Megaprojects' success perception by stakeholders in local communities

A study of Silk Road Economic Belt

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Abstract

Megaprojects are commonly known as large-scale projects which cost at least 1 billion USD. Megaprojects are implemented internationally, they impact millions of people, and take many years to be completed. Generally, megaprojects are infrastructural projects and they, for instance, can contribute to the country’s development, boost some infrastructural sectors, connect different regions by construction of roads, provide the opportunity for new businesses.

Due to their scale and scope, megaprojects involve both primary and secondary stakeholders which have different interests, and therefore, different perception of success. Hence, project manager should identify each stakeholder and consider their interests from the very beginning of the project.

As a case study for the current research it was decided to explore the Silk Road Economic Belt (SREB), which is a part of One Belt One Road (OBOR) initiative by China. SREB road has a very significant meaning than the previous historic Silk Way, and it will connect Asia with Europe. The old trade Silk way will be updated till huge international infrastructural megaproject. This research focuses on Kazakhstan, which one of the key actors in that project, and which is world 9th biggest country.

The main purpose of the current research is to increase the understanding about how secondary stakeholders perceive the success of megaprojects. We limited the research by stakeholders in local communities, so we can explore that topic more comprehensively. In order to find the answer on research question, seven semi-structured interviews were conducted. It was decided to follow the Business-Government-Society (BGS) model (Steiner & Steiner, 1980) and focus on stakeholders from three different sectors (business, government, society). Furthermore, through analysis of secondary data we got more holistic picture about research area.

The research findings show that depending on communities’ sector the success perception differs. Furthermore, it was concluded from the findings that different local communities have different techniques and tools to evaluate the success, and therefore some of them perceive and estimate success in qualitative way, but others in quantitative way. In addition, the research showed that it is important to consider local communities’ interests during the project planning phase because it influences the projects’ success.

The theoretical contribution of the current research is realized during the analysis of empirical findings and during the review of existing literature. The practical implication of the work is to provide the guidance on local community management in megaprojects and on how these communities perceive the success of projects.

Keywords: Megaproject, stakeholder management, local communities, success perception, success factors, BGS model, Business-Government-Society model
Abbreviations and Acronyms

ADB  Asian Development Bank
AIIB  Asian Infrastructure Investment Bank
BGS  Business-Government-Society
BRI  Belt and Road Initiative
EBRD  European Bank for Reconstruction and Development
ECTSD  Expert Council of Transparency and Sustainable Development
EIB  European Investment Bank
GDP  gross Domestic Product
GRM  Grievance redress mechanisms
HalSTAR  Halcrow Sustainability Toolkit and Rating system
IFI  International Financial Institution
JSC  Joint Stock Company
MOU  Memorandum of Understanding
MSR  Megaproject Social Responsibility
MTP  Mega Transport Project
NECTSD  National Expert Council of Transparency and Sustainable Development
NGO  Non-Governmental Organization
OBOR  One Belt, One Road
OECD  Organisation for Economic Co-operation and Development
PWC  PricewaterhouseCoopers
SDG  Sustainable Development Goals
SIM  Strategic Issue Management
SREB  Silk Road Economic Belt
PMBoK  Project Management Body of Knowledge
PMI  Project Management Institute
PMP  Project Management Professional
UNDP  United Nations Development Program
UNESCO  United Nations Educational, Scientific and Cultural Organization
WB  World Bank
WE-WC  Western Europe – Western China
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Chapter 1. Introduction

1.1. Background

The research conducted by McKinsey & Company revealed that, the world needs to invest about 3.8 percent of GDP, or an average of USD 3.3 trillion a year until 2030, in economic infrastructure in order to support expected rates of growth (McKinsey Global Institute, 2016). Furthermore, the global GDP is expected to double from 2010 to 2030, which also brings major changes to global infrastructure. Investment needs for airports, ports, rail, and oil and gas (transport and distribution) alone could amount to over USD 11 trillion over 2009-30 (OECD, 2011). A 2011 OECD study also concluded that “increased private sector investment in strategic transport infrastructure will be essential” (OECD, 2011). This all leads to a rise in the number of infrastructure projects recent years with the investments on large scale projects, so-called megaprojects, which can be identified as “large-scale, complex ventures that typically cost a billion dollars or more, take many years to develop and build, involve multiple public and private stakeholders, are transformational, and impact millions of people” (Flyvbjerg, 2014, p. 6).

One of the recent international megaprojects is the “One Road, One Belt” initiative which was launched by China in 2013. The OBOR is not a ‘formal policy or a well-defined strategy’ (Putten, et al., 2016, p. 3), it is a very complexed international mega project which intends to contribute to economic integration between Asia, Africa, and Europe. More than sixty countries are involved in the Belt and Road Initiative (BRI). The main goal of the OBOR is to create a regional supply chain, where China will be placed in the center and connect Europe with Asia. The project will be funded by established Asian Infrastructure Development Bank (AIDB) and the Silk Road Fund. The purpose of the initiative is to interconnect “multilayered networks, expanding connectivity and maximizing synergies with relevant participants” (Zhao, 2015, p. 3). An international organization UNDP is involved to that project too, and Government of China signed the MOU with UNDP. UNDP administrator finds BRI ‘a powerful platform for economic growth and regional co-operation’ (Saling & Wei, 2016). One Belt is the Silk Road Economic Belt (SREB) and the One Road is the 21st century Maritime Silk Road (China Britain Business Council, 2015, p. 4).

This thesis focuses on the overland component of the Silk Road Initiative. Silk Road Economic Belt is a very important world mega project ‘for creating a network of partnerships in Eurasia’ (Kadirov, 2017), where one of the key components of the Silk Road Economic Belt is China, because for many years China has been a key trade and economic player in that region. It was a key country of the old Silk Road too. Central Asian countries, which are stakeholders of the SREB transport project, face economic, trade, transport challenges, and the region needs to improve its infrastructure (Coffey, 2017). Therefore, SREB is a great opportunity to boost the local infrastructure because it considers more than just construction of roads (Appendix 4).

Among all Central Asian countries Kazakhstan is a key element of the Silk Road Economic Belt. It is the ‘world’s 9th largest country by size’ (PWC, 2017, p. 1), and it is located in the center of Eurasia. Therefore, it plays the role of an overland bridge which connects Europe with Asia (New Way to Europe, 2016). Furthermore, Kazakhstan plays a significant role in trade and transportation infrastructure in Central Asia and in neighboring countries. Many countries have invested in Kazakhstan’s
infrastructure development. In 2016 United States’ exports to Kazakhstan exceeded one billion USD, and United States investments to the energy industry reached ten billion USD (Coffey, 2017). China and Kazakhstan signed development projects which cost more than 27 billion USD, their cooperation fund is two billion USD, and they set up earmarked loans of 15 billion USD. 34 projects were already completed, and 43 projects are still ongoing (Kadirov, 2017). Therefore, Kazakhstan and all other Central Asian countries, have a high geopolitical importance for investing countries (Coffey, 2017), and as a SREB’s stakeholder has impact on the project (Ma, et al., 2017, p. 1370).

One of the main aspects of the megaproject management is the big number of stakeholders, which Freeman (1984) identifies as a ‘group or individual who can affect, or is affected by, the achievement of a corporation’s’ goals (Wasieleski, et al., 2017, p. 24). There are different approaches to categorize stakeholders (Wasieleski, et al., 2017, p. 29). Traditionally, project managers pay more attention on primary stakeholders’ interests, who are directly related to the project (Aaltonen & Kujala, 2010, p. 382). However, as it was stated by IFC (2007), the most significant issue of many international projects is a lack of management of ‘community groups, lobbyists, environmentalist and other non-governmental organizations’ (Aaltonen & Kujala, 2010, p. 382) who are considered as secondary stakeholders (Wasieleski, et al., 2017, p. 29). Secondary stakeholders are not in a contractual relationship with the project. However, according to Clarkson (1995) they can influence the project (Aaltonen & Kujala, 2010, p. 382). The broad scope of stakeholders, which possess distinct “values, priorities and expectations” from different cultural perspectives, leads to different perception of success (Dimitriou, et al., 2014, p. 429).

According to Turner & Zolin (2012) there is no clear assessment of the success for the multiple stakeholder groups. They claim that success of the project and the factors of the success depends on recognition by multiple stakeholders, and a wrong assessment of the success factors of the project may lead to the wrong decision making, discourage employees and promote an ineffective organizational culture. It was identified that during the planning process not all the stakeholder’s views are considered, with the current practices on focus of ‘management-for-stakeholders’ approach. Especially, the role of local community on the project performance as a secondary stakeholder needs to be studied (Di Maddaloni & Davis, 2017). This understanding would help lead to proper management of the projects and improve the transparency and accountability of the mega project management and benefit management (Bornstein, 2010).

Even though OMEGA research (Ward, et al., 2016) introduced their model of success measure, their work was mainly focused on developed countries, whereas in the 21st century, the majority of investments are coming from emerging developing countries, where China alone is going to invest USD 900bn in order to link 65 countries along one transport infrastructure with One Belt, One Road Initiative (OBOR) (Hancock, 2017). Chinese investments alone are expected to account for 60% of global spending on infrastructure worldwide (PWC, 2014, p. 2). By this initiative the mega projects scope and number will boost dramatically within two decades, and the management of mega projects is actual as never, and a special framework for management is needed to achieve success.

Littau, et al. (2010) point out that the number of debates on connection between stakeholder management and project management is increasing and these debates are mainly related to project success. The results of their research propose the importance of
understanding of success perception from the perspective of different stakeholders. There has been an increased attention on the linkage of stakeholder management with projects (Davis, 2014, p. 189; Fowler & Walsh, 1999, p. 8). Moreover, despite the clear identification of stakeholders, there could be a difference in success perception by different stakeholders (Davis, 2014, p. 189). There is little research in regard to local communities’ perception of success in context of megaprojects, particularly in Silk Road Economic Belt Initiative project. Despite local communities acting as stakeholders, they can affect the project outcome and its’ success as much as primary stakeholders do (Ma, et al., 2017). Despite the importance of these secondary stakeholders and public opinion, traditionally, project managers focus more on the primary stakeholders and underestimate secondary stakeholders, and it is main threat of large-scaled projects (IFC, 2007) Therefore, it is important to understand how do these local communities perceive the project success.

1.2. Research question

In light of the aforementioned phenomenon background the following research question is developed in the present thesis: “How do stakeholders in local business, governmental, and environmental communities perceive megaprojects and what constitutes megaprojects’ success?”

To find out the answer on the stated question, we investigated a Silk Road Economic Belt megaproject which was initiated by China in 2013. In order to get more holistic view of managing stakeholders in megaprojects (Ma, et al., 2017, p. 1368), we applied the ‘Business-Government-Society” model proposed by Steiner & Steiner (1980) and focused on the following three categories of stakeholders in local communities in Kazakhstan:

1. Local businesses
2. Government and political organizations
3. Environmental organizations

1.3. Research objectives

The purpose of this thesis is to increase the understanding of the perception of megaproject’ success by stakeholders in local communities. In order to address that purpose, we adopt a case study method and investigate it from perspectives of three main stakeholder’s groups (business, government, environment). The roles and interaction of these three types of communities have a significant impact on relationships in megaproject management (Ma, et al., 2017, p. 1368).

1.4. Research scope and limitations

SREB megaproject involves numerous external and internal stakeholders which have different objectives for the project. In order to conduct more detail research, it was decided to focus on the local communities in Kazakhstan as a part of SREB. The research is conducted on the basis of the Silk Road Economic Belt limited by Eurasian corridor (China—Central Asia—Russia—Europe (the Baltic)). Therefore, further research should be conducted by analysis of other countries and corridors of SREB and the 21st century Maritime Silk Road. Also, there is a need of empirical analysis of other stakeholder categories and their perception of project success.
1.5. Thesis outline

The structure of this thesis is composed in the following way.

Chapter 1 - Introduction

This chapter presents the brief overview of the theoretical understanding of the research topic. It considers the background of stakeholder management and success factors in megaprojects. Moreover, the chapter gives the background of the selected case study, followed by research questions, gap and analysis.

Chapter 2 – Theoretical framework

This chapter introduces the theoretical background of stakeholder management and local communities as a part of it, with a focus on megaprojects. A brief explanation of megaprojects provides understanding of the terminology and how it is different from other projects. Furthermore, in order to find the answer on research question it is important to understand the success factors of megaprojects.

Chapter 3 – Research methodology

This chapter presents the research preconceptions which guided the entire study. Furthermore, the chapter considers the methods and approach which were applied to the research in order to identify the gap and to resolve the research questions. The quality criteria and ethical considerations are discussed.

Chapter 4 – Empirical findings

This chapter considers the brief introduction of interview participants and the research findings obtained through the interview.

Chapter 5 – Analysis

This chapter provides the analysis of the research findings and the development of new theory on success perception in megaprojects by local communities.

Chapter 6 – Conclusion

This chapter performs the summary of all research which was conducted and the results which were obtained at the end. Furthermore, the suggestions for further research are outlined in this chapter too.
Chapter 2. Theoretical framework

2.1. What is a megaproject?

Megaprojects are defined by Flyvbjerg as “large-scale, complex ventures that typically cost US$1 billion or more, take many years to develop and build, involve multiple public and private stakeholders, are transformational, and impact millions of people” (2014). However, other names are used to define them as well, such as “major project” (Morris and Hough, 1987, cited in Li et al, 2017), “complex project” (Miller and Hobbs, 2005, cited in Li et al, 2017), “large project” (Turner & Zolin, 2012), “large engineering project” (Miller et al., 2001, cited in Li et al, 2017), “global project” (Mahalingam and Levitt, 2007; cited in Li et al, 2017, p.2), “macro-engineering project” (Saeed and Brooke, 1996, cited in Li et al, 2017), and “public works project” (Flyvbjerg et al., 2002, cited in Li et al, 2017). In case studies, megaprojects have been described as “megatransport project” (Dimitriou et al, 2014), “transportation infrastructure project” (Flyvbjerg et al., 2004), “high-rise project” (Kaming et al., 1997, cited in Li et al, 2017), and “tera, giga, giant project and program” (Flyvbjerg, 2014, cited in Li et al, 2017).

OMEGA research used the following description for mega transport project is “land-based transport infrastructure investments in the form of bridges, tunnels, road and rail links or combinations of these, that entail a construction cost of over US$1 billion which are frequently perceived as critical to the “success” of major urban, metropolitan, regional, national developments and even transnational developments (OMEGA Centre, 2012).

According to Li et al., there is not one universally accepted definition in the existing megaproject management literature (2017). Even though the above stated definitions differ according to the nature of the work as transport, infrastructure or other projects, they share the characteristics of high-complexity, the budget of over 1 billion US dollars and significant public attention. In the following research “mega transport project” definition by OMEGA will be used due to the New Silk Road specification of a transport infrastructure.

The megaprojects are initiated for various reasons, which can be categorized into four characteristics according to Flyvbjerg, as shown in the table:

<table>
<thead>
<tr>
<th>Type of characteristic</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technological</td>
<td>The delight technologists and engineers get from construction of “longest-tallest-fastest” types of projects</td>
</tr>
<tr>
<td>Political</td>
<td>The rapture politicians achieve from building monuments to themselves and for their causes, aiming to generate high visibility as a result from public and media</td>
</tr>
<tr>
<td>Economic</td>
<td>The rapture of business people and trade unions of generating a large amount of money and workplaces from megaprojects</td>
</tr>
<tr>
<td>Aesthetic</td>
<td>The pleasure that the public and designers get from construction and utilization of high aesthetic iconic buildings, such as the Sydney Opera House</td>
</tr>
</tbody>
</table>

Table 1: The four characteristics that drive Megaproject development (Flyvbjerg, 2014)
2.2. Success factors in megaprojects

The definition of success for projects according to the PMBoK was associated with completing within “constraints of scope, time, cost, quality, resources, and risk” and any deviations from performance baselines would be seen as inability of project manager to plan and control the project. (PMI, 2013, p. 36).

The success factors for megaprojects should be estimated differently due to the high level of complexity and uncertainties. Very comprehensive 5-year research programme analyzing 30 cases of mega transport projects (MTP) in 10 different countries showed how the megaprojects differ from conventional projects (Dimitriou et al, 2014), where several factors to be considered in judging megaproject success suggested by authors:

- Due to a long gestation period the original objectives of the projects often change, and new emerging objectives would need to adapt to environmental changes. It was revealed that 13 projects which had emergent objectives, showed higher success rate as opposed to those which were judged by initial objectives. Therefore, the nature of success in megaprojects should be judged in a different way than conventional projects.

- The inability to forecast for periods of more than 30 years make it impossible to judge the success of megaprojects that have longer lifespans. For instance, 100 years and more.

- The success is perceived as being high where uncertainty and complexity were dealt well in the context of the projects

- The societal-economic importance of the megaprojects makes them “agents of change”, which allow them to help reshape the local economies and can contribute to a positive perception of the results.

Flyvbjerg defined this difference from conventional projects in megaproject management as an “iron law of megaprojects”, which is characterized by "over budget, over time, under benefits, over and over again” (Flyvbjerg, 2014). According to the Flyvbjerg, only eight in one thousand cases were megaprojects delivered in time, under budget and planned scope (Flyvbjerg, 2014).

One of the main attributes of the megaproject management is a wider range of stakeholders, which have different “values, priorities and expectations, in different cultural contexts, therefore translate over time (and location) into a myriad set of different perceptions of “success” (Dimitriou, 2014, p. 429). Thus, judgment of outcomes by stakeholders may alter and identification of critical success factors would help the project managers to deliver more valuable projects.

While project success in conventional projects is evaluated by three categories as illustrated in the Table 2 (Davis, 2017): ‘iron triangle’ (time, cost, and quality) and factors of ‘accountability’ and ‘benefit to the stakeholder group’. Here “accountability” refers to defined roles and responsibilities of authority, and “benefits” refer to quantitative or qualitative measurement of project stage. Therefore the project is considered successful if 1) has met cost-time-quality constraints, 2) project roles and
responsibilities are well-defined and delegated, 3) financial measurable benefits are set at the start of the project.

Also, according to the author, the research interest on “stakeholders’ success factors” has been rising rapidly since 1987 after the introduction of Pinto and Slevin’s (1987) quantitative ‘diagnostic behavioral instrument’, and the most of recent research has been conducted on the basis for their research methodology (Davis, 2017).

<table>
<thead>
<tr>
<th>Theme</th>
<th>Success factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time, cost, quality</td>
<td>Cost</td>
</tr>
<tr>
<td></td>
<td>Time</td>
</tr>
<tr>
<td></td>
<td>Quality and scope</td>
</tr>
<tr>
<td></td>
<td>Balancing time, cost, and quality</td>
</tr>
<tr>
<td>Accountability</td>
<td>Accountability</td>
</tr>
<tr>
<td></td>
<td>Stakeholder involvement</td>
</tr>
<tr>
<td></td>
<td>Senior management involvement</td>
</tr>
<tr>
<td>Benefit to stakeholder group</td>
<td>Benefits to stakeholder group</td>
</tr>
</tbody>
</table>

Table 2: Project success factors (Davis, 2017)

Turner and Zolin (2012) developed a model of forecasting performance indicators for large projects and the perception of stakeholders on project success. The authors confirm OMEGA Research findings that stakeholders’ perception on the project outcomes may differ over time, thus taking into account in their model where the project success is examined by months and years after its completion.

They highlight that success should comprise understanding of various stakeholders, since “inappropriate evaluation of the success criteria of an existing project could misdirect the project's decision making, de-motivate employees and establish an unproductive organizational culture” (Turner and Zolin, 2012, p.13).

<table>
<thead>
<tr>
<th>Input scale</th>
<th>Scale name * Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rich Project Information</td>
<td>• The project has well-established information and communication routines</td>
</tr>
<tr>
<td>Rich Project Information</td>
<td>• All key project information is gathered and distributed efficiently.</td>
</tr>
<tr>
<td>Well-Structured and Formal Project Approach</td>
<td>• The project has its own management plan for control, which is used in an appropriate way.</td>
</tr>
<tr>
<td>Well-Structured and Formal Project Approach</td>
<td>• Project control is executed by good managerial or technical methods.</td>
</tr>
<tr>
<td>Well-Structured and Formal Project Approach</td>
<td>• Planning tools or similar aids are used in an effective way in project planning.</td>
</tr>
<tr>
<td>Clear Project Constraints</td>
<td>• The project is well described and coordinated with activities in other projects.</td>
</tr>
</tbody>
</table>
2. Key Participants Engaged

<table>
<thead>
<tr>
<th>Early Stakeholder Influence</th>
<th>All key participants have been engaged in producing the business plan or have had the opportunity to influence it.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Stakeholder Influence</td>
<td>All participants have been given the opportunity to air their views on the project’s goal or mission.</td>
</tr>
<tr>
<td>Early Stakeholder Influence</td>
<td>All key people engaged in the project know who has decided its terms of references.</td>
</tr>
</tbody>
</table>

Table 3: Project success factors scales (Turner & Zolin, 2012)

As shown in the Table 3, there are two project success factor scales: project planning and stakeholder engagement in early stage of the projects. Project planning emphasizes the well-established information and effective use of communication tools to distribute crucial information in a timely manner. It also considers setting up effective project control.

While engaging stakeholders indicates the possibility of stakeholders to express their views, influence the plans of the project and being informed about the decisions regarding their proposals or complaints. Especially, the authors stress the importance of engagement of the stakeholder in the early stages of the project to achieve success. Moreover, they further developed satisfaction scales for stakeholders divided by seven scale categories and seven stakeholders group, where the local community was grouped into one category of “public”. Their satisfaction is suggested to be measured by social costs and benefits and environmental impacts (Turner & Zolin, 2012, p. 97).

This developed model gives the understanding on the success factors in large scale projects and the authors highlight that to predict project success only two scales proved to be essential. Success in project planning and key stakeholders’ engagement. This statement outlines the stakeholder management’ importance, particularly in the planning stage of the project. Therefore, including local communities to the key stakeholders and engaging them at the early stage of the project would significantly increase the project success probability. The authors further developed forecast model for project success, where they recommend evaluating of local communities’ perception of success by: social costs, social benefits, environmental impacts and whole life social cost-benefit ratio (Turner & Zolin, 2012, p. 91).

The Turner & Zolin view on project success factors scales gives a comprehensive understanding to project managers about managing the project in a way to achieve the success. Together with their findings on other stakeholders’ perception on project success, table 3 added a value for the current research by adding a knowledge on the stakeholder management role in project success.

Both of the models: project success factors’ scale and project managers’ perceptions of stakeholder satisfaction indicators, developed by Turner and Zolin (2014) are very valuable source of information, since they provide understanding of the project success of the large-scale projects, while large body of the current literature focuses on the success of conventional projects. The authors outline some several crucial concepts and differences of megaprojects like different perceptions of success by different stakeholders over different timescales as well.
2.3. Stakeholder management in megaproject management

The term ‘stakeholder management’ was introduced into management literature by Freeman in his work “Strategic Management: A Stakeholder Approach”, where the term ‘stakeholder’ has come to be used to refer individuals or groups “who can affect or is affected by the achievement of the firm’s objectives” (1984). Further, the stakeholder management theory was enriched with new perspectives as stakeholder theory categorization, stakeholder dynamics (Freeman, 1984), the stakeholder salience concept and the typology (Mitchell et al., 1997).

In megaproject management the stakeholder management is perceived differently, since megaproject differ by a high level of complexity, and involvement of “multiple public and private stakeholders, are transformational, and impact millions of people.” (Flyvbjerg, 2014, p. 6). The challenge in this level is associated with the lack of comprehension of different stakeholder groups conflicting interests that can affect the life cycle of the project (IFC, 2007).

Their objectives, structure and relations are particular and dynamic and tend to change along the project life cycle (Turner & Zolin, 2012). Different strategies are applied to assist in decision making of project managers to meet the needs of stakeholders and also to forecast their possible behaviors.

Nowadays there are established standards in project management, where stakeholder management comes as separate knowledge area with guidelines (PMI, 2013). Even though better stakeholders’ engagement and communication was emphasized for the positive outcome of the project, there are still lack of research in particular context of megaprojects (Mok et al., 2015). According to Mok et al, the traditional approaches in stakeholder management cannot be applied to megaprojects and to address the difference of national context social network approach is suggested instead.

According to Olander and Landin (2008, p. 561), “stakeholder analysis process should be to identify the extent to which the needs and concerns of external stakeholders can be fulfilled, and analyze the possible consequences if they are not”.

According to PMP standards, the Stakeholder management consist of the following process:

1. Identify stakeholders
2. Plan stakeholder management
3. Manage stakeholder management
4. Control stakeholder management (PMI, 2013, P. 392)

Mok et al. (2015) found that stakeholder analysis methods present in the current literature do not give details on how to identify, classify and assess stakeholders. Even the classification of stakeholders in the literature do not have one common concept, with the various proposal of classification: external/internal (Aaltonen and Sivonen, 2009, cited in Maddaloni & Davis, 2017), primary/secondary (Clarkson, 1995), direct/indirect (Lester, 2007, cited in Maddaloni & Davis, 2017), proponents/opponents (Winch and Bonke, 2002, cited in Maddaloni & Davis, 2017), core and fringe (Hart and
Another tool used for the stakeholder influence assessment is a power/interest matrix, which serves for choosing right strategy for interaction with participants according to the power to influence the project and level of initiative. This helps the project manager ensure that all identified stakeholders were taken into consideration and appropriate level of communication and engagement is imposed accordingly. In order to approach the management strategy, the prior classification is required, where Mitchell et al. “salience model” (1997) propose to prioritize them according to power, legitimacy and urgency (Figure 1). Based on these attributes stakeholders further divided into the following categories: ‘dormant’, ‘discretionary’, ‘demanding’, ‘dominant’, ‘dangerous’, ‘dependent’ and ‘definitive’. According to the stakeholder type, the project manager can judge the level of attention needed to manage (Mitchell et al., 1997). The categories are identified according to the possession of the attributes: power, legitimacy and urgency. Thus, if no of the three attributes are possessed, they should not be considered as stakeholders and they have no salience to project managers (Mitchel et al., 1997).

![Figure 1: Stakeholder Typology: One, Two, or Three attributes present (Mitchel, et al., 1997)](image)

“Salience model” helped to other scholars evolve to other methods as ‘power/interest matrix’ (Johnson et al., 2005) and ‘stakeholder circle methodology’ (Bourne and Walker, 2005).

However, none of these models cannot reflect the dynamics of stakeholders changing project perception and attitudes (Olander, 2007). Turner et al. (2014), also states that the stakeholders tend to change their perception on the project along the different time spans.

Even though multiple analytical models and theoretical frameworks were proposed in stakeholder management theory, the main focus for managers is going to particularly to primary stakeholders’ interests (Aaltonen and Kujala, 2010).
The secondary stakeholders for the most parts are differentiated from primary stakeholders according to classification from salience model proposed by Mitchell et al. (1997). Primary stakeholders are distinguished by having legal authority over the firm or with contractual bond with the project. While secondary stakeholders do not possess a legal authority neither legal relationships over project, they can influence the project (Eesley & Lenox, 2006). From the megaproject point of view, broader inclusion of the stakeholders is known to be beneficial, especially in the front-end development phase (Ward et al., 2016).

Also, in megaproject management there is a need to “increase and enhance transparency, fairness and participation by considering and balancing the project's stakeholders' economic, ecologic, and social interests” (Di Maddaloni & Davis, 2016, p. 1547).

To address this gap McElroy and Mills (2000) developed a model, which categorize stakeholders based on their attitude to ‘active opposition’, ‘passive opposition’, ‘not committed’, ‘passive support’ and ‘active support’. Furthermore, Olander (2007) and Nguyen et al. (2009) introduced “stakeholder impact index” model, which made attempt to integrate several models from the previous scholars to result in a quantitative approach.

Research by Li et al. (2012) in large infrastructure project in Hong Kong revealed that the stakeholders’ interests are often an issue of conflict due to the different priorities of stakeholders group.

Also, some scholars have identified spatial dynamics as another important factor that affect stakeholders’ interests. Dooms et al. (2013) states that stakeholders’ interest differs depending on the distance: the closer they are geographically to the project; the higher level of salience is expected.

Another systematic approach is suggested in stakeholder management by the OMEGA research group after examining megaprojects in 8 different countries. The authors found that Multi criteria analysis can address the conflicts by multiple stakeholders (Ward et al., 2016). These days the various forms of multi criteria analyses are in use in leading institutions as Asian Development Bank (ADB) and European Investment Bank (EIB) in appraisal of projects. This approach helps to arrive to pre-considered preferred outcomes by considering various conflicting criteria. Ward et al. have suggested the model of policy led multi criteria analysis that has in its core “the context scanning”, which assists the identification of key stakeholders and stakeholders’ interests”. The model advocates the participatory approach with multiple stakeholders groups, and examine the changes in contexts throughout the project (Ward et al, 2016, p. 44). A model also takes into account the sustainability cross-check in the criteria list with the use of HalSTAR model.

2.4. Local communities’ role in megaprojects

Crane and Ruebbottom (2011) stressed the primary stakeholder group are classified in researches as ‘owners/financiers/stockholders’, ‘customers’, ‘employees’, ‘suppliers’ and ‘competitors’ recognized by economic connections to the firm, and secondary group as ‘community’ and ‘advocates’ which are the subject to context of the firm.
However, the local community “provide infrastructure and markets, whose laws and regulations must be obeyed, and to whom taxes and other obligations may be due” (Clarkson, 1995, p. 106); and therefore, recent years their power for impact to the project is growing the importance in the literature.

Looking to the local community as stakeholders is increasing theme in the megaproject management. The scholars note that local community is semi-organized and most of the time their perception can be influenced by social organizations. It may be Non-Governmental Organizations or either media that have an impact on the local communities (Ma, et al., 2017, p. 1370). Also “the failure to recognize the risk of social conflict can cost millions of dollars and set investments back by years” (Dorobantu & Flemming, 2017), therefore even though they do not have contractual relationship, they still can influence the more powerful participants.

Even though the society are passive stakeholders, they are known for its possible impact due to their supervising role. Therefore, the project managers should be aware to coordinate actively NGOs and media reporting to avoid the negative publicity that lead to the negative consequences (Ma, et al., 2017, p. 1372).

Megaproject has a particularity to change the society and bring value by its nature, however the local community is not considered as a main stakeholder due to the fact that they have low influence on the project. (Di Maddaloni & Davis, 2017). Therefore, the appliance of another model on the heart of megaproject to ensure the needs of local communities can help them to reach positive perception by them. Thus, the indicators of local communities should help project managers to guide the project. Here the Ma et al societal governance model can help to identify the societal goal. According to Ma et al, megaprojects can increase national efficiency, accelerate marketing incorporation, stimulate economic development, improve regional healthiness, endorse regional workplace creation (Ma, et al, 2017).

From the previous authors we have seen that one of the success factors in megaproject management was holistic approach (Ward et al, 2016). Therefore, there is a tendency from scholars the call to put together life-cycle dynamism, stakeholders’ variety, and social responsibility interaction due to megaprojects’ high levels of complexity, conflicts, uncertainty, and risks (Zeng et al., 2015).

Pacione (2001) defines local community as a group of interacting people sharing geographic environment and bounded by common culture, values, race or societal group. Communities can be distinguished by the following aspects (Dunham, 2006):

1. They mainly defined as the group of people located in one geographical area
2. They share social connections based on regular interactions within the group which is not necessarily established by geographical location
3. Communities “represent a group who share a sense of belonging, generally built upon a shared set of beliefs, values, or experiences” (Dunham, 2006, p. 28).

Megaprojects stakeholders operate in project and organizational levels (Zhao et al., 2012). MSR by Lin et al (2017), has divided that the MSR is has two levels: project and organizational level (Table 4). If the project level takes into account interactions
emerged from choosing the specific project, organizational level, in contrast, relates to interactions of the company with wider political, economic, social, technological, environmental, and legal context (Lin et al, 2017).

<table>
<thead>
<tr>
<th>Life-cycle of megaprojects</th>
<th>Stakeholder</th>
<th>Social responsibility dimension (Level 1)</th>
<th>Indicator (Level 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initialization</td>
<td>Government</td>
<td>Economic responsibility</td>
<td>Decision making on the project's economic feasibility</td>
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<td>Decision making on the project's technology feasibility</td>
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<td>Concern over the economic impact of stakeholders</td>
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<td>Legal responsibility</td>
<td>Transparent information disclosure</td>
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<td>Promote public engagement</td>
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<td>Ethical and environmental responsibility</td>
<td>Concern over environment and ecology</td>
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<td>Political responsibility</td>
<td>Concern over influence on local communities and relationship improvement</td>
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<td>Media</td>
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<td>Legal responsibility</td>
<td>Obey laws and observe disciplines</td>
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<td>Independent and impartial reporting</td>
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<td>Ethical and environmental responsibility</td>
<td>Concern over ethical and environmental problems</td>
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<td>Political responsibility</td>
<td>Concern over community and public requirements</td>
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<td>Design</td>
<td>Designer</td>
<td>Economic responsibility</td>
<td>Design scheme's quality and economic feasibility</td>
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<td>Innovation and technology progress</td>
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<td>Legal responsibility</td>
<td>Compliant with industrial standards</td>
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<td>Ethical and environmental responsibility</td>
<td>Green designing</td>
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<td>Political responsibility</td>
<td>Concern over community requirements</td>
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<td>Government</td>
<td>Economic responsibility</td>
<td>Control design cost</td>
<td>Design scheme's public engagement</td>
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<td>Legal responsibility</td>
<td>Design scheme's information disclosure</td>
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<td>Political responsibility</td>
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<td>Construction</td>
<td>Project legal person</td>
<td>Economic responsibility</td>
<td>Normative project governance mechanism</td>
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<td>Concern over project quality and safety construction</td>
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<td>Ensure reasonable return on investments</td>
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<td>Ethical and environmental responsibility</td>
<td>Adoption of green construction</td>
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<td>Political responsibility</td>
<td>Concern over community and public requirements</td>
<td>Maintain social stability</td>
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<td>Contractor</td>
<td>Economic responsibility</td>
<td>Ensure construction quality and safety</td>
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<td>Control construction cost and schedule</td>
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<td>Legal responsibility</td>
<td>Construction technology innovation and progress</td>
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<td></td>
<td>Ethical and environmental responsibility</td>
<td>Efficiently utilize resources</td>
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<td>Political responsibility</td>
<td>Protect local ecological environment</td>
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<td>Protect local community environment</td>
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<td>Political responsibility</td>
<td>Maintain favorable relationship with local communities</td>
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<td>Properly handle emergent public events</td>
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<td>Supervisor</td>
<td>Economic responsibility</td>
<td>Supervising quality and safety</td>
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<td>Ethical and environmental responsibility</td>
<td>Supervising the economic rights of construction workers</td>
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<tr>
<td>Supplier</td>
<td>Economic responsibility</td>
<td>Ensure the quality of construction materials</td>
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<tr>
<td></td>
<td>Ethical and environmental responsibility</td>
<td>Use and promote green materials</td>
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<tr>
<td>Operation</td>
<td>Operator</td>
<td>Economic responsibility</td>
<td>Routine maintenance of the project</td>
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<td>Control operation cost and ensure safety</td>
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<td>Legal responsibility</td>
<td>Operating in accordance with the law and industry standards</td>
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<td>Ethical and environmental responsibility</td>
<td>Protect local ecological environment</td>
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<td></td>
<td>Political responsibility</td>
<td>Maintain favorable relationship with local communities</td>
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Table 4: Key indicators of MSR at project level (Lin, et al., 2017)
Lin et al. (2017) state that the stakeholders’ involvement differs in those two levels. It was found that the local community is recommended to take into account only in organizational level which has legal, ethical, and political responsibilities for social responsibility. While in project level the local community is not considered, moreover in the front-end initiation part local community is regarded limited indicators, which do not fully cover community needs. While according to Ma et al. (2017), the holistic view business-government-society should be used instead as a frame (Ma, et al., 2017).

Steiner & Steiner (1980) “Business-Government-Society” (BGS) model (Figure 2) of societal governance for MSR offers holistic view of managing stakeholders as local community in megaprojects so in synergetic way, hence improving their social performance. It is crucially important to have cooperation between those three entities, where megaprojects according to its social impact can bring more social value if coordinated together with the local affected communities. Even though this model aims to deal with megaproject social responsibility issues, the impact on the stakeholder management and the overall success of its implementation is interesting to evaluate (Ma, et al., 2017).

![BGS: The societal governance framework of MSR](image)

Due to the long duration of megaprojects applying this model helps to ensure the following (Ma et al, 2017):

1. Social participation

   It considers very fundamental concept of public participation in decision making concerned of megaprojects social responsibility.

2. Social learning

   When local communities are enabled to participate in the decision making, constant social learning can be achieved which also improve the project and organizational level
of project performance. Also, the following knowledge acquired through cooperation can reduce the conflicts and decrease complexity

3. Social interaction

It includes construction and maintenance of strong connections between megaproject stakeholders through encouraging interactions within. It is not limited to the project team members, but helps to create alliance with the stakeholders as media and the local community, which promotes uniformity, transparency, and accountability.

4. Social integration

It includes the concept of holistic and systematic management of the project throughout of life-cycle of the project.

The societal governance framework of MSR is highly recommended to use in the megaproject management, since it highlights the importance of the local communities’ inclusion in megaproject management. Ma et al., 2017 highlight that megaproject management needs integration of stakeholders (business, government, society) throughout the project due to its complexity and high dynamics (Ma et al., 2017, p. 1368). This model assists project managers not to manage stakeholders with a consideration of importance of only primary stakeholders, but with inclusive approach of local communities. Therefore, as it was argued by Ugwu et al. (2006) project managers could reflect more on social responsibility, rather than focusing only on environmental protection in the construction phase or on micro-level outcomes (Lin, et al, 2017, p. 1416).

2.5. Summary

Overall, we have seen the stakeholder management theory in megaproject management and they are directly connected to the project success. As it was stated in Turner & Zolin (2012) project success factors, the engagement of stakeholders in the beginning of the project is very essential. While megaproject societal governance model backs up the communication and cooperation with local communities to ensure that all stakeholders’ requirements are taken into account.

In megaproject management practice project managers generally rely on their experience and intuition. Therefore, there is a need for solid guidelines to facilitate proper megaproject social responsibility by project managers (Lin, et al, 2017).

Also, the current literature review gives understanding of megaproject definition. Also, it further developed the late researches on the project success divided into two perspectives: project success of conventional projects; and the second of the large-scale projects. However, the current research is focuses on local communities’ perception of project success.

Overall, we have seen the stakeholder management theory in megaproject management and they are directly connected to the project success. As it was stated in Turner and Zolin (2012) project success factors, the engagement of stakeholders in the beginning of the project is very essential. While megaproject societal governance model backs up the communication and cooperation with local communities to ensure that all stakeholders’ requirements are taken into account. However, in megaproject management practice
project managers generally rely on their experience and intuition. Therefore, there is a need for solid guidelines to facilitate proper megaproject social responsibility by project managers (Lin, et al, 2017).
Chapter 3. Research Methodology

Cooper and Schindler (2003) stated that when the analysis of the literature is done, and research questions are identified, it is time to decide the methodology approach, which will be applied to the research. Therefore, this chapter explains the research process of this thesis. First, we present the philosophical framework that ‘guides how scientific research should be conducted’ (Collis & Hussey, 2003, p. 43). The research approach, purpose and design will be evaluated in the next section. That section aims to identify the research orientation. Additionally, will be discusses research design, which covers the planning of the study and the approach of data collection and analysis (Sekaran, 2003, p. 53).

3.1. Research preconceptions

The choice of thesis topic refers to the authors’ education background in strategic project management, and personal interest in megaprojects and success management. First, during our studies in Strategic Project Management we received a broad knowledge about overall project management. During some classes we were discussing stakeholder management, importance of clear identification of stakeholders, their roles, responsibilities, and interests. For any project there is a need to determinate the relationship between groups of stakeholders and project success. It was interesting to notice that different people (stakeholders) have different perception and interest in the project, and that may have an impact on the project outcome.

Today, in period of globalization a number of so-called megaprojects is increasing. We think, that megaprojects are important, especially for the developing countries, because they are focused on infrastructure development. Furthermore, the broad scope of such projects makes them a bridge between different countries which participate in that project. However, the scale of the megaproject makes them riskier, their budget is much higher than in other projects, they are long-term projects. Therefore, a big attention should be paid on management of each component of megaprojects (Garemo, et al., 2015). Megaprojects are developing internationally and involve plenty of stakeholders, some of which are local businesses. As it was outlined in the literature review, power of local stakeholders is growing, and their impact on the project as well.

Some of the recent megaprojects were mentioned during the classes by our professors. Furthermore, we have heard and read in some articles and news about different megaprojects in the world. Especially, in Central Asia many recent newspaper articles were related to Silk Road Economic Belt Initiative megaproject proposed by China. Initial Silk road was created hundreds of years ago, and its’ main purpose was silk trade between different regions (UNESCO, n.d.). However, New Silk Road has much more significant and broader meaning. This project plays a critical role in Europe, Asia, Africa because the road will connect these three continents.

Besides postgraduate studies, both of us are coming from Central Asia (Kazakhstan and Tajikistan) and megaprojects management in that region is more attractive topic for us.

Moreover, now we are studying, living and travelling in Europe, so we have an opportunity to see the capability of this region, and observe its’ role in New Silk Road project. Furthermore, both of researchers had a chance to work on the projects related to the Silk Road. Irina worked in construction company which has a project related to
construction of infrastructural objects in Kyrgyzstan and Tajikistan. So, we had some knowledge about it before. We realized that other local projects might be related to SREB project, or might be affected by it. So, after some research on megaprojects in Central Asia we stopped on the Silk Road Economic Belt Initiative project, which, as it was mentioned in the literature review, that megaproject plays significant role in each country which is somehow related to that project. Both researchers believe that SREB is a big step toward the development of Central Asia, and it brings a broad range of perspectives for that region. Hence, it was interesting for us to learn more about that topic.

As long as SREB megaproject covers many territories, we decided to focus on one country of Silk Road Economic Belt project, on Kazakhstan, so we can conduct more comprehensive study on the research topic. First, Ferizat is from Kazakhstan and Irina traveled there several times, so both of us are more aware about Kazakhstan than about other countries of SREB. Also, despite the national language in Kazakhstan is Kazakh, most of the people are bilingual and speak Russian as us, so there will be no language issues during the communication. Furthermore, “Guideline on grievance redress mechanism on environment and social safeguards for road sector projects” (New Way to Europe, 2014) in Kazakhstan, which provide more comprehensive picture about local communities’ involvement into SREB project. Kazakhstan plays critical role in Silk Road Economic Belt Initiative project due to its strategic geographical location.

3.2. Research philosophy

This section provides the framework about knowledge development and its nature. The research philosophy considers the main assumptions which identify the way people view the world (Saunders, et al., 2009, p. 108), and it is important to understand what is included in that worldview (Morgan, 2007, p. 52). These assumptions influence the approach of thinking about the research process, and on the way the research will be conducted (Saunders, et al., 2009, p. 109). The research philosophy can be discussed in two major assumptions: ontological and epistemological (Collis & Hussey, 2003, p. 109).

3.2.1. Ontology

Ontology is a philosophical perception of reality (Wahyuni, 2012, p. 69). The main question of this assumption is about how does the world operate and ‘commitment held to particular views’ (Saunders, et al., 2009, p. 110). Knowledge can be assigned as people’s possession or at the same time an outcome of the interactions. It is difficult to figure out the people knowledge in the specific area, but they can demonstrate their knowledge through the interactions (Jonker & Pennink, 2010, p. 61).

According to Bryman & Bell (2015) ontology has two different fundamental traditions: objectivism and subjectivism or constructionism. Objectivism is a concept about the existence of the objective reality, which does not depend on the social actors within that reality (Saunders, et al., 2009, p. 109). On the other side, constructionism perceives the reality as an interdependent and multiple existence. We are following the constructionism viewpoint on reality, which says that reality was constructed by the social actors and their interactions, and these actors perceive the reality in different ways (Wahyuni, 2012, p. 71). So, we believe that Silk Road Economic Belt megaproject involve many local businesses in Kazakhstan, and these stakeholders have a different
perception of success. That is because all actors have a different backgrounds and experiences (Jonassen, 1991, p. 8). Therefore, there are multiple human realities in the world (Long, et al., 2000, p. 190). According to constructionists, the reality constantly changes due to social interactions between people (Wahyuni, 2012, p. 71). Furthermore, our research is structured within the constructivist approach.

Megaproject is a social entity which involve many interrelated elements. Our thesis focuses on two of these elements: stakeholders and project success. If we look on the Silk Road Economic Belt Initiative project we can see that this megaproject considers various countries, organizations, companies, communities. Each of these entities have its’ particular concerns about the project, and they identify the project success in its’ own way. Even with focusing on Kazakhstan we have different local stakeholder. Local stakeholders involved into the Silk Road Economic Belt Initiative megaproject have different interests and play different role in the project, and therefore, they have different perceptions of project success. The study considers the personal influences, so objectivist viewpoint would limit the research (Wahyuni, 2012, p. 71).

3.2.2. Epistemology

‘Episteme’ means knowledge (O’Gorman & MacIntosh, 2015, p. 59) and consequently, the epistemological assumption is related to the study of a valid knowledge and thought (Collis & Hussey, 2003, p. 47; Jonassen, 1991, p. 8). The discussion on epistemology within research methodologies in business area covers a question about acceptable knowledge (Saunders, et al., 2009, p. 112). Researchers require to frame connections between the assumptions which we have about the reality (ontology) and the approaches which we follow to elaborate valid knowledge (epistemology) (O’Gorman & MacIntosh, 2015, p. 59). Epistemological viewpoint recognizes acceptable knowledge as a wide range of phenomena with two broad perspectives: positivism and interpretivism (Collis & Hussey, 2003, p. 44) which stand for two different ways of thinking about knowledge. The objective ontological phenomenon is aligned with positivist epistemological standpoint, while constructionist ontology refers to the interpretivist epistemology (O’Gorman & MacIntosh, 2015, p. 59).

Positivism paradigm is supported by the belief that reality is sovereign from individuals and the goal is the exploration of theories, based on such empirical research like observation or testing (Bryman, 2008, p. 13). Creswell (2014) argued that positivists assume that the act of discovering social reality has no impact on that reality. Therefore, it will be difficult to elaborate the stakeholder’s management and its relation to project success phenomenon by adopting positivism approach.

Opposite to positivism, interpretivism is developed by the belief that ‘social reality is not objective because it is formed by individuals’ perceptions (Bryman & Bell, 2011, p. 17). This statement supports our vision of megaprojects. We believe that stakeholders have a different perception and interest in megaprojects, therefore they influence it in different way. The local businesses in Kazakhstan are involved in Silk Road Economic Belt Initiative project, despite that road does not cross the region itself. Also, it is impossible to isolate the components of social world from researcher’s thoughts; thus, researcher constantly collaborates with researched targets. Interpretivism spotlights the discovery of social stance complexity, and aims to get clear understanding (Collis & Hussey, 2003, p. 45), which is critical for the current research. In addition, according to Patton (1990) and Klein & Myers (1999) interpretivism allows ‘to understand what is
happening in a given context rather than just measuring it’ (O’Gorman & MacIntosh, 2015, p. 65). In order to answer on the stated research question, we need to investigate the local business from different perspectives, and to discover project success factor from the local businesses’ point of view.

Interpretivism paradigm researches social reality with impressions rather than with facts (Saunders, et al., 2009, p. 114). We are focusing on one part of the Silk Road Economic Belt and only on local businesses in that particular region, but we are observing it from different sides in details. Therefore, as a result we will receive comprehensive description of the phenomenon studied (Hudson & Ozanne, 1988, p. 511).

A positivistic view will not allow us to examine the perception of megaproject by local stakeholders, and therefore their attitude to the megaproject. Individuals understand the world in different ways, based on the personal experiences, background and believes; and as a conclusion they have a different view on reality (Jonassen, 1991, p. 10).

3.3. Research approach

There are two main approaches of research: deductive and inductive (Bryman & Bell, 2011, p. 11). These two approaches oppose to each other, and their main difference is in theory’s role in the research. One of the main characteristics of the deductive approach is that theories need to be developed in a way that permit facts to me evaluated quantitatively (O’Gorman & MacIntosh, 2015, p. 125). However, the current study does not base on the facts but on the people’s thoughts and understandings. Although, this thesis was guided by pre-existing theories, we do not test theory. The answer on the research question will be answered through the observation of the empirical data, and it could contribute to the theory. That theory may be applied as a guideline for the stakeholder management in the megaprojects. Thus, the current research is guided by inductive approach (Collis & Hussey, 2003, p. 7). Inductive method is typical for the social research, and it attempts to exploit theories from interpretations of the raw information (Thomas, 2006, p. 238). This research method allows to understand the reason of the phenomenon (Saunders, et al., 2009, p. 126). There is a little research in regard to local communities’ perception of success in context of megaprojects, particularly in Silk Road Economic Belt Initiative project. Furthermore, the current research does not provide and obtain any quantitative data, the study considers the contextual information about stakeholder management and megaproject management, which allows us to explore and to interpret the local communities’ perception of project success.

3.4. Research strategy

In order to answer the research question it is useful to choose a research strategy. The choice of the research strategy depends on research questions, objectives, valid knowledge, time horizon, philosophical stances (Saunders, et al., 2009, p. 141). The research strategy is linked to the ontological and epistemological insights of the research. There two major research strategies: quantitative and qualitative (Bryman & Bell, 2015, p. 37). Research study connected to ‘objective ontology with a positivist epistemological method’ adopts quantitative research strategy, whilst qualitative research methodology is used in ‘subjective ontology with an interpretivist approach’ (O’Gorman & MacIntosh, 2015, p. 59).
Qualitative research approach allows us to understand the phenomenon, and interpret it by providing detailed description (Cooper & Schindler, 2011, p. 162). In addition, from the beginning till the end of research, including data collection phase, we were taking some notes, which are like pieces of one puzzle, and as more forward we are going with our research, as more detailed picture of the phenomenon we get.

Therefore, this research is aligned with the qualitative approach, because that approach is guided by inductive research method (Ghauri & Gronhaug, 2010, p. 106), and it allows us to understand the connection between local communities of Kazakhstan and the Silk Road Economic Belt international megaproject. Furthermore, the outcome of our research is theoretical contribution to understanding how local communities perceive the success in megaprojects, and it can be done by using qualitative approach (Bryman & Bell, 2015, p. 405). Also, qualitative research techniques allow us to look at the research phenomenon through the eyes of different people (Bryman & Bell, 2015, p. 405), and it provides more comprehensive understanding of the phenomenon.

### 3.5. Research design

The research design section presents the operational method of the empirical research. There is a need to choose an inquiry strategy which will guide to the discovering the answer on the research question. It is important to choose the strategy which will be the most appropriate and be aligned with research objectives. Furthermore, the choice of inquiry strategies depends on research approach (Saunders, et al., 2009, p. 141). Inductive logic will be used in the qualitative research, “involving knowledge building from observations of the world, which in turn provide the basis for developing theories or laws” (Ritchie, et al., 2014, p. 6).

There are different strategies in qualitative researches, however, the current study follows the case study approach, which has a strong connection to qualitative research (Ritchie, et al., 2014, p. 66). Robson (2002) claimed that case study is an experimental strategy and it is a way of doing research which consists of empirical observation of a specific ‘contemporary phenomenon within its real-life context’ by adopting different sources of arguments (Saunders, et al., 2009, p. 146). The current study is guided by exploratory approach in order to understand the research phenomenon from the insight and analyze it from a new perspective (Saunders, et al., 2009, p. 139). That approach allows to investigate the social realities comprehensively and to supply to the literature (Flyvbjerg, 2006, p. 2). One more advantage of that approach is its flexibility which will allow us to get qualitative data (Saunders, et al., 2009, p. 140). Furthermore, it is feasible to proceed the case study research within the limited time frame (two months).

Furthermore, there is no clear relation between local communities and success of project, and case study approach is appropriate for exploratory researches (Yin, 2009, p. 18).

### 3.6. Literature search method and selection

In the current research paper, a traditional literature review (Jesson, et al., 2011) was utilized to reach wide search results for the literature review. According to Jankowitz traditional review is “process of building on existing work, but with a focus on describing and then bringing the work together in a critical way” (Jesson, et al., 2011, p.
Webster, et al. (2002, p. 16) highlighted that “a systematic search should ensure that you accumulate a relatively complete census of relevant literature”.

Search criteria were based on the relevance to the research questions and their methodology quality by appraisal of the papers within the research scope. In addition, to avoid subjective choices on inclusion and exclusion of papers, the following assessment was performed by both researchers.

The first step was to identify an initial list of keywords specific to the research objective of “identify critical success factors through investigation of perception of local communities about megaprojects success”. The keywords were refined for relevance to the research with the supervisor and in total 8 words were identified for further literature search: megaprojects, stakeholder management procedures and the local context.

Megaprojects: megaprojects; large infrastructure projects; major construction projects.

Stakeholder Management Procedures: stakeholder analysis; stakeholder identification; stakeholder classification; stakeholder assessment.

Local Context: local community.

In the further step, the following search strings were established using clauses *AND*/*OR* and has resulted in the three search phases:

1. ‘megaprojects’ OR ‘large infrastructure projects’ OR ‘mega transport projects’ AND ‘success’;
2. ‘megaprojects’ OR ‘large infrastructure projects’ OR ‘mega transport projects’ AND ‘stakeholder analysis’ OR ‘stakeholder identification’ OR ‘stakeholder classification’ OR ‘stakeholder assessment’;
3. ‘local community’ AND ‘stakeholder analysis’ OR ‘stakeholder identification’ OR ‘stakeholder classification’ OR ‘stakeholder assessment’.

Two academic databases: Umea University library’s Ebsco and Heriot-Watt University’s Discovery search system were searched for relevant publications due to be the open access source for the current students to specialist databases, including SciFinder, Web of Science, OnePetro and Mintel Reports (Heriot-Watt University, 2017).

Furthermore, the time span between 1997 and 2017 was applied, to find the latest publications on the relevant topic. The following limit was based on the Mok, et al. (2015) statement that the research on stakeholder management in a large-scale projects perspective has started only from 1997.

Next, selected articles’ content was examined for relevance and irrelevant publications were excluded. The results suggested that only little amount of the literature was focused on the megaprojects, while the major part focused on regular projects. After selecting the relevant papers, which were examined, classified into themes:

1. Megaproject success factors perceived by stakeholders
2. Stakeholder management theory in megaproject management
3. Local community
3.7. Data collection

The main goal of the data collection is to get ‘valid information from the most appropriate person’ (Ghauri & Gronhaug, 2010, p. 127). Data can be collected in a plenty of different ways and from different sources. The choice of data collection approach depends on type of data which is necessary to answer the research question. Mainly, in qualitative research the data could be collected through two types of resources: primary and secondary (Ghauri & Gronhaug, 2010, p. 103). Data obtained from individuals, particular groups, who were set up by researcher, is a primary source. Secondary data considers organization’s archives, publications, which are already exist in the media or internet (Sekaran, 2000, p. 221). Secondary data provides the opportunity to get more comprehensive findings (Saunders, et al., 2009, p. 268). In the current research we used the documents and reports related to Western Europe – Western China project which was executed in Kazakhstan. The secondary data was provided by P7 after the interview.

3.7.1. Choice of case

The case study for the current research was found through the breakdown of researchers’ background, knowledge and previous experience, and interests. We were enthusiastic about the megaproject, which is more relevant to us geographically, and which is familiar to us. Therefore, we stopped our choice on Silk Road Economic Belt megaproject as a part of One Belt, One Road initiative.

The Silk Road Economic Belt Initiative was proposed in 2013, and it connects Europe with Asia through China (China Britain Business Council, 2015, p. 4) The main goal of project is to promote ‘infrastructural development and connectivity’ and to boost the economic growth in Eurasian continent (Ghiasy & Zhou, 2017, p. 2). SREB is a large-scale international project which involves several countries, thus there are local stakeholders in different countries.

Due to time limitations and availability of resources it was decided to focus on one country of that project. We are more aware about the Central Asia because we grew up in that region. To zoom in the focus of the research it was decided to target one region which is more relevant to the SREB by geographical location. After conducting of special research on Central Asian countries we picked out Kazakhstan. First, as it was mentioned before, one of researchers is from Kazakhstan, and another has travelled to Kazakhstan several times. Therefore, both researchers had a previous knowledge about that country. Furthermore, the region is located close to SREB, and a recently built Kuryk port connects Kazakhstan with Azerbaijan. Also, Kazakhstan is a trading hub in Central Asia (PWC, 2017, p. 1). Thus, that region plays strategic role in SREB megaproject. Consequently, in current thesis we study the local communities in Kazakhstan as a part of Silk Road Economic Belt megaproject.

3.7.2. Interview method

One of the most common approaches of collecting the primary data is interview (Saunders, et al., 2009, p. 320), and this approach will be used in the present thesis. In order to conduct the efficient interview, how to proceed the interview was planned in advance. We decided to conduct semi-structured interviews. Semi-structured interviews are adopted for the exploratory researches (Robson, 2002, p. 59), and they consider the
list of questions which can differ according to situation and interviewee’s responses. Furthermore, this type of interview allows to conduct more comprehensive research on aspects which are more relevant to research question (Robson, 2002, p. 280), and to look on interviewees’ understanding of the social phenomenon (Wahyuni, 2012, p. 71). Conducted semi-structured interviews will give us the subjective view on the project success. By following this approach, we provide the interview participants an opportunity to express their opinion and perspectives freely. More structured interviews would prevent from obtaining more detailed and rich data, consequently, it will affect the purpose of our research stated in the research question (Bryman & Bell, 2011, p. 404).

Due to participant organizations’ geographical location and time limitations, the interviews were conducted via telephone and Skype in one-to-one way. In comparison with writing type of interview, telephone interview allows to directly clarify misunderstandings appeared during the interview (Gillham, 2005, p. 102). Moreover, as opposed to face-to-face interview, telephone/skype interview can be more beneficial in terms of personal feelings and emotions, because both interviewer and interviewee may feel more confident, open and honest (Rogers, 1976, p. 53). However, the quality of internet and special equipment should be checked and prepared in advance, otherwise it may affect the interview process. Furthermore, analysis of semi-structured interviews is more time consuming than analysis of structured interviews because in some interviews some questions are different (Saunders, et al., 2009, p. 320).

3.7.3. Participants selection and contact

Due to the thesis specification as participants for the interview were selected organizations and organizations which are familiar with the Silk Road Economic Belt. As it was mentioned before, the current research was guided by Steiner & Steiner (1980) Business-Government-Society model, because it allows to get a comprehensive view of managing local communities in megaprocesses (Ma, et al., 2017, p. 1368). Therefore, participants of the interview represent different local entities from these three sectors of industry.

To ensure the inclusiveness of all interested communities, the following groups were invited to interview, and their answers systematically examined:

1. representatives of local businesses
2. representatives of political and government organization
3. representatives of environmental organization

This diversity in industry allows us to analyze the project from different perspectives and to get more detailed data and completed understanding of the research question. Furthermore, interviewees’ position in the organization was also important for researchers. It was required that participants are from managerial positions, because the participants with higher positions have more knowledge about the aspects which are important for our research. Moreover, they have a competence to answer on questions related to their organization. One more aspect which affected the respondent selection is their willing and ability to contribute to the research.
We wrote down the list of 25 potential interview participants (Ghauri & Gronhaug, 2010, p. 127), which were found by using the google search engine. We followed the keyword search approach (Adams, et al., 2007, p. 119), and applied the following keyword and their different combinations: Kazakhstan, Ecology organization, governmental organization, social organization, New Silk Road. Therefore, all participants are local organizations from different sectors, and are related to SREB project.

The request for participation in interview was sent to 25 organizations, however only seven of them expressed a will to contribute to the research. According to BGS model, four organizations are from Social sector, two from political sector and one represents a business sector. More detailed information about them is presented in the Chapter 4.

The request for participation in interview was sent via email (Appendix 1, Appendix 2) and confirmed by telephone call. The request and interview questions were translated into Russian language because researchers and respondents are bilingual, and Russian is a common language for both sides. Therefore, they feel more comfortable to speak in Russian rather than in English. However, one of respondents does not speak Russian, so all communications were proceeded in English. The interview appointment date, time and method were arranged by email.

3.7.4. Interview design and process

The interview guide is composed to be flexible and unrestricted, so research participants can express their thoughts and attitude openly. Three main steps were done for preparation for the interviews. First, we analyzed the research question and started to structure the interview guide which we follow during the interview. Then, we clarified the data which we suppose to obtain through the interview.

The general structure of interview and list of main questions were formulated and distributed to interviewees prior to interview. The interview guide as presented in (Appendix 3) provides information about research topic, interview questions and conditions. Interview guide structures the interview questions, which are divided into three main themes: organization introduction, project definition and project success. We start from the general questions and smoothly go toward the key questions, so we can get more structured picture and detail from the interviewees (Saunders, et al., 2009, p. 329). Also, by following interview guide during the interview, we can track the interview and check the points which we already covered or missed. Interview guide is a general scenario of our interview.

The interview duration was approximately calculated as forty minutes, but timeframe for researchers was two hours. Additional time was considered for possible delays or technical issues, or extension of the conversation. Also, we considered the time for proper preparation for the interview and time for appropriate interview conclusion.

We considered and tried to minimize such constraints like possible delays and difficulties related to geographical distance and time zone of participants. Before starting the interview, the trial call was done in order to check the quality. The permission to record the conversation was received, and date of interview and starting time were recorded as well. Moreover, special attention was paid on interview venue. We tried to conduct interview in the quiet place with good internet connection. First, the
environmental noise disrupts and creates bias because interviewer and interviewee may not hear each other properly and it leads to misunderstanding. Also, it reduces the quality of the interview record. Furthermore, since interview was conducted online via Skype, the problems with internet connection affects the interview too.

Researcher tried to speak clearly and slowly, to make sure that interviewee understands the questions and comments. Furthermore, significant attention was paid on the tone of the voice and intonation because it can create a bias and affect the interviewee (Saunders, et al., 2009, p. 320). The questions were asked in accordance with interview flow and respondent’s answers. However, the concept of the questions was maintained, and all the questions lead to the data which is necessary to answer on research question. Some answers were short and required extra follow up questions to get more detailed information.

Moreover, researcher was taking notes during the entire conversation. First, it upsurges the credibility of the interview findings. Second, the notes are useful to track the conversation flow and to check the missing information. Also, it helps to compose the summary of the interview.

All the interviews were converted to transcript. Researchers tried to improve the quality of finding and verify the content of the interview answers, so all original interview answers, transcripts, translated statements were double-checked by both researchers.

The interview details are presented in the following table:

<table>
<thead>
<tr>
<th>Code</th>
<th>Organization Name</th>
<th>Type of organization</th>
<th>Sector</th>
<th>Interview date (CET)</th>
<th>Duration (in minutes)</th>
<th>Language</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>Kazakh Invest</td>
<td>Joint Stock Company (National Company)</td>
<td>Society</td>
<td>27/11/2017 10:48</td>
<td>19</td>
<td>Russian</td>
</tr>
<tr>
<td>P2</td>
<td>EcoMangistau</td>
<td>Non-Governmental Organization</td>
<td>Environmental</td>
<td>29/11/2017 11:21</td>
<td>28</td>
<td>Russian</td>
</tr>
<tr>
<td>P3</td>
<td>Koldau-KZ</td>
<td>Non-Governmental Organization</td>
<td>Environmental</td>
<td>04/12/2017 10:34</td>
<td>21</td>
<td>Russian</td>
</tr>
<tr>
<td>P4</td>
<td>National Analytical Information Resource</td>
<td>Public-monitoring group of the Association</td>
<td>Governmental</td>
<td>04/12/2017 15:28</td>
<td>36</td>
<td>Russian</td>
</tr>
<tr>
<td>P5</td>
<td>Laoshi</td>
<td>China center</td>
<td>Society</td>
<td>05/12/2017 13:01</td>
<td>39</td>
<td>Russian</td>
</tr>
<tr>
<td>P6</td>
<td>Public Opinion</td>
<td>Research Institute</td>
<td>Governmental</td>
<td>05/12/2017 18:05</td>
<td>34</td>
<td>Russian</td>
</tr>
<tr>
<td>P7</td>
<td>KazDorNII</td>
<td>Joint Stock Company</td>
<td>Business</td>
<td>14/12/2017 11:03</td>
<td>46</td>
<td>English</td>
</tr>
</tbody>
</table>

Table 5: Interview details

3.8. Data analysis method

Among several tools to analyze qualitative data, we decided to follow the thematic analysis because due to its’ flexibility (Clarke & Braun, 2017, p. 297), it is one of the most appropriate methods for the current study. Furthermore, this approach is usually used in researches which objective is to understand ‘what participants’ think, feel, and do’ (Clarke & Braun, 2017, p. 297). There are six main phases in thematic analysis. However, this analysis approach is not a strict step-by-step process, it considers returning back to the previous phases when it is needed (Braun & Clarke, 2006, pp. 86-93):
1) **Familiarizing yourself with your data**
This phase is executed during the data collection stage. We listened to the recorded interview, and when the transcription was completed, we read it several times and took notes. Before and after having the interview with P4, we read the organizations’ documents related to the research topic. After interview was finished, we read these documents again, because some extra notes were taken during the conversation. We discussed each interview and data obtained through it.

2) **Generating initial codes**
All the data was coded and organized into a ‘meaningful groups’ (Tuckett, 2005). We read the interview transcripts and documents again, and highlighted the aspects which we found interesting and useful in order to answer our research question. Then we arranged all highlighted points and notes into one list.

3) **Searching themes**
During the third phase of analysis, we started to analyze and arrange all codes, which we received on previous phase of analysis, into a groups (themes). We assigned the theme to each listed code. We realized that all the codes can be arranged into three main categories:

1) How do stakeholders of local communities perceive Silk Road Economic Belt?
2) How local communities influence the megaproject?
3) How do local communities perceive success of the project?

Some of the themes were correlated and assigned as a sub-theme within another theme.

4) **Reviewing themes**
The review phase was guided by idea, that there should be a transparent and traceable distinction between themes. Furthermore, this phase was proceeded in two levels: review of all codes generated before and review of entire data set. (Braun & Clarke, 2006, p. 91). First, we checked either all codes fit to the assigned theme or not. Not relevant codes were moved to another group, which we miscellaneous, in order to review it again later and assign to another theme or eliminate as an irrelevant code. Second, during the re-reading entire data set we found new codes which were smoothly fitted with some codes from ‘miscellaneous’ group of codes, and which were assigned to new themes. Then, we reviewed all themes again.

5) **Defining and naming themes**
During the fifth phase of analysis, we looked through all of themes again, defined, refined and created the names for each of them. We analyzed each theme separately and in relation with other themes too. The scope and content of each theme was briefly described.

6) **Producing report**
The final report performs concise and logical story of entire research. It includes brief introduction of research topic, question and purpose. Also, we provided the review of literature and the approach which was used in order to answer the research questions. We provided empirical findings and final analysis of defined themes with providing argumentations and examples in relation with our research question.
interview content with analytical argumentation and conclusion corresponded to the research question. As a conclusion, we identified the success factors of the project in terms of local communities’ perspectives.

3.9. Research quality

The present research design is structured according to selected qualitative research approach. The quality of the qualitative research was evaluated by several criteria: credibility, dependability, transferability and confirmability (Kumar, 2011, p. 177; Collis & Hussey, 2003, p. 172), which are ‘concerned with the robustness and reliability of the original research evidence’ (Ritchie, et al., 2014, p. 354). Research criteria helps to proceed the research more accurately and to reduce the possibility of getting the wrong data (Saunders, et al., 2009, p. 156).

Credibility
Credibility is one of the most significant quality criterion, which evaluates the correctness and trustworthiness of the source of information. Prior to interview all participants were informed about the research area, topic, goals and expectations from the interview. Also, interviewees were aware about possible interview questions, so they have opportunity to check related materials and prepare for the interview better (Saunders, et al., 2009, p. 328). Furthermore, all the participants for interview were selected carefully and their relation to the research and credibility were double-checked. Sometimes, questions were reformulated and asked again. One interview was conducted in English, because that participant does not know Russian, and English was the common language to communicate. Six other interviews were conducted in Russian language and then translated into English due to geographical location of participants. Therefore, to reduce the bias in possible translation or interpretation error, the received audio information was converted to transcripts and all misunderstandings appeared during the conversation were checked with participant.

Dependability
Dependability relates to the reliability (Kumar, 2011, p. 185). Therefore, dependability as a reliability helps to minimize the possible bias and errors in the research (Yin, 2009, p. 45). In present thesis the research methods and process were investigated in detail. Furthermore, researchers constantly consulted with the supervisor about research methods and approach. The interview findings and interpretations were double-checked to ensure its correctness. During the interview process some questions were reformulated and asked again. In addition, the key points of respondent’s answer were repeated and checked with respondent to proof its correctness.

Transferability
This criterion considers the level of possible generalization of the results of the qualitative research to other settings (Kumar, 2011, p. 185). However, it is difficult to generalize qualitative research findings because that type of research focuses on the specific phenomenon within a particular context (Bryman & Bell, 2015, p. 414). The empirical data was limited geographically by one country of the Silk Road Economic Belt project. At the same time interview participants represent different sectors of industry (business, government, society). The research does not have an aim to generalize the success perception by local communities, but it aims to contribute to the theory which can be used as a model for success evaluation in megaprojects. The findings of the current thesis could be transferred to other megaprojects and contexts.
Furthermore, the results of that study are valid to other countries of the explored megaproject.

**Confirmability**

That criterion is related to the researchers, and evaluated the credibility of the research from researchers’ perspective. The prejudgments, personal knowledge and interest may affect the interview findings, hence, we tried to reduce that bias to the minimum, and all the interviews were conducted with the same attitude. Furthermore, both of researchers followed the same process of research which is outlined in the interview guide (Kumar, 2011, p. 185). Interview findings were cross-checked by both researchers, in order to be assured in findings insight. Dependability and confirmability were evaluated simultaneously due to their correlation.

Qualitative researchers aim to provide excellent and corroborative links between the theory and results, and examples obtained from the data. This emphasizes the main advantage of the qualitative research – its ability to evaluate a phenomenon precisely and in details (Ritchie, et al., 2014, p. 357). From the beginning till the end of research we considered these four criteria to maximize the credibility of the research.

**3.10. Ethical concerns**

Ethics means the principles of behavior which are considered correct (Saunders, et al., 2009, p. 160). Ethics is a core of high-quality research and a consideration which is important from the first phase till the final phase of the research (Ritchie, et al., 2014, p. 108). Qualitative researches inevitably consider interaction with human subjects (Silverman, 2013, p. 159). Therefore, research design should avoid harmful, embarrassing, or any other negatively affecting actions and information (Saunders, et al., 2009, p. 160). The participation in the research is voluntarily and all of the participants have a right to withdraw from the research (Saunders, et al., 2009, p. 185). Aiming that sample information sheet with brief information about the research will be provided beforehand to the interviewees to ensure that the fully understand the research aim and relate to their experience.

The present research considered ethical concerns from the very beginning. We tried to think about each issue on personal and professional level which may be recognized as unethical. First, the invitation for the research included the researchers profile, research description and conditions. Also, interviewees are aware about approximate interview duration and further use of interview results. Second, privacy aspects of the research refer to confidentiality and anonymity of the research participants. Instead of real names of participants codes (P1, P2, etc.) were used. However, it was agreed to keep the organization’s name opened. All interviewees were informed about recording of the interview and permission to do it was received. All participants accepted these conditions, and then interview was conducted. The interview was conducted in a professional way with high respect of the participants.

Furthermore, special attention was paid to the fabricated data. Researchers tried to avoid the usage of fake findings and data which could mislead the study and be harmful to the society (Bryman & Bell, 2011, p. 136). Therefore, only trustful resource sources were used, and all findings were double-checked. And with the respect to the whole ‘community’, values and interests of the whole communities were considered in the
current research. Hence, as it was mentioned before the current research does not
generalize the research findings.

Authors of the thesis possible ethical issues related to the sample size. The authors note
that due to the time limitations, the small sample represents the local community in the
current research. Small sample size is likely to create errors in generalization about
population (Saunders et al, 2009). To avoid the errors the authors compromised on the
quality of the respondents and questions, being confident that the data characteristics
collected during the interviews could represent the characteristics of the total population
accurately. According to Saunders, sample size is dependent on research question and
objectives, and when collecting the qualitative data, data credibility is more important
than the size of the sample (Patton 2002, sited in Saunders et al, 2009). The authors
conducted the number of interviews that were available to conduct in the given time
frame and stopped collecting data when data saturation was reached.
Chapter 4. Empirical findings

4.1. Case study introduction

As it was mentioned in research methodology chapter, in order to investigate the research question, it was decided to focus on particular case. The case of the current research is an overland part of One Belt, One Road initiative, a Silk Road Economic Belt megaproject, which was initiated by China in 2013 (Putten, et al., 2016), and it is ‘an ambitious vision that has evoked enthusiasm among many stakeholders’. A several funding institutions, such as Asian Infrastructure Development Bank (AIDB) and Silk Road Fund, are already established (Zhao, 2015). The project involves 65 countries, and it is about 63 percent of the world population (Ghiasy & Zhou, 2017). The main goals of the Belt are:

- Develop the transport infrastructure and network through road construction;
- Expand Eurasian trade markets and improve the freight transportation;
- Facilitate social and cultural spheres of Eurasian countries (Ghiasy & Zhou, 2017, p. 2).

SREB is not only a transport project, it is infrastructural project too. Thus, it involves projects in different industrial sectors in all Central Asian countries (Appendix 4). One of the main actors of SREB in Central Asia is Kazakhstan because, due to its strategic location, it plays a role of trading hub in Central Asia (PWC, 2017, p. 1). The accomplishment of construction of Kuryk seaport in Kazakhstan (PWC, 2017), which is a part of SREB initiative, is one of the signals of projects’ success. Furthermore, Kazakhstan contributes to SREB by implementation of the ‘Western Europe – Western China’ transport project which was initiated under ‘Kazakhstan-2050’ Kazakhstan’s state program, and which connects China with Europe through Kazakhstan. The understanding of SREB by stakeholders of local communities in Kazakhstan is presented in the following section.

4.2. Empirical findings

For the current thesis research 7 organizations were selected as participants for the interview. The summary about respondents is presented in Table 6 below. According to privacy rules all respondents’ names are coded as P1, P2, etc. The information was provided by interviewees and retrieved from the organizations’ website.

<table>
<thead>
<tr>
<th>Code</th>
<th>Organization Name</th>
<th>Type of organization</th>
<th>Sector</th>
<th>Foundation date</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>Kazakh Invest</td>
<td>National Company, JSC</td>
<td>Society</td>
<td>2017</td>
<td>Mangistau region</td>
</tr>
<tr>
<td>P2</td>
<td>EcoMangistau</td>
<td>NGO</td>
<td>Society</td>
<td>2000</td>
<td>Mangistau region</td>
</tr>
<tr>
<td>P3</td>
<td>Koldau-KZ</td>
<td>NGO</td>
<td>Society</td>
<td>2012</td>
<td>Mangistau region</td>
</tr>
<tr>
<td>P4</td>
<td>National Analytical</td>
<td>Public-monitoring</td>
<td>Government</td>
<td>2009</td>
<td>Skymkent region</td>
</tr>
<tr>
<td></td>
<td>Information Resource</td>
<td>group of the Association</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P5</td>
<td>Laoshi</td>
<td>China center</td>
<td>Society</td>
<td>n/a</td>
<td>Almaty region</td>
</tr>
<tr>
<td>P6</td>
<td>Public Opinion</td>
<td>Research Institute</td>
<td>Government</td>
<td>2013</td>
<td>Almaty region</td>
</tr>
<tr>
<td>P7</td>
<td>KazdorNII</td>
<td>JSC</td>
<td>Business</td>
<td>1959</td>
<td>Almaty region</td>
</tr>
</tbody>
</table>

Table 6: Overview of research participants
4.2.1. Kazakh Invest

The National Company joint-stock company (JSC) ‘KazakhInvest’ was found in 2008 (Kazakh Invest, n.d.), and its’ regional representative office in Mangistau region was found in April 2017, before it was an agency. It is a first regional organization which work on attracting investment in the economy of the Republic of Kazakhstan. Furthermore, company provides wide range of services to foreign investors and local organizations, and work on establishing link between them. The regional directors of this company are mayor’s counselor for investment affairs. Therefore, they have a power to deal with questions more efficiently and promptly by avoiding the contact to intermediate substances. According to P1, currently organization works on three megaprojects:
1) Expansion of the north terminal of Aktau international port;
2) Development of Kuryk port
3) Construction of desalination plant

Kazakhstan and Silk Road Economic Belt

“SREB is a transregional partnership between Europe and China. It is a new transport and logistics way, which was initiated in order to boost cargo transit through Kazakhstan, Russia, Europe”. P1 finds Kazakhstan as a connecting trade hub between China and Europe.

P1 indicated two main ports in Kazakhstan:
1) Dry port Khorgos in Almaty region, which has a boarder with China. This region plays significant role because it is Free Economic Zone. Furthermore, the Khorgos railway crosses a whole Kazakhstan, and it is connected to Mangistau. Mangistau region is an “Kazakhstan’s East sea gates to Europe”, because it has a direct maritime connection to Azerbaijan – Georgia – Turkey – Europe.
2) Sea port Kuryk. Recently, was completed construction of the first stage of the port. It is second international port in Kazakhstan.

Furthermore, according to P1, Kazakhstan has a close connection with Iranian port.

“Although SREB does not cross Mangistau region, that region is a core player in trade infrastructure part of that megaproject”. This project has an “positive impact” on overall infrastructure of Kazakhstan.

The president of Kazakhstan and government support the foreign companies who are willing to invest their money to Kazakhstan’s infrastructure, and they try “to create the best investment conditions and environment”.

Project expectations

As reported by P1, SREB will increase trade volumes between countries, improve transport services, reduce cargo shipment time. And more investment projects will be developed and implemented in Kazakhstan. Furthermore, our respondent highlighted that SREB has a big impact on development of foreign economy of Kazakhstan, because it opens new opportunities for the local businesses, and attracts foreign companies.
Success estimation and factors of megaprojects

P1 said that P1 is not allowed to provide any comments on SREB success due to the organizations’ rules and regulations. However, according to P1, P1’s organization participated in other megaprojects and their success depends on the following factors:

1) Projects’ necessity. The project itself should be useful to country and population.
2) People-oriented factors. The outcome of the project should bring the utility to the country’s population.
3) Financial factors. The projects’ financial plan should be well-structured and developed, so investors will be sure about future paybacks.

The results of the megaprojects could be estimated by statistical indicators. P1 said that there is a need in numbers, so we can compare it, and evaluate the project’s outcome.

Project’s success could be estimated after its’ execution, so “final customer can directly rate the price and quality of the product or service”.

4.2.2. ECO Mangystau

‘ECO Mangystau’ is non-commercial non-governmental organization which was found in November 2000. The organization works in three different streams:

1) Youth volunteering programs
2) Ecotourism
3) Dealing with issues related to ecology (ECO Mangistau, n.d.).

The public ecology inspection department of the organization provides free consultations to people. Furthermore, organization has a wide international network with mass media institutions. ‘ECO Mangistau’ organizes different types of events, projects, contents, trainings and seminars associated with environment issues. P2 mentioned two most important megaprojects managed by the organization. First, it is completed project, which was successful, and the purpose of which was to pretend the construction of Atomic Electric Station. According to P2, that project is megaproject due to its scale and it has an impact on boarding countries like Iran, Uzbekistan and Turkmenistan. Second project is ongoing project which is relevant to Caspian Sea, and considers transboundary issues too because Caspian Sea is surrounded by five different countries: Kazakhstan, Turkmenistan, Iran, Azerbaijan, Russia. The main purpose of this project is protection of biodiversity and environment in that region.

Kazakhstan and Silk Road Economic Belt

During the interview, P2 highlighted following associations with SREB:

1) Transport project. Construction of West Europe – West China road with branch to Aktau port (Kazakhstan). Also, SREB is cargo transportation project because it considers transportation of cargo from China to Europe via sea port Aktau.
2) Oil and Gas project. Several years ago, mass media announced a construction of pipeline in China. And that infrastructure project was supposed to benefit both countries: China and Kazakhstan.
3) Tourism. Our respondent said that Silk Road Economic Belt considers not only trade routes, but also touristic routes which covers cultural and historical places. The Belt can connect several important spots which will be added to touristic guides.

In accordance to P2, from viewpoint of both sides (China and Central Asia), SREB’s main goal is economic development. Therefore, P2 highlighted that there are two main directions of the project:

1) Development of trade industry: market expansion, reducing shipment cost and time.
2) Development of transportation: construction of new railways, improvement of maritime ways, reconstruction of roads.

Project expectations

P2 said that they are not directly involved to SREB, but as NGO they will be glad to participate in project development, and P2 hopes that this project will have a minimum impact on the environment. Especially, Caspi sea can be affected by the road construction in that region.

P2 has a wide network and partnership with different social organizations and mass media institutes in Kazakhstan, Central Asia and Europe, so P2 has a power to influence the project. Furthermore, the respondent stated that mass media plays a vital role in different businesses because it can prompt people to take action, it can affect people’s perception of different aspects. Furthermore, mass media is a good tool of spreading information.

According to our respondent, SREB plays a significant role in development of infrastructure in Central Asia, it will improve the socio-economic environment in that region, and therefore, new work places will be created. Furthermore, the business conditions in Central Asia will be improved too.

Success estimation and factors of megaprojects

“Success estimation bases on numbers. We compare numbers in the beginning of the project with numbers at the end of the project. For example, we can compare the volume of cargo transportation before SREB and after.” By ‘numbers’ respondent considers the financial statements, input and output results of the projects.

In accordance with P2, project has two groups of success factors:

1) Qualitative. Bases on specifics of P2 industry, “it is difficult to estimate the success right after project’s execution”. P2 said that they can observe and estimate the results of projects which we implemented about five-eight years ago, but it is difficult to talk about success of the projects which P2 finished just recently.
2) Quantitative. “If the project target scope is 50 people, so we try to reach this number”. In other words, P2 means that numbers in the beginning of the project and numbers which we get when the project is completed can be an indicator of project success.
4.2.3. Koldau-KZ

‘Koldau-KZ’ is Non-Governmental Organization which was found in 2012, and its’ main objective is to provide a support to people in order to improve the ecological environment and social environment (education, health etc). ‘Koldau-KZ’ organizes such campaigns and projects as:

- Monitoring of quality of governmental services
- Social research (questionnaires, interviews, surveys etc)
- Promotion of healthy life style
- Planning and implementation of social projects
- Ecology protection
- Trainings and seminars

Currently, organization has two main ongoing ecological projects:

- Wetland conservation
- Ustyurt saiga conservation

Kazakhstan and Silk Road Economic Belt

SREB considers a construction of overland road which will connect Central Asian countries with China and Europe. P3 thinks that SREB project focuses on development of social, political, and economic relations between different regions.

P3 reported that despite SREB does not cross the Mangistau region, it has indirect impact on social and economic environment of that part of Kazakhstan. For instance:

1) In terms of trade side of the project, the cargo is coming to Aktau port and then are transported forward via railway.
2) The railway ‘Zhezgan Bayneu’ has a negative impact on region because it crosses the migration way of Ustyurt saiga, “which number has decreased by 99%, and increases with it the rate of poaching”.

Project expectations

P3 does not have any expectations from the project, but that respondent emphasized that while implementation of megaprojects “it is important to consider the opinion and interests of society, experts in ecological area”. Also, P3 believes that SREB will improve economic, social and cultural sectors of Kazakhstan.

Success estimation and factors of megaprojects

According to P3, it is possible to influence on project on its’ planning phase, but it is difficult to influence on project’s outcome. However, during the implementation phase local communities should work on resolution of problems which were not considered on planning phase.

The success of the project can be estimated when the final stage of construction will be done. “Success should be estimated quantitively by using infographics”. P3 estimates the success through discussions with local people, questionnaires, surveys.
P3 highlighted the following main success factor: “relations with local communities on the planning phase of the project”. Otherwise, on the later phases of the projects it will difficult to come up with common interest with local communities, and it will lead to conflict. Shareholders should build good relations with local communities (especially with NGO). It is important to convince them in projects’ benefits, and consider their suggestions and interests. Furthermore, the opinion of experts plays a significant role in the project too.

4.2.4. National Analytical Information Resource

‘National Analytical Information Resource’ was found in 2009, which main activity focuses on monitoring and analysis of socio-political situation in Kazakhstan.

Until 2015, ‘National Analytical Information Resource’ institute was a member of National Expert Council of Transparency and Sustainable Development (NECTSD) which provide prevention, detection, registration and resolution of socio-economic, labor, environmental and corruption violations in the places and the organization of its activity, including through the:

1) Monitor the impact of the project on the residents of settlements and employees of the contractor companies
2) Collect companies’ sustainable development reports and their accountability

One of the most significant and successful projects of P4 was ‘Road sector initiation’, which “considers stakeholders from Business, Government and Society sectors”. The idea of initiation was based on quality of roads which does not meet the international standards. The proposal of the project was submitted to Geneva, and then necessary actions were done by Kazakhstan government.

Kazakhstan and Silk Road Economic Belt

On the question about respondents’ perception of SREB, P4 highlighted that that megaproject influenced on Kazakhstan by improvement of the following aspects:

1) The quality of roads
2) The quality of fresh food and products

P4 stated that respondents’ organization quitted the NECTSD and therefore, projects related to SREB. Despite on it, respondent said that the interests of P4’s organization were considered in the project. Also, P4 said that establishment of NECTSD is a proof of consideration of local communities’ interest.

Our added that the construction of new road had impact on local communities, the level of welfare has increased. Moreover, during the road construction in South Kazakhstan region cultural heritage was found, and due to archaeological excavations, the construction was paused.
Project expectations

P4 thinks that more overland roads should be constructed and connect Kazakhstan with other countries (for instance, Uzbekistan). Furthermore, according to our respondent government should implement other strategic projects which should be funded by foreign financial institutes.

In 2014, P4 visited 250 municipalities in six regions of Kazakhstan and organized meetings related to construction sector, and about 2500 people participated in these meetings. P4 and NECTSD proposed the transparency of construction sector, however this proposal was not approved by government.

Success estimation and factors of megaprojects

P4 emphasized the following factors which can influence the project success:

1) Road structure
2) Local and central authorities
3) Local communities
4) Local municipalities

4.2.5. Laoshi

Laoshi is Institute of Chinese studies, which provides opportunity to learn Chinese language, culture, history. Furthermore, some tutors in institute are from China. Our respondent P5 is a highly professional expert-sociologist of that Institute, who conducts research in Central Asia and China. P5 conducts the research on SREB since 2000.

Kazakhstan and Silk Road Economic Belt

According to P5, SREB focuses on political relations between China and Kazakhstan.

P5 remembered that last spring, there was anti-Chinese wave in Kazakhstan and many farmers participated in that campaign. Local municipalities were afraid that Chinese entrepreneurs will buy the Kazakh land territories. Therefore, they claimed to the government to execute relevant legislative acts. People’s interest has a power.

As it was stated by P5, improvement of trade industry boosted the entrepreneurship situation in Khorgos. However, it is difficult to evaluate the impact of SREB on it, because trade was developing centuries before the Silk Way Initiative.

Project expectations

The respondent was asked about P5’s expectations from the project, and P5 responded that development of overland roads improved the logistics. And the main purpose of construction of that road is connection to Europe. However, that project is still ongoing, so the real impact will be visible later.

Mostly, entrepreneurs in Almaty region are interested in SREB and have many expectations from that initiative. On other side, local communities in Kizilorda and Aktubinsk are not interested in SREB.
Success estimation and factors of megaprojects

Respondent answered that there are no any factors which can impact on the project success.

Many people had high expectations from SREB, and they estimated the success of that project in numbers (for example, length of the railway). However, we can see that it could not be estimated in that way.

4.2.6. Public Opinion

It was established in 2013 by a group of sociologists with professional experience of work for more than 17 years. P6 specializes in the study of public opinion, conducts marketing and sociological research on Kazakhstan and China.

Kazakhstan and Silk Road Economic Belt

On question about SREB understanding, P6 answered that SREB has many goals and perspectives, however, its’ main goal is sustaining of partnership between China and key strategic regions. Moreover, SREB aims to identify main directions of economic development.

“SREB is not just transport project, it is large-scaled megaproject, which does not have beginning or end”. SREB initiative includes all transport ways from railway roads till maritime ways. If we look on financial side of that project, our respondent believes that this megaproject has more than one funding source. Therefore, P6 argues that “China calls it initiative, but not a strategy”.

Interview respondent highlighted two important transport infrastructure programs in Kazakhstan:

1) Kazakh program ‘Nurly Zhol’. The project has explicit vision about sectors where does China invest. According to that program were completed such projects as:
   - Construction of seamless pipe plant
   - Construction of automobile factory JAC on the South of Kazakhstan
   - Improvement of agricultural industry
2) China initiative ‘Silk Way’: West Europe - West China project

Project expectations

P6 did not have any specific expectations from the SREB. However, respondent said that SREB is supposed to improve socio-cultural conditions in Kazakhstan.

Success estimation and factors of megaprojects

P6 said that it is difficult to estimate SBER’s success because it does not have KPI criteria. Therefore, “we can call successful everything what was done, and what is related to China”.
P6 gave an example, that Kazakh (trade) entrepreneurs’ business in China could be a factor of success.

According to P6, there is a need in exact points, so we can call SREB a project and evaluate its’ success as:

1) Increase of international relations between countries which is related to Silk Way;
2) Improvement of socio-cultural conditions.

4.2.7. KazDorNII

KazDorNII is an acronym of Kazakhstan Highway Research Institute, which was created in 1959. ‘The institute was accredited by the National Centre of Accreditation on technical competence. Institute has a conformity certificate of quality management’ (KazDorNII, n.d.). This institute has the last technology and the highest skills in Kazakhstan to assess the road construction projects, and to control their quality.

Since 2009, institute is ‘a project management consultant for ‘Western Europe – Western China’ project sections in South Kazakhstan, Kyzylorda and Aktobe region’ (New Way to Europe, 2014).

Kazakhstan and Silk Road Economic Belt

P7 told us about the megaproject that respondent worked on. P7 said that Kazakhstan government proposed ‘Western Europe – Western China’ road megaproject as a part of their ‘Kazakhstan -2050’ state program, and it is a big contribution to the western corridor of the Silk Way, because the road is going from China till Russia. That project contributed to Kazakhstan’s development, business environment, decreased unemployment rate. The construction of the most parts of the road is completed. The project is completed successfully, because it was completed under the budget and improved many sectors of industry in Kazakhstan. “When the project was executed, there was constant interaction with local communities. All the requirements of local communities were considered and discussed”.

Project expectations

P7 works on Western Europe - Western China megaproyect, which is almost completed, hence, that respondent does not have any particular expectations from SREB. But, according to P7 developing countries need in qualified staff in order to achieve a success in the project, so these countries need to grow up their specialists.

Success estimation and factors of megaprojects

When respondent was asked about success perception of megaprojects in Kazakhstan, P7 said that “the main problem of developing countries is a lack of manpower, expertise” and capability to manage a project, therefore, there is a “need in project management consultants, because main success factor considers the expertise to manage projects according to international standards”.

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However, according to P7, on the other side, developing countries have two main interrelated parts of success factors:

1) **Engineering part.** “If project implemented successfully, there will be socio-economic development”.

2) Social development part, which brings mobility, job creation, etc.
Chapter 5. Analysis

This chapter presents the analysis and discussion of the empirical findings obtained through the investigation of the research question regarding to the theoretical framework performed in Chapter 2 of the current paper. All findings were split into three core themes supported by theory.

5.1. How do stakeholders of local communities perceive Silk Road Economic Belt?

Silk Road Economic Belt is an initiative of China to re-create the historic trade ‘Silk Road’ (P4), and to develop the economic and political cooperation in Eurasia. As it was stated before by Putten et al. (2016) and mentioned by all respondents during the interview, the initiative was proposed by China in 2013. This megaproject has a different investment sources (P6), and by 2017 186 billion USD were invested to the SREB, and by 2022 that number will reach 700 billion USD (PWC, 2017, p. 2). The ‘Eurasian land bridge’ of SREB, which connects China with Europe, crosses the Central Asia (China Britain Business Council, 2015, p. 7).

The respondents were informed about the project goals and plans. According to all interviewees, SREB is a cooperation project between Europe and China, where Kazakhstan plays a role of a trade hub. However, P6 stated that ‘it should not be considered as a project, but whether as an Initiative, since the "One road, One belt" initiative is not just a transport project, it includes many other projects, and that initiative does not have the start point or the end’. As it is performed in Appendix 4, the SREB considers many industrial projects which are focused on infrastructure development in Central Asia.

Kazakhstan is one of the key players in SREB arena in Central Asia (PWC, 2017, p. 1). Trade between China and Kazakhstan could be accounted as one-third of Kazakhstan’s foreign trade. Following the SREB plan, China invested to development of infrastructure, energy, logistics of Kazakhstan (Ghiasy & Zhou, 2017, p. 32).

Moreover, with align to ‘Kazakhstan – 2050’ state program, Kazakhstan initiated its transport megaproject ‘Western Europe – Western China’ which connects China with western part of Europe (New Way to Europe, 2016), and which is a significant contribution to the SREB (Shepard, 2016). Furthermore, ‘Western Europe – Western China’ project is a big contribution to the Kazakhstan’s infrastructure, that project ‘developed many businesses on the road’ and ‘generated employment’(P7).

From the respondents’ answers about project acquaintance and project goals, two perspectives of megaproject were identified:

1. Economic and social perspective:

All respondents highlighted the economic values brought by the project not only to the places close to Silk Road Economic Belt, but regions located close to the project. All respondents replied that their organizations have indirect impact from the project. Despite the SREB is still ongoing project, there are already some positive results of it in some regions of Kazakhstan:
• New job opportunities. Together with road construction, the overall Kazakh infrastructure develops too (PWC, 2017), and as it was stated by P2, new businesses were opened.

• Improvement of manufacture. As it was stated by P1 and discovered while reviewing the report of PWC (2017), SREB opens new opportunities for the foreign investments, more Chinese entrepreneurs are coming to Kazakhstan. There were two factories constructed in last year in a Chinese-Kazakh joint venture form. Further, in Mangistau region it resulted on construction of the second international port which had over 1 million freight traffic in 2017 (P7).

• High quality of international standard roads. The Government of the Republic of Kazakhstan through the Ministry of Transport and Communications is implementing “Western Europe-Western China International Transit Corridor” project which aims to Rehabilitate and Upgrade 2787 km of road corridor (New Way to Europe, 2014) from China to Russia through Kazakhstan (P6, P7).

• Development of tourism. SREB is a way which will connect historical and cultural points in Eurasian region (P2).

• Development of logistics. SREB is a trade corridor (P2). That idea is supported PWC (2017), which reported that SREB is an opportunity of new export markets for Kazakhstan (PWC, 2017, p. 7). During the last 5 years, the ‘Asia-EU-Asia container traffic’ increased by 104% (PWC, 2017, p. 3). Furthermore, the road construction leads to the easier procedure for trading in the Khorgos Gateway dry port (New Way to Europe, 2016).

2. Political perspective

It was mentioned by P1 that SREB is “policy of Kazakhstan, Russia and China”, and P6 perceives the project goal as “establishing dialogues between partners of foreign economic activity between China and Kazakhstan”. However, according to P4, it is important to consider possible land issues in Kazakhstan which can appear if Chinese entrepreneurs will buy land territories in Kazakhstan. Therefore, there is a need in ‘relevant legislative acts’ (P4).

Respondents said that the success of this initiative of international megaprojects really depends on the level of diplomacy and efficiency of two-side political relations. The readiness for investments by two sides can result in more beneficial changes. The original benefits from the megaprojects can be extended with new entrepreneurial ideas resulting in more projects. For example, in Kazakhstan case it resulted in construction of Kuryk Port (P1; P2) and there are more projects are coming to connect Kazakhstan roads to south regions as Uzbekistan (P6).

Consequently, respondents find SREB as a big opportunity for Kazakhstan to develop their network. The arguments to that statement are provided in different literature sources. SREB is a megaproject which creates a partnership network in Eurasia (Kadirov, 2017), and intents to develop the trade and transport infrastructure (Coffey, 2017). And ‘Kazakhstan is set to gain significantly as the geographic center piece of the land part of the New Silk Road. Opportunities for trade and industry are countless as local businesses can benefit from cheaper costs for exports and imports, and by providing services to freight forwarders and railway carriers’ (PWC, 2017, p. 1)
5.2. How local communities influence the project?

During the analysis of secondary data, it was found that there are two documents that regulate the local community and megaproject relations, according to the requirements of the International Financial Institutions:

1) Resettlement action plan (RAP)
2) Grievance redress mechanisms (GRM)

The research has examined the secondary documents of Western Europe-Western China project and has found that there is a RAP and GRM is used to regulate the relations between individuals affected by the project and the type and amount of compensation needed.

Analysis of secondary data provided by P7 showed that the model used in the Resettlement action plan is based on the Steiner & Steiner (1980) “Business – Government – Society” model, since the document is supported by the local government institutions according to Article 16-18 of the Land Code of the Republic of Kazakhstan and Article 61-69 of the Law «On State Property» dated March 1, 2011. All the procedures concerned of land plots purchase, removal and immovable property under the construction of the project was dealt with the representatives of local government bodies.

GRM plays crucial role in infrastructure development projects which serves to meet requirements, decrease risks, and contribute to the beneficial social change.

International Financial Institutions (IFI), like the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD) and the World Bank (WB) have requirements to establish GRM to find solution to any complaints that may arise during execution of the project in a timely manner. This Guideline on Grievance Redress allow any individual or organization to bring into attention the problems and increase the success of the project. Also, as noted by the P7, the complexity of the megaprojects cannot allow taking into account all the problems that may occur, therefore this mechanism assists to manage stakeholders efficiently.

Particularly, the respondents stress the importance of interacting with local communities on the very beginning phase of the project. If the project supervisors highlight the importance of agreement of local communities on resettlement plans and project outcomes, while P2 and P3, as representatives of NGOs, expect to participate in communication to the public about the megaproject, if they are included to the project planning from the beginning.

The interviews collected the concerns of Members of the general public groups in relation to SREB. It was found that all stakeholders expect to be involved in the planning process. According to NGO representatives (P2, P3), they are ready to interact with the project representatives to communicate to the public about the project goals.

Project team leader of another megaproject related to SREB agreed, that the local community should be communicated at the beginning of the project, and that they are concerned as a primary stakeholder (P7).
The success of the project is heavily dependent on the geopolitical situation and multilateral agreement between countries in the region (P6). It was found that in SREB case in Kazakhstan, there is a tendency of a ‘Sinophobia’ in the region, resulted from the fear of aggressive environmental practices of China (Ghiasy & Zhou, 2017). To align normative base between different countries common framework of the United Nations Sustainable Development Goals (SDGs) is recommended to implement. UNDP view on OBOR is “The national implementation of the SDGs in many countries is strictly related to connectivity. According to UNDP, there is a huge infrastructural gap in many BRI countries (transportation, energy efficiency, etc.) and BRI has the potential to fill this gap. This can in an opportunity for UNDP to implement the SDGs”.

In September 2016 Memorandum of Understanding (MOU) on cooperation on the Belt and Road Initiative (BRI) was signed between United Nations Development Programme (UNDP) and the China. It is expected to boost the collaboration for the BRI implementation and 2030 Agenda for Sustainable Development. Ms. Clark, Administrator of UNDP, stressed out the importance of this collaboration since “it can serve as an important catalyst and accelerator for the sustainable development goals” (Clarke & Braun, 2017).

5.3. How do local communities perceive success?

Through analysis of data it was found that respondents access the project success according to the time and the success expectations can be divided into several categories: Economical, environmental, social and political (Table 7).

<table>
<thead>
<tr>
<th>Immediately</th>
<th>After many years</th>
<th>Immeasurable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic – when the user can evaluate the quality of the products.</td>
<td>Environmental - Cannot be measured immediately. Needs time to estimate the effects.</td>
<td>Political – Immeasurable.</td>
</tr>
<tr>
<td>Environmental – the initial effects on environment should be estimated, since according to the documents, the problems should be solved immediately after identification under the warranty terms by contractors</td>
<td>Social - Needs time to measure, since the megaproject boost in another investment projects.</td>
<td>Two-sided relations between countries do not have any KPI which makes it difficult to measure since it has long-lasting effect</td>
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Table 7: Success measurement categories and time periods model

Economical

According to P2, the project should be delivered within the estimated budget, since it is the first criteria for a success judgment. Also, the project reports can be used to identify number of relocation cases, environmental problem cases, which can help to identify the level of interaction in order to finish the project efficiently.

Social

According to project team leader (P7) of megaproject implemented in Kazakhstan “Project has two parts: engineering part and other is social development part. When you
implement the project successfully it will definitely fulfill the requirements of social development and it will automatically come into play”. Because project is developed not on the purpose of interconnection, it developed with a social economic development of the country. If the project fails, whatever you consider as social economic development, it will not be achieved. The goal of the project is not just building a road, but developing along the side of the corridor the infrastructure for the villages and cities. The mobility of citizens due to road infrastructure should be increased and as well as job creation. Rise of entrepreneurship activity can be added to the social development category.

Environmental
Environmental is the category that should be measured by two-time frames. Two representatives of environmentalists stated on the survey that the project results and official reports can make it clear on the number of environmental cases appeared on the project, however “the ecological consciousness” of public as a result takes more time to be formed. Moreover, the impact of the new transport infrastructure on biodiversity cannot be measured immediately, since it has a side effect as in the case of “migration habits change of antelopes saigas” (P3). Therefore, it should be estimated according to two-time frames: after many years and immediate.

Political
Most of the megaprojects have multisided relationships involved, more often international (Flyvbjerg, 2014). According to political expert (P4) since there is no KPI in political relationships between the governments, thus making it hard to measure. Therefore, the success cannot be estimated, but rather assessed as the dialogues and long-lasting relationships. The scales for this category can be less bureaucracy and easier procedures to establish entrepreneurial activities, but often those scales are results of different factors and hard to relate for the single megaproject outcomes.

The societal governance framework of MSR (Ma, et al, 2017) best describes the success factor of the local community interaction and communication in megaprojects according to the interviews results. It is very useful since it has the same model of communication of Business-Government-Society, as it is a core of the mechanism for grievance used by International Financial Institutions for megaprojects supervision, as it was found from the secondary documents provided by P7.

Apart from that it was found that the representatives of NGOs and organizations’ success factors were very similar to Turner & Zolin (2014) model of success factors. All respondents stressed the importance of “Rich project information”. It was particularly emphasized by the representative of the local environment NGO (P3) that “the most important for success is the relationship with local communities at the planning level. Since if this is not done during the planning, then the project’s re-authorization is the more difficult and it gets harder to find mutual understanding with the local residents of the beneficiaries. If it is not done properly, there is a danger of maturing social tension and even conflict. First of all, this refers to NGOs, with the help of which it is possible to influence the local population. That is, to clarify the benefits of projects for the population. The same is very important to establish contact with local experts in a particular field that affects the project in order to receive from them reasonable recommendations how to avoid and prevent a particular problem”.
While P7, project team leader, has stressed that “well-structured and formal project approach” is vital to achieve social development. It was found that this is the main factor of success for the developing countries, since “developing countries do not have expertise of running megaprojects funded by International financial institutions. Therefore, experienced management consultants are needed. P7 highlighted that there are project management consultants, supervision consultants in Western Europe – Western China project, and there is a guideline for implementation of the project. How to control, how to supervise - everything is written in guidelines and according to the bank requirements the project should be done following the document. Project management consultants should ensure that everything is followed the according to quality and budget documents.”

It was found that Turner & Zolin model of success factors (2014) should be further developed since it does not consider the political context of the megaproject. Therefore, the model was adapted by authors according to the findings of the current research by adding multilateral dialogues and diplomacy as critical success factor for megaproject success (Table 8).

<table>
<thead>
<tr>
<th>Input scale</th>
<th>Scale name * Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Success in Project Planning</td>
<td></td>
</tr>
<tr>
<td>Rich Project Information</td>
<td>The project has well-established information and communication routines</td>
</tr>
<tr>
<td>Rich Project Information</td>
<td>All key project information is gathered and distributed efficiently.</td>
</tr>
<tr>
<td>Well-Structured and Formal Project Approach</td>
<td>The project has its own management plan for control, which is used in an appropriate way.</td>
</tr>
<tr>
<td>Well-Structured and Formal Project Approach</td>
<td>Project control is executed by good managerial or technical methods.</td>
</tr>
<tr>
<td>Well-Structured and Formal Project Approach</td>
<td>Planning tools or similar aids are used in an effective way in project planning.</td>
</tr>
<tr>
<td>Clear Project Constraints</td>
<td>The project is well described and coordinated with activities in other projects.</td>
</tr>
<tr>
<td>2. Key Participants Engaged</td>
<td></td>
</tr>
<tr>
<td>Early Stakeholder Influence</td>
<td>All key participants have been engaged in producing the business plan or have had the opportunity to influence it.</td>
</tr>
<tr>
<td>Early Stakeholder Influence</td>
<td>All participants have been given the opportunity to air their views on the project’s goal or mission.</td>
</tr>
<tr>
<td>Early Stakeholder Influence</td>
<td>All key people engaged in the project know who has decided its terms of references.</td>
</tr>
<tr>
<td>3. Effective multilateral dialogues between countries</td>
<td></td>
</tr>
<tr>
<td>Collaboration between countries on security</td>
<td>All countries have to show the interest to the megaproject outcomes and contribute to better implementation</td>
</tr>
<tr>
<td>Collaboration between countries on security</td>
<td>All countries sharing the good have common framework of the United Nations Sustainable Development Goals (SDGs)</td>
</tr>
</tbody>
</table>

*Table 8: Megaproject success factor scales*
All countries have to show the interest to the megaproject outcomes and contribute to better implementation in case of international projects. It includes on the readiness to invest for the project by countries involved in the infrastructure projects. The road infrastructure connects many regions, and even if the project will be completed within budget, time and quality, it will not reach its ultimate goal to connect Europe to China, if the transition countries show resistance and not support the project.

Moreover, another finding from the interviews is that cooperation and multi-sided dialogues are needed to ensure success of the project. In case of Kazakhstan, to further support the Initiative of OBOR «Western Europe – Western China» project and «Nurly Zhol» road infrastructure projects were developed resulting in vast investments from government of Kazakhstan. It is mainly considered as a result of cooperation between two countries according to the response of political representative (P6). The respondent stated that this agreements on the additional investments from Kazakhstan lead to establishment of the new factories as of seamless pipes of a wide diameter, automobile plant JAC in the north of Kazakhstan. Also, our respondent assessed that “the interaction of China (due to the Nurly Zhol Kazakhstan investment program, from author) with Kazakhstan site is more successful than with the European sites. In Nurly Jol there is an exact vision: in which sectors does China invest.”

According to P5, “last year there were cases of conflicts and protests of the public caused by worries of possible negative effects from aggressive environmental practices of China”. To ensure that the effective and eco-friendly execution of megaproject management across different economies and nations, use of common framework of the United Nations Sustainable Development Goals (SDGs) is suggested to utilize (Ghiasy & Zhou, 2017). Ms. Clarke, administrator of UNDP, states that cooperation of UNDP on the Belt and Road Initiative (BRI) would help “mobilize and facilitate co-ordination among all stakeholders involved to create an environment which will promote poverty eradication, environmental sustainability and inclusive social development” (Saling & Wei, 2016).
Chapter 6. Conclusion

In the megaproject management literature local communities are considered to be secondary stakeholders (Ma, et al., 2017), while our research revealed that megaprojects in developing countries are mainly financed by the IFIs, which use grievance mechanism and suggested resettlement plan. These documents suggest standards for project implementation which takes into consideration the high involvement of the local communities on the project implementation. According to these mechanisms, the opportunity of finishing the project with a success is increased due to the “government-business-public” model in the base of the documents.

The case study of Silk Road Economic Belt, as overland part of One Belt, One Road initiative, assisted to see how it has been impacted in lives of many respondents, from political to social aspects. The authors of thesis developed a new model of Success measurement categories and time periods, and megaproject success factor scales in order to answer to the research question: “How do stakeholders in local business, governmental, and environmental communities perceive megaprojects and what constitutes megaprojects’ success?”. The models were from the interviews from representatives of local businesses, government and political organizations, and environmental organizations, on the perception of the success of SREB. It was found that the expectation by public considers four aspects: economical, environmental, political and social. It was also found that the perception of success has a time frame and different success factors can be concluded in different time periods. Especially, the findings show that NGOs are eager to help to project managers in communicating to local communities about the project goals in case when they are included to planning stage.

People affected by the project emphasis collaboration between countries on security, since as was found from the case study, if the proper environmental standards are not followed and sustainable form of execution is not guaranteed that may lead to negative relations with the public. Therefore, to achieve the project success, the multilateral dialogues between the affected countries may increase the perception of the success in the way that it can lead for easier entrepreneur activities between countries.

6.1. Theoretical contribution

The current research was focused on the investigation of megaprojects’ success perception by the local communities. The research was based on theoretical understanding of stakeholder management in megaprojects and success of the megaprojects. Consequently, this thesis contributes to the understanding of stakeholder management and megaproject management in developing countries. It was found that in developing countries most of the projects are implemented on the base of IFI funding, which involves standard grievance mechanism, which regulates interactions between government-business and local communities during the megaproject life cycle. These regulations enhance the “local communities” possibility to influence the project through standard procedures, which make local communities “primary stakeholders” role as opposed to the expected “secondary stakeholders” role stated by Ma, et al, 2017. The result of the analysis of empirical and theoretical findings of the research contributes to the literature on the megaprojects’ success with support of findings on success perception by local communities. The proposed models highlight the need of “multilateral dialogues between countries”, which was not discussed before on the
megaproject literature, with the attempts to explain this as “a context” of megaprojects as in OMEGA research (2014).

6.2. Practical implications

The determined perception of megaprojects’ success by local communities in Kazakhstan is applicable to other countries who participate in Silk Road Economic Belt initiative. The developed framework can be applied to other megaprojects as a guideline to manage local communities. As research showed, local communities perceived as “primary stakeholders” and play a crucial role in projects’ success, especially in international large-scaled projects. Therefore, forehanded management of local communities' interests increases the possibility of projects’ success.

The research adds a value for the project managers, since it has contributed to the understanding of megaproject management processes in developing countries, since it described the practices of implementation of large scale projects in Kazakhstan. Moreover, it emphasis the importance of dialogues and cooperation not only between involved countries, but also the use of UNDP sustainable development goals as a standard. This highlights the “involvement of all countries” in the project success and brings into attention new factor for evaluation of international megaprojects for government representatives. Also, this understanding helps to project managers to view the megaproject management holistically and motivate them for adding “Sustainable development goals” as a model for their project delivery.

However, the current framework was developed on the investigation of the SREB megaproject, hence, it should not be considered as only one framework of success perception in megaprojects. There are many attributes and aspects that should be considered and individually added to the framework of particular project.

Moreover, the application of BGS model as a framework for societal governance and its consideration by project managers found to increase the success of the project due to better engagement and management of stakeholders: the model is more inclusive and highlights the importance of cooperation between Business, government and local community. It regulates the relations between three and allow project managers to manage holistically and with more care to societal benefits, while the project managers tend to care only about the environmental issues without the use of the model and rely on their own experience.

6.3. Societal implications

Megaprojects are very complex ventures which impact millions of people, therefore the understanding of the local communities’ perception and building effective interaction model would increase the success of megaproject. The research showed that BGS model is very efficient for project managers which assists them on the reflecting more on social responsibility, rather than focusing only on environmental protection in the construction phase. Moreover, the application of the megaproject success scales developed by researchers will not only offer project managers of megaprojects a clearer understanding on megaproject success, but it will also cultivate megaprojects’ sustainable development by providing a means to assess stakeholders' perception as a whole.
6.4. Future research

Through the broad literature review and during the gathering empirical data on the research topic, the authors have found out the following aspects which would be contribute to the current studies and develop the field of stakeholder management in megaprojects:

1) In this research in order to choose a case study the authors applied several selection criteria, which put some limitations on the research. Authors based on geographical criterion, and they focused on one country of SREB. They investigated the success perception by stakeholders from local communities in Kazakhstan, therefore, the further research could be focused on other countries of Eurasian corridor of SREB. Furthermore, the other corridors of SREB could be a case study for a further research.

2) The findings showed that local communities should be involved to the project on its’ planning phase because interests of stakeholders from local communities could be crucial for the project. Therefore, the further research could explore more comprehensively that aspect. There is a need in empirical investigation of involvement of local communities in project planning.

3) The current research investigated the success perception by local communities as secondary stakeholders, however there is a need in comparative study of topic from the perspective of primary stakeholders in order to get more completed and complexed view on success perception.

4) This research is limited by local communities in Kazakhstan, and participants of the research are local organizations, however, the research on foreign organization which operate locally will be a good contribution too.

Researchers believe that further study on this topic will contribute to stakeholder management practices in megaprojects.
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LETTER OF REQUEST

Dear ________________,

In partial fulfilment of the requirements of MSc Strategic Project Management of the European joint master program, we are conducting an international research entitled “Evaluating the success of mega-projects: OBOR case study”. The research is conducting under the supervision of the Docent of School of Business of Umeå University, Malin H. Nasholm. The research is supported by 8 world universities: Politecnico di Milano (Italy), Heriot-Watt University (United Kingdom), Umeå University (Sweden). We are in the process of gathering data through 30 minutes phone/skype interview that will be used in our research.

Since your organization plays a critical role in the New Silk Road Initiative project due to geographical and functional peculiarity, your participation in this research will be an important contribution to the current study. Regarding this issue, we would like to ask you about cooperation and support in the current research.

We would greatly appreciate your consent at our request.

We look forward to hearing from you and hope that you will accept the invitation to contribute to the research. If you are unable to act as a participant at this time, we would be most grateful if you could be able to suggest other colleagues who you think would be able to do it.

If you have any queries about the interview process or what is required, please do not hesitate to contact us.

Thank you for your time and positive action.

Respectfully yours,
Feridat Jussupbekova and Irina Pak
MSc of Strategic Project Management of European Joint Program
T.: +39 327 308 3719
E-mail: ij12@hw.ac.uk
Umeå, Sweden
Иск. № 1 от 14.11.17

komu: ______ ФИО ______

Уважаемый (-ая) ____________,

В рамках Европейской партнерской магистерской программы по специальности Стратегический Проектный Менеджмент, мы проводим международное исследование по теме «Оценка успеха мега-проектов на базе Нового Шелкового Пути». Данное исследование осуществляется под руководством Доцента бизнес школы при университете Умео, Малин Наском. Исследование проводится при поддержке 3х всемирно известных европейских университетов: Политехнический университет Милана (Италия), университет Хериот-Вот (Великобритания), университет Умео (Швеция). На данный момент мы находимся на этапе сбора данных посредством проведения 30-минутного интервью через скайп/телефон.

В силу того, что ваша организация, благодаря географической и стратегической особенности, играет критически важную роль в проекте Нового Шелкового Пути, ваше участие в данном исследовании является очень важным. Мы хотели бы обратиться к Вам с просьбой сотрудничества и поддержке в данном исследовании.

Мы очень надеемся на Ваш положительный ответ и участие в данном проекте. Если у Вас не будет возможности оказать поддержку в данном проекте, то мы бы были Вам крайне признательны, если бы Вы порекомендовали нам другим сотрудникам Вашей организации или другие компании, которые могли бы принять участие в данном исследовании.

Если у Вас есть вопросы по данному исследованию, вы можете связаться с нами по нижеперечисленным данным и мы с радостью ответим на все ваши вопросы.

Благодарим Вас за уделенное время.

С уважением,
Феризат Джусупбекова и Ирина Пак,
Менеджеры Европейской партнерской программы по Стратегическому Проектному Менеджменту
T.: +39 327 366 3719
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Умео, Швеция
Appendix 3: Interview guide

INTERVIEW GUIDE

**Topic**: Local community's perception on megaproject success: case study of New Silk Road Initiative megaproject

**Introduction (5-10 min)**
1. Greetings
2. Introduce Interviewers
3. The purpose of the interview
   - To talk about the interviewee's perception of the success criteria of Silk Road project in Kazakhstan territory
   - In specific, to discuss about the interviewee's views in regard to the success evaluation of the project
4. Confidentiality agreement
5. Duration of the interview: 40 minutes
6. Permission for tape-recording

**Interview Questions (20-30 min)**

**Organization Definition**
1. Tell us about your organization.

**Project Definition**
1) What do you know about New Silk Road Initiative megaproject?
2) Does this project have impact on your organization?
3) Does this project have impact on your region overall?
4) What is your perception of this project?
5) What are the expected benefits out of this project?
6) Does your organization have impact on this project?
7) What are the goal of this project?

**Project Success**
1) What do you think about success of New Silk Road Initiative megaproject? How can you evaluate its' success?
2) Which factors have impact on project success?
3) What measurement did you apply when evaluating the project success?
4) When the project success should be evaluated and why?

**Closing (5 min)**
- Is there anything else you that would like to comment?
- Information on the next step:
  - We will be transcribing the recorded interview and send to you for your perusal.
  - We will be analyzing the information you and others gave us and submitting the draft of the report in one month. We will be happy to send you a copy of the report if you are interested
- Thank you for your time
Appendix 4: Silk Road Economic Belt projects (Ghiasy & Zhou, 2017, p. 24)