, educational, and government (bureaucracy, corruption), all these problems can be solved, and that in the near future our country will cope with its task of solving these problems. Due to these decisions and will develop the economy of our country as a whole.

The formation and development of entrepreneurship in Kazakhstan was happening in difficult and not always favorable, socio-economic conditions of the transition period, against the backdrop of serious macroeconomic crisis and the decline in the living standards of people. The processes of forming the non-state sector of the economy and is now faced with several difficulties, both objective and subjective, prevent its dynamic development.

The formation and development of common property and private entrepreneurship in the Republic of Kazakhstan has passed a long evolution. The change in the political environment of Kazakhstan from 1991 to the present time, gives reason to divide the process of transformation of small and medium entrepreneurship in Kazakhstan. The first period (1991-1994) — in the formation of a new political system where the act of the Constitution of the Kazakh SSR, the Constitution of 1993 the Supreme Council, local Councils. Adopted laws of a repressive character in relation to private property and entrepreneurship. Public opinion was negatively disposed to them. And the second period (1995-present) — the period of intensive development of entrepreneurship, when in unison worked with all branches of government, creating a favorable environment for private enterprise. The strategic course of the President Nazarbayev holds enormous potential to create a favorable external environment for enterprise that makes it possible as the strengthening of positions of Kazakhstan to the WTO and entering the top 30 most competitive countries of the world.

Currently, entrepreneurship in Kazakhstan is being developed in a variety of types. Requires special attention to the development of the internal market, support of small and medium-sized businesses.

Among the new business structures dramatically increased the number of joint stock companies established during reorganization of state and municipal enterprises, investment funds and companies.

The development of small business contributes to the stabilization of economic relations, the formation of a domestic competitive environment.

New entrepreneurs have a great need for success and want to prove their abilities. This is only possible as a result of winning the competition.

Apparently, it would be wrong to agree with the common thesis that the future of Kazakhstan is in entrepreneurship. The future of Kazakhstan — for all of us and will depend largely on our ability to develop an effective concept of the household code. But the future of Kazakhstan — and for entrepreneurs. Therefore, requires a professional approach of everyone who decided to engage in this form of economic activity and to the performance of their business functions.

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