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## ECONOMIC STRATEGY OF DIVERSIFICATION OF ENTERPRISE ACTIVITIES UNDER CONDITIONS OF GLOBALIZATION

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**Abstract.** In modern conditions of globalization and economic integration, increased competition, instability of consumer demand, enterprises in order to ensure financial and economic stability and reduce commercial risks need to use modern development strategies and models of interaction with other market participants, which, in turn, requires improved management, mainly based on the priority of the production diversification strategy, since the diversification process is innovative, causing the use of systemic techniques and technologies of a new type, a new organization of labor and production. The article is devoted to the analysis of the economic strategy for diversifying the activities of light industry enterprises based on the implementation of innovative approaches to management, including organizational design, project management, costs, human capital, etc. The article shows that today there is no single strategy that can be used to ensure optimized performance and achieved competitive product prices.

**Keywords:** industry; light industry; cluster analysis; diversification; strategy; globalization; economic conditions; production volume

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**JEL Classifications:** M21, O11

### 1. Introduction

In the present period, it becomes obvious that one of the components of the successful development of the country's light industry is the modernization orientation of the functioning of strategic mechanisms for managing the industry in order to ensure sustainable development and overcome macro- and microeconomic destabilizing factors. In these conditions, the solution of the country's most important social problems depends on the stable development of light industry.

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The development of light industry should be built into the balanced growth of all branches of production of the country's industrial complex. To implement such a scenario, government support of industries is required. Due to the high rate of change in external factors that have a strong impact on the subjects of production and economic activity, especially in the WTO, light industry enterprises are faced with the task of ensuring the competitiveness of industrial enterprises in the international market.

A light industry enterprise should form its development strategies, taking into account the interests of the state, aimed at creating conditions that will result in a multi-branch, balanced, stable structure of industrial production. Currently, the priority areas in the development strategies of light industry enterprises are resource content and the final financial results without taking into account other factors that largely affect the achievement of the main development goals (Rajnoha, R., Lesnikova, P., Stefko, R., Schmidtova, J., Formanek, I. (2019); Mazzoni, F., 2020). To implement this path of development of light industry enterprises, it is necessary to have effective methods and tools to improve the development strategy of enterprises. In this regard, the need to conduct research aimed at improving the toolkit for forming a strategy for the development of light industry enterprises is of particular relevance.

At present, the domestic light industry provides domestic demand for no more than 10 percent. The state is creating conditions for the development of the industry; for this, the program "Business Roadmap - 2020" has been extended until 2025, for the implementation of which at least 30 billion tenge is allocated annually (Business Roadmap, 2020). Despite the existing problems in the industry related to the unloaded production capacities of enterprises, the lack of personnel, the lack of benefits and orders for light industry products within the country, the industry does not stand still (Official site of Tengrinews, 2019).

## **2. Research background**

Considering the significant role of light industry in ensuring economic and strategic security, employment of the able-bodied population and raising its standard of living in the new geopolitical conditions, providing the necessary attention to the development of this industry and providing it with significant investment support, as the leading world countries do, is one of the strategic tasks state policy of the Republic of Kazakhstan.

Today Kazakhstan is at a stage of stable economic growth, the promising goal of which is the further integration of Kazakhstan into the world economic space. Textile and light industry is one of the main sectors of the economy that form the budget in many countries of the world (Brousek, 2018). The textile industry, as an ever-growing industry, is the focus of a whole cluster of studies: dedicated to building a circular or cyclical economy (Coste-Maniere, I., Croizet, E., Sette, K., Fanien A., Guezguez, H. 2018) devoted to studying the conditions for industrial development and building a circular economy to solve the problem of resource scarcity (Kumar, P., Carolin, C., 2018). In their publications, a number of authors Shevchenko I.K., Razvadovskaya Yu.V., Marchenko A.A. (2019) describe a multi-level analysis of the main economic indicators of the development of textile production, where the focus is on such indicators as capital-labor ratio, capital intensity of labor in textile production. The main directions of cluster development in the textile and light industry contributes not only to their rise in the management system of the industrial complex, but also helps to further modernize the economy as a whole. Dmitriev Yu.A., Petrukhin A.B., Shustrov L.I., Shustrov T. L. (2019) believe that a developed and highly productive system of cluster development in the industrial complex can become not only an effective mechanism for ensuring the progressive economic development of the state, but also an effective tool for transferring the country's economy to an innovative type of development. The garment industry is the oldest industrial sector with great potential and rich labor traditions. Such scientists-economists as I.F. Zhukovskaya, S.A. Trufanova, N.N.

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Ivlieva (2020) devoted their research to the problems and ways of solving the enterprises of the domestic clothing industry, who proposed to apply a set of measures to stabilize production and gradually increase it: incentives, customs and tariff regulation and administrative measures.

Yusupov S. Sh., Yusupova D. T. (2020) in their studies describe the foreign experience in the development of the textile and light industry, which in the modern world occupies a high place among the industries involved in export. It has a wide range of exported goods - from yarn to finished products (clothing and knitwear). From this point of view, the export potential of the industry is huge, and its development can be selected from the conditions at the time of making a decision: the presence of a strategic investor, the world commodity market, the effectiveness of the current business plan, the level of staff readiness in accordance with the requirements of export products. As noted by E.V. Mozglyakova (2017), light industry is the most important diversified and innovatively attractive sector of the economy, providing strengthening of the country's defense capability, economic, social and intellectual security. Authors Ngai, E.T, Peng, S., Moon, K. (2014), researching the development strategies of the light industry, note that at the present stage of development of scientific developments and directions for introducing information technologies into the production process, innovative methods of dyeing and finishing fabrics, the use of digital methods color selection, automation of the product design process, the use of "artificial intelligence" in production is a prerequisite for the development of this industry in the context of digitalization and globalization of the economy. Other authors, such as Simay K. H., Deniz N. (2018), are inclined to the same opinion. They believe that increasing the science intensity of light industry is a necessary measure to resist the powerful competitive pressure from Asian manufacturers.

In this regard, the activities of organizational and production structures acquire new qualitative features and the need to improve planning and management of diversification processes.

The issues related to diversification have been considered by many scientists in their works. Thus, the first studies of diversification and integration were carried out by M. Gort in 1962 (in relation to American companies) and E. Yesinara in 1979 (in relation to Japanese companies). Development in the same direction was continued by such foreign authors as I. Ansoff (1989), A. Thompson, A. J. Strickland (1998) and others.

According to I. Ansoff (1989), early diversifications were associated with the criteria of synergy mainly with functional departments: marketing department, R&D, etc. Alas, practice has shown that the most basic criterion of synergy is the synergy of corporate governance:

- 1) increasing income and hedging risks;
- 2) availability of information support for corporate business and motivation for marketing research;
- 3) tax incentives;
- 4) technological gain due to the mutual penetration of technologies, joint research and development.

Thompson A.A., Strickland A.J. (1998) believe that the development of diversification of activities of industrial enterprises at the regional level is stimulated by the following main factors:

- systemic limitation of production concentration;
- reducing the risk from entrepreneurial activity by updating and expanding the range (assortment) of products;
- reducing the risk from structural changes and market fluctuations: the possibility of financing the reform of enterprises with a long cycle of capital turnover through production with a rapid turnover of capital;
- legal forms of control over the growth of horizontal and vertical integration of production.

The most complete definition of this concept was given by M.D. Korinko (2017), who considers diversification as an innovative process of diversified development of an economic entity through the redistribution of resources,

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penetration into other areas of production and the markets of new goods and services in order to reduce risks and increase income.

M.D. Korinko (2017) notes that to assess the effectiveness of diversification, one can use indicators of enterprise activity (growth in sales, increase in market share, growth in sales income, etc.) or financial indicators (dividends, growth in the market value of shares, etc.)

The most promising approach was proposed by Poplavskaya, Zh. (2018) and others. These authors connect the diversification of the enterprise with the stages of the life cycle of the product (product) (Poplavskaya, Zh., 2018). Indeed, if you link the need for diversification with the stages of the product life cycle (for example, stages of growth and maturity), then you can get a fairly simple mechanism for determining the start time, direction and type of diversification of the enterprise.

According to research by A.S. Krasnikova, O.N. Melnikov, E.A. Starozhuk (2019) mechanism for coordinating the execution of tactical and strategic tasks of industrial enterprise subdivisions in the context of diversification is based on a flexible combination of modernized management principles for the formation of the staff of performers and the transition to strategic and tactical plans that take into account the characteristics of industrial enterprises to use the principles of diversification of production organization.

According to research by A.M. Bochkarev (2019), it is necessary to focus on the information support of industrial enterprises in the context of production diversification, where, among the tools for improving information support for the production activities of an industrial enterprise, the development and concretization of conceptual aspects and organizational and economic modeling, characterizing a new vision of the functioning of the information support system of production activities, taking into account the industry specific economic entity.

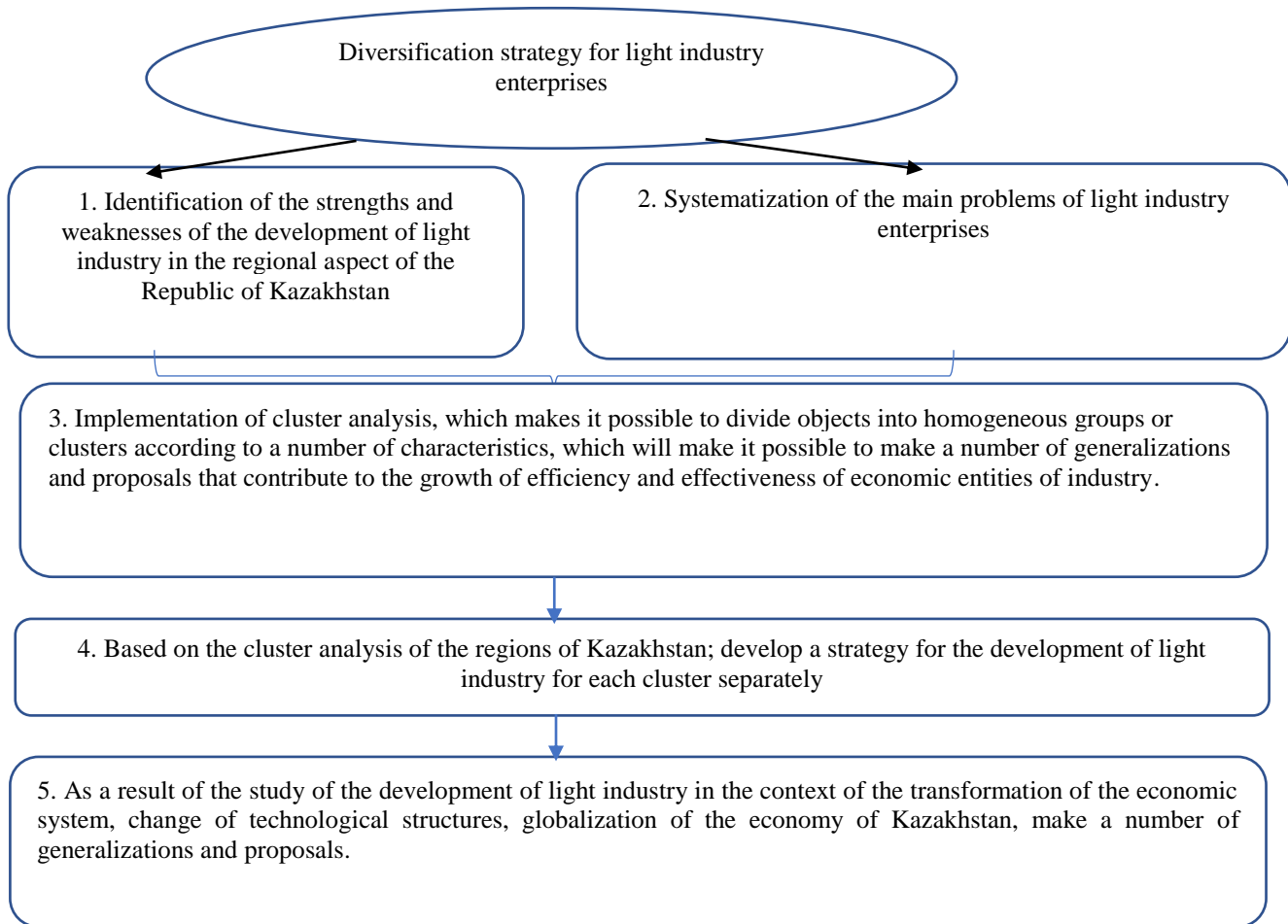
Such scientists as M. F. Wiersema, J. B. Beck (2017) dealt with the problems of modeling diversification processes at industrial enterprises, who consider models for implementing the processes of diversification of enterprises and organizations of the industrial complex.

Thus, it is advisable to consider the diversification of an enterprise's activities as a tool for managing its development, and the types of diversification depend on the scope of activity, size, resources and strategic goals of the enterprise.

### **3. Research questions**

The reforms carried out by the economic policy of Kazakhstan are based on the issues of diversification and modernization of production, the creation of high-tech products with high added value, as well as increasing competitiveness and strengthening positions in the world market. Modernization, technical and technological renewal of production as the most important condition for reaching a qualitatively new level of development is one of the priorities of industrial enterprises. Light industry enterprises are no exception, where, as a study, the author will consider methods with which to consider diversification strategies for light industry enterprises (Figure 1).

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**Figure 1.** Research questions

*Source:* compiled by authors

Choosing a policy of active diversification of activities, it is necessary to start with the development of a strategy that comprehensively takes into account the economic factors of production of light industry enterprises, the needs of the region in the development of change processes, the accumulated potential of industry complexes, investment and innovative conditions for doing business. Having systematized the main problems of enterprises in this industry and on the basis of these data, the author applied cluster analysis, which makes it possible to divide objects into homogeneous groups (clusters) according to a number of characteristics, on the basis of which it was revealed that the development strategy of light industry should be developed for each cluster separately.

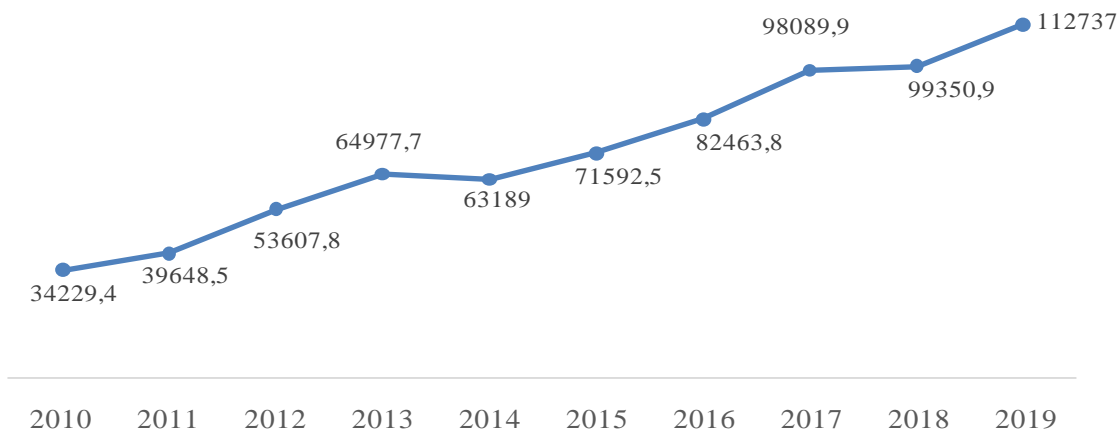
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**4. Analysis and result of research**

The textile and clothing industry of Kazakhstan covers only 10% of the needs of the domestic market. While for the formation of the country's economic security, the volume of domestic production must at least satisfy 30% of domestic demand (Official site of Ministry of finance of the Republic of Kazakhstan, 2020).

Considerable attention is paid to the development of light industry in many countries, since the industry is of social and economic importance, providing high employment for the population. The importance of this industry also lies in the fact that in terms of consumption, the light industry is in second place, behind only the food sector. In world GDP, the share of light industry is about 3%, while in the largest producing countries the indicator exceeds 10%. For example, in Portugal - 22%, China - 21%, Italy - 12%. In Kazakhstan, the impact of the industry on the economy is practically insignificant - 0.2% in the structure of GDP, and its share in the manufacturing industry is no more than 1.2%.

Kazakhstan's light industry is on the periphery of the state's attention due to the overwhelming role of the extractive industries in the economy (Figure 2).

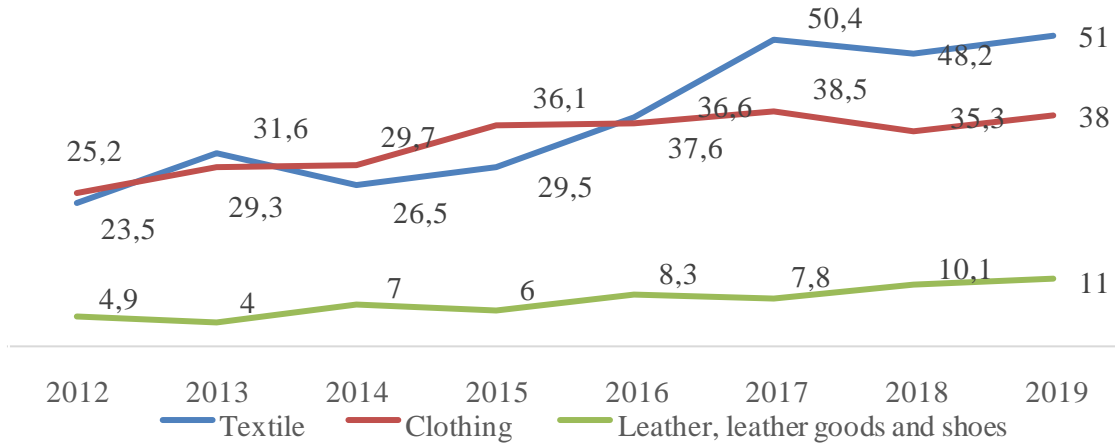


**Figure 2.** Dynamics of the volume of production of light industry of the Republic of Kazakhstan for the period from 2010-2019, in million tenge

Source: compiled by authors according to official site of Kazakhstan center of industry and export, <https://qazindustry.gov.kz/>

Today, the light industry of Kazakhstan carries out both the primary processing of raw materials and the release of finished products. This is a complex area, which includes more than 20 sub-sectors, which can be combined into three main groups: textile, garment, as well as leather, fur and footwear. In the structure of light industry products in Kazakhstan, 51% is accounted for by the production of textiles, 38% - by production, clothing and 11% is the production of leather and related products (Figure 3) (Official site of Kazakhstan center of industry and export, 2019).

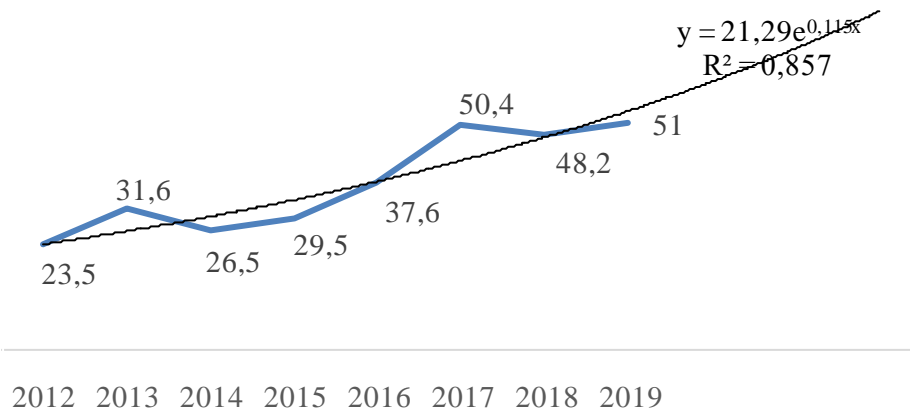
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**Figure 3.** Dynamics of production volumes of light industry of the Republic of Kazakhstan for the period from 2012-2019, in %  
 Source: compiled by authors according to official site of Kazakhstan center of industry and export, <https://qazindustry.gov.kz/>

In the structure of light industry products in Kazakhstan, 51% is accounted for by the production of textiles, 38% by the manufacture of clothing and 11% by leather products. The overall growth of the light industry last year was 4.4%.

Based on the data in Figure 4, it can be seen that the textile industry predominates in the structure of light industry, the growth of which is provided by an increase in the production of cotton fiber, textiles and outerwear. There is a decline in the production of leather products due to a decrease in the production of footwear.



**Figure 4.** Forecast values of the development of the textile industry of the Republic of Kazakhstan for 2020-2022 based on a trend model  
 Source: compiled by authors

The main concentration of the industry is observed in three regions in 2018 - Shymkent, Almaty region and Almaty (Table 1) (Digest on light industry, 2019).



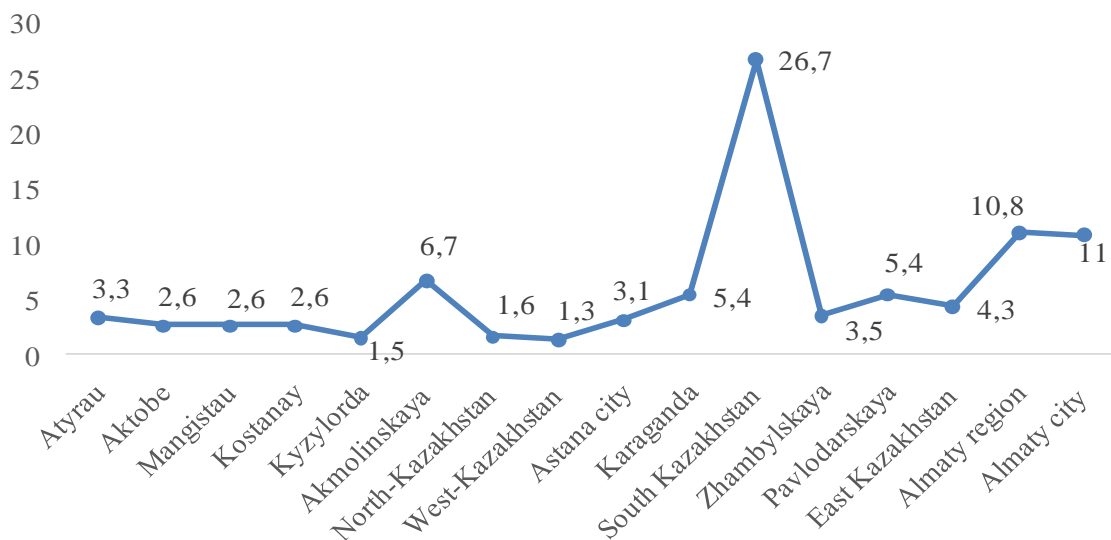
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**Table 1.** Production of light industry products by regions of the Republic of Kazakhstan for 2015-2018

Region	2015	2016	2017	2018
Atyrau	1,3	1,4	1,9	3,3
Aktiubinsk	0,9	0,6	1,0	2,6
Mangistau	2,6	2,1	2,4	2,6
Kostanay	4,4	3,2	3,2	2,6
Kyzylorda	0,5	0,2	0,9	1,5
Akmolinsk	5,2	5,7	5,7	6,7
North Kazakhstan	1,9	1,7	2,6	1,6
West Kazakhstan	1,2	0,8	1,0	1,3
Astana city	2,4	2,9	3,1	3,1
Karaganda	6,8	4,6	5,3	5,4
South Kazakhstan	35,3	26,2	34,9	26,7
Zhambyl	1,8	2,0	2,8	3,5
Pavlodar	5,7	4,7	6,0	5,4
East Kazakhstan	4,6	3,5	4,3	4,3
Almaty	11,5	8,3	12,0	11
Almaty city	13,8	10,6	9,6	10,8

Source: compiled by authors according to the light Industry Digest for the period from 2015-2018

Despite the fact that during the period from 2015-2018 there were changes in the regional aspect, the indicators of the South Kazakhstan region and the city of Almaty are still leaders (Figure 5).



**Figure 5.** Indicators of the development of light industry production by regions of the Republic of Kazakhstan for 2018

Source: compiled by authors



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It should be noted that the use of one or another strategy for the development of light industry depends on the state of this industry in a particular region of the country. In this regard, we believe it is advisable to classify all regions of the Republic of Kazakhstan according to three main indicators of light industry production - the volume of production of textiles (million tenge), clothing (million tenge), leather and related products (million tenge) ( Table 2) (Official site of Ministry of finance of the Republic of Kazakhstan, 2020).

**Table 2.** Volumes of production of certain branches of light industry in the regions of the Republic of Kazakhstan in 2018

№	Regions	Manufacture of textiles	Manufacture of wearing apparel	Manufacture of leather and related products
1	Akmolinsk	5 157,25	514,57	203,34
2	Aktuibinsk	398,83	849,08	1,78
3	Almaty	4 884,09	8 019,28	743,39
4	Atyrau	1 817,21	490,25	12,29
5	West Kazakhstan	288,71	709,11	13,35
6	Zhambyl	169,32	1 226,16	1 788,92
7	Karaganda	813,67	4 670,57	588,34
8	Kostanay	2 072,27	1 201,22	58,79
9	Kyzylorda	831,91	1 064,85	0,00
10	Mangistau	35,60	1 622,25	804,47
11	South Kazakhstan	19 317,01	4 962,47	531,87
12	Pavlodar	3 552,68	1 263,57	2,40
13	North Kazakhstan	221,53	4 999,53	20,59
14	East Kazakhstan	1 292,52	2 710,14	578,83
15	Astana city	1 274,72	2 272,30	22,31
16	Almaty city	1 361,64	9 439,20	3 215,69

Source: compiled by authors according to data's of the volume of manufactured products (goods, services) in current prices by region

To classify regions, we use cluster analysis, which allows us to divide objects into homogeneous groups or clusters according to a number of features. Objects are considered homogeneous if the observed features are in close proximity to each other. The proximity metric is the distance metric.

To solve the problem, the usual Euclidean metric was used, according to which the distance between observations is calculated by the formula:

$$d_{i,j} = \sqrt{\sum_{k=1}^p (x_{ki} - x_{kj})^2}, \quad (1)$$

We find the distances between all 16 regions and build the distance matrix (Appendix 1).

From the distance matrix (Table 3) it follows that regions 2 and 5 are the closest to each other  $d_{2,5} = 178,47$ , so we combine them into one cluster and go to the next division.

The distance between clusters is determined according to the principle of "nearest neighbor", which is described by the formula:

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$$d_{r,q} = \frac{1}{2}d_{l,q} + \frac{1}{2}d_{m,q} - \frac{1}{2}|d_{l,q} - d_{m,q}|, \quad (2)$$

where:

$d_{l,q}$ ;  $d_{m,q}$  – geometric distances between the corresponding clusters.

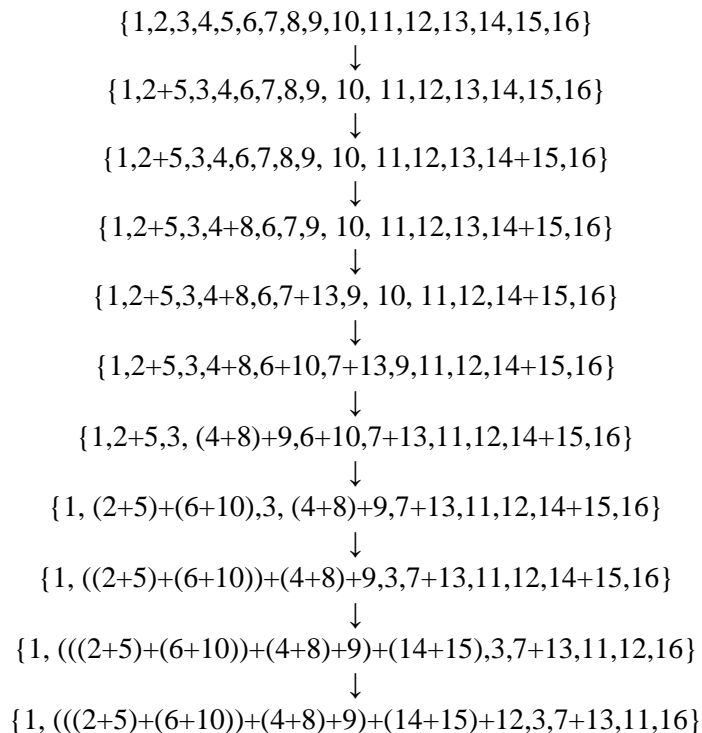
So, the distance between region 1 and cluster (2 + 5) is:

$$d_{1,(2+5)} = \frac{1}{2}d_{1,2} + \frac{1}{2}d_{1,5} - \frac{1}{2}|d_{1,2} - d_{1,5}| = \frac{1}{2} \cdot 4774,43 + \frac{1}{2} \cdot 4876,13 - \frac{1}{2} \cdot |4774,43 - 4876,13| = 4774,43$$

Carrying out similar calculations, we obtain a new distance matrix (Appendix 2).

Finding the minimum distance between objects again  $d_{14,15} = 708,34$ , we combine them into a cluster and, according to the principle of "nearest neighbor", determine the distance between clusters. Thus, we build the distance matrix again.

We continue the calculations until the value of the minimum distance, which determines the elements to be combined, sharply increases. The sequence of combining clusters is represented as a diagram:



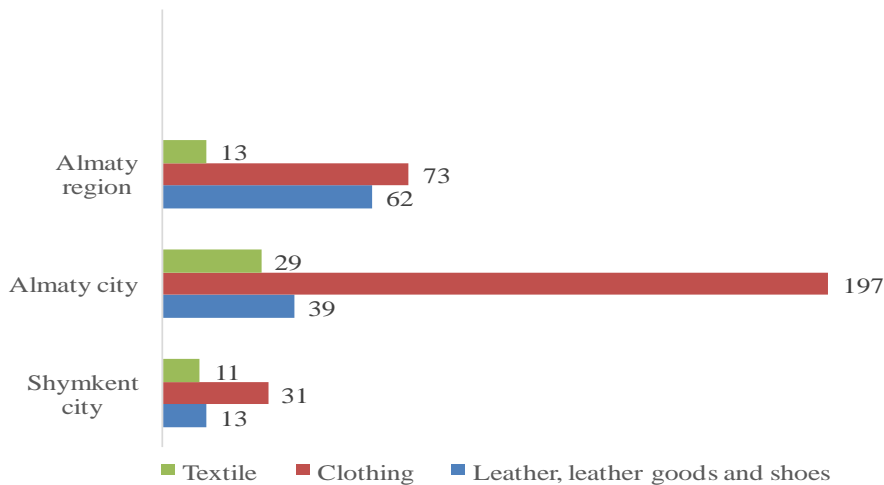
Based on the schematic presentation of the results of cluster analysis, it can be concluded that all regions of the Republic of Kazakhstan in terms of production of textiles, clothing, leather and related products are divided into six clusters:

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- 1- Akmola region (1),
- 2- Aktobe region (2), Atyrau region (4), West Kazakhstan region (5), Zhambyl region (6), Kostanay region. (8), Kyzylorda region. (9), Mangistau region (10), Pavlodar region (12), East Kazakhstan region. (14), Astana city (15);
- 3- Almaty region (3);
- 4- Karaganda region (7), North Kazakhstan region (13);
- 5- South Kazakhstan region (11);
- 6- Almaty city (16).

Thus, strategies for the development of light industry should be developed for each cluster separately.

The main concentration of the industry is observed in three regions of the Republic of Kazakhstan - these are Shymkent, Almaty region and Almaty. Based on this, we presented data for 2018 on the industry specialization of these regions (Figure 6) (Official site of data of the National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken", 2018).



**Figure 6.** Industry specialization of the southern regions of the Republic of Kazakhstan for 2018

Source: compiled by authors according to Data of the National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken" for 2018.

In 2018, in the regional context, the following enterprises were the main manufacturers of light industry:

- 1) South Kazakhstan region - 35%, where the main enterprises of the region can be distinguished: JSC Melange, JSC Utex, LLP AzalaTextile, LLP Zhanatalap-MT, LLP Khlopkoprom-Cellulose LLP Bal Tekstil ;
- 2) Almaty city - 14% with the main enterprises - Kazlegprom-Almaty LLP, KazSPO-N LLP, PKF Kazakhstan Texti-Line - Mimioriki;
- 3) Almaty region - 12% - LLP Mediateks-N, LLP Glasman, LLP Universal.

The maximum production growth is observed for the following products:

- finished textile products (2.6 times);

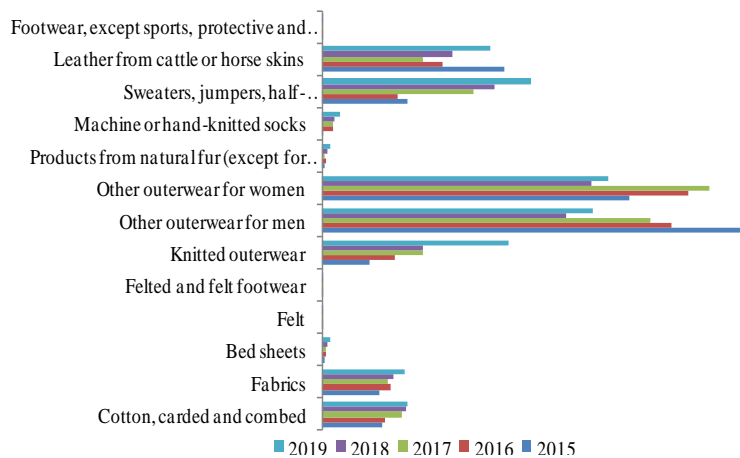
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- sweaters, jumpers, pullovers, cardigans, etc. (2 times);
- products from natural fur (by 53%);
- leather from cattle skins or horse skins (by 29%);
- knitted socks (by 10%) (Table 5).

**Table 5.** The volume of production of the main types of light industry products for 2015-2019

Type of product	Unit measurements	2015	2016	2017	2018	2019
Cotton, carded and combed	tons	51337	53751	67881	71374	72177
Fabrics	thousand m <sup>2</sup>	48555	57791,6	55873,2	60905,4	70514,9
Bed sheets	thousand pieces	1940,9	3037,3	3622,7	4717,7	7474,3
Felt	tons	209	189	132	137	141
Felted and felt footwear	thousand pairs	104	114	98,9	62	52,6
Knitted outerwear	pieces	40138	62389	86233	85487	158124
Other outerwear for men	pieces	363409	296058	279112	207486	230116
Other outerwear for women	pieces	260891	310897	328728	228490	243291
Products from natural fur (short fur coats, bekesh, sheepskin coats from fur)	pieces	2467	3260	2297	4580	7643
Machine or hand-knitted socks	thousand pairs	1646	9990	9915	10988	15776,4
Sweaters, jumpers, half-overs, cardigans, vests	pieces	72821	64878	146413	146413	177419
Leather from cattle or horse skins	thousand dm <sup>2</sup>	155287	102550	85823	111197	142941,3
Footwear, except sports, protective and orthopedic footwear	thousand pairs	1558	1584	1230	1084	1270,4

Source: compiled by authors according to the light Industry Digest for the period from 2015-2019

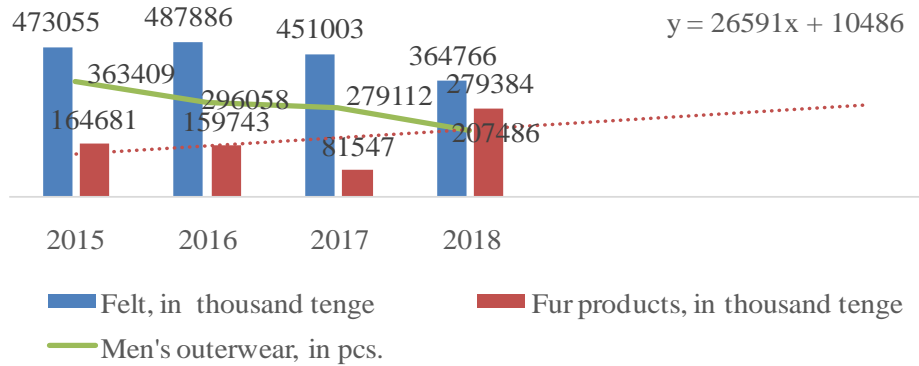


**Figure 7.** Dynamics of the volume of production of the main types of light industry products for 2015-2019

Source: compiled by authors according to the light Industry Digest for the period from 2015-2019

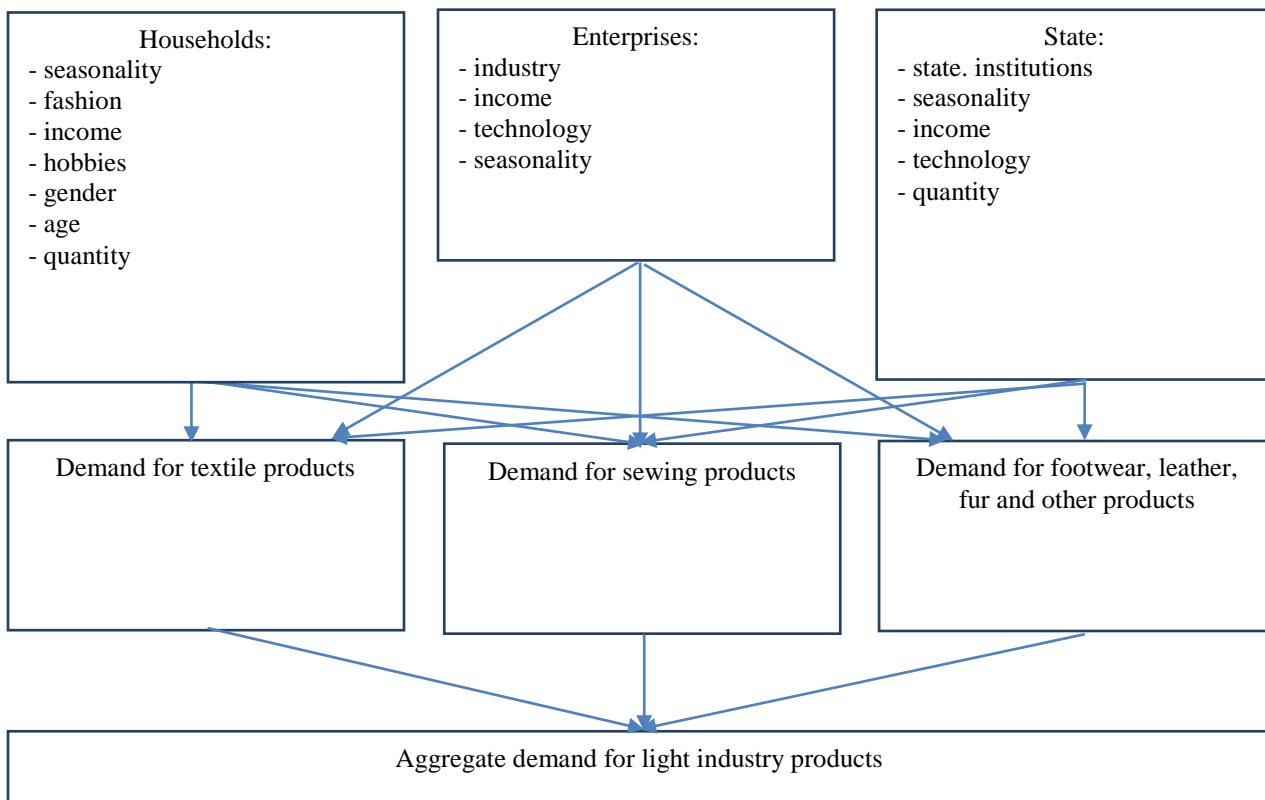
According to Figure 6, we see that the highest demand is for the products of men's and women's outerwear, as well as fur products (Figure 8).

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**Figure 8.** Dynamics of indicators of goods in demand for the period from 2015-2018  
 Source: compiled by authors

The demand for light industry goods is taken into account when forming a consumer basket (a group of non-food products). It is possible to distinguish groups of consumers depending on age (Figure 9) (Sedelev, 2019).



**Figure 9.** Aggregate demand for light industry products  
 Source: compiled by authors

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Group 1 - children, which includes boys and girls from 0 years old to 15 years old inclusive;

Group 2 - able-bodied population, that is, aged 16 and men up to 59 years old, and women up to 54 years old;

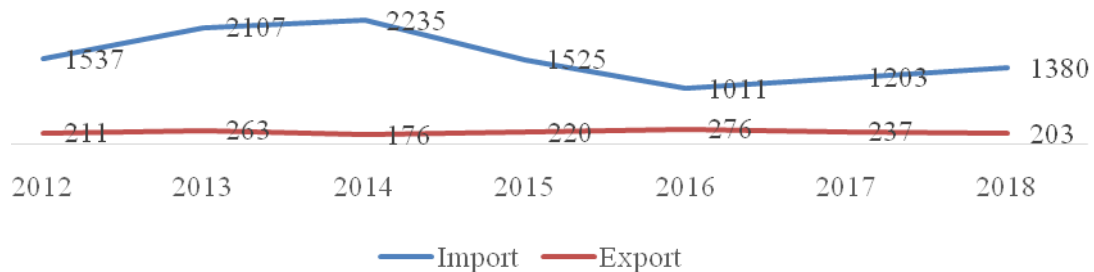
Group 3 - pensioners, that is, men from 60 years old, women from 55 years old and until the end of life

The Republic of Kazakhstan has great potential, since Kazakhstan is in a single market with Russia and Kyrgyzstan in the EAEU, where there are no customs borders. Also, Kazakhstan has a competitive advantage in that we border with China. In this regard, we can argue that globalization affects the economies of all countries and is characterized by:

- the transformation of the world community into an integral economic system, which can be called a planetary economy;
- the weakening of state regulation as a result of the process of transformation of the national - state form of organization of people's life into a new form governed by international, multilateral agreements;
- the creation of international integration associations as a result of the merger of national markets into a "common market";
- the development of transnational capital, the financial sector and the stock market are acquiring global proportions;
- an increase in the speed of transactions as a result of the development of mobile communications, Internet technologies, which leads to an even greater interdependence of countries from each other.

In these conditions, the priority development of light industry must be coordinated with foreign trade policy and use the export financing mechanism.

For example, the export of light industry products in 2018 compared to the same period in 2017 decreased by 15.7% to \$ 179 million. Imports of light industry products in 2018 amounted to \$ 1,281 million, which is higher than the same period indicator of 2017 by 15.6% (Figure 10).



**Figure 10.** Dynamics of indicators of export and import of light industry products of the Republic of Kazakhstan for the period from 2012-2018

*Source:* compiled by authors according to the light Industry Digest for the period from 2015-2019

In Kazakhstan, about 10% of light industry products are exported. At the same time, export supplies are carried out by only 30 enterprises. Their products are sent mainly to the markets of China, Russia, Kyrgyzstan, Italy, Lithuania, Uzbekistan.

At the end of 2019, the export volume exceeded 20 thousand USD dollars. The main commodity groups were cotton fiber, textile materials, impregnated, coated or laminated with plastics, bed linen.

To stimulate the export of products, enterprises are reimbursed up to 50% of transport costs. This should reduce the cost of production by up to 10%, as well as expand the geography of exports and the range of goods.

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Accordingly, having considered the dynamics of the development of indicators of exports and imports of light industry products of the Republic of Kazakhstan, we can analyze the structure of exports and imports of the main types of this industry (Table 6).

**Table 6.** Structure of exports and imports of the main types of light industry products, in %

Table 6. Structure of exports and imports of the main types of light industry products, in % Indicator	2015	2016	2017	2018
Export				
Cotton fiber	24	17	33,3	36
Textile materials		14	34	17,9
Other cotton bed linen	-	-	2,9	7,1
Cotton yarn	4,5	2,5	2,0	6,1
Cotton fabrics	4,5	2,5	4,0	3,9
Tanned cattle leather	8	6	4,8	3,8
Other	21	14	17	25,2
Shoes	38	44	2	
Total	100	100	100	100
Import				
Other shoes	24	22	23	16,5
T-shirts, sweatshirts with sleeves	3	-	2	2,9
Clothing and other products	27	27	36	2,4
Pants, overalls	3	1	1	2,1
Women's suits	3	2	2	2
Woven carpets, etc.	5	5	24	2
Others	35	43	12	72,1
Total	100	100	100	100

Source: compiled by authors according to the light Industry Digest for the period from 2015-2019

Meeting the demand for domestic products is impossible without the introduction of innovative technologies. The main volume of footwear export was delivered to Russia, cotton fiber to Latvia, Moldova, women's and men's clothing to Russia, cotton fabrics and yarns to Lithuania, Turkey, tanned leather or leather crust to China and Italy.

A comprehensive study of the development of light industry in the context of the transformation of the economic system, change of technological structures, globalization of the economy of Kazakhstan made it possible to make a number of generalizations and proposals:

1 The study revealed the influence and relationship of the development of light industry with technological structures, since it is the textile industry that is the leading industry and has a strong influence on the development of other industries.

2. The ongoing process of globalization of Kazakhstan under the WTO conditions has a serious impact on the sub-sectors of light industry, which can be classified as vulnerable sectors of the economy. The ongoing industrial policy in the field of light industry should be coordinated with foreign economic policy in order to use the positive aspects that globalization gives (for example, a decrease in import duties on high-quality raw materials and equipment), but at the same time preserve and develop its own light industry, turning it into a competitive industry economy.

3. The study of the aggregate demand for light industry products showed that it is formed by all subjects of the market economy (households, enterprises and the state) and, under certain assumptions, corresponds to the generally accepted neoclassical concept. It is especially worth noting that light industry goods are included in the



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consumer basket (group of non-food products) and belong to essential goods, the demand for which may not be elastic in a scarce, undeveloped market.

4. Experts say that one of the main problems hindering the development of the industry is the high share of gray imports. The World Bank estimates this amount at no less than \$ 2 billion. Almost 90% of products enter the country without certificates of conformity, without paying any taxes. In addition, Kazakhstani producers compete in unequal conditions with producers from the EAEU countries, China and Turkey. For example, in Kyrgyzstan, all light industry enterprises, regardless of size, are tax-exempt and operate under a patent. The country managed to keep this privilege even by joining the WTO. Support is provided to both manufacturers and exporters of clothing in China and Turkey. Russian manufacturers do not remain without subsidies (Burdenko, 2018). Therefore, Kazakhstan light industry companies also need protection.

5. The strengthening of the global factors of transnationalization of the production of light industry goods has led to the fact that no national light industry sector or group of enterprises, regardless of its size and level of development, can become self-sufficient for a long time, due to the rapidly changing environment, which, taking into account the threats of competitors from other countries determines the need for organizational integration of individual national enterprises or their groups at the regional, interregional and national levels. The main components of the globalization of light industry in Kazakhstan are:

- expansion of international economic ties in production and sales;
- growing internationalization of factors of modernization development by increasing direct and portfolio foreign investments;
- exchange of knowledge and technology;
- the spread of industry groups with varying degrees of integration in the light industry, the characteristic features of which are the interchangeability and interdependence of business units, their focus on combined information resources, on markets with a high level of consumption.

T.N. Kashitsyna, N.N. Rustamov (2018), speaking about the prospects for the development of light industry, note that ensuring the effective flow of the processes of introduction and commercialization of technologies requires targeted and systemic actions both on the part of state authorities (legislative and executive) and on the part of the private sector.

In these conditions, a new organizational scheme for managing the strategic development of the industry is needed in Kazakhstan's light industry, reflecting the fundamental changes that have occurred in the last decade. A distinctive feature of these changes is the transition from direct government to indirect regulation and the growing role of various forms of partnership between the state and private capital at different levels of government.

The development of the methodology for managing the strategic management of the light industry of the Republic of Kazakhstan will make it possible to most effectively use new and adapt existing methods and mechanisms for managing corporate structures and enterprises, to solve the problems of restructuring both the industry and its individual enterprises.

## **5. Conclusion**

In the course of the study, it was revealed that the mechanism for diversifying the production of industrial enterprises should be understood as a system that determines the order, content and relationship of processes, procedures, elements and methods, organizational support and information flows aimed at implementing the production of new products. that the department of material and technical supply and sales forms data sources, which provide an assessment of the competitiveness of the company's products in comparison with the products of other manufacturers, which will allow the company to identify its capabilities associated with changes in the market situation. Such opportunities can be the introduction of advanced technologies and changes in production

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technology based on tracking the main trends in the technological field, as well as the training of qualified personnel.

To ensure financial and economic stability and reduce commercial risks, it is necessary to use modern development strategies and models of interaction with other market participants, which, in turn, requires improved management, mainly based on the priority of the production diversification strategy. Investigating the processes of diversification of production in the light industry of Kazakhstan, the author came to the conclusion that the use of one or another strategy for the development of light industry depends on the state of this industry in a particular region of the country. In this connection, a classification of all regions of the Republic of Kazakhstan was made according to three main indicators of light industry production - the volume of production of textiles (million tenge), clothing (million tenge), leather and related products (million tenge).

A comprehensive study of the development of the light industry of Kazakhstan using cluster analysis, which allows the division of objects into homogeneous groups (clusters) according to a number of characteristics, made it possible to make a number of generalizations and proposals that will contribute to an increase in the efficiency and effectiveness of economic entities of industry. In particular, the assessment of the potential for diversification of light industry production was carried out in order to identify the opportunities available to light industry enterprises to produce different types of products, while ensuring positive, other things being equal, the values of the main financial and economic indicators. Based on the analysis of economic conditions and tendencies in the development of light industry in Kazakhstan, the strengths and weaknesses of the development of the light industry in the regional aspect were identified, the main problems of enterprises in this industry were systematized, and on the basis of these data, cluster analysis was applied, which makes it possible to divide objects into homogeneous groups or clusters based on a number it was revealed that the strategy for the development of light industry should be developed for each cluster separately.

The foundation of such a structure will create conditions for the introduction of advanced technologies and innovative developments into the light industry, actively interacting with business and the market, thereby ensuring the innovative development of the country and increasing the financial stability of economic entities. Thus, given the historical and current dynamics of the development of light industry, existing and planned measures of state support for the industry, the existing integration (EAEU, WTO), as well as an increase in the innovative activity of enterprises, an increase in the competitiveness of manufactured products and the development of the industry as a whole can be expected. Country is faced with the task of not integrating into the world economy at any cost, but taking a place in it that is adequate to its economic potential.

It should also be noted that the diversification management process should be continuous. In addition to continuity, management should be cyclical, since changes in the market situation and consumer reactions to diversified products of light industry enterprises should be reflected in the planning of their future activities.

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