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Araştırma Makalesi/Research Article

# Impact of Development Agencies on Regional Development<sup>1</sup>

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Kalkınma Ajanslarının Bölgesel Kalkınmaya Etkisi	Impact of Development Agencies on Regional Development
Öz	Abstract
Bu çalışmanın amacı, kalkınma ajanslarının bölgesel kalkınma üzerindeki etkilerini incelemektir. TR41 bölgesinde faaliyet gösteren kalkınma ajansının mali destek programlarının, bölgesel kalkınmaya etkisi, nitel analiz ile derinlemesine araştırılmıştır. Nicel yöntemlere veya karma yaklaşımlara dayanan çalışmalardan farklı olarak, bu çalışma, kalkınma ajansı müdahalelerinin bölgesel kalkınmayı nasıl şekillendirdiğine dair detaylı bir tasvir sunarak, yararlanıcı kurumların öznel deneyimlerini ve algılarını araştırmaktadır. Bulgular, Yeni Bölgeselcilik Yaklaşımı ile uyumlu olarak bölgesel kalkınmanın dinamik ve gelişen doğasının altını çizmekte; yerel kaynakların, paydaş katılımının ve sürdürülebilir kalkınma uygulamalarının önemini vurgulayarak ayrıntılı bir vaka analizi ile literatüre katkıda bulunmakta; politika yapıcılar ve bölgesel kalkınma uygulayıcıları için pratik çıkarımlar sunmaktadır.	The aim of this study is to examine the effects of development agencies on regional development. The impact of the financial support programs of the development agency operating in the TR41 region on regional development was investigated in depth by qualitative analysis. Unlike studies based on quantitative methods or mixed approaches, this study explores the subjective experiences and perceptions of beneficiary institutions, providing a detailed depiction of how development agency interventions shape regional development. The findings underline the dynamic and evolving nature of regional development in line with the New Regionalism Approach; contributes to the literature with a detailed case study by emphasizing the importance of local resources, stakeholder engagement and sustainable development practices; It offers practical implications for policy makers and regional development practitioners.
Anahtar Kelimeler: Bölgesel kalkınma, kalkınma planları, bölgesel kalkınma araçları, bölgesel kalkınma ajansları	<b>Keywords:</b> Regional development, development plans, regional development tools, regional development agencies.
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#### 1. Introduction

The destructive impact of the Second World War on a global scale has brought about regional imbalance. Regional imbalance signifies an inequity that arises as a consequence of certain areas within defined boundaries experiencing varying levels of economic, social, or cultural development compared to others. From the aftermath of World War II until the late 1970s, attempts to counteract regional imbalances were pursued through regional development policies under the jurisdiction of central governments, yet their adequacy was proven insufficient. Consequently, shifts in the understanding of regional development policies have been observed worldwide since the 1980s.

With the advent of Postmodernism and the transition to Post-Fordist production, the New Regionalism Approach emerged. This theory proposes a solution centered around mobilizing local resources. Unlike the Keynesian or Neoliberal approaches, which favor either entirely state-driven or completely independent development models, this approach is based on a mixed development concept that takes into account regional and local initiatives. This novel perspective on regional development anticipates that, unlike conventional policies, regional development can be achieved from the grassroots to the top. One of the institutional structures capable of achieving this is regional development agencies.

States make efforts to reduce regional imbalances and promote regional development. Numerous studies have been conducted worldwide to explore the impact of these regional development endeavors on regional growth. In this study, the intention is to investigate the influence of development agencies, which are one of the tools of regional development, on regional growth. Previous studies on the effect of development agencies on regional development have often employed quantitative analyses or mixed methods, examining stakeholder institutions, agency employees through surveys, fundamental criteria published by the OECD<sup>4</sup>, or documents that outline the activities of development agencies.

However, generalizing the impact of development agency support on institutions and consequently on the region is not straightforward. The content of the support provided by development agencies can evolve over the years in parallel with the changing needs of the region. Institutions can interpret the effects of support differently based on their internal dynamics, organizational structures, timing, location, and regional necessities. Therefore, this study aims to contribute to the literature by employing a qualitative analysis method that allows for in-depth exploration and a more detailed depiction of the effects, rather than aiming for generalizations or drawing broad conclusions. To achieve this, the study is designed using the qualitative research design of phenomenology. In qualitative research, the primary aim of researchers is to uncover how individuals make sense of their situations and experiences.

In the world, the legal and organizational structures, duties and activities, authorities and responsibilities, as well as the relationships of development agencies with other national and international institutions and organizations, exhibit variations that complicate the definition of a universally applicable development agency model. However, aligned with the dynamic and variable nature of development, the structures, activities, and sources of funding of development agencies also evolve over time. Development agencies, first witnessed in the

https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm (Date of access: 08.05.2022)

United States in the 1930s, began to be established in European Union (EU) countries in subsequent years. The activities carried out by development agencies within the EU cover a wide spectrum. Advancing economic development, promoting productivity and competitiveness, assisting companies in their internationalization efforts, encouraging employment, and contributing to sustainable development are just a few of these activities.

In Turkey, on the other hand, development agencies were established in 2006 during the process of harmonization with the EU and operate as public institutions under the coordination of the General Directorate of Development Agencies within the Ministry of Industry and Technology. The activities of these agencies encompass a range of goals, including fostering economic growth, promoting business efficiency and global competitiveness, facilitating the internationalization of domestic companies, boosting employment, and contributing to sustainable development.

#### 2. Literature Review

In the context of regional development agencies (RDAs), numerous studies have explored their roles, effectiveness, and challenges across different regions. This section synthesizes existing literature to provide a comprehensive understanding of the subject.

Several qualitative studies conducted in Turkey have shed light on the functioning and impact of regional development agencies. Özkan et al. (2014) conducted a qualitative analysis of tourism projects supported by the South Marmara Development Agency (GMKA) between 2010 and 2013. The findings indicate that GMKA provided financial support to 25% of the tourism projects, contributed to job creation in the tourism sector, developed new tourism areas, and helped train a skilled workforce in the tourism industry. Çetinkaya and İlhan (2016) used a qualitative research method and case study approach to examine the impact of the Competitive SME Financial Support Program (RKMDP) projects on employment in the TR33 region (Afyon, Kütahya, Manisa, and Uşak) under the Zafer Development Agency. The results showed that the increase in equipment and product diversity through the projects led to a boost in both national and international trade. Akpınar (2017) conducted a qualitative study through semi-structured interviews to understand the experiences and opinions of the development council members of the Izmir Development Agency. It was found that the current structures of the councils were predominantly public sector-oriented, with insufficient representation of the private sector and non-governmental organizations, and that member selection was largely based on personal relationships. The study concluded that development councils need to become more functional and that the agencies require restructuring. Aydoğdu and Sezer (2018) examined the role of the Northern Anatolia Development Agency (KUZKA) in the tourism sector in Kastamonu through descriptive analysis of data from interviews with two experts from the agency's planning and strategic research units. The findings suggest that development agencies play a significant role in the tourism sector by undertaking tasks such as policy-making, project development, and funding. Karaca (2019) conducted face-to-face interviews to identify the views of stakeholders of regional development agencies and proposed solutions to the identified problems, highlighting the need for reform. Bilgen (2020) structured a comprehensive study on the Southeastern Anatolia Project (GAP) between 2012 and 2017 as a qualitative literature review, critically examining various aspects of GAP. The findings highlight that GAP has been associated with a wide range of concepts and processes over time, leading to "development fatigue" in local communities and emphasizing the low level of cooperation between institutions.

Internationally, research has examined diverse approaches to regional development. Van Berkel et al. (2011) explored qualitative scenarios in Portugal, emphasizing the role of local stakeholders in sustainable rural development. Brusaporci (2017) used qualitative comparative analysis to assess how EU regionalism strategies are perceived by local authorities in Bulgaria, revealing varying perceptions across different regions. Cooke et al. (2005) in the UK investigated the impact of social capital on SME performance and regional development, highlighting the role of trust-based partnerships in fostering innovation and economic growth. Studies such as Makkonen and Inkinen (2014) in Finland utilized textual content analysis to compare regional strategic programs, focusing on innovation systems and clusters. Parjanen et al. (2011) conducted a case study on knowledge brokerage in Finland, illustrating the critical role of brokers in enhancing regional innovativeness through effective networking and knowledge dissemination.

The synthesis of literature on regional development agencies (RDAs) underscores their critical roles and diverse impacts across various regions. Studies conducted in Turkey reveal significant contributions of RDAs in tourism development, job creation, and enhancing the skill sets of the local workforce, while also identifying the need for structural reforms and better stakeholder representation. International research further complements these findings by highlighting the importance of stakeholder involvement, trust-based partnerships, and knowledge brokerage in driving sustainable regional development. Despite the varied contexts and approaches, a common theme emerges: the effectiveness of RDAs hinges on their ability to foster collaboration, adapt to local needs, and strategically harness regional assets. This comprehensive review illustrates that while RDAs have achieved notable successes, ongoing challenges such as institutional cooperation and stakeholder engagement remain critical areas for future improvement and policy innovation.

When scrutinizing the research conducted by the European Association of Development Agencies (EURADA) and assessing the endeavors of other global development agencies, a discernible pattern emerges: regional development policies exhibit marked variations across countries and regions. It is noteworthy that post-Second World War, concerted efforts were directed towards bolstering employment and enhancing infrastructure. Commencing in the 1970s, development strategies with a heightened focus on competitiveness were set in motion, thereby unearthing the latent potential inherent in various regions. The modus operandi and organizational structures of these development agencies, which function as instrumental agents for the revelation of regional capabilities, manifest disparities contingent on their geographical context. These agencies may be instituted by central governments, local authorities, the private sector, or through collaborative public-private initiatives. Their overarching objectives frequently encompass bolstering regional competitiveness by means of supporting entrepreneurs and SMEs, attracting investment, orchestrating educational and international initiatives, augmenting human resource capabilities, conducting research and development activities, fostering innovation and facilitating technology transfer, all while nurturing inter-institutional collaboration. At present, there exist upwards of 20,000 organizations globally identified as "Development Agencies."

In Turkey, the 1960s marked the initiation of extensive studies in the realm of regional development. These endeavors found expression in national plans, the inception and perpetuation of priority regions in the developmental framework, concerted efforts to channel public investments into underdeveloped areas, and the strategic utilization of policy

instruments aimed at rectifying regional disparities. These policy initiatives were conceived and executed within the conventional framework of centralized governance. However, akin to experiences in other nations, the desired outcomes in rectifying regional imbalances remained elusive, and, regrettably, regional disparities continued to proliferate within our country.

Subsequently, in the 2000s, in tandem with global trends and under the influence of the European Union, there emerged a paradigm shift toward the establishment of regional development agencies that embraced a grassroots-driven approach to regional development policy. This paradigm shift ushered in a novel era characterized by the formulation and implementation of regional policies by these decentralized entities. The advent of these regional development agencies, with the first instances emerging in Turkey in 2006, brought the current count to a total of 26 such agencies.

The influence exerted by development agencies on regional development exhibits a dynamic interplay contingent upon temporal factors, geographical contexts, available resources, regional exigencies, and challenges. Consequently, regional development initiatives undertaken in distinct localities inherently manifest divergences, leading to varied impacts of development agencies on the developmental trajectories of these regions. Within our nation, the cornerstone of these disparities lies in the regional plans, which are meticulously crafted under the auspices of development agencies. These plans serve as pivotal documents for delineating the socio-economic developmental trajectories, sector-specific objectives, operational undertakings, and the equitable allocation of infrastructure resources within the purview of development agencies.

It is worth noting that the bedrock of each regional plan is rooted in overarching development schemes and national strategies, embodying shared objectives that underscore their commonality.

The concept of development encompasses multiple definitions. In broad strokes, development can be characterized as the process of augmenting production and per capita national income, effecting transformative changes in the socio-cultural and economic fabric, and securing sustainability. Within the context of regional development, the focus is on making investments tailored to regions delineated by the economic, social, and physical attributes of countries, as well as the areas harboring developmental potential. The overarching objective is to foster sustainable growth through synergistic collaborations between local dynamics and central authorities.

At the heart of regional development endeavors lies the pursuit of rectifying regional disparities. Regional imbalances, manifesting as disparities in economic, social, or cultural development among specific regions within defined boundaries, underscore the pressing need for these efforts. The causal factors contributing to these regional imbalances are multifaceted. In some regions, the differentiating factor may be a skilled labor force, while in others, technological advancement or natural resource endowments may play a pivotal role.

In order to comprehend the concept of regional development, it is essential to delve into the related concepts of economic growth and economic development. Economic growth quantifies as a numerical increase in the national income, which represents the monetary value of all goods and services produced within a country during a specific period. On the other hand, economic development signifies the transformation of a country's production

framework towards generating high-value-added products, coupled with the equitable distribution of these products to elevate living standards across various income strata within society. Some scholars further contend that authentic development necessitates elements such as "sustainable growth, structural shifts in production and consumption patterns, technological advancements, social and political modernization, and substantial enhancements in overall living conditions."

To facilitate regional development, the initial step entails the identification of regions harboring developmental potential. This process culminates in the formulation of a comprehensive development strategy and a corresponding regional plan through meticulous research and analysis. These regional plans serve as instrumental documents, unveiling the existing status quo, establishing fundamental benchmarks for achieving regional development, and subsequently engendering tailored work programs.

In the Turkish context, regional plans crafted by development agencies play a pivotal role in revealing areas of strategic significance and development potential, as well as discerning the strengths and weaknesses inherent to a given region. However, to ensure the effective implementation of these regional plans, it is imperative that they are embraced and executed at the local level.

## 3. Methodology

In this study, the impact of development agencies on regional development has been demonstrated through qualitative research. Due to the variable nature of individuals and society, it has been observed that rather than generalizing when examining phenomena and events in this field, it is more important to strive to understand them. To achieve this goal, the study was designed using the qualitative research design of phenomenology.

In this study, the research problem has been defined, and the subject, purpose, and significance of the research have been established, followed by a review of the relevant literature. Subsequently, considering the data gathered from the literature, semi-structured interviews were conducted with 18 institutions benefiting from the developmental agency's project proposal call and its announced financial support programs. Among these institutions, 11 were non-profit organizations, and 7 were for-profit organizations. Data saturation was achieved, and interviews were concluded. Five questions were posed during the interviews. During the formulation stage of these questions, insights were obtained from two experts engaged in regional development and qualitative analysis studies. Drawing from the recommendations provided and the documents examined, the interview questions were prepared as follows:

- 1 What is the impact of the support received from the Development Agency on your organization's capacity development?
- 2 What are the social and cultural effects of the Development Agency's support on your organization?
- 3 Did the support from the Development Agency lead to a new and different change within your organization?
- 4 What are the effects of the received support on the sustainability of the projects you have undertaken?
  - 5 What are the aspects of Development Agency support that you find lacking or critical?

In this study, a basic interpretive qualitative research design was employed. In the basic interpretive design, the researchers' primary aim is to elucidate how individuals interpret their circumstances and experiences. It is not possible to make a generalization about the impact of financial support provided to institutions by Development Agencies through project proposal calls and grants on institutions and consequently on the region. Institutions may interpret the effects of support in different ways. The impact on institutions/organizations supported within the scope of the financial support programs announced through project proposal calls by the development agency operating in TR41 Region between 2010 and 2016, and thus on the region, has been interpreted based on emerging themes. Financial support programs were not announced in 2013 and 2017, and those after 2018 were not included in the study. This is due to the project durations extending beyond one year, with their effects becoming evident in subsequent years.

In this study, the semi-structured interview method used is frequently employed in qualitative research as a method where new questions can be asked based on predetermined topics by the researcher or emerging issues during the interview. This method allows for interviews conducted in a question-and-answer or exchange-of-ideas format with one person, or it can be conducted in a group with multiple individuals. In semi-structured interviews with one person, the researcher focuses on the information provided by the interviewee, gaining an opportunity to deeply understand their perspectives on the research topic. In qualitative research, the questions asked during interviews primarily focus on three areas: the first is language; the second involves the subjective interpretation and analysis of meanings related to a situation or event; the third involves developing theory by exploring sample patterns, models, and relationships among qualitative data collected. Questions asked should be crafted to thoroughly examine and reveal the phenomenon under study. In qualitative research, rather than asking "why" or "what for" questions, researchers ask "what" and "how" questions. In qualitative research, between 5 to 7 research questions can be asked. The most crucial method for data collection in phenomenological research is interviews. In the literature, it is suggested that conducting interviews with 5 to 25 individuals in this field would suffice to achieve the purpose of phenomenological research.

In qualitative research, unlike quantitative research, the researcher gathers data from the field without predetermined hypotheses and theories. The research is expressed through the perspective of those involved and in their own words. In qualitative analysis, the aim is not just to gather a few pieces of information about many events but to collect a wealth of information about a few events. Rather than drawing globally applicable generalizations in data analysis, focusing on the data within the research context is crucial.

Fundamental interpretive qualitative research can be used to determine how a meaning or phenomenon is formed. To achieve this purpose, interviews, observations, and document analysis are utilized, and the research is constructed in an inductive manner. In qualitative research, collected data is transcribed, categorized around main concepts, relationships between concepts are examined, and data analysis is presented within a specific logical framework.

In this study, the data was analyzed through inductive analysis (content analysis). Inductive analysis is conducted through data coding to reveal facts related to the researched subject and the relationships between these facts. The data obtained from interviews in this research process were transcribed and uploaded into the MAXQDA program. Subsequently,

this data was coded. Considering relationships between codes, the coded data was categorized into content based on themes, described, summarized, and explained under these themes. During coding, code names (for non-profit organizations: K1, K2, ..., K11; for profit-oriented organizations: M1, M2,..., M7) were assigned by the researcher to represent participants.

In qualitative research, the credibility of the findings is considered one of the most critical criteria in scientific research. Validity and reliability are the two most commonly used criteria in research from this perspective. In quantitative studies, researchers are expected to meticulously test the validity and reliability of the data collection tools and research design, and report the results to readers. In qualitative research, validity and reliability are approached differently than in quantitative studies. Instead of using the terms validity and reliability commonly used in quantitative research, it would be more appropriate to refer to credibility and researcher competence in qualitative research. In qualitative research, the concept of internal validity is replaced by credibility, external validity by transferability, internal reliability by dependability, and external reliability by confirmability. In this study, these criteria have been taken into account in ensuring the validity and reliability of the research.

In qualitative research, methods such as long-term interaction, participant validation, and expert examination can be utilized to enhance credibility. In this study, the researcher, having worked for many years as an expert and manager in regional development agencies, is well-acquainted with support processes and maintains continuous interaction with supported institutions. This facilitated easier control of biases. Continuous presence and interaction not only foster a relationship based on mutual trust and friendliness but also ensure accurate and comprehensive responses.

Transferability, used in qualitative research as the counterpart of the concept of "generalization" in quantitative research, is also termed as "appropriateness." Transferability encompasses how results can be generalized and conveyed to the entire group. In quantitative studies, generalization (external validity) is achieved by demonstrating statistical results and the collection of data from a sample representing the universe (through methods such as randomization, stratification, etc.). Qualitative studies do not aim for generalization. Instead, they focus on understanding individual experiences. However, detailed descriptions of participants' experiences should be provided in a manner that enables readers to apply the findings in their own studies. Therefore, in qualitative research, it is crucial to clearly specify how the sample selection was conducted and describe participants' characteristics and the environment to establish transferability. Sampling methods are divided into probability and non-probability sampling methods, with qualitative research often opting for non-probability sampling. Non-probability sampling involves no random selection. When every element in the universe does not have an equal and known chance of selection, it is termed non-probability sampling. This sampling method includes purposive sampling, convenience sampling, and snowball sampling. This study used purposive sampling by obtaining support from the development agency to select 18 institutions with specific experience.

Guba and Lincoln suggest using the concept of "dependability" in qualitative research instead of reliability. In this research, to ensure dependability, attention was paid to the alignment of research questions with the method and process followed, as well as the researcher's objectivity and impartiality. The research objectives were clearly stated, and the

consistency of the obtained data with the research objectives was ensured. Detailed interview notes known to enhance dependability were kept. Additionally, an academic with qualitative research experience reviewed the data collection and analysis stages of the research.

Confirmability, concerning ensuring objectivity in presenting study results and demonstrating that the researcher's biases are kept to a minimum, needs to show that the participants' actual experiences are reflected in the study results. In this study, particular attention was paid to engaging individuals in the supported institutions who oversee or manage the project process, and possess comprehensive knowledge about the implemented project. The interviews were conducted with participants' consent, recorded with audio devices, and transcripts were obtained. The researcher ensured that the selected research method aligned with addressing the study's questions. Emphasis was placed on presenting the views of participants who expressed different or opposing perspectives in addition to common perspectives. The researcher retained all data to allow examination whenever necessary. The use of computer-assisted programs, considered tools enhancing transparency, was employed via the MAXQDA program during data analysis, contributing to the study's confirmability.

The TR41 Regional Development Agency provided grant support to approximately 295 projects under the project proposal calls within the financial support programs in 2010, 2011, 2012, 2014, 2015, and 2016. Of these, 170 were projects of non-profit organizations, while 125 were projects of profit-oriented institutions. Approximately 60% of the support granted between 2010 and 2016 was allocated to non-profit organizations, with the remaining 40% for profit-oriented entities. This distribution was taken into account in selecting the institutions interviewed for this study.

# 4. Findings

In the findings section, studies worldwide on regional development and development agencies, plans and strategies based on development efforts prepared in Turkey from 1923 to the present day, the Bursa Eskişehir Bilecik Development Agency Regional Plan, and announced financial support programs, along with prominent issues in regional development, have been examined. Data obtained through interview questions prepared based on this information is presented. Explanations regarding the themes emerging from these data have been provided.



Figure 1: Main Themes Emerging in the Research

#### 4.1. Situation Before Support

During the interviews, it was observed that 9 participants provided information about their situations before receiving support from the development agency. Participants M3, M4, and M6, representing profit-oriented entities, expressed that before receiving support, they were unable to produce the requested product because they lacked technologically equipped machinery or certifications demanded by their customers, thereby hindering their ability to sell abroad. Participant M7 mentioned preparing to open a second factory before receiving support. Non-profit entities K5 and K9 attempted to identify their needs and issues by establishing a union or cooperative before the support. Participant K11 realized additional needs in the facility established with previous Agency support. Participant K1 noticed the need for funds during the creation of a structure formed with funds from the European Union.

# 4.2. Purpose of the Project

During the interviews, it was noted that 6 participants from non-profit organizations discussed the purpose of their projects. These encompassed areas such as the socio-economic development of women (K9), environmental preservation (K11), steering youth away from negative habits through sports (K7), meeting the testing needs of companies (K1), and investing in human resources (K5). Participant M1 from the private sector mentioned aiming to increase income by increasing the number of foreign tourists.

# 4.3. Content of the Support

The expressions of participants regarding the content of the support are presented in a table below.

Table 1: The expressions of participants regarding the content

Content of support	Participants	Content knowledge
Purchase or production of high-tech machinery and equipment, personnel employment	M1, M2, M3, M4, M5, M6, M7, K1, K3, K4, K5,	Purchasing a disabled transportation vehicle with new technology, employing personnel who speak foreign languages (M1)
		Purchasing a smart bench (M2)
		Machinery and software supply, personnel employment (M3)
		Establishing an automation system, obtaining a safety integrity certificate (M4)
		Secondary air suspension system design and production (M5)
		Five-axis CNC machine purchase (M6)
		Machinery purchase (K1, M7)
		Establishing technologically equipped studios (K4)
		Purchasing technological devices (K3)
		Purchasing devices, software and programs used in the industry
		(K5)
Establishing a Solar		Establishing solar power plants to irrigate idle lands and bring them into agriculture (K10)
Energy System	K10, K6	Establishing solar power plant for the institution building (K6)
Development of		Preparation of promotional materials (M1)
tourism	M1, K6, K7, K8	Development of tourism infrastructure (K6, K7, K8)
	K2, K8, K9, K11	Establishing a textile workshop where women are employed (K8)
		Establishing a packaging facility where women are employed (K9)
Workshop, Facility		Establishing a wastewater treatment plant (K11)
Establishment		Establishment of Organized Industrial Zone Wastewater Treatment
		Plant Treatment Sludge Drying Facility (K2)
Making the lives of disadvantaged groups easier	К8	Making arrangements for disabled people in public buildings (K8)

## 4.4. Accelerating Effect

It was observed that three participants highlighted the accelerating effect of the support. They aimed to surpass investments by implementing them much earlier than planned due to agency support, and they considered the support as guiding.

#### 4.5. Education

Under the theme of education, sub-themes emerged as 'Vocational Competence and Capacity' and 'Collaborative Activities in Education'. Among the 9 participants expressing their views on this matter, 6 focused on vocational competence and capacity, while 3 emphasized collaborative activities in education. Participants K1, K5, K8, M2, M3, and M6 discussed the impact of Development Agency support on the development of vocational skills and capacity in human resources. They mentioned that through the established center, employees gained practical training opportunities (K1, K5), a department was added to the vocational high school in response to the emerging need (K8), and training provided to employees using supported devices contributed to enhancing vocational skills (M2, M3, and M6).

Companies M2, M3, and M6 operating in the industry stated that they improved their employees' vocational skills by subjecting them to training for the use of technological devices received with Agency support. Additionally, it's noted that Company M2 raised awareness about high-tech devices by informing vocational high school students about the usage of these devices during their visits to the establishment.

Participant K1 mentioned engaging in joint activities with the Turkish Employment Agency to provide job opportunities for unemployed youth after their training sessions. K6 and K7 highlighted their collaborative activities with universities, schools, and school student clubs to allow students to engage in activities such as education and sports in their facilities.

### 4.6. Education

Out of 18 participants, 12 focused on employment, with 6 representing profit-oriented entities and the remaining 6 from non-profit organizations. Within the employment theme, sub-themes emerged from the expressions of the 12 participants as 'Qualified Employment', 'Additional Employment', and 'Collaborative Efforts in Employment'. Among these, the topic of additional employment was the most commonly emphasized sub-theme among the 12 participants.

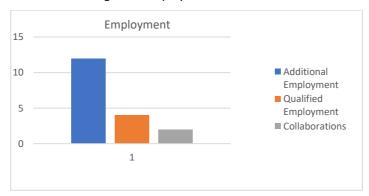


Figure 2: Employment sub-themes

Participants from profit-oriented institutions (M1, M2, M3, M4, M5, M6, and M7) stated that they achieved additional employment with the provided support. They attributed this increase in employment to the need for human resources arising parallel to the additional employment within the scope of the project or the increased capacity after the support. It was expressed that the employed personnel primarily consisted of technical staff.

Regarding collaborative efforts in employment, participant K1 mentioned that they conducted accredited testing operations for industrial companies in the center they established with the support, in collaboration with a foundation. This collaboration facilitated joint employment initiatives. K6 mentioned utilizing the facility established for tourism purposes in different fields. They organized employment days, bringing together labor supply and demand by collaborating with companies needing a workforce, resulting in the employment of 780 individuals.

Four participants touched upon qualified employment. K1, K4, K5, and K8 highlighted their contributions to developing human resources that the private sector could employ with the support of the development agency. K1 specifically focused on enhancing the qualified workforce in the industry by providing vocational training and aiming to employ those who completed these educations to meet the demand for qualified human resources. K4 and K5 emphasized their focus on educating qualified human resources sought after in their sectors. They mentioned that individuals trained in the supported center were employed in significant companies in the sector based on the knowledge they acquired. K8 mentioned that despite the closure of the facility established with agency support, they contributed to women workers in the textile sector becoming qualified employees, and these women were subsequently employed as sought-after human resources in the private sector.

### 4.7. Advanced Technology

Under the theme of advanced technology, two sub-themes emerged according to the expressions of six participants: 'Strengthening Technological Infrastructure' and 'Technological Awareness.' The sub-theme most emphasized under advanced technology was the strengthening of the institution's technological infrastructure through development agency support. Participants K1, K3, K4, M1, and M3 stated that the institution acquired the highest technology devices in the years when support was received. Participant M1 also mentioned that alongside the increased demand for their services, they independently acquired similar devices.

K2 and M1 mentioned that their perspectives on technology evolved in response to emerging needs. K2 described a process of researching new technology in line with the emerging need for project development. This research accelerated their access to new technology. M1 highlighted that the previous support served as an incentive for acquiring new technological devices even after the support from the Agency had ended due to the increased need for technological devices.

#### 4.8. Collaboration

It can be argued that one of the main objectives of development agencies is to contribute to increased collaboration among institutions operating in the region. In the interviews conducted with 18 participants, 7 institutions mentioned collaborating with other institutions during and after the project, with 6 of them being non-profit organizations. K1 and K6 collaborated with civil society organizations such as foundations and associations; M1

partnered with hotels for promotion; K3 experienced an increase in collaboration with its stakeholders. While K2 mentioned the contribution of the support received from the agency to collaboration with other institutions, they also highlighted that another project supported by the agency could not continue during the implementation phase due to weak university-industry collaboration.

## 4.9. Motivation

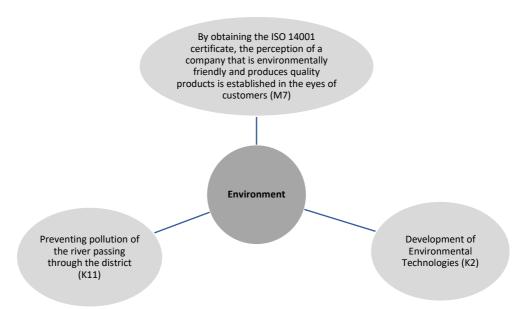
Seven institutions mentioned the motivating effect of development agency support. Among them, M4 and M7 discussed the motivational effect on their employees due to the support; K6 highlighted its motivating effect on using its own resources; M1, M2, M3, and K2 emphasized how it encouraged investment in new technology.

Increased motivation among employees of a company that grows with support (M4) Increased motivation **Encouragement to** among company invest in new employees upon technology successful completion (K2, M1, M2.M3) of the project (M7) Finding financing to start a business motivates the organization to use its own resources (K6)

Figure 3: Motivation effect

#### 4.10. Environment

Figure 4: Environmental impact



K2, addressing the impact of the support obtained from the development agency on the institution's environmental policies and its effect on industry, mentioned that the support contributed to the understanding and development of environmental technologies in the industrial zone where the Organized Industrial Zone Directorate operates. K11 mentioned that the system established prevented pollution of the stream passing through the district. M7, with the technological device installed using support from the agency, was able to produce environmentally friendly recyclable products, which gained high demand abroad. They expressed how they were able to improve themselves in this regard.

## 4.11. Competitiveness

Three profit-oriented institutions addressing the impact of Development Agency support on competitiveness specifically mentioned achieving a competitive advantage in foreign markets due to their product becoming high-tech (M3); gaining a competitive advantage in domestic sales due to reduced input costs (M4); and meeting demand more quickly compared to other companies by increasing the number of parts produced per unit time (M2).

The four non-profit institution participants emphasized the following: creating a fair competitive environment and increasing transparency among exchange members by establishing technological devices in the commodity exchange (K3); improving the investment environment for industrialists, resulting in a competitive advantage for the industrial zone compared to other cities (K2); enhancing the industry's competitiveness through the human resources trained in the established center (K5); and increasing customer competition (K10).

#### 4.12. Experience

Under this theme, 8 participants expressed starting new projects with the experience gained, while 4 participants discussed experience sharing, forming two sub-themes.

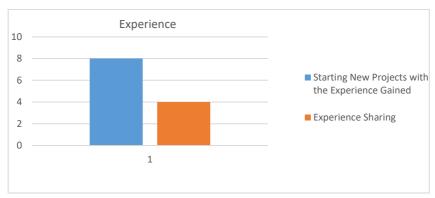


Figure 5. Experience sub-themes

M1, M3, M4, K2, K8, K9 expressed that they can utilize the experience gained from the project processes carried out during the Development Agency support process when preparing and implementing projects for other funding organizations. K1, on the other hand, stated that, thanks to the experience gained from the support received in previous years before the development agency, they could present new and different projects to the development agency. It can be said that the project writing culture of institutions has developed during this process. K6 also mentioned that, with the support received from the development agency, they learned the processes and procedures related to the solar energy power plant (SEP), allowing them to use their previous experiences in future SEP investments.

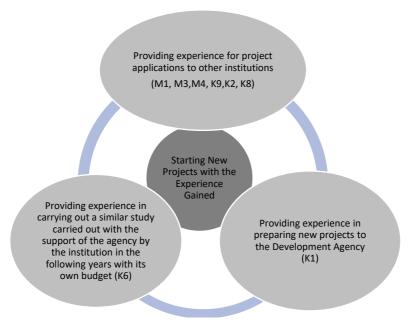


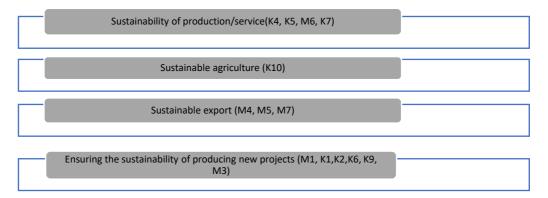
Figure 6: Starting new projects with the experience gained

K2, K4, K6, and K7 mentioned that representatives from other institutions visited the centers/facilities established with Agency support, conducting on-site inspections and sharing their experiences with these institutions. They mentioned that after these visits, some institutions began similar initiatives within their own structure.

# 4.13. Sustainability

When asked about the impact of development agency support on the sustainability of the work, responses from 14 participants regarding which areas were influenced by sustainability are presented in Figure-7.

Figure 7: Sustainability impact



## 4.14. Social and cultural impact

When asked about the social and cultural impact of the support received from the Development Agency, the analysis of the data obtained during the interviews resulted in four sub-themes under the main theme of social and cultural impact: 'Disadvantaged Groups,' 'Domestic Promotion,' 'International Promotion,' and 'Artistic Perspective.'

Overseas Promotion
(M1, M7,
Domestic Promotion
(M1, M4,
M5, K7, K10)

Artistic Perspective (K4)

Figure 8: Social and cultural impact

Participants K8, K9, and K10 discussed the impact of the development agency support on disadvantaged groups, particularly emphasizing women and individuals with disabilities. They highlighted its positive influence on women's personal development, as well as their status within family and society. Additionally, K8 and K9 emphasized the positive impact on the personal development of disabled individuals and contributions to improving their living conditions.

Regarding the social and cultural impact of the support, M1, M4, K5, K7, and K10 mentioned the positive effect of their initiatives on domestic promotion efforts. Details on the aspects highlighted by the participants are presented in Figure-8. Accordingly, the support has been noted to contribute to promoting these organizations' initiatives domestically.

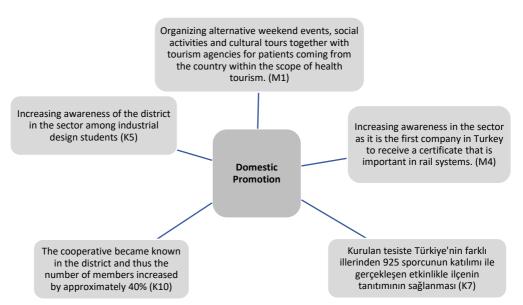
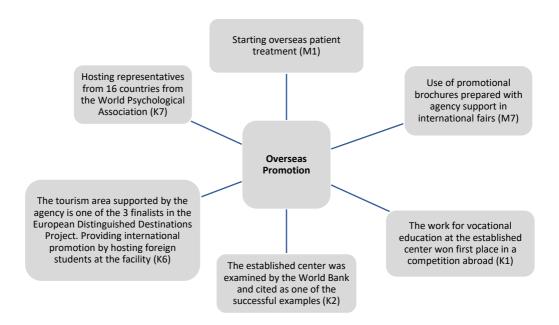


Figure 9: Domestic Promotion

The social and cultural impact of the support was discussed by M1, M7, K1, K2, K6, and K7, focusing on its positive influence on international promotion efforts. Details regarding the aspects emphasized by the participants are presented in Figure-9. Participants highlighted that the support enabled them to acquire international customers through established facilities, obtained equipment, or prepared promotional catalogs (M1, K7). They mentioned using these catalogs at international fairs (M7), having projects recognized internationally (K2), achieving awards in competitions (K1, K6), thereby contributing to the international promotion of the institutions' initiatives through the support.

Figure 10: Overseas Promotion



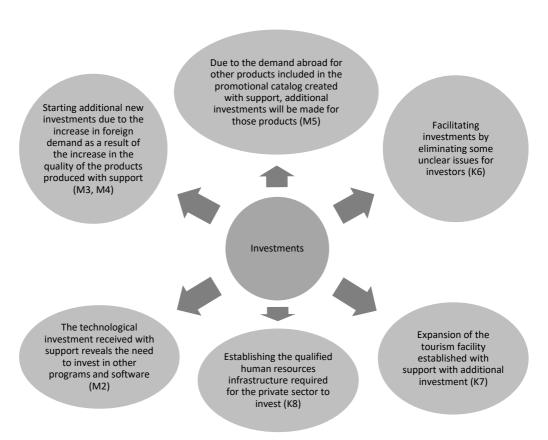
In terms of social and cultural impact, there was a participant emphasizing that the established center provided students with an artistic perspective.

## 4. 15. Testing and Accreditation Processes

Today, there is a requirement for industrial productions to undergo specific testing processes to meet demands. Companies, industrial chambers, and organizations like industrial zone directorates are aware of this need and have attempted to address part of this demand through centers established in this field.

#### 4. 16. Investment

Figure 11: Investments



M3 and M4 mentioned the impact of the support provided by the Development Agency on investments, stating that due to the increase in quality in their products resulting from the support, they experienced an increase in international demand. To meet this demand, they expressed making additional investments. M5 mentioned that following the support from the agency for the promotional catalog, they received demand from overseas for other products they added to the catalog, prompting them to invest further in production. K8 highlighted that through training the employees in the production facility established with support, they observed qualified human resources in the textile industry in their district. This led to private sector investors investing in the district and employing these human resources in their companies. M2 pointed out that the system they established with support necessitated

additional software and hardware, which they financed with their own resources through investment. K6 stated that during the support period, some unclear issues regarding the Solar Energy Power Plant (GES) were clarified, enabling regulations in areas that could be ambiguous for investors, ultimately facilitating investments.

#### 4.17. Change

Based on responses to the question 'Did the support from the Development Agency cause a new and different change in your institution?' three sub-themes were identified: providing a different perspective (M1, M2, M3, M4, M6, M7, K1, K2, K4, K7, K10); creating a project culture (K3, K6, K11, M1, M4); and not causing a new and different change (K5). K8 and K9 did not express an opinion on this matter.

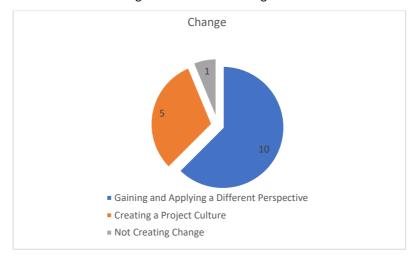


Figure 12: Effect on change

10 participants indicated that it instilled a different perspective among institution employees and management. The changes in perspective are seen to relate to the topics outlined in Figure 13.

In learning and creating the conditions necessary for institutionalization (M4)

Changing perspective to enter different sectors (M7)

Raising awareness about qualified personnel and vocational training (K1)

Understanding the importance of digital development (K4)

In social municipalism (K7)

Change in farmers' perspective on renewable energy (K10)

Change in expanding abroad (M1)

Understanding the importance of competitiveness and technology (M2)

Realizing that government support can be used to purchase machinery (M6)

In search of new technology (K2)

Figure 13: Gaining and applying different perspectives

Five participants highlighted that the process of receiving support from the agency improved their ability to write projects and disciplined themselves, fostering a culture of projects within their institution. One participant mentioned that the agency's support did not cause any change.

#### 4.18. Improvement in Product and Service Processes

As seen in Figure 14, upon analyzing the obtained data, under the main theme of 'Improvement in Product and Service Processes,' six sub-themes emerged: 'Increase in Product/Service Quality,' 'Productivity and Capacity Increase,' 'Cost Advantage,' 'Increase in Demand for Product/Service,' 'Enhanced Customer Satisfaction,' and 'Revenue Increase.' Six participants mentioned that the support led to an increase in product/service quality, followed by five participants who attributed it to increased productivity and capacity.



Figure 14: Product/Service improvement sub-themes

K3, K6, and M1 participants mentioned that the employment of staff with support and the development of existing staff contributed to the increase in service quality. K3 indicated that the technological infrastructure they established with support led to an improvement in service quality, benefiting both themselves as project beneficiaries and stakeholders who benefited from the project outcomes. M2, M3, and M6 highlighted that with the technological machines and equipment obtained through support, they could produce highvalue-added products with the desired precision, in larger quantities, with fewer errors, and in shorter timeframes, thereby enhancing the quality of their products. Engaged in health tourism, M1 expanded their vehicle numbers due to increased demand for their services following the increase in service quality. M4 transformed into an automation-oriented company through the development of corporate infrastructure and experienced an increase in institutional capacity through specialization in human resources. M7 stated they established a second production line with agency support. Both K3 and K10 noted that not only the institution receiving support but also the producers benefiting from this institution's services experienced an increase in productivity and capacity. K3 mentioned that agricultural producers, through the testing of products in a technologically-equipped trade exchange, started producing high-value-added products, leading to increased productivity and capacity. K10 emphasized that the reclamation of idle agricultural land for farming led to increased crop diversity and productivity for agricultural producers. Participants M1, M3, and M7 mentioned an increase in demand for their products/services. M1 and M2 especially highlighted their ability to instill trust in customers, meet their requested products/services as desired, and deliver them in terms of quality and time, thus increasing customer satisfaction.

K6 mentioned achieving cost advantages by meeting their institution's energy needs through renewable energy panels obtained with support. K10 spoke about the cost advantage provided to agricultural producers in electricity and fuel consumption through solar panels. M2 mentioned a reduction in scrap costs due to a decrease in error rates in the products they produce. K11 indicated a cost advantage in factory water expenses by meeting the water

needs of these enterprises. Some participants attributed the increase in their income to reasons such as being able to produce more units in a given time with machines installed through support (M2), transitioning from semi-finished to finished production (M6). Some participants highlighted that the system established with support allowed agricultural producers to sell their products at unbiased and real prices, leading to increased income (K3), and appreciated land prices and sales of their products by agricultural producers (K10) as reasons for income increase.

# 4.19. Current Status of the Project

Among the participants discussing the current status of the project, K3, K4, K6, K7, K9, K10, and K11 stated that the centers established with support were actively operating. However, K1 mentioned that after the legal term of the established center expired, it was transferred to another institution. M1, M2, M3, M4, M6, and M7 highlighted that the machine equipment and certificates obtained through support continued to be utilized. On the other hand, M5 mentioned that the lathe acquired during that period continued to be used for producing other products outside those specified in the project. K2, K5, and K8 mentioned the closure of the workshops/design centers. Reasons for the closure of these design centers were cited as weak university-industry collaboration and high costs related to human resources.

# 4.20. Recommendations Regarding Development Agency Support

The responses to the question 'Are there any shortcomings or criticisms regarding the Development Agency's support?' resulted in seven sub-themes: 'Project Evaluators,' 'Agency Staff,' 'Documentation Process,' 'Timeline Practices,' 'Supporting Projects Addressing the Region's Needs,' 'Education,' and 'Currency Exchange Rates.' K2, K7, and K8 expressed the necessity for experts evaluating projects to be individuals specialized in the project subject matter, as otherwise, potentially successful projects could be eliminated. They emphasized the need for these experts to consider feasible projects and be knowledgeable about the region's priorities. Participants K3, K8, M5, M6, and M7 emphasized that agency staff responsible for monitoring projects were guiding and working systematically. Recommendations brought forward by K2 and K10 suggested that agency experts should not frequently change their units. Otherwise, changes in expertise during the project implementation could prolong the process. They highlighted that experts should act more as companions rather than rigorous controllers. Six participants expressed that the legislative and documentation process led to delays in project applications or implementation (K2, K9, K10, M1, M5). Additionally, some struggled to obtain a guarantee letter (M3). Participants suggested reducing the paperwork in procurement processes. K4 stated that providing extensions during the project implementation phase when needed had a positive impact, while K7 noted that the revision process in case of using materials other than those initially specified during project writing slightly extended the process.

Several participants stressed the importance of aligning agency support with the region's needs. They proposed supporting strong sectors and innovative initiatives, providing extra points for projects from more rural areas, focusing support on SMEs rather than large corporations, supporting both profit and non-profit organizations, implementing positive discrimination towards firms paying higher taxes per employed personnel, and assisting in learning certification processes.

M1 expressed concern about institutions' weak project writing capabilities and suggested providing project writing training to university students to enable them to write projects for institutions. K11 highlighted their struggles in procurement processes during project implementation and recommended providing training on agency tender regulations to supported institutions beforehand.

Profit-oriented participants M2, M3, and M6 mentioned that when machine equipment within the scope of Development Agency support projects was purchased in foreign currency, they were adversely affected by fluctuations in exchange rates, resulting in financial loss.

#### 5. Conclusion

This study revealed that participants, prior to Development Agency support, faced technological equipment deficiencies, lacked the necessary certifications for production and sales, and consequently struggled in sales and marketing. These institutions sought support for purposes such as increasing production, service, and income, advancing the social and economic development of disadvantaged groups, acquiring the necessary certification for sales and marketing, and environmentally conscious production.

Some participants emphasized the theme of education. It emerged that the support provided by the Development Agency necessitated personnel training for the use of machines acquired by firms. Additionally, institutions like industrial chambers and industrial zone directorates provided training to industrial workers in shared facilities established through agency support, enhancing their professional competence and capacities. Collaborations with institutions such as the Employment Agency facilitated the employment of individuals after receiving such training. Particularly under the employment theme, sub-themes like qualified employment, additional employment, and collaborative efforts for employment emerged. Some participants employed additional personnel with agency support, while others aimed to address increased capacity by furthering employment.

The positive impact of Development Agency support on strengthening technological infrastructure and creating technological awareness among institutions benefiting from advanced technology, particularly in parallel with regional developments worldwide, is noteworthy.

In today's world, emphasis is placed on inter-institutional collaboration in regional development both domestically and globally. Some participants highlighted their emphasis on collaboration with other institutions. However, due to challenges faced in collaboration, some institutions struggled to sustain the continuity of their projects, notably in the area of public-university-industry collaboration.

The effect of Development Agency support is prominent in encouraging institutions to make new investments, increase revenue, evolve towards a more institutional structure, and consequently boost employee motivation. The support not only incentivizes firms to use their own resources alongside agency aid but also encourages investments in advanced technology.

Competitiveness, a significant aspect highlighted in regional development worldwide, showed profit-oriented institutions achieving high-tech product characteristics, increasing the number of produced parts per unit time, reducing input costs, and gaining a competitive advantage in domestic and international sales. Non-profit organizations, on the other hand, ensured fair competition through the services they offered to members, enhanced

investment environments in organized industrial zones, and improved sectoral competitiveness through the qualified workforce trained in established centers.

In shared spaces established with agency support for test and accreditation processes, essential for industries, it was observed that these procedures facilitated mandatory test and accreditation requirements for companies participating in domestic and international tenders.

In regional development, economic growth alongside social and cultural development are crucial factors. The positive impact of agency support on the personal development, status, and societal roles of women and disabled individuals stands out.

Another pivotal aspect that needs attention concerning the effect of Development Agency support on regional development is the improvement in the product and service processes. Notably, improvements in product/service quality, increased productivity and capacity, cost advantages, increased demand for products/services, improved customer satisfaction, and increased income have been highlighted.

Looking into the current status of projects post-Development Agency support, it's evident that some established centers are actively functioning, while others have been transferred to different institutions or continue operations. Some ended due to deficiencies in interinstitutional collaboration.

In terms of Development Agency support, institutions provided views and suggestions, especially regarding project evaluators, agency staff, documentation procedures, timeline practices, and supporting projects addressing regional needs, education, and currency exchange rates. While institutions exhibit weak project writing capabilities, highlighting the need for increased project writing workshops, profit-oriented institutions also face negative effects due to currency fluctuations when purchasing machine equipment in foreign currencies.

In summary, Development Agencies, seen as a tool for regional development, display varying structures and practices in their respective regions. Considering the diversity in regional development initiatives and the non-generalizable nature of these studies, the research findings of this study align with the New Regionalism Approach. The study emphasized topics inherent to this theory, including the activation of the region's internal dynamics, capacity building, sustainability, utilization of new technology, competitiveness, employment, improvement of human capital, productivity, investment, and collaboration.

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#### **Extended Summary**

#### Impact of Development Agencies on Regional Development

The aim of this study is to examine the impacts of development agencies on regional development. The influence of the financial support programs of a development agency operating in the region covering the provinces of Bursa, Eskişehir, and Bilecik, which is one of the 26 development agencies in Turkey, has been investigated in-depth through interview method regarding its effect on regional development. By employing a qualitative phenomenological approach, this research provides in-depth insights into the nuanced effects of development agency support, highlighting themes such as technological advancement, capacity building, employment, and inter-institutional collaboration. Unlike previous studies that primarily rely on quantitative methods or mixed approaches, this study delves into the subjective experiences and perceptions of beneficiary institutions, offering a rich and detailed portrayal of how development agency interventions shape regional growth. The findings underscore the dynamic and evolving nature of regional development, aligning with the New Regionalism Approach, and emphasize the importance of local resources, stakeholder engagement, and sustainable development practices. This study not only contributes to the existing literature by providing a detailed case analysis but also offers practical implications for policymakers and regional development practitioners seeking to enhance the efficacy of development agencies.

In this study, the research problem has been defined, and the subject, purpose, and significance of the research have been established, followed by a review of the relevant literature. Subsequently, considering the data gathered from the literature, semi-structured interviews were conducted with 18 institutions benefiting from the developmental agency's project proposal call and its announced financial support programs. Among these institutions, 11 were non-profit organizations, and 7 were for-profit organizations. Data saturation was achieved, and interviews were concluded. Five questions were posed during the interviews. During the formulation stage of these questions, insights were obtained from two experts engaged in regional development and qualitative analysis studies.

This study revealed that participants, prior to Development Agency support, faced technological equipment deficiencies, lacked the necessary certifications for production and sales, and consequently struggled in sales and marketing. These institutions sought support for purposes such as increasing production, service, and income, advancing the social and economic development of disadvantaged groups, acquiring the necessary certification for sales and marketing, and environmentally conscious production.

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