

Development of ranking techniques of territorially-administrative units according to the level of economy branches development (entrepreneurship sector)

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Abstract: In modern conditions of the society development very topical is the achievement of efficient development of entrepreneurship, defining the base of social-economic development of region. Considering the entrepreneurship, as a peculiar style of operating behavior, in the basis of which lies the search of new possibilities for development of entrepreneurship, innovation orientation, skills to attract and use for the own development resources from very various sources the development of entrepreneurship activity in the region is the main factor in achieving the objective of economic and social region development. Solution of this task advances high requirements to the assessment of entrepreneurship activity.

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1. Introduction

The terminological essence of the notion “entrepreneurship” was formed in “waves” in the process of the development of the economics theory. Starting with the XVIII th. century the authors of trends (schools) of theory on entrepreneurship defined basic features of the entrepreneurship phenomenon (table 1):

-suffering of risk and economic uncertainly. Riskiness of keeping trade- external and internal at the period of birth of capitalist relations and defined the focus of research of the first “wave” of entrepreneurship (XVIII-XIX centuries) on the activity in the conditions of risk and uncertainly;

-use of various innovations in the process of production, revolutionary change of factors of production. Development of conceptions of the second “wave” entrepreneurship, which concentrate on the role of entrepreneur personality, coincides in

time with establishment neoclassical natural sciences in XIX-middle of XX th century, one of the key characteristics of which was the new understanding of the role of a subject of the cognition process.

-development of the idea of “free” man in condition of market forces action. Starting with the second half of the XX th. century more and more number of researchers of the third “wave” entrepreneurship make attempts of integrated consideration of entrepreneurship as a polyfunctional activity in interrelation with its microenvironment;

-organization of practical realization of innovative ideas. Works of P.Drucker, G.Pinshott can be referred already to the fourth “wave” of development of entrepreneurship conceptions, the majority of representatives of which include into the consideration not only essential, but also managerial aspects of entrepreneurship activity, passing to interdisciplinary level of analysis [1-13].

Table 1 – Stages of evolution theory about entrepreneurship

| Stages of evolution | Period | Essence | Authors of theory | Peculiarity |
|---------------------|-----------------------------------|--|--|---|
| First wave | XVIII-XIX centuries | First systematical description of entrepreneurship | R.Kantilion, Zh.-B.Say, I.Tunen, G.Mangoldt, F.Night | Entrepreneurship in conditions of risk and economy uncertainly |
| Second wave | End of XIX-middle of XXcenturies. | Concentration on the personality of the entrepreneur | I.Shumpeter, V.Zombart and Zh.Palevskiy | -revolutionary change of manufacture factors; -innovation is the basic feature of the entrepreneurship |
| Third wave | Middle of -80-s years XX century. | the integrated consideration of entrepreneurship as multifunctional activity in interrelation with its macro-environment | L.von Mnznes F.von Hayeq, I.Kirtsner | -entrepreneurship is process of developing idea of “free” man in conditions of market power activity |

| | | | | |
|------------|--------------------------|--|---------------------|--|
| Forth wave | End XX .-at present time | research of both essential and managerial aspects of entrepreneurship activity | P.Druker, G.Pinshot | -organization of practical realization of innovation idea; -concentration on peculiarities of inter firm entrepreneurship |
|------------|--------------------------|--|---------------------|--|

All the above mentioned allows to define entrepreneurship as the process of self-organization of individuals, carried out in interaction with micro- and macro environment of their functioning. The driving force of the evolution process is the entrepreneur who strives to find out the possibilities of earning income unnoticed by others. Entrepreneurship gives a man the possibility of self expression through “business”, “mission” and “freedom”.

According to the Civil Code of the Republic of Kazakhstan [14] entrepreneurship is an initiative activity of citizens and legal persons independently from property category, directed at getting net profit by satisfying the demand for goods (jobs, services), based on private property (private entrepreneurship), or the right of economic control of state enterprise (state entrepreneurship).

The aim - development of methodology for ranking of territorially-administrative formations units according to the level of entrepreneurship development.

Objects of research: small and medium business structures.

2. Material and Methods The theoretical and methodological basis of the research are the basic principles of economic theory, the works of domestic and foreign scientists and economists on the

principles, legal acts, Government regulation, Decrees of the President of the Republic of Kazakhstan.

The methods of systems, logical, statistical, balance analysis and EMM were used as a part of study.

3. Results and discussion: Complexity of definition and control of final social result - improvement of life quality of the population consists in that it can be shown only in the long-term period and depends on a set of factors. Besides, the estimation of the end results of activity of the organizations of state sector alone, without consideration of influence of external factors [15], is complicated. The insignificant role of the considered sphere of entrepreneurship together with absence of complex information on the activity, financed, basically, from the budget and supervised by the state, does not allow to consider influence of state sector on efficiency of the entrepreneurship functioning in the region.

Thus, it is possible to draw a conclusion that the sector of SME, which has its regularities of development, is an element of region economy (its share in the volume of output and rendered services is considerable and has achieved 64 %). Its role is defined by three root principles: economic, social and political one (table 2) [16].

Table 2 - Economic, social and political functions of SME

| Economic function | Social function | Political function (On the example of foreign countries) |
|---|---|---|
| The contribution to region gross regional product manufacture | Easing of consequences of structural transformation of economy | Formation of an independent class of proprietors |
| Influence on structure of economy and creation of competitive environment | Solution of the problem of employment of the population | Active participation in political processes |
| Strengthening of economic independence of the population | Involving in economic activity of the least socially protected groups of population | Formation of political movements and parties, lobbying interests of SME |

Economic function of SME at the regional level consists in its contribution in gross regional product, influence on economy structure, creation of the competitive environment, formation and stabilization of economic independence of the population.

Specific feature of SME is its orientation at the local, market niches and goods where it is economically unprofitable for large business to be. Mobilizing the local raw materials, financial and labour resources SME operatively responds to the changes of market conditions, which, certainly is reflected in the “quality” of regional economy. An

important element of this technological process in these spheres of entrepreneurship activity is the personal interaction of the enterprise representative – seller (of goods, services) and buyer (consumer of goods, services).

Principle of work of large entrepreneurship subjects always is orientation at mass output of the “depersonalized” services. Therefore small enterprises in these spheres will always have competitive advantages, providing an individual approach in serving of the client. Social function of SME, basically, consists in the organization of employment of the population at relatively low

capitalizable costs, promoting by this a relatively uniform distribution of the population income, growth of its well-fare, bringing, thus, a contribution to maintenance of social stability and to reduction of «participation share» of the state in the solution of unemployment problems and phenomena, connected with it.

Political function of SME, basically, consists in formation of an independent class of proprietors in the society. World and already domestic experience show that successful entrepreneurs fill up middle class which, certainly, is the guarantor of political stability in the society.

Economic efficiency of entrepreneurship should be considered in organic unity with the whole system of conditions and factors of entrepreneurship development. It is an expression simultaneously of the results of use both of higher quality of labor and more productive physical components, and their more rational combination. Thus the received additional economic benefit can be considered as the result of positive influence of management factors (management) [17].

The estimation of economic efficiency of entrepreneurship activity is carried out on the basis of

standard national-economic criterion - maximization of the profit growth, and as well output (jobs, services) against the expenses or the applied resources.

At regional level the estimation of entrepreneurial activity efficiency is carried out by the coordination of interests with the reference point (the priority relation) at nation-wide (general regional) interests. In this connection, the issue of system, developing the efficiency of indicators, covering the basic aspects of development of entrepreneurship activity at regional level is actual: economic and social. The first constituent finds its implementation in cost savings for execution of works and services.

The second element evaluates the possibilities of employed technologies and ways of conducting the entrepreneurship activity to reach satisfaction of the parties by the effectiveness. The effectiveness actually is the consequence of efficiency [18].

To estimate the economic, social, budget efficiency of region entrepreneurship activity according to entrepreneurship forms, we suggest a system of 18 indicators (table 3).

Table 3 - System of indicators to evaluate the efficiency of regional entrepreneurial activity

| Name of indicators | Characteristic of the indicator |
|--|---|
| Economic indicators | |
| 1. Number of active enterprises per 1000 residents | Level of activity of entrepreneurship forms |
| 2. Number IPP, per 1 subject of entrepreneurship | Average size of entrepreneurship subject according to the number of employees |
| 3. Share of output (services) of entrepreneurship in general volume of output (services) | Contribution of every form of entrepreneurship into gross social product of the region |
| 4. Share of innovative output in the volume of produced output | Level of novelty of produced output |
| 5. Share of gross added value in the gross regional product | Entrepreneurship contribution into gross regional product |
| 6. Expenditures per 100 tenge of realized output (services) | Profitability level of realized output (services) |
| 7. Capital productivity | Efficiency of using fixed –capital assets |
| 8. Share of large and medium entrepreneurship in payments into the budget | Level of budget obligations of entrepreneurship |
| 9. Share of the gain of output production due to the growth of labour productivity | Efficiency of using live labor |
| 10. Coefficient of investment | Investment potential of own capital (relation of own capital to fixed-capital assets) |
| Social indicators | |
| 11. Share of employed in general number of economically active population | Level of population employment in all forms of entrepreneurship |
| 12. Labor productivity per 1 laboring | Efficiency of using labor |
| 13. Payment level of labor per 1 laboring | Average monthly salary per 1 laboring |
| 14. Profit per 1 laboring | Efficiency of entrepreneurship activity |
| 15. Capital –labor ratio | Degree of equipment of entrepreneurship by instruments and objects of labor (relation of the cost of main production assets to the number of IPP) |
| 16. Entrepreneurship services per 1 resident | Level of output and services “consumption” |
| 17. Wage arrears per 1 laboring | Degree of uncertainty in guaranteed receiving of labor income |
| 18. Privileges and compensations per 1 laboring | Level of state guarantees, linked with labor conditions |

The first block of indicators consists of 10 indicators, that characterize:

- cumulative efficiency of expenditures, including the budget constituent ;
- efficiency of using the resources: capital funds, working assets, own capital;
- efficiency of using labor.

The indicator characterizing the contribution of private entrepreneurship into region gross regional product is included in their number (a share of the gross added value cost (GAV), generated by private entrepreneurship in the region GRP).

Social factors play more and more increasing role in definition of criteria of efficiency of entrepreneurship , in connection with this the block considers indicators, not only characterizing the employment level, labor incomes of the population, efficiency of use of labor resources, but also the indicators, characterizing the degree of uncertainty in absolute receiving of the labor income, level of the state guarantees linked with labor conditions. The following indicators are referred to them:

- share of employed in the total number of economically active population;
- labor productivity per 1 laboring;
- level of labor payment per 1 laboring;
- profit per 1 laboring;
- capital –labour ratio;
- entrepreneurship services per 1 resident;
- wage arrears per 1 laboring;
- privileges and compensations per 1 laboring.

The presented indicators can be used for the estimation of efficiency of regional entrepreneurship , as a whole, and in separate directions of activity: industry, agriculture, sphere of services, science and innovations, etc. and as in broken down interregional territorial formations. Entrepreneurship model like any other a problem –oriented model, is always turned towards a definite desirable result. The desirable result of the present stage of work is the definition of development level of private entrepreneurship and place of every territorial formation of the region according to the complex indicator.

The objective defined the solution of tasks in the following sequence (Figure 1). According to the

values of indicators, oriented at maximum in defining the efficiency, a criterion has been chosen – maximally achieved value in territorial formations, and, on the contrary, according to the value of indicators, oriented at minimum, the least value of indicator was chosen. On the indicators, the value of which doesn't characterize efficiency - the average value, which was formed in region.

The criterion is estimated in 10 scores. At this, according to each indicator, the contribution of all types of private entrepreneurship: of all forms of small, medium and large into the value of indicator has been defined. The estimation of the indicators value, different from criterion, was done in their relation to the value, accepted as a criterion.

The weighing coefficient of any indicator, characterizing the efficiency of entrepreneurship activity, was defined in an expert way, depending on the importance (weightiness) of the indicator for the generalized assessment of the efficiency. In our task its accumulative value is equal to 1. Private values: from 0,12 to-0,185. Appointment of weight coefficient - indicator reduction to "uniform" value. The approaches to the definition of weighing coefficients are given in table 4.

According to every indicator the place of the territorial unit in the region was defined, at this the largest number of scores corresponded to the best place and vice versa.

The generalized characteristic of economic and social efficiency of regional entrepreneurship activity both at whole in the region, and in the cut of territorial formations is received by means of summation of score estimation of private indicators, taking into account the weighing coefficient. The maximum number of scores corresponds to region (city) – to the leader in the region; the least number of scores - to the region(city), that are in the group of risk. Medial positions characterize regions (cities), which by gathered scores form: «successful regions», «regions with a sustainable development», «regions with stagnating development».

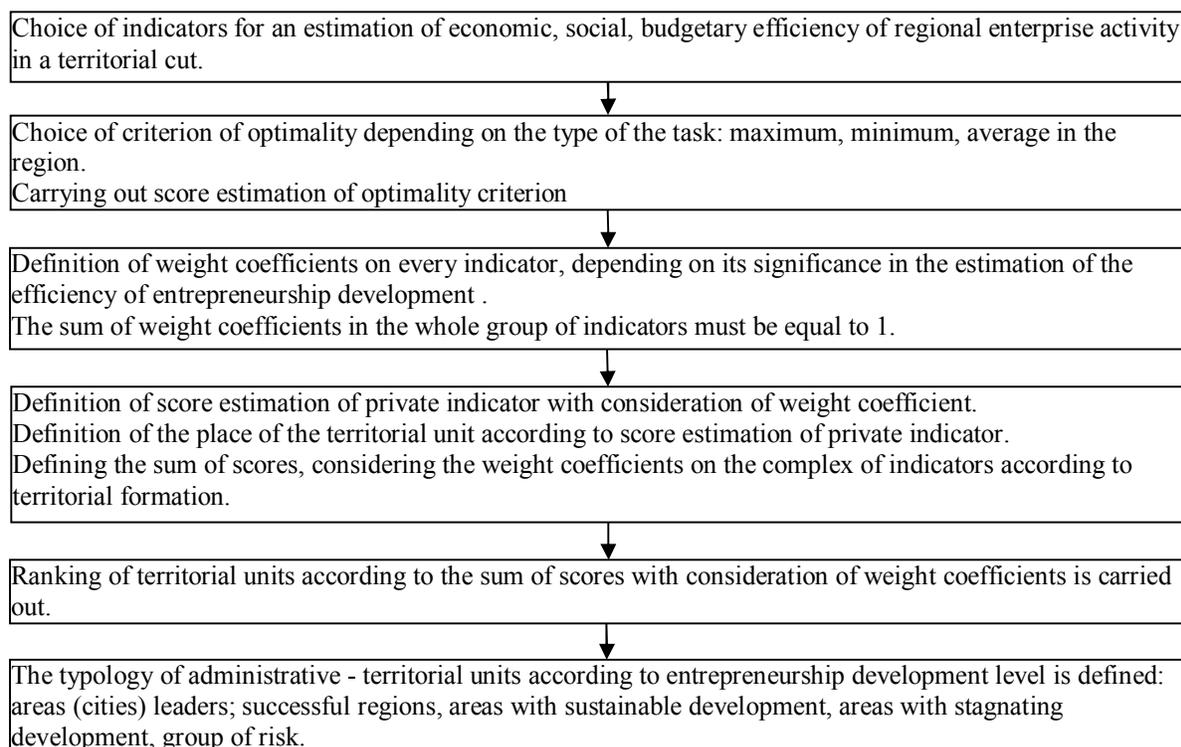


Figure 1 - Stages of the generalized estimation of efficiency of entrepreneurship functioning

Table 4 – Weighing coefficients of indicators for the entrepreneurship block

| Substantiation of approaches to define the weight coefficient s | | | | | | |
|---|--|--|---|--|---|-----------------------------|
| Indicators, characterizing the level of achievement of regional priorities of development | Indicators, characterizing the cumulative efficiency of current expenses | Indicators the meaning of which define the social effect | Indicators, having information load | Indicators characterizing negative effects | | |
| Weight coefficients | | | | | | |
| 0,12 | 0,11 | 0,10 | 0,075 | 0,05 | 0,01 | -0,185 |
| Share of gross added value in gross regional product | Share of the gain of output production due to growth of labor productivity | Expenditures per 1 tenge of realized output and (services) | Share of output (services) of entrepreneurship in volume of output (services) of the region | Number of active enterprises per 1000 residents | Number of IPP per 1 subject of entrepreneurship | Wage arrears per 1 laboring |
| Share of innovation production in the volume of manufactured output | | | Share of the employed in the entrepreneurship in total number of economically active population | Share of large and medium entrepreneurship according to the payments into the budget | | |
| | | | Labor productivity per 1 laboring | Capital labor ratio | | |
| | | | Capital productivity | Entrepreneurship services per 1 resident | | |
| | | | Level of labor payment per 1 laboring | Profit per 1 laboring | | |
| The sum weight of private indicators: | | | | | | |
| 2 x 0,12=0,24 | 1x0,11=0,11 | 1x0,10 =0,10 | 5x0,075=0,375 | 7 x 0,05=0,350 | 1x0,01=0,01 | 1x (-0,185)= -0,185 |
| Σ=1,00 | | | | | | |

Note: the table is made by authors

4. Conclusions

Novelty of the conducted research consists, firstly: in the complex approach to the analysis of entrepreneurship. Within the framework of the given article all forms of entrepreneurship, including the large ones, were considered.

Secondly, to estimate the development of entrepreneurship in territorially-administrative units a number of new indicators, offered by authors, were used:

- the share of the gross added cost of each form of entrepreneurship in gross regional product of region;

- the coefficient of investment, showing potential investment possibility of own capital of subjects of entrepreneurship in the region;

- number IPP per 1 subject of entrepreneurship, characterizing average size of the subject of entrepreneurship;

- the services, rendered by entrepreneurship sector per 1 resident;

- wage arrears per 1 laboring;

- privileges and compensations per 1 laboring.

Declaration of Conflicting Interests

The author(s) stated no probable conflicts of interests with respect to the authorship and/or publication of this article.

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