Экономический механизм хозяйствования

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## DEVELOPMENT OF ENTREPRENEURSHIP IN AGRICULTURE OF KAZAKHSTAN

## РАЗВИТИЕ ПРЕДПРИНИМАТЕЛЬСТВА В СЕЛЬСКОМ ХОЗЯЙСТВЕ КАЗАХСТАНА

## ҚАЗАҚСТАН АУЫЛ ШАРУАШЫЛЫҒЫНДАҒЫ КӘСІПКЕРЛІКТІ ДАМЫТУ

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Abstract. The paper includes economic analysis of main indices of agriculture of Kazakhstan, trends in agricultural market development, identification of main problems of its functioning at present stage. The trend in changing of the share of agricultural output in total GDP volume by years has been observed. The dynamics of main economic indices of agriculture for 2001-2014 has been shown. Activities of various economic entities by size and structure of gross output have been presented. The changes in consumer price indices for goods and services for 2013-2014 have been considered. The recommendations on formation of new organizational structures for effective development of AIC have been justified.

Аннотация. Дан экономический анализ основных показателей сельского хозяйства Казахстана, изложены тенденции развития аграрного рынка, выявлены основные проблемы его функционирования на современном этапе. Прослежена тенденция изменения удельного веса продукции сельского хозяйства в общем объеме ВВП по годам. Показана динамика основных экономических показателей сельского хозяйства за 2001-2014 годы. Представлена деятельность различных форм хозяйствования по размерам и структуре выпуска валовой продукции. Рассмотрены изменения индекса потребительских цен на товары и услуги за 2013-2014 годы. Обоснованы рекомендации по формированию новых организационных структур для эффективного развития АПК.

Аңдатпа. Қазақстан ауыл шаруашылығының негізгі көрсеткіштеріне экономикалық талдау берілген, аграрлық рыноктың даму үрдісі келтірілген, оның қазіргі кезеңдегі жұмыс жасауының негізгі проблемалары анықталған. Жылдар бойынша ЖІӨ көлеміндегі ауыл шаруашылығы өнімдерінің сыбаға салмағының өзгеру үрдісі талданған. 2001-2014 жж. ауыл шаруашылығының негізгі экономикалық көрсеткіштерінің серпіні көрсетілген. Шаруашылық жүргізудің әртүрлі формалары қызметінің мөлшерлері және жалпы өнім өндіру құрылымы бойынша келтірілген. 2013-2014 жж. тауарлар мен қызметтерге тұтыну бағалар индексінің өзгеруі қарастырылған. АӨК тиімді дамыту үшін жаңа ұйымдық құрылымдарды қалыптастыру бойынша ұсыныстар негізделген.

Keywords: agri-industrial complex, agricultural market, share of agricultural production, forms of economic activities, gross output, new organizational structures, entrepreneurship.

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Ключевые слова: агропромышленный комплекс, аграрный рынок, удельный вес продукции сельского хозяйства, формы хозяйствования, валовая продукция, новые организационные структуры, предпринимательство.

Тұтқалы сөздер: агроөнеркәсіптік кешен, аграрлық рынок, ауыл шаруашылығы өнімдерінің сыбаға салмағы, шаруашылық жүргізу формалары, жалпы өнім, жаңа ұйымдық құрылымдар, кәсіпкерлік.

Agricultureof Kazakhstan's economy is aresource potentialof the state development. Branches of agrarian economy take the lead in the economic mechanism of the state for the provision of raw materials for industrial processing, for the food supply of the population, for the production of finished competitive products for sale on the international market.

In the current context of globalization of the world economy,the formation of the competitive environment and improving competitiveness of domestic producers are becoming increasingly important. The key factor here is innovations: the development of scientific and technological progress, timely modernization of production, development of advanced technologies, resource conservation and break-even operation of enterprises. In recent years, the situation in the agricultural production of the republic is cha-racterized by increasing efficiency, the deve-lopment of the food market, logistical, financial services in rural areas, and several improvements to the quality of life in rural areas [1].

Reforms of the agrarian sector of Kazakhstan's economy, under market conditions, led to the loss of development potential of branches of agricultural production. To release competitive high-quality products, agricultural production requires: using modern technological methods of processing of finished products, maintenance of all production processes by qualifiedspecialists, permanent increase in costs for the purchase of seeds, herbicides, equipment, animal feeding stuffs etc., as a result of financial market instability. These requirements have led to the outflow of the effective production in ag-riculture. The development potential of the agra-rian sector of the economy is currently very low.

The economic role of agricultural products in Kazakhstan is determined by its quantity and quality, compliancewith requirements of the market and the prime cost due to the technology of its production. The variety of natural and economic conditions of particular regions is the potential for the formation of an efficient agricultural industry. Kazakhstan holds the reserves for further growth ofagricultural and food pro-ductionas a country with significant reserves of land available for farming, even with adverse weather conditions.

Market transformation is currently focused on the strategic objectivethat is the creation of the economy with high living standards and social protection of the population. To solve the problems, a special place is given to the agrarian sector of the economy where social and economic institutions of society, designed to create the conditions for the normal functioning and to ensure the continuous turnover between the subjects of the agrarian market, are not sufficiently comprehensive. Actions of partners in agriculture are uncoordinated, it is necessary to use the new organizational forms of management; that explains the unsatisfactory efficiency of the changes and the presence of negative results of agrarian reforms carried out in the country. This is one of the reasonsof the deepening of agriculture lag in scientific and technical level, the loss of competitiveness of agrarian production, agricultural engineering and product processing industry as compared with foreign countries, that determines the choice and relevance of the topic of theresearch article.

Problems of functioning of agricultural production at different stages of formation of economic relations were explored by: A.Chaya-nov, M.Korobeynikov, V.Vilvams, K.Timiryazev, K.Sagadivev, G.Kalivev, Zh.Sundetov, Zh.Bala-K.Nurmagambetov, A.Temirbulatov. panov. B.Chernyakov, A.Zeldner, V.Stukach, B.Koshelev, V.Petsevich and others. The works of the abovementioned authors consider the concepts of formation and development of market economy of agriculture, functioning of individual institutions. A comprehensive study of the pro-blems of agricultural production in Kazakhstan at the moment was the basis for the choice of the subject of the research article. The research goals are to carry out an economic assessment of the main indicators of the functioning of agriculture in Kazakhstan, to identify problems and find possible ways of effective development using co-operative forms of organization of production in the future.

In the Message of the President N.A. Nazarbayev to the people of Kazakhstan "Nurly Zhol - Path to the Future" of 12.11.2014, the priority of the national strategic development program is the progressive movement of Kazakh society to prosperity. They contain well-reaso-ned strategic

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development program, the prognosis for the future, the economy break out of the commodity sector in the international division of economic spheres tothe service and technology one, improving the welfare of citizens, the formation of a systematic approach and the scientific basis for enhancing national competitive brands. [2]

According to international experts, in modern times, the most important change in the macroeconomic theory was the strengthening of the relationship between the economies of individual countries. Now it makes no sense to study, for example, the economy of Kazakhstan or the United States, European countries or Japan, without regard to their great interdependence. A new approach to the study of macroeconomics is needed, that correspondsto the latest theoretical advances and changes in the global economy. The main attention should be focused on the issues of the world economy and international aspects of the macroeconomic theory, as all countries are linked with each other by means of the international market for goods, services and capital [3, p.16].

The results of aggregate economic activity in the country are measured by the gross domestic product (GDP). GDP can be defined with the help of production, cost and income approaches. These three methods give the same result, although each of them considers the GDP from different points of view. Using all three approaches together provides a more complete picture of economic activity in the country than any of them, taken separately [4, p.57].

The production approach defines GDP as the aggregate market value of all final goods

and services produced in the country again for a fixed period of time. The share of agriculture in aggregate economic activity is 7% of GDP in Kazakhstan, including the crop production- sectorthat is 55%, and the livestock sector is 45%, which is clearly reflected in Figure 1.

The percentageratio of the share of product release of the two sectors: crop and livestock production, is due to the nature of the climatic zone in which Kazakhstan is located.

A variety of natural resources of the country contribute to the development of a diversified economy. The population is characterized by high rates of growth, uneven distribution across the territory, due to climatic peculiarities and socio-economic conditions. On the basis of economic indicators, let us consider the practical situation of the agrarian sector (Table 1).

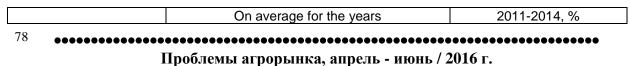
On the whole, in the countrythere is now a positive dynamics of the basic economic indicators (Table 1). Growth in the gross domestic product at constant prices has averaged 80% over the period 2011-2014 in relation to the period 2006-2010, and the growth is 3.6 times more in relation to the period 2001-2005. Value (at current prices) of gross products of agriculture during the analyzed period shows high results. At the same time, the growth trend in recent years is slight - an increase of 0.8% in 2014 relative to 2013 [6, p. 3]. In the crop production over the period of 2011-2014 the gross harvest of grain in volume terms has increased on average: by 11% in relation to the period 2006-2010; by 29% in relation to the period 2001-2005. During the analyzed periods yields of grain crops increased by 10% and 14% respectively.



Note: compiled according to the source [5]

Figure 1. Dynamics of the gross domestic product of agriculture of Kazakhstan, million tenge

Table 1 - The basic indicatorsof agriculture development for 2001-2014.



<b>*********</b>	*******	******	*******	******	******		
	2001-2005	2006-2010	2011-2014	2006-2010	2001-2005		
The production volume							
of gross agricultural							
products, bln. tenge	630,4	1280,7	2299,8	180	3,6 times		
Gross grain harvest,							
million t	14,6	17,0	18,8	111	129		
Yields of grain crops, dt							
/ha	10,7	11,1	12,2	110	114		
Milk production,							
thousand t	4331,1	5176,5	5008,6	96,7	115,6		
Meat, thousand t	1261,3	1524,6	1542,7	101,2	122,3		
Note: gross agricultural products grew by 0.8% in 2014 to 2013 (at constant prices) [6, p. 3]							

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In the livestock production, over the period 2011-2014, milk production (in thousand KZT.) on average: has decreased by 3.3% in relation to the period 2006-2010 and has a tendency to growth of 15.6% in relation to the period of 2001-2005. The volume of meat production in live weight (in thousand KZT), on average, over the period 2011-2014 was 1.2% increase, 22.3%, respectively.

The economic activity of the agricultural enterprises of various forms of farming is crucial to increase the production of efficient com-petitive products. In Table 2 let us consider the sizes and structure of the output of finished products over the period from 2000 to 2014 with the sample of indicators for 2000, 2010, 2014 by various forms of farming.

Table 2 - The sizes and structure of the gross products of agriculture by forms of farming for 2000, 2010,2014.

2000		2010		2014	
Gross	Share,	Gross	Share,	Gross	Share,
products,	%	products,	%	products,	%
mln KZT		mln KZT		mln KZT	
402047	100	1442630	100	2527890	100
99081	24,6	277508,1	19,2	586853	23,2
87567	21,8	345676,1	24,0	786084	31,1
215399	53,6	819445,9	56,8	1154954	45,7
	Gross products, mln KZT 402047 99081 87567	Gross Share, %   products, mln KZT %   402047 100   99081 24,6   87567 21,8	Gross products, mln KZT Share, % Gross products, mln KZT   402047 100 1442630   99081 24,6 277508,1   87567 21,8 345676,1	Gross products, mln KZT Share, % Gross products, mln KZT Share, %   402047 100 1442630 100   99081 24,6 277508,1 19,2   87567 21,8 345676,1 24,0	Gross products, mln KZT Share, % Gross products, mln KZT Share, % Gross products, mln KZT   402047 100 1442630 100 2527890   99081 24,6 277508,1 19,2 586853   87567 21,8 345676,1 24,0 786084

Note: compiled according to the source [5]

Distribution of gross output, depending on the forms of farming in Table 2 shows that the large agricultural enterprises have a tendencyof stable production in the total output over the past 15 years: 24.6% in 2000, 19.2% in 2010, 23.2% in 2014. Production of gross products in the peasant (farm) businesses has increased from 21.8% in 2000 to 31.1% in 2014. The share of gross production in businesses of the population of small forms has decreased from 53.6% in 2000 to 45.7% in 2014. In this case, there is a general tendency to reduce the effectiveness of the results of labor in agricultural enterprises of small forms that confirms the need to establish the foundations of the labor co-operation. The positive dynamics of the basic economic indicators of agriculture in terms of value is much higher than the dynamics of growth of production in volume terms. Let us consider the tendencies of the financial market that have a direct impact on the formation of prices of agricultural products. In the currency market, during 2014, there was a decline of the national currency against the US dollar and the single European currency. Decline of the national currency has a direct impact on the growth of consumer prices. The growth of consumer prices in general in 2014 was higher than in 2013 and amounted to 7.4% (December to December of the previous year) against 4.8% in 2013 (Table 3).

Table 3 – Indices of consumer prices for goods and services in December 2013-2014(in % to December of the previous year)

Years	All goods	Including				
	and services	Food products	Non-food products	services		
2013	104,8	103,3	103,3	108		
2014	107,4	108	107,8	106,4		

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Note: compiled according to the source [6, p. 35]

In December 2014 compared to December 2013, prices of all goods and services went up. One of the problemswith agriculture is that the main economic indicators of production in value and real terms have different tendencies. Due to the increase in the price indices of gross output in terms of value are always higher than that produced in their natural form.

Another problem with agriculture is that the small farms of the population are unable to compete with large agricultural enterprises. They do not have sufficient financial resources to maintain a modern, efficient production of competitive products, using the latest achievements of science and technology in crop and livestock production. In this regard, it is necessary to introduce effective forms of cooperation, lay the foundations for the unification of small farms of the population into larger enterprises.

The existing bureaucratic problems between the actors of the agricultural market do not cause particular desire for entrepreneurs to strive to unifying cooperative unions. As of June 1, 2015, the republic registered: 1481 rural consumer cooperatives, 489 rural consumer cooperatives of water users, 43 agricultural associations, 1843 production cooperatives in agriculture, which is less than 2% of the total number of agricultural enterprises. Itis not enough for the principles of labor cooperationto work in agriculturewith an effective return.

To stimulate the movement of agricultural entrepreneurs to unite in larger enterprises, the Parliament of Kazakhstan adopted a law on October 8, 2015 "On Agricultural Cooperation", thatdefined all kinds of agricultural cooperatives as commercial entities in the legal form of the production cooperative.

The purpose of the law is to define all kinds of agricultural cooperatives as commercial entities in the legal form of the production cooperative. Today, most types of agricultural cooperatives, except for agricultural production cooperative, are non-profit organizations, and therefore are not entitled to distribute profit among its members. Agricultural cooperative will be a legal entity created by the voluntary association of individuals and legal entities, for the implementation of joint activities in order to meet the diverse interests of its members.

The Ministry of Agriculture of the Republic of Kazakhstan (Ministry of Agriculture) and the National Chamber of Entrepreneurs "Atameken" signed a memorandum on further development of agricultural cooperatives. Within the framework of the memorandum, during 2016 the Ministry of Agriculture will organize the activities of four pilot cooperatives: cooperative organization of fruit and vegetable areas is planned in Almaty region; milk is in Zhambyl region; meat is in Aktobe region; oilseeds are in North Kazakhstan region. At the same time, in the regions fullscale work to explain the basic principles and benefits of cooperationwill be done.

In the agrarian sector of the economysince 1 January 2016 the Laws "On agricultural cooperatives"; "On amendments and additions to some legislative acts on the issues of agricultural cooperatives" shall come into force. The essence of these laws provides the transition of the status of agricultural production cooperatives (APC) from the category of non-commercial to commercial enterprises. The laws open up new possibilities of profit distribution in the agricultural cooperative, cooperatives will join the auditunions for the annual internal audit.

The APC will maintain the principles of democracy (one member - one vote), it introduced the principles of the sale of goods (works, services) to its members at cost price, and it will eliminate the excessive detailing of regulation of relationships with non-mandatory standards. Unification into the single law of previous draft laws on the organizational and legal relations in agriculture will allow the introduction of a system of standard documentation. For members of the audit union of agricultural cooperatives there is a special tax regime with the expansion of the list of activities in its application, and subsidies from the state budget to 50% of the entity's internal audit.

Cooperation is an economic (not a physical) integration of agricultural producers. Benefits for agricultural producers from a cooperation is an increaseinlabor productivity; stabilization of demand for products due to the formation of large batches of goods for sale; deepening of specialization with an increase in the quality of products; full and effective use of production facilities; optimization of costs of agricultural producers (cheaper by the dozen); the availability of marketing information; the availability of government support measures; increase in profits of agricultural producers by reducing the cost of agricultural producers.

To stimulate the development of cooperation, the Ministry of Agriculture plans to review the current subsidy mechanisms in the agricultural sector in terms of raising standards of subsidies for cooperatives. The Ministry together with JSC "National Holding "KazAgro" plans to develop a new product at a reduced lending of agricultural cooperatives. The law sets out the basic principles of cooperation, such as volun-

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#### tary participation in the cooperative, mutual help and the provision of economic benefits, democratic managementbased on the equality of members of the cooperative. When legal entities join the cooperative, the position on the nonrequirement of personal labor partici-pation of members of the cooperative is fixed.

#### Conclusions:

1. Dynamics of the basic economic indicators of agriculture of Kazakhstan has a positive trend. One of the existing problems of agriculture is the fact that the basic economic indicators of production in value and real terms have different tendencies. Due to the increase in the price indices of gross output in terms of value are always higher than that produced in their natural form.

2. At present, agricultural entrepreneurs are unwilling to unite in cooperative unions, because there are some bureaucratic barriers to registration of documents and no possibility of a fair distribution of profits from the sale of finished products among the participants of the production process.

3. In the agricultural entrepreneurshipthere is an excessive legal regulation of organizational relations of market participants that inhibits free entrepreneurship. There are no measures of state support in the form of a special tax regime. The activities of cooperatives are not transparent; there is over-regulation of internal procedures.

4. Introduced draft laws to regulate the united agricultural enterprises allowforming a

decisive factor of the development of agricultural cooperatives. United in agricultural cooperativeswill firstly be provided with state support measures. System state measures are created to ensure that for entrepreneurs it is beneficial to unite to produce efficient competitive products, and the cooperation processes must occur from the bottom.

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