

ASSESSMENT OF THE EFFECTIVENESS OF STATE SUPPORT MEASURES: PERCEPTIONS FROM A PILOT REGIONAL SURVEY

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Abstract

The relevance of the research topic is associated with increasing the efficiency of business development in the Republic of Kazakhstan. The purpose of the study is to analyze and evaluate the effectiveness of measures of state support for the development of small and medium-sized businesses in a competitive environment. The object of research is small and medium-sized businesses. To achieve this goal, the method of a sociological survey conducted remotely using an interactive standardized questionnaire was used. A specialized computer program SPSS was used to process the survey results. During the study, an assessment was made of the level of awareness of business entities about state support measures implemented in the regions of Kazakhstan. Particular attention is paid to determining the level of respondents' satisfaction with the possibilities and conditions for obtaining state support measures. In conclusion, the findings indicate a need to improve the existing state support tools. The practical significance of the study is determined by the recommendations developed for regional governments based on the results of the survey, aimed at improving the efficiency of small and medium-sized businesses.

Keywords: *small and medium-sized businesses, region, level of perception, regional authorities, respondents, entrepreneurship.*

INTRODUCTION

The strategic task of economic development of the Republic of Kazakhstan is to increase the share of small and medium-sized businesses in GDP to 50% by 2050. At the same time, by 2030, the share of SMEs in GDP should reach 40%.

Small business plays a critical role in providing employment and raising incomes. Currently, about 42% of those employed in the country's economy work in the small business sector, which makes its development a priority for the regions in terms of improving the level of employment and incomes of the population. For akims (mayors) of regions where the small business sector is concentrated, the main indicator of development is the growth of GRP, which is provided by large enterprises. Thus, the development of small business is not in the focus of the economic agenda of the regions.

The development of medium-sized businesses is inextricably linked with the implementation of investment projects and plays an important role in achieving the goal of doubling GDP. One of the main problems is the lack of clear priorities and transparent criteria for the selection of investment projects. Another significant problem is the lack of engineering infrastructure. Despite the willingness of both Kazakh and foreign investors to invest in infrastructure development, the current conditions for this are not sufficiently developed. This factor seriously limits the ability of medium-sized businesses to implement investment projects.

In the context of dynamic changes in the world market and internal economic factors, it is especially important to have accurate and timely information about the business climate, to assess the level of perception of the responsiveness of state support measures at the regional level in the assessments of representatives of small and medium-sized businesses.

Taking into account the above, the purpose of the study is to analyze and evaluate the effectiveness of measures of state support for the development of small and medium-sized businesses in a competitive environment.

To achieve desired goal, it was necessary to solve the following tasks:

1. Assess the level of awareness of business entities about state support measures by regions.
2. To identify the most popular measures of state support over the past two to three years among business entities.
3. Assess the level of respondents' satisfaction with the possibilities and conditions for obtaining state support measures in the region.
4. To identify the impact of the received measures of state support on improving the efficiency of the enterprise.

In modern sociological science, there are sharp discussions about the structure, methods of measuring the level of perception of the responsiveness of state support measures, and even more so – conducting analysis and assessment at the regional level. In sociological interpretations of subjective well-being, satisfaction with economic, psychological, legal, political, and environmental support measures is supplemented by a socio-role component. The main benchmark is the socio-economic research of Russian scientists of the Higher School of Economics (in particular, the works of M.A. Shabanova [1]). In the works of scientists from far abroad, this direction is developed by Amitai Etzioni [2], and his followers working at various universities in the United States (Colorado State University, University of Denver, University of Massachusetts-Boston, University of Vermont, etc.) and European countries (University of Macerata, Italy, Università Ca'Foscari Venezia, Italy, University of Cambridge, UK, etc.).

A separate group of studies on this topic should include scientific works reflecting the role of the state in creating an entrepreneurial ecosystem and devoted to the analysis of state programs (Audretsch D., Keilbach M. [3,4], Lerner J. [5].

The group of researchers pays great attention to individual tools of state support. In particular, the works of Beck T. et al. [6] analyze the impact of credit guarantees on the growth of small and medium-sized businesses. Klapper L. et al [7] investigates the impact of regulatory barriers on the development of entrepreneurship. In the works of Zee, Howell H. [8], it is noted that tax incentives stimulate the growth of the number of small and medium-sized businesses. With regard to public procurement as a tool to stimulate innovation, modern research shows that firms funded by the state or commissioned by public institutions are more innovative than other firms in the same industry. Shleifer A., Vishny R [9] investigate the role of the corruption component in business development and identify low-performing tools of state support. The work of Guerzoni and Raiteri [10] notes that subsidizing production is highly effective, and public procurement has the greatest positive effect among all others.

The works of scientists of the Institute of Eurasian Integration (Sadieva S.S., Shatalov N.S., Selteev U.K.) investigate the mechanisms and tools for the functioning of the concept of the "Hearing State", substantiate the need to comprehend and concretize the basic approach [11]). Scientists of the Institute of Economics of the Committee of Science of the Ministry of Science and Higher Education of the Republic of Kazakhstan study the mechanisms of implementation of regional policy, taking into account the specifics of the regions and the influence of internal and external factors [12].

At the same time, despite the significant interest in this problem, it should be noted a significant shortage of studies devoted to assessing the level of perception of the responsiveness of state support measures at the regional level. The study is designed to fill the existing substantive gaps in the study of this issue and formulate recommendations for improving the efficiency of regional governance.

1. MATERIALS AND METHODS

1.1. Materials

Three types of sources served as the information base for the study.

the results of a pilot study to evaluate the effectiveness of measures of state support for the development of small and medium-sized businesses The pilot study to evaluate the effectiveness of measures of state support for the development of small and medium-sized businesses, conducted by an online survey, was attended by 40 representatives of business entities registered in the Republic of Kazakhstan (representing all regions of the country). Respondent status: heads of enterprises (owners and hired managers);

documents forming the regulatory framework for the development of small and medium-sized businesses in the Republic of Kazakhstan; strategic plans and programs of regional and local governments developed for business development.

1.2 Methods

The developed methodology includes a sociological study aimed at determining the level of satisfaction of business representatives with the possibilities and conditions for obtaining state support measures. The study considers small and medium-sized businesses registered in the Republic of Kazakhstan.

In accordance with the norms of the Code of the Republic of Kazakhstan dated October 29, 2015 No. 375-V "Entrepreneurial Code of the Republic of Kazakhstan" (with amendments and additions as of 09.09.2024), business entities are citizens, individuals and non-state commercial legal entities engaged in entrepreneurial activities (private entrepreneurship entities), state enterprises (state entrepreneurship entities).

Depending on the average annual number of employees and average annual income, business entities belong to the following categories:

Small business entities are individual entrepreneurs without the formation of a legal entity and legal entities engaged in entrepreneurship, with an average annual number of employees of no more than one hundred people and an average annual income of no more than three hundred thousand times the monthly calculation index established by the law on the republican budget and effective on January 1 of the corresponding financial year (594 million 600 thousand tenge).

Microenterprise entities are small business entities engaged in private entrepreneurship, with an average annual number of employees of no more than fifteen people or an average annual income of no more than thirty thousand times the monthly calculation index established by the law on the republican budget and effective on January 1 of the corresponding financial year (59 million 460 thousand tenge).

Individual entrepreneurs and legal entities engaged in the above activities, even if they meet the criteria for number (up to 100 people) and income (up to 300,000 of monthly calculation indexes), belong to medium-sized businesses. In addition, if one of the criteria (in terms of number or income) is exceeded, the small business entity passes into the category of medium-sized businesses.

Large business entities are individual entrepreneurs and legal entities engaged in entrepreneurship and meeting one or two of the following criteria: the average annual number of employees is more than two hundred and fifty people and (or) the average annual income is more than three million times the monthly calculation index established by the law on the republican budget and effective on January 1 of the corresponding financial year.

To assess the level of satisfaction, a separate sample was formed to survey business entities:

Stage 1 of selection. The formation of a database of contacts of representatives of small and medium-sized businesses, based on a sample of the maximum variation, which allows taking into account a large number of conditions characteristic of different territories;

Stage 2 of selection. The selection of small and medium-sized businesses with a specific set of characteristics in accordance with the given proportions, reproducing the structure of the general population. The number of units (elements of the sample set) with a different combination of the studied features is determined in accordance with their share (proportion) in the general population, taking into account the following parameters: category of small and medium-sized businesses by size in accordance with the value of the annual turnover of the company; type of economic activity;

Stage 3 of selection. The selection of the respondent by the quota target method in accordance with the requirements of the respondent's status.

Information processing is carried out by forming a database in a specialized computer program SPSS. On the basis of the formed database, tables of the frequency distribution of respondents' responses, cross tables in accordance with the objectives of the study to identify significant correlation dependencies, tables of the distribution of respondents' responses, grouped by socio-demographic and territorial characteristics, were constructed.

To ensure the reliability of the data, control measures were taken at all stages of data collection and processing: monitoring compliance with the quota task, checking the completeness of questionnaires, recording IP addresses, assessing the consistency of answers, logical and arithmetical control.

2. RESULTS

The regulatory legal acts of the Republic of Kazakhstan reflect a fairly extensive set of tools for state support for the development of small and medium-sized businesses, among which financial and non-financial measures are distinguished (Table 1).

Financial support measures	Non-financial support measures
subsidizing part of the remuneration rate	supply of engineering infrastructure (power supply, gas supply, water disposal, railway lines)
partial guarantee on loans	information and consulting services for entrepreneurs and the population with entrepreneurial initiative
provision of state grants	service support of business activities, including: services related to accounting and tax accounting, as well as statistical reporting; services on legal issues and competitive (tender) procedures; services on financing and obtaining state support measures; services for the development of a business plan, market analysis
syndicated lending, which involves financing of large projects up to 15 billion tenge simultaneously by several banks	entrepreneurs training
bond loans	business relations (undergoing foreign internships by heads of enterprises)
simplified procedure for the return of excess VAT - for enterprises-exporters of their own products	attracting external consultants to the enterprise on the introduction of new management methods, production technologies
tax exemption	

Table 1. Measures of state support for business

Source: compiled by the author

Every year, the Government, together with the Ministry of National Economy of the Republic of Kazakhstan and The National Chamber of Entrepreneurs Atameken, takes measures to improve the conditions for doing business, optimize the current legislation, reduce administrative barriers and solve the problems of entrepreneurs.

The study showed that the most popular measures of state support over the past 2-3 years among business entities were: direct financial support (loans, grants, subsidies, etc.) (20% of respondents); supply of engineering infrastructure (power supply, gas supply, water disposal, etc.) (20% of respondents); service support of business activities (12% of respondents); infrastructure support (business incubators, industrial parks, etc.) and a simplified procedure for the return of excess VAT - for enterprises-exporters of their own products (8% of respondents).

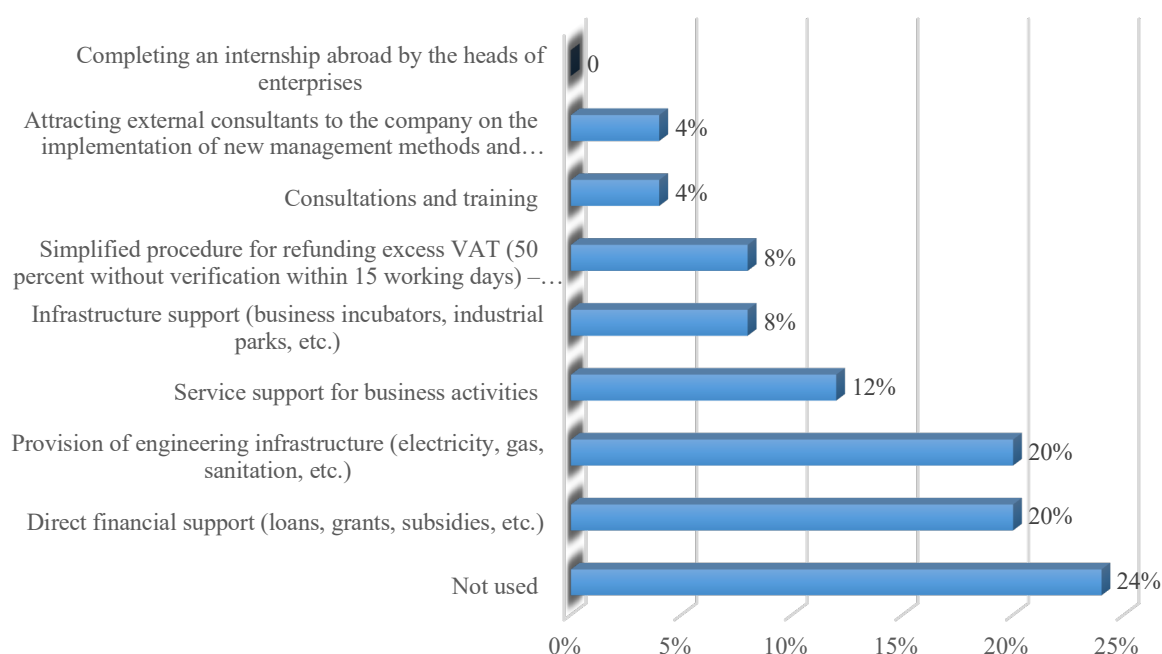


Fig. 1. The most popular measures of state support in 2021–2024

Source: compiled by the author

The most popular measures of state support in the future were: direct financial support (loans, grants, subsidies, etc.); passage of foreign internships by heads of enterprises; infrastructure support (business incubators, industrial parks, etc.); consultations and training; service support of business activities; attracting external consultants to the enterprise on the introduction of new management methods, production technologies.

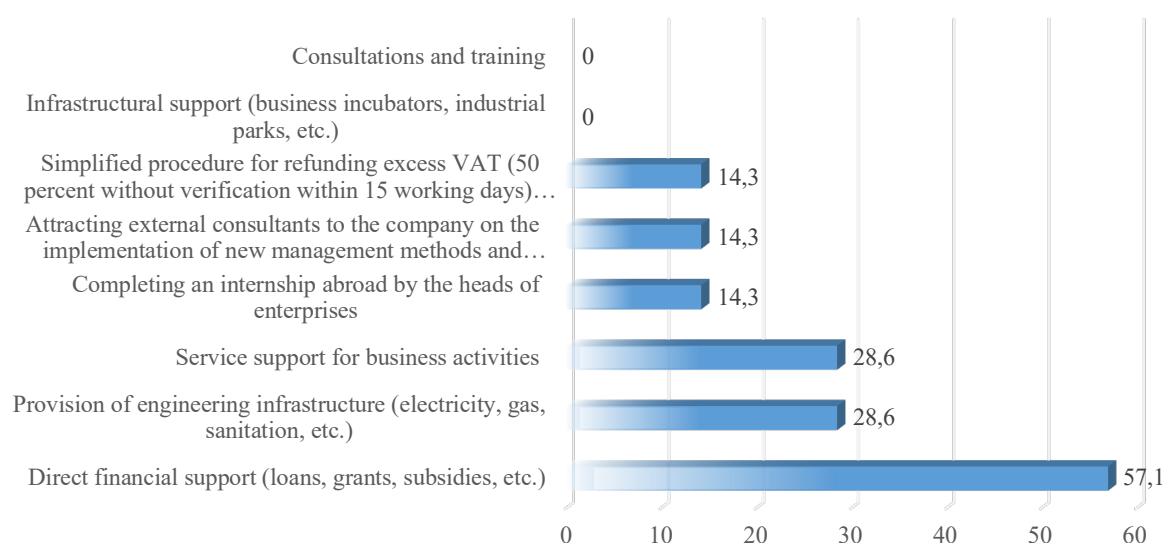


Fig. 2. The most popular measures of state support in the prospective period

Source: compiled by the author

Thus, the TOP 3 most effective measures of state support include: direct financial support (57.1%), supply of engineering infrastructure (28.6%); service support of business activities (28.6%) (Fig. 2).

The assessment of the impact of the received measures of state support on improving the efficiency of the enterprise showed that 38.4% of respondents did not feel significant changes after receiving measures of state support. The growth of the tax burden, high tariffs for housing and communal services, and a shortage of personnel have a significant impact on domestic business. These factors create additional financial and operational burdens, which can reduce the profitability of enterprises and slow down their development. And only 23.1% of respondents noted an increase in investment and production of new products; 15.4% - an increase in employment (Fig. 3).

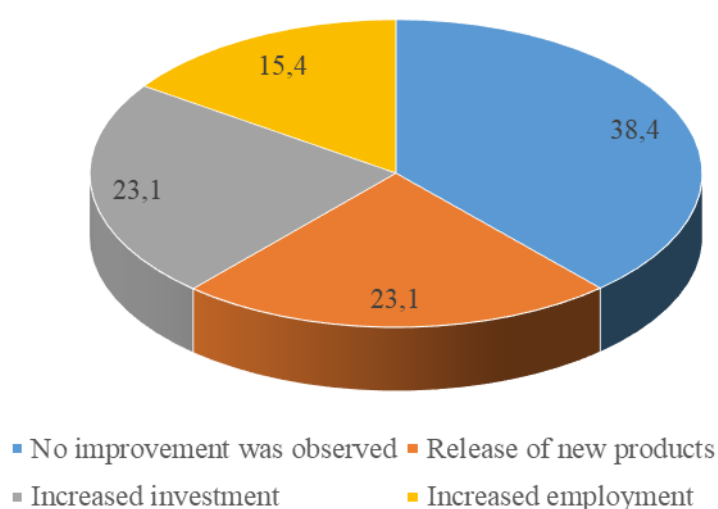


Fig. 3. The impact of the received measures of state support on improving the efficiency of enterprises

Source: compiled by the author

The assessment of the satisfaction index (the satisfaction index was calculated as the difference between the answers "completely satisfied", "rather satisfied" and "rather dissatisfied", "completely dissatisfied") made it possible to conclude that the respondents demonstrated average satisfaction with the possibilities and conditions for obtaining state support measures by regions. 46.2% of respondents noted that the municipality more often and as much as possible makes efforts to solve business problems. This indicates the interaction of local authorities with business, which can contribute to the creation of more favorable conditions for the development of small and medium-sized businesses in Kazakhstan (Table2).

Respondent Response Options	Frequency	% of Respondents
Completely satisfied	2	15,4
Rather satisfied	4	30,8
Rather dissatisfied	5	38,5
Completely dissatisfied	0	0,0
Difficult to answer	2	15,4
Total	13	100,0
Satisfaction index		+7,7

Table 2. Calculation of the index of satisfaction with the possibilities and conditions for obtaining state support measures

Source: compiled by the author

Residents of Akmola region (50% of respondents) are fully satisfied with the provided measures of state support, 42.9% of residents of Kostanay region noted that they are rather not satisfied with the measures of state support.

Regarding the level of their awareness of entrepreneurship support policies and programs in the region, 69.2% of respondents noted that they know something about the main areas of work to support small and medium-sized businesses; 30.8% - very well know the main areas of work and programs to support small and medium-sized businesses implemented in the region. Business platforms in regional chambers of entrepreneurs with the participation of the akimat (municipality), personal reception with the leadership of the akimat, appeals through the e-Otinish portal are considered the most effective means of communication with the akimat. These channels allow for a direct and constructive dialogue between entrepreneurs and local authorities, which contributes to a more rapid resolution of emerging issues and problems.

42,9% of respondents who noted a high awareness of support programs used these programs in their activities. Accordingly, among the respondents who have never used these programs, only 16,7% are informed about them. (Fig. 4).

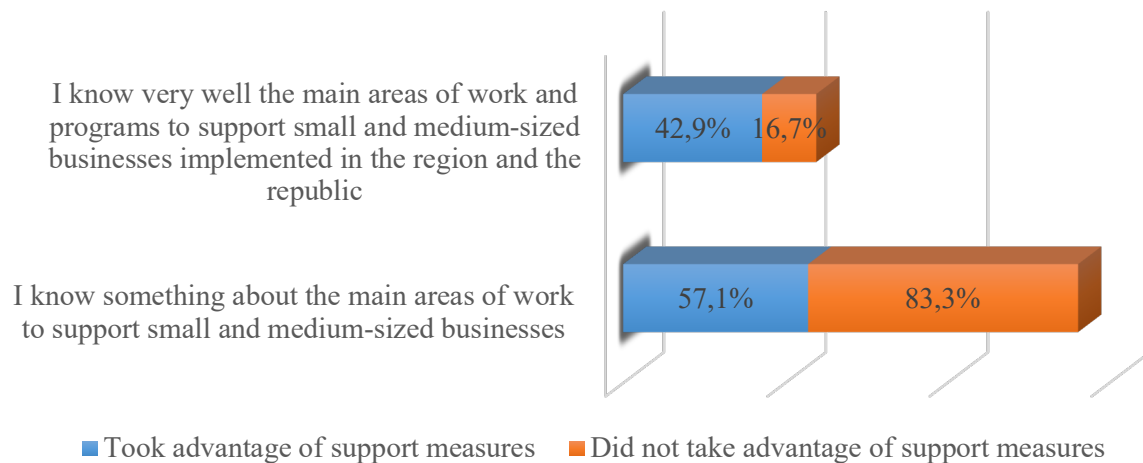


Fig. 4. The level of awareness of entrepreneurship support policies and programs among those who have benefited and have not benefited from support measures

Source: compiled by the author

Heads of enterprises with an average number of employees from 1 to 15 people are more informed (40% of respondents); heads of enterprises with a number of employees from 16 to 100 people are less familiar with measures of state support (80% of respondents) (Fig. 5).

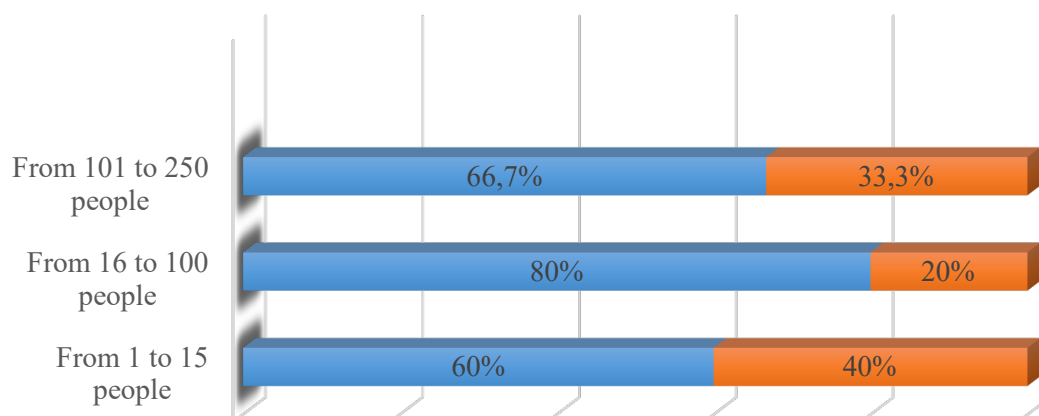


Fig. 5. The level of awareness of entrepreneurship support policies and programs, depending on the number of employees in the organization

Source: compiled by the author

In the context of the regions, the situation is as follows: more than half of the respondents from Almaty, Zhetysu regions know something about the main areas of work to support small and medium-sized businesses. The most informed are residents of the Turkistan region and Almaty (50% of the respondents surveyed).

The assessment of the level of respondents' satisfaction with the possibilities and conditions for obtaining state support measures by regions showed that only residents of Akmola region (50% of respondents) are fully satisfied with the possibilities and conditions for obtaining state support measures.

3. DISCUSSION

The results of the survey made it possible to assess the impact of the measures of state support received on improving the efficiency of enterprises. All regions of the Republic of Kazakhstan became the testing ground for the study. The inclusion of different regions made it possible to identify regional differentiation of the results obtained, which makes it possible to ensure that regional specifics are taken into account when making management decisions.

More than half of the respondents give an average assessment of the effectiveness and availability of measures of state support for business. This suggests that most entrepreneurs find existing programs and initiatives useful, but may also indicate that there are certain areas for improvement.

Surveyed respondents-representatives of different regions of Kazakhstan demonstrated a significant variation in assessing the level of awareness of business entities about state support measures implemented by regions; and also differed in their views on the identification of the most popular state support measures over the past two to three years.

In general, entrepreneurs positively assess the role of local executive authorities in attracting investment in the region and creating conditions for this. They note the interest of akimats in attracting investments and in making maximum efforts to support investment projects.

In all the studied regions, the highest priority is given to financial measures of state support, since they were noted by the largest number of respondents.

But it should be noted that currently in Kazakhstan priority is given to non-financial measures of state support. Thus, in the Budget Code of the Republic of Kazakhstan dated March 15, 2025. No. 171-VIII enshrines the norms that allow the local executive body (akimat) to promote the economic development of the territory. In particular, the following norms have been introduced:

- allowing to leave individual income tax on income in full in the budgets of cities of district significance, villages, townships, rural districts;
- prohibiting withdrawals of revenues additionally received in the course of execution of local budgets and balances of budget funds of local budgets to higher budgets;
- granting the right to regulate economic activity (state support for private entrepreneurship; state support for social entrepreneurship).

The above norms allow local executive authorities to provide state support to business by preparing and providing production areas with utilities (supplying engineering infrastructure) for the location of production. The sources of investment may be JSC "Industrial Development Fund" and (or) the local budget. The return on investment can be made at the expense of an increase in individual income tax on the wages of employees who have taken newly created jobs.

The construction of engineering infrastructure and the provision of space for entrepreneurs for the development of production make it possible to obtain additional benefits for the sustainable development of the territory, which include:

- reducing unemployment. The creation of new jobs reduces the burden on social programs and increases the sustainability of the local labor market;
- multiplicative effect. The growth of income of the population stimulates the demand for goods and services, which gives impetus to the development of small and medium-sized businesses, which means additional tax revenues (land tax, property tax, transport tax, etc.);
- improvement of infrastructure. Investments in communications increase the attractiveness of the territory for other investors, create conditions for cluster development and the development of innovative infrastructure;
- social stability and quality of life. Regular employment helps to strengthen family incomes, increase the level of education and health care, reduce crime;

- long-term economic revival. Investments in the creation of production facilities lay the foundation for the diversification of the territory's economy and increasing its competitiveness at the national and international levels.

4. CONCLUSIONS

The Republic of Kazakhstan has a fairly extensive set of tools for state support for the development of small and medium-sized businesses, among which financial and non-financial measures are distinguished. According to the results of the survey, entrepreneurs are striving to develop their business and increase production and sales. This indicates a positive dynamic in the business environment and a high motivation of businessmen to grow and expand their activities.

There is an average level of perception of the responsiveness of state support measures at the regional level in the assessments of representatives of small and medium-sized businesses (less than half of entrepreneurs consider the existing programs and initiatives useful).

In order to develop small and medium-sized businesses, the following should be noted as recommendations for regional authorities:

- akims of the regions should be personally responsible for the development of small and medium-sized businesses in the regions. The growth of income and employment should become key indicators of the program and assessment of the work of akims;
- it is necessary to strengthen the information component, as well as to conduct explanatory work on the existing tools of state support for business development in the regions. To develop a portal that includes all measures of state support, services of sectoral ministries and local executive bodies, including monopolists, as well as to provide transparent navigation for all categories of business.
- it is necessary to develop a register of all producers of goods, works and services receiving state support measures, conduct analysis and develop recommendations;
- wider use of existing legislation to expand the capacity of the current engineering infrastructure;
- increase the effectiveness of the audit to solve problematic issues of business development at the regional level, including an audit of the effectiveness of state support measures and best practices.

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