

**Knowledge transfer and value distribution from project organizations to local authorities. Investigating transactional cross-sector relationships in megaprojects.**

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## **Knowledge Transfer and Value Distribution from Project Organizations to Local Authorities. Investigating Transactional Cross-Sector Relationships in Megaprojects.**

### **Research Aim and Theoretical background**

Despite the enormous potential that infrastructure megaprojects can offer in terms of value creation, their performance in collaborating with local authorities in attempt to distribute value to local communities is rather poor (Crescenzi et al., 2016). Within the cross-sector (public-private) collaborations, local authorities play an important and influential role in the performance of major projects by mobilizing resources and local engagement, especially in respect of widening socially valuable outcomes that go beyond economic returns (Di Maddaloni & Davis, 2018).

Cross-sector (public-private) collaborations include collaborations between organizations from at least two different societal sectors (e.g., business, government, and nonprofit) (Laasonen et al., 2012; Vogel et al., 2021). These collaborations across organizational and sectoral lines might occur in four “arenas”: business-nonprofit, business-government, government-nonprofit, and trisector (Selsky & Parker, 2005), and are increasingly necessary and desirable in infrastructure megaprojects given their large scale, complex and persistent problems in fulfilling broader societal needs (Gil and Fu, 2022).

Among the large body of existing research in business and management studies, different theoretical lenses have been applied to study interrelationships between organizations (e.g., mergers, acquisitions, joint ventures, alliances), or public and private forms of contractual collaborations, which perspectives are predominantly grounded in organizational economics and organization theory (Parmigini & Rivera-Santos, 2011). Similarly, in project studies, interorganizational projects (IOPs) have been also taken under scrutiny and discussed from different perspectives. However, despite their popularity, IOPs entail fundamental challenges, especially as they require intense collaboration and coordination among actors from various sectors and institutional domains with disparate interests, professional identities, and organizational procedures (Stjerne et al. 2011; O’Mahony & Bechky, 2008).

Different scholars have highlighted how interorganizational projects, in which multiple organizations work jointly on a shared activity for a limited period of time, are increasingly used to coordinate complex products/services in uncertain and competitive environments (e.g., Davies, 2017). However, these actors are immersed in diverse permanent and temporal structures from which they draw when performing their daily work (Orlikowski & Yates, 2002). Nonetheless, although organizations in every sector face changing pressures and

evolving public expectations that encourage them to interact with other sectors, when actors from different sectors focus on the same issue, they are likely to think about it differently, to be motivated by different goals, and to use different approaches (Selsky & Parker, 2005).

Organizations tend to have unique temporal understandings that creates tensions when organizations collaborate. Such projects may be “transactional” – short term, constrained, and largely self-interest oriented - or “integrative” (Austin, 2000) and “developmental” (Wymer & Samu, 2003) – long term, open-ended, and largely common-interest oriented. The participating organizations develop “temporal commons” in the form of shared conceptualizations of “time and temporal values” (Bluedorn & Waller, 2006: 355), which establish strong temporal boundaries that shape actions based on specific timing norms (Granqvist & Gustafsson, 2016). These collaborating organizations might be embedded in different institutional environments and, therefore, subject to unique time-reckoning systems (Scott et al., 2011), which might give rise to temporal tensions and temporal misfits (Dille & Söderlund, 2011). Overcoming these temporal tensions that emerge in the interorganizational projects is therefore a major concern for project managers (Stjerne et al., 2019).

Infrastructure megaprojects increasingly requires an understanding and a reconceptualization of organizational performance beyond private economic rents (Barraket & Loosemore, 2018). In line with Gil and Fu (2022), there is a need to increasingly negotiate the scope of such massive investments with the society and to widen their boundaries of responsibility in order to cope with the tension currently facing major projects such as climate change, inequality of income, and changes in societal values. Therefore, moving away from the traditional instrumental norms ruling the project studies discipline, crafted to avoid outside disruption to ‘wild guess’ targets and return on investment, and towards engagement and proactive involvement of stakeholders.

Infrastructure megaprojects, indeed, are considered as a highly visible outcome of public and private interactions (Williams, 2017), and a better understanding of the relationship between institutional and organisational forces is a task for reformers and researchers alike to achieve sustainable goals in business and society. As we devote more functions to the local level, citizens need to be reengaged in the local governance process to recognize the value of public services and to understand the need to balance service demands with revenue generation (Warner, 2010). In doing so, organizations should seek a strategic and systematic approach to achieving organizational purpose and goals by fostering proactive involvement and

harmonizing the interests of all stakeholders (Freeman et al., 2010). It is therefore essential to analyze in greater details the engagement process and mutual influences between local authorities and project-based organizations.

Within private sector-government collaborations, local authorities play a vital role in the process of distributing value to local communities. Previous work, indeed, shows that when local authorities are sufficiently well equipped – financially, administratively, technically, and politically – they can mobilize resources and local engagement which are essential for the realization of urban developments and infrastructure plans (Di Maddaloni & Davis, 2018; Nijhoff, 1968). They can ensure that local voices are represented in national and regional development plans and thus positively contribute towards the integration of city life and adaptation of social values to address the rapid social changes (Graute, 2016). Such collaborations can also enhance the development of economic, social, and environmental welfare (Clarke & Crane, 2018; De Bakker, et al., 2019). Therefore, improving the way local authorities achieve sustainable economic growth and infrastructure, reducing urban inequalities, and creating wide-ranging partnerships in society as highlighted by The United Nation’s Sustainable Goals (2020), remain important issues and grand challenges that need to be addressed by researchers and policy makers.

However, while an established body of knowledge exist on interorganizational projects and cross-sector collaboration, the non-contractual business-government dynamics between local authorities and project-based organizations in temporary settings (e.g., infrastructure projects) remain surprisingly unexplored. Traditional forms of collaborations such as public-private partnerships (PPP) (e.g., Selsky & Parker, 2005) have dominated the collaborative debate, leaving a major knowledge gap to be fulfilled.

This is an important gap to fulfil as infrastructure megaprojects can struggle in securing the required support and approval from the communities in which they are embedded (Derakshan, 2020). In this paper we rely on an exploratory longitudinal and comparative case study to address the following research question: *how project organizations nurture and manage relationships with local authorities in order to achieve socially valuable outcomes?*

We aim to address this research question by studying 2 polar infrastructure cases: the Tideway sanitation project in London (UK) and High Speed 2, railway line (UK). While the former is being considered as a very successful case by the general public in distributing value to local communities, the latter faced strong local opposition.

Our findings aim to provide a theoretical framework aiming to highlight how value is created and distributed over the various stages of the project's life cycle to reconcile the economic and social value of infrastructure megaprojects and the interests of external stakeholders such as local communities.

In the next section, we report our research design followed by a section describing our preliminary findings and contribution of the paper. We aim to develop the full theoretical framework by the deadline for the full paper submission for the EGOS conference.

### **Research Design and Case Selection**

Our investigation uses a longitudinal and comparative case study design aiming to detect how variance occurred (Eisenhardt, 1989; Yin, 2008). By considering both similarities and differences across the two cases, our comparative approach allows us to uncover mechanisms and competencies critical for bridging the gaps in knowledge transfer and value distribution from projects to local communities in infrastructure projects. We aim to develop a theoretical framework to show how knowledge and social value are created and distributed over the various stages of the project's life cycle. Two polar cases were selected for analysis.

#### *Thames Tideway Tunnel*

With an updated cost of £4.3bn, the Thames Tideway Tunnel is a 25 km combined sewer running mostly under the tidal section of the river Thames in London. Currently under construction across 14 boroughs, the project aims to capture, store, and convey almost all the raw sewage and rainwater that currently overflows into the estuary. By visioning the project under the slogan "Reconnecting London with the River Thames", Tideway is being considered a very successful case by the general public in distributing value to a broader range of stakeholders, despite recent rises in the project's costs which have attracted media and public attention (The Guardian, 2022).

#### *High Speed 2, Railway Line*

High Speed 2 (HS2) is a planned high-speed railway line in England. It is the biggest rail investment ever made in the North of England and is Europe's largest infrastructure project. HS2 will run between the North-West and the South-East, stopping at Manchester, Birmingham and London with trains continuing on the existing network to Scotland and elsewhere. Major civil engineering works are now underway with £23 billion contracted into

the supply chain and over 350 active sites between the West Midlands and London, supporting over 29,000 jobs.

While HS2 will provide England with many benefits, this megaproject is creating negative local community dynamics as some of the local authorities have fought long and hard against the project and still oppose it twelve years on.

### *Data Collection*

The data collection process entailed a broad range of sources including 22 interviews (aiming at about 50 in total) with senior and middle level managers, contractors, and community representatives from both megaprojects and local authorities (Table 1). Moreover, primary data will be complemented with secondary data such as: community engagement reports, engagement summary reports, community assurances reports, annual reports, local impact reports, House of Lords select committee reports, environmental impact assessment. We also attended inter-borough forum meetings, community liaison meetings, and conducted site visits. Triangulation across multiple data sources provides us more accurate information and improves the robustness of our theorizing.

**Table 1: Interviewees Sample Profile from Local Authorities and Project Organisations.**

1. Community/stakeholder engagement communications professional
2. Senior engagement consultant
3. Community and Stakeholder adviser
4. Head of Town Planning
5. Stakeholder Manager
6. CEO of project
7. Chair of Independent Compensation Panel (ICP)
8. Project Manager from Local Authority
9. Senior Project Manager
10. Team Manager Environmental Sciences Councils
11. Head of Communities and Sustainability
12. Senior Project Director
13. Environmental Health Officer
14. Project Community Engagement Strategic Lead

### **Findings and Contribution**

Our preliminary findings show that both the project organization and the local authorities start off with a self-interested orientation to use their leading role to negotiate the distribution of

value in a way that maximizes their own benefits. Therefore, we are interested in exploring the mechanisms and competencies critical for bridging the gaps in knowledge transfer and value distribution from projects to local authorities.

Our article adds to the cross-sectoral collaboration and project collaborative governance literature (Bryson et al., 2006; Gil and Fu, 2022; Emerson et al., 2012) by proposing a set of mechanisms and competencies critical for bridging the gaps in knowledge transfer and value distribution from projects to local communities in infrastructure projects. We aim to develop a theoretical framework to show how value is created and distributed over the various stages of the project's life cycle. By doing so, we aim to reconcile the economic and social value of infrastructure megaprojects, and the coordination of public and private interests with the harmonization of the interests of legitimate external stakeholders such as local communities.

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