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### CURRENT TRENDS OF SMALL AND MEDIUM-SIZED AGRIBUSINESS DEVELOPMENT IN AKMOLA REGION

# СОВРЕМЕННЫЕ ТЕНДЕНЦИИ РАЗВИТИЯ МАЛОГО И СРЕДНЕГО АГРОБИЗНЕСА В АКМОЛИНСКОЙ ОБЛАСТИ

## АҚМОЛА ОБЛЫСЫНДАҒЫ ШАҒЫН ЖӘНЕ ОРТА АГРОБИЗНЕСТІ ДАМЫТУДЫҢ ЗАМАНАУИ ҮРДІСТЕРІ

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Abstract. The results of the research on the development of small and medium-sized businesses in Akmola region have been presented by analyzing the main statistical indicators characterizing the development of this sector of economy in comparison with the average values in the country and the regions. The level of development of small and medium-sized businesses by types of economic activity in the country has been evaluated. The monitoring of performance indicators of existing SMB in Akmola region has been conducted. The current state and specifics of the activity of peasant (private) farms in this area have been analyzed. The analysis of agricultural production structure has been conducted, which has undergone changes in recent years in the branches of production and products produced by farmers, who began changing their specialization, giving priority to livestock production. Tools for supporting agribusiness have been considered. It is shown that the effective functioning of small and medium-sized business sector is a consequence of the State policy implemented in the region aimed to support agri business.

Аннотация. Представлены результаты исследования развития малого и среднего предпринимательства в Акмолинской области путем анализа основных статистических показате-лей, характеризующих развитие данного сектора экономики в сравнении со средними значениями по стране и ее регионами. Дана оценка уровня развития малого и среднего предпринимательства по видам экономической деятельности в стране. Проведен мониторинг показателей деятельности действующих субъектов МСП в Акмолинской области. Проанализировано современное состояние и особенности деятельности крестьянских (фермерских) хозяйств данной области. Дан анализ структуры продукции сельского хозяйства, претерпевшей в последние годы изменения по отраслям производства и продукции, произведенной фермерами, начавших менять специализацию, отдавая приоритет животноводству. Рассмотрены инструменты поддержки агробизнеса. Показано, что результативность функционирования сектора малого и среднего предпринимательства является следствием осуществляемой в регионе государственной политики в сфере поддержки аграрного предпринимательства.

Аңдатпа. Ақмола облысындағы шағын және орта агробизестің дамуын зерттеу нәтижелері еліміз және оның аймақтары бойынша орташа мағыналарын салыстырудағы экономиканың осы секторының дамуын сипаттайтын негізгі статистикалық көрсеткіштерге талдау жасау арқылы берілген. Еліміздегі экономикалық қызмет түрлері бойынша шағын және орта кәсіпкерліктің даму деңгейіне баға берілген. Ақмола облысындағы КОК-тің жұмыс істеп тұрған субъектілері қызметінің көрсеткіштеріне мониторинг жүргізілген. Осы облыстағы шаруа (фермерлік) шаруашылықтар қызметінің ерекшеліктеріне және қазіргі жағдайына талдау жасалған. Соңғы жылдары мал шаруашылығына басымдық бере отырып, мамандандырылуын өзгертуді бастаған фермерлер өндірген өнімдер мен өндіріс салалары бойынша өзгерістерді бастан кешірген ауыл шаруашылығы өнімінің құрылымдық талдауы берілген. Аг-

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робизнесті қолдау құралдары қарастырылған. Кіші және орта кәсіпкерліктің жұмыс істеу нәтижелілігінің аграрлық кәсіпкерлікті қолдау саласындағы аймақта жүзеге асырылатын мемлекеттік саясат болып табылатыны көрсетілген.

Key words: agribusiness, small and medium-sized business, peasant, private farms, gross output, number of employed people, State support.

Ключевые слова: агробизнес, малое и среднее предпринимательство, крестьянские, фермерские хозяйства, валовая продукция, численность занятых, государственная поддержка.

Түйінді сөздер: агробизнес, шағын және орта кәсіпкерлік, шаруа, фермерлік шаруашылықтар, жалпы өнім, жұмыспен қамтылғандар саны, мемлекеттік қолдау.

The role and importance of the sector of small and medium business at the present time there is no doubt, as confirmed by numerous scientific studies. So, according to a study, it is conducted by public organization "Russian Support" in 2012, the share of small and medium business turnover in manufacturing. for example, Norway accounts for about 48%, in the Czech Republic, Poland and France - about 35%, in Russia - 9% [1].

The development of small and medium enterprises (SMEs) has always been a priority for the top management of our country. The head of state in his message to the people of Kazakhstan "Kazakhstan's way -2050: common goal, common interests, common future" include the development of small and medium-sized businesses to one of the priority directions of the state economic policy. The development of small and medium business is the main instrument of industrial and social modernization of Kazakhstan in the XXI century. The greater the share of small and medium-sized businesses in our economy - the more stable will be the development of Kazakhstan [2].

According to the statistics Committee of the Ministry of national economy (MNE) of the Republic of Kazakhstan, in the country over the past 10 years the number of registered SMEs has increased more than two times at the beginning of 2017 amounted to more than 1.5 million units.

If we analyze the indicators of activity of subjects of small and medium entrepreneurship by the kinds of the economic activity in Kazakhstan in 2016, it is seen that the largest specific weight in the manufacturing of the products took the following kinds of economic activities: industry (22.8 per cent); wholesale and retail trade (20.3 percent); construction (16.7 per cent).

The number of active SMEs is dominated by this kind of economic activities as wholesale and retail trade (37.2 per cent of the total number of subjects); agriculture (18%). A similar pattern on this indicator as the number of people employed: wholesale and retail trade with 29.8%, agriculture - 13%.

Over the past years in the sector of small and medium enterprises of the country, the largest output falls at such economic activities as industry and wholesale and retail trade. The greatest specific weight in the number of active SMEs and employment is wholesale and retail trade and agriculture.

Thus, it is clear that the development of SMEs is happening now mainly in the field of mediation and industries that does not require significant capital investment.

It is appropriate to quote the President's words: "The agriculture provides less than five percent of the economy. It should not be so. We have so much land, but there are no deep processing products. We sell cheap raw materials. The wheat can recycle and sell pasta. We do not still process meat, milk, vegetables and oil crops" [3].

For Akmola region, the development of small and medium agribusiness is particularly relevant, as the agricultural sector is an important and socially significant sector of the regional economy.

According to the statistics Committee, there are over 42 thousand active small and businesses in Akmola region today. The subjects of SMEs are enterprises of small and medium business, individual entrepreneurs and peasant (farmer's) economy.

Assessment of the development level of small and medium business in Akmola region was conducted by analyzing the main statistical indicators characterizing the development of the sector, in comparison with the average for the country and other regions of the country (table 1).

The indicators to assess the contribution of small and medium enterprises in the overall economic development of the country, Akmola region is not a leader in this field, occupying middle position among the regions of Kazakhstan.

#### Аграрная политика: механизм реализации

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Table 1 - Indicators of development of sector of small and medium business in Akmola region in comparison with other regions of Kazakhstan, 2015\*

Name of indicator, unit	Data	Place	The region is	Data		
	Akmol.	Akmol. among	a leader	region -		
	region	regions of	on this	leader		
	U U	Kazakhstan				
The number of active SMEs, units, including:	46256	10	SKR	183367		
- Enterprises of the SME, units	4953 10		Karaganda	14085		
		10	Region			
-Individual business, units	37770	10	SKR	102174		
- P(F)E, units	3533	9	SKR	68407		
The number of employed, workers including:	133991	7	SKR	329043		
-Enterprises of the SME, units	67412	7	Karaganda	111953		
	07412		Region			
-Individual business, units	59903	8	SKR	126090		
- P(F)E, units	6676	9	SKR	91830		
Output (goods and services), mln tenge,	481256	11	WKR	1006828		
including:						
-Enterprises of the SME, units	362959	10	WKR	891067		
-Individual business, units	77403	7	SKR	107552		
- P(F)E, units	40894	9	SKR	144751		
The number of SME units / 1000 residents,						
including:						
-Enterprises of the SME, units	6,7	9	Atyrau	10,3		
	0,7	9	Region	10,5		
-Individual business, units	51	5	Atyrau	65,8		
	-	5	Region			
- P(F)E, units	4,8	9	SKR	24,3		
* The table is compiled according to the Committee on statistics of MNE in the Republic of Kazakhstan						

The distribution of absolute values of indicators between different categories of the sector of small and medium business in Akmola region, the largest contributions come from small and medium enterprises (employment - 50,3%,

turnover of 75%) and individual entrepreneurs (number of enterprises and 81%).

In the analyzed period the production output of all SMEs in the Akmola region increased by 190697 million tenge or 1.7 times (figure 1).



Figure 1 - Indicators of active SMEs in Akmola region

At the same time, the growth of the number of active subjects of SMEs amounted to 13,206 units. The number of employed people has increased 1.2 times.

Thus, it is obvious that SMEs are becoming an increasingly popular activity among the

economically active population. This indicates the right choice of a planned government policy, as well as a favorable business climate in the country.

Table 2 presents the performance monitoring activities of existing SMEs in the Akmola region.

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#### Аграрная политика: механизм реализации

Table 2 - Indicators of active SMEs in Akmola region\*

Indicators	2011	2012	2013	2014	2015	
Production output by all SMEs, KZT million, including:	290559	270817	301092	398010	481256	
- Enterprises of the SME, units	230219	218495	224976	321440	362959	
-Individual business, units	27613	32987	37520	39443	77403	
- P(F)E, units	32727	19335	38596	37236	40894	
The number of active SMEs, units, including:	33050	32046	35097	36271	46256	
<ul> <li>Enterprises of the SME, units</li> </ul>	2471	2535	2605	2961	4953	
-Individual business, units	26719	26142	29074	29757	37770	
- P(F)E, units	3860	3369	3418	3553	3533	
Number of employed, ths. man including:	112,9	108,4	115,6	123	134	
<ul> <li>Enterprises of the SME, units</li> </ul>	62,6	59,6	63,4	64,7	67,4	
-Individual business, units	39,1	40,7	44,7	50,8	59,9	
- P(F)E, units	11,2	8,1	7,5	7,5	6,7	
*The table is compiled according to the Committee on statistics of MNE of RK						

Production output by all subjects of small and medium business in the region for the period from 2011 to 2015 increased by a total of 65.6%, including in the case of SME subjects, the growth was: by enterprises of SMEs - 157.7%; for individual entrepreneurs - 180.3%; by peasant (farmer) farms - 25%. The share of peasant farms production in the general issue tends to decrease from 11.3% in 2011 to 8.5% in 2015.

As for changing the number of operating SMEs, there are also an increasing number of actors at 13206 units, or 40%. The greatest increase is observed for SMEs - 2 times. As for

farms, here the opposite is true – there was a reduction in the number of on 327 units, or 8.4%.

The growth of employment in SMEs in the analyzed period amounted to 21.1 thousand people, with most of that growth according to this SME as individual entrepreneurs (20.8 thousand persons or 53.2 %). The decline in employment occurred in the peasant (farmer) households – by 4.5 thousand people (or 40 %).

For the period from 2011 to 2016, the gross produce of the peasant (farmer) farms of the region increased by 58.2 per cent (figure 2).

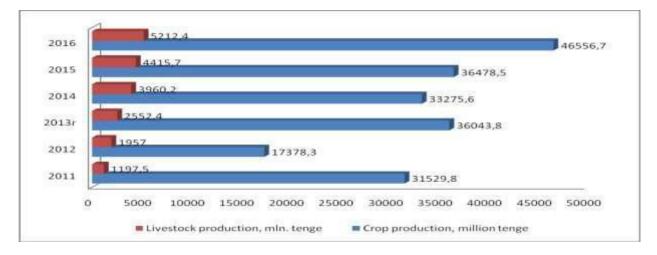


Figure 2 - Gross production of agriculture produced (peasant) farms of the region, mln tenge

The structure of agricultural production has undergone some changes in industries. In 2011 crop production accounted for 96.3% of the total volume of production, and in 2016 this figure amounted to 90%. This situation has arisen due to the fact that the peasant (farmer) economy began to increase livestock production, while production growth in 2016 compared to 2011 was 4014,9 million tenge. For the last 6 years the growth rate of crop production increased 1.48 times and animal products - 4.35 times. This led to a change in the structure of products produced by farmers. Thus, the share of crop production decreased from 96,3% to 90%, while the proportion of live-stock products, on the contrary, increased from 3.7% to 10%. That is, the farmers started to change their specialization, paying tribute to the farming [4].

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On their cultivated areas farmers grew predominant cereals and legumes, forage crops and oilseeds. However, priority was given to crops. This culture is occupied more than 93% of the acreage of peasant farms. During the analyzed period, the peasant (farmer) farms is constantly increasing livestock numbers.

Thus in farming the major part of livestock were sheep and goats, whose numbers for 2011-2016 increased from 41.5 to 72.1 thousand heads, or by 73,7%. Second place in livestock is cattle, the number of which in the peasant (farmer) farms of Akmola region increased from 23.8 thousand heads to 58.6 million, or 146,2%. In recent years significantly increased the number of horses - from 16.9 to 36.6 thousand heads, or 116,6%.

The increase in livestock in the region has affected the growth of production of basic livestock products.

(Peasant) farms of the region in 2011, it produced 1.4 thousand tonnes of meat in slaughter weight. In subsequent years, the production of this type of livestock production has grown every year. As a result, in 2016, the farmers produced meat in the amount of 3.8 thousand tons, increasing its production at 171,4%. Milk production has primarily reflected growth in the number of cows. For the analyzed

Table 3- Some tools support the business

period, milk production increased by 13.2 thousand tons.

The most production of wool rapidly increased. So, in recent years it has increased from 43.6 to 126 thousand tons, or 189 %, due primarily to pre-emptive breeding in peasant (farmer) farms sheep and goat [5].

The statistics show the effectiveness of the functioning of the SME sector, which is the consequence of the state policy implemented in the region in support of agrarian entrepreneurship. It must be said that in the conditions of acute internal and external competition, effective development of small and medium business is practically impossible without state support.

By 2050, the share of small and mediumsized businesses in the domestic economy should be at least 50%, and this is called for the authorities, development institutes and entrepreneurship support funds to promote.

Currently, the Regional Development Program, Roadmap for Business, Roadmap for Employment, etc. are operating in Kazakhstan.

Of the republican budget in 2017, 7.8 billion tenge was allocated for all instruments of business support in the Akmola region.

Table 3 presents a description of some tools to support business in the country.

Name	Descriptions of subjects		
Interest rate of	In the framework of the Program "Business Road map" enlarged corridor		
subsidies	subsidized projects in tenge by 19% per annum. Entrepreneurs of single-		
	industry towns, small cities and rural areas have no industry restrictions, and		
	the amount of the subsidies is 10%. Even less is it for entrepreneurs within the		
	priority sectors of the "Business Road map " and the manufacturing industry.		
	The leading sector by amount of loans: agriculture.		
Partial credit gua-	The entrepreneur in case of insufficient collateral can obtain a guarantee of the		
rantees	"Damu" Fund: for beginners the amount of the guarantee is 85 %; for existing		
	is 50% of the loan amount. The leading sector by amount of loans:		
	manufacturing industry.		
Receipt of funding	In Akmola region is 150 million tenge from the local Executive bodies and the		
from the local	same from the "Damu"Fund. Priority sectors of the economy will be financed		
Executive bodies	through the banks of the second level with the interest rate to 8.5% per annum.		
Non-financial support	The regional chamber is provided non-financial support of business through		
measures for the	the business support centres, where they can receive free services in the field		
population with	of accounting and marketing, explanations of the lawyer and specialist on		
entrepreneurial	public procurement.		
initiative, as well as for			
existing business			

Since 2010 when we began implementing the Program "Business Road map-2020" in Akmola region allocated more than 11 billion tenge.

This year from the Republican budget for support of small and medium business in Akmola region within "Business Road map" is highlighted 1.21 billion tenge for the following purposes: to subsidize the interest rate on partial credit guarantees, grants.

2017 running the state program of development of productive employment and mass entrepreneurship, which highlighted 679,8 million tenge. These funds will be provided with microcredit in the cities and villages, and entrepreneurship training project "Bastau Business", guaranteeing micro-loans.

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In the framework of this program in Akmola region will be allocated credits to increase the number of livestock and poultry and their fattening for the purpose of receiving products. The agribusiness entities will get loans for replenishment of working capital for carrying out spring field and harvest works.

The number of implemented from 2017 credit products - the creation and development of service-procurement and processing organizations, the establishment and expansion of dairy farms, entrepreneurship development.

However, small and medium agribusiness continues to experience serious difficulties to overcome, which required consistent work on the further improvement of legislation, financial support, enhancing the effectiveness of regional development programs, elimination of administrative barriers, to improve innovation potential.

The development of small and medium agribusiness plays a huge role in stable economic development of the state in General and rural areas in particular.

Further the development of this sector will be largely determined by conditions, which create and will create the state. During the years of independence the country had made important steps in creating an attractive business climate for this sector has become a real "locomotive" of the economy, the state should continue to provide comprehensive support.

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