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## INCREASING THE COMPETITIVENESS OF REGIONAL AIC

### ӨҢІРЛІК АӨК БӘСЕКЕГЕ ҚАБІЛЕТТІЛІГІН АРТТЫРУ

### ПОВЫШЕНИЕ КОНКУРЕНТОСПОСОБНОСТИ РЕГИОНАЛЬНОГО АПК

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**Abstract.** The comparative analysis of competitive advantages of inter-branch food complexes of Kazakhstan in comparison with enterprises of small and medium-sized agribusiness was done. It is noted that restructuring of the industrial and economic activities of the republic's agro-industrial complex in the direction of creating large-scale structures will help increase the competitiveness of agricultural sector. A comprehensive assessment of the potential of agro-industrial complex of the region is presented. It was revealed that a large-scale approach to the issues of ensuring the competitiveness of enterprises of agro-industrial complex is necessary for the long-term development of the regions of the country, growth of their strategic reserves.

**Аннотация.** Дан сравнительный анализ конкурентных преимуществ межотраслевых продовольственных комплексов Казахстана по сравнению с предприятиями малого и среднего агробизнеса. Отмечается, что реструктуризация производственно-хозяйственной деятельности АПК республики в направлении создания крупномасштабных структур будет способствовать повышению конкурентоспособности аграрного сектора. Представлена комплексная оценка потенциала АПК региона. Выявлено, что масштабный подход к проблемам обеспечения конкурентоспособности предприятий агропромышленного комплекса необходим для перспективного развития регионов страны, роста их стратегических резервов.

**Кілттік сөздер:** агроөнеркәсіптік кешен, тұтынушылар, ауыл шаруашылығы өнімдері, бәсекеге қабілеттілік, нарық, тәуекелдер, мемлекеттік реттеу, өндіріс, тауар өндірушілер, өсімдік шаруашылығы, мал шаруашылығы.

**Ключевые слова:** агропромышленный комплекс, потребители, сельскохозяйственная продукция, конкурентоспособность, рынок, риски, государственное регулирование, производство, товаропроизводители, растениеводство, животноводство.

In the modern understanding, the phenomenon of competition is a methodological key that allows economists to understand the mechanism of overcoming the contradiction between economic efficiency and social justice, which is very topical for economic science and management practice.

Competitiveness expresses the interests of business entities about the ways and boundaries of economic survival in the market environment of goods and services with demanded or deliberately agreed cost and con-

On the development of competition in the agro-industrial complex, in particular, in agriculture, the specific features of the industry have a significant impact. The differences of the natural-climatic conditions over the territories affect the productiveness of the land, and consequently, it affects the supply of products, especially the plant growing. Sustainability of agricultural production is significantly lower than other industries due to changing weather conditions, which causes significant fluctuations in the volume of supply of products and prices [1].

Figure 1 shows the main management factors that predetermine the competitiveness of enterprises in the market. Competitiveness, in a certain sense, is a derivative of the effectiveness of the functioning of the inter-economic systems of organization of production processes and management.

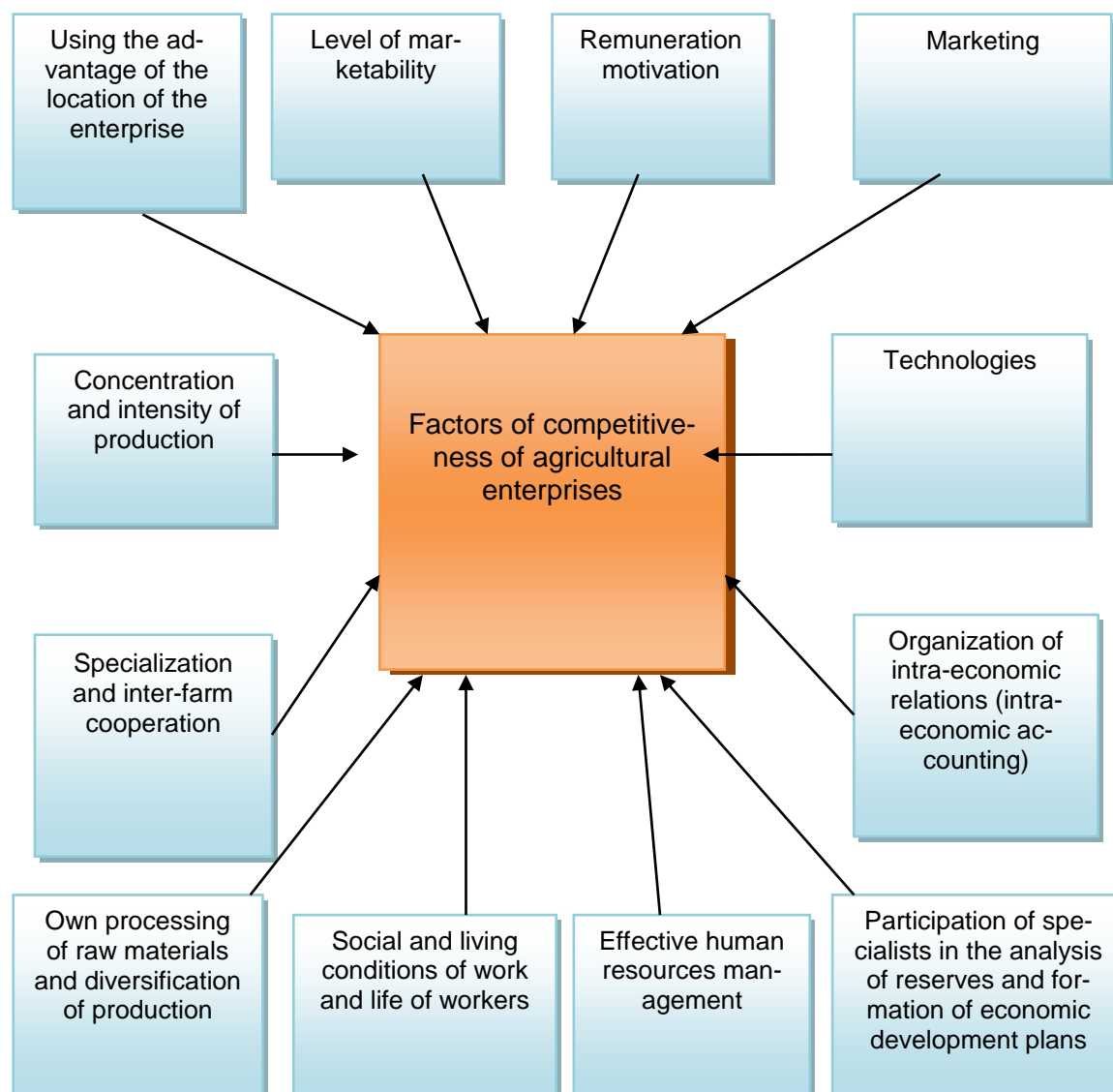


Fig.1 -Organizational management factors that make agricultural enterprises competitive

There is no doubt that the higher the level of production organization in an agricultural enterprise, the more products it will produce on available resources and the higher its competitiveness [2].

In modern market conditions, the strategies of the Ansoff matrix (table are applicable to the enterprises of the country. Practice shows that actually all the measures proposed by well-known economists to increase the effectiveness of the organization of production of the event in one way or another contribute to increase the competitiveness of agricultural enterprises.

Following the analogy, the beneficial effect of an agricultural enterprise is the produced commodity output and the profit that is derived from its realization. Hence, the useful effect of an agricultural enterprise can be measured by quantitative estimates: by natural units of sold commodity output, in monetary terms or in terms of total points (the cumulative beneficial effect characterizing the overall result in the production and sale of several types of products).

Table - Strategies of the Ansoff matrix "product-market", recommended to increase the competitiveness of agricultural products on the market

Type of strategy	Marketing activities	Possible ways to achieve strategic position	Probability of success, %
Expansion of the existing market	Strengthening of marketing activities for existing goods in existing markets in order to stabilize, expand market share, increase market volume	Increase sales (reduction of price, change packaging, etc.). Attracting buyers of competing products, activation of latent demand (advertising, supply of samples, reduction of prices)	50
Development of market	Enter new markets with old products	Sales in new regional or foreign markets; Expansion of product functions; New areas of application of the manufactured products; Modification of products in order to adapt it to the requirements of certain segments.	20
Product development (innovation)	Sale of new products on existing (old) market	Sales of new products in those markets, where the company has already been working. -genuine innovations ( completely new products); - old products (associated with old ones); -new products (only for the firm).	33
Diversification of production	Transition from the traditional line of activity to new ones in the following cases: -stagnant market; -reduction of risk; -financial gain; -insurance of supply and sales base.	Production of goods that do not have direct connection with the products produced earlier. Implementation of new products in new markets.	5

**Results and their discussion.** A useful effect is one side of determining the competitiveness of an agricultural enterprise. The other side is the total costs that must be incurred for the production and sale of products. To compare the competitiveness of various economic subjects, it is expedient to use the following system of comparable indicators characterizing the organization of management of production processes:

- Indicators characterizing the availability and structure of production resources;
- indicators characterizing the efficiency of the use of productive resources – resource efficiency;
- indicators characterizing the effectiveness of the organization of management of production processes;
- indicators characterizing the impact of scientific and technical progress and the possibility of increasing the competitiveness of agricultural producers;
- indicators of sectorial and total (overall) competitiveness.

Commodity producers have some advantages in the field of production, expressed by the ability to effectively vary the objects of spent labor and funds, clearly identifying the most cost-effective and demanded products, i.e. Agribusinesses are inherently open systems for conducting multi-level, diversified politics. This approach assumes both the production of different types of crops, replacing each other seasonally, depending on the changes in their demand, as well as the production of various agricultural technologies [3].

Possible losses from the sale of one type of product are offset by the benefits of selling the other. Thus, agricultural producers produce spontaneous product differentiation, allowing them to maneuver in conditions of unformed market infrastructure. Diversification allows us to take into account the changing market conditions in terms of demand, to receive additional revenues, occupying profitable commodity niches in a certain market space.

Its advantages in agro-industrial production are observed in the appearance of the

ability of farms to quickly and effectively adapt to market demands, insure themselves against risks, increase the number of sources of income, more fully use labor potential, and establish trouble-free production. In modern conditions, this approach also implies a fuller use of market opportunities, the occupation of areas characterized by the presence of shortages of goods and services. This allows us to sell a significant part of the products at relatively reasonable prices, increase the profitability of the economy and wages, paying it without delay.

Strategic orientation to a more complete and diverse satisfaction of local demand is an important advantage of the sectorial policy of the enterprise. In conditions when the farms have difficulties with the sale of their products (low purchase prices, prohibitions on exporting products outside the region, the refusal of

processors to accept products), processing it in production sites is economically profitable. This allows us to rationally use all the products we produce and, after processing, send it to the turnover [4].

The marketing system within the framework of a specialized market institute will provide managers and specialists of farms with information about the demand and offers for products, about where and at what price they will sell it, will help to choose the right marketing strategy. All this will contribute to increasing the efficiency of production and sale of products even in the current difficult situation of the transition period.

This allows us to form a competitive strategy of agricultural enterprises in the regional market. The recommended algorithm for its development is shown in figure 2.

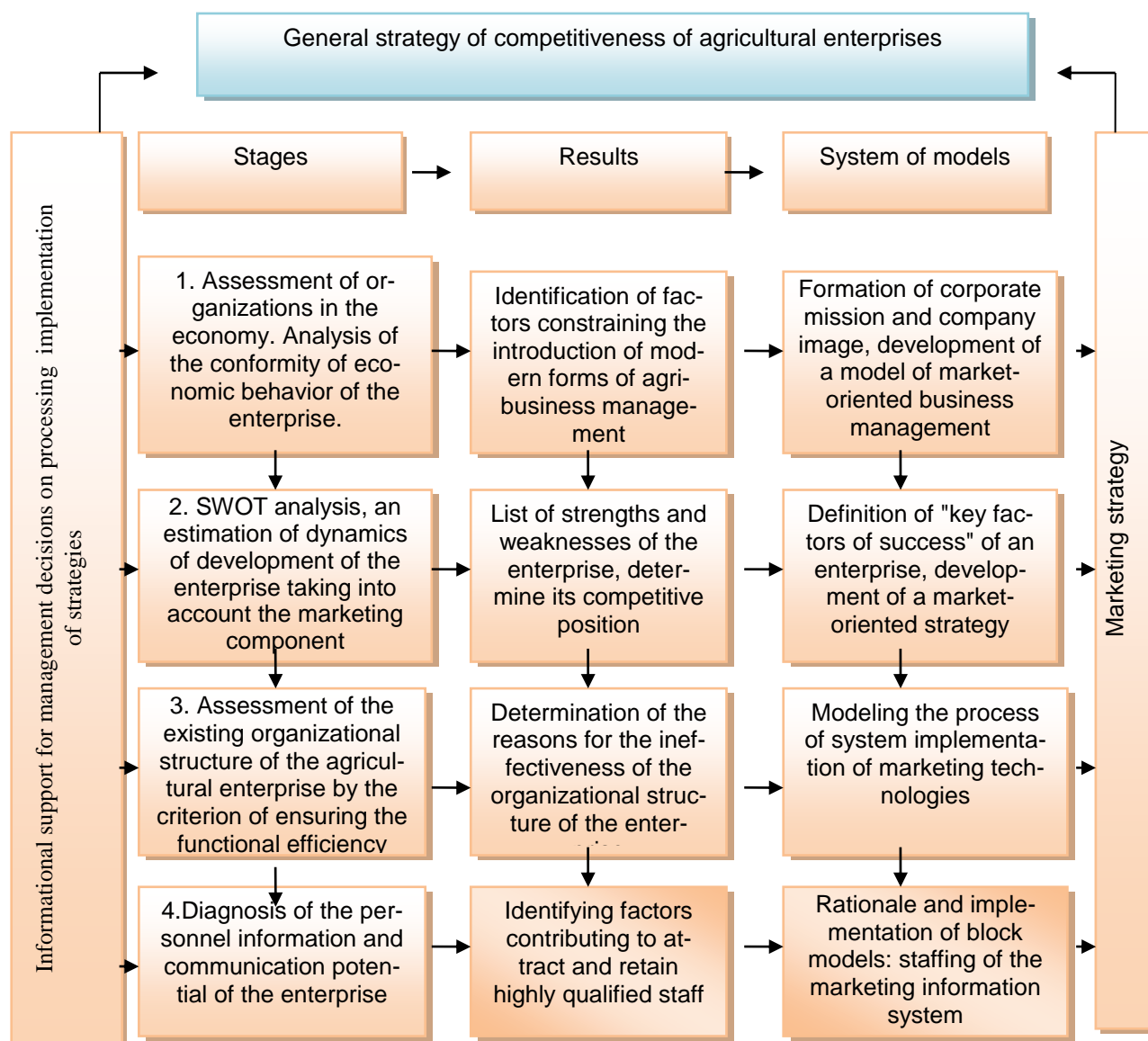


Fig.2 - The recommended algorithm for developing a strategy to ensure the competitiveness of agricultural enterprises in the regional market

Agricultural commodity producers must have reliable and timely information about the saturation of markets with various types of crop and livestock products, the demand of buyers for these products, the prices of them, and so on. The lack of extensive market information or poor knowledge of it by agricultural commodity producers can lead to overstocking, spoilage of production, loss-making of enterprises-producers, which is a clear contradiction to the principles of the organization's competitiveness.

There is the list of main requirements to the quality of information: authenticity; sufficiency; reliability; timeliness; the relevance of information, the complexity of the information system; direct access to the information array; high speed of data collection, processing and transmission; the possibility of coding for use by modern technical management tools; multiple uses [5].

Another factor of the competitiveness of an agricultural enterprise is its size and scope of production coverage.

One of the features of the current state of agriculture is the transformation of its structure, namely, the replacement of large farms, which formed the basis of commodity production of agricultural products, by peasant (farmer) farms.

Large agricultural enterprises, unlike small ones, are capable:

- to form a technologically justified structure of production funds, freely maneuver with the available material and technical resources in the course of agricultural work;
- to apply progressive technologies, rationally use modern expensive equipment;
- to ensure a high level of commodity production, sales of products without intermediary structures;
- to respond in a timely manner to the changing situation in the food markets.

And another very important component of success – the cadres that many large farms managed to preserve. The economic situation is considered favorable if it is characterized by full employment. But what is full-time employment?

The concept of full employment is difficult to define. At first glance, it can be interpreted in the sense that all the active population, i.e. 100% of the workforce, has a job. But this is not so. A certain level of unemployment is considered normal or justified [6].

In the economic literature there are given numerous interpretations of vertical integration. For example, integration is called direct, or "forward", if the company combines produc-

tion and marketing right up to the sale of processed products. Reverse integration is a process where the processing stage is combined with agricultural production to provide raw materials [7].

In Kazakhstan, reverse integration has acquired a large scale in recent years. This is due to the crisis state of agricultural enterprises, the need to restructure their debts and financial recovery.

In the sphere of production and reprocessing of agricultural products, a corporate (joint-stock) form of vertical integration is developing intensively, based on the transformation, merger and connection of business entities. The problem of redistribution of property rights is brought to the forefront, caused by the need to restructure debts and implement investment programs.

In agriculture, as in no other industry, there is a very high risk of unforeseen losses, i.e., a very high risk. This may not be favorable weather conditions (especially during the harvest season), and drought, and the freezing of winter crops, and unexpected illnesses, and the exorbitant reproduction of pests. Therefore, when company develops marketing programs, it must be borne in mind that priority should be given to assessing one's own capabilities in an environment of high risk [8].

Marketing programs in agribusiness are interlinked with insurance programs, which are developed by the marketing department. When you develop a reliable insurance protection, you need to do the following:

- identify and describe the likely sources of damage;
- conduct a thorough economic analysis of different methods of risk reduction;
- develop your own insurance program;
- consult specialists if necessary.

In addition to the above-mentioned natural and climatic and biological threats, it is necessary to take into account the likelihood of fires, motor and tractor and other equipment accidents, possible injuries of employees, illegal actions of third parties, medical insurance, compulsory insurance (for example, this is required by a creditor), etc. Here we should determine what risks should be insured on a mandatory basis, as they can cause the greatest damage, assess which insurance companies are the most reliable, develop measures to prevent losses, determine the liability of individuals for insurance [9].

**Conclusions.** All marketing work in agribusiness is built by given features. The successful development of integration processes depends on the consideration and combina-

tion of various factors. The degree of their influence on the development of integration processes will be predetermined by the macroeconomic situation in the country, and most importantly by the activity and consolidation of the actions of economic entities in the markets of agricultural products and food. There is a concept of price and quality, taking into account the opinion of consumers that high prices mean high quality and vice versa.

The main market factors contributing to the competitiveness of certain types of agricultural products, raw materials and food are:

- creation of the market infrastructure, including conditions for using direct communications, organizing wholesale food markets, information support, etc.;

- reduction of the number of intermediaries in the system of sales of products and transition to predominantly cooperative forms of organization of trade and procurement activities;

- increase investments in the sphere of processing products in order to expand its range, quality, packaging and other measures to meet the demand of the bulk of the country's population.

Thus, the study confirms the growing importance of increasing the competitiveness of agricultural enterprises in regional markets. To solve this problem, various strategies can be implemented, in particular, strategies of Ansoff's "product-market" matrix.

They are recommended for increasing the competitiveness of enterprises' products on the market, and they suppose the expansion of the existing market, the development of the market, products' innovations and diversification of production. Their involvement assumes an increase in sales (for example, at a price reduction), the sale of products in new

markets, the expansion of commodity functions, etc.

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