PAPER TITLE

Investigating cross-sector collaborations between local authorities and project-based organizations. A systematic review and future agenda for megaproject management.

ABSTRACT:

While a well-developed literature exists on various forms of interorganizational relationships, scant attention has been paid in examining the cross-sector non-contractual interactions between local authorities and the project-based organization operating in their environment. This systematic literature review organizes and synthesizes current body of knowledge in cross-sector collaborations to identify connections and major assumptions on the relationships between business and government in construction megaprojects. The study builds upon three emerging patterns for examining the benefits and challenges of effective collaborations – collaborative governance, stakeholders, and value creation. The process of conducting this review and its findings inspired the development of a framework to better understand key constructs and theories used to explain the nature and existence of this transactional, often troubled, collaboration. This review also sets a new research agenda in project studies aimed at investigating how these relationships can be nurtured to enable project-based organizations to improve the quality of local authorities in the way their community is engaged, and value distributed.

Keywords: local authorities – project-based organizations – construction megaprojects – cross-sector collaborations
1. Introduction

It has been known for a long time that interorganizational collaboration often takes place in the form of meta-organisations whereby multiple actors cooperate on joint outcomes (Gulati et al., 2012) in structures with distinct features of temporary organising (Bakker et al., 2016; Bakker, 2010). Also known as interorganisational projects, such temporary meta-organisations are characterised by the delivery of a distinct goal through collaborative structures that enable project actors to benefit from the effort of its production (Zerjav, 2021).

One type of collaborative arrangements are collaborations between organizations from at least two different societal sectors (i.e., business, government, and nonprofit) that work together in the strive for economic, social, and environmental welfare (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 result necessary and desirable to tackle large scale, persistent problems that seems impossible without collaborations or partnerships among organizations (Page et al., 2015).

Cross-sector projects might differ greatly in size, scope, and purpose and, according to Selsky and Parker (2005), these collaborations can range from dyads to multiparty arrangements, local to global levels, short to long time frames, and totally voluntary or fully mandated. Different scholars in project management 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 (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). Therefore, among the investigated tensions and challenges within interorganizational projects, are those caused by stakeholders.

Within the project collaboration discourse, recent research focused on the stakeholders that need to be incorporated into the project to allow this cooperative organisational structure to achieve its goals through mechanisms of governance, values, and dynamism (Lehtinen & Aaltonen, 2020). In this respect, the emerging principle of ‘collaborative governance’ through which project organizations build their long-term strategies towards a set of ethical practices and societal wider inclusion in decision-making can be an effective project management tool in leaving a positive project legacy for future generations (e.g., Dawkins, 2015; Derakhshan et al., 2019b; Zeemering, 2018). This nascent area of study of collaborative governance in the mainstream management field, indicated a strong need for future research to address the nuances of how stakeholders are engaged in the cooperative structures of cross-sector collaborations and its enabling mechanisms. In fact, cross-sector collaborations give rise to a number of challenges and tensions across stakeholders that need to be addressed if the governance form is to be sustained and value created (Vangen et al., 2015).

Nonetheless, from a stakeholder theory perspective, attention to the interests and well-being of some non-shareholders is obligatory for more than the prudential and instrumental purposes of wealth maximization of equity shareholders. Among these external but legitimate stakeholders, it has been long argued that local authorities can play a vital role in the process of urbanization and the achievement of sustainable goals (Graute, 2016). If they are sufficiently well equipped – financially, administratively, technically, and politically – local authorities 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 cultural and social values in the face of rapid social change. Nonetheless, there is increasing evidence that value creation through legitimate stakeholders such as local communities require more advanced practices of inclusion so that a broader range of knowledge and interests are incorporated into the project decision making (Di Maddaloni & Sabini, 2022).

However, stakeholder theory has only recently acknowledged that the problem of managing joint value creation is not just a problem of motivating stakeholders to collaborate, but one of motivating stakeholders to cooperate in the face of collective action problems (Bridoux & Stoelhorst, 2016; Klein et al, 2019). Crucially, large capital investments such as infrastructure projects, increasingly requires an understanding of collaboration that span beyond the mere private sector interests and a reconceptualization of organizational performance beyond private economic rents (Barraket & Loosemore, 2018).

Nonetheless, many public infrastructure and construction projects delivery in the last years have underperformed their initial goals. Despite the enormous potential that these intensive project-based capital investments can offer in terms of value creation, their performance in distributing value to local communities, via local authorities, is poor (Crescenzi et al., 2016). The support of local authorities, as the representative of different local communities’ interests, has been considered crucial for the success of construction projects in widening socially valuable outcomes that go beyond shareholder wealth maximization and economic returns (Graute, 2016). However, while a well-developed literature exists on various forms of interrelationships between firms in the construction industry, the cross-sector relationships between public and private have been predominantly
discussed through public-private-partnership (PPPs) forms of contractual collaborations (e.g., Tang et al., 2010; Zheng et al., 2020). Surprisingly, scant attention has been paid to examining the non-contractual interactions between local authorities and construction project-based organizations operating in their environment.

While this review points out that most related project research has focused on traditional forms of cross-sector relationships (i.e., public-private partnerships (PPPs)) (e.g., Selsky & Parker, 2005; Vogel et al., 2021), it also suggests that scant attention has been paid to the non-contractual relationships enabling value distribution from project-based organization to local authorities in cross-sector collaborative arrangements. This is an important knowledge gap to fulfill as project-based capital investments can struggle in securing approval from the communities in which they are embedded (Derakhshan, 2020).

Therefore, the focus of this review is to investigate the dynamics between project-based organizations, local authorities, and their non-contractual collaborative arrangements in interorganizational projects. It was the authors aim to consolidate the extant research within the emerging patterns of collaborative governance, stakeholders, and value creation relevant to cross-sector practices of construction megaprojects at the local community level. In doing so, this paper established connections and identified major assumptions and limitations in the literature.

In light of the above discussion, two main objectives were set:

1. To examine the cross-sector collaborative arrangements between business (i.e., project-based organizations) and government (i.e., local authorities).

2. To identify current knowledge gaps and propose a future research agenda by investigating key attributes and theories used to explain the nature and existence of this temporary relationship.
2. Methodology

Following suggestions of methodological rigour of management literature reviews (e.g., Leseure et al., 2004; Thorpe et al, 2005) our methodology is that of a systematic, evidence informed literature review in order to minimize bias and errors by providing ‘high-quality’ evidence (Short, 2009; Tranfield et al., 2003).

2.1. Systematic Procedure

The aim was to organize and synthesizes different extant research in order to identify connections and major assumptions on the relationship between project-based organizations and local authorities, with a specific focus on temporary settings such as construction megaprojects. The review identified relevant scholarly articles that have been published during the period 1990 - 2022, in peer-reviewed journals via the online research citation index of Web of Science (WoS). To ensure the results did not omit any relevant publication the keywords included alternative spellings of the terms in US English and UK English. Thus, after checking for duplications, an initial sample of 523 unique publications were identified. To provide a quality threshold, the review kept only those articles in the sample that were published in Business and Management journals and Public Administration according to the 2021 academic journal guide published by the Charted Association of Business Schools (AJG 2021). Although different quality threshold criteria could have been considered such as journal impact factor, our approach is in line with other high quality review articles (e.g., Castro et al., 2020), and allowed the inclusion of the main academic journals in both project and construction management.

The authors were particularly interested in non-contractual forms of collaborations, outside the PPPs model. Quite surprisingly, when examining the collaborative literature and
current body of knowledge in cross-sector (business-government) collaborations, almost half of the retrieved articles (47%) approached the topic through contracted-based partnerships (e.g., PPPs). Out of 523 articles, 245 were excluded, highlighting the need of this research effort. The manual inspection of the articles through content analysis (see Table 1), narrowed down the focus of the review through selective inclusion/exclusion criteria as shown in the protocol of Table 1. At the end of the retrieval process a total of 69 papers were included in this study. The steps of the retrieval process along with the inclusion/exclusion criteria are detailed below.

The systematic process suggested that some of the retrieved publications appeared to be less relevant as the keywords only appeared once in the paper, or they were not the main focus. An examination of the papers content using a qualitative data analysis software package (NVivo 12) excluded the less relevant and irrelevant papers (n. 152). Moreover, only studies relevant to the relationship between business (e.g., project-based organizations) and government (e.g., local authorities), with a specific focus on temporary settings (e.g., construction/infrastructure projects) were selected. By adapting the codebook (Table 1) proposed by Laplume et al. (2008), both quantitative (e.g., year, author, methodology) and qualitative (e.g., findings, contributions, limitations & future research) variables were coded in the content analysis. The codebook was iteratively developed and offered a highly reliable method for papers’ inclusion/exclusion, as the documented method can be replicated (Blumberg et al., 2011).

<table>
<thead>
<tr>
<th>CODE</th>
<th>DEFINITION OF CODE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>Year of publication</td>
</tr>
<tr>
<td>Author</td>
<td>List of authors</td>
</tr>
<tr>
<td>Article Title</td>
<td>Title of the article</td>
</tr>
<tr>
<td>Journal</td>
<td>Publication in which the article was published</td>
</tr>
<tr>
<td>Total Citations</td>
<td>Number of citations</td>
</tr>
<tr>
<td>Perspective</td>
<td>Public, private, project</td>
</tr>
</tbody>
</table>
The literature search was organized around three knowledge areas relevant to investigate the collaborative arrangements in temporary settings (i.e., projects), local authorities (i.e., government) and project-based organizations (i.e., business). By investigating the interconnections of those potential knowledge areas, the authors aimed to consolidate the extant research by establishing connections and identifying major assumptions and limitations relevant to cross-sector practices (Figure 1). Among the investigated knowledge areas, although other types of projects were also considered for analysis, particular focus was given to large capital investments such as construction megaprojects (e.g., Flyvbjerg et al., 2003; Denicol et al., 2020).

Table 1: Codebook for content analysis of the study (Adapted from Laplume et al., 2008)

<table>
<thead>
<tr>
<th>Concern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
</tr>
<tr>
<td>Geography</td>
</tr>
<tr>
<td>Methodology</td>
</tr>
<tr>
<td>Data Source</td>
</tr>
<tr>
<td>Theories Used</td>
</tr>
<tr>
<td>Research Questions</td>
</tr>
<tr>
<td>Findings</td>
</tr>
<tr>
<td>Contributions</td>
</tr>
<tr>
<td>Limitations &amp; Future Research</td>
</tr>
</tbody>
</table>

Concern of the cross-sector relationship
Type of industry
Country from which the data was collected
Qualitative, quantitative, mixed methods, theoretical
Survey, interview, literature review, secondary data, others
Theoretical perspective used in the article
Research question explicitly stated in the article
Major findings explicitly stated in the article
Contributions explicitly stated in the article
Limitations and future research efforts explicitly stated in the article

![Diagram of knowledge areas and collaborative arrangements in temporary settings](image-url)
3. Descriptive Findings

Although some authors in their SLR have preferred to narrow down their search to certain pre-definite journals representing the chosen field of study (e.g., Crossan & Apaydin, 2010; Littau et al., 2010); the authors have included in their search a broader range of high-quality peer reviewed journals (e.g., Di Maddaloni & Davis 2017; Mok et al., 2015; Yang et al., 2009). Figure 2 presents the distribution of selected publications and their respective journals.
Figure 2: Distribution of selected publications

Figure 2 also shows the high fragmentation of the investigated topic. Although the non-contractual dynamics between business and government have been discussed and analyzed from different perspectives and streams of literature, the majority of the studies covering such interactions are those in the public administration field. Within these studies, Public Management Review results the most active (7 publications). However, it is important to highlight that, among the selected articles, the main focus was mainly towards national and regional governments rather than local authorities. It is also relevant to notice that the main perspective of the retrieved papers was equally on projects (32%) and governments (32%), while the business perspective (e.g., project-based organizations) was only in 10 papers (14%) or not stated (22%). Among those papers analyzing the government perspective, only the 23% focused on local authorities.

These findings pointed out that the project-local authority relationships do not represent a consolidated topic in public administration and, more evidently, in any of the business and management reviewed journals which present a rather long tail of one publication only. Quite surprisingly, from the mainstream project management journals, only the International Journal of Managing Projects in Business (3 publications) has peripherally addressed the dynamics between interorganizational projects and their public context.

Previous reviews investigating business-government cross-sector collaborations have demonstrated that most of the literature concerned traditional contract-based partnership (e.g., Selsky & Parker, 2005; Vogel et al., 2021), with only a recent growing focus on other forms of multi-actor collaborative arrangements (e.g., Bryson et al., 2015; Parmigiani & Rivera-Santos, 2011; Kumar et al., 2020). In line with these latest reviews, Figure 3 shows the current interest on non-contractual forms of public-private collaborations, which it has been
rising in the last decade. These findings highlight the growing need of collaborative arrangements to tackle social problems (e.g., the provision of infrastructure) in a shared-power world in which many groups and organizations are involved in, affected by, or have some partial responsibility to act on public challenges (Crosby & Bryson 2005).

![Number of published papers for year](image)

Figure 3: Number of relevant papers published yearly from 1990 to 2022

The industry collaborative arrangements between business and government heavily focused on public-private partnerships as the preferred delivery method for infrastructure development and public utility services that have important social and economic implications (e.g., Tang et al., 2010; Selsky & Parker, 2010; Zheng et al., 2020). However, PPPs have been contested for almost as long as they have existed (Bovaird, 2004), finding difficult to achieve an adequate level of shared information, undertake coordinated initiatives, or develop shared-power arrangements such as collaborations in order to pool their capabilities to address the problem or challenge.

In this review, the authors excluded 47% (245 out of 523) of the initial retrieved papers examining the interconnection between business and government as these were based on partnership, something out of scope for this research when looking at the dynamics between local authorities and project-based organizations operating in their environment.
ST10_02 Stakeholders

Among the excluded papers, the infrastructure and construction projects played a major role as they were mainly discussed under the PPPs lenses. In line with mainstream management studies, both construction and project management journals have been active in publishing on partnerships (28%), highlighting a clear knowledge gap in the literature when considering the temporary and non-contractual forms of cross-sector collaborative arrangements.

When grouped by research strategy, Table 2 also reveals a dominance of qualitative publications, representing the favoured approach among the 69 selected articles. These results can be related to the novelty of the topic which calls for descriptive and exploratory research approaches. Nonetheless, more quantitative and mixed methods studies are required. This will provide further empirical evidence to the majority of the investigated studies which, to date, are conceptual in nature.

<table>
<thead>
<tr>
<th>Methods</th>
<th>Number of Papers</th>
<th>Percentage of Selected Papers (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualitative</td>
<td>57</td>
<td>82%</td>
</tr>
<tr>
<td>Quantitative</td>
<td>6</td>
<td>9%</td>
</tr>
<tr>
<td>Mixed</td>
<td>6</td>
<td>9%</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Qualitative Methods</th>
<th>Number of Papers</th>
<th>Percentage of Selected Papers (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of articles</td>
<td>57</td>
<td>82%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Research Method</th>
<th>Number of Papers</th>
<th>Percentage of Selected Papers (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case Study</td>
<td>21</td>
<td>37%</td>
</tr>
<tr>
<td>Conceptual Approach</td>
<td>19</td>
<td>33%</td>
</tr>
<tr>
<td>Literature Review</td>
<td>9</td>
<td>16%</td>
</tr>
<tr>
<td>Interview Survey</td>
<td>6</td>
<td>11%</td>
</tr>
<tr>
<td>Action Research</td>
<td>2</td>
<td>3%</td>
</tr>
</tbody>
</table>

Table 2: Classification and summary of selected papers

Among the 69 selected studies, the distinction by geography reveals a continuous increasing interest in the investigation of the topic of business-government cross-sector collaborations in projects around the world, but also the prominent role of this research topic
in Europe (Table 3). The USA retains the largest share among American countries and an overall large share as an individual country.

<table>
<thead>
<tr>
<th>Geographical Jurisdiction</th>
<th>Percentage of selected papers (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>7%</td>
</tr>
<tr>
<td>Europe</td>
<td>19%</td>
</tr>
<tr>
<td>North America</td>
<td>16%</td>
</tr>
<tr>
<td>Australia</td>
<td>7%</td>
</tr>
<tr>
<td>South America</td>
<td>6%</td>
</tr>
<tr>
<td>Multi-country</td>
<td>10%</td>
</tr>
<tr>
<td>Unspecified</td>
<td>35%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 3: Percentage of publications by geographical jurisdiction

These findings can be explained by Europe and America being historically very active in promoting interorganizational collaborations in projects. However, despite the recent accelerated infrastructure spending in Asia, China retains only the 7% of publications on the topic. Even though between 2004 and 2008 China spent more on infrastructure in real terms than during the entire 20th century (Flyvbjerg, 2014), their focus has been mainly on PPPs arrangements (Tang et al., 2010; Zheng et al., 2020), overlooking the local context of such projects.

The descriptive findings from the reviewed literature show that while an established body of knowledge exist on interorganizational projects and cross-sector collaboration, the non-contractual government-business dynamics in project settings remain surprisingly unexplored. Traditional forms of collaborations such as PPPs have dominated the collaborative debate, leaving a major knowledge gap to be fulfilled. This gap is even more evident when narrowing down the focus of the research by including into the scene the local authorities (i.e., government) and project-based organizations (i.e., business) operating in their environment in construction megaprojects (i.e., temporary setting).
3.1. Organizing Framework

To organize the empirical evidence and key findings, an organizing framework of the literature was developed. Figure 4 shows the identified existing knowledge (area 1), the identified knowledge gap in the literature (area 2), and the area for future research efforts for both theory and practice (area 3).

![Organizing Framework](image)

In the next section, the main knowledge and theoretical perspectives emerged from the cross-sector collaboration literature will be unfolded; namely: collaborative governance, stakeholders, and value creation (area 1 – what we know). These will be then discussed in the context of the identified knowledge gap (area 2 – what we need to know). By linking the existing knowledge to the identified gap in the literature the aim was to mobilize future research efforts (area 3 – what needs to be done).

4. Conceptual Findings
4.1. Area 1: What we know - Established Knowledge in Cross Sector Collaborations

Cross-sector collaborations may be defined as “the linking or sharing of information, resources, activities, and capabilities by organizations in two or more sectors to achieve jointly an outcome that could not be achieved by organizations in one sector separately” (Bryson et al., 2006, p. 44). The central aim of many cross-sector arrangements is to solve economic, social, and environmental problems through collaborations (Crane, 1998). Although this collaboration may be necessary and desirable, the research evidence indicates that it is hardly the case. Collaboration theory emphasizes group deliberation, shared power, and problem solving. An emphasis on group deliberation places participants in an equal role throughout implementation, and a participative approach is employed to establish collective goals and mobilize resources (McNamara et al., 2019). Certainly processes for information sharing, decision making, and conflict resolutions are cornerstones of collaboration theory (McNamara, 2012). At the core of these processes aimed at creating and distributing value in a jointly collective effort, are those of governance and stakeholders.

When turning to the theoretical frameworks encountered in the review, a plethora of theories were identified. Nevertheless, relevant to the topic of cross-sector collaborations between business and government, there was a prominent use of organization theories. While among others collaborative governance, stakeholder theory, and value creation are the most frequently and increasingly used theoretical frameworks (Table 4), these also form the foundation for our conceptualization towards better cross-sector collaboration at the local level of construction megaprojects.

<table>
<thead>
<tr>
<th>Theoretical Perspective</th>
<th>Percentage of selected papers (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborative Governance</td>
<td>20%</td>
</tr>
<tr>
<td>Stakeholder Theory</td>
<td>12%</td>
</tr>
<tr>
<td>Value Creation</td>
<td>12%</td>
</tr>
<tr>
<td>Social Networks</td>
<td>11%</td>
</tr>
</tbody>
</table>
### 4.1.1. Collaborative Governance, Stakeholders and Value Creation.

The rhetoric in the literature on cross-sector collaborations tends to be normative, namely, that organizations can solve social problems by working together across sectors (e.g., Nambisan, 2009). In fact, cross-sector collaborations typically emphasize an imperative to realize benefits for the wider community rather than for special interests (Sullivan & Skelcher, 2002). However, some have questioned this rhetoric because of its weak attention to power (Selsky & Parker, 2010), described as the capacity to provide or withdraw vital resources or the ability to exercise influence and control among the network of stakeholders (Mitchell et al., 1997). In this regard, Lotia and Hardy (2008) argue that many solutions are short-term “do-good” amelioration of symptoms which mostly remain embedded in hierarchical governance arrangements that signify the unequal societal distribution of power among stakeholders. Here, the moral test of corporate activity is in its impact on powerless stakeholders rather than on powerful stakeholders who can protect their own interests (Greenwood & Van Buren, 2010).

In this respect, a growing interest on ‘collaborative governance’ in cross-sector collaborations has emerged in recent years as a promising supplement to traditional Weberian bureaucracy and New Public Management (e.g., Emerson et al., 2012; Hansen et al., 2022). This mode of governance brings multiple stakeholders together in common forums with public agencies to engage in consensus-oriented decision making (Ansell & Gash, 2008). However, ‘collaborative governance’ and ‘governing collaboration’ in cross-sector
collaborations gives rise to a number of challenges and tensions across stakeholders that need to be addressed if the governance form is to be sustained and the collaboration is to yield advantage (Vangen et al., 2015). When analysing these tensions, *power* and *trust* are two important challenges for interorganizational relations in collaborative governance (e.g., Bjørnå & Aarsaether, 2010; Tu & Xu, 2020). The shared sources of power and trust, the effects of power asymmetry and power sharing on trust building, and the influence of trust building on the management of power relationship are important dynamics that have to be considered and managed in cross-sector collaborative endeavours (Ran & Qi, 2019).

Moreover, governance as a set of coordinating and monitoring activities must occur in order for collaboration to survive. However, a network of collaboration is not automatically regarded by others when compared to more traditional forms, such as bureaucratic structures (Human & Provan, 2000). Therefore, the issue of *legitimacy* in cross-sector collaboration has been also discussed in the academic realm as participants might lose faith in collaborative governance processes if they do not perceive internal decision-making processes to be legitimate (e.g., Lee & Esteve, 2022; Mosley & Wong, 2021). Beside the issue of legitimacy, is the one of *accountability* (e.g., Piatak et al, 2018; Taşan-Kok et al, 2021). Democratically accountable collaborations involve transparent, open decision processes that are responsive to authorizers, stakeholders, and citizens (Holmen, 2011). However, accountability is a particularly complex issue for business-government collaborations because it is not often clear whom the collaborative is accountable to and for what, also considering that multiple stakeholder perceptions typically compete in differing results and outcomes (Bryson et al., 2006; Davis, 2014).

In such shared-power settings, power, trust, legitimacy, and accountability emerged to be the four interconnected pillars of effective stakeholder inclusion and collaborative governance in cross-sector collaborations aimed at creating and distributing value to broader society.
However, power imbalances among collaborating partners as a source of mistrust is a threat to effective business-government collaboration. Power imbalances become most significant when collaborators have difficulty agreeing on a shared purpose, and cross-sector collaborations are more likely to succeed when they build in resources and tactics for dealing with power imbalances (Bryson et al., 2006). Moreover, trusting relationships are often depicted as the essence of collaboration (Lee et al., 2012). Trust can comprise interpersonal behaviour, confidence in organizational competence and expected performance, and a common bond and sense of goodwill (Chen & Graddy, 2010). It is well known that cross-sector collaborations begin with varying degrees of trust (e.g., Walker & Hills, 2012). Therefore, for cross-sector collaborations to be more likely to succeed, trust-building activities (such as nurturing mutual understanding) have to be continuous. Here, collaboration partners have to build trust by sharing resources such as information and demonstrating competency, good intentions, and follow-through (Bryson et al., 2015).

Along with the power/trust challenges, both the legitimacy and accountability of collaborative governance processes and outcomes is questionable (Hansen et al., 2022). From a legitimacy perspective, an organization seeking to acquire necessary resources, must build legitimacy by using structures, processes, and strategies deemed appropriate within its environment (Suchman, 1995). Legitimacy of any undertakings rests on processes that are fair, transparent, rational, and intentional (Tyler & Blader, 2003). Therefore, according to Bryson et al: “Cross-sector collaborations are more likely to succeed when they establish – with both internal and external stakeholders – the legitimacy of collaboration as a form of organizing, as a separate entity, and a source of trusted interaction among members” (2006, p:48).

Accountability is a particularly complex issue for collaborations as cross-sector collaborations as these have to consider democratic, market, and administrative frames, each
with different set of accountabilities, to different kinds of people or organizations, differing strengths of accountability relationships, and different explicit and implicit standards (Koliba et al., 2011). Business-government collaborations should be accountable in terms of understanding and allocating risks, costs and benefits, political and social impacts, expertise, and performance measurement (Forrer et al, 2010). Therefore, accountability may not always be clear-cut, and cross-sector collaborations are more likely to be successful when they have an accountability system that tracks inputs, processes and outcomes and use results management systems that is built on strong relationships with key political and professional constituencies (Byson et al., 2006).

Despite the hight theoretical fragmentation recorded in the literature, power, trust, legitimacy, and accountability emerged to be the four interconnected pillars of effective stakeholder inclusion and collaborative governance in cross-sector collaborations. In turn, collaborative governance, stakeholders, and value creation will be further conceptualized in relation to the identified knowledge gap pertaining the non-contractual collaborations between project-based organizations and local authorities in temporary project settings. In doing so, this research conceives that when embedded into the time-bounded nature of projects, this non-contractual relationship at the local community level of construction megaprojects will elucidate novel yet important insights when compared to the existing mainstream business and management research. The relationship between local authorities and project-based organizations poses different, mainly unexplored, implications for both an organizational and project management perspective.

4.2. Area 2: What we need to know - Identified Knowledge Gap in Cross Sector Collaborations
Despite an established body of knowledge exist investigating different forms of collaboration, both project and mainstream management studies have mainly focused their analysis on the contractual bounded dimension of such relationships. Within projects, while scholars have mainly focussed their analysis on interorganizational projects teams and network structures (e.g., Garcia et al., 2021; Mollaoglu-Korkmaz et al., 2014) or organization-supplier relationships (e.g. Stjerne et al., 2019; Vaaland et al., 2003), surprisingly scant attention has been given to these non-contractual forms of transactional collaborations embedded in the project system such as the relationship between the project based organization and the local authority involved in the project development, but outside the PPPs model. Therefore, in order to provide a solid problematization of the identified gap, our theorizing builds upon the emerging frameworks identified in the literature pertaining collaborative governance, stakeholders, and value creation in business-government cross-sector collaborations. These theoretical perspectives will be unpacked in the context of construction megaprojects.

4.2.1. Collaborative Governance in Construction Megaprojects

From a governance perspective, it is known that including the views of a broad range of project stakeholders can offer beneficial and broad insights to the project-based organization (Di Maddaloni & Davis, 2018; Lehtinen & Aaltonen, 2020). Indeed, one crucial factor behind the delivery of benefits of construction projects which has so far attracted limited attention is the institutional conditions in which the project takes place (e.g., Crescenzi et al., 2016; Williams, 2017), and how projects can influence local authorities (bottom-up impact) over the ways in which the most vulnerable or ‘disempowered’ stakeholders (e.g. local communities) are engaged and included in complex social systems,
such as megaprojects (Cuganesan & Floris, 2020; Derakhshan, 2020; Di Maddaloni & Davis, 2017).

Megaprojects can be defined as large-scale, transformational, and complex ventures with long lifecycles of over US$1 billion cost involving many public and private stakeholders, and notoriously difficult to manage due to their ambition, social and organization relations, and significant impact on budgets, people and places (Flyvbjerg, 2014; Denicol et al., 2020). Despite many examples of successful megaprojects exist (see Drouin & Turner, 2022), it is also true that the delivery of such projects in the last years have underperformed their initial goals, thus contributing to an often-negative debate on megaprojects performance in literature (e.g., Flyvbjerg et al., 2003; Flyvbjerg, 2014). This low performance underscores the challenge of engaging different stakeholders, taking onboard their expectations, and fostering an inclusive decision-making process through collaborative forms of governance that fully understands social concerns by addressing local communities and regional needs for growth (World Economic Forum, 2020).

In line with Gil and Fu (2021), 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 in which a mere consultation is not enough for achieving sustainable megaprojects. 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).

Building collaborative governance with local authorities in construction megaprojects has the potential to provide the means for coordination at the local level of a wide range of interdependent project activities, and can adapt these activities to local circumstances. In doing so, 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 cultural and social values (Nijhoff, 1968). However, despite the high relevance of local development and international policies, local authorities often act as observers because member states safeguard their exclusive rights in policy development and decision-making (Graute, 2016). Therefore, organizations are in need to reconsider further the key role that local authorities play in the process of urbanization and project performance and consolidate the contribution they can make to increase the problem-solving capacity through a collaboration that facilitates sustainable development goals implementation.

Although the construction industry is set to lead global economic recovery from the pandemic over the medium-term, and it’s expected to grow faster than other sectors especially though large capital investments as the preferred delivery model (Flyvbjerg, 2014), the issue of whether new major public infrastructure and construction projects deliver the expected benefits has come under considerable scrutiny (Business Roundtable, 2019; UN Global Compact, 2021). Thus, requiring intensive capital investments to negotiate their scope with the society, widen their boundaries of responsibility, and achieve a jointly value creation with a broader range of stakeholders.
4.2.2. Local Stakeholders in Construction Megaprojects

Stakeholder theory is concerned with who has input in decision-making as well as with who benefits from the outcomes of such decisions. This may be for either instrumental reasons (e.g., achieving "buy in") or for normative reasons—the organization has a moral obligation to its stakeholders requiring that they have input into how the organization is run.

Nonetheless, for stakeholder theory, attention to the interests and well-being of some non-shareholders is obligatory for more than the prudential and instrumental purposes of wealth maximization of equity shareholders. Accordingly, the “stakeholder capitalism” movement (Freeman, 1994; Freeman et al., 2007), reinforces the need for a strategic and systematic approach to achieving organizational purpose and goals by fostering the proactive involvement and harmonizing the interests of all stakeholders. Differing from the resource-dependence view, the normative stance in stakeholder theory has acknowledged that business is always ‘moral in nature,’ where the focal organization should gather input from all the affected parties (Jensen & Sandström, 2013).

In line with mainstream stakeholder research, project studies are not exempt from the prevalence of the organization-centric perspective (Di Maddaloni & Sabini, 2022), in which organizational behavior is not driven by the benefits that the organization can deliver to its broad range of stakeholders but from the benefits it can receive from them. This organization-centric approach has sometimes contributed to the marginalization of some external groups of stakeholders, such as community groups, unions, consumers advocates, special interest groups, and other non-governmental organizations (Aaltonen et al., 2008), and whose voices in the decision-making process can be easily lost or not prioritized especially in complex social systems such as construction megaprojects (Cuganesan & Floris, 2020; van den Ende & van Marrewijk, 2019).
Although megaprojects being major tools to enhance economic growth (Chen & Vickerman, 2017; Kara et al., 2016; Matas et al., 2018), project-based organizations and local governments are particularly susceptible to risks of poor delivery or inadequate stakeholder engagement and inclusion in such complex endeavors (Denicol et al., 2020; Eskerod et al., 2015). Among others, one example of the often-troubled business-government relation at the local community level of construction megaprojects, is the work on HS2 and East West Rail in the UK. Some of the local authorities have fought long and hard against HS2 and still oppose the project twelve years on. Local authorities were able to challenge proposed designs to overbridges across country which, in their view, are out of keeping with local landscapes. They have successfully pressured HS2 to reduce the visual impact of ventilation shaft, and have pressed for noise monitoring, lighting, and working hours in more locations (Buckinghamshire News Round Up, 2022). Therefore, in attempt to increase their legitimacy in such developments, the literature discusses the negative impact that the local community can exert on project results (Altonen & Kujala, 2010; Olander & Landin, 2008; van den Ende & van Marrewijk, 2019) and consequently the lack of trust on megaprojects (Ceric et al., 2021, Xue et al., 2015).

Due to the perceived benefits shortfall of such projects, communities negatively affected by construction are becoming increasingly empowered, organised and willing to engage in protest (Teo & Loosemore, 2017); causing delays, cost overruns, and significant damage to the organization’s reputation (e.g., Hooper, 2012; Teo & Loosemore, 2017; Watts, 2014). Often, local authorities start sceptical by having little trust on project organizations attempting to build in their environment (Di Maddaloni & Davis, 2018) and, although they possess the power of influencing the project developments as legitimate stakeholders to which projects have a statutory duty, they are also accountable for safeguarding local communities needs and expectations of different local community groups.
Therefore, although the main narrative in the literature recognizes that a broader inclusiveness of stakeholders, such as the local communities is required to enhance the performance and sustainability of construction megaprojects (Di Maddaloni & Davis, 2017), little has been said on the pivotal role played by local authorities in construction megaprojects as the representative of different local community groups, and how cooperation with project based organization can be fostered towards a collaborative mechanisms aimed at increasing value at the local level of such projects.

4.2.3. Value Creation in Construction Megaprojects

Cross-sector arrangements are increasingly necessary and desirable in capital-intensive projects such as infrastructure given their large scale, complex and persistent problems in fulfilling broader societal needs (Gil and Fu, 2021). Within a private sector-government collaboration, for instance, local authorities play a vital role in the process of distributing value to local communities. Such collaborations can also enhance the development of economic, social, and environmental welfare (Clarke & Crane, 2018).

It has been argued that while privatization was a major innovation in the last decade of the twentieth century, lack of cost savings and loss of public values in the market provision are prompting reversals in privatization, and innovations in public service delivery is moving beyond PPPs to models that more effectively balance accountability, legitimacy, and efficiency concerns (Warner, 2010). Therefore, through the years, academics and policymakers alike have been encouraged to expand the traditional focus on project benefits to include a wider audience of stakeholders as a business’s social license to operate depends greatly on their social sustainability efforts.

Stakeholder theorists have only recently explicitly recognized that stakeholders engaged in joint value creation face collective action problems: situations in which
stakeholders may be tempted to pursue their own interest at the expenses of maximizing joint value creation (Bridoux & Stoelhorst, 2022). This nascent area of study at the intersection between stakeholder governance theory and joint value creation indicates a strong need for future research on how stakeholders are engaged in the cooperative structures of the project organization and its enabling mechanisms. As such, as the purpose of megaprojects widens towards the production of “socially valuable outcomes”, projects become instruments not only of production of economic returns to be captured by the capital investors based on user willingness to pay, but also instruments of distribution of value to be appropriated by non-users (Gil et al., 2022). In other words, this emerging paradigm suggests the purpose of megaprojects is increasingly defined by what society permits, rather than by what rationalistic tools enable to quantify, measure, and verify (Whyte et al., 2022).

Nonetheless, there is increasing evidence that value creation through stakeholder management requires more advanced practices of stakeholder engagement so that they are involved in the design and planning of the project so that stakeholder knowledge and interests are incorporated into the project design. Yet, mainstream management research continues to reproduce a managerialist bias by implicitly foregrounding organizational elites as decision-makers who act in the best interest of all stakeholders (Scherer & Palazzo, 2007; Miles, 2017), without challenging the limits of this taken-for-granted assumption. Beyond statutory consultation, managers are finding increasingly difficult to gain consent to progress with a project and create value unless the purpose of a capital investment goes above and beyond the laws and regulations in the environment. In this scenario, ‘on time, on budget’ remains a marker of high project performance to managers accountable to keep projects within targets. However, questions arise about how reconciling increasing societal pressure to make capital investment more responsive to Environmental, Social, and Governance (ESG) issues with
holding managers obsessed with project control to the detriment of effective stakeholder inclusion strategies (Di Maddaloni & Sabini, 2022; Gil et al., 2022).

4.2.4. The role of Time in Cross Sector Collaborations

Despite the fact that cross-sector interorganizational projects play an increasingly important role in contemporary society, 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).

It is known that time is paramount to build the trust necessary for collaborations to function and materialize their intended benefits. These benefits can then take multiple shapes: from a strategic effect (e.g., acquisition of resources and skills that cannot be produced internally), a political effect (e.g., achieving network centrality and increasing influence over other organizations), or a learning effect (e.g., the transfer and creation of new knowledge) (Hardy et al., 2003). However, studies examining these transactional (non-contractual) forms of collaborations between project-based organizations and local governments have been
overlooked in both theory and practice and more evidently when considering within their unique time-reckoning systems such as construction megaprojects. This is an important knowledge gap to fulfil as during the last several decades, local governments have been commonly described as “networked polity” (Durose, 2009; Matthews, 2014), reflecting their growing use of collaborative arrangements and partnerships, which dynamics are progressively embraced in the construction sector as well.

Therefore, this study conceives that when embedded into the time-bounded nature of projects, the collaborative governance viewpoint, the intent of engaging and including a broader range of stakeholders into decision making process, and the aim of nurturing this relationship over time in order to foster value creation at the local level, poses different, mainly unexplored implications for both an organizational and project management perspective. In turn, these temporal tensions and temporal misfits will have considerable implications on power, trust, legitimacy, and accountability, thus undermining effective stakeholder inclusion and collaborative governance in cross-sector collaborations aimed at creating and distributing value to broader society.

Based on the above discussion aimed at analyzing the established knowledge in cross-sector collaborations (area 1), and the identified gap in current body of knowledge (area 2); a conceptual framework is proposed (Figure 5), in order to mobilize future research efforts in cross-sector collaborations in project settings (area 3).
4.3. Area 3: What needs to be done - Mobilizing Future Research Efforts in Cross Sector Collaboration

By focusing on those legitimate actors suffering the most from megaproject developments, namely the local community, this study aims to record the existing literature on how organizations, particularly project-based organizations, can improve the cross-sector collaboration with local authorities by working together and fostering collaborative governance, stakeholder inclusion mechanisms, and value creation and distribution in construction megaprojects. This review consolidates the disparate literature in business, management, and public administration to identify key attributes and theories used to explain the nature and existence of this temporary, often troubled, relationship which is essential for ethical and sustainable development over time. In doing so, this review sets a new research agenda in project studies with the aim of fostering project organizations’ positive
collaboration and contribution to the communities in which they build. In turn, this research will serve local authorities in better facing the challenges brought to their environment by construction megaprojects.

First, a deeper understanding of contractual vs. non contractual forms of transactional collaborative arrangements in project settings is needed. While most research focuses on traditional forms of cross-sector relationships (i.e., public-private partnerships (PPP)) (e.g., Selsky & Parker, 2005), scant attention has been paid to the non-contractual relationships enabling collaborative structures of governance, stakeholder inclusion, and value distribution from project-based organization to local authorities. This is an important topic to explore as project-based capital investments can struggle in securing approval from the communities in which they are embedded (Derakhshan, 2020). Here, some of the questions that remain unanswered are: How business-government non-contractual collaborations at the local level of construction megaprojects are triggered, managed, and nurtured? - What are the initial conditions for this collaboration to be effective over-time and why? - How is trust established between parties in order to build a collaborative environment?.

Second, it is important to recognize that cross-sector collaborations (i.e., business-government) are dynamic, and typically evolve substantially over-time (Gray, 1996); assessing a collaboration’s creation of public value therefore requires considering multiple points in its lifespan (Page at al., 2015). It is therefore essential to analyze in greater details the engagement process and mutual influences between local authorities and project-based organizations at each key stage of the construction development (investment decision, planning, implementation and delivery), in order to understand how this relationship is managed and in which way project-based organizations set collaborative governance structures by including local authorities and thus improving the way their community is
ST10_02 Stakeholders

engaged and value distributed. Some questions for future research efforts include: How are local authorities currently equipped to deal with the impact of construction megaprojects in their surrounding environment? How collaborative forms of governance overcoming power asymmetry and mistrust can be established and sustained at the local level of construction megaprojects? How the knowledge transferred between project organizations and local authorities create better accountability mechanisms?

Third, because cross-sector collaborations involve many different stakeholders and policy-making processes, they often have difficulty fulfilling and balancing the varied understandings of public value that their various stakeholders favour (Page et al., 2015). Nonetheless, including a broader range of project stakeholders in a way that adds value has proved highly challenging both in theory and in practice (Di Maddaloni & Sabini, 2022) and, although external stakeholder engagement is crucial for delivering value to diverse stakeholders in interorganizational projects, it is not straightforward to organize this in a way that adds value (Lehtinen & Aaltonen, 2020). Therefore, project managers and called to answer the following questions: How are power dynamics manifested at the local community level of construction megaprojects and in which way a self-focused orientation between local authorities and project-based organizations can influence effective collaborations? How are project organizations including legitimate local authorities in the decisions affecting the life of their local communities? How value can be better created, negotiated, and distributed across a broader network of stakeholders through business-government cross-sector collaborations in megaprojects?

Moreover, although both economic and sociological forces through organizational economics and organization theory can help explain why relationships between project-based organization and local authorities exist, there is not a clear path elucidating how projects, as a
temporary form of organizing, manage and develop these relationships in construction megaprojects. While relationship formation is becoming better understood, implementation and performance are still wide-open areas for investigation. In turn, by engaging with the future research agenda proposed in this study, these findings might elucidate the reasons why local authorities frequently seem unable to contribute more positively towards such process of development, or to prevent local opposition that construction megaprojects often face in the communities in which they build (Nguyen et al., 2019; Teo & Loosemore, 2014; van den Ende & van Marrewijk, 2019).

5. Conclusions

Through the analysis of 69 journal articles in public administration and management field, this systematic review reveals that theoretical and empirical work on cross-sector collaboration (business-government) has proliferated in the last decade. In this respect, this review shows that cross-sector arrangements are increasingly necessary and desirable in capital-intensive projects such as infrastructures given their large scale, complex and persistent problems (e.g., Davies, 2017; Barraket & Loosemore, 2018). Within the business-government collaboration, local authorities play a vital role in the process of distributing value to local communities. These collaborations can also enhance the development of economic, social, and environmental welfare (Clarke & Crane, 2018; Vogel et al., 2021).

However, the construction industry collaborative arrangements between business and government have been dominated by the traditional contractual PPPs models (e.g., Tang et al., 2010; Zheng et al., 2020), as the favorite collaborative arrangement on infrastructure development (Selsky & Parker, 2010). This review unfolds that while most of the project research focuses on traditional forms of cross-sector relationships, the project-local authority
collaborations do not represent a consolidated topic in public administration and, more evidently, in any of the business and management reviewed journals.

Most of the theoretical effort was made mainly in attempt to understand why organizations engage in these relationships. Among the identified theoretical frameworks relevant to the topic of cross-sector collaborations between business and government, there was a prominent use of organization theories. Collaborative governance, stakeholder theory, and value creation were identified to be pivotal in understanding emerging thinking on non-contractual public-private cross-sector collaborations. When mobilized in shared-power settings such as construction megaprojects, these collaborations must be governed effectively if they are to achieve their purpose. By unfolding these collaborative dynamics, power, trust, legitimacy, and accountability emerged to be the four interconnected pillars of effective stakeholder inclusion and collaborative governance in cross-sector collaborations aimed at creating and distributing value to broader society. These constructs, together with the role of temporality in project settings, poses important and mainly unexplored challenges in cross-sector collaborations between business and government at the local level of construction megaproject.

However, a clear path remains to be found in order to clearly elucidate how project-based organizations manage and develop non-contractual relationships with local authorities in project-based capital investments (i.e., construction megaprojects). This is an important gap to fulfill as large construction projects should be thought and built “on the local communities’ planet” through a care-giving approach (Derakhshan, 2020). It is evident that, despite the enormous potential that project-based capital investments such as infrastructures can offer in terms of value creation, there is a well-recorded low performance in distributing value to local communities through local authorities (Boyne & Enticott, 2004; Crescenzi et al., 2016). The latter, indeed, act as the representative of different local communities’ interests making
them crucial for the success of infrastructure projects. Local authorities can play a key role for the success of infrastructure projects by mobilizing resources and local knowledge, and widening socially valuable outcomes (Di Maddaloni & Davis, 2018; Nijhoff, 1968).

Therefore, this is the appropriate time to focus on the value creation of projects in local communities that will be severely disrupted and impacted by the recent economic and social turbulences. Yet major construction projects are rarely managed with effective and consistent stakeholder engagement mechanisms that are likely to improve inclusion and thus the quality of the projects in which the communities live (Di Maddaloni & Sabini, 2022). Therefore, the review concludes by proposing future research efforts in cross-sector collaborations by rising some important questions that remains unanswered. In providing such answers, efforts right now should help to prevent further inequalities by increasingly negotiating the scope of such massive investments with society and to widen their boundaries of responsibility (Gill & Fu, 2021).

We acknowledge the limitations of our article, which mainly stem from the differing institutional conditions within which both local authorities and project organizations might be embedded. Therefore, based on the nature and scope of the study, these results open the gates for future empirical research in the project cross-sector collaborations realm across countries and industries. Due to the novelty of the investigated concept, this research was conducted using a conceptual approach. Further empirical work in project studies is needed to add maturity to our findings.
References:


