Global Entrepreneurship Monitor: The Kazakhstan 2020-2021 report is based on survey and interview data collected in the Republic of Kazakhstan under the direction of the Graduate School of Business (GSB) of the Nazarbayev University. The goal of this report is to track the current state of entrepreneurship in Kazakhstan against the background of relevant comparison groups. We expect that the report will help policy makers to better understand what can be done to promote entrepreneurship in Kazakhstan, and in so doing, to contribute to the economic advancement of the country and the wellbeing of the Kazakhstan people.

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The GEM research team would like to express our appreciation to the Administration of Nazarbayev University and QazTrade Center for Trade Policy Development for their support and advice in undertaking this project. In addition, we also would extend our thanks to the DATAmetrics LLP for conducting APS survey and to the Global Entrepreneurship Monitor’s global coordination team for their continuing support and advice.

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Preface

Every year, the Global Entrepreneurship Monitor (GEM) project maps out the global state of entrepreneurship in over 50 countries of the world as national teams survey and interview more than 2000 experts and entrepreneurs each in their countries (close to 200,000 worldwide). The Graduate School of Business at Nazarbayev University is proud to contribute to this continuing global effort to measure the state of entrepreneurship worldwide.

The Kazakhstan National Team collected data on entrepreneurship in the leading economy of Central Asia and benchmarked the country’s results with neighboring and otherwise comparable countries, the region, and the rest of the world.

This is the sixth annual report published by the Kazakhstan team at Nazarbayev University that covers data up to 2020. Our research outlines the strengths and weaknesses of the key entrepreneurship conditions in Kazakhstan. The country has made significant progress in a number of areas of the entrepreneurship framework used by the GEM. However, we have spotted some structural weaknesses that will require improvements.

This year’s major findings are: (a) in Kazakhstan’s society, entrepreneurship more and more is considered as a good career choice. Such perceptions are much higher than in many GEM countries; (b) early-stage entrepreneurial activity in Kazakhstan is very unstable and is prone to early closures; (c) the Kazakhstan entrepreneurs are becoming more and more motivated by necessity rather than opportunity; (d) in 2020, for more than 80% of businesses that stopped operations the main reasons were lack of profits or pandemic; (e) in 2020 in Kazakhstan, the highest prevalence of entrepreneurial activity was observed in the group of 55-64 year olds, which is much higher than in other GEM countries; (f) in 2020, the job growth expectations of Kazakhstan early-stage entrepreneurs were much more pessimistic compared to the previous years; (g) 56% of new ventures in 2020 were in the consumer-oriented category of sectors; (h) 99% of starting and new businesses were expecting their revenues coming from inside the country. Being active in international markets however has been shown to improve productivity and performance, thus creating the right framework conditions to facilitate going global may be an important point of attention for policy; (i) access to finance for entrepreneurs improved since 2014 but has seen a decline in 2020; (j) government policies and programs are generally assessed positively, though bureaucracy and corruption remain major constraints on entrepreneurship; (k) R&D knowledge and technology transfer to small and medium enterprises is still low; (l) entrepreneurial education is still a problem that continues to deserve further attention; (m) the commercial infrastructure in the country is well developed, especially in terms of availability of banking, legal and accounting services; (n) the state of the physical infrastructure and the ability of new and growing ventures to gain access to it are gradually improving; (o) experts are concerned about such aspects of the internal market dynamics as the ability of new and growing firms to enter new markets, affordability of new market entry, fairness of business competition, and the effectiveness of anti-trust legislation.

We hope that decision-makers from government, industry associations and corporate leaders with the ability to improve the business environment will study the results of this yearly survey and take actions to improve the entrepreneurial climate in Kazakhstan.

Prof. Dr. Patrick Duparcq, Dean
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1. Introduction and background

1.1 GLOBAL ENTREPRENEURSHIP MONITOR

The Kazakhstan 2020-2021 report is based on survey and interview data collected in the Republic of Kazakhstan under the direction of the Graduate School of Business (GSB) of the Nazarbayev University. The goal of this report is to track the current state of entrepreneurship in Kazakhstan against the background of relevant comparison groups. We expect that the report will help policy makers to better understand what can be done to promote entrepreneurship in Kazakhstan, and in so doing, to contribute to the economic advancement of the country and the wellbeing of the Kazakhstan people. Table 1 shows the coverage of the GEM across regions and by income group, with Kazakhstan being a Middle-Income country in 2020.

Table 1 GEM economies by geographic region and income group in 2020

<table>
<thead>
<tr>
<th>Low-income</th>
<th>Middle-income</th>
<th>High-income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle East &amp; Africa</td>
<td>Angola, Burkina Faso, Egypt, Morocco, Togo</td>
<td>Iran</td>
</tr>
<tr>
<td>Central &amp; East Asia</td>
<td>India</td>
<td>Kazakhstan, Indonesia</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>Brazil, Colombia, Guatemala, Mexico</td>
<td>Republic of South Korea, Taiwan, Japan</td>
</tr>
<tr>
<td>Europe &amp; North America</td>
<td>Russian Federation</td>
<td>Australia, Croatia, Cyprus, Germany, Greece, Italy, Latvia, Luxembourg, Netherlands, Norway, Poland, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom</td>
</tr>
<tr>
<td>North America</td>
<td></td>
<td>Canada, United States</td>
</tr>
</tbody>
</table>

Source: GEM Global Report 2020/2021
1.2 GEM CONCEPTUAL FRAMEWORK

The GEM conceptual framework depicts the multifaceted features of entrepreneurship, recognizing the proactive, innovative and risk responsive behavior of individuals, always in interaction with the environment. The GEM survey was conceptualized with regard for the interdependency between entrepreneurship and economic development, in order to:

- uncover factors that encourage or hinder entrepreneurial activity, especially related to societal values, personal attributes and the entrepreneurship ecosystem;

- provide a platform for assessing the extent to which entrepreneurial activity influences economic growth within individual economies; and

- uncover policy implications for the purpose of enhancing entrepreneurial capacity in an economy.

The GEM conceptual framework derives from the basic assumption that national economic growth is the result of the personal capabilities of individuals to identify and seize opportunities, and that this process is affected by environmental factors, which influence individuals’, decisions to pursue entrepreneurial initiatives. Figure 1 shows the main components and relationships into which GEM divides the entrepreneurial process and how it classifies entrepreneurs according to the level of their organizational development.

(Source: GEM Global Report 2020/2021)
The social, cultural, political and economic context is represented through National Framework Conditions (NFCs), which consider the advancement of each society through the three phases of economic development (factor-driven, efficiency-driven and innovation-driven), and Entrepreneurial Framework Conditions (EFCs) which relate more specifically to the quality of the entrepreneurial ecosystem and include the following:

1. Entrepreneurial finance,
2. Government policy,
3. Government entrepreneurship programs,
4. Entrepreneurship education,
5. Research and development (R&D) transfer,
6. Commercial and legal infrastructure,
7. Internal market dynamics and entry regulation,
8. Physical infrastructure, and
9. Cultural and social norms.

As indicated in Figure 1, the GEM conceptual framework recognizes that entrepreneurship is part of a complex feedback system, and makes explicit the relationships between social values, personal attributes and various forms of entrepreneurial activity.

It also recognizes that entrepreneurship can mediate the effect of the NFCs on new job creation and new economic or social value creation. Entrepreneurial activity is thus an output of the interaction of an individual’s perception of an opportunity and capacity (motivation and skills) to act upon this and the distinct conditions of the respective environment in which the individual is located.

In addition, while entrepreneurial activity is influenced by the framework conditions in a particular environment in which it takes place, this activity ultimately benefits this environment as well, through social value and economic development.

**Social values toward entrepreneurship:** This includes aspects such as the extent to which society values entrepreneurship as a good career choice; whether entrepreneurs have high societal status; and the extent to which media attention to entrepreneurship is contributing to the development of a positive entrepreneurial culture.

**Individual attributes:** This includes different demographic factors (such as gender, age, geographic location); psychological factors (including perceived capabilities, perceived opportunities, fear of failure); and motivational aspects (necessity versus opportunity-based ventures, improvement-driven ventures).

**Entrepreneurship activity:** This is defined according to the phases of the life cycle of entrepreneurial ventures (nascent, new business, established business, discontinuation); according to impact (high growth, innovation, internationalization); and by type (Total Early-stage Entrepreneurship Activity – TEA, Social Entrepreneurship Activity – SEA, Employee Entrepreneurship Activity – EEA).

Operational definitions of the business phases and entrepreneurship characteristics are represented in Figure 2.
Given that GEM’s goal is to provide a comprehensive view of entrepreneurship across the globe, it aims to measure the attitudes of the population, and the activities and characteristics of individuals involved in various phases and types of entrepreneurial activity. Research teams in each participating economy collect primary data through an Adult Population Survey (APS) of at least 2000 randomly selected adults (18 – 64 years of age) annually. Complementing the APS is a National Expert Survey (NES), which gathers in-depth opinions from selected national experts about the factors that have an impact on the entrepreneurship ecosystem in each economy. At least four experts from each of the entrepreneurial framework condition categories must be interviewed, making a minimum total of 36 experts per country. In order to construct a balanced and representative sample, the experts are drawn from entrepreneurs, government, academics, and practitioners in each economy.

1.3 GEM METHODOLOGY

GEM measures individual participation across multiple phases of the entrepreneurial process, providing insights into the level of engagement at each stage. This is important because societies may have varying levels of participation at different points in this process; however, a healthy entrepreneurial society needs to be active in all phases. For example, to produce start-ups in a society, there must be potential entrepreneurs. Later in the process, people that have started businesses must have the ability and support to enable them to sustain their businesses into maturity. GEM’s multi-phase measures of entrepreneurship are presented in Table 2:

Source: GEM Global Report 2020/2021
Table 2 GEM Entrepreneurship Phases

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Potential entrepreneurs</strong></td>
<td>Those individuals that see opportunities in their environments, have the capabilities to start businesses and are undeterred by fear of failure.</td>
</tr>
<tr>
<td><strong>Intentional entrepreneurs</strong></td>
<td>Those individuals who intend to start a business in the future (in the next three years).</td>
</tr>
<tr>
<td><strong>Nascent entrepreneurs</strong></td>
<td>Those individuals who have taken steps to start a new business but have not yet paid salaries or wages for more than three months.</td>
</tr>
<tr>
<td><strong>New entrepreneurs</strong></td>
<td>Those who are running new businesses that have been in operation between 3 months and 42 months.</td>
</tr>
<tr>
<td><strong>Established business owners</strong></td>
<td>Those who are running a mature business, in operation for more than 42 months.</td>
</tr>
<tr>
<td><strong>Discontinued entrepreneurs</strong></td>
<td>Those who, for whatever reason, have exited from running a business in the past year.</td>
</tr>
</tbody>
</table>

GEM’s individual-level focus enables a more comprehensive account of business activity than firm-level measures of formally registered businesses. In other words, GEM captures both informal and formal activity. This is important because in many societies, the majority of entrepreneurs operate in the informal sphere. In addition, GEM’s emphasis on individuals provides an insight into who these entrepreneurs are: for example, their demographic profiles, their motivations for starting ventures, and the goals they set for their businesses. GEM also assesses broader societal attitudes about entrepreneurship, which can indicate the extent to which people are engaged in or willing to participate in entrepreneurial activity, and the level of societal support for their efforts. The GEM database allows for the exploration of individual or business characteristics, as well as the causes and consequences of new business creation.

A primary measure of entrepreneurship used by GEM is the Total Early-Stage Entrepreneurial Activity (TEA) rate. TEA indicates the prevalence of individuals engaged in nascent entrepreneurship and new firm ownership in the adult (18 - 64 years of age) population. As such, it captures the level of early-stage entrepreneurial activity in a country.

Every person engaged in any behavior related to new business creation, no matter how modest, contributes to the national level of entrepreneurship. However, it is important to recognize that entrepreneurs can differ in their profiles and impact. For this reason, GEM provides a range of indicators that describe the unique, multifaceted entrepreneurial activity exhibited in each society. It is therefore important to consider not just the number of entrepreneurs in an economy, but also the level of employment they create, their growth objectives, and the extent to which groups such as youth and women are participating in entrepreneurial activity.

To ensure reliable comparisons across countries, GEM data is obtained using a research design that is harmonized over all the participating countries. The data is gathered on an annual basis from the two main sources:

1. **Adult population survey (APS)**

This dataset is a survey of the adult population, namely people between the ages of 18 and 64 years. Each of the participating countries conducts the survey among a random representative sample of at least 2
The surveys are conducted at the same time (generally, between April and June) using a standardized questionnaire developed by the GEM consortium. In the interests of maximum uniformity and control, the international GEM project team contracts directly with each country’s APS vendor. The raw data is sent to analysts at London Business School for checking and uniform statistical calculations before being made available to the participating countries.

The APS part of this report is based on the data of the 2020 Adult Population Survey, which was conducted in July-August of 2020 in Kazakhstan. During the survey, 2100 respondents were interviewed. The questionnaire was translated into Kazakh and Russian – and face-to-face interviews were conducted in the respondent’s language of choice. To ensure that the sample was representative, area stratified probability sampling was used. The sample was stratified by gender and population group, then by region and community size. All 14 regions of Kazakhstan as well as the three biggest cities - Nur Sultan, Almaty and Shymkent - were included. Three different community size designations – namely, cities and large towns; small towns and villages; and rural areas – were used.

2. National experts survey (NES)

The national experts’ survey is an important component of GEM as it provides insights into the entrepreneurial start-up environment in each country. A number of criteria must be met when selecting experts, in order to construct a balanced and representative sample. Four experts from each of the entrepreneurial framework condition categories must be interviewed, making a total of 36 experts per country. A minimum of 25% must be entrepreneurs or businesspeople, and 50% must be professionals. Additional aspects such as geographical distribution, gender, the public versus private sector, and level of experience should also be considered when balancing the sample.

Researchers of Nazarbayev University were responsible for the national experts’ survey in 2020. National experts were selected among professionals who directly or indirectly impact the business climate development in Kazakhstan. Some graduates of the SME Executive Development Program organized in the framework of state program Business Roadmap 2020 participated in the survey. This program is run by the Graduate School of Business of Nazarbayev University.

In this report, we will compare the data from Kazakhstan with three countries: Iran, India, and Indonesia. In addition, we will compare Kazakhstan to the GEM average and three groups of countries divided according to the income: high-income, middle-income, and low-income countries. We chose Iran and Indonesia for comparison because they are in the same middle-income group of countries. Although India belongs to group of low-income countries, we chose it because it belongs to the same Central & East Asia geographical group and it is one of the largest and fastest growing economies in the region (see Table 1).
2. National perspective on entrepreneurship

2.1 KAZAKHSTAN’S ECONOMIC PERFORMANCE

In 2020, the economy of Kazakhstan, like in many countries around the world, faced a number of external challenges, including the spread of the COVID-19 pandemic, falling world oil prices, reduced global trade flows and slowdown in business activity. All these factors negatively affected the state of the national economy of Kazakhstan (Figure 3).

Moreover, the fall in the rate of growth of Kazakhstan’s economy has been influenced by the economic situation in the Eurasian Economic Union (EAEU) Member States, where a decline in GDP was observed: in Armenia - 15.2%, in Kyrgyzstan - 13.1%, in Russia - 4.4%, in Belarus - 2.1%.

Kazakhstan’s GDP showed a decrease of 2.5% against the background of positive growth in 1998-2019. At the same time, it should be noted that without timely support of the economy from the Government, the reduction in GDP could have been greater.

In particular, the Government of Kazakhstan has implemented anti-crisis measures that can be divided into three groups:

i. urgent measures to support the population and business,
ii. prompt measures to preserve socio-economic sustainability,
iii. comprehensive plan to restore economic growth.

These measures included various steps aimed at preserving and maintaining business activity in the country, such as tax incentives, concessional lending and refinancing, and an increase in working capital financing.

With a significant deterioration in certain sectors of the economy during this period, in others, as a result of the anti-crisis measures taken, growth was observed, which made it possible to smooth out the negative effects in general. Thus, the service sector, which is mostly represented by SMEs, became the most vulnerable to the emerging challenges. Here a decrease of 5.3% was observed. For specific industries, the largest decline in indicators was observed in transport and logistics (17.2%), trade (7.3%). The mining industry showed a decline of 4.0%.

At the same time, the growth in the production of goods in Kazakhstan amounted to 2.0%. This growth became possible mainly due to the increase in certain sectors of the economy, such as construction (11.6%), agriculture (5.9%) and manufacturing (4.0%). The main points of growth in the manufacturing industry were such sectors as mechanical engineering - 16.4%, pharmaceuticals - 47.3%, light industry - 7.5%.

The imposition of various restrictive measures in order to limit the spread of coronavirus infection served as an impetus for the accelerated development of the IT sector, and the subsequent growth of communication services by 8.6%.

Also, the growth and development of individual industries and the national economy was significantly influenced by...
investments in non-resource sectors. There was an increase in investments in healthcare (240%), information and communications (160%), education (42.1%), agriculture (13.4%), real estate transactions (32.4%), transport (7.1%) and manufacturing (4.4%).

Foreign trade

The reduction in the volume of international trade (by 5% in trade in goods, and by 20% in trade in services) had a negative impact on the state of foreign trade in Kazakhstan. In 2020, Kazakhstan’s foreign trade turnover amounted to USD 86.5 billion, down 11.3%. Exports from Kazakhstan decreased by 18.1% and imports decreased by 2%. The volume of foreign trade in services in 2020 amounted to USD 13.1 billion, which is 31.6% less than in 2019.

During the period under review, the volume of exports of services decreased by 35.3%, or from USD 7.8 billion to USD 5.0 billion.

- freight transport services - exports decreased by 6.5%;
- travel services - exports decreased by 81.4%;
- other business services - exports decreased by 17.6%;
- government services - exports decreased by 29.9%;
- telecommunications, computer and information services - exports grew by 10.4%.

The volume of exports of services for the 1st half of 2021 increased by 2.4% or from $2.61 billion to $2.67 billion, which indicates that the volume of trade in services has entered the recovery trajectory. In freight transportation services, exports increased by 12.0% (or $169.1 million), government services - by 8.0% (or $7.3 million), telecommunications, computer and information services - by 4.8% (or $3.5 million).

2.2 THE IMPACT OF THE COVID-19 PANDEMIC

In the Global Entrepreneurship Monitoring Report 2020/21, one of the novels was the question of the impact of the pandemic on household income. The respondents were the adult economically active population. In Figure 3 it is shown that more than 90% of households in Kazakhstan experienced a decrease in income, with even 37% of households a strong decrease in 2020. Clearly, there is a much larger fraction of households affected by income loss in Kazakhstan compared to India, Indonesia and Iran, suggesting that the pandemic has affected households severely in Kazakhstan. The coronavirus pandemic has had an impact, mostly negative, on almost all sectors of the economy. Kazakhstan became one of the first countries in the region to start a lockdown. As a result, while it was possible to take control of the spread of the virus, nevertheless the real sector of the economy, services and domestic trade in particular suffered. Lockdown led to a complete halt in trade operations and a number of other facilities. The trade turnover during this period decreased by more than 1 trillion tenge.
In the field of domestic trade, SMEs and self-employed account for a large fraction of domestic trade and those were the first to feel the effects of the lockdown (KPMG, 2020).

Thus, according to KPMG, as a result of the introduction of restrictive measures aimed at controlling the spread of the coronavirus pandemic, about 300 thousand business entities had to suspend their activities. In addition, 1.6 million workers were sent on leave without pay, about 15,000 business entities with loans applied for deferred payments.

The Kazakhstan Government took measures to maintain and restore economic growth. A number of packages of anti-crisis measures have been adopted to support businesses and stimulate business activity.

At the same time, the provided support measures are assessed by the business below average in terms of such indicators as “efficiency”, “sufficiency”, and “timeliness”. The uneven distribution of support measures is noted.

Also, the Government took measures to maintain the income of the population in the form of payments in the amount of the minimum wage, also 4.5 million people received social benefits. These were temporary measures that had a positive impact on the recovery of economic growth.

The business community had to adapt to new conditions and change its work format. Some managed to do this quite quickly, especially in the e-commerce sector, with a growth rate of 9%, 5.3 percentage points higher compared to the previous year.

Various incentives in industries affected by the COVID-19 pandemic are still ongoing. While the activity in the economy is recovering, there is substantial heterogeneity across regions and industries.
2.3 ENTREPRENEURSHIP IN KAZAKHSTAN

SME in 2020

As of January 1, 2021, the total number of registered SMEs amounted to 1,610,496 SMEs, of which 99.8% (1,607,830 units) are small businesses, 0.2% (2,666 units) are medium-sized entrepreneurship. In the sectoral breakdown, trade and services prevail, their share is 77.2%, the share of the agro-industrial complex is 19%, industry - 3.9%.

SMEs are one of the main sources of employment for the country’s population; about 40% of the population or 3,369,915 people are employed in this segment. According to official statistics, the share of SMEs in GDP is 31.6%. The state has an ambitious task to bring this figure to 50% by 2050.

State support for SMEs

In 2020, SMEs were presented with a wide range of support measures implemented within the framework of state programs Business Roadmap 2025, Enbek, Economy of Simple Things, etc., such as:

1. tax incentives;
2. providing cheaper loans and deferrals;
3. reducing the administrative burden;
4. improving the business climate;
5. prompt solution of business issues.

Tax breaks covered over 700 thousand business entities. 80% of borrowers from affected industries received loan deferrals.

For six months, enterprises were exempted from taxes and social contributions on the payroll for 29 types of activities. These included pension contributions and compulsory health insurance.

Until the end of the year, the rates of taxes on property and land have been canceled, and temporarily - on the import of consumer goods. The VAT rate has been reduced from 12% to 8%. All penalties for non-fulfillment of tax obligations abolished with the possibility of payment during 2021.

Addressing issues of access to credit and collateral is an important factor in the development of SMEs, especially micro-businesses.

To ensure the availability of financing, a number of changes have been made to business support programs:

1. the interest rate was unified at the level of 6%;
2. sectoral restrictions have been lifted under the program Business Roadmap 2025;
3. for microbusiness entities launched their own credit line;
4. increased funding for programs by more than by 1 trillion tenge; and
5. a special working capital replenishment program was developed for SMEs in the most affected sectors.

In 2020, comprehensive measures to support the economy contributed to the preservation of employment in production and business activity. At the end of 2020, the total amount of microcredits amounted to 436,500.6 million tenge, including those issued to legal entities - 8,912.6 million tenge (2%), to individuals - 427,588 million tenge (98%).

At the end of 2020, 6,219 SME projects were subsidized for the amount of a loan portfolio of 769,846.9 million tenge, of which 2,961 projects (47.6%) for investment purposes for the amount of loans 499,961 million tenge within the framework of the Business Roadmap-2025.
**Development of e-commerce**

In 2020, the e-commerce market in Kazakhstan has shown rapid growth, due to the significant transition of entrepreneurs to online shopping and the ingrained culture of shoppers to shop online during the pandemic.

Online commerce has especially shown its effectiveness in crisis and difficult conditions during a pandemic and lockdowns in the country.

According to the operational data of «Kazpost» JSC, in 2020 the volume of the e-commerce market has more than doubled and exceeded the mark in 1.1 trillion tenge, having reached a share of 9.7% of the total volume of retail B2C trade. For comparison, in 2019, the share of e-commerce in total retail trade was 3.7%. Also, the level of non-cash payments doubled.

Work is actively underway to train SMEs in doing business online. There are 4 e-commerce centers in Kazakhstan, more than 3.5 thousand people are trained.

In Kazakhstan, on the basis of QazTrade, a program has been launched to bring SMEs to international electronic trading platforms. In 2020, one hundred companies were provided with the Alibaba.com platform Gold Supplier account.

2.4 SOCIETAL VALUES ABOUT ENTREPRENEURSHIP

Societal values about entrepreneurship measure the status or prestige associated with being an entrepreneur in a certain country. In addition, they reflect the attractiveness of a career as a small business owner and measure the level of media attention to entrepreneurship. Allegedly, in cultures where entrepreneurship is held in high esteem, entrepreneurial intentions are likely to be higher. However, the perceived attractiveness of small business ownership could also be due to the shortages and low pay that could make it more likely that individuals venture out on their own. In 2020, in Kazakhstan, entrepreneurship was considered as a good career choice by the respondents in comparison to the previous years (Figure 4; Table 3). This is a general trend in post-soviet Kazakhstan, when not only young people born after the collapse of the USSR, but also people of the older generation increasingly view entrepreneurship as a good career choice. Therefore, successful entrepreneurs, owners of innovative ventures, big companies, as well as the owners of small businesses are regarded as individuals enjoying high status in Kazakhstan. However, our survey shows that, in 2020, the media in Kazakhstan may not pay enough attention to entrepreneurship.
If we compare the societal values about entrepreneurship of Kazakhstan with India, Iran and Indonesia (Figure 5) we see that a Good Career Choice indicator (90.69) is closest to India’s one (85.19), while the High Status to Successful Entrepreneurs indicator (91.73) and Media Attention for Entrepreneurship (62.48) are closest to Iran’s indicators (94.31 and 65.25).

Kazakhstan’s results on successful entrepreneurs’ status and good career choice are much higher than any GEM averages and closest to low-income economies (Figure 6). That could be consistent with the fact that the perceived attractiveness of small business ownership could be due to the shortages and low pay in employed work.

On the other hand, Kazakhstan’s results on media attention to entrepreneurship are much lower than all the GEM averages. This discrepancy is thought-provoking. It began to manifest itself clearly since 2016 (Figure 4). Although successful entrepreneurs are popular and held in high esteem, the media is not covering entrepreneurship very often or sufficiently.
2.5 SELF-PERCEPTIONS ABOUT ENTREPRENEURSHIP

Self-perceptions about entrepreneurship measure how highly residents of a certain country assess the opportunities available to them for starting a new business, their own capabilities, the extent to which they are fearful of starting a venture and their
resulting entrepreneurial intentions. In 2020, the three indicators measuring entrepreneurial readiness (opportunities, capabilities and intentions) in Kazakhstan has been lower compared to 2017 (Figure 7). At the same time, the fear of failure also fell from 26.6 in 2017 to 18.1 in 2020 (Table 4).

Figure 7 Self-perceptions about entrepreneurship in Kazakhstan

![Figure 7](image)

Table 4 Self-perceptions about entrepreneurship in Kazakhstan

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Perceived good opportunities</td>
<td>26.5*</td>
<td>48.7</td>
<td>44.2</td>
<td>50.4</td>
<td>44.8</td>
</tr>
<tr>
<td>Perceived capabilities</td>
<td>52.5</td>
<td>52.1</td>
<td>50</td>
<td>64.7</td>
<td>63.8</td>
</tr>
<tr>
<td>Fear of failure</td>
<td>23.8</td>
<td>75.4</td>
<td>30.5</td>
<td>26.6</td>
<td>18.1</td>
</tr>
<tr>
<td>Entrepreneurial intentions</td>
<td>15.4</td>
<td>17.5</td>
<td>16.8</td>
<td>46.8</td>
<td>30.8</td>
</tr>
</tbody>
</table>

*Read as 26.5% of respondents start entrepreneurship due to perceived good opportunities

For comparison, Kazakhstan’s results on perceived opportunities for starting a venture (45) are much higher than in Iran (13) and substantially lower than in India (82) and Indonesia (81) (Figure 8). If we compare it with the group averages, we see that it is close to the GEM average (51), high-income (47) and middle-income (49) economies, and much lower than in low-income economies (73) (Figure 9). To top it off, Kazakhstan’s results on fear of failure (18) and entrepreneurial intentions (31) are very low compared to the averages across GEM and three groups of economies (Figure 9), as well as to the three chosen countries (Figure 8).
Kazakhstan’s results on perceived capabilities (64) are closest to Iran’s (65) and relatively lower than in India (82) and Indonesia (79). As to the group averages, the Kazakhstan’s perceived capabilities are equal to the average across middle-income economies (64) and close to GEM average (61) and high-income economies (57). So, how should we read these results? One interpretation is that although many residents of Kazakhstan still see lots
of entrepreneurial opportunities, believe in themselves, and consider starting one’s own business very seriously, their self-perceptions about entrepreneurship are impacted by the pandemic similar to what is going on in other countries.

On the other hand, residents of Kazakhstan may be somewhat optimistic. This optimism might be fueled by the continuing government’s support for SMEs in the country, which was substantially increased very recently as a measure to soften the pandemic impact.

Several state programs supporting start and growth of business are available both in urban and rural areas. These programs provide financial and non-financial support like grants, low-rate loans, free of charge accounting and legal services to help establish and manage new businesses.

2.5.1 EARLY-STAGE ENTREPRENEURIAL ACTIVITY IN KAZAKHSTAN

GEM identifies and measures several distinct manifestations of entrepreneurship – nascent entrepreneurship and new business ownership that make up the total entrepreneurial activity (TEA), employee entrepreneurial activity (EEA), and established business ownership (EB). In addition, business discontinuance rates allow getting a more accurate picture of the state of entrepreneurship in a certain country.

Early-stage entrepreneurial activity is a key indicator that measures the percentage of the adult population (18–64 years) that are in the process of starting a new business or who have just started a new business. This indicator covers two types of entrepreneurs:

1. Nascent Entrepreneurs and
2. New Business Owners

All Kazakhstan’s early-stage entrepreneurial activity indicators except EEA rates grew substantially in 2020 compared to the previous years (Figure 10, Table 5). For example, TEA grew from 11.6 in 2017 to 20.1 in 2020. Compared to 2016 it almost doubled.

Table 5 Entrepreneurial activities in Kazakhstan from 2014 to 2020

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nascent entrepreneurial rate</td>
<td>8.1*</td>
<td>8</td>
<td>6.9</td>
<td>8.1</td>
<td>12.1</td>
</tr>
<tr>
<td>New business ownership rate</td>
<td>6.1</td>
<td>3.2</td>
<td>3.4</td>
<td>6.6</td>
<td>8.5</td>
</tr>
<tr>
<td>TEA</td>
<td>13.7</td>
<td>11</td>
<td>10.2</td>
<td>11.6</td>
<td>20.1</td>
</tr>
<tr>
<td>Established business ownership rate</td>
<td>7.4</td>
<td>2.4</td>
<td>2.4</td>
<td>3.9</td>
<td>4.3</td>
</tr>
<tr>
<td>Discontinuance of business</td>
<td>2.9</td>
<td>3.1</td>
<td>3.4</td>
<td>5.2</td>
<td>15.4</td>
</tr>
<tr>
<td>EEA rates</td>
<td>0.7</td>
<td>4.1</td>
<td>0.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Read as 8.1% of adult population were engaged in nascent entrepreneurship
Kazakhstan's 2020 TEA is much higher than in the comparison countries (Iran (8.0), India (5.3), Indonesia (9.6), Figure 11). The indicator is somewhere between the middle-income (18.4) and low-income (21.5) economies (Figure 12). Figure 13 shows that the 2020 TEA of Kazakhstan is one of the largest among all GEM countries. Nascent entrepreneurial rate (12.1) and New business ownership rate (8.5) have also grown substantially since 2016 (Figure 10, Table 5). They are also much higher than the same indicators in the comparison countries (Figure 11). If we compare them to the groups of countries, we can see again that the indicators are close to the middle-income and low-income countries (Figure 12).
The fact that these three indicators come the closest to the low-income and middle-income economies could be interpreted as follows: the Kazakhstan economy doesn’t create enough regular or well-paid jobs, which pushes individuals into entrepreneurial activities. This is consistent with the very low and decreasing value of EEA (0.9).

Figure 10 also shows a rapid increase in business discontinuity in 2020, up from 2.9 in 2014 to 15.4 in 2020. Compared to the other countries from the comparison group (Iran (3.2), India (3.7) and Indonesia (3.7), it is higher by almost 4 times (Figure 11). It is also much higher than averages across all groups of countries (Figure 12). This confirms that the Covid-19 pandemic has had an important impact, at the same time it is also consistent with the fact that more entrepreneurial activity (start-ups) typically goes hand in hand with more failures. It thus shows a dynamic business environment and reflects a process of creative destruction, which is often considered as good for productivity growth.
2.5.2 Motivation of Entrepreneurial Activity

A primary objective of GEM is to explore differences in national levels and types of entrepreneurship and to link these to job creation and economic growth. The relative prevalence of an opportunity-owned business versus necessity-motivated (no other options for work) entrepreneurial activity provides useful insights into the quality of early-stage entrepreneurial activity in any given economy.

In Kazakhstan, in 2020, 94.9% of new business founders were driven by improvement (Table 6). Obviously, this number is relatively high, and it almost tripled compared to 2017 (Figure 14). The indicator is much higher than the comparison countries have (Iran – 88.9, India – 74.7, Indonesia – 49.8, Figure 15), as well as averages across the groups of countries (GEM – 59.9, high-income – 56.4, middle-income – 68.1, low-income – 68.0, Figure 16).

In addition, we can observe that the percentage of Necessity driven TEAs grew from 17.8 in 2017 to 40 in 2020. It is not a good tendency meaning that the Kazakhstan entrepreneurs are becoming motivated more by necessity that indicates of the worsening economic situation of the country. However, the indicator is still considerably lower than in the comparison countries (Figure 15) and averages across GEM and income groups of countries divided by groups (Figure 16).
Figure 14 Motivation of TEA in Kazakhstan

Table 6 Motivation of TEA in Kazakhstan

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Necessity-driven (% of TEA)</td>
<td>26.3*</td>
<td>27.5</td>
<td>25.4</td>
<td>17.8</td>
<td>40</td>
</tr>
<tr>
<td>Opportunity-driven (% of TEA)</td>
<td>69.1</td>
<td>68.9</td>
<td>68.9</td>
<td>69.5</td>
<td>8.6</td>
</tr>
<tr>
<td>Improvement-driven (% of TEA)</td>
<td>33.6</td>
<td>24</td>
<td>21.4</td>
<td>31.8</td>
<td>94.9</td>
</tr>
</tbody>
</table>

*Read as 26.3% of respondents’ motivation for TEA is necessity-driven

Figure 15 Motivation of TEA in Kazakhstan: compared with individual countries, 2020
Not surprisingly, the percentage of Opportunity driven TEAs fell from 69.5 in 2017 to 8.6 in 2020. This fact also confirms the above-mentioned tendency. However, while the percentage of the Necessity driven TEAs is still lower than in compared countries, the Opportunity perception rate is also substantially lower than in the compared countries (Iran – 19.0, India – 76.8, Indonesia – 41.8, Figure 15) as well as in the group averages (GEM – 30.3, high-income – 28.8, middle-income – 28.2, low-income – 40.0, Figure 16). This again indicates the fact that the potential entrepreneurs in Kazakhstan tend to be driven not by new opening opportunities but rather by necessity and by improvement-driven motivations. It would certainly be beneficial if more new businesses in Kazakhstan were started to pursue an advantageous opportunity which is currently only done by a small fraction, 8.6%. One reason for this low rate can again be related to the pandemic as clearly the increase in uncertainty and the collapse in demand has given a major shock to potential opportunities.

Figure 16 Motivation of TEA in Kazakhstan: compared with country groups, 2020

2.5.3 Business Discontinuance

An important characteristic of entrepreneurial activity in any country is its business discontinuance rate, that is, the percentage of respondents who have closed their enterprises or in any other way ceased to be entrepreneurs. This could signal a healthy process of creative destruction, in which unproductive and unsustainable businesses are replaced by new, more productive ones. It could also signal that there are market failures such as lack of access to capital or other regulatory constraints which make it hard for business survival.

More importantly for 2020, the pandemic could have caused business to fail due to
the lock-down measures, in which case even healthy and productive firms may have been forced to stop activities. In the latter, government intervention may be appropriate to help them overcome such shocks.

In 2020, for 54% of businesses that stopped operations the reason was a lack of profits and for 26.8% - pandemic (Table 7). The ‘lack of profits’ reason grew substantially from 19.8% in 2017 to 54% in 2020 (Figure 17).

Table 7 Reasons for Business exit in Kazakhstan, 2020

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<th></th>
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</thead>
<tbody>
<tr>
<td>Sell, retire, exit, another opportunity</td>
<td>26.6*</td>
<td>14.5</td>
<td>16.7</td>
<td>22.8</td>
<td>9.6</td>
</tr>
<tr>
<td>Unprofitable</td>
<td>33.9</td>
<td>36.5</td>
<td>46.8</td>
<td>19.8</td>
<td>54</td>
</tr>
<tr>
<td>Problems with finance</td>
<td>14.2</td>
<td>12.5</td>
<td>5.6</td>
<td>9.2</td>
<td>2.8</td>
</tr>
<tr>
<td>Bureaucracy</td>
<td>-</td>
<td>3.7</td>
<td>5.4</td>
<td>5.3</td>
<td>0.5</td>
</tr>
<tr>
<td>Personal Reasons</td>
<td>16</td>
<td>24.2</td>
<td>18</td>
<td>30.5</td>
<td>5.2</td>
</tr>
<tr>
<td>Coronavirus pandemic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>26.8</td>
</tr>
<tr>
<td>Incident</td>
<td></td>
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</tr>
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</table>

*Read as 26.6% of respondents exit business because of sell, retire or another opportunity

This sharp evolution is most likely related to the pandemic because the overall economy was hit severely. This indicator is much higher in Kazakhstan than in both the comparison countries (Figure 18) and different groups of countries (Figure 19). The interesting fact is that ‘coronavirus pandemic’ reason for business discontinuance was almost identical
in Kazakhstan and averages across GEM, high-income, middle-income, and low-income groups of countries that does reflect the reality of detrimental effects of the pandemic on entrepreneurship across the globe. Bureaucracy was a minor reason for business exit in Kazakhstan (0.5%). Sell, retire, exit and other was a more common reason for business exit in Kazakhstan (9.6%). Finally, the personal reasons category was reported in 5.2% of the respondents. Small businesses in Kazakhstan are typically lifestyle ventures that explains why their owners often exit once their personal circumstances have changed.

**Figure 18 Exit reasons in Kazakhstan: compared with individual countries, 2020**

**Figure 19 Exit reasons in Kazakhstan: compared with country groups, 2020**
2.6 PROFILE OF ENTREPRENEURS

In order to determine the profile of an entrepreneur in Kazakhstan, an analysis was performed using the demographic and other characteristics of businessmen. This analysis made it possible to evaluate entrepreneurs’ composition (in terms of age and gender), and their motivation. In this report we identify some problematic issues and opportunities for promoting greater participation of various groups in the economy.

2.6.1 AGE DISTRIBUTION

According to the GEM 2020/2021 Global Report “For the vast majority of economies, including 18 of the 20 in Europe & North America, all of the Latin America & Caribbean economies and nine of the 12 in Middle East & Africa, the oldest age group (55–64) has the lowest level of TEA: but not necessarily in Central & East Asia, because in India, Taiwan and the Republic of Korea it is the youngest age group that has the lowest level of TEA.”. In Kazakhstan, this is also not the case in 2020 as the highest prevalence of entrepreneurial activity was observed in the group of 55-64 (27.1%) years old (Figure 20) which is much higher than in other GEM countries (Figure 21).

Figure 20 TEA’s age distribution in Kazakhstan, 2020
It appears that in Kazakhstan, the generation that was born in the Soviet times and started their working careers when entrepreneurship was prohibited begin going to entrepreneurship in their fifties as they build more wealth or possibly to complement their regular employment compensation with additional income. A critical factor is that they may have accumulated needed resources such as networks, personal savings and access to other financial resources. Kazakhstan’s other numbers are in line with other nations (Figure 21). For example, 18-24, 35-44 and 45-54 age group’s TEA levels (18.7, 23.3 and 11.7) are closest to the ones of the middle-income group of countries (19.5, 23.6 and 13.7 respectively). The exception is 25-34 age group whose TEA level of 20.1 is substantially lower than in all groups of countries.

2.6.2 GENDER DIFFERENCES

Previous global GEM reports have shown that although the ratio of male to female participation in early-stage entrepreneurial activity varies considerably across the total sample of GEM countries, reflecting differences in culture and customs regarding female participation in the economy, a consistent finding is that men are more likely to be involved in entrepreneurial activity, regardless of level of economic development. The latest 2020/21 GEM Global Report, also confirms these findings stating that “…in a majority of economies, new businesses are more likely to be started by men than women, although in a few economies the reverse is true and there are others where the gap is small.”

In 2020, in Kazakhstan, women in their entrepreneurial pursuits were driven by opportunity slightly more than men (Figure 22), while the necessity driven motivation rates were the same for both genders (Table 8). The fact that women are more likely than men to pursue opportunity entrepreneurship makes Kazakhstan rather unique. In general, in Kazakhstan, men’s 2020 TEA rates (19.25%) are lower than women’s ones (20.88%). Women’s TEA rates are higher than averages across the GEM and income groups of countries (Figure 23).
Table 8 TEA rates by gender (as % of adults for each gender involved in TEA), 2020

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male TEA Opportunity Driven</td>
<td>8%*</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Female TEA Opportunity Driven</td>
<td>7%</td>
<td>7%</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Male TEA Necessity Driven</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Female TEA Necessity Driven</td>
<td>3%</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

*Read as 8% of adult male population is engaged in opportunity-driven early-stage entrepreneurship

Figure 22 TEA rates by gender (as % of adult population for each gender involved in TEA), 2020

![Chart showing TEA rates by gender for 2015 to 2020](chart.png)

Figure 23 TEA rates by gender (as % of adult population for each gender involved in TEA): comparative table, 2020

![Comparative table of TEA rates by gender and income group](table.png)
2.7 ENTREPRENEURIAL IMPACT

In studying the impact of entrepreneurs, GEM recognizes that while all entrepreneurs are important, they have differing impacts on their societies. Job creation expectations and level of innovation are the principal indicators used in GEM to assess the predictors of economic growth in a certain country.

GEM survey inquires how many employees (except the owners themselves) the business currently has and how many more it is planning to hire in the next five years. The difference between the current and expected number of staff characterizes the expectation of growth. In 2020, the job growth expectations of Kazakhstani early-stage entrepreneurs were much more pessimistic compared to the previous years (Table 9; Figure 24). For example, only 5.2% of the respondents expect to create from one to five jobs in the next five years while in the previous years it was around 20%. Only 5.5% expect to create more than six new jobs in the next five years. The indicator fell by 7.5 times compared to 2017. At the same time only 9.4% respondents indicated that they do not anticipate creating any further jobs. Compared to the previous years the indicator fell by almost 4 times. This is explained by the uncertain situation related to COVID 19. In 2020, the respondents preferred either not to answer the question or to answer, ‘Don’t know’.

Figure 24 Job growth expectations as % of early-stage entrepreneurs in Kazakhstan, 2020

Table 9 Job growth expectations as % of early-stage entrepreneurs in Kazakhstan, 2020

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 jobs</td>
<td>27.4*</td>
<td>41</td>
<td>47.9</td>
<td>38.5</td>
<td>9.4</td>
</tr>
<tr>
<td>1-5 jobs</td>
<td>16.3</td>
<td>24.7</td>
<td>19.1</td>
<td>20.5</td>
<td>5.2</td>
</tr>
<tr>
<td>6 or more jobs</td>
<td>14.9</td>
<td>34.4</td>
<td>33.1</td>
<td>41</td>
<td>5.5</td>
</tr>
</tbody>
</table>

*Read as 27.4% of respondents expect 0 job growth
However, all the job creation estimates of the Kazakhstani respondents are much higher compared to Iran, India and Indonesia (Figure 25). Kazakhstani entrepreneurs do not hold optimistic views about ramping up their new businesses compared to the groups of countries: only 1% of respondents stated that they will create more than 19 jobs in 5 years, and only 13% will create 10+ jobs (Figure 26). However, 14% of respondents are going to create any job now or in 5 years that is higher than an average across GEM (12%) and high-income countries (9%) (Figure 26).

![Figure 25 Job creation in Kazakhstan: compared with individual countries, 2020](image)

![Figure 26 Job creation in Kazakhstan: compared with country groups, 2020](image)
According to the Global GEM report 2020/21, ‘the APS survey asks those starting or running a new business to identify the sector in which they are operating. These descriptions are coded into four broad categories:

1. Extractive (including agriculture)
2. Transformative (including manufacturing and transportation)
3. Business services (including professional services and information and communications technology)
4. Consumer services (including retail, catering and hospitality, and personal services such as hairdressing).

In Kazakhstan, 56% of new ventures in 2020 were in the consumer-oriented category of sectors, 14% - in business-oriented category, 26% - in transforming category, and 4% - in extractive category (Figure 27).

If we compare these numbers with Iran, India and Indonesia (Figure 28) and averages across groups of countries (Figure 29), we can see that extractive sectors are the lowest in both comparisons indicating that the entry barriers to this category of sectors are comparatively high in Kazakhstan.

The indicators of transforming, business-oriented and consumer-oriented categories of sectors are closest to Iran and Indonesia on one hand, and middle-income countries on the other hand. The consumer-oriented category of sectors is most attractive one for new businesses because of the lowest entry barriers similar to what is observed in other countries.
Figure 28 Distribution of TEA by Sector in Kazakhstan: compared with individual countries, 2020

Figure 29 Distribution of TEA by sector in Kazakhstan: compared with country groups, 2020

Figure 30 shows that 99% of the interviewed new and just starting businesses were expecting their revenues coming from inside the country which is higher than average across GEM and other groups of countries (Figures 31-32). Only 1% were expecting their revenues coming from outside with all of them expecting no more than 25% of revenues coming from outside the country. Although, this tendency is similar to what is observed in other countries, the orientation of Kazakhstani entrepreneurs on the local market seems very high. For example, on
2.8 REVENUE DISTRIBUTION

Figure 30 shows that 99% of the interviewed new and just starting businesses were expecting their revenues coming from inside the country which is higher than average across GEM and other groups of countries (Figures 31-32). Only 1% were expecting their revenues coming from outside with all of them expecting no more than 25% of revenues coming from outside the country. Although, this tendency is similar to what is observed in other countries, the orientation of Kazakhstani entrepreneurs on the local market seems very high. For example, on average the indicator for GEM countries equals to 10%, for the high-income countries, 12%, for the middle-income, 5%, and low-income countries, 4%. Being active in international markets however has been shown to improve productivity and performance, thus creating the right framework conditions to facilitate going global may be an important point of attention for policy.

Figure 30 Revenue distribution of TEAs in Kazakhstan, 2020

Figure 31 Revenue distribution of TEAs in Kazakhstan: compared with individual countries, 2020
3.1 NATIONAL EXPERT SURVEY (NES)

The National Experts Survey (NES) assesses various elements of the local economic, and social infrastructure that facilitate the development and nurturing of entrepreneurial activity. The NES was initiated due to a lack of nationally harmonized measures that could be used as indices of specific Entrepreneurial Framework Conditions (EFCs). The NES remains the sole source of harmonized, internationally comparable data that specifically addresses the environmental factors that enhance (or hinder) new and growing firms’ performance.

Each year at least 36 experts in each GEM-examined economy are personally interviewed or complete the NES questionnaire. The NES questionnaire is used to collect the views of experts on a wide range of items, each of which was designed to capture a different dimension of a specific EFC.

The NES was carefully designed and refined to capture informed judgments of national, and in some cases regional, key informants regarding the status of EFCs in their own country/region’s economies. National and regional experts are selected based on their reputation and experience (through a convenience sample approach).

Figure 32 Revenue distribution of TEAs in Kazakhstan: compared with country groups, 2020
3. Kazakhstan’s Entrepreneurship Ecosystem

3.1 NATIONAL EXPERT SURVEY (NES)

The National Experts Survey (NES) assesses various elements of the local economic, and social infrastructure that facilitate the development and nurturing of entrepreneurial activity. The NES was initiated due to a lack of nationally harmonized measures that could be used as indices of specific Entrepreneurial Framework Conditions (EFCs). The NES remains the sole source of harmonized, internationally comparable data that specifically addresses the environmental factors that enhance (or hinder) new and growing firms’ performance.

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The NES was carefully designed and refined to capture informed judgments of national, and in some cases regional, key informants regarding the status of EFCs in their own country/region’s economies. National and regional experts are selected based on their reputation and experience (through a convenience sample approach).

3.2 GENERAL VIEW OF ENTREPRENEURIAL FRAMEWORK CONDITIONS

An entrepreneurship ecosystem represents the combination of conditions that shape the context in which entrepreneurial activities take place. GEM assesses the following entrepreneurship conditions: financing, government policies, taxes and bureaucracy, government programs, school-level entrepreneurship education and training, post-school entrepreneurship education and training, R&D transfer, access to commercial and professional infrastructure, internal market dynamics, internal market burdens, access to physical and services infrastructure, and social and cultural norms.

A representative sample of experts from Kazakhstan assessed a wide set of blocks of items for each entrepreneurship condition using Likert scales from 1 (completely false) to 9 (completely true) to rate each proposed statement. The average scores 1-4 mean different degree of disagreement of experts with the statement, 5 means neutral position and 6-9 indicate different degree of agreement with the statement. Average scores of these evaluations are presented in the following sections.

3.2.1 ACCESS TO FINANCE

Entrepreneurship financing measures the availability of capital and its major sources for entrepreneurial activities. The access and availability of finances is crucial for any entrepreneurial environment to succeed.
In 2020, Kazakhstan experts assessed the opportunities for Equity Funding in Kazakhstan higher (3.78) than in 2018 (3.32) (Table 10). The indicator has grown steadily from 2014 (2.0) to 2017 (3.82), then fell in 2018 to 3.32 and grew again in 2020 (Figure 33). The Debt Funding, Government Subsidies and Funding from Informal Investors indicators almost repeated the dynamics of the Equity Funding indicator increasing compared to 2018. Other four indicators, namely Funding from Business Angels, Funding from Venture Capitalists, Funding through IPOs and Funding through Private Lenders have reduced significantly from the figures in 2017-18. For future, all kinds of financing including debt, equity financing should be advanced and be more available for innovation-driven ventures.

While these scores highlight that experts are still confident and fairly positive of availability of finances in Kazakhstan, there has been a decrease in the four sources of funding out of eight, namely Funding from Business Angels, Funding from Venture Capitalists, Funding through IPOs and Funding through Private Lenders in comparison to the previous years.

In addition, the Kazakhstani scores of the Access to entrepreneurial finance is much lower than GEM averages putting the country on 38th place out of 45 GEM countries.

This may reflect a structural issue as well as the Covid-19 pandemic shock and should clearly a point of attention for policy makers.

Figure 33 Kazakhstan experts’ assessment of financing for entrepreneurs
Table 10 Kazakhstan experts’ assessment of financing for entrepreneurs, 2020

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<tbody>
<tr>
<td>Equity Funding</td>
<td>3.78</td>
<td>3.32</td>
<td>3.82</td>
<td>3.57</td>
<td>3.38</td>
<td>2</td>
</tr>
<tr>
<td>Debt Funding</td>
<td>4.17</td>
<td>3.81</td>
<td>5.89</td>
<td>4.78</td>
<td>3.64</td>
<td>2.51</td>
</tr>
<tr>
<td>Government Subsidies</td>
<td>4.72</td>
<td>4.19</td>
<td>6.11</td>
<td>6.51</td>
<td>4.11</td>
<td>2.74</td>
</tr>
<tr>
<td>Funding from Informal Investors</td>
<td>4.57</td>
<td>4.33</td>
<td>6.92</td>
<td>6.16</td>
<td>5.15</td>
<td>2.27</td>
</tr>
<tr>
<td>Funding from Business Angels</td>
<td>3.08</td>
<td>3.3</td>
<td>4.94</td>
<td>5.16</td>
<td>3.21</td>
<td>1.82</td>
</tr>
<tr>
<td>Funding from Venture Capitalists</td>
<td>2.72</td>
<td>3.46</td>
<td>3.86</td>
<td>4.51</td>
<td>3.5</td>
<td>1.74</td>
</tr>
<tr>
<td>Funding through IPOs</td>
<td>1.94</td>
<td>3.15</td>
<td>2.94</td>
<td>3.19</td>
<td>2.79</td>
<td>2</td>
</tr>
<tr>
<td>Funding through Private Lenders</td>
<td>3.14</td>
<td>3.54</td>
<td>4.69</td>
<td>5.3</td>
<td>3.87</td>
<td>2.51</td>
</tr>
</tbody>
</table>

3.2.2 GOVERNMENT POLICIES

Government policy: support and relevance

Kazakhstan experts’ assessments of the government policies and the relative ease of starting a venture have become more positive from 2014 (2.97) to 2020 (5.00) (Table 11). The experts gave higher scores to the statement that support for new ventures is a priority in Kazakhstan at the national (5.23) and local (4.67) levels. Although there were some fluctuations of the indicators in the previous years (Figure 34), overall, the government policy’s support and relevance has been assessed by the experts very positive and appreciating.

Government policy: taxes and bureaucracy

Turning to the second category in the Global Report (government policies: taxes and bureaucracy), in 2014 experts were clearly concerned regarding the time needed to acquire all the permits and licenses required for starting a new venture. They gave a very low score to this item in 2014 (2.27). A much better score was given in 2015 (4.05) but it dropped considerably in 2016 (3.3). In 2018, a slightly higher score of 3.86 indicated some progress but the numbers were still low. The score of 4.31 in 2020, indicates a clear improvement towards the right direction.

While the scores for the favourability of tax policy for entrepreneurship have steadily increased from 3.09 in 2014, 4.38 in 2015, and to 5.24 in 2018, reflecting the fact that the taxes on new businesses are not perceived as high by many entrepreneurs and analysts. Nevertheless, in 2020 we see a sharp decline in this value to 4.83.

Similarly, while the experts have been more and more positive in their assessments of the predictability and consistency of tax policy, with scores increasing from 3.14 in 2014 to 5.38 in 2018, we notice a decline in 2020 to 4.89. Finally, the experts have consistently believed that coping with government bureaucracy remains a significant problem for Kazakhstan entrepreneurs as average scores have somewhat increased from 2.26 in 2014 to 3.70 in 2015 and 3.77 for 2018. The figure of 3.94 for 2020 clearly shows that although the bureaucracy remains a serious obstacle towards scaling up of entrepreneurial ventures in the country, the situation is gradually improving.

Compared to other GEM countries, Kazakhstan scored high in both government policies categories: (1) support and relevance (12th place out of 45 GEM countries) and (2) taxes and bureaucracy (16th place out of 45 GEM countries). This does not mean that
Kazakhstan does not have problems in these areas, but the government is coping with these problems quite effectively compared to other nations.

Despite an apparent progress, it is very important to continue reducing the impact of government bureaucracy on entrepreneurial ventures so that nascent entrepreneurs could readily realize their entrepreneurial intentions.

Table 11 Kazakhstan experts’ evaluation of government policies, 2020

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<tbody>
<tr>
<td>Government policies support new firms</td>
<td>5</td>
<td>4.72</td>
<td>4.76</td>
<td>4.05</td>
<td>4.2</td>
<td>2.97</td>
</tr>
<tr>
<td>Support of new firms is national government’s priority</td>
<td>5.23</td>
<td>6.31</td>
<td>5.73</td>
<td>6.05</td>
<td>6.06</td>
<td>4.06</td>
</tr>
<tr>
<td>Support of new firms is local government’s priority</td>
<td>4.67</td>
<td>5.19</td>
<td>5.16</td>
<td>5.51</td>
<td>5.26</td>
<td>3.39</td>
</tr>
<tr>
<td>Licenses and permits are received in about a week</td>
<td>4.31</td>
<td>3.86</td>
<td>3.68</td>
<td>3.3</td>
<td>4.05</td>
<td>2.27</td>
</tr>
<tr>
<td>Taxes are not a burden</td>
<td>4.83</td>
<td>5.24</td>
<td>4.74</td>
<td>5.16</td>
<td>4.38</td>
<td>3.09</td>
</tr>
<tr>
<td>Regulations are predictable</td>
<td>4.89</td>
<td>5.38</td>
<td>4.92</td>
<td>5.38</td>
<td>5.51</td>
<td>3.14</td>
</tr>
<tr>
<td>Coping with bureaucracy is easy</td>
<td>3.94</td>
<td>3.77</td>
<td>3.27</td>
<td>3.57</td>
<td>3.7</td>
<td>2.26</td>
</tr>
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</table>

Figure 34 Kazakhstan experts’ evaluation of government policies, 2020
3.2.3 GOVERNMENT PROGRAMS

Kazakhstan’s experts thought rather highly in 2017 (4.16) (Table 12) and even more highly in 2018 (4.83) about the ability of entrepreneurs to obtain a wide range of assistance via a single agency. These figures represented a huge leap compared to 2014 (3.00).

Table 12 Kazakhstan experts’ assessment of governmental programs, 2020

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<tbody>
<tr>
<td>a wide range of government assistance for new and growing firms</td>
<td>4.89</td>
<td>4.83</td>
<td>4.16</td>
<td>5.57</td>
<td>4.41</td>
<td>3.0</td>
</tr>
<tr>
<td>science parks and business incubators provide effective support</td>
<td>4.71</td>
<td>3.76</td>
<td>4.20</td>
<td>4.03</td>
<td>4.0</td>
<td>2.47</td>
</tr>
<tr>
<td>for new and growing firms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>there are an adequate number of government programs for new</td>
<td>5.78</td>
<td>5.91</td>
<td>5.61</td>
<td>6.05</td>
<td>6.09</td>
<td>3.76</td>
</tr>
<tr>
<td>and growing businesses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the people working for government agencies are competent and</td>
<td>3.67</td>
<td>4.09</td>
<td>4.42</td>
<td>3.59</td>
<td>3.66</td>
<td>2.53</td>
</tr>
<tr>
<td>effective in supporting new and growing firms</td>
<td></td>
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<tr>
<td>almost anyone who needs help from a government program for a</td>
<td>4.53</td>
<td>4.35</td>
<td>4.11</td>
<td>4.11</td>
<td>3.80</td>
<td>2.6</td>
</tr>
<tr>
<td>new or growing business can find what they need</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Government programs aimed at supporting new and growing firms</td>
<td>4.19</td>
<td>4.03</td>
<td>3.97</td>
<td>4.54</td>
<td>4.26</td>
<td>2.8</td>
</tr>
<tr>
<td>effective</td>
<td></td>
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</table>

In 2020 (4.89), the figures have slightly improved compared to 2018 (4.83). Similarly, experts’ assessments of science parks’ and business incubators’ ability to provide support for entrepreneurs is significantly higher in 2020 (4.71) as compared to 2018 (3.76). While the experts believed that the number of government programs supporting entrepreneurship was sufficient, with impressive scores of 5.78 in 2020 and 5.91 in 2018, their evaluation of the competence and effectiveness of government support agencies’ employees has consistently declined over the years (3.67 in 2020, 4.09 in 2018 and 4.42 in 2017). The scores regarding an individual’s ability to find support for a new venture have slightly increased in 2020 (4.53) from 2018 (4.35). Finally, the overall assessment of the effectiveness of government programs has steadily grown from 3.97 in 2017 to 4.19 in 2020. However, it is still lower that what experts perceived in 2016 (4.54). Kazakhstan’s average in the programs category (4.7) was close to the GEM average with 20th place out of 45 GEM countries.
3.2.4 EDUCATION AND TRAINING

Kazakhstan experts’ responses to the statement that teaching in primary and secondary education institutions encourages creativity, self-sufficiency and personal initiative, have become slightly lower as compared to previous years (Table 13, Figure 35).

Table 13 Kazakhstan experts’ assessment on entrepreneurial education and training

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<tbody>
<tr>
<td>teaching in primary and secondary education encourages creativity, self-sufficiency, and personal initiative</td>
<td>3.22</td>
<td>3.97</td>
<td>3.59</td>
<td>3.38</td>
<td>3.81</td>
<td>2.67</td>
</tr>
<tr>
<td>teaching in primary and secondary education provides adequate instruction in market economic principles</td>
<td>2.97</td>
<td>3.19</td>
<td>3.27</td>
<td>3.22</td>
<td>3.64</td>
<td>2.55</td>
</tr>
<tr>
<td>teaching in primary and secondary education provides adequate attention to entrepreneurship and new firm creation</td>
<td>2.47</td>
<td>2.41</td>
<td>2.25</td>
<td>2.54</td>
<td>3.09</td>
<td>2.03</td>
</tr>
<tr>
<td>colleges and universities provide good and adequate preparation for starting up and growing new firms</td>
<td>3.08</td>
<td>3.20</td>
<td>2.78</td>
<td>3.32</td>
<td>3.56</td>
<td>2.39</td>
</tr>
<tr>
<td>the level of business and management education provide good and adequate preparation for starting up and growing new firms</td>
<td>4.50</td>
<td>4.03</td>
<td>3.81</td>
<td>4.3</td>
<td>4.49</td>
<td>2.94</td>
</tr>
<tr>
<td>the vocational, professional, and continuing education systems provide good and adequate preparation for starting up and growing new firms</td>
<td>4.32</td>
<td>4.66</td>
<td>4.27</td>
<td>4.97</td>
<td>4.88</td>
<td>2.87</td>
</tr>
</tbody>
</table>

Similarly, experts were somewhat more negative in responding to the statement that teaching in primary and secondary education institutions provides adequate instruction in market economic principles. Experts had the least positive opinion of teaching entrepreneurship and new venture creation, the lowest average score in 2014 (2.94) was followed by a high score in 2015 (4.49). In 2020, it was highest (4.50).

On the other hand, experts had a more positive opinion about the ability of universities to teach entrepreneurship and new venture creation, the lowest average score in 2014 (2.94) was followed by a high score in 2015 (4.49). In 2020, it was highest (4.50).

Finally, experts thought highly about the ability of vocational, professional and continuing education to prepare for an entrepreneurial career. In 2014, the average score was 2.87, followed by much higher score in 2015 (4.88), and even higher score in 2016 (4.97). The score has decreased in 2020 (4.32).
Kazakhstan experts’ low assessments of entrepreneurial education at school level (2.9, 22nd place out of 45) are in line with the GEM averages. Experts’ assessments of entrepreneurial education at post-school level (4.0, 38th place out of 45) is significantly lower than GEM averages. Overall, Kazakhstan’s averages in this category are rather low compared to the GEM averages. This indicates that entrepreneurship education in Kazakhstan needs to be improved.

### 3.2.5 R&D TRANSFER

Kazakhstan’s experts clearly have some concerns with regard to the effectiveness of knowledge transfer from universities and public research institutions to new and growing firms. In 2014, the average score for this item given by Kazakhstan’s experts was merely 1.85. Although the scores were increasingly higher in 2015 (2.89), 2016 (2.86), 2017 (3.03), 2018 (2.71), they decreased in 2020 (2.19) (Figure 36; Table 14). Similarly, the experts disagreed with the statement that new and growing firms in Kazakhstan have as much access to knowledge and R&D as large established firms. Low score in 2014 (1.97) was followed by a higher but still rather low scores in 2015 (2.89), 2016 (2.92), 2017 (2.94), 2018 (3.03) and 2020 (2.39).
Table 14 Kazakhstan experts’ assessment of R&D transfer, 2020

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<tbody>
<tr>
<td>R&amp;D transfer to companies</td>
<td>2.19</td>
<td>2.71</td>
<td>3.03</td>
<td>2.86</td>
<td>2.89</td>
<td>1.85</td>
</tr>
<tr>
<td>Access of companies to R&amp;D</td>
<td>2.39</td>
<td>3.03</td>
<td>2.94</td>
<td>2.92</td>
<td>2.89</td>
<td>1.97</td>
</tr>
<tr>
<td>Latest technology is affordable</td>
<td>2.23</td>
<td>2.79</td>
<td>3.44</td>
<td>2.76</td>
<td>3.09</td>
<td>1.76</td>
</tr>
<tr>
<td>Government subsidies to access latest technology</td>
<td>3.22</td>
<td>3.58</td>
<td>3.76</td>
<td>3.65</td>
<td>3.32</td>
<td>2.64</td>
</tr>
<tr>
<td>Science supports creation of new technology-based ventures</td>
<td>2.56</td>
<td>3.13</td>
<td>3.25</td>
<td>3.49</td>
<td>3.43</td>
<td>2.15</td>
</tr>
<tr>
<td>Support of research commercialization</td>
<td>2.42</td>
<td>3.27</td>
<td>3.75</td>
<td>2.97</td>
<td>2.83</td>
<td>2.12</td>
</tr>
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</table>

In 2014 there was low agreement (1.76) with the statement that new and growing firms can afford the latest technology. In 2017, the score was considerably higher (3.44) showing some optimism but decreased again in 2018 (2.79) and 2020 (2.23). Scores were higher in response to the statement that the government provides adequate subsidies allowing new and growing firms to acquire new technology. The lowest 2014 (2.64) was followed by a higher score in 2015 (3.32), even higher score in 2016 (3.65) and 2017 (3.76) but decreased slightly from 3.58 in 2018 to 3.22 in 2020. Experts expressed more scepticism, however, about the statement presented in the survey that science and technology base in Kazakhstan facilitates creation of world-class ventures. Scores ranged from 2.15 in 2014 to 2.56 in 2020.

Finally, there was even greater scepticism among the experts regarding the statement that support is available for scientists and engineers in Kazakhstan that may wish to commercialize their ideas. The scores were gradually increasing from 2.12 in 2014 to 3.75 in 2017 and then again decreased to 2.42 in 2020. The highest score of 3.75 in 2017 demonstrated that there was some advancement observed in this area which then gradually faded.
GEM average in the category of R&D transfer is 3.95. With the score of 2.5, Kazakhstan takes 43rd place out of 45 GEM countries and clearly needs to do more heavy lifting in this area.

Even though the government subsidies have increased, this has not translated yet into new technology adoption by new and growing firms. This puts new and growing firms at a competitive disadvantage compared to large and established firms. Technology commercialization opportunities remain insufficient even though some progress in this area, judging by experts’ assessments is under way.

R&D transfer to new and growing firms should be prioritized, science and technology institutions should actively forge relationships with new and growing firms as well as actively start new firms specializing in creation of advanced technologies. It is also important to create the environment making it easier for scholars and engineers to commercialize their ideas. R&D related support measures by the government may help especially small and young businesses, as is done in various European countries.

3.2.6 COMMERCIAL INFRASTRUCTURE

Kazakhstan’s experts’ assessments of the statement that “the numbers of subcontractors available to support new and growing ventures in Kazakhstan were sufficient” have become more positive from 2014 to 2020, with the averages scores gradually growing from 3.00 in 2014 to 5.19 in 2017 and then falling to 4.86 in 2020 (Table 15; Figure 37). Assessments of affordability of subcontractors were significantly less positive in 2020 (2.94) compared to the highest number of 4.24 in 2016. Experts also thought that it was not very easy for new and growing firms to gain access to subcontractors (3.74 in 2020).

In contrast, obtaining high-quality legal and accounting services, judging by experts’ scores, has become much easier in Kazakhstan (5.44). Thus, the rather low score in 2014 (3.46) was followed by a much higher score in 2015 (6.22), 2016 (6.14) and 2017 (5.84), followed by 5.38 in 2018. Finally, the experts were most positive about the availability of high-quality banking services in Kazakhstan with the scores getting higher and higher: 2014 (3.46), 2015 (6.13), 2016 (6.78), 2017 (7.0), and 2018 (6.16). In 2020, the scores have slightly increased to 6.56. Kazakhstan is doing particularly well in terms of making banking and accounting services available for new and growing firms. Kazakhstan has also grown the numbers and affordability of subcontractors for new and growing firms although to a lesser degree compared to accounting and banking services. It is very critical, however, to make subcontractors not only more available but also more affordable for new and growing firms.

In terms of commercial and professional infrastructure, having a score of 4.7 Kazakhstan takes only 33rd place out of 45 among GEM countries that confirms the need to improve above mentioned aspects of the indicator.
### Table 15 Kazakhstan experts’ assessment of commercial and professional infrastructure

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<tbody>
<tr>
<td>Enough subcontractors, suppliers, and consultants to support new and growing firms</td>
<td>4.86</td>
<td>5.08</td>
<td>5.19</td>
<td>4.7</td>
<td>4.83</td>
<td>3</td>
</tr>
<tr>
<td>Affordable subcontractors, suppliers, and consultants</td>
<td>2.94</td>
<td>3.77</td>
<td>4.14</td>
<td>4.24</td>
<td>3.48</td>
<td>2.4</td>
</tr>
<tr>
<td>Easy access to subcontractors, suppliers, and consultants</td>
<td>3.74</td>
<td>3.78</td>
<td>4.3</td>
<td>4.32</td>
<td>3.95</td>
<td>2.55</td>
</tr>
<tr>
<td>Legal and accounting services are accessible</td>
<td>5.44</td>
<td>5.38</td>
<td>5.84</td>
<td>6.14</td>
<td>6.22</td>
<td>3.46</td>
</tr>
<tr>
<td>Banking services are accessible</td>
<td>6.56</td>
<td>6.16</td>
<td>7</td>
<td>6.78</td>
<td>6.13</td>
<td>3.83</td>
</tr>
</tbody>
</table>

### Figure 37 Kazakhstan experts’ assessment of commercial and professional infrastructure

![Graph showing experts' average score over years](image)

#### 3.2.7 INTERNAL MARKET

Kazakhstan’s experts have changed their assessments of consumer goods market dynamics considerably during the observed period. Starting with a score of 3.03 in 2014 (Table 16; Figure 38), the experts thought of consumer goods market as rather stable. This category is tricky since low scores may indicate that there is some stagnation in the marketplace whereas high scores may indicate that there is some turbulence in the marketplace. In 2015, the experts thought of consumer goods market as more dynamic, and perhaps, more unstable (6.13). Finally, in 2016 (4.78) and 2017 (4.74), the experts thought of consumer goods market as relatively more stable compared to the previous year’s exceedingly high assessments, perhaps, in reaction to recent market shocks. The high score of 5.46 in 2018 and 6.11 in 2020 again indicates the assessment of a relatively unstable market. Obviously, the 2020 score of 6.11 relates to the COVID 19 pandemic.

Similarly, the experts thought of the markets for business-to-business goods and services as quite stable in 2014 (3.06), very unstable in 2015 (5.72), and more stable again in 2016 (4.68) and 2017 (4.47). The increase of score to 5.11 in 2018 and 5.97 in 2020 indicates a similar trend of assessment of instability.
Table 16 Kazakhstan experts’ assessment of internal market status

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>the markets for consumer goods and services change dramatically from year to year</td>
<td>6.11*</td>
<td>5.46</td>
<td>4.74</td>
<td>4.78</td>
<td>6.13</td>
<td>3.03</td>
</tr>
<tr>
<td>the markets for business-to-business goods and services change dramatically from year to year</td>
<td>5.97</td>
<td>5.11</td>
<td>4.47</td>
<td>4.68</td>
<td>5.72</td>
<td>3.06</td>
</tr>
<tr>
<td>new and growing firms can easily enter new markets</td>
<td>3.44</td>
<td>3.94</td>
<td>4.57</td>
<td>4.62</td>
<td>4.30</td>
<td>2.5</td>
</tr>
<tr>
<td>the new and growing firms can afford the cost of market entry</td>
<td>3.12</td>
<td>3.69</td>
<td>3.97</td>
<td>4.43</td>
<td>4.38</td>
<td>2.29</td>
</tr>
<tr>
<td>new and growing firms can enter markets without being unfairly blocked by established firms</td>
<td>3.50</td>
<td>3.36</td>
<td>4.46</td>
<td>3.84</td>
<td>3.93</td>
<td>2.27</td>
</tr>
<tr>
<td>the anti-trust legislation is effective and well enforced</td>
<td>2.76</td>
<td>4.09</td>
<td>4.26</td>
<td>3.38</td>
<td>4.28</td>
<td>2.42</td>
</tr>
</tbody>
</table>

* Read as: experts think that consumer goods and services market changes annually

Regarding the ability of new and growing firms to enter new markets, the experts were quite sceptical in 2014 (2.5), much more positive in 2015 (4.3) and even more positive in 2016 (4.62) and 2017 (4.57). However, the decrease of the assessment to 3.94 (2018) and 3.44 (2020) is a negative trend.

Similarly, the experts assessed the affordability of new market entry by new and growing firms as low in 2014 (2.29). In 2015 (4.38), the experts were much more optimistic apparently viewing new markets as more affordable for new and growing firms. In 2016 (4.43), experts gave even more positive assessments to new markets affordability for new and growing firms. However, starting from 2017, the score has gradually fallen from 3.97 in 2017 to 3.12 in 2020 showing that entry affordability remains an issue for many entrepreneurs.

The experts were less optimistic in their assessments of the fairness of business competition in Kazakhstan. In 2014 (2.27), many experts thought that new and growing firms can be blocked from market entry by established firms. However, in 2017 (4.46), experts were much more positive on this issue, but their optimism has diminished to 3.50 in 2020 showing that new and growing firms are currently less protected from anti-competitive behaviour of big firms.

Very similar dynamics can be observed for the effectiveness of anti-trust legislation in Kazakhstan indicator. While in 2014, the experts expressed a lot of scepticism regarding it (2.42), the scores have since gradually increased over the years and reached the maximum of 4.26 in 2017. However, since then the experts’ optimism decreased substantially to 2.76 in 2020.

In general, compared to the GEM countries’ experts’ opinion, Kazakhstan is doing rather well in terms of market dynamics 10th place out of 45 with 6.0 score and not so well in terms of market burdens and regulations (40th place out of 45 with the score of 3.3)
In the beginning, Kazakhstan’s experts assessed the state of the physical infrastructure quite negatively (2.89 in 2014, Table 17; Figure 39). However, experts gave much more positive evaluations of physical infrastructure in 2015 (4.24), 2016 (3.97), and 2017 (4.0). While, in 2018, the average was even higher (4.33), it has dropped again in 2020 to 3.61.

In comparison, experts’ assessments of the cost of new and growing firms’ access to communications were more positive in 2020 (6.42). The average score was 3.83 in 2014, and it steadily grew up to 6.49 in 2018. The statement regarding the ability of a new or growing firm to get access to communications in a week also improved: from 4.11 in 2014 to 6.78 in 2020.

Similarly, experts’ assessments of the affordability of basic utilities were rather high in 2020 (6.23) as compared to 3.91 in 2014. Finally, experts were somewhat concerned regarding the ability of new and growing firms to get access to basic utilities in a month (5.56).

Table 17 Kazakhstan experts’ assessment on physical infrastructure and services status

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>the physical infrastructure (roads, utilities, communications, waste disposal) provides good support for new and growing firms</td>
<td>3.61</td>
<td>4.33</td>
<td>4.0</td>
<td>3.97</td>
<td>4.24</td>
<td>2.89</td>
</tr>
<tr>
<td>it is not too expensive for a new or growing firm to get good access to communications (phone, Internet, etc.)</td>
<td>6.42</td>
<td>6.49</td>
<td>6.70</td>
<td>6.68</td>
<td>6.02</td>
<td>3.83</td>
</tr>
</tbody>
</table>
In 2020, the experts were asked two new questions on the availability of affordable office and production spaces to rent. They highly evaluated the availability of affordable office spaces (6.33), while were not so optimistic on the availability of the affordable production spaces (4.89).

Kazakhstan has improved the state of its physical infrastructure and the ability of its new and growing ventures to gain access to communications and basic utilities. However, the country should continue to grow its physical infrastructure and make basic utilities more accessible within a shorter period of time.

However, compared to other GEM countries Kazakhstan looks not so impressive in terms of physical infrastructure with the score of 5.8 and 39th place out of 45.

**Figure 39 Kazakhstan experts’ assessment on Physical infrastructure**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>a new or growing firm can get good access to communications (telephone, internet, etc.) in about a week</td>
<td>6.78</td>
<td>6.69</td>
<td>7.13</td>
<td>7.22</td>
<td>6.93</td>
<td>4.11</td>
</tr>
<tr>
<td>new and growing firms can afford the cost of basic utilities (gas, water, electricity, sewer)</td>
<td>6.23</td>
<td>6.81</td>
<td>6.76</td>
<td>6.68</td>
<td>6.36</td>
<td>3.91</td>
</tr>
<tr>
<td>new or growing firms can get good access to utilities (gas, water, electricity, sewer) in about a month</td>
<td>5.56</td>
<td>5.43</td>
<td>5.68</td>
<td>5.16</td>
<td>5.75</td>
<td>3.03</td>
</tr>
<tr>
<td>plenty of affordable office spaces to rent for new and growing firms</td>
<td>6.33</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>plenty of affordable production spaces to rent for new and growing firms</td>
<td>4.89</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.2.9 CULTURAL AND SOCIAL NORMS

In 2014, Kazakhstan experts gave a relatively low assessment to the support of individual success achieved through personal effort in the country (3.62, Table 18; Figure 40). However, in following their assessment improved substantially with 5.57 in 2016, 5.06 in 2018 and 5.11 in 2020. Similarly, experts’ assessments of the emphasis on self-sufficiency, autonomy and personal initiative were higher in 2020 (5.03) than in 2018 (4.74) and 2014 (3.43).

Furthermore, assessments of the national culture’s encouragement of risk taking and creativity has risen from 3.09 and 3.47 in 2014 to 5.03 for both indicators in 2020. Finally, the experts gave somewhat lower marks to emphasis on the responsibility of the individual for managing his or her life in Kazakhstan (4.69).

Despite gradual improvement of this category’s assessment by the national experts, it is still important to put emphasis in Kazakhstan on the responsibility of an individual for managing his or her life. Entrepreneurial risk-taking should also be encouraged. It would also be important to praise innovation and creativity as highly desirable characteristics for individuals and organizations.

The experts’ assessment of cultural and social norms in Kazakhstan (5.0) equals to the average across GEM countries and the country is ranked at the 24th place out of 45.

Table 18 Kazakhstan experts’ evaluation of cultural and social norms

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual success is highly appreciated</td>
<td>5.11</td>
<td>5.06</td>
<td>5.16</td>
<td>5.57</td>
<td>5.09</td>
<td>3.62</td>
</tr>
<tr>
<td>Culture encourages self-sufficiency</td>
<td>5.03</td>
<td>4.74</td>
<td>5.03</td>
<td>5.16</td>
<td>5.02</td>
<td>3.43</td>
</tr>
<tr>
<td>Culture encourages risk-taking</td>
<td>5.03</td>
<td>4.64</td>
<td>4.29</td>
<td>5.05</td>
<td>4.65</td>
<td>3.09</td>
</tr>
<tr>
<td>Culture encourages creativity</td>
<td>5.03</td>
<td>4.74</td>
<td>4.74</td>
<td>5.16</td>
<td>5.02</td>
<td>3.47</td>
</tr>
<tr>
<td>Culture emphasizes responsibility</td>
<td>4.69</td>
<td>5.06</td>
<td>4.42</td>
<td>4.54</td>
<td>4.76</td>
<td>3.43</td>
</tr>
</tbody>
</table>

Figure 40 Kazakhstan experts’ evaluation of cultural and social norms
### 3.2.10 The Kazakhstan’s Experts’ Assessment of the Entrepreneurs’ Response to the COVID-19 Pandemic

In light of the changes that have happened due to the COVID-19 Pandemic, Kazakhstan’s experts believe that a substantial number of new and growing firms are adopting new ways of doing business (5.89), are promoting working from home (6.37), making adjustment to their current products and services (6.69) and are identifying plenty of new opportunities (4.81).

The experts also believed that cooperation between and within new and growing firms and/or established firms has increased (4.67). The experts were not so certain about a substantial number of new and growing firms collaborating global activities, challenges, and proposals (3.97). They also gave a lower score for the government being adaptive towards taking effective measures for new and growing firms to adjust to the economic reality (3.23) and that the government has adopted effective measures to avoid massive loss of the new and growing firms due to pandemic (3.09). However, they believed that as a result of the COVID-19 pandemic, the government has substantially increased the digital or online delivery of regulations for the new and growing firms (4.66).

<table>
<thead>
<tr>
<th>Table 19 Entrepreneurs’ response to the COVID-19 Pandemic, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
</tr>
<tr>
<td>a substantial number of new and growing firms are adopting new ways of doing business</td>
</tr>
<tr>
<td>a substantial number of new and growing firms are promoting working from home</td>
</tr>
<tr>
<td>a substantial number of new and growing firms are making adjustment to their current products and services</td>
</tr>
<tr>
<td>a substantial number of new and growing firms are identifying plenty of new opportunities</td>
</tr>
<tr>
<td>Cooperation between and within new and growing firms and/or established firms has increased</td>
</tr>
<tr>
<td>a substantial number of new and growing firms are collaborating global activities, challenges and proposals</td>
</tr>
<tr>
<td>the government has adopted effective measures for new and growing firms to adjust to the economic reality</td>
</tr>
<tr>
<td>the government has adopted effective measures to avoid massive loss of the new and growing firms due to pandemic</td>
</tr>
<tr>
<td>the government has acted to protect the workers and customers of new and growing firms from COVID-19</td>
</tr>
<tr>
<td>as a result of the COVID-19 pandemic, the government has substantially increased the digital or online delivery of regulations for the new and growing firms</td>
</tr>
</tbody>
</table>

### 3.3 Synthetic View of the Entrepreneurial Ecosystem

The principal components factor analysis was used to summarize the data by calculating the synthetic indicators that describe the average status of the entrepreneurial framework conditions (Figure 41). We evaluated entrepreneurship framework conditions on a 9-point scale, where 1 = highly insufficient and 9 = highly sufficient. Summarizing our analysis of the entrepreneurial ecosystem in Kazakhstan, one can state that Kazakhstan’s entrepreneurial ecosystem has a number of strengths. Specifically, government support for entrepreneurship in Kazakhstan is beyond...
doubt, entrepreneurship programs are working and both physical infrastructure, and commercial and legal infrastructure provide support for new ventures. Internal market dynamics were also highly estimated.

At the same time, entrepreneurial education, both at the school and post-school stages need improvement. Moreover, R&D transfer also requires significant work as it is currently insufficient. Research institutions should share knowledge with new and growing firms, while legislation seeking to prevent anti-competitive behaviour of the established firms should be improved and firmly enforced. Furthermore, science parks and business incubators should receive more support, their number should be increased, and they should learn how to operate more effectively. Furthermore, within each category, there may be some weaknesses in the entrepreneurial ecosystem that require continual improvement. For example, equity financing in Kazakhstan is insufficient which makes it difficult for high-tech ventures to get started and scale up.

Figure 41 Averages for entrepreneurship ecosystem in Kazakhstan, 2020

3.4 INTERNATIONAL POSITION OF KAZAKHSTAN’S ENTREPRENEURIAL ECOSYSTEM

We compare Kazakhstan to Iran’s India’s and Indonesia’s indicators describing the basic conditions of the entrepreneurship ecosystem (Figure 42; Table 20)

As one can see, Kazakhstan doesn’t measure up very well against compared economies. For example, Kazakhstan looks worst among the four countries for such indicators as Access to Finance, R&D Transfer, Physical Infrastructure, as well as Cultural and Social Norms. For Education at School and Post-School, Commercial Infrastructure, Ease of Entry: Market Burdens Kazakhstan shares the bottom positions with Iran. For other indicators the scores of Kazakhstani experts are between Iran on one hand and India and Indonesia on the other hand.
In general, compared to the three countries, average scores of Kazakhstani experts on the entrepreneurial ecosystem of the country look poor. The main areas of weakness are education at school and post-school levels, R&D transfer, physical infrastructure and cultural and social norms. These areas of the entrepreneurship ecosystem need further improvement in Kazakhstan.

Table 20 Comparative position of Kazakhstan’s Entrepreneurial Ecosystem, 2020

<table>
<thead>
<tr>
<th></th>
<th>Kazakhstan</th>
<th>Iran</th>
<th>India</th>
<th>Indonesia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to entrepreneurial finance</td>
<td>3.5</td>
<td>3.9</td>
<td>6.4</td>
<td>5.8</td>
</tr>
<tr>
<td>Government policy: support and relevance</td>
<td>5.0</td>
<td>3.7</td>
<td>5.9</td>
<td>6.4</td>
</tr>
<tr>
<td>Government policy: taxes and bureaucracy</td>
<td>4.4</td>
<td>2.9</td>
<td>5.7</td>
<td>6.1</td>
</tr>
<tr>
<td>Government entrepreneurship programs</td>
<td>4.7</td>
<td>3.2</td>
<td>5.8</td>
<td>6.1</td>
</tr>
<tr>
<td>Entrepreneurial education at school</td>
<td>2.9</td>
<td>2.4</td>
<td>5.0</td>
<td>6.6</td>
</tr>
<tr>
<td>Entrepreneurial education post-school</td>
<td>4.0</td>
<td>3.9</td>
<td>5.2</td>
<td>7.2</td>
</tr>
<tr>
<td>R&amp;D transfer</td>
<td>2.5</td>
<td>4.0</td>
<td>5.7</td>
<td>6.5</td>
</tr>
<tr>
<td>Commercial and professional infrastructure</td>
<td>4.7</td>
<td>3.9</td>
<td>6.4</td>
<td>5.9</td>
</tr>
<tr>
<td>Ease of entry: market dynamics</td>
<td>6.0</td>
<td>4.8</td>
<td>6.8</td>
<td>6.3</td>
</tr>
<tr>
<td>Ease of entry: market burdens and regulations</td>
<td>3.3</td>
<td>3.1</td>
<td>6.2</td>
<td>6.1</td>
</tr>
<tr>
<td>Physical infrastructure</td>
<td>5.8</td>
<td>6.8</td>
<td>7.0</td>
<td>6.8</td>
</tr>
<tr>
<td>Social and cultural norms</td>
<td>5.0</td>
<td>5.1</td>
<td>6.2</td>
<td>6.9</td>
</tr>
</tbody>
</table>

Figure 42 Comparative position of Kazakhstan’s Entrepreneurial Ecosystem
3.5 MAIN CONSTRAINTS AND FACILITATORS OF ENTREPRENEURSHIP

This section summarizes experts’ responses regarding the main constraints and facilitators of entrepreneurship in Kazakhstan. Top 5 constraints of entrepreneurship development in Kazakhstan according to the experts include issues with Government policies, Corruption, Financial support for entrepreneurship, Economic climate and Market openness (Table 21). Experts point out that government policies may hamper the advancement of entrepreneurship in Kazakhstan. This can happen if government policies are non-transparent and difficult to predict as well as unsystematic and uninformed, remote from the actual economic and business situation, on the ground. This is especially important during the pandemic because the government imposes additional restrictions that impact businesses negatively.

Table 21 Topics factors cited by GEM experts from Kazakhstan as main constraints and supports, 2020

<table>
<thead>
<tr>
<th>Constraints</th>
<th>%</th>
<th>Supports</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government policies</td>
<td>58%</td>
<td>Government policies</td>
<td>64%</td>
</tr>
<tr>
<td>Corruption</td>
<td>47%</td>
<td>Political, institutional and social context</td>
<td>33%</td>
</tr>
<tr>
<td>Financial support for entrepreneurship</td>
<td>36%</td>
<td>Government programs</td>
<td>31%</td>
</tr>
<tr>
<td>Economic climate</td>
<td>25%</td>
<td>Market openness</td>
<td>17%</td>
</tr>
<tr>
<td>Market openness</td>
<td>19%</td>
<td>Financial support for entrepreneurship</td>
<td>17%</td>
</tr>
<tr>
<td>Education and training</td>
<td>17%</td>
<td>Economic climate</td>
<td>14%</td>
</tr>
<tr>
<td>Political, institutional &amp; social context</td>
<td>14%</td>
<td>Labor costs, access and regulation</td>
<td>14%</td>
</tr>
<tr>
<td>Labor costs, access and regulation</td>
<td>14%</td>
<td>Cultural and social norms</td>
<td>14%</td>
</tr>
<tr>
<td>Government programs</td>
<td>11%</td>
<td>Education and training</td>
<td>8%</td>
</tr>
<tr>
<td>Physical and services infrastructures</td>
<td>11%</td>
<td>Physical and services infrastructures</td>
<td>8%</td>
</tr>
<tr>
<td>Capacity for entrepreneurship</td>
<td>8%</td>
<td>Perceived population composition</td>
<td>8%</td>
</tr>
<tr>
<td>Work force features</td>
<td>8%</td>
<td>Commercial and professional infrastructure</td>
<td>6%</td>
</tr>
<tr>
<td>Commercial professional infrastructure</td>
<td>6%</td>
<td>Internationalization</td>
<td>6%</td>
</tr>
<tr>
<td>R&amp;D transfer</td>
<td>3%</td>
<td>Capacity for entrepreneurship</td>
<td>3%</td>
</tr>
<tr>
<td>Cultural and social norms</td>
<td>3%</td>
<td>Work force features</td>
<td>3%</td>
</tr>
</tbody>
</table>

Corruption continues to loom large in experts’ evaluations of the main constraints to entrepreneurship in Kazakhstan. Almost every expert pointed out that corruption, including theft and extortion, remains a difficult problem that makes it challenging for potential entrepreneurs to start and ramp up a business.

Financial support remains an important issue since equity finance in Kazakhstan is underdeveloped. Moreover, obtaining bank loans is difficult as entrepreneurs do not have the required collateral and many banks refuse to finance small businesses, as they believe it is too risky. However, in 2020, the government introduced additional supporting financial mechanisms for entrepreneurs as part of the package of measures to overcome the consequences of the pandemic.

Experts also pointed on the issues of market openness as one of the constraints of entrepreneurship in Kazakhstan. This is related to excessive participation of state in economic activities through government-controlled companies.
Education and training were also mentioned among the constraints both in terms of relevant business education and in terms of nurturing economy with qualified labour resources.

At the same time, experts view that government policies, in general, provide a stimulant for new and growing companies. They also suggested that political, institutional, and social context is working in favour of entrepreneurship in Kazakhstan. Specifically, there are many active people, with a good business acumen, who desire to create new businesses. Furthermore, experts indicated that government programs are beneficial for small businesses as the most important facilitator of entrepreneurship in the country. Importantly, experts view economic climate as both a constraint on entrepreneurship and a facilitator of entrepreneurship. Thus, low level of competition, the existence of multiple niches or unfulfilled needs in certain goods and services is both a negative factor and a facilitator of entrepreneurship.

3.6 MAIN RECOMMENDATIONS TO IMPROVE THE ENTREPRENEURIAL ECOSYSTEM

Kazakhstan’s experts suggested a number of opportunities for improving the entrepreneurship ecosystem in the country. Many experts discussed how to make government policies more entrepreneur-friendly (89%, Table 22).

Table 22 Topics cited by GEM experts from Kazakhstan to make recommendations, 2020

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government policies</td>
<td>89%</td>
</tr>
<tr>
<td>Financial support for entrepreneurship</td>
<td>42%</td>
</tr>
<tr>
<td>Education and training</td>
<td>28%</td>
</tr>
<tr>
<td>Political, institutional and social context</td>
<td>25%</td>
</tr>
<tr>
<td>Government programs</td>
<td>22%</td>
</tr>
<tr>
<td>Market openness</td>
<td>14%</td>
</tr>
<tr>
<td>Internationalization</td>
<td>8%</td>
</tr>
<tr>
<td>Capacity for entrepreneurship</td>
<td>8%</td>
</tr>
<tr>
<td>Corruption</td>
<td>8%</td>
</tr>
<tr>
<td>Economic climate</td>
<td>6%</td>
</tr>
<tr>
<td>Commercial and professional infrastructure</td>
<td>6%</td>
</tr>
<tr>
<td>R&amp;D transfer</td>
<td>6%</td>
</tr>
<tr>
<td>Labor costs, access and regulation</td>
<td>3%</td>
</tr>
<tr>
<td>Physical and services infrastructures</td>
<td>3%</td>
</tr>
<tr>
<td>Work force features</td>
<td>3%</td>
</tr>
</tbody>
</table>

Experts suggested financial support for new and growing ventures (42%), easing the tax burden, simplifying the regulation system, improving the system of entrepreneurship support. A related topic was how to improve education and training (28%). Thus, experts stressed the need for entrepreneurial education at all levels, state support for SMEs, helping SMEs operating in other countries and exposed to currency fluctuation. The experts
emphasized the importance of developing business incubators and accelerators, creation of venture funds and improving legislation for larger use of crowdfunding, suggested introducing tax holidays and lower interest rates in banks. Experts also emphasized internal market openness (14%), issues of domination of national and quasi-state companies in economy and the burdens for new firms to entry the market. An equally important way for improving entrepreneurship ecosystem, according to many experts, is to work on fight against corruption (8%). Experts also proposed many initiatives for improving economic climate in Kazakhstan. Overall, experts offered suggestions regarding all the entrepreneurial conditions including internal market openness, cultural and social norms, and political, institutional, and social contexts in Kazakhstan and internalization.
4. Conclusions and Recommendations

This report analyzes the Kazakhstan GEM APS and NES data collected in 2020 against the background of a large dataset of GEM data on Kazakhstan encompassing a seven-year period from 2014 to 2020. Overall, one can observe several accomplishments and positive dynamics, as well as problems regarding the entrepreneurship ecosystem in Kazakhstan.

In Kazakhstan’s society, entrepreneurship more and more is considered as a good career choice. Such perceptions are much higher than in many GEM countries. However, our survey shows that, in 2020, the media in Kazakhstan may not paid enough attention to entrepreneurship.

Although, in 2020, there was an increase in entrepreneurial activity, it seems this was mainly driven by necessity rather than new business opportunities. This is of course not surprising given the large impact of the Covid-19 pandemic. The survey indicates that while people believe in themselves and consider starting one’s own business very seriously; their self-perceptions about entrepreneurship are impacted by the pandemic. On the other hand, residents of Kazakhstan may be somewhat optimistic compared to other countries.

Almost all Kazakhstan’s early-stage entrepreneurial activity indicators grew substantially in 2020 compared to the previous years and are close to the middle-income and low-income GEM countries. However, early-stage entrepreneurial activity in Kazakhstan is very unstable and is prone to early closures.

The 2020 APS survey identified a trend that the Kazakhstani entrepreneurs are becoming more and more motivated by necessity rather than opportunity that indicates of the worsening economic situation in the country.

In 2020, for more than 80% of businesses that stopped operations the main reasons were lack of profits or pandemic. Although we think that the ‘lack of profits’ reason also relates to the pandemic, this indicator is much higher in Kazakhstan than in most GEM countries. The ‘coronavirus pandemic’ reason for business discontinuance was almost identical to GEM averages.

The APS survey revealed that in 2020 in Kazakhstan, the highest prevalence of entrepreneurial activity was observed in the group of 55-64, which is much higher than in other GEM countries. All other age and gender indicators of entrepreneurial activity are close to what is observed in other GEM countries. Interestingly, virtually all entrepreneurs are serving the domestic market only, which has made the exposure to the lock-down measures likely higher. Going global and facilitating entrepreneurs to go international should be high on the policy agenda.

In 2020, the job growth expectations of Kazakhstani early-stage entrepreneurs were much more pessimistic compared to the previous years that is definitely relates to the pandemic.

In Kazakhstan, 56% of new ventures in 2020 were in the consumer-oriented category of sectors because of the lowest entry barriers similar to what is observed in other countries.

According to the 2020 APS survey, 99% of starting and new businesses were expecting their revenues coming from inside the country, which is higher than average across GEM and other groups of countries. The orientation of Kazakhstani entrepreneurs on the local market is too high and needs to be changed. For that, special government programs are needed.
National Experts Survey shows that experts are quite positive about the growing opportunities for entrepreneurial financing in the country. However, they also point out significant problems related to entrepreneurial finance. For example, there has been a decrease in the four sources of funding out of eight compared to the previous years. In addition, such sources as Equity Funding, Funding from Business Angels, Funding from Venture Capitalists, Funding through IPOs, and Funding through Private Lenders remain insufficient.

Overall, the government policy’s support and relevance has been assessed by the experts very positive and appreciating. However, although the situation is gradually improving, the experts have consistently believed that coping with government bureaucracy remains a significant problem for Kazakhstan entrepreneurs. The good news is that the government is coping with these problems quite effectively compared to other nations.

The experts believed that the number of government programs supporting entrepreneurship was sufficient, and the overall assessment of their effectiveness has steadily grown in the last 4 years. It is important to further develop these policies and programs making it clear that advancement of entrepreneurship in Kazakhstan is a political priority.

The 2020 NES survey shows that Entrepreneurial education is also a problem that needs to be addressed. Although the situation at the post-school level is better than it was in the past, at school level there is still a lot to do. Kazakhstan’s averages in this category are rather low compared to the GEM averages.

Kazakhstan’s experts clearly have concerns about the effectiveness of different aspects of R&D transfer. Kazakhstan takes 43rd place out of 45 countries participating in the GEM. Thus, it is important to investigate what prevents transfer of innovative technologies to new and growing businesses, and how to facilitate access of new and growing businesses to advanced technologies.

Experts regard the commercial infrastructure in the country as well developed, especially in terms of availability of banking, legal and accounting services, as well as subcontractors, suppliers, and consultants to support new and growing firms.

According to the 2020 NES survey, Kazakhstan has improved the state of its physical infrastructure and the ability of its new and growing ventures to gain access to it. However, the country should continue to grow its physical infrastructure and make basic utilities more accessible within a shorter period. Compared to other GEM countries Kazakhstan still looks not so impressive in terms of physical infrastructure taking 39th place out of 45 GEM countries.

Experts are also concerned about such aspects of the internal market dynamics as the ability of new and growing firms to enter new markets, affordability of new market entry, fairness of business competition, and the effectiveness of anti-trust legislation. Competing with much more experienced and sophisticated rivals is not easy. Kazakhstan businesses need help that could come through national alliances that would put an emphasis on training and support that new and growing businesses may receive from their larger brethren.

NES experts’ assessment of cultural and social norms improved substantially since 2014. This confirms the results of the APS survey and reflects the fact of a gradual change in public consciousness towards entrepreneurship.
NES results show that Top 5 constraints of entrepreneurship development in Kazakhstan include issues with Government policies, Corruption, Financial support for entrepreneurship, Economic climate and Market openness. At the same time, Government policies, Political, institutional and social context, Government programs, Market openness, Financial support for entrepreneurship are among the top 5 facilitators of entrepreneurship in Kazakhstan.

Overall, the 2020 GEM data evidence that Kazakhstan is embracing entrepreneurship and help identify remaining problems that could be resolved through joint effort.
Notes

1. GEM Global Report 2020/21, p. 55
2. GEM Global Report 2016/17, p. 28
3. GEM Global Report 2020/21, p. 53
4. GEM Global Report 2020/21, p. 122