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CLASSIFICATION OF FACTORS INFLUENCING THE INTERACTION BETWEEN SMES AND THE CREATIVE INDUSTRY

This study aims to assess a) the impact of small and medium-sized enterprises (SMEs) on the growth of creative industries in Kazakhstan, b) identify key factors influencing their interaction, and c) develop a mechanism to enhance the effectiveness of this collaboration in order to elevate the share of Kazakhstan's creative sector to a global level. Currently, creative industries are a significant driver of economic development both globally and nationally, contributing around 10% to global GDP, a figure comparable to that of agriculture.

The research focuses on analysing the unique characteristics of the creative sector, as well as identifying and organizing the factors that influence the interaction between SMEs and creative industries. The study found that various external and internal factors significantly impact the entrepreneurial activities of SMEs and the creative industries. These findings could inform adjustments to government policies regarding SMEs and the creative sector.

Overall, the findings suggest that to advance the creative economy, it is necessary to reduce administrative burdens, provide preferential loans, and introduce additional government support measures for SMEs. This research could also serve as a basis for evaluating the effectiveness of government support for SMEs and the creative industries in the future.

Keywords: *small and medium-sized businesses, creative industries, creative clusters, creative economy, external factors, internal factors.*

Кілт сөздер: *шағын және орта бизнес, креативті индустрия, креативті кластерлер, креативті экономика, сыртқы факторлар, ішкі факторлар.*

Ключевые слова: *малый и средний бизнес, креативные индустрии, креативные кластеры, креативная экономика, внешние факторы, внутренние факторы.*

Introduction. In the context of a global crisis and in alignment with global economic trends toward strategic development, small and medium-sized enterprises (SMEs) can play a crucial role in revitalizing the economy. They could serve as a pivotal step in shifting from a raw material export-based economy to a manufacturing-driven one, a key focus of the "Kazakhstan-2050" Strategy. Furthermore, the President of Kazakhstan's "Strategy-2050" Address sets a strategic goal of increasing the contribution of SMEs to 50% of the nation's GDP by 2050 [1].

In the President of Kazakhstan's latest address, the importance of developing the creative industry and improving the business environment for small and medium-sized enterprises (SMEs) is emphasized. Key factors for the growth of creative industries include increasing employment and income levels. According to World Bank research, when SMEs contribute less than 40% to a country's GDP, the impact of investments on economic recovery is minimal. In contrast, in developed countries, SMEs account for 55-65% of GDP, with innovative products making up 16-39% of GDP. Additionally, innovation drives over 70-75% of GDP growth in industrialized nations. In Kazakhstan, SMEs currently contribute only 20-25% to the country's GDP [2].

It is known that the United Nations announced 2021 as the International Year of Creative Economy for Sustainable Development [3]. The fastest growing creative industries over 10 years were “Web portals and news agencies”, “Cultural and entertainment events and artistic activities”, “Design, photography and translation” and “Film and television programs”.

Thus, there are several reasons for the importance of developing creative industries in Kazakhstan. Firstly, it contributes to diversifying the country's economy, reducing dependence on traditional sectors such as the oil and gas industry. Secondly, creative industries expansion attracts investments and creates

new jobs, which is important for economic growth and reducing unemployment. Additionally, the creative industry helps to preserve and promote Kazakhstan's cultural heritage, which is important for strengthening national identity and soft power. Finally, the development of this sector can draw attention from the international community to Kazakhstan's culture and potential, contributing to improving its international image and attracting tourists and investors.

Methodology. Within the scope of this research, it is relevant to explore the dynamics of factors impacting the collaboration between SMEs and the creative industry for a more comprehensive assessment. Notably, the creative sector has faced significant challenges due to the pandemic, yet it has quickly transitioned to digital technologies. This includes the emergence of creative clusters, business incubators and accelerators, specialized co-working spaces, art spaces and galleries, and online platforms such as TikTok, Instagram, and various e-learning platforms, contributing to its adaptation and resilience.

The creative industry and SMEs are widely recognized for their productive collaboration. Across the globe, researchers are examining successful instances of cooperation between research centers and SMEs. Japan, for example, stands out for its model of applied scientific research funded by private capital in areas such as robotics, electronics, artificial intelligence, and new materials development. This collaborative approach has yielded significant advancements in technology and innovation, serving as a valuable blueprint for other regions seeking to foster synergistic partnerships between academia, industry, and small businesses.

This study adopts a qualitative methodological approach to comprehensively explore the factors influencing the interaction between SMEs and the creative industry. It begins with a qualitative phase, involving a literature review and expert interviews. The literature review and expert interviews were conducted to identify and understand the factors influencing the interaction between SMEs and the creative industry. A survey was administered to a representative sample of SMEs and creative industry professionals to validate and assess the identified factors. Experts from various fields in SMEs and the creative industry are intentionally selected for interviews. Stratified random sampling ensures a balanced representation of SMEs and creative industry professionals across different regions and sectors. Thematic analysis is used to identify recurring themes and patterns from literature reviews and interviews.

Literature review. The formation and realization of the innovative potential of SMEs depend on the systematic interaction of various conditions and factors that accelerate processes from scientific research to product development to mass production. A review of existing literature has identified several approaches to categorizing the factors influencing SMEs and their creative potential.

Following previous studies in the field, factors influencing the development of the creative economy and small and medium-sized enterprises (SMEs) can be examined at various levels: global, macro, meso, and micro. Key factors include human potential (standard of living, education, and healthcare), organizational potential (infrastructure, legislation), information potential (knowledge and technology), image potential (international image and connections), process potential (methods and technologies), structural potential (economic and social structure), innovation potential (innovations and intellectual property protection), and technological potential (technological experience and skills).

Factors can be categorized by methods into economic and non-economic (political, legal, environmental) and by means into factors of direct and indirect impact [4]. The influence of various factors on SMEs is a well-explored topic in both national and international research. Pioneering work by W. Baumol [5] and D. North [6] delved into the impact of institutions on entrepreneurial growth, examining how institutional frameworks and changes shape economic outcomes and underscoring the importance of long-term perspectives.

Many researchers, drawing on Scott's theory, frequently classify institutional factors into cognitive, regulatory, and normative categories based on their nature [7]. Particularly, this classification was adhered to by N. Bosma [8] and E. Alexandrova [9].

While some researchers highlighted positive impact of financial market development on entrepreneurial potential [10], others examined entrepreneurial activity by using the aggregate index of regions' credit availability as a variable to gauge credit access in different regions of the country [11].

In fact, the quality of the legal environment is another crucial institutional factor to examine. As this, how corruption levels and crime rates affect the entrepreneurial activity of small businesses served as the basis for M. Kseneti and V. Tonoyan research [12]. Additionally, the state of small entrepreneurship is influenced by government policies, including the registration system for small businesses and the frequency of government inspections that may contribute to the administrative

burden faced by small enterprises.

Another significant factor was emphasized in the works of N. Bosma, which emphasized the role of financial stability within the state as a crucial component in the development of small entrepreneurship [8]. His research also identified the assumed skills of novice entrepreneurs as a key parameter for small business growth.

The quality of the investment environment also affects SMEs. A. Marochkin's research discusses the negative impact of uncertainty and associated risks on SME investments [13]. This adverse effect is notably more pronounced in industries with a high concentration of small firms, making SMEs particularly vulnerable.

In addition to institutional factors, various studies incorporate control variables such as education level, unemployment, and GDP to ensure that significant factors are not overlooked in their models.

The level of education in the population serves as a key indicator of human capital quality, and numerous studies have shown that it positively impacts the development of small and medium-sized enterprises (SMEs) [14]. The availability of human capital is an important component of the business climate of a region or country. The impact of unemployment on SME development is not conclusively determined.

Gross Regional Product (GRP) is frequently used to analyze SME development challenges, as it most accurately reflects a region's economic development, with increasing GRP leading to higher purchasing power among the population, which is crucial for the creation and growth of SMEs.

Economic agglomeration effects manifest in the concentration of producers of final goods and services and also influence SME development. Their presence implies a high concentration of economic entities in the region.

Results and discussion. Based on the study results, key internal and external factors influencing SME and creative economy development can be identified as shown in Figure 1.

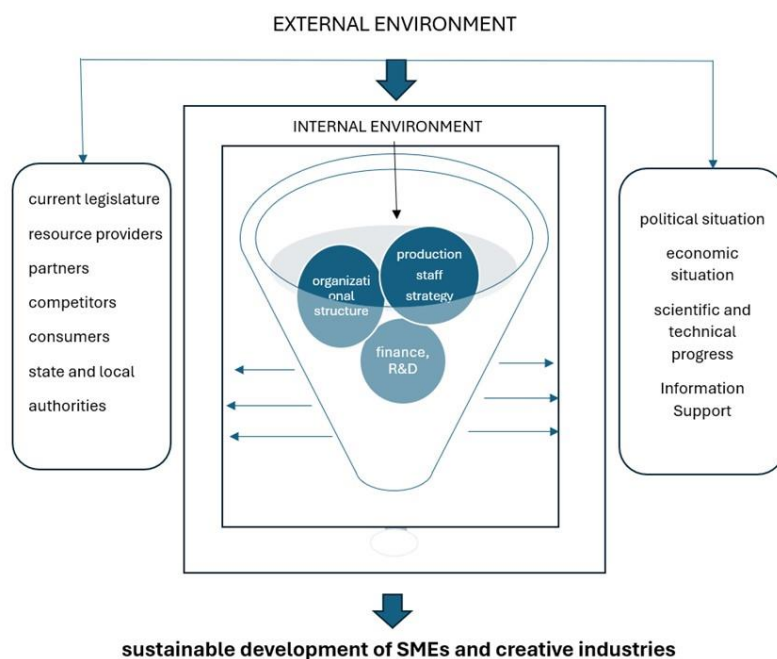


Figure 1. **Factors of external and internal environment influencing the sustainable development of SMEs and the creative industry**
(compiled by the author)

As shown in Figure 1, objective external factors encompass a range of environmental elements that directly affect the operation and growth of SMEs and the creative industry. This category includes labour, financial, information, material, and other resources. National legislation is a key objective external factor impacting the development of SMEs and the creative industry.

Subjective external factors constitute a set of external environmental factors that have an indirect impact on the functioning and development of SMEs and the creative industry. Factors of indirect influence play the role of background factors that increase or decrease economic stability. This group of factors includes the state of the economy, natural, and socio-political factors [15].

Internal factors are the factors of the internal environment of SMEs and the creative industry that influence its functioning and development. More specifically:

- Production is the main internal factor determining the economic stability of SMEs and the creative industry.
- The strategic management system plays a special role in ensuring the economic stability of SMEs and the creative industry.
- Finances - how financial planning is carried out in the enterprise determines the attraction of investments, replenishment of working capital, the use of profits obtained, and overall development of SMEs and the creative industry.
- The organizational structure should be considered as a system that allows rational use of people, finances, equipment, tools, and space of SMEs and the creative industry.
- Personnel - without which the functioning of SMEs and the creative industry is impossible. The stability of SMEs and the creative industry activity depends directly on the qualification of personnel and motivational incentives.
- R&D - scientific research and design development significantly influence the development of SMEs and the creative industry.

During the research, key factors influencing the sustainable development of SMEs and the creative industry were identified.

Factors independent of SME and creative industry activities include macroeconomic issues like declining national income and inflation, market-related challenges such as reduced market capacity and demand fluctuations, and other concerns like political instability, adverse demographic trends, and natural disasters.

Through the examination of internal and external factors of SMEs and the creative industry, significant influences on the economy were identified, as SMEs are crucial in a country's economic development. Innovation implementation factors arising from the external and internal environment of small and medium-sized businesses serve as catalysts contributing to the development of the creative industry.

The impact and interplay of factors between SMEs and the creative industry are shaped by influences from both external and internal environments. Various classifications of these factors provide an opportunity to delve deeper into understanding their negative or positive effects on the overall economy. Classifying the common external and internal factors of the creative sector is based on innovative activities. Below, we will explore the classifications of factors contributing to the sustainable development of SMEs and the creative industry and their influence on the economy as depicted in Figure 2.

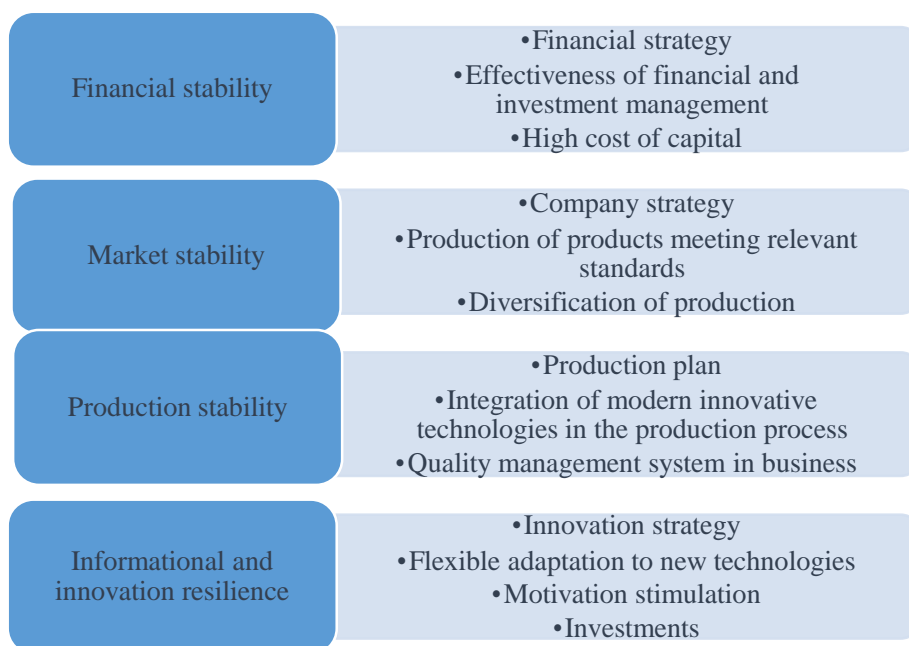


Figure 2. **Classification of factors for sustainable development of SMEs and the creative industry**
(compiled by the author)

The ability of SMEs and the creative industry to overcome crises, excel in competitive environments, and maintain sustainable development largely depends on the action of internal factors.

Conclusion. Thus, both internal and external factors, as well as classifications of SMEs and the creative industry, play a crucial role in stimulating the economic development of a country. They contribute to job creation, innovation, competition, tax revenues, and regional development, serving as integral components of the economy and fostering conditions for sustainable growth and prosperity.

As a result of the research, several suggestions and recommendations are proposed:

- Identify key parameters for the development of the ecosystem of creative industries and SMEs.
- Investigate the creative industries sector and evaluate the state of the creative economy as a whole.
- Formulate a list of priority creative industries considering the specialization and differentiation of SMEs.

- Create conditions for the production, distribution, and popularization of goods and services from domestic creative industries and SMEs.

- Determine approaches to improving regulatory and financial support for creative industries and SMEs.

- Identify the legal parameters for the use and commercialization of unused objects of arts and crafts organizations and cultural heritage objects for SMEs.

- Establish accessible and evenly distributed infrastructure for creative industries and SMEs.

- Create an inclusive institutional environment and infrastructure that provides creative self-realization and employment in the creative industries and SME sectors.

- Stimulate the growth of the number of SMEs and increase the number of jobs in creative industries.

- Facilitate the creation and implementation of modern digital technologies by SMEs for the production and distribution of goods and services by domestic creative industries.

- Develop measures for the advancement of creative education and the development of competencies necessary for creative industries and SMEs.

- Foster international cooperation among SMEs and creative industries.

In summary, this research underscores the critical role of government support in fostering the development of the creative industry, specifically through measures such as reducing administrative barriers and ensuring favourable lending conditions. Furthermore, it highlights the need for additional research to evaluate the effectiveness of governmental initiatives, including financial support mechanisms like subsidies and specialized tax regimes.

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Кулмаганбетова А., Бабажанова Ж., Калиева С., Әбенев Е.

ШОБ ПЕН КРЕАТИВТІ ИНДУСТРИЯЛАРДЫҢ ӨЗАРА ІС-ҚИМЫЛЫНА ӘСЕР ЕТЕТІН ФАКТОРЛАРДЫҢ ЖІКТЕЛУІ

Аңдатпа

Бұл зерттеу Қазақстанның креативті секторының үлесін жаһандық деңгейге көтеру мақсатында а) шағын және орта бизнестің (ШОБ) Қазақстандағы креативті салалардың өсуіне әсерін бағалауға, б) олардың өзара әрекеттесуіне әсер ететін негізгі факторларды анықтауға және в) осы ынтымақтастықтың тиімділігін арттыру тетігін әзірлеуге бағытталған. Қазіргі уақытта креативті индустриялар жаһандық дегейде де, ұлттық деңгейде де экономикалық дамудың маңызды қозғаушы күші болып табылады, әлемдік ЖІӨ-нің шамамен 10%-н құрайды және бұл көрсеткішті ауыл шаруашылығымен салыстыруға болады.

Зерттеу креативті сектордың бірегей сипаттамаларын талдауға, сондай-ақ шағын және орта бизнес пен креативті салалардың өзара әрекеттесуіне әсер ететін факторларды анықтауға және ұйымдастыруға бағытталған. Зерттеу көрсеткендей, әртүрлі сыртқы және ішкі факторлар ШОБ және креативті салалардың кәсіпкерлік қызметіне айтарлықтай әсер етеді. Бұл нәтижелер шағын және орта бизнес пен креативті секторға қатысты мемлекеттік саясатты түзетуге негіз бола алады.

Тұтастай алғанда, нәтижелер креативті экономиканы ілгерілету үшін әкімшілік ауыртпалықты азайту, жеңілдетілген несиелер беру және шағын және орта бизнесті мемлекеттік қолдаудың қосымша шараларын енгізу қажет екенін көрсетеді. Бұл зерттеу болашақта шағын және орта бизнес пен креативті индустрияларды мемлекеттік қолдаудың тиімділігін бағалауға негіз бола алады.

Кулмаганбетова А., Бабажанова Ж., Калиева С., Абенев Е.

КЛАССИФИКАЦИЯ ФАКТОРОВ, ВЛИЯЮЩИХ НА ВЗАИМОДЕЙСТВИЕ МСБ И КРЕАТИВНЫХ ИНДУСТРИЙ

Аннотация

Данное исследование направлено на оценку влияния а) малого и среднего бизнеса (МСБ) на рост креативных отраслей в Казахстане, б) выявление основных факторов, влияющих на их взаимодействие и в) разработку механизма повышения эффективности данного сотрудничества с целью повышения доли креативного сектора Казахстана на глобальный уровень. В настоящее время креативные отрасли являются важной движущей силой экономического развития как на глобальном, так и на национальном уровне, составляя около 10% мирового ВВП, и этот показатель можно сравнить с сельским хозяйством.

Исследование направлено на анализ уникальных характеристик креативного сектора, а также на выявление и организацию факторов, влияющих на взаимодействие малого и среднего бизнеса и креативных отраслей. Исследование показало, что различные внешние и внутренние факторы оказывают существенное влияние на предпринимательскую деятельность МСП и креативных отраслей. Эти результаты могут стать основой для корректировки государственной политики в отношении малого и среднего бизнеса и креативного сектора.

В целом, результаты показывают, что для продвижения креативной экономики необходимо снизить административное бремя, предоставить льготные кредиты и ввести дополнительные меры государственной поддержки малого и среднего бизнеса. Это исследование может стать основой для оценки эффективности государственной поддержки малого и среднего бизнеса и креативных индустрий в будущем.

