



DIGITAL TRANSFORMATION OF BUSINESSES IN KAZAKHSTAN

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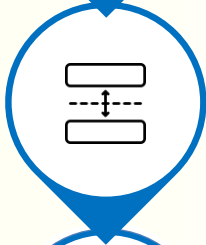
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Table of contents



Digital readiness of Central Asian countries



Digital skills



Policy approaches and sector example



Benefits of broadband diffusion and private sector digitalisation

Economy-wide benefits

- GDP per capita increase
 - +10% broadband penetration :
+1.21%p GDP per capita
- Trade increase
 - Increase in both goods and services
- Job creation
 - Due to network externalities and spillovers
- Formalisation of economic activities

Firm-level benefits

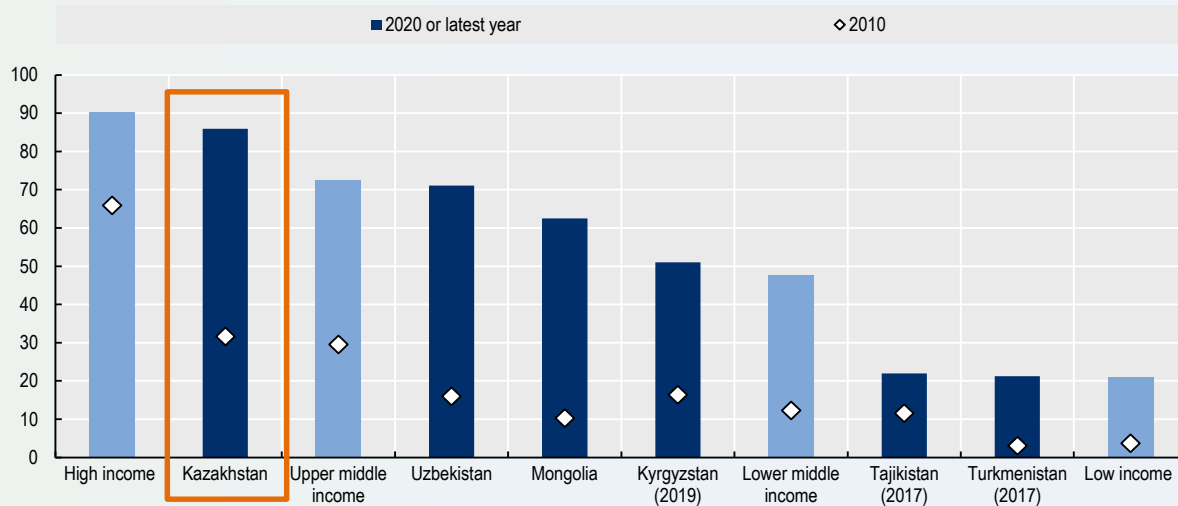
- Productivity increase
 - Automation of tasks
 - Streamlined production process
- Flexible use of resources
 - Cloud computing and Software as a Service (SaaS), requiring less upfront ICT investment
- Improved resilience
 - Means of adapting to changing business environment



Kazakhstan has improved considerably over the last decade, closing the gap with high-income countries

Internet users per 100 inhabitants

2020 or latest available data, and 2010



Note: Country data from 2020, unless stated otherwise. Income group average calculation based on countries with 2020 data available.

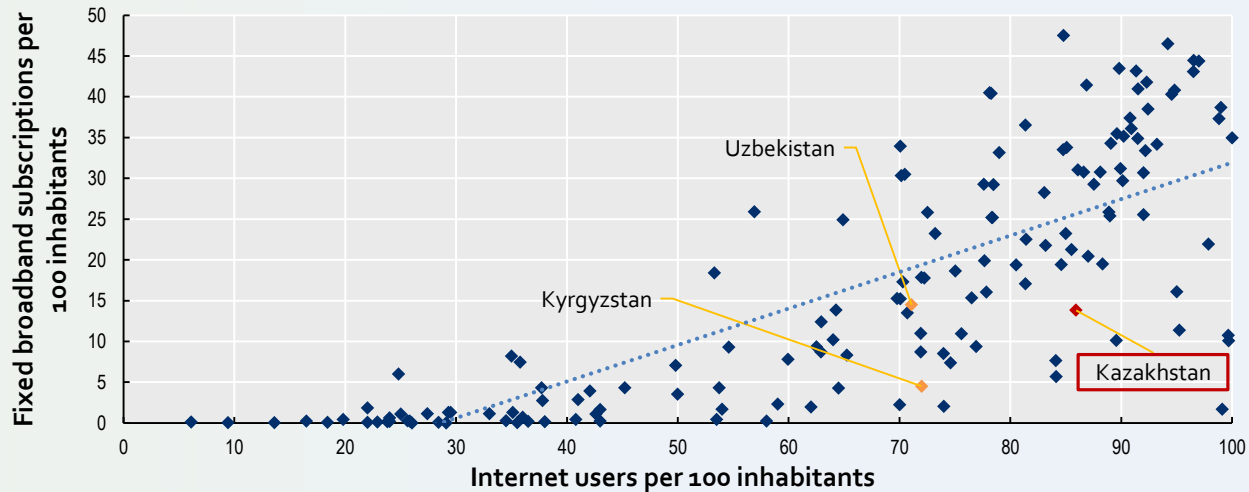
Source: World Telecommunication/ICT Indicators Database, 2021, International Telecommunication Union (ITU).



However, fixed Internet penetration in Kazakhstan is relatively low compared to other countries

Correlation between Internet users and fixed broadband subscription, 2020

Internet users per 100 inhabitants and fixed broadband subscriptions per 100 inhabitants



Note: Country data from 2020, unless stated otherwise. Income group average calculation based on countries with 2020 data available.

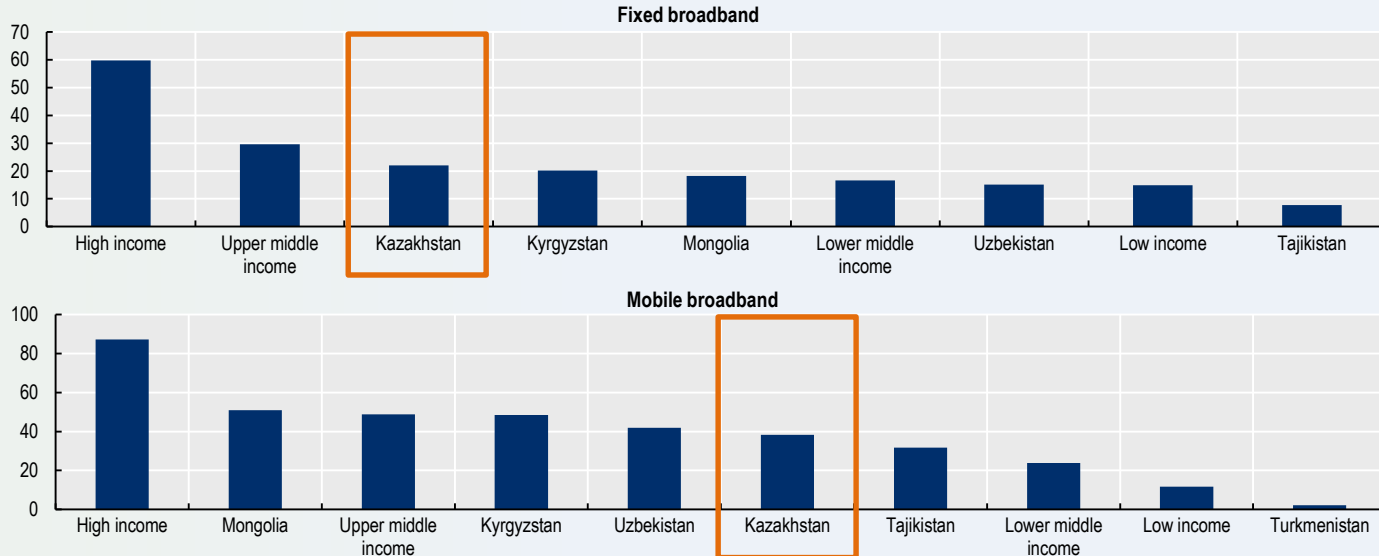
Source: World Telecommunication/ICT Indicators Database, 2021, International Telecommunication Union (ITU).



Speed of both fixed and mobile broadband can be enhanced for businesses usage

Median Internet speed, August 2022

Mbps



Note: Fixed Internet speed for Turkmenistan not available.

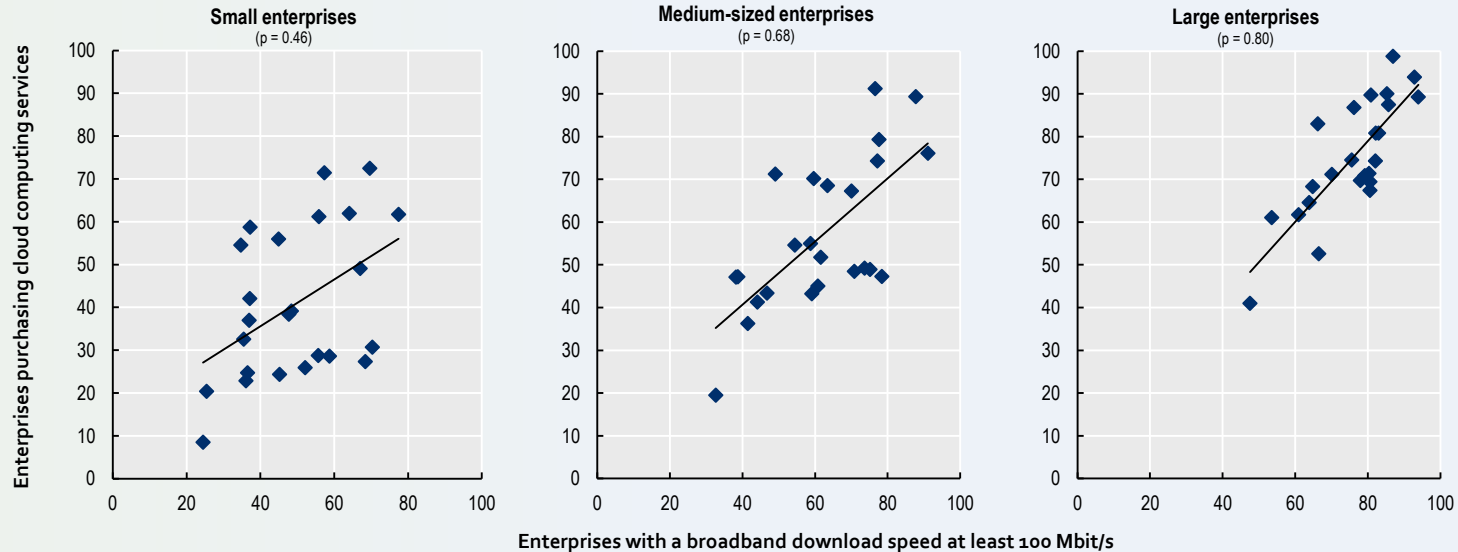
Source: Speedtest Global Index.



Speed of Internet is an important factor for business digital adoption

High-speed broadband and cloud computing adoption rate by firm size class

Average percentage of enterprises in OECD economies, 2021



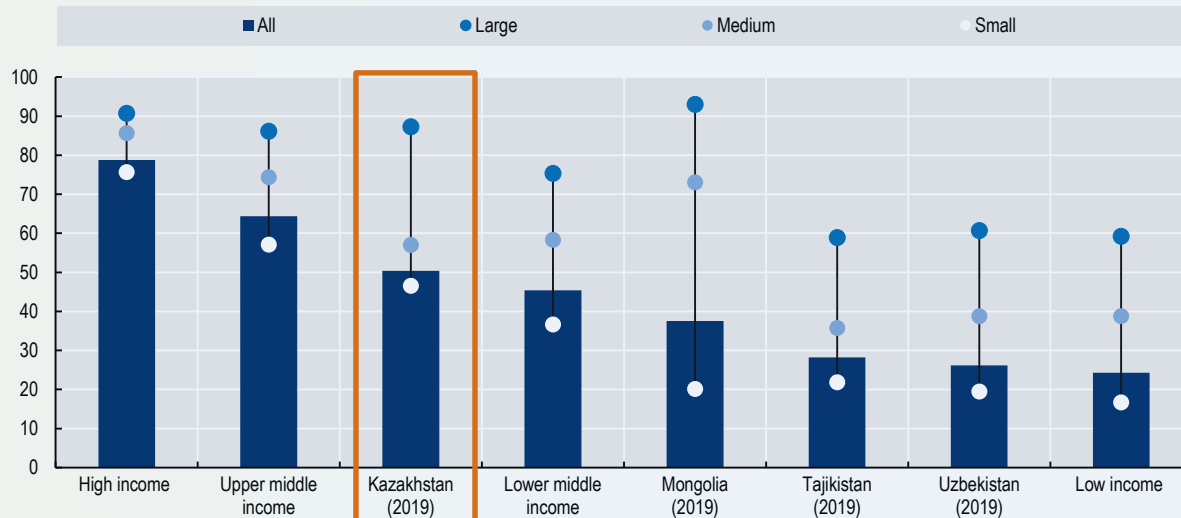
Source: OECD ICT Access and Usage by Businesses Database



Having a website is a first step for SMEs willing to establish an online presence

Percent of businesses having their own website

As percentage of business that have more than 5 employees



Note: Calculation based on the latest available country survey result between 2017 and 2021. Small businesses are between 5-19 employees, medium business between 20-99. Large businesses employ more than 100 persons. Data for Kyrgyzstan and Turkmenistan not available.

Source: World Bank Enterprise Surveys.

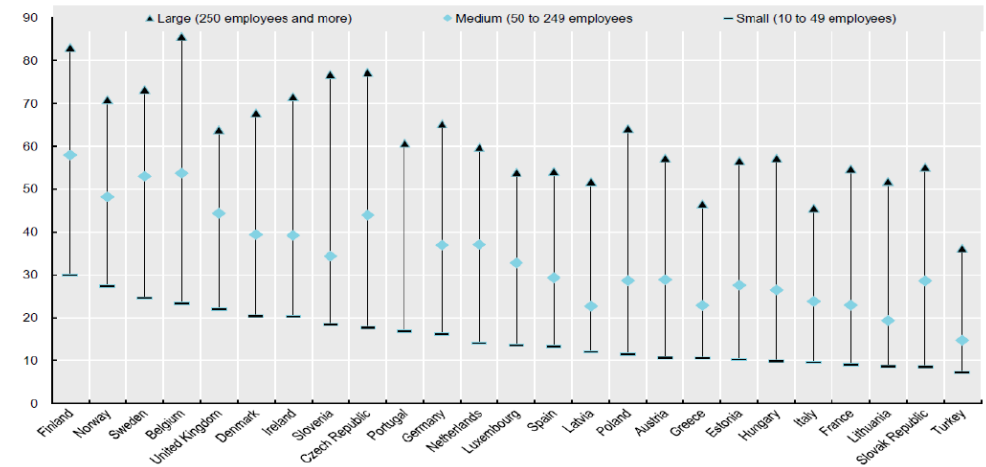


Government can support the upskilling of firms' managers and employees

- There is a gap in SMEs' use of digital tools.
- **Causes** include:
 - A **lack of both “hard” skills** (e.g. from use of basic software to coding) **as well as “soft” skills** (ability to learn, creativity, critical thinking)
 - Difficulty in identifying and **finding talents**
- **Addressing the SMEs' skills gap:**
 - Help accelerate training in the workplace and extend training to transversal skills
 - Connect SMEs with innovation and knowledge networks and digital solutions providers
 - Offer tailored training and support for underrepresented target groups, including female entrepreneurs and business owners, and people with disabilities.

Smaller firms offer less ICT training to employees

Share of firms providing ICT training to non-ICT professionals, 2020



Source: OECD ICT Access and Usage by businesses database



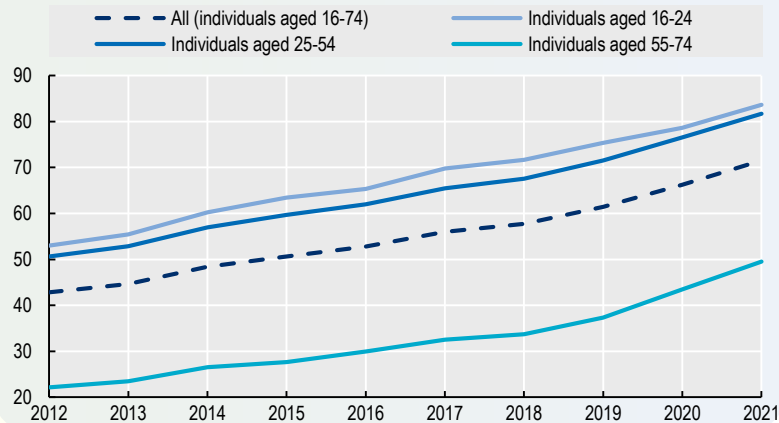
Consumers are becoming more “hybrid”

Consumers are increasingly shopping online across all age groups ...

... and, at the same time, gradually returning to brick-and-mortar retails

Individuals who have purchased online

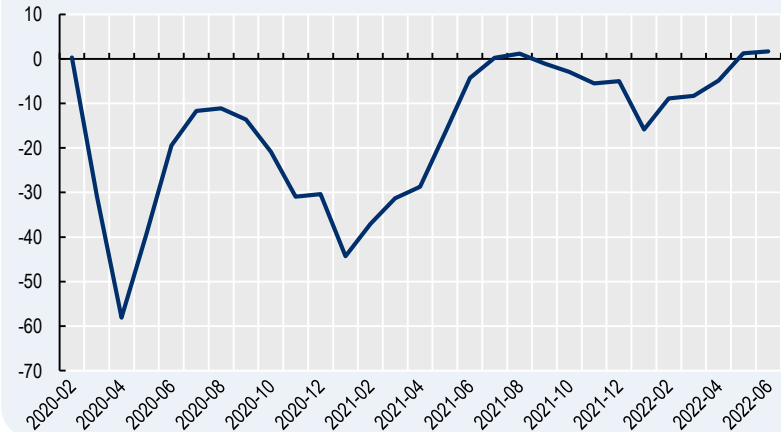
Individuals in each age groups in OECD countries, 2021



Source: OECD ICT Access and Usage by Businesses Database

Mobility changes to retail & recreational areas

Compared to February 2020, OECD countries



Source: Author's calculation based on the Google Mobility Reports



Government policy examples for supporting SME retail digitalisation



France

Digital Cheque

- Grant for micro-businesses, including retail sector
- For acquiring and integrating digital tools and services



Canada

Grow Your Business Online

- Grant COVID-19 grant for B2C retail small businesses
- For Initiating or refining e-commerce plans



Portugal

Digital Commercial Neighbourhoods

- Commercial district digitalisation programme
- For revitalising commercial districts, through area regeneration and modernisation of digital infrastructure and system

Thank you

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