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Table of Contents

ANNOTATION	3
LIST OF TABLES	6
LIST OF FIGURES.....	7
LIST OF ABBREVIATIONS.....	8
I. INTRODUCTION.....	9
1.1. Background information.....	10
1.2. The main competitors of Air Astana in the aviation segment.....	12
1.3. Research Problem.....	13
1.4. Hypothesis.....	14
1.5. Implication of the study	14
1.6. Conclusion.....	15
I. REVIEW OF LITERATURE.....	16
2.1. Introduction	16
2.2. Kazakhstan as a hub of the Central Asian region	19
2.3. Strategy of competitiveness on the part of literature.	23
2.4. Theoretical Framework.....	29
II. METHODOLOGY.....	35
3.1. Introduction	35
3.2. Data Collection.....	35
3.3. Research sample	36
3.4. Research Method	37
III. RESULTS AND FINDINGS.....	38
1.1. Data Analysis Methods	38
CONCLUSION	41
References:.....	46
APPENDICES.....	49

ANNOTATION

In this Thesis work the main factors that affect the strategies to increase competitiveness of national airline carrier Air Astana. Despite the high prices for aviation fuel in Kazakhstan, the rate of unit costs remains competitive, which allow to increase the share in the segment of long-haul international air transportation. This is facilitated by its reputation of the airline with high quality of service in foreign markets. Airline continue to work on improving the services, including the introduction of Internet access on board and updating the fleet. The new type of airliners along with the Airbus Neo family already delivered, modern and low-fuel aircraft. All the steps we take will contribute to further improving the efficiency of business and improving the quality of the product. The main important factors for a cost-related airlines strategy are, in importance: route structure and mesh; type and characteristics of the aircraft; cost of labor and management quality. This comparison of airlines can help the decision maker when facing the need of defining priorities in reduction costs. Past decades despite the increase in air transportation and significant decrease in average operation costs, it is observed that airlines have low profitability. The liberalization of the markets and increase opportunities for competition diminishes prices, even when airlines face increasing costs. Considering that advantage in costs is an important strategy for carriers to remain in the market, this paper analyzes the main factors that affect the strategies to reduce airline costs.

АННОТАЦИЯ

В настоящем проекте анализируются основные факторы, влияющие на стратегии повышения конкурентоспособности национального авиаперевозчика Air Astana. Несмотря на высокие цены на авиационное топливо в Казахстане, темпы удельных затрат остаются конкурентоспособными, что позволяет увеличить долю в сегменте дальне магистральных международных авиаперевозок. Этому способствует репутация авиакомпаний с высоким качеством обслуживания на внешних рынках. Авиакомпания продолжает работать над улучшением услуг, включая введение доступа в Интернет на борту и обновление парка. Новый тип лайнеров вместе с семейством Airbus Neo уже доставлены, являются современными воздушными судами с низким уровнем расхода топлива. Все шаги, которые компания предпринимаем, будут способствовать дальнейшему повышению эффективности бизнеса и повышению качества продукта. Результаты показывают, что основными важными факторами для стратегии авиакомпаний, связанных с расходами, являются: важность структуры маршрута и сетки; тип и характеристики воздушного судна; стоимость труда и качество управления. Сравнение авиакомпаний может помочь лицу, ответственному за принятие решений, столкнуться с необходимостью определения приоритетов в расходах на сокращение. В последние десятилетия, несмотря на увеличение авиаперевозок и значительное снижение средних эксплуатационных расходов, отмечается, что авиакомпании имеют низкую рентабельность. Либерализация рынков и увеличение возможностей для конкуренции снижают цены, даже когда авиакомпании сталкиваются с растущими издержками. Учитывая, что преимущество в расходах является важной стратегией для перевозчиков оставаться на рынке, в настоящем документе анализируются основные факторы, по увеличению конкурентоспособности.

ТҮЙІН

Бұл жоба қазіргі уақытта негізгі элементтерін «Эйр Астана» авиакомпаниясы талдайды. Қазақстандағы авиациялық жанармай бағалары бәсекеге қабілетті бағамен жоғары болып отыр, бұл осы сегменттегі халықаралық әуе рейстерінің көлемін ұлғайтуға мүмкіндік береді. Бұл туралы әуекомпанияға шетелдік нарықтардағы жоғары сапалы қызметтермен хабарлауға қуаныштымын. Әуекомпания Интернет желісіне қол жеткізу және жаңартулардың паркін қоса алғанда, көптеген қызметтер бойынша жұмысын жалғастырады. Airbus Neo компаниясымен бірге лайнердің жаңа түрі қол жетімді, соңғы біліктердің жұқа жоғарғы бөлігімен салқындату. Жалпы, бұл компаниялар бизнес тиімділігін және өнімнің тұрақтылығын дамытуға көмектеседі. Еңбек және сапа менеджменті құны. Бұл иерархия проблеманы шешуге көмектеседі және бұл проблеманы шешуге және серпінділікті анықтауда басымдықты анықтауға көмектеседі. Соңғы онжылдықта әуе тасымалы басқарылмаған және операциялық шығындардың айтарлықтай төмендеуі әуекомпанияның табыстылығы төмен. Базарларды ырықтандыру және бәсекелестіктің бағасын көтеру мүмкіндігі әуе компанияларының деструктивті пломбалармен қапталса да, бағаны құруға мүмкіндік береді. Нарықтағы басымдық негізгі нарықтың жүргізушілері нарықта қалатынын біліп, ағымдағы құжат негізгі факторларды талдайды,

LIST OF TABLES

Table 1. Aircraft Specification Information	30
Table 2. Sample of airline companies used in the paper	36
Table 3. Comparison of Competitive Strategies	40
Table 4. Amount of companies	42

LIST OF FIGURES

Figure 1. Airlines operating in Kazakhstan market	9
Figure 2. Capacity, two-way seats 2008-2017	17
Figure 3. Ratio of domestic market coverage	23
Figure 4. KPI	24
Figure 5. Source of Competitive Advantage	26
Figure 6. Porter's strategy implementation	27
Figure 7. Model of Research	28

LIST OF ABBREVIATIONS

KC: Air Astana

IATA: The International Air Transport Association

ICAO: International Civil Aviation Organization

FAA: Federal Aviation Administration

EASA: European Aviation Safety Agency

ANAC: National Civil Aviation Agency

CIS: The Commonwealth of Independent States

CAC: Committee of Civil Aviation

I. INTRODUCTION

In recent years, Kazakhstani air transport has been characterized by an increase in traffic volumes, and the Kazakhstani air transportation market is becoming further good-looking. Nonetheless, require for air services is growing, rapidly the air transport industry it is approaching a critical point where it is practically impossible without qualitative changes in all areas. It is necessary to modernize the aircraft, develop the ground infrastructure, improve the legislative base and introduce modern information technologies. It is necessary to accelerate the consolidation of the industry, improve the investment climate, and remove unnecessary administrative barriers. Air Astana's conditions fully reflect the changes that are taking place, including a deeper understanding of state regulatory bodies. In his annual address to the President of Kazakhstan, President of the Republic of Kazakhstan Nursultan Nazarbayev emphasized the development of transport infrastructure as one of the most important tasks facing the country. This is not surprising: the problem of transporting goods and passengers is always very important for their country. The transport strategy of the Republic of Kazakhstan pays special attention to air traffic. The competitiveness of aviation transport in the domestic and international markets will depend on the economically justified ratio and the ratio of the paying capacity of passengers. In this regard, as a monopolist in the domestic market, the national airline of KC should reduce fuel costs and reduce transit flows. The domestic market is shown below.

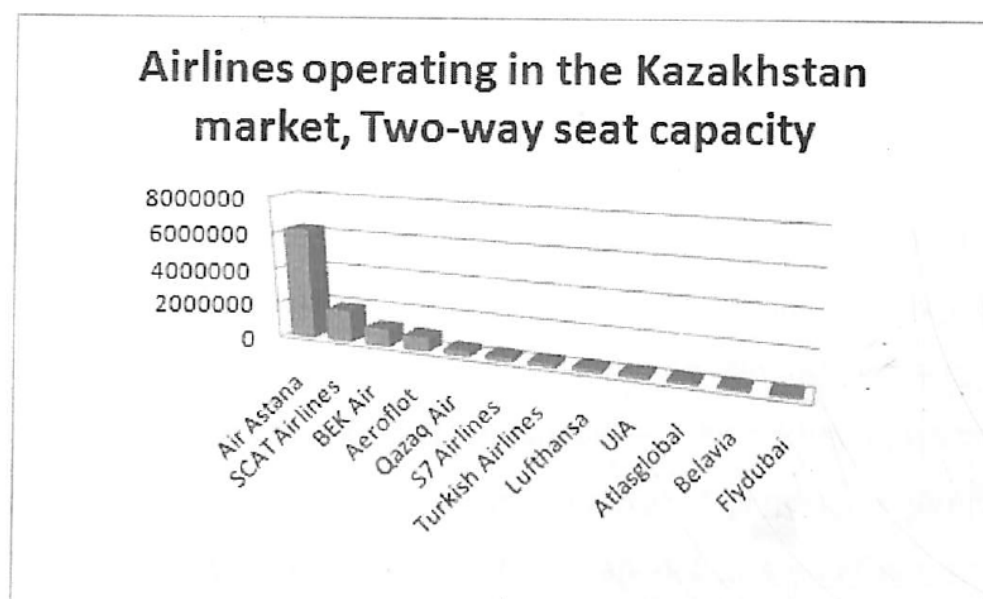


Figure 1. developed by the author based on [5]

Seat capacity on commercial flights serving Kazakhstan has more than doubled since the turn of the decade. Air Astana is the leading carrier, with the Kazakhstani flag carrier accounting for nearly half of all seats in the market during 2017, including 52% of domestic capacity and 46% of international seats. Air transport is the main sphere of its activity and at the same time contributes significantly to economic, political and social processes. Demand for his services, like in most cars, is the need and desire to achieve other cross-cutting goals. Air transport, for example, in the economic development of the region, or which may affect a particular sector, such as tourism, but a region or industry that offers latent demand for goods and services. The air transport system, the lack of economic growth of any other additives, can effectively provide, but the inequality in granting or privileges is inexhaustible.

1.1. Background information

National airline "SomrukKazina" is a joint venture between the National Welfare Fund (51%) and BAI Systems PLC (49%). It was founded in October 2001 and began its commercial activities on 15 May 2002. In mid-2001, Nursultan Nazarbayev, who agreed to participate in the proposed launch upon the request of the

President of the Republic of Kazakhstan, has been in talks with the Kazakh government to facilitate air-raising efforts. Richard Evans, Head of the BAE System, had an agreement. The ability of the airline to feed its routes efficiently and coordinate its activities through restructuring of its activities and networks is reducing the average transportation cost to this point. The impact is not a tough piece of the Open Air structure, but it will soon be squeezed due to lower costs, due to the wider competition in Europe and Asia. As a result of the decline in costs and the change in demand, Open Sky will increase the number of passengers providing flexibility in price, and this approach will fit into our model. It should not be forgotten that the scales can really fall; Actually they can be caused by free market conditions. The reason for this is that the demand shift is superior to better service quality - for example, convenient flights, frequent carriers and smooth passenger transport - and, of course, potential passengers are willing to pay on an average basis. However, it is important that the flight structure affects the market adequacy of the airline. There are also theoretical reasons for the theory of theory to be competitive with the outcome of the market. However, each alliance has a certain monopoly power (for example, serving different airports) with product differentiation. This can lead to higher tariffs and result in lower costs, which can reduce the impact on the consumption profit. Given the economy of air transport, it is possible that the cost of using infrastructure will be reduced, which will lead to lower tariffs. In addition, international trade promotes international earnings, which provide international travel and high-quality shipments, for example, air transport generally has relatively exotic exoticism. Under the influence of globalization processes, it is practically impossible to distinguish these species from one another and on an empirical basis, it is almost impossible to distinguish their relative values from existing data. There are two big problems. First, the airline provides network services and affects at least one other part of the network, any strike on a single reference or node. This is not an additional requirement for an international route affecting the domestic food service of domestic

lines, because of internal shocks, the vessels carrying the food items have completely internal cars. For this reason, the change in international demand affects the basis of competition among all internal services. Despite the marginal changes affecting an airline and one direction in an international market, it is not possible empirically at this point and in many international destinations it allows major changes to reduce costs and increase the competitiveness of air transport.

1.2. The main competitors of Air Astana in the aviation segment

SCAT airlines - one of the largest airlines of the Republic of Kazakhstan. The headquarters is located in Shymkent. The largest hubs: Aktau, Almaty, Astana, Shymkent. It carries out passenger flights within the country, to the CIS countries. In year of 12, quantity of passengers carried exceeded 1 million people. The airline also owns subsidiaries: Sunday Airlines is also a subsidiary airline of SCAT airlines, carries out transportation of passengers on charter directions, and on resort places. The airline also performs cargo transportation. On the existing airplanes AN are carrying out assignments for sanaviation and agricultural work for the chemical treatment of the fields of Kazakhstan from harmful insects. With main Hubs in Shymkent, Almaty, Astana and Aktau. Turnover 37,525 million tenge (2015), Operating profit 724 million tenge (2015), Net profit 103 million tenge (2015),

Number of employees 1205 people. According to description below, SCAT considered as a general competitor in a Domestic market.

Turkish Airlines - The flagship carrier of Turkey, Located in Istanbul. There are regular flights to 220 foreign and 42 domestic airports in Europe, Asia, Africa and America. Turkish Airlines flies to 120 countries around the world. The main airline is Atatyurk International Airport, Istanbul (IST), Esenboga International Airport, Ankara (ESB) and Sabiha Gokçen International Airport, Istanbul (SAW). In 2006 and 2007, 17 million 19.7 million passengers were transported through the airport. Approximately 12,000 employees of the Air Company. Subsidiary airlines are

Anadolujet, SunExpress and B&H Airlines. Turkish Airlines Fleet consists 295 aircrafts. This company is taken in comparison as the huge airline in the region, and also operate flights from the main hubs of the Republic of Kazakhstan.

Aeroflot - the Russian airline, from Moscow carries out domestic and international flights from Sheremetyevo Airport. It is one of the oldest airlines in the world and its history extends to 1923 and is a complete state. After the collapse of the USSR, the company was partly privatized and controlling (51%) was under state control. Since April 2006, Aeroflot has been a full member of the SkyTeam Aviation Union. Besides, Aeroflot is Aeroflot, one of the largest Russian aviation companies, in cooperation with Russia, Aurora and Pobeda branches. The fleet comes with 223. The turnover is 427 900 million rubles. (2016), operating profit amounted to 63.254 million rubles. (2016) net profit amounted to 30.616 million rubles. (2016), Number of employees 26 418. Aeroflot itself transported 20.9 million passengers, and taking into account all the airlines of the Aeroflot Group, 32.3 million. The company considered as a competitor of Air Astana in a daily regular flights to from Moscow and Saint-Petersburg. Air Astana is working with the international aviation agencies as well, such as FAA, EASA and ANAC.

1.3. Research Problem

The analysis here is, by necessity, to increase competitiveness of national carrier by reducing unit costs and improving service levels based on a comparison of air company's strategy. When the real multidimensional and dynamic nature of globalization is considered to be a kind of small sector, international commercial aviation and only a causal direction. Some important issues are taken because they are particularly important. For example, when airlines build alliances and invest in each other to create global unions, the international and local air transport is becoming increasingly blurred; In fact, the European Union (EU) and Asia are a de

facto market. In addition, all feedback cycles are ignored, especially when changes in air transport facilitate global trends and thus feedback on air transport industries; Immigration is an example of this.

1.4. Hypothesis

The hypothesis of this research is encouraged on the scheme that company receive more profit within market operating, when considering the fact that competitors increasing their fleets, routes grid. It will be argued in the study that decrease is costs will increase economical competitiveness within the market. This will logically raise the following critical questions that will be acting as ordinary guiding principle for this work:

- What are the best competitive strategy for “Air Astana”?
- Do adoption of worldwide giants in aviation industry influence the sales and profit within company?

1.5. Implication of the study

The implication of the study is to provide knowledge and understanding about Air Astana company strategy in a way to increase competitiveness within a domestic and international market. This research will be useful for several parties:

- For the researcher:

First of all this research is vital for the researcher to recognize and edify the ways and apply how to organize researchers in general. This learning also expected to be used as a body of comprehension where it can be the reference for another researcher as direction in the future study regarded this topic.

- For exporters:

Airline companies are set to advantage from this study for the reason that the information provided in this study will support them to construct knowledgeable decisions about strategy implementation based on comparison. The research will also make out areas which need special reforms. Finally, the research will attempt to provide lucidity on the impact of Air Astana company.

1.6. Conclusion

This study is well thought-out in four main items. The first part introduces the general idea of this work as well. The second part provides an overview of literary reviews summarizing previous work for determinants affecting disintegration and theoretical basis. In the third chapter, the data and variables are mainly represented by research design, sampling, measurement of variables, data analysis methods, and expected results. Finally, in Chapter Four, the results of this study are discussed.

I. REVIEW OF LITERATURE

2.1. Introduction

The accessible literature on research can serve up as a foundation for the significance of these studies and their aims. This section examines a strategy in a broad sense from the theories of the economic aspects of new airline vision in financial services, business models, investments, collaboration strategies and new system in the economic market. Destroyed by the Soviet anti-Soviet normative base was the basis of poor security records and intensified infrastructure. In spite of this proportion, over the next twenty years Kazakhstan's air transport industry has increased stability, profitability and efficiency. The most significant annual record of annual profitability is expected to continue in 2016, and local currency has a major impact on local currency depreciation. the loss of \$ 6.6 million in the first half of the year, a loss of \$ 6.6 million, but a strong second half, a strong moment for the airline, and a small gain. Exchange rate is likely to fluctuate with oil prices, which is also true. The devaluation of the currency in Kazakhstan was important because it felt reliability of the commodity sector. At the expense of oil production and price increases, Kazakhstan's economy grew by an average of 8% annually. This decline has slowed down due to the fall in oil prices in 2014 and 2015 and the impact of the Ukrainian crisis on trade and tourism. The cost of the tenge has fallen by more than half, and Air Astana has to take immediate action to protect the future. The first currency devaluation has dropped to \$ 19.5 million, but significant savings, despite Foster's "very complex, local and regional market conditions," revenues of \$ 51.4 million in 2014, He helped to climb. Skytrax, a prestigious four-star rating structure, believes that it will save 13 years, and last year, the second is still the heavenly devaluation, but Air Astana blasted on every record advantage of operating time. This recognition will continue to grow in the international arena to help World Airline Awards, Russia, the Commonwealth of Independent States (CIS) and the first carrier

of Eastern Europe in the last five years. "The weak currency and commodity prices - it's going on. We do not expect many good things from 2016, but the best estimate of our best service in the world justifies their airlines. Today, markets are expecting a good place to take advantage of it," says Foster. Air Astana provides full service at Business Class and Economy booths, but now benefits from the newly launched operator. Air Astana is the first class carrier and also a cheap carrier. Operating costs now range from about \$ 0.06 per TEC that can be compared to some of Europe's leading low cost operators. Currently, the airline uses a network of 65 routes serving 42 international and domestic destinations. The national network, including 13 cities, has been balanced through an international network of international destinations across Central Asia, North and South-East Asia, the Middle East and Europe. This market is 767-300 and Boeing 757-200, Airbus A320 family equipment (320 and A321s), and provides regional aircraft, including 30 Embraer aircraft. There are eleven special orders for renting a family A320neo family and three 787 Dreamliner aircraft, then I suggest that global development and future aviation optimization strategies. In the previous research, the first phase of this phase will be the transfer of the airline from Almaty to Astana to Hong Kong Airlines, and from April 2013 to July 2014, the flight between Astana and Kiev is scheduled to continue. It can drive traffic to increase passenger fares and increase revenue. However, it can be in major advanced players in the market such as China, South Kazakhstan, Urumqi or Kyrgyzstan. Air carriers have many non-business routes and have a significant impact on transfer requests. The Seabury Group provides a complete picture of networks related to frequency and communication problems. The route audit will be completed in September 2016, when the management of Air Astana will adapt the airline's future strategy. Partnership for the Development Network of Air Astana and Austrian Airlines (Vienna), Etihad Airways (Abu Dhabi) and Air India (New Delhi) and Air France-KL (Amsterdam and Paris) recently. The future direction of the airline's online strategy may eventually be a routine audit of the current Seabury

Advisory Group, but may be partially expanded in decades, including Asia, North America, and other parts of India. The world-class Chengdu hotel will join Shanghai and Urumqi in 2017. The airline has been operating flights to China for several years and has agreed to provide services to Chuanglue International Airport. Singapore and Tokyo are also markets for future expansion in Asia. Indian subcontinent, as well as additional opportunities for Air Astana, particularly in Russia, the CIS and Central Asia. The strategic geographical advantages of the Indian. Almaty, Moscow as a transit point, and some even fled to London, where most of the traders are in Tbilisi, Georgia and India. Pakistan and Bangladesh and there are great mobility opportunities in Russia and the CIS for "great opportunities". US Airlines opens direct flights to Astana airport by looking into the arrival of the first Boeing 787-8 in 2019. three Dreamliner Air Astana, but due to the devaluation of the kazakhstan tenge, despite the loss of an airline company by the end of 2017, it has dropped demand. The 767-300 airline's fleet is one of the end-to-end and the Pratt & Whitney PW4000 engines and wings have been restored to the best of Europe's performance. This does not mean that the replacement of new equipment in the areas is not required. The Airbus A320neo Airbus 757-200s, instead of its five-strong fleet instead of a short and medium-way, will be featured on this case, Boeing and any market, except for AirAsia's 757-200 airline, which affirms the company's approval of the new version of A320neo. In the 21st century, the airline and the 757 airline run an old one. American Trans Air Operator and China Sincan Airlines American American Prior, German North American Airlines LTU. They will be the newest version of the first operator, which will offer a four-a321neol, 2018 Air Astana, a proposed replacement for any long-term aircraft.

In terms of operational costs, Air Astana will bring it to a new level. These aircraft can be operated on all networks: local, regional and long-haul aircraft, and the only airplane in Europe and Asia. In fact, there is an equal configuration of 757 than the other one directly from the path to the other a321neol (16 flat business class and

economy 150), but significantly saves and improves performance. Currently, Urumqi, Antalya, Bangkok, Frankfurt, Ho Chi Minh City, Hong Kong, Kuala Lumpur, London, Paris, Seoul and their 757 scheduled flights. The next major fleet of the airline is Embraer 190. Although the carrier can only serve for five years, the first models will be rented in 2019. The new "E2" is certainly an updated version. Several Kazakh governments allow you to balance the country's budget deficit, as it is a balancing economic growth, which is a sharp decline in oil and natural gas prices in Kazakhstan, and plans to privatize national companies. depend that they will require the bid rules to ensure that the Government of the Republic of Kazakhstan public organizations and listing companies prefer priority of 51% of Jergilik air. Also, in the second half of this year, Air Astana's offer and brand development is open. Starting from September 2016, 767 aircrafts will be the first new A320neos new Wi-Fi network, even corporate branding of Airline and Uniform Pipes (since May 2016 will be deferred engine performance). the theoretical basis of the analysis and the process of the study of scientists as a.gunyaev. Quality of service: (2007), Reichheld, Φ. F. Sassi, Junior, U. E., 1990, and zero defects. Harvard Business Review, 68. Ramzan, J., shares acquisition, lease and liberalizatsiyalangi based on market factors in the 2001 Source, promising, competitive advantages. Transportation E section: Overview of logistics and transportation. Ostrovsky, P. O'Brien and B. L. Gordon, G. L., 1993. The quality of commercial airline service and customer loyalty. Traveling to the magazine. The Air Astana website. <https://airastana.com/eng/en-us/plan/flight-information/ro>

2.2. Kazakhstan as a hub of the Central Asian region

The Republic is consistently moving towards its goal. A network of large air and land transport nodes is developing in the country, and their throughput is increasing. Only last year Kazakhstan's air harbors served 12 million people. Most, about 70% are in Almaty and Astana.

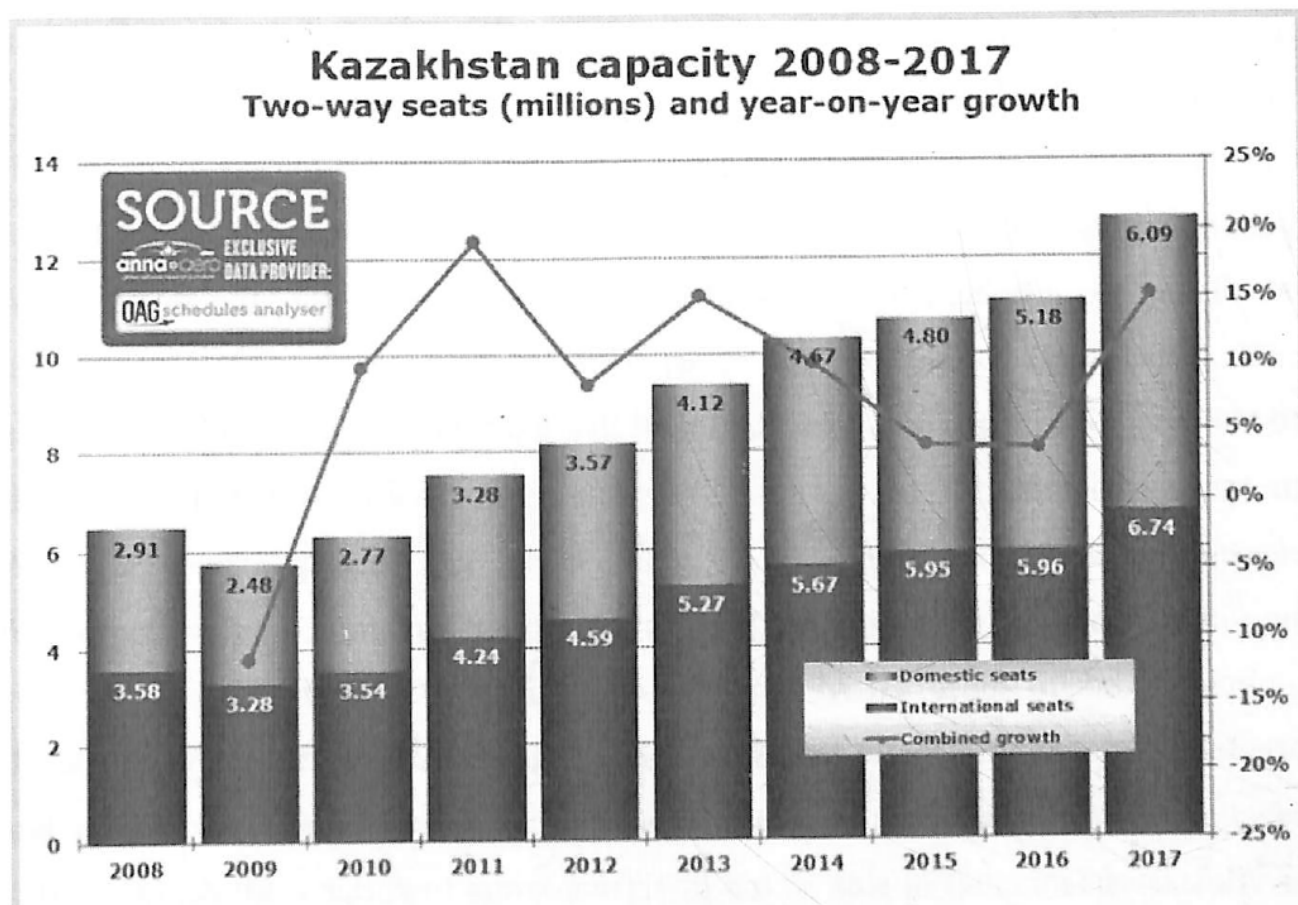


Figure 2. based on Kazakhstani hubs

Thereby, figure above shows a positive dynamic, since a capacity increasing year by year, the progress in future will be depended on monopolist company as Air Astana, but on other Airlines with Kazakhstan flag also. This a tremendous index potential and the solution of many existing and pressing problems. Leaders of large airlines, in which strategy is of dominant weight, see the huge potential in strategy accepting technology, in which they are ready to invest millions, to find out how best to implement it. Over the years, the development of independent Kazakhstan is characterized by large-scale and radical changes in the country's economic system. The liberalization of the economy, recently directed at the maximum development of market relations and the development of a competitive environment in the transport system, has created real prerequisites for further economic progress in the field of civil aviation. In Kazakhstan, in recent years, the market of air transportation services is adequate for the growth of the economy. The development of the country's unified

economic space largely depends on the degree of development of the transport infrastructure of each region. In this regard, the need for a balanced development of the transport system of the regions and the strengthening of interaction between central and local executive bodies in matters of state regulation of transport activities, while maintaining the trend towards decentralization, is particularly relevant. In the context of globalization, given the vastness of the territory of Kazakhstan, -The ability of the economy and the state will largely depend on the effective operation of the transport and communications complex. The key to the competitiveness of domestic goods, services and the economy as a whole is a high-tech transport infrastructure, corresponding to the state transport and transit policy. Transport services should be targeted at their recipients, namely, the needs of the population, the economy, as well as addressing the strategic issues of ensuring the unity, defense and security of the country. At the same time, there are a number of important tasks without which the aviation of our country will not be able to function successfully as an independent, independent branch of the transport infrastructure of Kazakhstan. Large territory and low population density, as well as inadequate development of railways and highways, especially in rapidly advancing the oil regions of Western Kazakhstan create prerequisites for the development of civil aviation. The state policy in the sphere of regulation of the aviation market will be aimed at the formation of competitive air carriers of Kazakhstan, which will be able to satisfy the population's demand for high-quality aviation services.

Through the implementation of a single, including regulatory-regulatory and technical policy, it will be provided for the development of competition in the aviation industry and prevention of lobbying for the interests of individual carriers. Taking into account the future development of the civil aviation market, subsidies will gradually reduce passenger air transportation in all directions how much breakeven. There should be more effective use of regular air transport, charter flights. The strategy of industrial and innovative development of Kazakhstan for 2003-2015,

adopted in Kazakhstan, creates conditions for the further development of a competitive economy and a high-tech industry. Strategy of implementation Industrial-innovative development will require state complex-state efforts aimed at intensive and qualitative development of all sectors of the economy and increasing the Mikey's staffing capacity. In accordance with the Strategy of the Republic of Kazakhstan until 2015, reconstruction and renovation of the main production capacities of airports both for internal and external sources of financing, measures are taken to develop the air navigation system, increase transit airspace and airports. According to strategy, large attention is given to the development and regulation of the air transport market. Infrastructure policy in the field of civil aviation provides for the following major Strategy - Gradual reduction of technical and operational status, Gravity complexes of airports in accordance with the requirements of international standards ICAO - International Civil Aviation Organization (ICAO - International Civil Aviation Organization), including ownership, reconstruction and overhaul of airfield and airport complexes; -Create a network of local airports for servicing remote areas from the center, which do not have alternative transport leg-posts, including construction, the formation of runways for ground and all-Union zones and their maintenance for year-round reception and sending of light aircraft and helicopters, - adherence to the policy of intensive development and financial support for the establishment of regional aviation Mpano; - expansion of the fleet, development of the domestic air transportation market and large O uzlo airports in the cities of Astana, Almaty and Atyrau; - Quantitative and qualitative introduction of the radio navigation complex in accordance with international requirements for servicing international (transit) and domestic air traffic without restrictions, including possible expansion for unhindered servicing of all routes in interregional and rural communications. Stages and mechanisms for the implementation of the Strategy: In the field of air transport: - the establishment of specialized factories for repair and restoration of aircraft and spare parts production; the construction of small aircraft for

the maintenance of rooms - this NIJ-needs a petroleum-sweeping and air-water transport, is a partial liberalization of the state-regulation of civil aviation in order to promote the development of icon-industry and stone industries with the highest population satisfaction of invertebrates in air transport; - Strengthening of the legal norms regulating the activity of the bath-house. The regulatory framework must fully comply with international standards of ICAO international standards; -System development and the further resumption of the fleet airborne sanitation-state enterprises of Kazakhstan, meets all international requirements, trolled their safe operation, including hayecological; - completion of reconstruction of production funds of government funds of regional airports. The network of aerodromes and heliports on local air routes is actively developing. The network of aerodromes geographically covers large settlements of Kazakhstan.

2.3. Strategy of competitiveness on the part of literature.

Competition and the pursuit of profit are the driving force of firms in the market economy. Every competitor in the industry has a competitive strategy, explicit or implicit (Porter 1980). Competition is simply defined as a struggle for market share between two or more enterprises. On the other hand, the competitive strategy is an integrated and coordinated set of commitments and actions focused on the use of key competences and the acquisition of a competitive advantage (Hitt, Ireland and Hoskisson 2003). It is a combination of goals the business is looking for and the politicians they are trying to get. In order for a competitive strategy to be sustainable, managers must select a different set. Thereby a strategy of competitiveness developed by one company increases the competitive pressure on other companies as well as a way for competitors to try to deactivate each other, create competition rules in industry and set requirements for competitive advantages. However, it is impossible to have one perfect competitive strategy for all companies in all industries. Different industries can support a different level of profitability (Porter

1998). Industrial factors play a dominant role in the activities of many companies; so the manager needs to understand these factors before planning competitive strategies (Hawawini, Subramanian and Verdin 2003). Michael Porter, one of the best international business and government advisers, has provided a framework that models the industry under the influence of five forces (Porter 1980). These forces are competition between existing competitors, the threat of new entrants, the threat of replacement of a product or service, the ability to negotiate in negotiations and the ability to negotiate with the buyer.

The "Five Forces" model is very useful for aviation policy developers, as it enables them to identify and publicize the production environment in which their organizations operate. The intensity of rivalry between competitors shows how companies within the industry are putting pressure on themselves and reducing each other's potential profits. The intensity of rivalry between existing competitors depends on many factors, such as the number of competing businesses, weight and types of competition, industry growth, fixed costs, lack of differentiation and the costs of change. Competitions among existing firms can be manifested in many ways, such as price competition, new products, increased customer service levels, warranties, advertising, better network distributors, and so on. D. (Porter 1980). Aviation business, which are the main factors affecting competition, can be called alliance membership, driving times at major airports, structure of free competition, government restrictions on the Civil Aviation Authority, and the size and type of exit barriers. Another entry barrier for the aviation industry is related to state legislation and policy. One of the main problems is the "slot allocation". It is important for an air carrier or any other aviation operator to have a landing or take-off point at the airport. However, restrictive legislative criteria make it difficult for new airlines to purchase a slot at some airports, and it is difficult to find a balance between existing airlines and new entrants in slot distribution. Government policies can directly prevent or help return, and improve or eliminate other barriers to entry (Porter 2008).

At some airports, most of them are in long-term, exclusive use with one airline. These lease agreements allow airlines to have exclusive rights to use most of the airport gate for a long period of time. Such long-term gates on the basis of exclusive use create entry barriers for new companies that prevent them from providing the necessary airport facilities on the same terms as existing airlines, the Federal Aviation Administration (1999).

Another important obstacle to joining the aviation industry is certain marketing strategies introduced by airlines that provide benefits, installed carriers such as special incentives for travel agents, programs for frequent flyers, and membership in the alliance. These strategies create a strong loyalty between travelers and travel agents and make it difficult for new airlines to enter the market (Anderson 1997). In addition, access to distribution channels creates additional entry barriers, especially for low-cost operators. For example, travel agents tend to prefer supported carriers with a higher tariff, but cheap airlines avoid distribution through travel agencies and encourage passengers to book their own flights online. New entrants should either ignore distribution channels or create their own.

The level of competition in a particular aviation industry can be an input barrier. For example, new inexpensive carriers are more likely than carriers with a full range of services, since the cost of assembly is lower. The number of LCCs is growing all over the world, as is the case in Air Astana, and the competition for them is more intense. Obstacles to work stoppages are similar to barriers to entry. Weekend barriers hamper the company's ability to leave the market and may exacerbate rivalry. The relief barriers in the aviation industry are potentially very high, since there are high growth costs (Schnell 2001, pp. 95-102). Companies own a number of strong and specialized assets, such as aircraft and the device that uses them to launch them. Investing in these assets creates exit barriers, since they have a low resale value and few potential buyers, and the initial cost of capital is very high.

Another obstacle for air transportation is the economic situation of the country and the industry as a whole. If an economic recovery is expected, the company is likely to remain in business (Dixit 1989). Determining exit costs also creates barriers such as employee compensation and contractual payments to suppliers (Baden 1989). There are also strategic exit barriers in the industry. By abandoning the route, the company will lose valuable slots for airports that leave their competitors or new entrants and allow them to expand. This would be a great deterrent to completion, because competition is tough, and slots are few. In addition, the abandonment of the route, especially the traditional one, will have a negative impact, as the company will be perceived as in a terrible situation. Other exit barriers may be state barriers and bankruptcy laws for a company leaving this industry, will encourage them to try to stay on the market (Schnell 2006)

		Strategic Position	
		Low Cost/ New Entrant	Full-Service
Cost Competitiveness Strategy	Wage Minimization	SCAT 2017/Qazaq Air 2017	Air Astana 2017
	Productivity	47%	53%

Figure 3, Competitive Strategy, in ratio of domestic market coverage.

The threat of substitutes is another factor that can affect competition. In the Porter model, spare products refer to products in other industries and depend on the cost and convenience of switching costs. Customers can switch to another product or service that performs similar functions (Stahl and Grigsby 1997, p. 145). Reparations reduce the industry's potential revenues by offering attractive prices and reducing profits for companies in the industry (Porter 1980, p. 23). Replacements for air transport include train and bus to the desired destination. The degree of this threat depends on various factors such as money, comfort, time and passenger preferences and the cost of switching.

On the other hand, the negotiating power of buyers is related to the pressure that customers can bring to the business, which affects their prices, volume and **profit** potential (Porter 1998, pp. 45-48). Buyer power comes from several sources, such as supply and demand balance, customer volume, purchasing power and customer awareness of switching costs, differentiation of yields, availability of substitutes, customer concentration, purchase price and the general threat of reverse integration (Porter 1980).

Kazakhstan market	2013	2014	2015	2016	2017
Air Astana	111	150	190	220	290
SCAT airlines	77	100	110	160	210
Turkish airlines	55	56	60	65	71
Aeroflot	64	32	91	85	92
Lufthansa	93	35	54	43	54

Figure 4, based on KPI

Aircrafts information, which will influence on airline capacity imagination.

	Boeing	Boeing	Airbus	Airbus	Airbus	Airbus	Embraer
	767-300ER	757-200	A320neo	A321neo	A320	A321	190

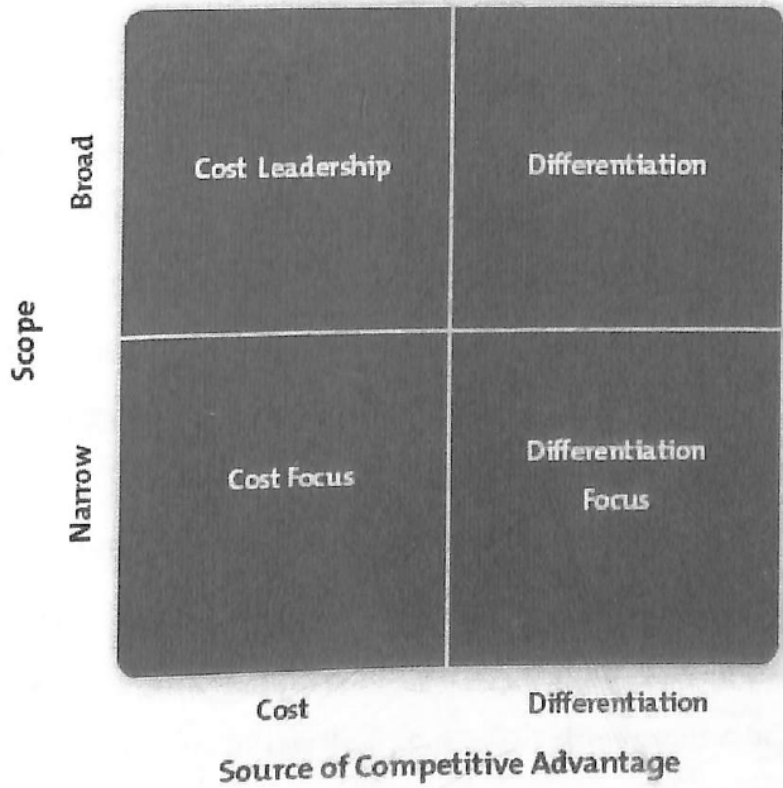
Cruise speed (km/h)	850	850	828	835	850	825	800
Range (km)	11000	7250	6850	6500	6100	5950	4500
Payload (k0g)	37500	23000	18400	20500	16400	23000	11500
Maximum take off weight (kg)	176447	113398	79000	89000	77000	89000	49990
Ceiling (metres)	12300	12500	11800	12100	12100	12100	12500
Flight Crew (pilots)	2	2	2	2	2	2	2
Cabin Crew (persons)							
Passenger Cabin - Business Class (seats)	8	6	6	6	6	7	4
Seat Pitch - Business Class (inches)	30	16	16	28	16	28	9
Seat Width - Business Class (inches)	45-59	57	37	37	37	37-38	36
Passenger Cabin - E Class (seats)	193	150	132	151	132	147- 151	88
Seat Pitch - Econom Class (	30-32	31-32	30-35	31	30-35	30-32	31
Seat Width - Economy Class (inches)	18.1	18.1	16.3-18	18.5- 19.7	16.3- 18	16.3- 18	18.2

Average age as of May 2018 (years)	4.41	20.88	1.56	0.42	5.44	12	5.91
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Table 1, Aircraft Specification Information

2.4. Theoretical Framework

The following theories of Mr Michael Porter are approaches are examples of "common strategies", as they can be applied to products or services in all sectors and organizations of all sizes. They were first introduced by Michael Porter in 1985 in his book Competitive Advantage: Creating and Maintaining Excellent Performance. Porter named Generic Cost Leadership (No Ornaments), "Differentiation" (creation of unique products and services) and "Focus" (offering specialized services in a specialized market). He then divided the Focus strategy into two parts: focus-focus and focus-differentiation. They are shown in Figure 5 below,



Porter's overall strategies are ways to gain a competitive advantage - in other words, develop an "edge" that will lead you to sales and lead you to competitors. There are two main ways to achieve this goal within the cost of leadership:

Increase in profits due to lower costs while lowering average prices in industry.

Increase market share by charging lower prices, even if you still get a reasonable profit from each sale, because you cut costs. The cost management strategy is that it involves cost management in your industry or market. Just being one of the cheapest manufacturers is not enough because you allow yourself to open an attack with other low-priced manufacturers who can cut prices and thus prevent your efforts to increase market share. Therefore, you need to make sure that you can achieve and maintain the number one position before choosing the cost of leadership. Companies that successfully manage cost management typically have:

- Access to the capital needed to invest in technology that brings lower costs.
- Very effective logistics.
- Low cost (work, materials, equipment) and a way of reducing the cost of production is lower than that of other competitors.

The biggest risk when implementing the Cost Leadership strategy is that these resources to reduce costs are not unique to you and that other competitors copy your cost reduction strategies. Therefore, it is important to constantly look for ways to reduce each price. One of the successful ways to do this is to accept Kaizen's Japanese philosophy of "constant improvement".

Strategy of differentiation

The difference means that your products or services are different and more attractive than your competitors. As you do, it depends on the exact nature of your industry and the products and services themselves, but usually it includes the functions, functionality, longevity, support and brand image that customers value. For the success of the differentiation strategy, the organization needs:

- Good research, development and innovation.

- The ability to deliver high-quality products or services.
- Effective sales and marketing to get the market to understand the benefits offered by differentiated offers.

Large organizations that follow a differentiation strategy must remain flexible with the development of new products. Otherwise, they risk attacking on several fronts of competitors who implement strategies for differentiating focus in different segments of the market.

On Focus strategy

Companies that use the Focus strategy are focused on specific niche markets, and because they understand the dynamics of this market and the unique needs of customers, they are clearly developing low-cost products or products for the market. Since they obviously serve their customers, they tend to create a strong loyalty among customers. This makes their market segment less attractive to competitors.

As with large-scale market strategies, it is still important to decide whether you will manage costs or differentiation after you have chosen a focus strategy as the main approach: the focus is usually not sufficient in itself.

But regardless of whether you use Focus Focus or Differential focus, the key to the success of the overall Focus strategy is that you add something extra because of servicing only this market niche. It's just not enough to focus on just one segment of the market, because your organization is too small to serve a broader market (if so, you risk competing with the offers of larger market companies with better sources).

The "something extra" that you add can help reduce costs (perhaps through special knowledge) or increase differentiation (even if you understand the needs of customers deeply). One of the most important reasons for this wise advice is that all you need for each type of strategic work are different people. Cost management requires very careful maintenance of internal processes. Differentiation, on the other hand, requires a reverse, very creative approach.

Nevertheless, through good theory, rigorous analysis and rich examples, we have learnt much that can provide useful guidance.



Figure 6, Porter's strategy implementation

Conceptual Model

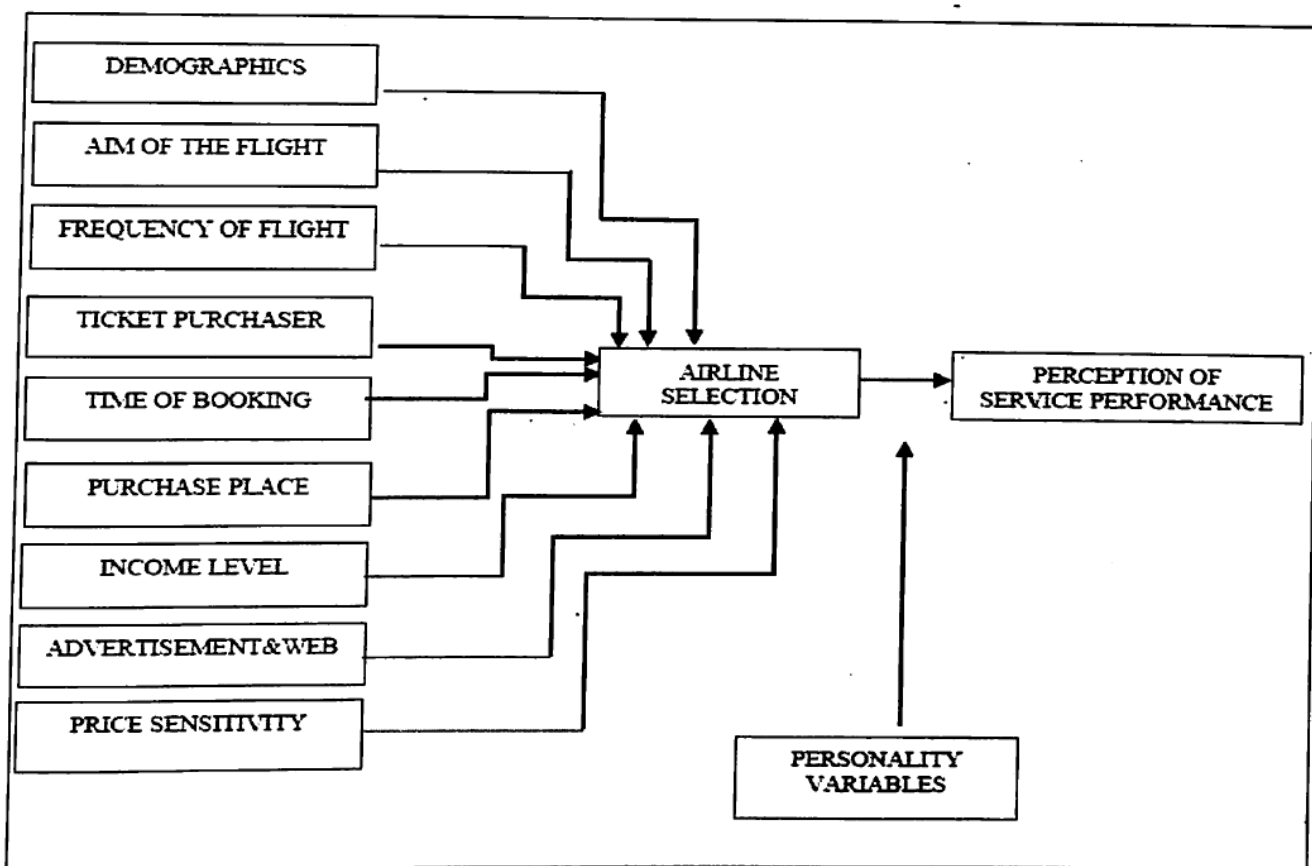


Figure 7, Model of the Research

Conceptual Model of research study is represented in Figure 5 above. In order to introduce relevant literature and the findings profoundly, this consists research of three sections. Introduction involves background information, research problem and research purpose. While research background is providing the basis for the research, research problem is identifying the reasons to conduct this research. Research focus, objectives are clearly provided in research purpose section. The conceptual model of the study is shown. To carefully present the relevant literature and results, this is a classy study. The introduction includes background information, a research problem and a research objective. While the initial research data serve as a basis for research, the research problem identifies the causes of this study. In the focus of research, the goals are clearly articulated in research. Finally, the conceptual model provides information on the structure of research. The second part of the Review of Literature has two goals. First, it shows the theory of open innovation, open innovation and open innovation in financial services with valuable resources written by major

researchers in this field. Secondly, he takes care of space in a broad perspective, including the development of new technologies, business models, investments, technology acquisition and cooperation and rules in this area. The methodology consists of a research proposal, data collection and analysis to inform the reader about the methods used and the quality of the research.

II. METHODOLOGY

3.1. Introduction

The quality of research and the reliability of the results obtained are very important in the chapter "Methodology". The research proposal, the research method, and the methods of data collection and analysis have a great influence on the reliability and validity of the results. Although Data Collection provides information on research methodology, data collection and analysis, it processes data sources, analyzes and data quality.

3.2. Data Collection

The study conducted by using secondary data. Spare data analysis - analysis of data collected for another main purpose. The use of existing data is an important choice for researchers who may not have time and resources. Further analysis is the steps that should be taken as empirical exercises that apply the same basic research principles as researchers using the source data and any other method of research. Spatial data analysis is a viable method used in a query process (Melissa P. Johnston, 2014). In the course of the research, research and research questions determine the following methodologies for the researcher. The research methodology includes researcher analyzes, summarizes and interprets the research data (Creswell, 2009). The major advantages associated with secondary analysis are the cost-effectiveness and convenience that provided (Dale et al., 1988; Glaser, 1962; Smith, 2008). Since someone else has already gathered information and data, the researcher does not have to spend financial resources to collect the information. When good secondary data is provided, researchers can gain access to and use high quality larger datasets, such as those gathered by funded studies or agencies that involve larger samples and contain substantial range. The larger samples are more representative of

the target population and allow for greater validity and more accurate findings (Smith, 2008; Smith et al., 2011).

3.3. Research sample

Sample of airline companies was selected according to The World's Top 100 Airlines in 2017. Furthermore, three of them was used in the paper.

Table 2: Sample of airline companies used in the paper

1. Singapore Airline
2. Turkish Airline
3. Pegasus Airlines

Purposive selecting a template is commonly known as targeted selection. With this advantage, subjects are selected as a template for a specific purpose as a template. When choosing a researcher, some models consider it to be much more than others. So, they are subordinate to the subject.

Target Selection will be used when choosing the most representative model, which can be more accurate and likely to be used by the researcher by choosing the probability sampling methods. Target Selection - The Selection Selection and Selected Items When You Choose It Using an Authoring Idea. Authors believe that they can obtain representation models using financial resources and time-consuming audit solutions.

Advantages of Target Selection: Target selection is one of the most effective and time-efficient simulation methods; If there are not enough key data sources to participate in the survey, it can be a targeted method; This sampling technique can be effective in studying anthropological conditions that can be useful in an intuitive way.

3.4. Research Method

The research based on case study method. Case study research, through reports of past studies, allows the exploration and understanding of complex issues. It can be considered a robust research method particularly when a holistic, in-depth investigation is required. Recognized as a tool in many social science studies, the role of case study method in research becomes more prominent when issues with regard to education (Gulsecen & Kubat, 2006), sociology (Grassel & Schirmer, 2006) and community based problems (Johnson, 2006), such as poverty, unemployment, drug addiction, illiteracy, etc. were raised. One of the reasons for the recognition of case study as a research method is that researchers were becoming more concerned about the limitations of quantitative methods in providing holistic and in-depth explanations of the social and behavioral problems in question. Through case study methods, a researcher is able to go beyond the quantitative statistical results and understand the behavioral conditions through the researcher's perspective. By including both quantitative and qualitative data, case study helps explain both the process and outcome of a phenomenon through complete observation, reconstruction and analysis of the cases under investigation (Tellis, 1997).

This method as case study analyzed on the theoretical model of identifying best strategy for JSC "Air Astana" based on Porter's generic strategy through the comparison of top best airline companies.

Planned quality calculations are often used as examples but can be explored in specific cases. For example, it can only be used for quantitative information, as well as how to use the strategy and how to use strategies. Reading behavior involves complex cognitive processes, and each learning strategy can not be considered in other strategies (Zaida, 2003)

III. RESULTS AND FINDINGS

1.1. Data Analysis Methods

Summary of evidences illustrate research results, which involves many subchapters in accordance with the main research question below According to Saber Market Intelligence, Astana International Airport will work to support current flows to the former capital, Almaty. By the end of May 2016, Air Astana will ship approximately 150,000 passengers with 17 most developed Almaty and Almaty airports. In fact, ten points were linked to two points outside of Kazakhstan alone. The economy of the predominantly dominant economy (92.3%) over the past 12 months was dominated by smaller business streams, but the smaller business flows were about 4.5 times the market and \$ 340 for the passenger. Air Astana has a powerful transfer hub but limiting the potential limitation and shifting to a new capital business will complicate future demand. From 12 months to 2016, about 280,000 passengers have been added to the airport annually. Like Astana, traffic is generally discounted on economy traffic (93.8%) and generates \$ 337 per base revenue per passenger. The airline's connections to Delhi and Kiev are the main drivers for coupling with over 10,000 passengers in Kiev-Tashkent.

1.2. Analysis results

As stated above three airline companies were used to compare their competitive strategies according to Porter's strategy.

Table: 3 Comparison of Competitive Strategies

Airline	Strategy	Description
Singapore airline		
	Cost leadership through cost Effective & Differentiation through	-Strategic human resource management processes 1) High investment training support service excellence: extensive training that lasts for 4,5 months, which is more than twice as long as the airline industry average + unusual topics: wine appreciation, interaction style

	service excellence	and poise, emotional and cultural intelligence. 2)Program "Staff Ideas On Action)" Encourage employees' idea. 3). Infrastructure. Singapore Airline has one of the youngest fleet in the world & depreciation policy is more conservative. In addition, lower repair and maintenance cost and lower fuel consumption. 4) Effective bargaining power. It buys in large volume, pay cash, obtain discounts. 5)Employees are highly productive. (According to Doganis Singapore Airlines' employees were the 2nd most productive after Korean Airlines: meritocracy& attract young students. Bonus scheme related to profitability.
	Cost leadership through decentralized and centralized innovations & differentiation through centralized innovation	Singapore Airlines is considered as serial innovator. For instance: Dolby sound, SIA's Krisworld entertainment system book-the-cook system. Product innovation department. Aim of the department: to conceive some innovative thoughts and with selected ones go through development process to commercial department. Staff Ideas in Action is running almost 30 years. In 2007-2008 over 40% of ideas were implemented. The culture of decentralized innovation is rotated executives every two to three years.
	Cost leadership through being a leader, differentiation through as well as a leader in service development	Prioritization of passenger needs. In -flight entertainment innovations introducing video-on-demand for all classes of travel. In addition,"Apple" compatible equipment and software for music and Dolby sound.
	Cost leadership through standardization & differentiation through personalization in customer interactions	Standardization (cabin crew appearance, greetings of passengers, the way they serve food/ drinks. Personalization makes passenger to feel individual and unique. Cabin crew are trained to think on their feet and find the possibilities to create impression of passengers. Internal programs such as "Think on Your Feet" and "Service Above the Rest".
Turkish Airlines	Maximize benefits for all stakeholders	Prioritization of passenger needs. In -flight entertainment innovations introducing video-on-demand for all classes of travel. In addition,"Apple" compatible equipment and software for music and Dolby sound
	Further strengthen, Organic growth	Another key initiative TCI (Turkish Cabin Interiors) is a partnership between Turkish Airlines, Turkish Technic Inc., and TAI, which produced the first aircraft galley to be entirely designed by Turkish engineers. After taking delivery of the first commercial aircraft fitted with TCI galley equipment in 2014, Turkish Airlines is still continuing to add aircrafts fitted with this galley

		equipment to its expanding fleet.
	Unlimited customer satisfaction, Towards becoming large hub Worldwide	To ensure the highest levels of passenger satisfaction, Turkish Airlines separates itself from its competitors by continuously developing its innovative approach in this regard, and permanently investing in its workforce which regarded as the most important factor of the carrier' going from strength to strength.
	A global brand focusing its strengths on the customer	As a member of Star Alliance (the world's largest airline partnership) since April 1st 2008, Turkish Airlines has not only focused on growth and profitability, but has committed to further increase its service quality. With its successful performance that displayed in this regard over recent years, the national flag carrier has received numerous awards from various leading organizations of the world, just as Skytrax
	Low operational costs, Service Quality	To ensure the highest levels of passenger satisfaction, Turkish Airlines separates itself from its competitors by continuously developing its innovative approach in this regard, and permanently investing in its workforce which regarded as the most important factor of the carrier' going from strength to strength.

Based on comparison between the giant air companies, we came to conclusion, that more continent strategy could be adopted from Turkish airlines, since service according to SkyTrax, familiar region and routes map is taken into account as well. Consequently, based on information above, there are matrix according to summary below in Table 4.

*All amounts are expressed in Million USD	Turkish Airlines	Singapore Airlines	Air Astana
Net Profit	223	514	10
Gross Profit	2.196	579	13.7
Total Profit	259	386	11.5
Revenue	10958	11094	185
Total expenses	1078	1070	169
Quantity of employees	31543	25194	5000
Quantity of passengers	68.6	18.9	4.2

CONCLUSION

This latest chapter examines us that in adopting strategy for Air Astana will flexibly reacts to new requirements and challenges of constantly changing environment, strengthens its client orientation, increases operational efficiency. In its activities guided by the following values: The main priority is safety, The main concern is the passenger, The main asset is staff, The main principle is high social responsibility. As it shown, the strategy could be adopted from both Turkish Airlines and Singapore Airlines as well, however the best convenient is first one.

Constant orientation to customers, studying their needs, tastes and preferences allows the company to quickly take into account changes in their requirements and desires, form and offer a product that takes into account the interests of various consumer groups. Open and active discussion of problems ensures the adoption of well-considered decisions and their professional implementation. The creation of a system focused on the development of human capital is the driving force for increasing competitiveness. For the carrier, security is not just an important production indicator, safety is the airline's top priority. A Security Concept has been developed and is operating, which makes the most stringent, even according to internationally recognized standards, requirements for the preparation and execution of flights. All the activities of the airline are aimed at the continuous improvement of management, technology and business processes that ensure unconditional safety of flights.

The passenger is always in the center of attention aboard the Air Astana. Each employee of the airline is aware of its responsibility for ensuring flight safety and comfort for all Passengers. The company is constantly working to improve the service system, the goal is to create a service that exceeds the expectations of the Passenger. In Air Astana employs about 10 thousand employees - the main wealth of the airline. The creative attitude to work creates the necessary prerequisites for meeting the requirements of the most demanding passengers. Every day, employees

of the company contribute a fraction of their labor to ensuring the effective operation of the company, in each department there is a coordinated and coordinated work - whether the organization of flight operations and maintenance of aircraft, booking and sale of air tickets, airport and in-flight services or administration and management. The trust that today is provided by Air Astana is the result of the selfless work of the airline's many thousands of employees. Product quality is one of the main factors determining the company's competitiveness in the market. The strategy of Air Astana is to create a product that differs favorably from competitors' offer and meets the highest world standards. The basic elements of the airline product are safety and reliability. The company intends to make every effort to maintain the safety rating at the highest level in the industry, to achieve the performance of the world's leading airlines in punctuality, the regularity of flight performance and the safety of luggage. This involves investing in improving the quality of services, as well as the development of additional services. The strengthening of the brand and the strengthening of the company's reputation are of strategic importance.

The success of a company is directly related to the use of the most advanced information technology (IT). The company pays much attention to the development of IT. The activities in this area are primarily aimed at maximizing the automation of business processes and information exchange processes, creating a single data bank for the entire enterprise. Understanding the high degree of corporate, social and social responsibility, Air Astana takes upon itself the obligations to fulfill in its activities the high requirements corresponding to the best world practice of corporate governance. In the business model, the main competitive advantages are: talented and responsible management, a unified brand, initiative and hardworking employees, a transparent and flexible cost structure. Corporate restructuring should ensure the creation of an optimal business model that will meet the above requirements and contribute to the growth of the company's value. Effective risk management in the company. The airline's activity is connected with the impact of various risk factors - both general

commercial and business-related. The main risks include risks associated with changes in prices for aviation fuel, changes in leasing and interest rates, currency fluctuations, and credit risks. The need to prevent possible losses, as well as the company's increasing responsibility to shareholders, led me as investigators of this path, to the need to develop and implement a risk management policy in which I reflected the risk management mechanisms in the airline. The risk management policy can be implemented with a view to timely identifying, limiting and minimizing the impact of risks on the company's operations, as well as to ensure an adequate response of the company to identified risks. Changes in prices for aviation fuel.

Fuel consumption is one of the main cost components of the company. In the reporting year at the end of 2017, the share of aviation fuel costs was 24.6% of the total cost structure. The risk of adverse changes in fuel prices is limited through the use of various hedging mechanisms - fixed-price contracts and quoted derivative financial instruments. Currency risk, most of the company's revenue is generated in foreign currency - tariffs are set primarily in US dollars or euros. The main part of the company's expenses is the expenses nominated in tenge. Currency risk is mainly associated with a discrepancy between the currency component of the proceeds and the cash flows denominated in the national currency, as well as the presence of net positions in the US dollar and euro. Interest rate risk In order to minimize the risk of changes in interest rates, I propose to base the use of short-term borrowings with a fixed and variable rate. Other risks, opportunities for unfavorable impact on the financial performance of the company are associated with an increase in prices for "infrastructure" services - air navigation services, airport fees, etc. In order to minimize the impact of negative factors associated with the operation and support of aircraft, the company in particular implements a restructuring program and fleet renewal. We also note other ways to increase the competitiveness and efficiency of Air Astana in the world market. Today, when Kazakhstan joined the WTO, the task of ensuring high competitiveness in the world market is becoming doubly relevant,

but so far the competitiveness of Kazakhstan airlines in the global airline business is very doubtful. On the way to increasing the volume of passenger traffic in Air Astana, we will inevitably face severe constraining factors: the extremely unsatisfactory state of the ground infrastructure, the lack of traffic concentration amid financial instability and loss of most airlines. Such problems can not be solved without active and, most importantly, constructive participation of the state. There can be no strong network global carrier in Kazakhstan without a strong ground infrastructure, a strong basic airport. Therefore, Air Astana today is a network carrier - in the absence of a modern, attractive, comfortable for passengers and easy-to-maintain ground infrastructure aircraft. Air Astana has no prospects for further development unless there is such a ground infrastructure. And then solutions for the solution of problems are again needed at the state level. We have enormous opportunities for development, but we are losing them, giving transit flows to Western airlines. The prospects for the development of airlines largely depend on whether they are able to replenish their fleet with the aircraft they need. To do this, you need to be able to attract investors' funds. The recipe for investment attractiveness is universal for foreign and Kazakh companies. It is conditioned by the elaborated business plan, promising market, convincing strategy of work, effective management, transparency of the company. At the same time it is enough to have acceptable financial indicators and balance structure, a good credit history, sufficiency of assets to secure the transaction. An important condition for enhancing the stability of the industry is the participation of Air Astana and Kazakhstan airlines in global international alliances, as well as the cooperation between Air Astana and Kazakhstan air carriers with CIS carriers. Air Astana intends to strengthen its leading position in the civil aviation of Kazakhstan, primarily by expanding its presence in the domestic market and the transportation market between Kazakhstan and CIS countries. This implies both an increase in frequencies on existing routes, and an exit

to new directions. The strategic goal is to increase the share in the domestic market to at least 20%.

The development of the Company in the international passenger transportation market is one of the international alliances of air carriers, involving transit flows from China, India, Russia and Kazakhstan as well as from Asia. In Europe and beyond, compared with foreign competitors. Air Astana focuses on business travelers and creates a network of its own destinations. Express routes, frequency of flights (at least 5-7 times a week on a route), provide a convenient schedule for entrepreneurs. The main directions of the development of the directional network are expansion of cooperation with Russian and foreign airlines (code exchange, interline) for concentration on the market's most effective segments, expansion of network interaction, increase of routes and frequencies. passengers. The Company's fleet development strategy envisages the optimization of a typical volumetric series according to the network of routes, the transition to modern fuel efficient and comfortable aircraft. The main thing is to ensure the safety and reliability of the airline at the international level. The company intends to make every effort to maintain a high level of safety in the industry in order to maintain the reputation of the leading airlines in the world, flight stability and safety of luggage. The strategic objective is to increase the passenger carriage to the average level of the European carriers' association by optimizing the network of routes, attracting high-quality passengers and improving the quality of products. It also envisages the expansion of service for other airlines that envisage the expansion of technical and surface treatment of aircraft, including the training of aviation personnel. The key factor in reducing costs is to optimize the aviation fleet - reducing the number of fuel-efficient aircrafts and reducing the number of ships managed, increasing the efficiency of European airlines, introducing and implementing cost effective mechanisms. aimed at optimizing operating activities and saving costs .

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APPENDICES

(i) Income

Passenger Transportation

Cargo and mail

Other income

175,981,825	152,940,656
4,480,477	3,766,678
<u>5,511,996</u>	<u>3,520,444</u>
<u>185,974,298</u>	<u>160,227,778</u>

(ii) Total Income

<u>185,974,298</u>	<u>160,227,778</u>
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(iii) Total operating expenses

<u>(169,914,088)</u>	<u>(147,321,183)</u>
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(iv) Total Net Profit

<u>10,750,893</u>	<u>6,494,249</u>
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