

DEVELOPMENT OF OIL AND FAT INDUSTRY IN KAZAKHSTAN

ҚАЗАҚСТАННЫҢ МАЙ САЛАСЫН ДАМУ

РАЗВИТИЕ МАСЛОЖИРОВОЙ ОТРАСЛИ КАЗАХСТАНА

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Abstract. The economic indicators of the development of oil and fat production have been considered. It has been revealed that it has a direct impact on production component where products which are in demand among the population are produced and the huge economic potential is concentrated that determines the level of the country's food security. The elements of the formation of the production process in this industry have been presented: the investment policy of the State, competitiveness, scientific potential, competence and the degree of staff qualifications that directly affect the functioning of the agro-industrial complex. The system of development of oil and fat production, depending on the indicators of production and raw material base of agricultural enterprises, in particular producers of oilseeds has been presented. An important role is played not only by the growth of production, but also by a deep restructuring of its structure, a favorable external economic environment. The article presents the dynamics of export of vegetable oils in Kazakhstan for 2012-2017. The problems that are solved in the construction of the model with introduction of "green" production, taking into account the institutional and regional levels of management of oil and fat industry, allowing to produce competitive products on domestic and foreign markets have been identified.

Аңдатпа. Май өндірісін дамытудың экономикалық көрсеткіштері қарастырылған. Ол халық талап ететін өнім өндірілетін өндірістік құрауышына тікелей әсер ететіні және елдің азық-түлік қауіпсіздігі деңгейін айқындайтын орасан экономикалық әлеуетке шоғырланғаны анықталды. Осы салада өндірістік үдерісті қалыптастыру элементтері ұсынылған: мемлекеттің инвестициялық саясаты, бәсекеге қабілеттілік, ғылыми әлеует, құзыреттілік және агроөнеркәсіптік кешеннің жұмыс істеуіне тікелей әсер ететін персоналдың біліктілік дәрежесі. Өндіріс көрсеткіштеріне және ауыл шаруашылығы кәсіпорындарының шикізат базасына, атап айтқанда майлы дақылдарды өндірушілерге байланысты май өндірісін дамыту жүйесі көрсетілген. Өндірістің өсуі ғана емес, оның құрылымын терең қайта құру, қолайлы сыртқы экономикалық орта да маңызды роль атқарады. Мақалада Қазақстандағы өсімдік майларының 2012-2017жж. экспортының серпіні берілген. Ішкі және сыртқы нарықтарда бәсекеге қабілетті өнім өндіруге мүмкіндік беретін май саласын басқарудың институционалдық және аймақтық деңгейін ескеретін, "жасыл" өндірісті енгізе отырып, модель жасау арқылы мәселелерді шешу айқындалған.

Аннотация. Рассмотрены экономические показатели развития масложирового производства. Выявлено, что оно оказывает непосредственное влияние на производственную составляющую, где вырабатывается востребованная населением продукция и сосредоточен огромный экономический потенциал, определяющий уровень продовольственной безопасности страны. Представлены элементы формирования производственного процесса в данной отрасли: инвестиционная политика государства, конкурентоспособность, научный потенциал, компетентность и степень квалификации персонала, непосредственно влияющие на функционирование агропромышленного комплекса. Показана система развития масло-

Material and methods of research. The development of agricultural sector of economy of Kazakhstan is possible by diversification of transition from raw materials to production, which is currently very weak, and therefore raw materials orientation of the sectors is more attractive than the need to form a production basis. So, when we ask this question, we understand that production requires not only investment or public financial support, but also the increased scientific potential of agricultural sector, which will lead to the competitive production. The competitiveness of agricultural production depends on many factors, both external and internal. The most problematic factor is the investment potential of the sector, so, after analyzing the investments to fixed capital by sector areas and fields of activity, we came to the conclusion that in 2013-2017 the investments to professional, scientific and technical areas reduced from 60,539 mln tenge to 52,680 mln. tenge, and this trend suggests that the innovation potential of Kazakhstan, including agriculture, is decreasing [1]. Nevertheless, not only the scientific potential, but also the financial and economic crisis has led to the fact that currently many enterprises of the sector and fields of activity have certain debts on obligations and receivables, which negatively affects the competitiveness of productions. At the beginning of 2017, the total amount of debt on obligations amounted to 42 969 815 mln tenge, receivables amounted to 8 612 623 mln. tenge. In agriculture, from 2013 to 2017 the growth of debts on obligations amounted to 389,709 million tenge, receivables for this period amounted to 89,556 mln tenge [Lk.1].

Results and their discussion. According to the result of debt in agriculture, we see its impact on the development of entrepreneurial activity in agricultural production process, which imperative development is not only production growth, but also a deep restructuring of its structure, restoration of the unity of reproduction process and favorable foreign economic environment, which is characterized by high world prices for products required for the production of processing enterprises. The Strategy of industrial-innovative development of Kazakhstan identifies the main problems of current economy: orientation towards raw materials; weak integration into global economy; weak intersectoral and interregional economic integration within the country; low productivity of manufacturing industry; low consumer demand for goods and services on domestic market (small economy); underdeveloped production and social infrastructure; general technical and technological backwardness of enterprises; lack of effective linkage between science and production; lack of modern system of training and professional development of specialists and workers; low economic interest of foreign investors in manufacturing industry; the inconsistency of management with the task of adapting economy to the processes of globalization and transition to the service-technological economy [2].

The above problems have a number of factors that contributed to the development of the crisis and adversely affect the functioning of not only the economy as a whole, but also processing enterprises. In general, in considering and analyzing processing enterprises in this sector of economy, we can conclude that by the existing statistical indicators, the situation is not bad, but nevertheless, we all understand, even if we will have certain desired figure, production quality of Kazakhstan entrepreneurs does not meet international standards, which determines how much the production system is not ready to produce competitive products and enter the world market. In particular, when considering the production of oil and fat products, we understand that a small number of enterprises that produce these products could compete and achieve the appropriate quality and assortment, but, nevertheless, there are both external and internal factors that constrain production growth [3]. First of all, it is connected with systematization of the enterprise's activities, secondly, the manager's ability to manage production effectively and efficiently, including the use of the workers' potential, thirdly, of course, introduction of new technologies aimed to expand

the product range and quality respectively [4]. The issue of co-operation of specific enterprises to obtain the final products and their sales is also a particular issue. According to the calculations of the governmental structures, the cooperation of companies aimed at production of products, it will enable all the united companies to produce and sell products, increase profits at minimal cost. Nevertheless, this does not give grounds for more efficient production; we must understand that different management in creating interaction plays a crucial role in production development. Each company tries to maximize its profits and minimize costs, which leads to certain conflicts. By certain indicators, we see that production of oilseeds in agriculture has significantly increased in recent years, but the range of production of oilseeds today is limited to several varieties, which is shown in the AIC development program, where priority crops such as sunflower, flax, rapeseed and soybeans have been identified.

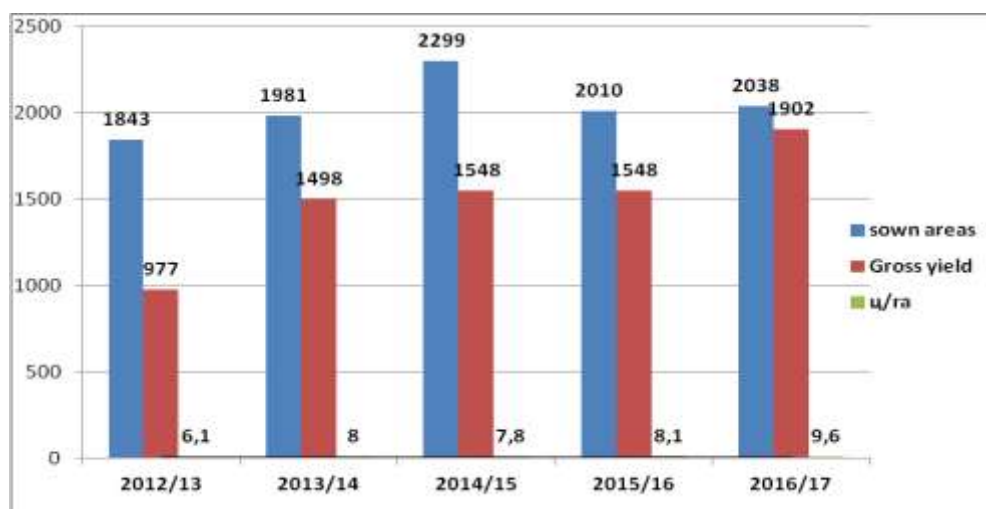
However, not all of these crops have a complete production process. After analyzing the market of oil and fat products for 2016, we can say that at this period, indicators (figure 1) show growth, which amounted to 1.9 mln. tons, which is higher than the average volume in the period 2012-2016 by 27%. The main problem of the oil and fat industry is production of raw materials. In order to increase it, it is necessary to consider a number of factors contributing to the development of this sector of economy, such as restoration of irrigation systems, subsidies, development of seed production, etc. The growing interest in this field of activity has arisen due to the demand for this product abroad. In 2015, the volume of sunflower production amounted to 550 thous. tons, rapeseed - 200 thous tons, soybeans - 350 thous tons, flax - 24 thous tons.

The processing sector of economy of Kazakhstan shows the dynamics of growth in production of vegetable oils (figure 2) for 11 months of 2016/2017, which amounted to a record 320 thous tons. That is 6% higher than the average index for the last 5 years. As the demand for oilseeds increases, it was revealed that export of oilseeds and vegetable oils for the period 2016/17 in Kazakhstan was 71 thous tons of oils, which is 1.5 higher for the whole period 2012 - 2017.

However, nevertheless, in recent years, China is the main importer of sunflower seeds, which adversely affects the development of seed production in the country and its share in the total export structure of China is 42% of the total exported seeds, 72% of oil, the share

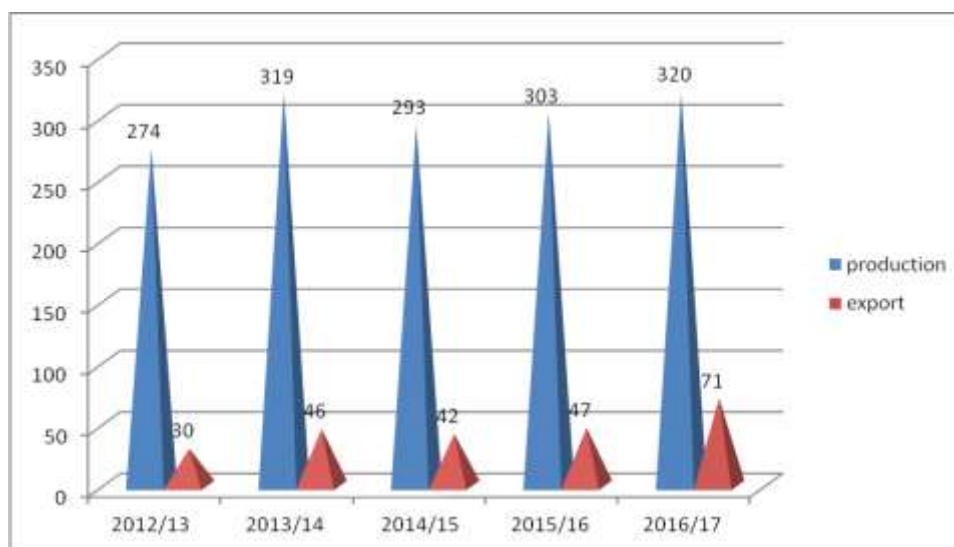
of sunflower exports in total production volume is 28.5%, rapeseed - 55%, and flax - 58.9%. On the whole, the conducted analysis makes it possible to state that oil and fat sec-

tor is growing, but nevertheless, the variety of product range is not satisfactory, which is actualizing a number of tasks, both in production and processing areas.



Note: the source «AIC-inform»

Figure 1 - Oilseed production in Kazakhstan for the period 2012-2017, thous tons

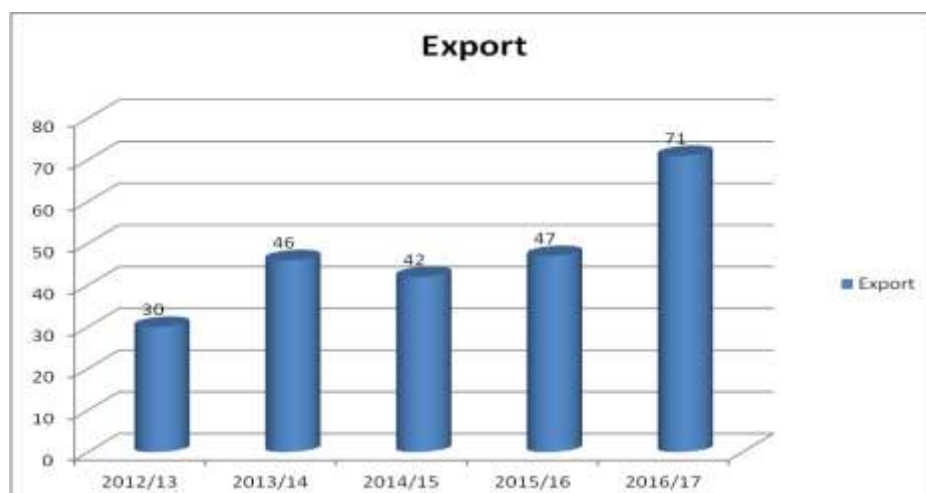


Note: the source "AIC-inform"

Figure 2 - Production of vegetable oils in Kazakhstan for 2012-2017, thous tons

Speaking about the production of oil and fat products in the country, the issue on product quality arises, and being oriented towards the world market, we can say that currently we are lagging behind in quality, in general, our entrepreneurs' priority is income, and competitiveness remains a secondary issue. So far, the share of imports of food products, including oil and fat, remains very high on domestic market, and exports are increasing, during 2012- 2017, vegetable oil exports sharply increased almost twice from 30 thous tons to 71

thous tons (figure 3). All this represents a serious threat to food security of the country, as entrepreneurs are more focused on selling products to other countries, which disrupts the process of competitiveness of vegetable oil production in the country. Under current conditions, the economic development of the country is definitely focused on the development of the priority direction, market saturation with domestic products, and gradual replacing of imported goods.



Note: the source "AIC-inform"

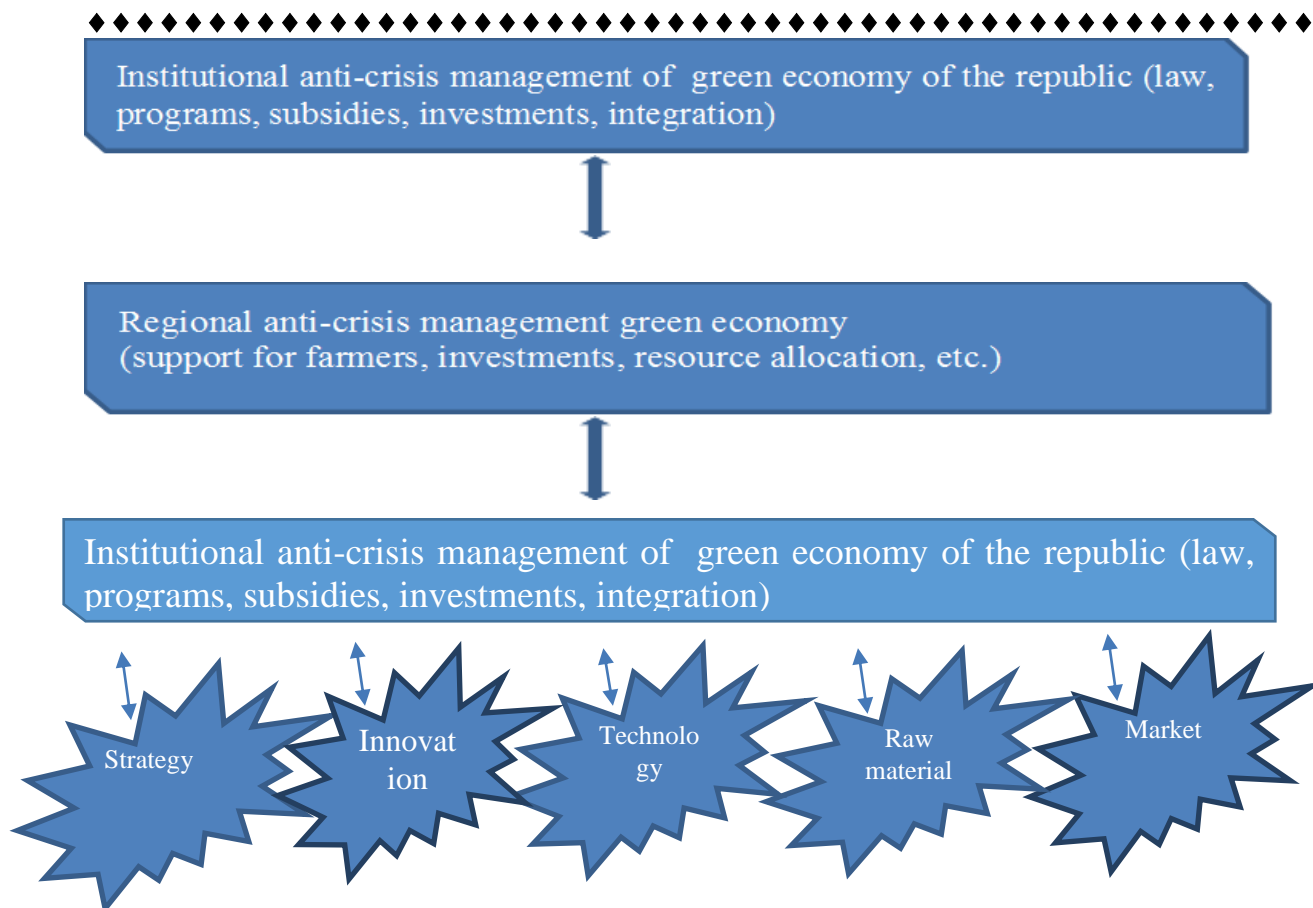
Figure 3 - Dynamics of exported vegetable oils in Kazakhstan for the period 2012-2017, thous tons

Government programs on agro-industrial complex development are increasingly targeted on supporting the regions, including entrepreneurial activity. Taking into account the growth in consumption volume both domestic and foreign demand for seed oil and vegetable oil, as well as measures taken by the Ministry of Agriculture and regional departments, by 2021 it is planned to increase sunflower production by 250 thous tons, rapeseed - by 660 thous tons, soybeans - by 340 thous tons, flax - by 200 thous tons. To increase the competitiveness and priority of agricultural sector of economy, it is necessary to determine in the shortest possible time the possibilities for the overall introduction and structuring of the "green" economy, which will facilitate the solution of many issues, one of which is oil and fat production (figure 4).

The conducted analysis gives all grounds for solving the currently relevant issue- the need to address certain issues related to minimization of crisis, not only financial and economic but also managerial. It is very important to build a system which has a structured interaction and takes into account the implementation of the anti-crisis management strategy at each level of implementation of agricultural sector strategy, and use the main indicator of competitiveness of oil and fat products, such as quality or modern approach for the whole cycle of "green" production. Formulation and introduction of anti-crisis management of "green" production to implement strategic plans for the development of this sector of economy is relevant not only for production,

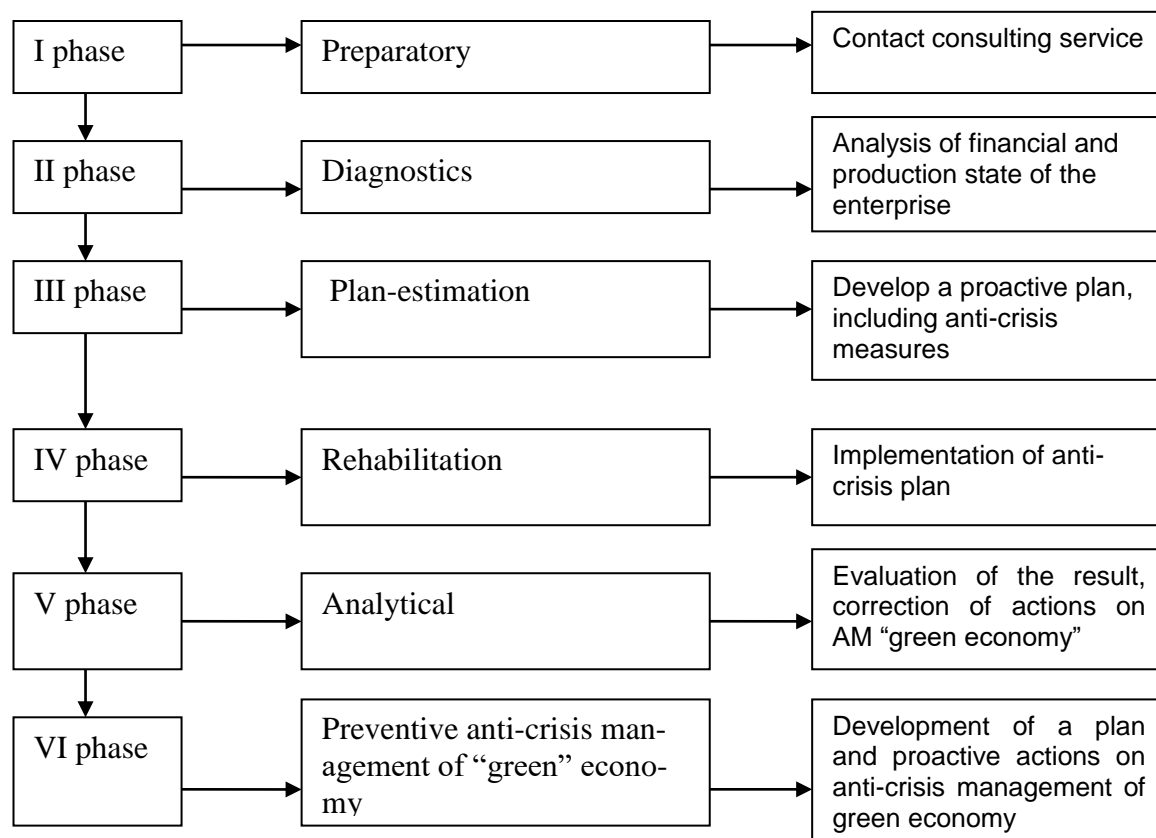
but also for government agencies that, within their capabilities, can create certain conditions for promoting anti-crisis management of the "green" economy of the republic, as shown in figure 4. This is an institutional level that promotes the development of agricultural sector to address topical issues of production of environmentally friendly products and the ability to compete with the support of regional government structures through certain laws, programs, subsidies, investments and integration processes.

In view of the dynamics of integration processes and development of oil and fat industry, countries that are partners of organizations producing fat-and-oil products have one goal, but often their technological, financial, professional and managerial factors are not in compliance, which results in the imbalanced integration processes and formation of their positions [5]. In this connection, the leadership of organizations, government and local authorities face the task of preventing crisis situations in order to ensure a steady supply of cooperative organizations. The solution of this issue to prevent crisis situations or mitigate through the process of crisis management [6]. The decision to introduce crisis management in oil and fat production, taking into account government and local regulators, for the implementation of proactive measures in production of environmentally friendly products and development of stages of crisis management process, as shown in figure 5:



Note - Compiled by the author

Figure 4 -Anti-crisis management of "green economy" in oil and fat production



Note - Compiled by the author

Figure 5 - Stages of anti-crisis management process of "green" economy of organizations

♦ preparatory stage – to contact consulting service which specializes in anti-crisis management to obtain qualified assistance in diagnosing the organization's status and formulation of anti-crisis (stabilization) [7] program, and inform the business partners and creditors of the organization about the crisis in order to get a deferment/installment payments and assistance in finding sources of funding, to find external and internal "allies" who can support the implementation of anti-crisis measures;

♦ diagnostics – carry out diagnostics and analysis of financial and production compliances determine the causes of the crisis, search for hidden reserves and determining the potential of the enterprise to overcome the crisis [8];

♦ plan -estimation - to develop a proactive plan, including anti-crisis measures, formulate a detailed phased plan of financial and economic recovery of the enterprise;

♦ rehabilitation - result assessment, adjustment of actions on anti-crisis management of «green economy» [1k.8];

♦ preventive anti-crisis management of green economy; development of a plan and proactive actions on anti-crisis management of green economy.

Conclusions.

1. In general, in considering the possibility of implementing a plan for the overall formation and implementation of "green" economy, the organizations of processing of agricultural products, including oil and fat production, should currently focus on changing all factors affecting the stability and production growth.

2. In particular, in view of oil and fat production, taking into account the evolving situation in this sector of economy, it is necessary to understand that all "force majeure" situations can be prevented through various structures that can provide early information about possible negative situations, such as weather conditions, reduction or increase of the areas, the emergence of completely new technologies of production of oil and fat products and other factors that can directly affect opportunities in the strategic future of the organization.

3. The possibility of creating cooperation is also an important factor aimed to avoid crisis situations that manufacturers of products can face, associated with resources, distributors of products, transport companies, they need to unite and develop a single action plan which will take into account all quality standards.

4. And they should understand that creating a cooperative, production of quality products which can be competitive not only on domestic market, but also on markets of other countries, will provide an opportunity to permanently sell

products, which comply with the requirements of "green" production in the global space.

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