Abstract

Sustainable regional development projects are a challenge for all countries, regardless of their geographic location, cultural differences, or level of economic development. Kazakhstan is also facing this challenge and tries to counteract this process by actively implementing regional development projects and programs. However, project effectiveness and project value remain bottlenecks as these projects are aimed to improve lives and work in rural areas and eliminate inequality; therefore, managing such projects is a complex issue. This study seeks to obtain data that will help to address these research gaps and to identify value aspects of such projects from the end-users’ perspectives – local communities. This can help to understand how to select projects with high value and enhance their effectiveness.

For this purpose, in 2020, a questionnaire survey and semi-structured interviews of end-users of regional development projects implemented in local communities were conducted. 301 respondents from main mining towns included in the regional development program of the Republic of Kazakhstan have been surveyed and 18 deep interviews have been conducted. The results show that Kazakhstani regional development projects appear to have a low level of value from the perspective of main stakeholders and beneficiaries – local communities. Project value evaluation has also revealed that a concept of value is different for local government authorities, project teams, and local communities. The study expands knowledge on the management of regional development projects, revealing the importance of understanding the value for such projects to achieve success and enhance their effectiveness.

Keywords

value, project management, regional development projects, local community, stakeholders

JEL Classification

O22, R58

INTRODUCTION

The goals of sustainable regional development existed long before the resolution of the United Nations and its relevance is increasing in times of various crises. In this connection, the importance of projects aimed at regional development has also been increasing. Similar to many resource-dependent countries, Kazakhstan is trying to move away from the resource to human development curse. In this regard, starting from 2012, regional development programs have been initiated, which include various projects that cover basic human needs. They are designed to improve the infrastructure and environment of regions. In addition, they cover higher human needs, such as education, career guidance, and the opportunity to open own business. Therefore, the value and efficiency of these projects play an important role in Kazakhstani economic development.

Recently, researchers have shown an increased interest in regional development projects. However, there is still a lack of relevant literature on project effectiveness, stakeholder management, and project value. Particularly, there are scarce publications that consider end-users and...
their perspectives on regional development projects. By focusing on regional development projects in Central Kazakhstani monotowns, the main goal of the study is to investigate aspects of regional development projects from the point of view of a client and main beneficiary – a local community. This helps to understand how to select projects with high value and enhance their effectiveness. The value of these projects directly affects several value outcomes of regional development projects in the medium and long term. To pursue this, the following research questions are formulated:

RQ 1: How do local communities value regional development projects in their monotowns?

RQ 2: What kind of projects are valuable and meet the expectations and requirements of local people, and what kind of implication does a local community have on value creation in regional development projects as main stakeholders?

This paper is structured as follows. The paper presents a review of the literature on regional development projects, a value of projects, and secondary stakeholders’ influence on them. Section 1 describes the aim, and section 2 – research context and methodology. Section 3 provides insight into research results, and section 4 is dedicated to the discussion. The paper also concludes on the findings and limitations of the study, as well as implications and potential for future studies.

1. LITERATURE REVIEW

Sustainable regional development is a challenge for all countries, regardless of geographic location, cultural differences, or the level of economic development. This challenge is particularly exacerbated in monotowns, which are the focus of this paper. According to Hollander and Németh (2011), Schilling and Logan (2008), Popper and Popper (2002), and Butcher et al. (2006), in Western Europe and the US, the focus is predominantly on finding the optimal model for managing a “shrinking” city, implementing the principle of “smart decline”. Thus, in 2004, Germany funded the Shrinking Cities Project (Oswalt et al., 2006) based on a global competition, which developed many ideas. This project proposed a concept of what smart decline should be while determining main challenges and issues, drawing limits of guidelines, and analyzing feedback. Hollander and Németh (2011) argued that many, while not all, resent smart decline outlining functions in the US adopt results that are top-down in nature, presume a blank slate at project areas, and require a peaceful public. In this case, Harper and Stein (1996) suggest that smart decline planning processes must involve and especially notice various voices, and a fundamental aim of the planning process must be the insertion of various parties and ideas, discarding the obstacles that effectively calm the public. In addition, it is especially crucial to launch and foster processes that are wide-ranging and inclusive as every society and each person can transmit certain content and values on what should arise in a place. Turgel et al. (2016b) showed that in Russia new criteria for assigning settlements to the category of monotowns were approved in 2009. On this basis, a list of monotowns was compiled, which can be updated annually. By contrast, in Kazakhstan, a different approach was chosen as from the very beginning the support of monotowns was considered an element of national regional policy. The Program of Monotowns Development adopted in Kazakhstan for 2012–2020 consolidated, among others, the criteria for assigning monotowns. The peculiarity of the Program was the possibility to include in the list those monotowns where city-forming enterprises partially operate or have suspended their activities, as well as it provided classification of monotowns in terms of development potential. To continue working in this direction and follow the framework of the strategy, the government adopted a new program in 2019 (The Government of the Republic of Kazakhstan, 2019), which is strategic for development and can reduce the impact of resource dependency on the economy and improve human resources.

Managing regional development projects got the attention of the government and major enterprises. They focused on the provision of project theo-
retical base, clearly structured processes, methods, and tools to achieve the goals of the government strategy and sustainable development. However, already implemented regional development projects are aimed at improving the infrastructure in Kazakhstan. It was shown that accepted parameters of project success, namely scope (quality), time, and budget, do not guarantee a high value of the project. In this regard, Pike et al. (2007) state that different kinds of local and regional development are closely connected to socially determined principles and values that can differ from place to place and change over time. Distinctions can be made between varieties of local and regional development, including ‘high’ and ‘low’ road versions and their quantitative extent and qualitative character. Principles and values shape how specific social groups and interests in particular places define and articulate what is meant by local and regional development. They shape the normative questions about the perceived worth and desirability of its different varieties. Different degrees of commitment to sustainability, social justice, and equalities in more holistic and integrated forms of local and regional development may emerge in different places and change over time. The kinds, principles, and values of local and regional development can have very different implications – economically, socially, environmentally, politically, and culturally – for different social groups and places in localities and regions. Thus, it is crucial to understand that a new approach to achieving the value of regional development projects using project management best practices should be better understood as the main purpose of these projects is to satisfy the public needs.

Baranauskiene and Alekneviciene (2014) argue that in most cases, these projects are long-term, where the investment horizon can exceed one generation. Commenting on the experience lessons of the Romanian National Rural Development Network (NRDN), De los Ríos-Carmenado et al. (2014) argue about the correct project management method for regional development, outstrip the “technical” approach of the supervision, and highlight the behavior of persons as well as the working environment. This study supports Ma et al. (2017) and Yu et al. (2017), who showed how the dimension of social complexity began to be addressed in project management. Therefore, there is a shift in project management practices from a focus on business indicators to a focus on socially important indicators.

Researching value creation in projects, Pargar et al. (2019, p. 717) stated that the delivery of value creation is not just an essential requirement of good project management; it defines what project management is. Developing the value for money framework, MacDonald et al. (2013) found that a project may be successfully delivered but may not create significant value to justify the resources being deployed to deliver it. Apart from this, over the past decade, project value has been viewed not only as a financial value that can be determined by calculating project costs and benefits, but also as a non-financial value, such as social, environmental, operational, and practical achievements (Fuentes, 2019; Martinsuo & Killen, 2014). This means that projects are linked to the stakeholders’ environment and key business objectives. Morris (2013) and Edkins et al. (2013) found that the pre-project phase is essential for indicating project goals and value. Similarly, in the mentioned framework of project alliances, MacDonald et al. (2013) described value from pre-project preparation and throughout the project lifecycle. This framework, as well as many others, examined value outcomes from the commercial and vendor perspective, although there was little research from the customer outlook, particularly research on the formation of value consequences over the long run (Fuentes et al., 2019). In addition, little is known about how value is perceived by different stakeholders, whether and to what extent these recognized values are interrelated (e.g., whether one value can reinforce or impede another), the contribution required from various stakeholders to create these values, and what underlies the value creation procedure and how it affects different value outcomes (Chih et al., 2019). Maddaloni and Davis (2017) observed that in project management the impact on legitimate “secondary stakeholders”, such as a local community, continue to persist largely undetermined. At the same time, Vuorinen and Martinsuo (2019) argue that stakeholders’ assumptions regarding project value provide an opportunity to figure out the aspect of stakeholder influence. By linking stakeholders’ expectations of project value to influence scenarios, the logic of using impact strategies can be better understood.
Ultimately, in social and regional development projects, local communities will judge whether the project actually created the value that was conceived. Maddaloni and Davis (2017) proposed pursuing local communities’ point of view in the initiation phase of the project and keeping an eye on the effect at the regional level; these actions could help to upgrade project performance. In turn, Vuorinen and Martinsuo (2019) recognized the following stakeholder affect strategies: communication, complaints and discussions, decision-making authority, and finally rules and supervision. Analyzing value creation in projects, Green and Sergeyeva (2019) concluded that soft value management emphasizes the need to engage with identified stakeholders to understand more strategic interpretations of value. According to Male et al. (2007 cited in Green & Sergeyeva, 2019, p. 642), value management is described as the promoted approach that is defined as a style of management characterized by three core elements: (i) making the client’s value system (or systems) explicit; (ii) a team-based process, which engages stakeholders in participative workshops; (iii) the use of functional analysis to promote greater understanding. Encouraged by investigations of Storbacka et al. (2016), who found that the practice of micro-level synergetic value formation has not yet been fully explored, Fuentes et al. (2019) recommended paying attention to the micro-level aspects of collaborative value creation at all levels of the portfolio, programs, and projects, both from the customers’ and suppliers’ perspectives for future studies. In the light of the challenges of regional development projects in Kazakhstan and the increasing focus on the value of projects, this paper aims to investigate the value of regional development projects from a perspective of a local community as the main stakeholders in terms of project management. It seeks to fill a gap in the literature on regional development projects. The paper aims to identify value from the perspective of the main clients of such projects – the local population – and define what the value from their point of view is, and what they expect from regional development projects.

2. METHODS

Based on the literature review, the paper selected projects for the portfolio that are based on the needs and values of local communities and thus achieve strategic development goals. The study uses qualitative analysis to gain insights of value from the perspective of end-users of regional development projects, i.e. local communities. Two field analyses were conducted in the region for which regional development projects were planned. The study chose a minimal representative sample of all mining monarchs. Gender and age quotas were also set according to the population of these towns. During the first field analysis, survey data were collected from 301 respondents residing in three mining monarchs of Kazakhstan, such as Satbayev, Zhezkazgan, and Balkhash. The respondents were aged between 18 and 45 (socially active population). During the second field analysis, to empirically test theoretical predictions derived from the first analysis and to ensure the generalizability of research findings, the study used the tablet-programmed questionnaire (computer-assisted personal interviewing) and conducted semi-structured interviews with 18 representatives of local communities. Each interview lasted 1.5 hours, during which respondents gave detailed answers to questions about life in their towns, satisfaction with the life, problems, improvements needed, lack of opportunities, quality of education and services, employment opportunities, awareness of the future of their region, projects carried out so far by the local municipality, and their plans for the future. Interview protocols were used to ensure the reliability of the information and all interviews were recorded for data analysis. The data obtained were analyzed using the SPSS program. The confidence level is 95% and the confidence interval is 5%.

3. RESULTS

Nowadays, there are 27 settlements with the status of “monotowns” in Kazakhstan, which are home to about 1.53 million people, or 9.5% of the country’s population, 16% of the total urban population, and 7.2% of the economically active population. In addition, according to Turgel et al. (2016b), 45.9% of the volume of industrial production in the country falls on the monotowns. The key problems of monotowns are the loss of competitiveness of major industries, low quality of housing and transport infrastructure, low wages and rising
unemployment, as well as low competitiveness of human resources and social tensions. To address these problems, Kazakhstan has launched special government programs, some of which have already been implemented, but the problems of these settlements remain unresolved (The Government of the Republic of Kazakhstan, 2012).

Beysembayev et al. (2017) have shown that the regional development program for 2012–2020 has not affected the lives of residents. The reason for this might be that the focus of project managers in such projects was on the project schedule and budget; however, far too little attention has been paid to the value of these projects. This approach is practiced not only in Kazakhstan, as it was noted by Smyth et al. (2018) and Laursen and Svejvig (2016). Apart from this, Turgel et al. (2016a) noticed a duplicative and overlapping nature of such programs in Kazakhstan. During the implementation of the first program, examples from around the world were noted: the most successful cities in addressing their problems are those where there is a high level of shared interest between both the state and the city-forming enterprise. This shows that regional development programs and projects understand the importance of stakeholder management. The results of the study prove that apart from this it is also important to focus on socially important values of stakeholders.

The results of the first field analysis (survey) and the second field analysis (interview) show the interests of local communities (Table 1). The main categories of local communities’ interests concerning regional development include but are not limited to the possibility of receiving a good education for both children and adults, environmentally sustainable development, health and well-being, the availability of projects with cultural and educational activities.

The findings show that the level of satisfaction with life in three monotowns is quite high. At the same time, this indicator among the respondents in Balkhash is slightly lower (61%) than in other towns (Zhezkazgan – 67%, Satpayev – 71%). The main areas for improvement are medicine, education, and culture. Despite the high level of life satisfaction, in general, 61% do not exclude the possibility of migration, most of them to another settlement in Kazakhstan and Russia. Difficulties in finding a job were mentioned more often by respondents in Balkhash (60%) and Satpayev (55%) than in Zhezkazgan (41%). The main reason for migration is the lack of opportunities for young generations, low quality of education and healthcare services, lack of jobs for women and no chance for professional retraining, barriers for entrepreneurship and innovation.

Regarding prospects, residents of Balkhash and Zhezkazgan are more optimistic about their future than residents of Satpayev. Hence, less than half of respondents in Balkhash (46%) and Zhezkazgan (47%) believe that in the future it will be difficult to find a job (in Satpayev – 63%). Most respondents consider the possibility of acquiring a new profession (61%–63%). In Balkhash and Zhezkazgan, the most demanded training is in the trade sphere, and in Satpayev – transport and communication sector. Awareness of the fact that it is possible to get additional education in the city was quite high (57%–63%). However, opinions about receiving additional quality education were almost equally divided. About half believe that it is possible while the rest believe that it is not. Only a third of respondents believe that in their city there are all possibilities for children under the age of 16 to receive a quality education (31%–33%). In this case, interest in early career guidance center and intention to give it to children among respondents in Satpayev is significantly lower (24%) than in Balkhash (42%) and Zhezkazgan (40%).

The possibility of starting own business is higher in Balkhash (67%) than in other cities (Zhezkazgan – 51%, Satpayev – 59%). However, the level of awareness of where to get counseling services and the need for these services is low regardless of the surveyed city. The question about the activity of the local government and town-forming enterprise, as well as about the implemented regional development projects, shows that less than half of the respondents are aware of them and are satisfied. Citizens are more likely to reject projects such as a construction of new supermarkets and would like to see projects that help improve local education and organize small and middle-sized businesses in service, logistics, tourism, and sales sectors. Figure 1 visualizes the findings.
The question about future awareness and the state of natural resources was posed to understand the extent to which people understand their future and whether they are aware of the necessity and change of direction from a resource-dependent economy to a human resource development economy. Almost all respondents know about town-forming enterprise (only in Zhezkazgan two respondents have not heard anything about this corporation). The involvement of respondents in the activities of the town-forming enterprise is high. In fact, 71% in Balkhash, 72% in Zhezkazgan, and 83% in

Table 1. Local communities’ interests in regional development projects

<table>
<thead>
<tr>
<th>Category of interests</th>
<th>Main issues</th>
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<tbody>
<tr>
<td>Life in the town</td>
<td>The level of satisfaction</td>
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<td></td>
<td>Main areas for improvement</td>
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<td></td>
<td>Ability to emigrate</td>
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<td></td>
<td>Difficulties with finding a job</td>
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<tr>
<td>Health services</td>
<td>Quality of healthcare</td>
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<td></td>
<td>Availability of doctors with sub-specializations</td>
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<td></td>
<td>Availability of medical services</td>
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<tr>
<td></td>
<td>Lack of medical equipment</td>
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<tr>
<td>New profession/education (career guidance)</td>
<td>Possibility of acquiring a new profession</td>
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<tr>
<td></td>
<td>Future career prospects</td>
</tr>
<tr>
<td>Education/career guidance for children</td>
<td>Quality of education at primary and secondary schools</td>
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<tr>
<td></td>
<td>Absence of early career guidance</td>
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<tr>
<td></td>
<td>Lack of teachers and nurses at kindergarten and schools</td>
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<tr>
<td></td>
<td>Lack of cultural and educational activities for young people</td>
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<tr>
<td>Environment</td>
<td>Water quality</td>
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<td></td>
<td>Dust pollution</td>
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<td></td>
<td>Air pollution</td>
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<td></td>
<td>Road surface quality</td>
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<tr>
<td>Opening own business</td>
<td>Awareness of opportunities for small and middle enterprises</td>
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<tr>
<td>Local government and town-forming enterprise activities (projects)</td>
<td>Awareness of implemented and ongoing projects</td>
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<tr>
<td></td>
<td>Involvement in implemented and ongoing projects</td>
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<td></td>
<td>Opinion about implemented projects</td>
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<tr>
<td>Future awareness</td>
<td>Workability of town-forming enterprise</td>
</tr>
<tr>
<td></td>
<td>State of natural resources</td>
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<tr>
<td></td>
<td>Future projects and regional programs</td>
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</table>
Satpayev either themselves or their friends/relatives work in such an enterprise. Opinions on the period of workability of the town-forming enterprise by the city were divided. For example, the majority of respondents in Zhezkazgan (64%) and Satpayev (74%) believe that natural resources are limited and may run out, while in Balkhash only 41% hold this opinion. The results showed that despite the dilapidated infrastructure in the region, which many projects initiated by the local municipality aim to improve, projects related to the development of human resources are of value to the local population. It is worth noting that the results obtained during the survey were confirmed by the interviews.

4. DISCUSSION

The study on the project value from the secondary stakeholders’ side, i.e. local communities, makes both theoretical contributions and practical implications. In the past, in the mentioned above mining monotowns, the local municipality and project sponsors (town-forming enterprise) selected projects for regional development. In other words, project sponsors and project teams, and the local municipality determined the project portfolio for the regional development program. During the project planning, no attention was paid to assessing social and environmental factors and project value, as well as to identifying secondary stakeholders (local communities). Even after project completion, no work was done to assess the satisfaction of end-users (local communities) and the achievement of project goals. There was no understanding of the negative impacts that a local community may have on project outcomes and wider stakeholder engagement at the local level. Regarding public-private projects, which are a part of regional development in Kazakhstan, Abdymanapov et al. (2018) claimed that their outcomes demonstrate only financial and economic efficiency, while establishing such projects, one should consider social outcomes. This fact can be confirmed by reports of regional heads (government representatives). Thus, regional head Zhenis Kasymbek told about the social and economic development of Karaganda Region in a briefing at the Central Communications Service: Karagandy Region attracted 530 billion tenge in investments, 83% of which were private. The region is implementing 45 new investment projects with the creation of more than 12.5 thousand job places. By the end of 2021 year, 11 new production facilities worth 203 billion tenge will be launched. More than 2.5 thousand permanent job places will be created. Given this report, new points of growth have emerged in the engineering industry. In Saran, a project to produce buses and special vehicles with the participation of the world leading Chinese company Yutong is being implemented at the former plant.

The region is also actively preparing the site for a project to produce tires jointly with the Tatneft oil company with a capacity of 3.5 million tires a year; it is stressed the ambitious plans of the head of the region. This report from the government representative shows that regional development means diversifying the economy of the region and increasing the share of machine building from the government’s point of view. The research finding shows that the regional development programs in regions with a shortage of manpower should take into account the expectations and requirements of local communities.

The results confirm the findings of Clement et al. (2003), who identified strategic benchmarks in Nordic sustainable regional development based on separate in-depth analyses of seven projects from Denmark, Finland, Norway, and Sweden. Similar to the current study, this report describes the importance of getting ideas from local actors at an early stage, finding out which products and development paths interest them, and harnessing their enthusiasm before too much time has passed. This substantial local involvement promotes the impression of shared ownership, bearing in mind that enterprises and individuals are generally not driven by the broad concept of sustainable development, but rather by concrete projects with which they can identify.

Importantly, the local government and regional project sponsors were informed about the findings of this study, and accordingly, projects were selected that addressed key local community values. Recommended projects selection model is based on conducted analyses (interviews and surveys): it
is suggested to analyze and design future regional development projects based on local communities’ values and expectations.

Nowadays, both town-forming enterprises and regions want to differentiate themselves from each other and occupy the niches in the market with the least competition and the highest probability of good financial results. Thus, the right strategy with the right project portfolio is likely to ensure the rapid development of the region as its resources are used most effectively.

CONCLUSION

This study aimed to indicate how local communities evaluate regional development projects in Central Kazakhstani monotowns and what kind of projects are valuable and meet their expectations and requirements, and what kind of implication local communities have on value creation in regional development projects as main stakeholders.

First, it was found that regional development projects in Kazakhstan have low efficiency from the point of view of local communities, probably due to the lack of secondary stakeholder management. In addition, the results show that the concept of value from the main beneficiaries’ (local communities) point of view differs from that of local authorities and regional development project teams. People are used to living in poor infrastructure and need projects that are more educational for both adults and children. They do not see the value of the implemented projects as part of the government-initiated program because they have not affected their lives. The results can help improve regional development projects with a greater social return, inclusive growth, and tangible impact. Consequently, after this analysis, a value-oriented approach was recommended and according to the survey and interview results, several projects were selected to meet the needs and requirements of local communities.

The limitations of this study are that it only focuses on regional development projects in Kazakhstan. Future research can analyze the value of new regional development projects (selected following the results of this study according to the needs and requirements of local communities). This approach will help to understand the direction of further development of regional development projects in Kazakhstan.

The paper adds to the body of knowledge on project management by revealing the importance of secondary stakeholders in planning processes for adding value to regional development projects.

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