27 - 29 November 2026 Vienna , Austria

The interplay between SME diversification and regional economic diversification: evidence from Kazakhstan

Aizhan Tleuberdinova , Nailya Nurlanova

Institute of economics of the Science Committee of the Ministry of Science and Higher Education of the Republic of Kazakhstan

Abstract

Economic diversification through the development of new and advanced industries and production sectors is an important driver of GDP growth. Changes in the economic structure of a country or region depend not so much on the quantitative growth of business activity as on the diversification of entrepreneurial activities. However, the relationship between changes in the sectoral composition of small and medium-sized enterprises (SMEs) and regional economic diversification remains insufficiently explored.
Purpose: To assess the relationship between changes in the sectoral structure of SMEs and regional economic diversification in Kazakhstan.
Hypothesis: Greater diversity of entrepreneurial activities is positively associated with regional economic diversification.
Methods: Systems, logical, index-based analysis, and empirical analysis using the Ogive, Entropy, and Herfindahl-Hirschman Index (HHI); correlation and regression analysis; analogy and generalization. Official statistics for Kazakhstan for 2010 and 2025 were used.
Results: A bidirectional relationship between SME activities and regional economies was identified. The Ogive, Entropy, and Herfindahl-Hirschman indices were calculated and analyzed using regional data for 2010 and 2025. A consistent and statistically significant relationship was established between the indices measuring SME and regional economies diversification. Correlation and regression analyses confirmed a positive association between the expansion of SME activities and regional economic diversification.
Conclusions: The study confirmed the hypothesis that the expansion of entrepreneurial activities accompanies changes in regional economic structure and can be considered a mechanism of economic diversification. This relationship should be considered in regional policy to strengthen policy to strengthen support for business in new and advanced economic sectors.

Keywords: **Small And Medium-Sized Enterprises, Regional Economy, Diversification, Sectoral Structure, Variety of Economic Activities**