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Criteria for Selective Territorial Expansion: Case Study of the Republic of Kazakhstan

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Abstract:

This paper assesses the development of the regions of the Republic of Kazakhstan from the perspective of selective territorial expansion of a company specializing in the manufacture of metal structures. The notion of selective territorial expansion of companies as a corporate development strategy is considered, including its place in the taxonomy of organizational strategies. The paper substantiates the necessity of a selective approach not only to territorial expansion, but also to the internal corporate processes when working out a development strategy. Based on the analysis of the specificity of products and their sales, the criteria for choosing areas for selective territorial expansion of the company are formulated. Taking into account certain criteria, based on the official statistics of the Republic of Kazakhstan, analytical Tables have been compiled reflecting the level of regional development by particular indicators. The analysis of the development of the territories of the Republic of Kazakhstan made it possible to rank the regions by the chosen criteria for selective territorial expansion, based on which the target regions were identified.

Keywords: selective territorial expansion; corporate development strategy; socio-economic rating of regions.

JEL Classification: R11; R12.

Introduction

In the lifecycle of each organization, there is a period of maturity, which involves stabilization of growth and saturation of the region of that firm's operation (Olenichenko 2016). For further growth and profit increase, the firm needs to build a strategy for further development. It should be borne in mind that organizational strategies can be conditionally divided into two groups: operational strategies; development strategies.

Operational strategies are completely related to the organization's behavior in the market. According to Michael Porter, three main variants of them can be distinguished: cost leadership, differentiation and focus (Porter 2015).

One of the options for strategic diversification is the development of new markets (Porter 1998). However, the company may face the following problem: on the one hand, the opportunities and prospects for the company's development require entry into new territorial markets; on the other hand, the development of the country's territories is uneven, which necessitates the selection of territories for corporate expansion. Such a picture is observed in the territory of Russia and the CIS countries, which undoubtedly requires actualizing a solution to such a problem, which in turn calls the need to identify the main factors and criteria for the choosing of the regional markets for selective territorial expansion.

The object of research in this paper is the strategy of selective territorial expansion.

The purpose of the study is to identify the key criteria that affect making a selective decision in connection with territorial expansion, based on which, the target regions can be identified.

The research took as an example a company in the Republic of Kazakhstan, specializing in the manufacture of metal structures.

1. Methodology

To substantiate the strategy of selective territorial expansion in the example of a company specializing in the manufacture of steel structures, the data were analyzed for the regions of the Republic of Kazakhstan. The data were selected based on the sales analysis of the range of products manufactured by this company, in accordance with the criteria for choosing areas for selective territorial expansion. The materials of the Committee on Statistics of the Republic of Kazakhstan, as well as the results of the company's internal research, were used as information sources. Since the research was done on a case study of a company specializing in the manufacture of steel structures, contracting construction organizations were considered as the main consumers of the company's products. In this regard, the analysis of the regions was carried out from the perspective of construction activity, as well as housing prices in the primary market and the level of income of the regional population. In the resulting Table, the regions were ranked for each indicator, the lowest rank being received by the region with the best conditions in connection with this indicator. The sum of ranks for all indicators was the total score. The region with the lowest total score was given a rating of 1.

2. Results

The object of a development strategy is the potential and competitive advantages of the firm. At present, it is accepted to say about four types of this strategy: growth, moderate growth, reduction and combination (Ivanova 2013). Strategies can also vary by nature. In this respect, three types of strategies can be distinguished: offensive, offensive and defensive (stabilization strategy) and defensive (survival strategy). An offensive strategy is most often implemented through the processes of diversification, manufacturing cooperation or market intensification. Diversification can be vertical, involving the integration of suppliers or consumers in business, and horizontal, connected with penetration into related sectors in order to strengthen the corporate economic stability. Cooperation takes the form of agreements on technological training and assistance in studying the production. Market intensification may consist of its development, geographic and other expansion. This strategy is aimed at finding new markets or market segments for already traded products. It can enter new geographical markets; enter new market segments, the demand in which is not yet satisfied; offer the existing products in a new way; apply new methods of distribution and marketing; make more intensive efforts on promotion. Revenue is provided through the expansion of the sales market both within and outside the geographic region. This strategy is costly and risky, but in the long term it is more profiTable (Thompson, and Strickland 1998).

Summarizing the theoretical approaches to the classification and the basic models of diversifying the company as a development strategy, Linder offers a matrix where strategic alternatives correspond to each type of diversification and stage of a company's development cycle (Linder 2014). The Table view of diversification is displayed in Table 1.

Table 1. Generalized diversification matrix (O'Shaunessey 2002)

Corporate lifecycle stage	Diversification of		
	products	markets	sectors
Growth	Merger & acquisition	Establishment of joint ventures, opening branches	Establishment, purchase of new ventures, making strategic alliances
Stabilization	Holding	Narrowing corporate operations and scales	Restructuring business portfolio
Survival	Shift	Termination of owning	Liquidation of unprofiTable manufacturing

One of the options for strategic diversification is the development of new markets. The strategy of territorial expansion is the most relevant for Kazakhstan and Russia, characterized by a significant variety of regions both in terms of landscape or climatic conditions and infrastructure, income, living standards.

Expansion means widening, spreading something beyond the usual boundaries, extension of the spheres of influence. Expansion can be political, economic, territorial, economic (export of capital), as well as non-economic (armed seizures, political pressure). The selective method is based on the ability to choose. Thus, selective territorial expansion presupposes an assessment of the potential and prospects for the development of a particular region, which caused the typology of regions to emerge (Kratko, and Simunova 2014).

Each area has a unique competitive landscape, natural and geographical conditions, infrastructure, information and social environment, cultural traditions, resource market, current system of public administration that determines the territorial development and the way of its functioning. Thus, for a new geographic market, not only product adaptation and clarification of the target customer's portrait is required, but also re-evaluation of the company's resources and competencies, assessment of threshold capabilities (additional production capacity, human and organizational capacity) and other parameters that determine the uniqueness and sustainability of the organization in the new area. Accordingly, the strategy of selective territorial expansion includes not only the choice of areas for its implementation, but also the large internal work of the firm (Kolesov 2012). At the same time, these two areas of development and implementation of the strategy of selective territorial expansion are interdependent.

The development and implementation of the strategy of selective territorial expansion can be formalized in the form of a system of projects:

- on adaptation of business processes;
- on expansion/creation of new production capacities;
- on organizational modeling of the management system;
- on formation of a system of relations with stakeholders, etc. (Kolesov 2012)

These projects, being implemented in one system, provide a synergetic effect and sustainable competitive advantages of the organization in newly developed territories. In some cases, the development and implementation of a strategy of selective territorial expansion may require additional investments, which can also be considered as a separate project (Kaldiyarov, Kaldiyarov, Nardin, and Nardina 2016). When developing projects, the assessment of strategic compliance, balance of resources, key success factors and the capabilities of the organization in new territories should be taken into account. The strategy development is influenced by the top management's vision, corporate mission, as well as its overall strategic plan. The system of projects being formed that ensures the implementation of the strategy of territorial expansion, from the perspective of knowledge areas, is fundamentally different from the projects implemented by the company in order to maintain competitiveness in the developed territory.

According to Zaykovskiy, a strategy of selective territorial expansion is a general program of actions to expand the company's operations beyond the developed territorially limited market areas, based on strategic matching of resources, key competencies of the organization, key success factors, as well as the value produced, to the needs and expectations of target consumers in a new geographic market and other interested parties (stakeholders), whose interests are predetermined by the strategy of socio-economic development of that area (Zaikovskiy, Nikiforova, and Novikov 2015).

As per Figure 1, the development and implementation of a corporate strategy of selective territorial expansion contains the actions to be undertaken at three levels:

- Operational management;
- Projects/programs management;
- Strategic level.

The actual formation of the strategy happens at the strategic level, and the implementation of the strategy – at the respective levels of project management and operational management. However, in the implementation of the strategy at each level, difficulties or deficiencies in the strategy or its parts may arise at each stage, which will objectively require adjustments and amendments, changes in the corporate strategy of selective territorial expansion (Yolkin 2006).

The limitedness of the developed territorial markets of goods and services within a single country makes companies search for new areas of their development. These areas can be represented as diversification of the corporate activity in an earlier developed territory and/or access to new territories. To make the development of new territorial markets effective, it is necessary to identify target regions in which the demand for products will correspond to the capabilities and needs of the company. It is also necessary to evaluate the areas new for the company not only from the standpoint of the existing situation, but also prospects, including those within the framework of governmental programs (in Kazakhstan – construction of affordable housing, in Russia – import substitution (Nardin, Pomogaev, and Nardina 2015)).

While adaptation of products is not required for the new regional market and the portrait of the target consumer remains the same, the above situational factors make it necessary to re-evaluate the company's resources and the opportunities for entering any new geographic market, human and organizational capacity and other parameters on the basis of which strategic abilities of the organization in a new geographic market are assessed.

By importance for business, the following types among the regions are distinguished:

- basic production regions, which are the basis of business;
- regions – zones of expansion, which include economically developed regions, but controlled by regional leaders; also, attractive for expansion are areas with promising resources, export industries, wide logistics networks and with related and processing enterprises;
- semi-peripheral regions that do not have especially attractive parameters, where, accordingly, business is inactive;
- peripheral regions that are economically the least developed (Zaikovskiy, Nikiforova, and Novikov 2015).

To date, various methods have been developed for rating the areas that can be transformed for the purpose of developing criteria for selective territorial expansion (Nardin, Shumakova, Binov, Novikov, and Nardina 2015). One of the main criteria for assessing the attractiveness of regions for selective expansion is the growth prospects of the local market. Within this criterion, a possible market share is estimated in the short and long term.

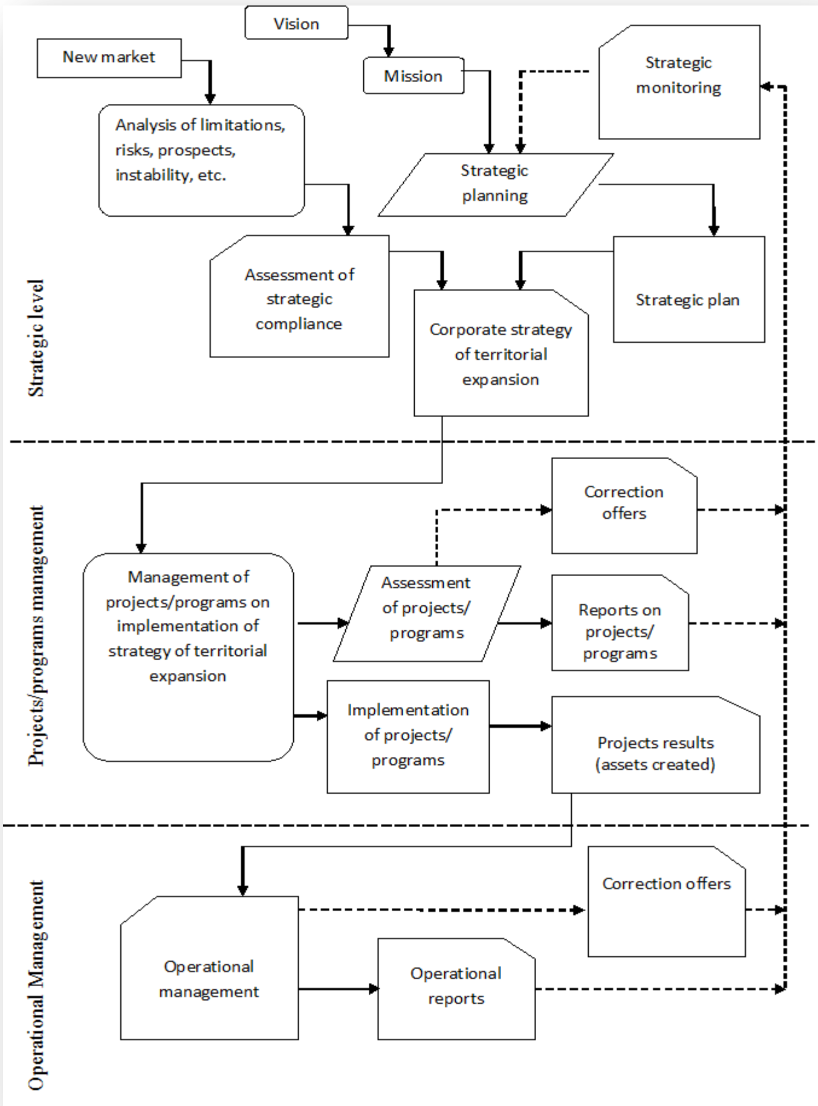

Figure 1. The process of development and implementation of a corporate strategy of territorial expansion (Kolesov 2012)

To work with this criterion, it is necessary to estimate the growth rate of the sector of the economy in the region under study, the dynamics of consumption, the level of saturation of demand, etc. According to another criterion (growth prospects for profitability), it is necessary to assess the structure of the market and the assortment, the volume of sales, the level of competition, etc. When assessing the investment attractiveness of the territory, it is necessary to pay attention to the development of transport and social infrastructure, the level of security, the quality of life of the population, etc. It is also necessary to consider the specific local risks.

In this study, we will consider the identification of the significant factors affecting the adoption of a selective decision through an example of the company engaged in making metal structures.

The analysis of the composition of consumers of metal structures produced by the company was carried out with the purpose of identifying the sectors that are of prime importance for the production of metal structures. The results are shown in Table 2.

Table 2. Core end users of metal structures

End users of metal structures	Share of metal structures consumption in the total production volume, %
Construction organizations	86
Individuals	11
Other	3

Thus, when identifying the criteria for choosing regions for selective expansion, it is necessary to take into account the factors of activity and prospects for construction. Among the quantitative characteristics of regions, it is possible to use the following factors:

- number of contractors in the region;
- volume of construction works, including by types of construction work;
- commissioning of buildings;
- prices for real estate;
- income of the local population;
- number of local population.

As an assessment of a region's compliance with the strategic objectives, the volume of production of metal structures in the region will be assessed.

Tables 3-6 display the values of the selected criteria by regions of the Republic of Kazakhstan (Official Statistics (by Sectors), 2016).

Table 3. Regions' quantitative parameters (Information by Regions. Commissioning of Residential Buildings: Official Statistics 2016; Information by Regions. Volume of Construction Works: Official Statistics 2016; Basic Parameters for 2003-2015. Number of Construction Organizations: Official Statistics 2016)

Region	Construction contractors			Construction works finished			Commissioning of buildings, m^2	Sale of new housing, thousand tenge/m^2
	Number	%	2015/11	Million tenge	%	2015/11		
Republic of Kazakhstan	7,594	100	97.38	2,861,058	100	137.21	7,191,928	257.6
Akmolinsk	329	4	107.52	91,727	3	136.81	280,701	309.5
Aktyubinsk	347	5	135.55	124,708	4	125.11	389,440	167.1
Almaty	380	5	93.14	215,424	7	124.42	1,123,069	306.6
Atyrau	246	3	69.89	385,982	13	105.05	363,885	335.5
Eastern Kazakhstan	553	7	79.91	158,365	5	164.41	197,600	353.5
Almaty city	995	13	71.43	278,875	10	133.5	989,724	90
Astana city	1,232	16	130.51	472,219	16	165.05	1,644,497	186.7
Zhambyl	371	5	114.15	94,773	3	144.53	221,055	229.9
Western Kazakhstan	306	4	89.21	86,572	3	146.31	165,334	189.5
Karaganda	849	11	108.99	161,175	5	150.46	271,720	119.6
Kostanai	328	4	111.95	85,706	3	146.37	164,909	272

Region	Construction contractors			Construction works finished			Commissioning of buildings, m²	Sale of new housing, thousand tenge/m²
	Number	%	2015/11	Million tenge	%	2015/11		
Kyzylorda	194	3	91.51	97,826	3	86.89	342,474	158.6
Mangistau	303	4	85.35	178,006	6	109	489,456	164.4
Pavlodar	396	5	101.54	176,055	6	272.21	102,171	90
North Kazakhstan	211	3	97.69	54,586	2	245.55	60,685	116
South Kazakhstan	554	7	103.75	199,059	7	149.35	385,208	152.3

The main consumers are contracting construction organizations (CCO). According to the data presented in Table 3, their highest number is registered in Astana. 13% of CCO are in Almaty, 11% in Karaganda region. The dynamics shows the growth of CCO in Aktyubinsk region, yet only in 2015 (1.5 times). The largest regions are characterized by a reduction in CCO being 15% to 30%, nevertheless showing a slight increase in 2015. Thus, Almaty, reducing the number of CCO, is still one of the leaders in their number.

By the volume of finished construction works, Astana and Atyrau region are leading (16.51% and 13.49%, respectively). 9.75% of all construction work is in Almaty. These results were expected, because there are more CCO in those regions. However, in Mangistau region only 6.22% of construction works are produced, which characterizes the region negatively in connection with the purpose of this study: a larger number of CCO, but less work, i.e., each CCO is satisfied with a relatively small amount of contracts. Judging by the dynamics over 5 years, the situation somewhat differs from the expected: Pavlodar and North Kazakhstan regions show the greatest growth in construction (more than double). However, in 2015, the highest parameter was observed in Atyrau region (a growth of 1.5 times.). Pavlodar and North Kazakhstan regions are also leaders (an increase of 55% and 42% respectively). The leaders of the final rating Almaty and Mangistau region show an increase of 3% for 2015. In 2016, the same growth in construction works was shown again by Atyrau region (double growth, 18% share), Astana (19% share) and Western Kazakhstan. Almaty and Mangistau region nearly showed the 2015 level.

During the first 9 months of 2016, 7 million square meters were commissioned. The leaders here are Astana, Almaty region and Almaty city. In the 4th place, but 2 times less by square meters, is Mangistau region. The leader by the past indicators here is only in the 7th place, which probably refers to other types of construction work, or to the objects under construction. By the number of apartments, Astana, Almaty region and Almaty city are also leading.

Table 4. Real estate prices as on October 2016

(Prices and Tariffs. Prices in the Housing Market in 2016: Official Statistics 2016)

Region	New housing		Secondary housing		Hire	
	price of 1 m², thousand tenge	to December of previous year	price of 1 m², thousand tenge	to December of previous year	price of 1 m², thousand tenge	to December of previous year
Republic of Kazakhstan	249.3	-2.9	189.9	-0.1	1,281	0
Aktau	309.5	0	342.1	0	2,016	8.2
Aktobe	144.7	-13.4	152.9	-10.6	1,312	2.4
Almaty	308.8	0.7	337.3	-3.8	2,328	-10.4
Astana	339.8	1.3	317.4	-7	2,394	-12.4
Atyrau	328.8	-7	261.9	12.3	1,658	0
Zhezkazgan	90.0	0	142.3	21.2	891	0
Karaganda	186.7	0	174.6	4.4	1,552	0
Kokshetau	202.8	-11.8	175.4	-11.7	1,168	-4.7
Kostanai	182.7	-3.6	176.9	-3.6	1,273	0

Region	New housing: price of 1 m², thousand tenge	New housing: to December of previous year	Secondary housing: price of 1 m², thousand tenge	Secondary housing: to December of previous year	Hire: price of 1 m², thousand tenge	Hire: to December of previous year
Kyzylorda	119.6	0	123.6	6.9	950	3.5
Pavlodar	229.9	-7.6	169.2	-5.1	1,045	-5.9
Petropavlovsk	158.6	0	181.8	2.6	1,222	6.7
Semei	140.5	-11.9	154.6	-0.6	1,103	0
Taldykorgan	90.0	0	185.1	-0.6	1,038	11.4
Taraz	116.0	0	187.5	0	836	0
Uralsk	144.5	-4.7	155.4	0	1,033	1.7
Ust-Kamenogorsk	229.1	18.6	177.3	-0.5	1,275	-3.7
Shymkent	269.5	-24.3	162	0	1,117	6.1

According to the data in Table 4, the selling price of housing in Atyrau is quite high – higher than in Astana, although by the volume of housing commissioning Atyrau is only in the 9th place. Almost equal prices are in Aktau and Almaty while the most expensive new buildings are in the South Kazakhstan region in Shymkent city. High rates of growth in prices for new housing are observed in Atyrau, Pavlodar and Aktau. The four leaders do not change when considering prices in the secondary housing market. But the increase in prices for this type of housing is less than for new housing. The cost of rent is the highest in the same regions. In 2016, by prices the four leaders did not change; on the secondary market their positions changed – the most expensive housing in the secondary market is in Aktau (Mangistau region).

Table 5. Nominal and real money incomes of the population (Living Standards. Nominal Money Income by Regions: Official Statistics 2016; Living Standards. Real Money Income by Regions: Official Statistics 2016)

	Average per capita nominal money incomes of the population, tenge			1 Quarter 2016, % to			
				1 Quarter 2015		4 Quarter 2015	
	1 Quarter 2015	4 Quarter 2015	1 Quarter 2016	nominal	real	nominal	Real
Republic of Kazakhstan	61,650	72,676	69,835	113.3	98.4	96.1	92.1
Akmolinsk	53,103	61,271	57,851	108.9	95.4	94.4	91.2
Aktyubinsk	60,711	63,908	60,570	99.8	86.9	94.8	90.4
Almaty	44,674	62,173	57,202	128.0	112.2	92.0	87.7
Atyrau	121,666	142,346	143,445	117.9	102.1	100.8	96.3
Eastern Kazakhstan	55,065	62,692	61,807	112.2	97.9	98.6	94.9
Almaty city	114,387	154,872	130,760	114.3	95.1	84.4	80.6
Astana city	115,151	135,035	121,439	105.5	90.8	89.9	85.5
Zhambyl	40,597	43,562	42,227	104.0	91.7	96.9	94.0
Western Kazakhstan	65,631	72,656	73,424	111.9	97.5	101.1	96.7
Karaganda	68,673	73,034	68,992	100.5	88.7	94.5	91.2
Kostanai	51,160	59,048	57,349	112.1	98.3	97.1	93.4
Kyzylorda	57,540	48,511	50,714	88.1	76.8	104.5	101.2
Mangistau	110,104	103,659	109,471	99.4	83.9	105.6	100.5

	Average per capita nominal money incomes of the population, tenge			1 Quarter 2016, % to			
				1 Quarter 2015		4 Quarter 2015	
	1 Quarter 2015	4 Quarter 2015	1 Quarter 2016	nominal	real	nominal	Real
Pavlodar	67,239	73,835	78,474	116.7	101.9	106.3	102.0
North Kazakhstan	49,408	57,418	55,815	113.0	99.4	97.2	93.9
South Kazakhstan	36,636	37,699	43,729	119.4	103.8	116.0	111.2
Max	121,666	142,346	143,445	128.0	112.2	116.0	111.2
Min	36,636	37,699	42,227	88.1	76.8	84.4	80.6
Max /Min, times	3.3	3.8	3.4	1.5	1.5	1.4	1.4

According to the Statistics Committee of Kazakhstan, the largest population is in southern Kazakhstan. However, if we talk about the construction of houses and apartment buildings, we are primarily interested in the number of urban residents. Almaty, South Kazakhstan and Karaganda are the leaders in urban population. The ability of the population to purchase housing in new buildings can be roughly judged by the income level of the regional population. The income of the population in Atyrau region is 6 times higher than the subsistence level, which explains the high prices for real estate and determines the availability of effective demand. However, in many regions in the 1st quarter of 2016 the real incomes of the population were decreasing (Table 5).

Table 6. Volume of metallurgical production (Volume of Industrial Manufacturing by Kinds of Economic Activity by Regions of the Republic of Kazakhstan as Reported for 2016: Official Statistics, 2016)

Region	Metallurgic industry		Ferrous metallurgy		Casting of metals		Manufacture of fabricated metal products, except machinery and equipment	
	thousand tenge	%	thousand tenge	%	thousand tenge	%	thousand tenge	%
Republic of Kazakhstan	2,437,304,253	100	811,126,635	100	4,682,314	100	140,249,335	100
Akmolinsk	57,126,832	2.34	-	-	27,106	0.58	2,184,083	1.56
Aktyubinsk	117,192,306	4.81	117,162,783	14.44	29,523	0.63	3,330,032	2.37
Almaty	4,460,647	0.18	3329,945	0.41	216,031	4.61	6,007,381	4.28
Atyrau	226,259	0.01	226,259	0.03		0.00	4,909,852	3.50
Eastern Kazakhstan	683,072,583	28.03	106,289	0.01	1,959,625	41.85	12,122,839	8.64
Almaty city	33,740,753	1.38	12,195,159	1.50	40,261	0.86	14,117,165	10.07
Astana city	111,447,607	4.57	755,818	0.09	295,368	6.31	17,327,224	12.35
Zhambyl	16,073,193	0.66	4,998,224	0.62	159,590	3.41	2,327,699	1.66
Western Kazakhstan	7,766,517	0.32	7,766,517	0.96		0.00	4,370,349	3.12
Karaganda	813,717,909	33.39	385,678,276	47.55	553,803	11.83	23,694,100	16.89
Kostanai	38,766,962	1.59	16,654,013	2.05	215,435	4.60	1,378,600	0.98
Kyzylorda	38,014,400	1.56		0.00		0.00	108,366	0.08
Mangistau	1,359,040	0.06	1,359,040	0.17		0.00	15,637,333	11.15
Pavlodar	472,161,715	19.37	258,782,234	31.90	1,093,635	23.36	23,561,236	16.80

Region	Metallurgic industry		Ferrous metallurgy		Casting of metals		Manufacture of fabricated metal products, except machinery and equipment	
	thousand tenge	%	thousand tenge	%	thousand tenge	%	thousand tenge	%
North Kazakhstan	1,101,486	0.05	1,101,486	0.14	-	-	3,809,941	2.72
South Kazakhstan	41,076,044	1.69	1,010,592	0.12	91,937	1.96	5,363,135	3.82

The production of metal products is concentrated in Karaganda and Pavlodar regions, i.e., traditional industrial centers of the country, which corresponds to the data in Table 6. A large number of these products are produced in Astana (12% of the total volume) and Almaty (10%), which is probably related to the consumption of metal structures in these cities. Thus, the production of metal structures is concentrated either at the place of metallurgical production or at the place of their traditionally significant consumption.

Table 7 presents the final rating of the regions of Kazakhstan, compiled according to the following principle: the target regions will be those regions that will get the lowest total score, which will be determined as the sum of regional ratings for each criterion.

Table 7. Determining the rating of the regions of the Republic of Kazakhstan for the purpose of developing a strategy of selective territorial expansion

Region	Number of CCO	Housing commissioning	Manufacture of metal structures	Volume of construction works	Dynamics of construction works	Price for new housing	Price for secondary market housing	Price for hired housing	Number of population	Level of population's incomes	Total points	Final rating
Akmolinsk	10	9	3	11	6	7	9	9	11	10	85	9
Aktyubinsk	9	5	4	9	16	11	15	5	7	9	90	10
Almaty	7	2	8	4	8	16	6	13	7	12	83	8
Atyrau	14	7	6	2	1	2	4	4	12	1	53	3
Eastern Kazakhstan	5	12	1	8	7	10	11	6	5	8	73	6
Almaty city	2	3	1	3	10	4	2	2	1	2	30	2
Astana city	1	1	2	1	4	1	3	1	3	3	20	1
Zhambyl	8	11	3	13	14	15	5	16	5	16	106	15
Western Kazakhstan	12	13	5	12	5	12	13	14	6	6	98	14
Karaganda	3	10	10	7	15	13	14	11	2	7	92	13
Kostanai	11	14	2	14	12	8	8	7	3	11	90	10

Region	Number of CCO	Housing commissioning	Manufacture of metal structures	Volume of construction works	Dynamics of construction works	Price for new housing	Price for secondary market housing	Price for hired housing	Number of population	Level of population's incomes	Total points	Final rating
Kyzylorda	16	8	1	15	13	14	16	15	3	14	115	16
Mangistau	13	4	5	6	11	3	1	3	3	4	53	3
Pavlodar	6	15	5	10	2	6	10	12	2	5	73	6
North Kazakhstan	15	16	1	16	3	9	7	8	2	13	90	10
South Kazakhstan	4	6	2	5	9	5	12	10	1	15	69	5

The chosen criteria show significant regional differences and allow assuming even at this stage that Almaty, Atyrau and Aktau will be target cities. The least points were given to Astana (20 points) and Almaty (30 points): according to all criteria, these cities were in the top four, which affected the total score and allowed getting the appropriate ratings. Atyrau region received the final rating of 3, showing a significant potential for increasing the volume of construction works: at high construction rates and volume, high prices for new housing and good incomes in this area, a small number of CCO is observed, which indicates the size of CCO and the scope of work per one CCO. In this regard, it is worthwhile to assume that it will be sufficient to establish partnership relations with one CCO, thus ensuring the fulfillment of the strategic goal in the medium term. Mangistau region received the same final rating, but unlike Atyrau, the ratings for certain criteria are not so unambiguous: the number of CCO in the region and the dynamics of construction works are poor. The least attractive for selective territorial expansion are the Kyzylorda, Zhambyl and West Kazakhstan regions. In the so-called 'yellow region', Pavlodar and East Kazakhstan regions are potentially promising.

3. Discussion

There is no single approach among the existing methods for deciding on the development in a particular region. The territory of the Republic of Kazakhstan, like the Russian Federation, is heterogeneous in terms of socio-economic development. Speaking about the strategy of selective territorial expansion of the company specializing in the manufacture of steel structures, the attractiveness of regions differs according to all the criteria: the number of construction contractors in the region, the volume of construction works in general, the income of the population, etc. Thus, it is objectively necessary to assess the attractiveness of the regions for selective business entry into the region by many criteria. This raises the question of the sufficiency of the criteria put forward. However, the expediency of deepening the research by expanding the range of criteria should be objectively considered in relation to each particular company.

Conclusion

Among the criteria for choosing regions for selective territorial expansion there were the following: the number of contracting construction organizations, the commissioning of buildings, the production of metal structures, the volume of construction works, the dynamics of construction works, the price for new housing, the price for housing in the secondary market, the price of hired housing, the income level of the population. Meantime, depending on the individual operating conditions of the companies, the range of criteria can be supplemented.

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