The societal governance of megaproject social responsibility

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Abstract

Megaprojects bear extensive and profound social responsibilities throughout the project lifecycle. The prolonged lifecycle and heterogeneous stakeholders of megaprojects have posed great challenges for the governance of the economic, social, and environmental issues involved. Hence, this study has elaborated on a conceptual governance framework to answer such crucial question: How to govern megaproject social responsibility? To be specific, the concept and characteristics of the governance of megaproject social responsibility have been proposed. Furthermore, a systematic framework of societal governance beyond corporate governance and public governance has been developed based on the "Business–Government–Society" view regarding megaproject social responsibility. We conclude that an integrative mechanism of corporations, the government, and the public is essentially required to facilitate and maintain efficient and effective societal governance, thus creating shared and sustainable value for all stakeholders throughout the megaproject lifecycle.
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1. Introduction

Although massive megaprojects have been initiated, designed, constructed, and operated all around the world over the past century, the "performance paradox" never disappears in economic, social, and environmental aspects of megaprojects (Davies et al., 2009; van Marrewijk et al., 2008). Megaprojects, especially mega-infrastructure projects, play very important strategic roles in economic and social development, and their social responsibility and sustainability have recently attracted widespread attention (Demetriades and Mamuneas, 2000; Flyvbjerg, 2014; Lin et al., 2016; Miller and Hobbs, 2005). Zeng et al. (2015) describe megaproject social responsibility (MSR) as "the policies and practices of stakeholders through the whole project lifecycle that reflect responsibilities for the well-being of the wide society." And a series of important social and environmental concerns in megaprojects are proposed, such as anti-corruption, ecological

protection, disaster mitigation, immigrant settlement, occupational health and safety, pollution control, and poverty eradication. The distinctive characteristics of MSR (the dynamism of the prolonged lifecycle, the heterogeneity of various stakeholders, and interactivity of diverse social issues) pose great challenges with regard to the governance of megaprojects from both theoretical and practical perspectives (Zeng et al., 2015). Thus, the following question needs to be addressed: How to govern MSR?

To answer this question, it is first necessary to identify what constitutes (good) governance. Corporate management involves the managing of organizations within frameworks defined by governance systems; governance allocates rights, responsibilities, and rules in order to ensure that management is operating effectively and properly (Too and Weaver, 2014). As social responsibility is often beyond the traditional scope of organizational management or even the project management, a governance framework is necessary for coordinating and guiding the multiple stakeholders' inter- and intra-relationships regarding the social and environmental concerns of megaprojects. Moreover, good governance of MSR involves uniformity, transparency, and

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accountability so as to create shared and sustainable value for all stakeholders of megaprojects (Porter and Kramer, 2011).

Furthermore, governance of MSR requires specific governance regimes (Miller and Hobbs, 2005). First, unlike those of corporate governance in management disciplines and public governance in political disciplines, the governing bodies of MSR are ambiguous. Nowadays especially, large volume megaprojects are implemented using the public–private partnership (PPP) model (Zhang et al., 2015). Second, there are higher levels of complexity, conflicts, uncertainty, and risks for megaprojects than for general project management or project governance itself (Sanderson, 2012), which are deemed to create more challenges for the governance of MSR. Third, social and ethical criteria are somewhat different from the traditional objectives (quality, cost, time, etc.) of project governance. Social responsibility calls for interaction/relationships between business, government, and society, in specific contexts shaped by government regulation, social participation, and market drivers (Lin et al., 2015; Matten and Moon, 2008). Nevertheless, our literature review shows that prior studies on the social and ethical concerns raised by megaprojects have been fruitful but fragmented; in particular, an integrative discussion regarding the governance mechanisms for MSR has been insufficient and is presently imperative.

Accordingly, this study, with a view to contributing to MSR, conducts a systematic and comprehensive analysis of societal governance from the "Business–Government–Society" (BGS) perspective; we develop a conceptual governance framework to create shared and sustainable value for all the stakeholders throughout the project lifecycle. The rest of this paper is structured as follows. Section 2 presents a review of the literature on MSR, corporate governance, public governance, and project governance. Section 3 describes the research context and the methodology. Section 4 explores the concept and Section 5 the characteristics of the societal governance of MSR. Section 6 provides a conceptual framework that enables us to analyze the governing bodies, relational issues, principles, and processes of societal governance. Finally, Section 7 discusses the findings and the limitations of the study, as well as the implications and potential streams for future studies.

2. Literature review

2.1. Megaproject social responsibility

Corporate social responsibility (CSR) has been a hotspot for both those in the business world and academics since the 1990s (Aguinis and Glavas, 2012; Campbell, 2007). However, discussion and analysis regarding MSR are relatively insufficient comparing to CSR. This might be due to the complexity and dynamism of megaprojects (Bosch-Rekveldt et al., 2011; Miller and Hobbs, 2005) and to the multiple levels of social responsibility itself (Aguilera et al., 2007; Ma et al., 2016).

First, the complexity of megaprojects creates challenges regarding sustainability, which has been argued as an important issue in megaproject management with regard to the promotion of economic, social, and environmental performance throughout the full project lifecycle coverage (Levitt, 2007). A number of studies have focused on the traditional trigonal project success criteria related to cost, time, and quality (Atkinson, 1999; Flyvbjerg, 2011); ethical and environmental issues – such as risk control (Abednego and Ogunlana, 2006; Flyvbjerg et al., 2003; Ng and Loosemore, 2007), safety management (Sun et al., 2008), environmental protection (van Marrewijk et al., 2008; Xue et al., 2015), and residential resettlement (Strauch et al., 2015) – have recently received more attention in the megaproject management literature. All of these issues are closely related to the technical, organizational, and environmental complexity of megaprojects. Additionally, unlike CSR, the social and environmental aspects of megaprojects dynamically evolve with the advancement of the project lifecycle. Both the primary participants in megaprojects and the key social responsibility issues change dynamically through the different phases of a megaproject (Zeng et al., 2015).

Second, MSR involves various stakeholders and has huge and sometimes irreversible impacts on social change. Micro (individual), meso (organizational), macro (national), and even supranational levels of social responsibility may make identifying the governance mechanisms very difficult (Aguilera et al., 2007). A wide variety of salient stakeholders of megaprojects exert distinctive influences on the responses to social and environmental concerns as they have diverse and sometimes mixed motives for the decisions they make and the actions they take. Unlike CSR, which rests with specific corporations and usually single individuals (CEOs), MSR can never rest with any single individual or organization. The fact that the process of initiating, designing, constructing, and operating a megaproject requires diverse actors to cooperate closely in order to improve project performance (Davies and Mackenzie, 2014; Davies et al., 2009) means that an integrated, multi-level systems view is needed to analyze MSR.

As Zeng et al. (2015) argue, MSR has unique issues and characteristics that differentiate it from CSR; and the governance of MSR therefore requires a systematic view of the lifecycle dynamism, the stakeholder heterogeneity, and the social responsibility interactivity involved.

2.2. Corporate governance and social responsibility

Corporate governance (CG) refers to "the determination of the corporation's broad uses to which organizational resources will be deployed and the resolution of conflicts among the myriad participants in organizations" (Daily et al., 2003). CG has been developed in many fields, including management (Harjoto and Jo, 2011), economics (Pagano and Volpin, 2005), and law (Licht et al., 2005). CG studies focus on the diverse roles of governing boards, such as linking, coordinating, control, strategy, maintenance, and support (Hung, 1998). The objective of CG is to ensure the protection of shareholders and the equitable treatment of all investors, the balance the interests of all stakeholders, the disclosure of accurate information, and the consideration of social and environmental impacts (OECD, 1999). The core elements of CG include leadership, direction, control, and accountability (Huse, 2005); all of these can significantly influence firms' social performance (Hopkins, 2001).

There are discernible overlaps between CG and CSR (Jamali et al., 2008). Employing various perspectives (the stakeholder