



# Areas of Improvement of the Economic Mechanism of Increasing the Competitiveness of Enterprises Producing Fat Product in the Republic of Kazakhstan (Example: Shymkentmai JSC)

## Áreas de mejora del mecanismo económico de aumento de la competitividad de las empresas que producen productos grasos en la República de Kazajstán (Ejemplo: Shymkentmai JSC)

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#### ABSTRACT:

In the context of the globalization of national economies, the current situation in macroeconomics and the consequent need to improve the quality of life of the population to the food industry of the country, the following strategic tasks must be clearly identified and resolved: ensuring, on the basis of import substitution, the country's food independence, a real increase in the competitiveness of enterprises and their products. Analysis of government-approved policy documents and concepts for the development of the manufacturing sector of the economy shows that the state program for the development of food and manufacturing industries for 2013-2020 years is the main real working tool, the basic factor of

#### RESUMEN:

En el contexto de la globalización de las economías nacionales, la situación macroeconómica actual y la consecuente necesidad de mejorar la calidad de vida de la población en la industria alimentaria del país, las siguientes tareas estratégicas deben identificarse y resolverse claramente: garantizar, en la base de la sustitución de importaciones, la independencia alimentaria del país, un aumento real de la competitividad de las empresas y sus productos. El análisis de documentos y conceptos de políticas aprobados por el gobierno para el desarrollo del sector manufacturero de la economía muestra que el programa estatal para el desarrollo de alimentos y las industrias manufactureras para 2013-2020 es la

accelerated food import substitution, the foundation of the new national food policy. At the same time, the program does not give an answer to the question of how to actually increase the competitiveness of domestic food products. The article examines the external, internal factors and reserves of increasing the competitiveness of the food sector enterprises, in particular, the fat and oil industry, as a promising strategic direction of the state export policy. The main factors of influence on the competitiveness of domestic agricultural products have been clarified: at the microeconomic level.

**Keywords:** economic mechanism, increase of competitiveness, fat and oil industry, marketing.

principal herramienta de trabajo real, el factor básico de la comida acelerada sustitución de importaciones, la base de la nueva política alimentaria nacional. Al mismo tiempo, el programa no da una respuesta a la pregunta de cómo aumentar realmente la competitividad de los productos alimentarios nacionales. El artículo examina los factores externos e internos y las reservas para aumentar la competitividad de las empresas del sector alimentario, en particular, la industria de la grasa y el petróleo, como una dirección estratégica prometedora de la política de exportación del estado. Se han aclarado los principales factores de influencia sobre la competitividad de los productos agrícolas nacionales: a nivel microeconómico.

**Palabras clave:** mecanismo económico, aumento de la competitividad, industria de grasas y aceites, comercialización.

## 1. Introduction

The emergence of a market environment is a long and relatively complex process. Features of this process affect the formation of competitive products of the enterprise, which must meet the requirements of the market situation that has developed at this stage of economic development, as well as provide for effective methods of competition that are tailored to the specifics of the specific production. Competition is the presence on the market of a large number of independent sellers and buyers who are able to freely enter the market and leave it (Shkardun, Akhtyamov, 2000). In such a situation, an enterprise can be competitive when it is possible to realize its main goal - to maximize profits by winning consumer sympathies, and this is possible provided that an appropriate permanent organizational and economic mechanism is established at the enterprise to ensure the competitiveness of the enterprise (Shkardun, Akhtyamov, 2001). The purpose of this article is to study the various components of the organizational and economic mechanism that allows enterprises to be competitive.

Competitiveness is one of the most important indicators of the state of the enterprise as an economic entity, which determines the prospects for its further development, the possibility of achieving strategic goals and tasks. Support and increase of competitiveness can be considered as one of the functional strategic goals of the enterprise. The organizational and economic mechanism for ensuring the competitiveness of an enterprise should be understood as a set of methods and methods that enable an enterprise to have a stable position in the market, attract and retain consumers while implementing the main objective of its activities. One of the most important components of the organizational and economic mechanism to ensure the competitiveness of an enterprise should be considered product quality management. Quality, realized in production processes, goods, and services, can provide the company with significant competitive advantages in target markets. The lack of scientifically based strategies for managing the quality of the enterprise's products can deprive it of the already conquered competitive positions in the markets, on the one hand, and on the other, make it impossible to effectively compete in new markets, as the quality of products is known to be one of the main competitive advantages of the goods (Goncharov, 1996). As the practice and results of research in published materials on this issue show, the features of the functioning of mechanisms for ensuring the competitiveness of an enterprise in the conditions of the formation of market relations depend on the ways of interaction of demand and supply in a particular market: the characteristics of markets in economic spheres, the degree of control and methods of marketing research, market situations, the specifics of the market, due to the dynamics of its development, etc. Thus, the collection of the necessary information about the market, the competitive environment, the activities of enterprises - competitors, the structure and dynamics of demand, tastes and preferences of consumers to form a product range that meets market requirements and satisfies demand better than the competitor's product (Shkardun, Akhtyamov, 2001). At the same time, as part of the formation of the organizational and economic mechanism for ensuring the

competitiveness of an enterprise, it is necessary to take into account both the factors of market self-regulation and the peculiarities of state regulation of market relations. Diagnostics of methods and means that allow an enterprise to maintain the necessary level of competitiveness should be based on a system of certain criteria - financial, technical, personnel, organizational and information security (Chernyak, 1996). In today's market economy, one of the most urgent and important priorities in ensuring the competitiveness of enterprises is to identify the main aspects of strategic and tactical marketing planning. The most important function of the mechanism for ensuring the competitiveness of enterprises is to protect from unfavorable conditions of the market environment, which should include the development of a set of measures to limit the economic risk in the operation of the enterprise (Golubkov, 1998). At the same time, developing a procedure for transferring economic risk to partners, carrying out production diversification, expanding the scope of marketing research of the market environment, taking advantage of innovative processes and the features of price regulation of supply and demand - represent an important block of problems ensuring a high level of competitiveness of the enterprise. Evaluation of the enterprise's competitiveness can be carried out in the following areas of the enterprise: trade and production activities, financial activities, organizational and managerial activities, personnel work and commercial activities of the enterprise (Piradova, Tabachny, 1993). Thus, we can distinguish three groups of indicators that reflect the level of competitiveness of enterprises:

- Indicators of financial condition;
- Indicators of economic efficiency of activities;
- Special (main) indicators of the enterprise's competitiveness.

Knowing the size and dynamics of these indicators, each enterprise will be able to control the main indicators of its competitiveness, as well as ensure the implementation of measures to increase them. It should be noted that the use of any of the three specified groups of indicators gives only a partial idea about it. To fully assess the competitiveness of enterprises, it is necessary to use all three groups of indicators in a complex, only then they will be able to control their competitive positions, reasonably determine the strategy and tactics of behavior in the market (Igolnikov, Patrusheva, 1996).

Production quality improvement is one of the most important efficiency factors. Effective management in both product campaign (quality improvement at the enterprise) and in the socio-economic environment (improving the quality of logistical systems, access to the customer - namely, management of competitiveness) is the most attractive way to improve the quality of products and to ensure an adequate level of competitiveness. Quality management and management of competitiveness are the most important areas of general enterprise management, defining policy, objectives, and responsibilities in these areas (Gorkova, Shap, 1999).

Quality management system providing high quality and competitiveness of products are successful in many companies of industrialized countries (Glukhov, 1999). In most cases, these systems are similar to ones in the countries with economies in transition (CEIT) like the Republic of Kazakhstan, but unlike them, they are much more effective.

Composition and nature of a quality management system (QMS) are subject to a number of international and national quality management standards of production (Smigić, 2015; Zimon, 2015; Escanciano, & Santos-Vijande, 2014). Enterprises of CEIT require QMS that ensure the competitiveness of saleable food products in relation to companies from developed countries. Thus, quality management depends on the success of competitive products on the market, as the price policy and quality policy are the main factors of competitiveness (Gelvanovsky, Zhukovskaya, Trofimova, 1999).

Although the specialists have paid a considerable attention to the issues of quality and competitiveness, particularly relevant they are in the context of modern deepening integration, characterized by the fierce business struggle that requires the search for areas to increase production competitiveness of producers in CEIT. The competitiveness is based on the quality level, defines perspective areas of enterprise development, benefits over the

competitors and determines the prospects of entering the European and World markets.

In developing recommendations for an effective strategy to improve the competitiveness of agricultural products in CEIT (the case of the Republic of Kazakhstan), we have used strategic analysis that revealed that the introduction of resource-saving technologies and forecasting instrument development is required to optimize and improve resource use conditions at the agricultural enterprises.

We have also selected the most effective available elements of the quality management system by comparing the quality management elements in terms of their effectiveness to form a quality management system for agricultural food production in CEIT.

This article provides a generalization of scientific developments and publications of domestic and foreign scholars on improving enterprise's competitiveness based on quality management, current legislative and regulatory documents.

We have studied the experience of production enterprises in Central Asia, in particular, livestock enterprises in the Republic of Kazakhstan ("RubiKOM" LLP (Pavlodar city), peasant farm enterprise "Amangeldy" (Zhambyl region) and a group of companies "Agroprodukt" (Almaty). The first company is located in dry-farming and cattle-breeding zone with developed meat-and-dairy cattle farming and sheep farming (Northeast of the Republic of Kazakhstan); the rest – in the Tien Shan mountain and submontane zone of irrigated agriculture with developed livestock farming (Southeast of the Republic of Kazakhstan).

Many years of experience of the leading agricultural companies in developed countries show the feasibility of improving the competitiveness of food products on the market by improving the QMS (Kolz, & Ul, 2000; Masood, 2013). According to the International Organization for Standardization (ISO), quality is a combination of product features and characteristics that give it a capability to meet certain requirements (Zimon, 2015; Escanciano, & Santos-Vijande, 2014).

In terms of quality impact, product competitiveness is assessed mainly by three groups of indicators (Smigić, 2015):

- Product utility (quality, the effect of use);
- Consumer's costs in satisfying own requirements (price for goods at the time of purchase, cost of use, repair, and disposal);
- Suitability for the market offer (ways of promotion, payment terms, distribution channels, after-sales service).

The current stage of the world economic development is characterized by the expansion of interstate relations and independent access to the global market of business entities.

The main external factors affecting the food quality involve the level of competition in the market, customer requirements, desire to have a certain position in the market and a positive image of the enterprise, standardization, and certification of certain types of products etc (Kotler, 1994).

In the context of the current state, a business capitalization of companies is largely determined by the presence of a strong brand, which in turn requires a constant work on its improvement and strengthening of its market position. Increasing competition and diversity of identical products in the same price segment send companies on a search for new ways to create competitive advantage aimed at winning customer loyalty (Mizanbekova, 2012).

Markets in transition impose new higher requirements to product quality that require registration of changes and trends in the economic space. Scientific-technological progress development and the increased role of knowledge require innovative solutions in industrial, organizational, managerial and distribution processes at the enterprise. Innovations allow enterprises to improve product quality, increase worker productivity, reduce his or her costs, thereby improving own competitiveness in the markets.

Product standardization and certification is important in ensuring product quality, as it is an important regulatory component of product quality management and management of competitiveness. In developed countries, the rise in the level of production, product quality

improvement, and economic development are related to the widespread use of standardization; it is regarded as one of the methods for competitive struggle (Smigić, 2015; Mastrangelo, 2010; Fonseca, 2015). System efficiency is an important factor in ensuring product quality; technical quality control is an effective instrument of the QMS in ensuring that the targets will match the actual results.

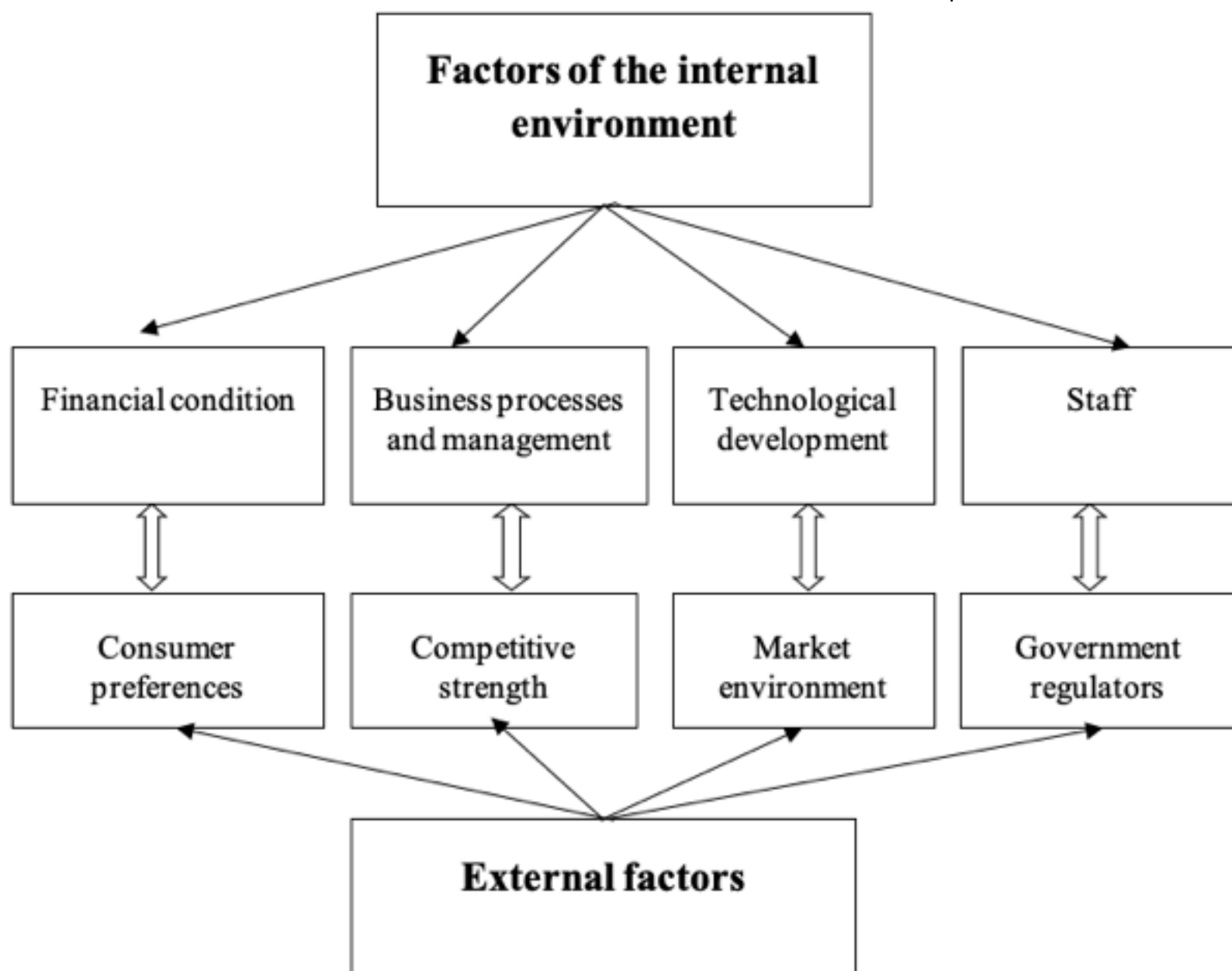
The success of economic science in studying quality has contributed to a captured definition of quality in ISO standards (International Organization for Standardization based on the UN). ISO 9000 provides a single, recognized in the world approach to the contract terms on quality system assessment, and regulate the relationship between producers and consumers. The main purpose of the quality system based on ISO 9000 is to ensure product quality, customer requirements and provide him with evidence that the company can do it (Masood, 2013).

## 2. Methodology

The analysis of competitive positions of enterprise in the market assumes the definition of factors which influence the relation of buyers to the enterprise and, as a result, on change of its share. Based on the conceptual approaches to the formation of an economic mechanism to increase the competitiveness of enterprises, these factors we subdivide into (Fig. 1):

1. Internal factors of the enterprise development related to the potential of the enterprise itself to increase competitiveness, aimed at ensuring sustainable development;
2. External factors, which include measures of state economic and administrative regulation.

**Figure 1**  
Factors of the internal and external environment of the enterprise



The management of production and marketing of fat and oil products in accordance with the methodology of SWOT analysis is presented by the author in the form of two main components - external (factors of formation) and internal (development factors) under the

influence of macroeconomic (exogenous) factors and depending on the specifics of internal organization, activity and entrepreneurial rationality in the activity of the management object: - Microeconomic (endogenous) factors, which are a market space. To the microenvironment of management at the enterprise are:

- Consumers of oilseeds and products of their processing; suppliers that provide producers of fat and oil products with various types of resources and determine the level of rhythm and efficiency of production and marketing;
- Competitors, both intra-industry and exporters, actively entering the foreign market;
- Intermediaries - subjects of the market of fat-and-oil production, promoting its promotion, sale, and distribution;
- Contact audience, showing real and potential interest in the operation of the oil and fat industry.

The spectrum of socio-demographic, economic, institutional, technological, natural-geographical, cultural-educational and information factors is referred to the macro-environment of enterprise management as an enterprise (Konkurentosposobnost' regionov Kazahstana: potencial i mehanizmy povyshenija, 2012).

The research of internal factors of development of oil and fat industry has been grouped by the author in several directions:

1. Market conditions - demand for oil and fat products and their supply, prices, the balance of resources of certain types of oilseeds and their use;
2. The organizational structure of management - the composition of economic entities of the market, the number of suppliers and buyers, trade and intermediary and commercial structures, government procurement structures;
3. Competitive environment - the share of individual organizational structures in the volume of sales (purchases) of fat and oil products, the specific weight of imported products;
4. Regulatory and legal conditions for the functioning of the industry;
5. The state of the production and market infrastructure;
6. Economic efficiency of production and marketing of fat and oil products - production cost, sales price, revenue, profit, profitability, raw material consumption for the production of the final product unit, financial condition of the oil and fat industry, the systematization of which allows us to assess the conformity of the production potential of oilseeds to the level of market demands for fat-and-oil products and to form new socially significant needs (Pustynnikova, 2016).

As practice shows, the factors can influence both the competitiveness of the enterprise and its reduction. As a rule, enterprises operate in different social and economic conditions, as a result of which the level of use of factors is not the same. Hence, in our opinion, the incomplete use of factors of competitiveness generates unused opportunities, that is, reserves to increase the competitiveness of the enterprise (Majer, 2015).

In the oil and fat industry, there is a sharp competition. At present, a part of the population prefers vegetable oils of local commodity producers. The reconstruction and modernization of fat-and-oil enterprises of the republic carried out in recent years contributed to the growth of production volumes and the expansion of the range of products, and a significant influence on the formation of sales markets makes it possible to establish acceptable selling prices. This requires an effective pricing policy of enterprises (Trubilin, 2012).

The problem will arise with the realization of the products produced. You need to keep your niches in the market and your buyer. This is a difficult task not only for small businesses but also for large agricultural organizations.

Here you should not doubt the choice of goods since imported products are cheaper than domestic products. First of all, this is due to the natural and climatic conditions of production, which in Australia, Western Europe, the United States, and Canada are more favorable than in Kazakhstan. At the same time, the natural fertility of lands on average in Kazakhstan is two to three times lower than in the southern regions of Russia, Ukraine or

Belarus, the main competitors for the cultivation of oilseeds, and accordingly for the production of vegetable oils. Meanwhile, according to the fertility of lands, the South Kazakhstan region cannot compete not only with the southern regions of Russia but also with the internal regions of Kazakhstan. This leads to lower crop yields and high production costs. The introduction of mineral fertilizers remains at a low level. In the future, in connection with the need to bring domestic prices to the world level in accordance with the terms of the WTO, the use of mineral fertilizers can significantly decrease. Arid natural and climatic conditions of SKO do not allow receiving stable high yields of oilseeds, which requires additional costs for their cultivation.

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### **3. Results**

As the results of the analysis of enterprises producing vegetable oils in Kazakhstan showed, their competitiveness in foreign markets depends first of all on their quality and the conformity of their products with high world standards, environmental and sanitary requirements.

Consumer preferences also play an important role here. The price competitiveness of such goods in foreign markets plays a secondary role. Kazakhstan consumer goods of European quality level, but with a high price cannot compete in the markets of developed countries due to the effect of anti-dumping restrictions. First of all, it is necessary to increase their competitiveness in the domestic market. Based on the analysis, the goods for which quality improvement is observed tend to be more expensive than imported ones, primarily Russian and Ukrainian ones.

So, at this stage, the products of Shymkentmai JSC - vegetable oils are positioned in the market as a quality inexpensive product that meets all norms and standards, the products of the domestic producer, designed to provide the country's food market with useful products at an affordable price, in order to increase the well-being of the population.

But the increase in sales implies an increase in production volumes, which is ensured, on the one hand, by increasing labor productivity and on the other hand, by attracting additional means of production. In the case of food industry enterprises and the fat and oil industry in particular, in determining the maximum volume of production, the law of growth of marginal revenue should be guided.

Thus, in the future, the assortment portfolio of Shymkentmai JSC may be expanded through the diversification of products - the production of new varieties of oil, the development of new brands, etc., through the production of new products: ketchup, mayonnaise, mustard, as well as the adoption of new products from other manufacturers.

Hence, adherence to these principles, in our opinion, can allow an enterprise to build such an economic system that would meet its internal capabilities to produce high-quality products in accordance with the requirements of the market, to realize it by obtaining the required profit. In this regard, strategic importance for Shymkentmay JSC will be:

- Increased sales in the markets of presence; access to the market of the city of Astana with products;
- Access to the Chinese market with weight safflower and sunflower oil; launching of a new trademark "Yuzhanka" for vegetable oil mixtures;
- Conducting an advertising campaign for the trademark "Donya".

In the course of the study, we noted that it is important to bring the enterprise and its internal capabilities (production and resource potential) in line with the status and purpose of the enterprise. This is achieved through the restructuring of the enterprise aimed at eliminating unprofitable industries, replacing non-progressive technological processes with progressive and resource-saving processes, etc. Its result should be a reduction in production costs and sales of products.

As a positive moment in the system of the economic mechanism for increasing the competitiveness of domestic food industry enterprises, it is possible to assess the impact of scientific and technical progress on increasing competitiveness and choosing an enterprise's

competitive strategy (Trubilin, Gajduk & Berezenkov, 2012; Belkin, Belkina & Vladykina, 2015).

The competitiveness of goods has become a more mobile quantity, its constituent elements (qualitative and quantitative) began to change more rapidly.

The mathematical model of the dependence of the integral index of the competitiveness of the commodity-Donya oil from JSC Shymkentmai on the integral quality indicator of the commodity-Donya butter and its wholesale price is as follows (see Appendix A):

$$Y = -0,298 + 0,3531 * X1 + 0,0012 * X2,$$

where Y is an integral measure of product competitiveness;

X1 – an integral indicator of the quality of the goods;

X2 – the wholesale price of the goods.

Based on the results of regression analysis of the R2 model, the coefficient of determination is 0.9980299 and indicates that the changes in the dependent variable Y (the integral indicator of product competitiveness) in the main (by 99.8%) can be explained by changes in the explanatory variables included in the model - X1, X2 (integral indicator of the quality of the goods and the wholesale price of the goods). And only 0.2% (100-99.8) integral indicator of the competitiveness of the goods depends on other factors that have not been counted. This value indicates the adequacy of the model. And also the calculated value of Fisher's F-test is 253,299. The significance of F is 0.044385, which is less than 0.05. Thus, the resulting equation as a whole is significant.

According to the model, it is clear that an increase in the integral index of the quality of goods by 1, and the wholesale price by 1 tinge will increase the integral index of the competitiveness of the goods by 0.3543.

As the analysis of commodity and marketing policy of JSC Shymkentmai has shown, the competitiveness of this enterprise currently largely depends on the competitiveness of Donya cottonseed oil. The mathematical model of the dependence of the integral indicator of the competitiveness of JSC "Shymkentmai" on the integral indicator of the competitiveness of the commodity - cottonseed oil looks as follows (see Appendix B):

$$Y = 0,163 + 0,789 * X1,$$

where Y is the integral indicator of enterprise competitiveness;

X1 – an integral indicator of the competitiveness of goods.

According to the results of the regression analysis model R2 - determination coefficient equals 0.9818759, and indicates that the change of the dependent variable Y (integral index competitiveness of the enterprise) mainly (98.18%) can be explained by changes in the model included the explanatory variable - X1 (integral index of product competitiveness). And only 1,82% (100-98,18) integral index of the enterprise's competitiveness depends on other factors that have not been counted. This value indicates the adequacy of the model. And also, the calculated value of Fisher's F-test is 162,525. The significance of F is 0.001041, which is less than 0.05. Thus, the resulting equation as a whole is significant.

According to the above mathematical model, an increase in the integral index of the competitiveness of the commodity by 1 will lead to an increase in the enterprise's integrated competitiveness index by 0.789.

Competitiveness of JSC "Shymkentmai" can be increased by improving the organoleptic properties of the "Donya" cottonseed oil, and the development of new oil (see Table 1).

**Table 1**  
Expert evaluation of organoleptic quality indicators of cottonseed oil "Donya"

<b>Organoleptic quality indicators</b>				
<b>Year</b>	<b>Average score of experts</b>			



	<b>Taste</b>	<b>Smell</b>	<b>Transparency</b>	<b>Color</b>	<b>Arithmetic means of the quality, coefficient.</b>
	(coefficient of validity =0,25)	(coefficient of validity =0,25)	(coefficient of validity =0,25)	(coefficient of validity =0,25)	
<b>2012</b>	0,94	0,86	0,98	0,78	<b>0,89</b>
<b>2013</b>	0,32	0,29	0,33	0,42	<b>0,34</b>
<b>2014</b>	1,87	1,69	1,93	2,47	<b>1,99</b>
<b>2015</b>	1,25	1,28	1,46	2,09	<b>1,52</b>

Note: The average score of experts shows the arithmetic mean of the experts' assessments for the i-th product quality indicator relative to the average value of expert assessments for this indicator of competitor products.

The average oil quality index shows how many times the quality of Donya oil is, according to experts, exceeds to the quality of competitor products of the enterprises of Eurasian Foods Corporation, LLP Masloe Del, Savola Foods CIS LLP, Bunge TMD and other.

According to Table 1, in 2012, four organoleptic indicators: taste, smell, transparency, and color, "Donya" cottonseed oil as a whole are 0.89 times higher than those of competitors, in 2013 - 0.34 times, in 2014 - in 1,99 times, and in 2015 - in 1,52 times (Zhussipova, Seitkazyeva, 2015).

In the conditions of severe competition, in addition to its organoleptic properties, such properties as its packaging, which has the convenience of operation, minimum disposal costs, environmental safety play a big role in increasing the competitiveness of the product. Today, packaging has become one of the most powerful tools in the promotion of products. No wonder many economists began to refer it to the key elements of the marketing mix along with products, prices, methods of distribution and stimulation of demand. Efficient and high-quality packaging can become an added convenience for consumers, and for manufacturers - another means of increasing the share of goods on the market. Packing and labeling of fat-and-oil products must meet the requirements of the technical regulation "Requirements for packaging, labeling, labeling and proper application" approved by the Government of the Republic of Kazakhstan dated March 21, 2008, No. 277, as well as the requirements of standards for certain types of fat and oil products.

The company Ecolan (Sweden) has developed a package for liquid food products, not only attractive externally, but also possess unique properties. Calymer - the development of Ecolan - is a thin film consisting of 40% (by weight) of chalk and plastic (PE and PP) as a binder. Chalk gives Calymer strength, and binders - flexibility and elasticity. This material allows to reducing the weight of the packaging to a minimum, which reduces the production costs and costs of raw materials, as well as the costs of transportation and disposal of waste. The use of chalk provides packaging with high environmental characteristics. According to experts, this package can be used not only for liquid products but also for fat-and-oil products. Cottonseed oil having such a package can get appreciable advantages in comparison with competitive products due to the use of relatively cheap raw materials like chalk for packaging production, and also due to lower costs for transportation and waste disposal, which presently present certain difficulties for domestic commodity producers. These advantages, in turn, will increase the competitiveness of the product - cottonseed oil JSC Shymkentmai.

In the future, an expansion of the assortment portfolio is possible due to the diversification of products - the production of vitaminized and flavored refined cotton oils, the development of new brands, as well as the adoption of new products for distribution by other manufacturers. Vitaminized and flavored refined cotton oils can be enriched with various

additives (flavors) that improve their quality and taste properties. They are extracted from ether-oilseeds of local selection in the form of essential oils. It should be noted that the essential smells of many plant species (mint, valerian, thyme, wormwood, dill, sage, etc.) give essential oils. They occur in various parts of plants: flowers, leaves, fruits, and sometimes in the root parts.

Commodity production of JSC "Shymkentmai" in the promotion to the market appears on the market as a quality inexpensive product that meets all standards and standards, the products of the domestic producer, designed to provide the country's food market with useful products at an affordable price, in order to increase the well-being of the population. It is necessary at the expense of a strengthened advertising campaign to achieve even greater attractiveness of this product for consumers of fat and oil products both inside the country and abroad. To do this, it is necessary to improve the effectiveness of the communication policy in the enterprise.

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## 4. Conclusions

The transition to a market economy, which caused a radical transformation of the entire economic mechanism, determined the significance of competition as an immanent attribute of the market. In contrast to the planned economy, when the activity of all enterprises was totally regulated, in a market whose main economic reality is competition, all independently operating entities must independently make long-term strategic decisions aimed ultimately to ensure the company's sustainable position in the market. In this regard, one of the most important tasks, which requires both theoretical comprehension and practical implementation, is to ensure the competitiveness of domestic producers. Analysis of the practice and experience of managing successful domestic enterprises, as well as foreign firms and companies, has shown that many adhere to the following principles:

1. Constant adaptation to changes in the environment in politics, economy, society, and technology. If an economic entity does not do this, it will become a victim of these changes. In practice, this means that an enterprise must adapt its activities to them, ensuring a sustainable development and an adequate level of competitiveness.

In our opinion, large enterprises of the oil and fat industry of Kazakhstan, such as Shymkentmai JSC, Eurasian Foods Corporation, Maslo-del LLP, Savola Foods CIS LLP and others are examples of this, which set their development strategy:

- Increasing sales in the markets of presence;
- Entering the market of the city of Astana with its products;
- Entering the Chinese market with weight safflower and sunflower oil;
- Introduction of a new trademark for vegetable oil mixtures;
- Conducting a branding advertising campaign.

Those enterprises that continue to wait for state subsidies, subsidies are gradually weakening, and those who have made a bet on their own strengths and opportunities that are oriented to the needs of the market are steadily growing and developing.

2. Establish a strategy for products. In this case, we are talking about the fact that when choosing products, one should proceed not only from the demand that exists on it. It is necessary to identify common operations for the production of various products produced at the enterprise, to establish opportunities for common channels for bringing goods to consumers, etc. This approach allows reducing the costs of production and marketing of products, with the maximum benefit of using the produced and storage areas.

3. Decision-making, based on the capabilities of the enterprise. The latter include the following:

- Human resources - skills, knowledge and professional experience of employees. In this case, they should be assessed from the standpoint of their abilities to perceive and implement the requirements of consumers and technological laws of manufacturing products,

- Material factors of production - equipment, buildings, raw materials, materials, fuel, etc. They should be considered in terms of their technical condition, level of development and use, the form of ownership (lease, private, joint stock),

- Technological and organizational resources - advanced technologies, patents, and licenses, the level of progressiveness of the organization of production and labor at the enterprise (Kolz, Ul, 2000).

For example, in the traditional approach to the organization of supply of materials, raw materials are usually based on the search for suppliers, from which all this can be purchased at low prices. To reduce prices, producers are trying to force suppliers and subcontractors to compete. Successful firms, particularly in the US, do this a little differently. They establish long-term relations with several suppliers, creating for them a guaranteed market. A kind of analog of the system of long-term contracting, where competition is not comprehensive.

In other words, suppliers and subcontractors are considered by leading firms as production units of their enterprise. This eventually allows firms to move on to supplying raw materials, materials on the system "accurately and at the right time." The result is a reduction in the number of warehouses, and most importantly, a reduction in the minimum volume of production stocks, which should occur both from the manufacturer and the consumer. This means that an enterprise should help its suppliers improve technology or organize production (Smigić, Rajković, Đekić, & Tomić, 2015).

The activities offered by the author and currently being carried out at Shymkentmay JSC to increase competitiveness in the fat and oil market significantly (approximately 25-30%) will increase the market share and increase the export capabilities of the enterprise.

Proceeding from the foregoing, it follows that the competitiveness of the RK enterprises for the production of vegetable oils, including JSC Shymkentmai, in the domestic and foreign markets depends primarily on their quality, their compliance with domestic and foreign standards, and also on price factors in conditions of crisis.

Consumer preferences play an important role in shaping the company's image. Price competitiveness products of enterprises of fat and oil industry in foreign markets play a secondary role. First of all, it is necessary to increase their competitiveness in the domestic market. To expand the coverage of the foreign markets of vegetable oil, Shymkentmai JSC, it is necessary to improve the quality of Donya cottonseed oil and expand the assortment of new products.

As the analysis of the activity of the fat-and-oil industry has shown, in order to increase their competitiveness, especially in the conditions of the economic crisis, it is necessary to strengthen the company's innovation policy, which will ensure both the improvement of the quality of the produced products and the reduction of prices for it, as well as the presence of domestic goods on the foreign market.

Analysis of theoretical views allows us to conclude that competition is not only an immanent attribute of the market and a way of self-organization of a market economy but also an important motive of scientific, technical and economic progress. The analysis made it possible to systematize concepts of the form, form, and method of competition, the interpretation of which is separate sources is not unambiguous. By singling out general characteristics, it seems reasonable to consider the following types of competition in different aspects, understanding as a sub-unit in the taxonomy that is part:

- From the point of view of the structural approach, one can distinguish intra-industry, intersectoral and intra-firm competition;

- From the point of view of the marketing approach, there is functional competition, species competition, subject competition;

- Depending on the territorial coverage of the market, it is possible to identify such types of competition as regional, national and international.

Under the form should be understood the external expression and the order of the process of competition. Regardless of the type of competition in this or that market, it can be carried out in two main forms - price and non-price. Under the method of competition, one should

understand the practical method or set of methods for achieving certain goals in the competition, the following groups of methods of competition can be distinguished:

- Traditional (economic) methods of competition;
- Specific methods associated with the preservation of elements of the command and administrative system;
- Methods of unfair competition.

In addition, it is established that in the agricultural sector of the economy there are objective laws of competition and different types of market structures operate.

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