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State Support of Small and Medium Business: EU Experience and Policy in the Republic of Kazakhstan

Abstract. Development of small and medium-sized enterprises (SMEs) as a key factor of country's economic development is considered. The role of SMEs, indicators of their development in EU countries are shown, main directions of EU support to SMEs, their role and place in Strategy «Europe 2020» and main types of State Aid for SMEs in European countries are considered.

Development of small and medium business (SMB) in Kazakhstan, its role in the economy and in state development strategies is analyzed, instruments and directions of development are given.

Key words: Small and medium-sized enterprises (SMEs) support to SMEs, strategies of development, State Aid for SMEs, development programs, small and medium business (SMB) taxation, small and medium business (SMB) crediting.

Introduction

Small and medium-sized enterprises (SMEs) are recognized as drivers of economic development. The analysis of the level of development of SMEs and entrepreneurship shows that this sector is the most vital and efficient part of the economy. It has an important role in implementing structural reforms, particularly in the function of job creation and growth of the overall economy. Potential investments in establishment of new companies are primarily motivated by business conditions, business climate and business environment that exist in the reality of countries. Stimulant character of the tax system with the lowest tax rate is desirable. Adopting of appropriate strategies and innovating of legislation indicates the awareness of the importance of small and medium enterprises.

Methods

The global economic crisis has shown that SMEs are the most sensitive to changes in business environment. However, crisis had a negative impact on the competitiveness of SMEs and contributed the downfall of their liquidity, innovation and investment. To find the exit strategy, some SMEs have to establish the cooperation with mul-

tinational companies and clusters. More consistent institutional support contributes to improving international visibility and competitiveness of their products or services.

Through the analysis of the insufficient level of knowledge and skills, the gap between financial needs and existing financial instruments, regional disparities in development, insufficient use of new technology and innovation, attention is paid to significant source of state support, directed to economy strengthening and its competitiveness increasing.

Main body

EU support to SMEs

According to the participation of small and medium enterprises in total employment and added value, the data indicate a significant level of activity and efficiency of small and medium enterprises in European Union (EU). Namely, the participation in the value added is 57.9% (EU average percent). Lower level of activity of small and medium enterprises in the some European countries is attributed to the following problems: insufficient level of knowledge and skills, the gap between financial needs and existing financial instruments, regional disparities in development, insufficient use of new technology