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# SUPPORT OF ENTREPRENEURSHIP AS THE BASIS OF INNOVATIVE DEVELOPMENT OF THE ECONOMY OF KAZAKHSTAN

**Abstract.** The support of entrepreneurship, according to the authors, is the basis of innovative development of the economy of Kazakhstan. An innovative vector of development is an objective necessity for Kazakhstan. Since, in the opposite case, Kazakhstan is influenced by such circumstances as a lag in the technological plan, the presence of national advantages of the resource type (territory and minerals), the lack of competitiveness of a domestic product can reduce its economic security. Thus, the prospect of innovative development is considered as a long-term direction of the structural policy in the field of science and business, and to ensure the overflow of investments in innovation.

Keywords: entrepreneurship, state support, small business, innovation, development.

### **INTRODUCTION**

One of the main factors in the effective functioning of the economy in modern conditions is the forced modernization and development of innovations. For Kazakhstan, diversification and increasing the competitiveness of the economy is a difficult task, leading domestic economists note, given the degraded state of the manufacturing industry and agriculture, scientific and technical potential, the extremely low level of the entire infrastructure system and quality of service. The country will not only have to organize the production of new types of products, take measures to improve their quality and lower prices, but radically modernize its economy [1, c. 155].

In the process of developing state policy in this area, it is necessary to take into account the differences between the innovative development of foreign countries and Kazakhstani practice. While in developed countries, innovations are an immanent part of the entrepreneurial sector, in Kazakhstan, the method of production of the national system does not imply interest in innovation in private capital. This is due to the fact that entrepreneurship is concentrated mainly in the sphere of circulation (trade, banking) and the extractive sector, which have the potential to limit innovation due to their specifics. The real sector, which is the basis for the widespread introduction of innovations, is underdeveloped in Kazakhstan.

#### MAIN PART

But in the context of globalization, the development of innovation is an objective necessity, and only the state can engage in this process. In turn, an active innovation policy is an important condition for economic diversification, which leads to the formation of a competitive innovation-type economy. However, the activation of innovation by the state leads to a twofold effect: on the one hand, this position of the state is an objective necessity, on the other hand, active government actions to introduce innovations in the private sector contribute to the loss of innovative business skills. Reports of the National Academy of sciences of the Republic of Kazakhstan

Innovations activated in this way will be a foreign element in the system of functioning of a private business, imposed on it from above. In accordance with the natural tendency to increase competitiveness, innovations are a natural consequence of the development of a holistic business system. Since these processes are not observed in the national economy, there is a progressive isolation, which means a decrease in competitiveness. And this fact is the basis for activating the state policy of stimulating innovation in any case. The positive effect of the introduction of innovations under the influence of the state, in our opinion, will surpass the negative consequences of government intervention in these processes. Thus, there is an active role of the state in the formation of a competitive innovation-type economy in Kazakhstan.

Innovation policy will be effective if there is a systemic relationship between two main areas: the activation of human potential and the development of the entrepreneurial sector of the innovation type. In other words, between these elements it is necessary to ensure a progressive systematization, without which the innovative policy of the state will be ineffective.

Moreover, the main factor in the formation of a competitive economy of an innovative type is the activation of human potential, i.e. the creation of an intellectual nation. This implies the development of education, science, fundamental and applied research, which is the basis for the innovative development of the business sector.

Table 1 presents the quantitative indicators of existing enterprises of SMEs in the regions of the Republic of Kazakhstan.

	То	tal	Including				Including				Total, in% to the corresponding period of the previous year	
			legal entities of small enterprises	legal entitiescpeднего	Individual entrepreneurs	Peasant or farm	legal entities of small enterprises	legal entities medium-sized businesses	Individual entrepreneurs	Peasant or farm		
	2018 2017		2018				2017				2018	2017
The Republic of Kazakhstan	1207374	1185163	223828	2555	783389	197602	189637	2711	813482	179333	104	93
Akmola	44087	44763	6887	114	32427	4659	5726	117	35465	3455	103	97
Aktobe	53124	50783	9447	103	37946	5628	8279	101	37817	4586	105	102
Almaty	115061	118690	9826	159	59765	45311	6862	139	68694	42995	102	101
Atyrau	45906	44217	6844	110	36546	2406	5335	99	36726	2057	107	95
West Kazakhstan	39797	40435	5760	97	27658	6282	4762	91	30878	4704	106	102
Zhambylskaya	62651	56842	5745	53	39906	16947	4268	57	36700	15821	105	90
Karaganda	82084	84878	16634	188	56701	8561	14872	192	63102	6712	102	99
Kostanay	51028	53178	7037	157	38320	5514	5928	147	42258	4845	104	88
Kyzylorda	40988	38145	5051	61	29825	6051	4503	63	30197	3319	111	92
Mangystau	49860	46610	8140	80	39677	1963	6454	95	9538695	1366	108	100
South Kazakhstan	42903	173770	9044	101	39484	3274	13922	159	91778	67911	104	95
Pavlodar	28557	43997	4772	131	20062	3562	7566	94	32856	3481	101	99
North Kazakhstan	128322	28683	6819	46	53323	68314	4218	135	21590	2740	104	84
East azakhstan	87011	99021	10602	176	60651	15582	8542	158	75227	15094	105	100
Astana	105815	100266	39152	249	66252	162	30900	295	69043	28	109	100
Almaty city	171477	160885	60501	621	109756	539	57440	770	102456	219	99	87

Table 1 - The operating subjects of small and medium business in the Republic of Kazakhstan

The role of the state is related to promoting the development of the economy. But this role is filled with different content depending on the chosen model of modernization. Innovation from above involves identifying national priorities at the highest levels of government and large government investments in priority sectors, providing them with benefits and subsidies, providing them with accelerated development. Government intervention is necessary if there is a certain distrust of business and market forces. But such a policy may turn out to be futile with catching up industrialization.

For innovative modernization from below, increasing the role of the state in this direction is also necessary, but it should be aimed at improving and developing market mechanisms. This includes antitrust policy, regulation of lobbying activities, the maintenance of an information system, and the transparency of business and other organizations.

The most important area related to the economic functions of the state is support for innovations and venture capital businesses focused on creating new markets, new products, and new technologies. An undoubted priority is investments in science and education. All of these areas are focused on the development and promotion of private initiative.

The implementation of the innovative model of economic development due to the prevailing objective prerequisites needs an increasing state influence, since Kazakhstan has to solve a whole range of socioeconomic problems. The main means of implementing this type of development are: structural changes, improving the institutional structure, the formation of human capital, the further development of the social sphere and public sector. One of the factors of the innovation development strategy is, first of all, institutional changes. It is about adapting skills, norms of behavior, relevant institutions and organizations to new conditions for the development of technology, economics, social life, their ability to promote or impede positive changes in the economy. The differences in the well-being of countries and their competitiveness are largely due to the flexibility and variability of institutions. The peculiarity of institutions is a slow change. However, the pace of their creation and change can be accelerated. One of the reasons for the ineffectiveness of the reforms in Kazakhstan is the imperfection of the institutional base.

When introducing new institutional forms, it is necessary to take into account their influence on existing institutions and the risk of institutional gaps with their inherent rejection of new rules [2, p. 34]. In Kazakhstan, the formation and change of institutions is actively initiated by the state, based on a study of the economic environment. Creating the institutional base for economic reform in the modern period is a solution to the problem of increasing the innovative activity of the economy. Thus, most institutions in developed countries created by the state are innovative. Their activities are aimed at improving the competitiveness of business entities, their adaptability to external factors.

#### CONCLUSION

To raise the level of research and development, it is necessary to conduct a state policy of incentives in the following areas:

• targeted formation of a market for products of innovative enterprises by placing state orders on them;

• providing innovative enterprises, including small ones, with production facilities, preferential investment support, assistance in developing business innovation centers, technology parks, technology support centers, and providing legal, financial, marketing, business, and other services; assistance in legal and commercial protection of intellectual property;

• assistance in the formation and expansion of the network of leasing companies;

• Conducting a focused policy on the development and production by small enterprises of new types of products based on high technology;

• in order to reduce the likelihood of loss of funds invested by investors as a result of unsuccessful implementation of innovative projects, it is advisable to insure them, including through budget investments;

• concessional lending to scientific and technological developments in the share financing of large projects. Improving the work in these areas will enable the creation and active introduction of innovations in Kazakhstan, which in the future will allow Kazakhstan to participate in global competition.

The transition to an innovative economy is an absolute imperative for the development of Kazakhstan for the period until 2020 and beyond. The stimulation of innovative activity and the formation of an innovative sector is necessary both to maintain the competitiveness of goods and services in a global market, and to move to the next - innovative stage of development, which allows to harmonize the quality of human capital and the structure of the economy, as well as mitigate the negative factors that limit potential economic growth today.

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#### ҚАЗАҚСТАН ЭКОНОМИКАСЫНЫҢ ИННОВАЦИЯЛЫҚ ДАМУ НЕГІЗІНДЕГІ КӘСІПКЕРЛІК ҚОЛДАУ

Аннотация. Авторлардың пікірінше, кәсіпкерлікті қолдау - Қазақстан экономикасының инновациялық дамуының негізі. Дамудың инновациялық бағыты - бұл Қазақстан үшін объективті қажеттілік. Керісінше жағдайда, Қазақстанға технологиялық жоспардағы артта қалушылық, ресурстар түрінің ұлттық артықшылықтарының болуы (аумақ пен пайдалы қазбалар), отандық өнімнің бәсекеге қабілеттілігінің болмауы оның экономикалық қауіпсіздігін төмендетуі мүмкін. Осылайша, инновациялық дамудың перспективасы ғылым мен бизнес саласындағы құрылымдық саясаттың ұзақ мерзімді бағыты ретінде қарастырылады және инновацияға инвестициялардың толып кетуін қамтамасыз етеді.

Түйін сөздер: кәсіпкерлік, мемлекеттік қолдау, шағын бизнес, инновация, даму.

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#### ПОДДЕРЖКА ПРЕДПРИНИМАТЕЛЬСТВА КАК ОСНОВА ИННОВАЦИОННОГО РАЗВИТИЯ ЭКОНОМИКИ КАЗАХСТАНА

Аннотация. Поддержка предпринимательства, по мнению авторов, является основой инновационного развития экономики Казахстана. Инновационный вектор развития является объективной необходимостью для Казахстана. В обратном случае Казахстан под влиянием таких обстоятельств, как отставание в технологическом плане, наличие национальных преимуществ ресурсного типа (территории и полезных ископаемых), неконкурентоспособность отечественного продукта может понизить свою экономическую безопасность. Таким образом, перспективность инновационного развития рассматривается, как долговременное направление структурной политики в области науки и бизнеса, и обеспечения перелива инвестиций в сферы инноваций.

Ключевые слова: предпринимательство, государственная поддержка, малый бизнес, инновации, развитие.

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