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Involvement and Communication towards External Stakeholders of Urban Development Projects

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Abstract

Urban development is a common issue for everyone living or working in that area. The reconstruction of a residential environment likewise influences the quality of life of the inhabitants and of people working there, but also increases the touristic attractiveness of the area. It is questionable how to set up priorities among different interest (stakes), how to involve public and get their support. After a short review of the relevant project stakeholder literature, in this paper we examined the factors influencing the involvement of different external stakeholders and the role of communication in the case of urban development projects in Budapest.

Keywords: Stakeholder management, project communication, involvement

1. Introduction

The diversity of urban society, the different needs and preferences are simultaneously a challenge and opportunity in urban planning. Harmonizing the interests of countless participants and taking many aspects into account support the necessity for public involvement and participation. International practice in many cases shows that community participation is not an option but a required minimum for urban development projects. Individual stakeholders accept this practice along different points of view, while designers and developers see the possibility of generating ideas and thinking together, politicians and project promoters see it as a guarantee of democratic operation. (Falleth-Hansen, 2011) The fact that the interest and motivations of the various involved parties (government, local government, civilians, residents, representatives of the private sphere) could differ significantly represents a serious challenge. These different motivations can only be balanced if a cooperation between the affected parties is implemented already in the early stages of the projects, and it accompanies the phases of planning and implementation as well.

This paper examines the communication dimension of community involvement. If we accept that involving stakeholders in a project is a valuable input in the phase of design and implementation, it is important to clarify what kind of communication tasks and demands may arise during the process. Besides describing the basic concepts of urban development the paper presents the levels of community participation and then examines how to achieve a quality dialogue supporting development with stakeholders.

2. Urban development

The revitalization of urban spaces is a central issue in Hungary as well, just as it is in other, strongly affected, less developed Eastern-European regions. (Noworól, 2017)

Experts and academics are researching a number of aspects of urban development projects (UDP). Besides their political, social, ecologic and health-related importance, one key objective of urban development projects is to increase the competitiveness of the town, or on a larger scale, of the region. (Piskóti, 2006)

Therefore the issue is not only relevant solely from the point of view of economic development and competitiveness. An endless number of researches have proved that these projects have a direct and indirect impact on the quality of life of those who live there or use the space (for work or recreation purposes, tourists etc.). Out of the number of negative impacts of improperly executed projects, we must note the problem of the shrinking of green areas, and its consequences on health (Takano et al., 2002), the depopulation of certain areas/districts, the impact of the rise or fall of property prices, which could even transform the labour market of that particular area indirectly. (Perpinia, 2014)

In order to avoid urban development becoming a confused totality of isolated projects, rather a process implemented along a coherent principle, settlements create urban development concepts. An urban development concept is a study building upon the environment, society and economic related attributes of a settlement, which determines the directions for a longer period, a term exceeding ten years. (Bajnai, 2011)

The projects implemented throughout the process of urban development basically focus on the development of public utilities, infrastructure, land transformation tasks, green areas, the construction and renovation of public facilities (education, culture, health institutions) and apartment buildings. (Bajnai, 2011)

3. Stakeholders in Urban Development projects

„ A stakeholder in an organization is any group or individual who can affect or is affected by the achievement of an organizations’ objectives” (Freeman, 1984 pp 46) Edward Freeman (1984) put it in the eighties that one of the keys to business success is the knowledge of those involved in the environment of the company. Freeman introduced the notion of stakeholder management, which he defined as conscious, action-oriented networking and management task of the organization. Stakeholder theory was soon published also in the project management literature. Accordingly, stakeholders are individuals or groups having a live, active stake in a project and may potentially have either a negative or a positive influence on its course. (Pinto, 2015)

The process of implementation is different in each case, the nature of the project defines the institutional background, and the frames of cooperation between the involved parties: public authorities, entrepreneurs, representatives of the private sector and other partners. Certain social contracts must be considered throughout the process, such as:

- Organizations supporting entrepreneurs and businesses who operate at the area
- Informal social groups
- Local leaders

- Organizations supporting non-governmental cooperation and the creation of networks (Noworól, 2017)

Kirkhaug (2016) lists eight phases regarding stakeholder engagement based on the IFC recommendation. These are: stakeholder identification and analysis, information disclosure, stakeholder consultation, negotiation and partnership, grievance management, stakeholder involvement in project monitoring, reporting to stakeholders, management function.

The general trend at the same time is that the community requires its participating in decision-making either in the form of individual moves or grass-roots organizations and expects continuous, transparent information. Among a number of potential stakeholders in a project this paper focuses on community participation and maps possible communication tasks and problems.

3.1 Involvement and engagement of the community

Citizen participation can be important basically from two approaches. On one hand, from a normative point of view, listening to and taking into account the opinions of communities legitimates project-related decision-making (Mohhamandi, 2010), and, on the other hand, based on the instrumental function, citizen participation makes the design and implementation phases more efficient, increases project support and reduces resistance among stakeholders.

Arnstein (1969) outlines the possible levels of involvement in eight stages within three phases according to the following model:

- Non participation including manipulation and therapy
- Degree of tokenism including informing, consultation and placation
- Degree of citizen power with the stages: partnership, delegate power and citizen control

Authors researching community participation agree that there are countless challenges in the process of involvement and it also involves more risks. These are among others: the support of separatism, a deteriorating efficiency paired with higher costs, the fact that community involvement enables the opportunist behaviour of minorities, and is not compatible with centralized, professional management systems (Arnstein, 1969) Scholars argue, that there is no universal method existing and the implementation of different methods are dependent on the contextual and environmental factors embedded in the specific project.

The complexity of urban development process also makes involving communities difficult, who themselves are often less motivated to participate. The negative attitudes of other stakeholders do not help the process and it often happens that involvement takes place only at the late stage of the project, which also hampers constructive co-operation. (Kirkhaug, 2016)

3.2 Communication for improvement of community participation

An appropriately managed, comprehensive communication program is an essential element for successful project management. The process begins with information but it is important to achieve focused on the subject, clear, tailored to the needs of different recipients, two-way communication through the project's whole lifecycle. (Khan-Gerard, 2005)

Communication is a complex process that takes place between two or more parties, during which information is transmitted to the recipients, who receive, interpret it and then give a feedback in

some way. The process may be interfered by noise in the system but distortions and errors may occur in any of its elements.

The communication model makes it clear that two-way information flow is needed for success but it is important to emphasize that typically a one-way process is carried out on the urban development projects under consideration. Its clear evidence is the range of channels used/proposed – to inform community mostly mass media channels (outdoor, television and internet surfaces of projects) are used by the projects’ leaders, which make the feedback a priori impossible.

A further problem is that communication on urban development is typically implemented in a bureaucratic and strongly formalized way. (Kirkhaug, 2016) In practice, this means statements or announcements restrained and formal in style, often too professional in content, which may make it difficult to receive messages.

It may be instructive to include also stakeholder communication approach in communication planning and management processes for such special projects. From the countless stakeholder analysis models we now highlight the power / interest grid (Eden-Ackermann, 1998), which assesses the stakeholders of the project along the level of interest and the ability to impact on the project, that is, strength as two factors. Table 1 summarizes management tasks and communication recommendations related to stakeholders categorized by the model described above.

Table 1. Communication recommendations related to stakeholders categories

Power level	Interest level	Stakeholder category	Management effort	Communication goal	Communication tools
Low	Low	Crowd	Monitor (minimum effort)	Inform	Mass communication: corporates advertising, publications, websites
Low	High	Subjects	Keep informed	Consult	Websites with feedback facility, consultation papers, sponsorship
High	Low	Context setters	Keep satisfied	Involve	Joint working, discussion panels, workshops
High	High	Key Players	Manages closely	Partnership	Two-way dialogues, high level consultation

Source: by the author based on Eden-Ackermann (1998) and Gregory (2007)

It is a fact that in the case of urban development projects the community (residents or workers in the area) can be classified into the first two categories, so it can be stated that today’s typical

communication practice is not unfounded, even if it is accompanied by some people's dissatisfaction and, in a worse case, by their active resistance.

4. Material and Method

After reviewing the concepts we examine the practical implementation of theoretical guidelines from the point of view of a stakeholder group (communities, city dwellers) of urban development projects, Community is treated in the literature as well as in practice as a homogeneous, unified group even though each member may have very different characteristics from a socio-demographic and psychographic point of view.

The research presented in the study first looks at the opinions on urban development projects and examines general satisfaction related to certain urban development projects. As an obstacle to community participation Kirkhaug (2016) highlights the lack of interest and motivation. Motivation with regard to its origin can be classified as intrinsic or extrinsic. The former stems from interest in the subject, while the latter acts as a result of external devices (recognition, feedback, rewards). In the case of urban development projects raising interest, access to information, involvement, project visualization and gamification may make the otherwise uninteresting topic digestible and exciting also to younger age groups. The question arises whether interviewees think these tools are really important. Respondents' opinions were examined using a five-grade Likert scale. We also look at the channel through which the respondents can be addressed and the type of information they need for such projects.

The city belongs to all of us, irrespective of age, gender, place of residence and income, so the sampling population is therefore quite heterogeneous. Using a convenience sampling procedure our questionnaire was sent online to the interviewees. Although young respondents with a higher education are overrepresented in the sample, less educated and older respondents appear. However, research is not representative due to the sampling method. The composition of the sample is shown in Table 2.

Table 2 Distribution of the sample

		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	74	41,2	41,2	41,2
	Female	106	58,8	58,8	100,0
Type of residence	Buda	28	15,6	15,6	15,6
	Pest	114	63,3	63,3	78,9
	Other	38	21,1	21,1	100,0
Age	18-27	110	61,1	61,1	61,1
	28-39	26	14,4	14,4	75,6
	40-55	36	20,0	20,0	95,6
	55+	24	4,4	4,4	100,0
Education	Secondary	96	53,3	53,3	53,3
	Higher	84	46,7	46,7	100,0
Total		180	100,0	100,0	

Source: by the author based on primary research 2018 (N=180)

5. Results

Opinions on each development are listed in Table 3. According to the results the respondents are most satisfied with the projects related to sports and recreation but they are experiencing serious backwardness in healthcare investments.

**Table 3. Opinion on development categories
Descriptive Statistics**

	N	Min.	Max.	Mean	Std. Deviation
Q2.6 Public sports and recreation related investments	176	1,00	5,00	2,9773	1,25008
Q2.7 Construction and renovation of residential buildings	172	1,00	5,00	2,9651	1,13187
Q2.4 Culture, education and science related development (e.g. museum, theatres, and schools).	176	,00	5,00	2,8182	1,22751
Q2.8 Smart City Projects (e.g. WIFI Coverage, Digital Information Systems)	170	1,00	5,00	2,7176	1,24987
Q2.3 Development of green spaces and recreational areas	180	,00	5,00	2,6667	1,26313
Q2.1 Development of public utilities and infrastructure (road network)	176	1,00	5,00	2,6591	1,10262
Q2.2 Land conversion tasks related to unplanned areas	178	1,00	5,00	2,5385	,96285
Q2.5 Public healthcare-related investments	172	1,00	5,00	1,6512	1,04900

Source: by the author based on primary research 2018 (N=180)

I reviewed the attitudes of projects with eleven statements. The allegations, in addition to general satisfaction, include interest, perceived involvement opportunities and the level of community participation.

General satisfaction can be deduced from the relationship between demographic characteristics, ie the Pearson Chi square test, that neither age ($\chi^2 = 9.152$; $df = 12$; $p > 0.05$), the income levels either ($\chi^2 = 1.367$; $df = 4$; $p > 0.05$) and the place of residence do not affect perceptions and attitudes related to development projects.

General opinions on urban development projects are grouped around three topics based on factor analysis. The KMO value obtained during the Factor Analysis is 0.711, which means that the variables are suitable for factor analysis. The main component analysis and the Varimax rotation method were used during the analysis, and the resulting three factors together account for 59.34% of the total variance, which approaches from below the formulated 60% as a minimum in the literature (Mitev-Sajtos, 2007).

The factors and the explanatory power of each component are shown in Table 4.

Table 4. Results of factor analysis

Rotated Component Matrix^a

	Component		
	Factor 1	Factor 2	Factor 3
Q1.2 The city is developed in a good direction	0,853		
Q1.1 I believe Budapest is a viable, European scale city	0,828		
Q1.3 I believe that urban development projects are implemented as part of a long-term strategy	0,812		
Q1.11 In my opinion, internationally renowned events (cultural, economic, and sport) are important for urban development	0,632		
Q1.6 I think there isn't enough information available about urban development concept		0,792	
Q1.9 I think that during planning and implementation the project owner should consider the views and opinion of stakeholders (even within the framework of a referendum)		0,597	
Q1.7 In my opinion, development projects are implemented with the support of stakeholders (residents, local companies, civilians, etc.)			0,259
Q1.10 In my opinion, the main aim of urban development is to make Budapest a more attractive tourist destination			0,571
Q1.5 I consider the subject of urban development important to me			0,487

Source: by the author based on primary research 2018 (N=180)

The first factor resulting from the analysis summarizes the general statements reflecting on the urban development concept and long-term plans. This factor can be interpreted as a concept-level opinion factor. The second set of statements focuses on the availability of information and the stakeholders' ability to enforce their interest, it can be considered as the factor of stakeholders' involvement. The third question group contains statements referring to the purposes of urban development, so we can call it an urban development target evaluation factor.

Table 5. Required communication channels

Communication channels	Frequency of mentioning (%)
On online city interfaces	61,6
Through a national television channel	50,0
On the project's own community interfaces	49,1
On the project's own website	45,5
On the information boards in the project area	39,3
From printed flyers	19,6
Through a local TV channel	8,0
At on-site consultations, forums	1,0

Source: by the author based on primary research 2018 (N=180)

The literature suggests different communication strategies for individual stakeholder categories. It is advisable to examine through what channels and what topics the respondents might be interested in.

The participants in the research, although most of them are young, highly educated city dwellers, in terms of the source of information, primarily identified traditional media that only allow passive information reception and almost completely exclude the possibility of feedback. (Table 5.) It is assumed that the respondents, although they think that there is a need for community involvement in urban development, are only so determined at the level of the principles, real active involvement which could be achieved through bi-directional communication is no longer characteristic to them.

One of the cornerstones of lack of participation is the lack of motivation, which can already be observed in the passivity of those involved also in the information acquisition phase. The community, however, can only become motivated if it feels that a development is done in his favour, in his interests. It is no coincidence that the interviewees have named with outstanding value the communication of the goals of the project as the number one information request. Respondents also consider the visualization of the developments important, which is otherwise closely related to the information requirement indicated first. (Table 6.)

Table 6. Required information

Information required	Frequency of mentioning (%)
Information on the purpose of the project	83,9
The visual appearance of the project	57,1
About the financial resources involved	52,7
Information on planned activities (work phases)	47,3
Information on the involvement of EU funds	33,0
Information about marketing activities (events on the subject)	32,1
Information on the results of the work phases	29,5
Information on problems and crisis situations	26,8
Information about construction companies	1,0

Source: by the author based on primary research 2018 (N=180)

6. Summary

In this article we aimed at presenting opinions and information needs regarding urban development projects. The results of the research, due to the small sample size and the lack of representativity, can only be accepted with certain limitations but they can still provide an interesting input for further studies with similar themes.

The city is indeed for everyone, the benefits of the developments can be enjoyed directly by residents, in worse case they may suffer from them, still, based on the results of the research, they have relatively low consciousness towards the subject and although they emphasize the importance of participation in their responses, they are rather uninformed about urban development issues.

All this draws attention to the importance of information and the responsibility of project owners in this area. If we accept that community participation is value-creating, increases the success and acceptance of the project, it is not enough for the community, as a stakeholder with low influence, to simply be informed about the ready plans and the stages of implementation. It is also clear that in the absence of motivation members of the community rarely appear proactively in the design phase of the projects, so their involvement is the responsibility of project owners. It is important for high-profile developments to communicate in the mass media already in the planning process concerning the goals of the project and possible participation even if this is contradictory to today's trends. On the basis of the strongly non-representative results the demographic aspects do not affect opinions on urban development but it may be important to provide the members of the public segmented according to the stakeholder with the information relevant to them, through the appropriate for them channel.

Residents know the most about their environment, with their comments and local knowledge they can contribute to the realization of the appropriate plans and projects for common goals. Quality communication can be key in this. There is no single recipe that leads to the involvement of all stakeholders but the participation of the community is a valuable input in every project.

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