

Infrastructure collaboration along China's Belt and Road Initiative: Implications for corporate social responsibility and political activity

Xinya Guan¹, David Ahlstrom^{2,3}, Junying Liu^{1,*}

¹ College of Management and Economics, Tianjin University, Tianjin 300072, China

² Lee Shau Kee School of Business and Administration, Hong Kong Metropolitan University, Hong Kong 999077, China

³ The Chinese University of Hong Kong, Hong Kong 999077, China

* **Corresponding author:** Junying Liu, liujunying@tju.edu.cn

CITATION

Guan X, Ahlstrom D, Liu J. (2024). Infrastructure collaboration along China's Belt and Road Initiative: Implications for corporate social responsibility and political activity. *Journal of Infrastructure, Policy and Development*. 8(8): 4705. <https://doi.org/10.24294/jipd.v8i8.4705>

ARTICLE INFO

Received: 20 February 2024

Accepted: 29 May 2024

Available online: 7 August 2024

COPYRIGHT



Copyright © 2024 by author(s).

Journal of Infrastructure, Policy and Development is published by EnPress Publisher, LLC. This work is licensed under the Creative Commons

Attribution (CC BY) license.

<https://creativecommons.org/licenses/by/4.0/>

Abstract: Chinese multinational enterprises (MNEs) have increasingly engaged in outward foreign direct investment in recent years, and particularly into the infrastructure sector of developing economies. This has been prompted by the infrastructure-led economic integration plan of China's Belt and Road Initiative. However, such collaboration faces many challenges. Infrastructure projects are often undertaken in industries, countries, and regions posing particular and difficult challenges, and with divergent, often conflicting interests, with the ensuing conclusion that the MNE is simply exploiting the project and not delivering value to the host country. Overall, not only does the infrastructure project have to be well-functioning with expected returns (or savings) realized, but these projects face close scrutiny from local communities, labor, opposition parties, neighboring countries, and various international bodies and nonprofits, requiring delicate handling of the principals involved. The unfolding of these issues and their management by the multinational are examined through an in-depth longitudinal case study. The data are drawn from major participants and stakeholders around a leading Chinese MNE and the mega project of the construction of a major hydropower plant in Pakistan.

Keywords: infrastructure collaborations; institutional logics; CSR-CPA configuration; belt and road initiative; China; Pakistan

1. Introduction

Multinational enterprises (MNEs) from China have increasingly been engaging in outward foreign direct investment (OFDI). In recent years, much such investment has been directed to the infrastructure sector of developing economies in Asia and increasingly in Africa and other developing regions (Eisenman and Heginbotham, 2023). This has been spurred by the outward looking infrastructure-led economic integration blueprint of China's Belt and Road Initiative (BRI) investments (Buckley, 2020; Li et al., 2022). However, such collaboration between developing economy governments and the Chinese MNEs has also initiated some controversy in terms of investment choices as well as with the limited returns (and high debts) for the host countries, leading to scrutiny from local communities, neighboring countries, and even international bodies and NGOs. For example, the Myitson dam BRI project in northern Myanmar, was initiated in 2011, and has led to billions in cost overruns (and the project's suspension). It provides one major illustration of the difficult problems that can arise with mega projects, particularly in the challenging infrastructure sector in developing economies (Ansar et al., 2014; Flyvbjerg et al., 2003; Gil and Fu, 2022).

This situation thus underscores a key challenge regarding organizations involved

in all types of major infrastructure projects (Flyvbjerg and Gardner, 2023) requiring closer examination (Lovallo et al., 2023). MNEs must not only develop capabilities and experience with the technical and process side of major project management (Akst, 2023; Flyvbjerg and Gardner, 2023), but they must also navigate the complex task of legitimizing their contributions for public infrastructure amidst varying expectations and demands from stakeholders at the local, regional, and international levels, thus better managing the major infrastructure project, not just at the technical level, but also at the perceptual and reputational levels (Ahlstrom et al., 2008; Cialdini, 2021; Flyvbjerg et al., 2003; Li et al., 2019). Therefore, the issue of how MNEs strategically interact with non-market stakeholders such as the government to legitimize major infrastructure collaborations is a key question to address. However, the process of gaining legitimacy and support can be complicated by the multiple stakeholders and interrelated institutional logics of state, market, and society, especially in cross-border settings (Ahlstrom et al., 2008; Lovallo et al., 2023; Palmer, 2024; Valverde et al., 2018; Zhang et al., 2022; Zhang et al., 2020). The logic conflicts here refer to the divergent rules and expectations of the major infrastructure project between key stakeholders involved. For example, the host government has a desire to complete the project as soon as possible, whereas the local communities care more about financial compensation, living conditions, and other quality of life factors (Ahlstrom and Bruton, 2001; Pache and Santos, 2013).

The literature on non-market strategies has delved into how firms manage their socio-political stakeholders' perspectives, and has suggested ways of examining the legitimation of MNEs' collaborations with non-market stakeholders, particularly in host countries (Ahlstrom et al., 2008; Khan et al., 2023). Existing work suggests an integration of two primary non-market strategies—corporate social responsibility (CSR) and corporate political activity (CPA) (Aguinis and Glavas, 2012; Frynas and Stephens, 2015), to generate complementary resources for reputation, competitive edge, and overall performance (Du et al., 2019; Rehbein and Schuler, 2015). In particular, CSR could facilitate access to powerful policy-makers in an efficient and low-cost way, while CPA can help firms select CSR priorities, and enhance the viability and credibility of CSR activities (Doh et al., 2012; Sun et al., 2021). However, the institutional complexity, consisting of divergent and conflictual demands from stakeholders, may reduce the synergies between CSR and CPA (den Hond et al., 2014). Additionally, it is suggested that their synergic effects depend on strategic manipulation by firms rather than spontaneous emergencies (Kamasak et al., 2019). Although doing business in developing economies with fragmented, often underdeveloped institutions is increasingly prevalent (Sutherland et al., 2020), there are still a limited number of in-depth studies on how to create synergic effects of CSR-CPA configurations amidst the institutional complexity found in the developing economies, and particularly with multi-year infrastructure mega projects.

As noted, infrastructure collaborations by MNEs encounter multiple and multilayer logic from stakeholders. Additionally, stakeholders' logic may vary in the process of legitimization. Thus, this calls for a dynamic view to investigate MNEs' legitimacy strategies (Suddaby et al., 2017), particularly CSR-CPA configurations in this research. Overall, from an institutional logic perspective, this paper specifically asks how MNEs strategically employ CSR and CPA over time to manage the

expectations of diverse stakeholders, including the host government, local communities, regional geopolitical dynamics, and even international societal concerns (such as NGOs), through the various stages of major infrastructure projects development and completion (Flyvbjerg and Gardner, 2023; Khan et al., 2023).

To address this question, a longitudinal, in-depth case study was conducted whereby a leading Chinese MNE provided much input and investment in a major hydropower plant in Pakistan. Primary data of interviews with the executives and several government executives directly involved with the project were gathered. The MNE faced various obstacles, including problems with the Pakistani government, local communities, regional terrorism tensions, and skepticism regarding its origins in China and plans. Despite these challenges, the project was finally completed late during the COVID-19 pandemic, in 2022, some 14 years after its initiation in 2008. The protracted and intense logic conflicts at the national, regional, and international levels throughout this period create a prime scenario from which the MNE's non-market strategies can be examined. The research findings here suggest that MNEs prioritize relational political activities with the host government before addressing local community demands in partnering private firms with government (Indah et al., 2023). Forming alliances with social enterprises, particularly those with international ties, can help mitigate geopolitical tensions and liabilities of origin (particularly in sensitive industries and projects). In addition, achieving the important long-term legitimacy to support these mega projects is contingent upon the creation of a shared purpose and a deliberative working (often flexible) framework among strategic partners.

This research also advances the understanding of non-market strategies, particularly the synergic effects of CSR and CPA on legitimizing MNEs' activities facing multiple and multilayer logic. Thus, this work contributes to the study of institutional theory and infrastructure alike in unpacking the institutional complexity that arises from conflicts between state and societal logics as well as geopolitical tensions in a major infrastructure project (Dunbar and Ahlstrom, 1995; Flyvbjerg et al., 2003). In doing so, this study uncovers the nuanced ways in which MNEs integrate CSR and CPA, an area where prior quantitative research has fallen somewhat short due to its inability to collect and analyze rich, especially contextual data, as in this study (Flyvbjerg and Gardner, 2023). In addition, this paper sheds light on how MNEs transition between different CSR and CPA configurations in response to the evolving nature of logic conflicts. By adopting a dynamic perspective, it reveals the transformational processes MNEs engage in, thereby contributing a novel understanding of how these strategies are adapted over time in the face of changing institutional pressures in the context of long-running infrastructure and development projects and the participation of multiple organizations and government departments alike (Ahlstrom and Bruton, 2010; Bruton and Ahlstrom, 2003; Flyvbjerg et al., 2003; Khan et al., 2023).

2. Literature review

2.1. MNEs as primary actors in infrastructure collaboration in China's Belt and Road Initiative

Infrastructure development has been given significant priority in many developing economies (Estache et al., 2014). One such major infrastructure initiative is the Belt and Road (Li et al., 2022), a Chinese government policy and program which has been encouraging Chinese companies to invest in major infrastructure projects across a range of developing economies primarily in Asia and Africa, leading to a significant increase in Chinese MNEs' FDI activity (Du and Zhang, 2018). Ideally, the plan for infrastructure investment was that it should be mutually beneficial for the investor and host country, particularly those with significant infrastructural deficits (Li et al., 2022). However, MNEs face a sort of triple challenge when investing into developing countries, including the lack of consistent, stable rules and norms with which to comply (Ahlstrom et al., 2008; Wright et al., 2005; Xu and Meyer, 2013), potential geopolitical conflicts in project locations, and environmental and social concerns over projects that often belong to controversial or sensitive industries or regions of a country, such as mining, nuclear, or hydroelectric projects (Li et al., 2022; Sutherland et al., 2020).

However, extant literature on FDI into developing markets, such as BRI studies, tends to focus more on the bargaining at the country level (Li et al., 2013). Corporate behaviors are usually regarded as resulting from a broader institutional context (Kostova and Zaheer, 1999), which tends to downplay the MNEs' proactive approach regarding local institutions and key social actors in their local surroundings, as action unfolds over time (Dunbar and Ahlstrom, 1995; Li et al., 2022). Developing economies are characterized by ambiguous and unstable institutions, which leads to the increased need for such regular proactive interactions of MNEs with diverse stakeholders to legitimize their actions, often across borders (Ahlstrom et al., 2008; Hermes and Mainela, 2022; Luise et al., 2022).

2.2. Legitimacy judgments from non-market stakeholders with multiple logics

Legitimacy, referring to the congruence between corporate properties and behaviors and the normative expectations in the external environment, is the outcome of an ongoing process of social construction involving multiple participants, also known as the legitimation (Scott, 2013; Suddaby et al., 2017; Uzunca et al., 2018). Suchman (1995) provides a theoretical framework that highlights the importance of selecting appropriate environments, adapting to external expectations, and managing audience perceptions to gain legitimacy and support (Ahlstrom et al., 2008). The countries along the BRI that are receiving investment from the Chinese firms and government, are mostly developing countries, thus suggesting that firms can go beyond merely selecting supportive environments in advance and conforming to existing norms and standards (Hermes and Mainela, 2022). Firms can also manipulate and create external environments that are more favorable to their operations, for instance, through collective actions aimed at conveying their voices or by becoming pioneers in the development of industry norms and standards (Ahlstrom et al., 2008; Javadian et al., 2023).

While the existing research identifies various legitimacy strategies for corporate business activities (Ahlstrom and Bruton, 2001; Ko et al., 2022; Zhang et al., 2020),

few studies address the heterogeneities among the non-market stakeholders in infrastructure collaborations. That is, the local community and the host government may separately represent the society and state concerns at the national level, while the geopolitical tensions can manifest (and impact) the state logics conflict also at the regional level. What is more, further pressure may come from super-national organizations, such as the United Nations, that are concerned with the public welfare at an international level.

The institutional logics perspective addresses that MNEs operate within transnational organizational fields that encompass diverse institutional logics, sometimes conflicting with each other (Marano and Kostova, 2016; Yin and Jamali, 2021). Each logic represents a socially constructed pattern of practices, beliefs, and rules that shape individuals' material subsistence, temporal organization, and social reality (Thornton and Ocasio, 1999). By unpacking the heterogeneities among the non-market stakeholders, MNEs simultaneously face the state logic and local society logic in the host country, state logics conflict in the region of infrastructure, and global society logic at the super-national level. Following the notion of investigating divergent expectations of stakeholders (Flyvbjerg and Gardner, 2023; Liu et al., 2024; Pache and Santos, 2013), the question to be further unpacked is how MNEs legitimize their infrastructure collaborations when facing multiple stakeholders and a multi-layer logic to the legitimation and goals of the project.

2.3. The synergy of CSR and CPA regarding the key legitimation process

Firms adopt non-market strategies to improve their competitive positions and performance by actively managing the institutional or societal contexts of business competition in which they operate (Ahlstrom et al., 2003; Mellahi et al., 2016). CSR and CPA are two main streams of non-market strategies that can accelerate the shared understanding (Gond et al., 2016), and benefit all parties' interests, especially with their synergy (Frynas and Stephens, 2015).

Based on the resource-based view of the firm (Barney, 2001), the literature holds that CSR and CPA can produce complementary resources and need to be aligned to achieve reputation, competitiveness and performance for the focal firm (den Hond et al., 2014). However, previous studies build on the assumption of homogeneous stakeholders where MNEs proactively legitimize their actions to achieve collective approval from stakeholders. In practice, stakeholders at the same level or across different levels vary in their perspectives of MNEs' actions in infrastructure collaborations and the impacts of their influences shifting in the process of legitimation.

In addition, there exist various categories of CSR and CPA. For example, local CSR refers to the importance of local stakeholder demands and the firm (board) responsiveness, while global CSR relates to the extent to which MNEs respond to CSR-related demands of various countries and NGOs much in the same way (Miska et al., 2016). There is also a distinction between transactional CPA and relational CPA, where the transactional one addresses a relatively short-term exchange relationship or interaction (i.e., issue by issue), whereas a relational approach denotes a long-term exchange relationship (Hillman and Hitt, 1999). Thus, this work seeks a finer-grained

analysis of how MNEs integrate CSR with CPA, so as to deal with institutional logic tensions in the process where the importance of managing logics and related legitimacy at the regional, national, and even international levels is complex, and can have a major influence on the performance and eventual outcome of the major project (Ahlstrom and Bruton, 2001; Flyvbjerg and Gardner, 2023; Khan et al., 2023).

3. Methods

The research question sought to explore the process of an MNE legitimizing its infrastructure collaboration in developing countries while facing logic conflicts at the national, regional, and international levels, which highly depends on observations of the processes and contextual factors (Flyvbjerg, 2006). Previous studies address the information-rich case and highlight the benefits of qualitative data in exploring the interactions between MNEs and their external stakeholders (Reinecke and Donaghey, 2021). Thus, a qualitative research design centered on an in-depth case, and ancillary information and interviews was selected because the *how* question is investigated here rather than causal relationships between variables across multiple organizations (Welch et al., 2011; Yin, 2014). As Eysenck (1976, p. 9) commented on the individual case: “sometimes we simply have to...look carefully at individual cases—not in the hope of proving anything, but rather in the hope of learning something!” Ragin and Becker (1992) added that the case study is not focused on proof or hypotheses necessarily, but rather presents learning and an illustration of a phenomenon regarding social inquiry. Thus, a longitudinal, in-depth case study research design is utilized here to examine and better understand the process of legitimation, which seeks to clarify and perhaps add to existing theory as new insights are identified and learned (Flyvbjerg, 2006; Langley, 1999).

3.1. Research site

In Pakistan, a major south Asian country of about 240 million, some 70 percent of the population has been severely impacted by the country’s 2022 energy shortage due to issues of either not being connected or experiencing daily electricity blackouts of over 12 h. However, the financial resources and technological capabilities (in terms of economic energy generation and delivery) of the Pakistani government were limited, and the government felt incapable of raising funds from international financial institutions or other countries, resulting in delays in launching many necessary projects.

3.2. Case selection

Our focal firm, Company A, is headquartered in China. It is a major global firm in power infrastructure project investment, construction, and operations, having also completed dozens of construction projects around South Asia since the late 1970s. Focusing on Company A, we selected its infrastructure investments in Pakistan since its signing was seen as a significant success for the MNE, host government, and local community. In particular, Company A increased its market position in Pakistan and other countries in South Asia, the electricity deficit would be significantly addressed, and economic development in that region boosted. Thus, it provided an ideal setting for investigating the strategies adopted by the MNE to deal with logic conflicts and

multiple stakeholders. Starting in 2008, Company A took its first initiative for a major hydropower infrastructure investment in Pakistan. With great negotiating and promotional efforts, the project first gained permission from the Pakistani government at that time. However, it was still hard to implement because of broader stakeholders' intense judgments toward the possible side consequences of the project. Some geopolitical tensions also manifested, as well as issues with the local surroundings. Thus, the project did not get fully underway and was not earnestly under construction until several years later in 2015. Collaborating with the International Finance Corporation (IFC), a member of the World Bank Group focused exclusively on the private sector in developing countries, the hydropower project was to officially open for operation in 2022, overcoming many challenges.

By emphasizing the value of context-dependent, concrete knowledge, Flyvbjerg (2006) adds that a single case can still be demonstrative of issues of wider concern, if the case is illustrative of (multiple) key points being sought for explanation (Flyvbjerg and Gardner, 2023). Thus, the case where one Chinese state-owned firm successfully initiated an electrical power infrastructure investment in Pakistan overcoming many bumps in the road and lasting fourteen years before finally being completed, was selected as a "most likely" critical case (Flyvbjerg, 2006). In particular, the less-necessary synergy of CSR and CPA is more likely in this case, given the long friendship between China and Pakistan. But if we can prove that our selected Chinese firm has to proactively combine non-market strategies to legitimize their infrastructure providing in Pakistan, then the above political efforts would be likely essential for any other contexts, at least in developing markets.

Other reasons for examining this major hydropower infrastructure project include the focal phenomenon, that is, the MNE proactively legitimized their actions of the infrastructure investments in Pakistan, which was a typical context for legitimation of a foreign firm (and project) entering into a challenging country, as well as a difficult region and industry. In particular, the weak, undemocratic, and underdeveloped institutional environment in Pakistan has led to intense discussions on a range of issues for lacking a universal and formal understanding of power (and other major) infrastructure investments. In addition, the geopolitical tensions in that region exerted further pressure on the MNE and other allied organizations. As hydropower projects have always received much more attention for environmental concerns, this infrastructure project received significant (and often critical) attention from a variety of economic, social, and political actors both inside and outside of Pakistan for the need to economically address the regional electricity shortage and its profound impacts on business and society. In sum, the intensive judgments at national, regional, and international levels provide an ideal setting to study our research question.

3.3. Data collection

The engagement with Company A started in 2019. With the help of one senior manager of Company A, we interviewed the firm's country director of Pakistan, who was the founder and leader of its business there, four times (i.e., twice face-to-face and twice online). He led the strategy formation and implementation in Pakistan from the beginning, thus having capacities to offer comprehensive and fine-tuning information

at the strategic level. Each interview lasted between three to four hours and was recorded and transcribed within 24 h (Eisenhardt, 1989, 2021; Eisenhardt and Graebner, 2007). During the first interview, the interviewee was encouraged to recall the entire process from its first infrastructure investment initiative till now as much as possible. Although focusing on discussions around its interactions with stakeholders, we let the interviewee lead the whole interview with few interruptions. Based on the first interview, we formed the initial template describing the process of legitimation in rich narratives and translated it to English.

After that, we enriched the above process by collecting archival data from official reports, internal documents provided by the interviewee, and public media. We also asked the director to explain uncertain parts during follow-up interviews and online communications. Thus, we could mitigate the self-reinforcing bias toward the preservation of personal success. We also interviewed other corporate managers in law, finance, and the like, either as individuals or in a group to avoid single-source bias (see **Tables 1** and **2**). We, thus, not only collected extensive process data, but improved the reliability and validity of the study with multiple sources by allowing for the triangulation of data (Eisenhardt and Graebner, 2007; Yin, 2014). Although we did not have more direct interviews, we have already collected comprehensive information about the Pakistan business of Company A from the beginning. That is to say, we collected sufficient data to explore how MNEs strategically deal with logic conflicts at different stages. The number of interviews proved suitable as we sought also to investigate corporate-level strategies instead of individual-level actions (Gond et al., 2016). We also had daily brief communications with the country director of Pakistan on WeChat, lasting the whole period of data collection and analysis over the five years.

Table 1. Interview data and description.

Identifier	Roles and positions	Tenure (Years)	Interview Date	Description	Use in analysis
I1	The country director of Pakistan; the founder and leader of Pakistan business who has been working for a construction company in Pakistan since 1988	Almost 30	In the summer of 2020 (face to-face, lasting three and a half hours)	Describe the motives for infrastructure collaboration in Pakistan, the main activities carried out, the problems encountered, and how to solve them in chronological order	*Identify the process of Project K *Get a deep understanding of the details of interactions with actors inside and outside Pakistan *Check uncertainties
I2			January, 2021 (face-to-face, lasting four hours)	Focus on details about the approaches to conform, persuade, or influence multiple logics developing at the national, regional, and international levels in Project K	
O			Online communications from the first interview till the completion of data analysis on WeChat	Ask for extra documents and clarification for the inconsistent information based on other sources	
I3	Strategy director of Company A; past project manager in Pakistan	20–25	In summer of 2020 (face-to-face, lasting two hours)	Introduce a corporate strategic plan for overseas infrastructure collaboration, especially in Pakistan, and ask for him to help refer interviewees	*Establish access to further interviews *Understand the corporate strategic considerations on hydropower collaboration in Pakistan *Used to support and triangulate data
I4			February, 2022 (Online meeting, lasting one hour)	Comment on Project K in Pakistan	
I5	Head of the overseas department	20–25	In the winter of 2020 (face-to-face, lasting two hours)	Introduce corporate strategic plan for overseas infrastructure projects, especially in Pakistan, and legitimacy–building approaches he knew	*Understand the corporate strategic considerations on Pakistan investment *Used to support and triangulate data
G1	Deputy manager of the overseas department	15–20	In the winter of 2020 (face-to-face, in the group, lasting 5 hours)	Introduce and evaluate the Project K from their professional fields, such as laws, risks, etc.	*Offer experts’ opinions on Pakistan collaboration and business *Used to support and triangulate interviews
G2	Head of communications	15–20			
G3	Legal affairs manager	10–15			
G4	Overseas risk and safety manager	15–20			
G5	Finance manager	10–15			

Table 2. Other data and description.

Identifier	Data source	Use in analysis
AR11–AR20	Annual Report (2011–2020)	*Build a deep understanding of the details of its infrastructure collaborations in Pakistan and divergent stakeholders’ judgments on corporate actions *Used to support and triangulate interviews
COW	Official Website of Company A, with detailed profile of its strategy, structure, etc.	*Understand the corporate information and its interactions with external stakeholders, such as CSR activities
WC	Official WeChat Account of Company A’s activities in South Asia	*Capture details of Project K, including the keystones, challenges, and solutions, and triangulate interviews *Capture the reputation that Project K won in Pakistan and international society
PP1–PP3	Three PowerPoint slides and corresponding reports were presented by the country director of Pakistan to the corporate headquarters	*Gain a deep understanding of the details of Pakistan’s investment and triangulate interviews
CP1	Corporate strategic plan for Pakistan business, provided by the interviewee in I3	*Understand IFC’s judgments on corporate actions
CP2	IFC’s comments documents	
PO	Pakistan Observer Special Report on 2017	*Understand host country stakeholders’ judgments on corporate actions
PI1–PI3	Three public interviews with the country director of Pakistan	* Used to support and triangulate interviews *Understand the global image of Project K

3.4. Data analysis

Guidelines established for research on the analysis of process-based data (Langley, 1999) were followed. In the first step, we constructed rich descriptions in the form of chronology and broke it into three periods (See **Figure 1**), based on both interview transcripts and archival data (Langley, 1999). Regarding the timeline in the research context, the following details through a close comparison among data from different sources were captured: 1) who was involved and what were their different demands on infrastructure projects; and 2) how Company A responded to their demands and the approaches used.

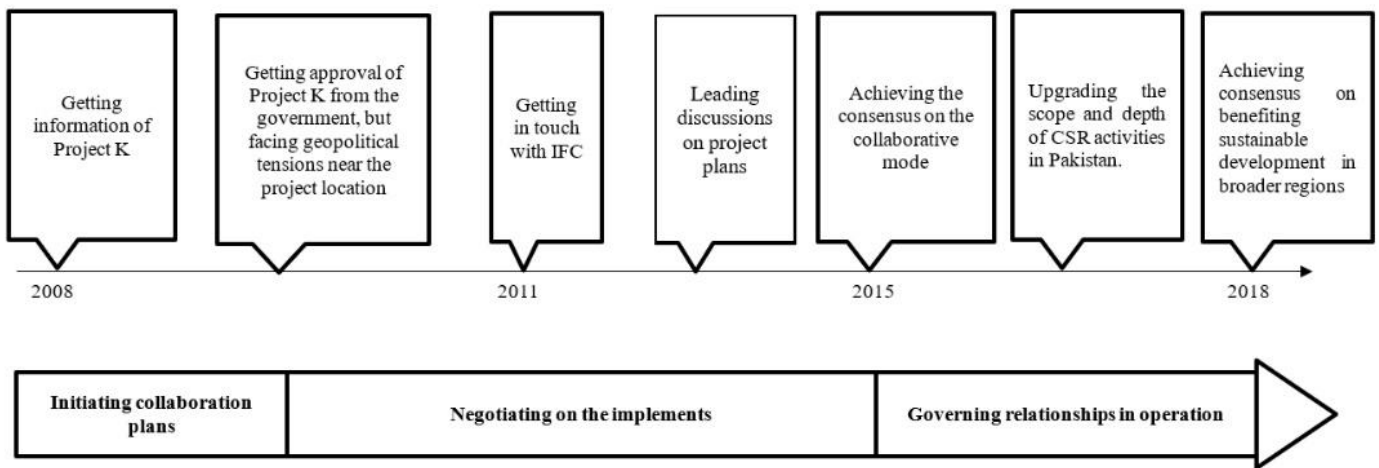


Figure 1. A timeline of the legitimacy process.

In the second step, we identified and contrasted the emergence of different themes of specific corporate actions, following principles of inductive data analysis and established coding techniques (Gioia et al., 2013; Glaser and Strauss, 1967; Yin, 2014). More precisely, we identified twelve first-order codes using the interviewees’ terminology. Thus, our initial coding reflected real-world practices (Glaser, 1998). In the third step, we sought to aggregate dimensions linking to a high-level theoretical abstraction (Eisenhardt, 2021), by iterating within the raw data, first-order codes of empirical practices, and established concepts. In particular, we first organized the first-order codes along the timeline and categorized them regarding whether some showed similar patterns (Yin, 2014). Building on the institutional logic and non-market strategy literatures, we paid close attention to how those first-order codes manifested the logic conflicts and MNE’s configurations of various non-market strategies to satisfy local communities and other influential actors inside and outside Pakistan. For example, the divergent demands on time spent in the initiating period revealed the logic conflicts between local and state demands, thus we clustered them into national-level logic conflicts between local community and state. As a response, Company A chose to adapt its CSR activities to local demands at the same time it directly reduced the government’s worries about delay or failure (i.e., political activities towards specific issues in the short term), which was labeled as combining local CSR with transactional CPA.

After linking to a deeper understanding of the patterns and relationships in the

data (Gioia et al., 2013), six second-order codes emerged. We finally clustered these six second-order dimensions into Identifying dominant logic conflicts, and Configurations of CSR and CPA. The authors reached an agreement on the results of coding and also inquired about suggestions from the above interviewees as shown in **Figure 2**.

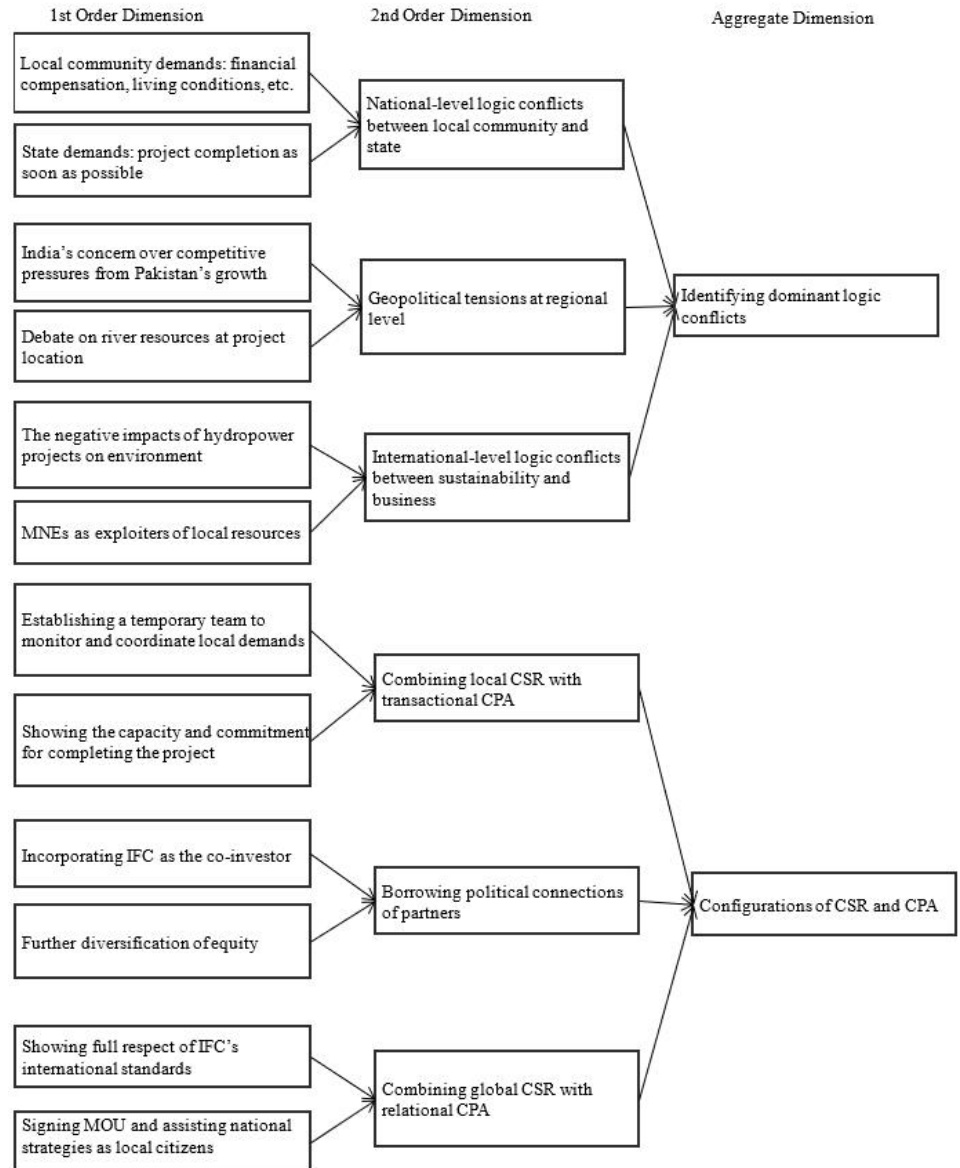


Figure 2. Inductive process of emerging patterns.

4. Results

The data provided unique insight into how Company A adapted its configuration of CSR and CPA activities to the multiple logics varying at the national, regional, and international levels. In particular, our coding process demonstrated i) the dominant logic conflicts, and ii) approaches by which the company engaged with stakeholders with divergent logic in three periods—initiating collaboration plans, negotiating on the implements, and governing relationships in operation (**Table 3** summarizes this selected evidence).

Table 3. Summary evidence.

Identifying dominant logic conflicts	
National-level logic conflicts between local community and state	
Local community demands: financial compensation, living conditions, etc.	No matter what was done, forest land was not to be touched (I5). Deeply influenced by the British system, the agreements that the Project K had to sign were openly available on the government website, and there was to be no “special treatment” simply because it was a Chinese project and firm (I3).
State demands: project completion as soon as possible	The first issue that needed to be addressed was the power shortage problem in Pakistan. At present, Pakistan’s electricity primarily came from oil and gas power plants, without even coal power. This heavy reliance on imported fuel was unsustainable (PI2). The government was greatly pressured since many Pakistani households relied on an expensive and low-quality mix of battery powered torches, kerosene, and candles that did not meet their lighting needs and burned a hole in their pockets (PI3).
Geopolitical tensions at regional level	
India’s concern over competitive pressures from Pakistan’s growth	This project was located in the Kashmir region, which was a disputed area involving China, India, and Pakistan. According to our country’s requirements, projects in sensitive areas and those related to international rivers had to obtain government approval (I2).
Debate on river resources at project location	The most significant issue of the investment might have been geopolitical factors, specifically the issue of the so-called boundary river. Experts from the Ministry of Water Resources’ International Rivers (Boundary Rivers) Negotiation Office participated in the analysis (O).
International-level logic conflicts between sustainability and business	
The negative impacts of hydropower projects on environment	The overall environmental impact of hydropower stations depended on factors such as the size of the dam, river characteristics, and mitigation measures implemented during construction and operation (PI1).
MNEs as exploiters of local resources	These may include concerns about debt sustainability for host countries, lack of transparency in project financing, allegations of corruption, and questions about the long-term benefits for local communities (I2).
Configurations of CSR and CPA	
Combing local CSR with transactional CPA	
Establishing a temporary team to monitor and coordinate local demands	We stationed in Pakistan and communicated in depth with the Pakistani government, power institutions and households, and jointly developed feasibility reports with several universities, including economic, political, and social factors (PP2). We employed the China-Pakistan government-funded establishment of the Tsinghua University Pakistan Cultural Communication Research Center to conduct a specialized study on the future direction of Sino-Pakistani relations (PP1).
Showing the capacity and commitment for completing the project	In the words of the World Bank, “We didn’t know of any other company like this. Three Gorges Group was already the world’s top hydropower company, and the projects in the hands of Three Gorges South Asia, just established, had already amounted to 7 billion dollars. This was truly unique.” (PI3). I (the Country Director of Pakistan) made great efforts to advertise that this project had great potential, and its implementation would mean the launch of my overall hydropower market development strategy in Pakistan, which would fundamentally change the then-current situation of power shortage (PI3). I told him about my personal career and close relationship with Pakistan, as I devoted my youth to Pakistan. In fact, I had been conducting contracting business in Pakistan since 1988 and had a deep understanding and research on Pakistan’s economic development and hydropower market. I sincerely wanted to do something for Pakistan(O).

Table 3. (Continued).

Borrowing political connections of partners	
Incorporating IFC as the co-investor	He [a government official] introduced me to the IFC representative and we had a cup of coffee together. Thus, I had a chance to talk about our plans in Pakistan (IO2). The IFC promoted the participation of the SRF (CP1).
Further diversification of equity	We raised equity financing from a broad base of international strategic and institutional investors and project finance debt from international banks and financial institutions, including large Chinese commercial banks (I1). The international capital that was being negotiated (including British and American infrastructure funds) could have accounted for an additional 15% (CP2).

Combining global CSR with relational CPA	
Showing full respect of IFC's international standards	IFC would send experts every two months to inspect the site and the company (CP2). Our collaboration with them (i.e., IFC) was aimed at holding ourselves to high standards and becoming a world-class corporation. We wanted the world to see that while we are a Chinese state-owned enterprise, venturing abroad means aligning with global standards (I5). For daily operations, all investment projects adopted IFC standards (G5). We established professional committees, including the Audit Committee, Financing Committee, and Integrity Compliance Committee, as essential parts of our internal control system, to make the company's internal management efficient. And the two-level system of corporate governance and operation to provide institutional guarantees (G4).
Signing MOU and assisting national strategies as local citizens	Based on a detailed understanding of Pakistan's electricity development plan, we conducted in-depth research and planning on the hydroelectric resources in the Indus River Basin in Pakistan and formulated an investment and development strategy specifically for the country's hydroelectric resources market (PI2). We signed a memorandum of understanding with the Pakistani government for a project group with a capacity of 20 million kilowatts, with an investment of approximately 50 billion dollars (PP2). For every project we invested in Pakistan, the money earned wasn't taken back; it was reinvested for continuous development (PP3).

4.1. Initiating collaboration plans

4.1.1. National-level logic conflicts: Local community vs. state demands

Although solving the electricity shortage was the common goal of the local community and the Pakistani government, our data revealed their differences in self-interests. In particular, we observed that the local community cared about their direct interests, such as the compensation for land acquisition and the environment they lived in, which would need a long process of negotiation and coordination. For example,

“The project would flood the forest, which boosted great debates in a parliamentary democracy country” (I1). “The Station was located on the banks of the provinces A and B. The land price in province A was three times that of B. If compensation for land acquisition for resettlement had been paid according to this rate, it would have inevitably caused dissatisfaction in the neighboring province” (I2).

However, the Pakistani government did ask Company A to deliver the project as soon as possible. As the government officials urgently stated, *“Pakistan has abundant water resources, but only 9% of them have been developed by the country itself” (PI1).*

4.1.2. Configuration of local CSR and transactional CPA

Company A chose to adapt its CSR activities to the local demands issue by issue. Our data presented that they established a professional team stationed in Pakistan to communicate in depth with households and other key local stakeholders such as local officials. In particular, this team carefully monitored the opinions of local communities, and thus could immediately respond to emerging negative news. We observed that there was no shortcut for expending long time and resources to identify and satisfy local demands, which was illustrated by the Country Director’s comment:

“First, the project team stabilized Province A. Meanwhile, in the neighboring province, the project team went from house to house to negotiate, finding ways to appropriately make up the price difference for the immigrants without causing resentment from Province A” (I1).

However, the time pressure from the state side alerted Company A to be politically active in engaging with the Pakistani government considering its superior powerful position. Our data presented a transactional approach adopted by Company A to comfort the Pakistani government’s specific, salient issues when dealing with long-time coordination. For example, the Country Director of Pakistan proudly showed their capacity to satisfy the Pakistani government’s demands by stating, *“Our team exactly owned advantages in capital and capacity of the whole industry chain” (I2).* To mitigate the government’s short-term pressures with its long-term commitment, they added: *“We must break through the traditional realization of projects, and the basin development must be integrated, ecological, long-term, and stable” (WC).*

4.2. Negotiating the implementation

4.2.1. Regional-level logic conflicts: Geopolitical tensions

Although legitimizing their hydropower plant activities in the face of the local community and government, we observed that the project faced unavoidable

uncertainties and risks due to the boundary river conflict, so it could not be successfully implemented as scheduled. The specific illustration was as follows,

“Specifically, the project’s location was close to Kashmir, so it was a disputed area between India and Pakistan. And the competition for water resources was a potential catalyst for the conflict between them” (CP1).

“The conflicts around the boundary rivers [represented] a frequent problem faced by nearly 85% of international river development projects” (PP1).

4.2.2. Borrowing political capital from partners

Our data revealed that Company A, although perhaps lacking some of the needed resources or capacities to mitigate the geopolitical tensions at the regional level, it found it could ally with influential social enterprises with international reputation to borrow the latter’s legitimacy and influence, which also enabled additional close learning and iteration in the complex environment (Ahlstrom et al., 2008; Ciravegna et al., 2023; Flyvbjerg and Gardner, 2023). The Country Director of Pakistan observed:

“As we all know, there did not exist a successful example to learn on how to achieve a breakthrough in this uncertain and fluctuating situation. So, the Development Planning Department and I had to put forward a bold idea to introduce a second strategic investor with a strong background in Pakistan and other parts of Asia that would be complementary to us. We expected this may provide benefit for overcoming obstacles and reducing the risks. And I think we were proved right about this alliance” (I1). That Director added, *“our passion towards a better Pakistan deeply impressed the IFC representative, also a Pakistani man. And he strongly supported our goals and provided significant help” (I1).*

Additionally, the offered internal documents recorded the informal communications between the company and IFC, such as mutual visits and personal meetings (PP2, PP3). This further illustrated the help of mega project case studies for (future) participants to learn from (Flyvbjerg and Gardner, 2023).

By encouraging a more diversified charter, Company A owned a 70 percent stake, and IFC acquired a 15 percent stake in a Pakistani subsidiary through investment of US\$ 125 million to support eco-friendly power projects in Pakistan, as part of its efforts to address climate change and spur economic growth across the country (Tomizawa et al., 2020), and SRF also acquired a 15 percent stake in this subsidiary. The official website stated that the equity of Company A was not less than 51%, and it had the option to continue attracting other shareholders. Potential shareholders included American Capital Corporation, the world’s largest sovereign wealth fund, Abu Dhabi Investment Authority, and others.

4.3. Governing relationships in operation

4.3.1. International-level logic conflicts: Sustainability vs. on-going business concerns

Although Company A set ambitions for increasing Pakistan’s existing installed capacity by 25%, supporting Pakistan’s future one-quarter electricity market, and then extending its collaboration on energy infrastructure into other Asian countries, international society highly debated the sustainability of hydropower plants (i.e.,

damage to the environment). For example, it described the challenges from foreign media by illustrating:

“The construction of dams resulted in the submergence of large areas of land, leading to the loss of terrestrial habitats and biodiversity” (WC).

Furthermore, the genuine motivations behind infrastructure collaborations came under significant scrutiny. Doubts regarding the positive impact of these collaborations on local development began to surface, particularly when considering their country of origin. For example,

“There have been discussions about geopolitical motivations and the potential for projects to reinforce China’s influence in the regions involved” (O).

4.3.2. Configurations of global CSR and relational CPA

Our data presented that Company A responded to the sustainability logic by making efforts to be a global CSR leader. In particular, the internal reports as well as interviewees of Company A revealed its actions in terms of encouraging voices from broader actors and showing full respect for IFC’s works on social welfare. To involve broader society, it first claimed to accept rigorous monitoring.

“IFC had veto power in decisions on reputation, integrity management, environmental protection, immigration, and social relations. Once vetoed, the investment would be terminated” (PP1).

Additionally, promising self-upgrading in public good provision was officially sought and stated:

“We established professional committees, including the Audit Committee, Financing Committee, and Integrity Compliance Committee, ...” (G5).

The internal corporate document stated,

“We decided to make more considerable progress in establishing a comprehensive E&S management system and associated E&S capacity, aiming to both respond to and influence the host country in terms of economic and social development, power industry, institutional context, ecological and environmental protection” (PP2).

Our findings demonstrate that Company A showed deep and consistent trends toward collaborative relationships with the Pakistani government. In particular, it regarded itself almost as a local citizen in Pakistan rather than a foreign firm. Commented the MNE’s Deputy Manager of the Overseas Department,

“So as a clean energy producer, we focused on promoting sustainable development in the links all through the production chain, encouraging customers, suppliers and society, as a whole, to behave responsibly and in line with our values and core concepts” (G1).

In addition, Company A expended significant resources to assist in the fine-tuning and realization of Pakistan’s national electricity development plan. For example, firm officials observed:

“It has been four years since we were awarded the project in 2011, and we have already invested over 250 million RMB to date. For another project awarded in 2008, we have invested approximately 200 million RMB” (I2).

Similarly, the company’s official website also documented that the company’s executives frequently visited Pakistan for project inspections and met with

corresponding government department leaders. In addition to resource commitments, informal written agreements, such as MOU, were effective measures to counteract the absence of formal institutions.

“We have signed the MOU with the government of Pakistan for cooperation and development in hydropower, and all projects have been included in the memorandum of cooperation between the two governments” (I2).

And the details of the MOU, including its time and content, were also described in internal documents provided by interviewees (PP1, PP2). In response, the “Pakistan Observer”, one of Pakistan’s oldest and most widely read English-language daily, highlighted and highly praised Company A in its special report dated 1 October 2017 (PO). The Country Director of Pakistan excitedly recalled: *“We were so proud that major media published [positively about] us in Pakistan” (I2).*

5. Discussion

5.1. Summary

This paper has sought to study and illuminate how the MNE navigates multiple institutional logics at the national, regional, and international levels via configurations of CSR and CPA to legitimize its infrastructure collaboration in major infrastructure projects. Our main finding is the temporal model that is shown in **Figure 3**, demonstrated the manifestation of the varying levels of institutional logics and corporate non-market strategies in three periods, namely initiating collaboration plans, negotiating on the deliverables, and governing the relationships in operation and how these are addressed. This contributes to theory in providing evidence and an extension of the work of Flyvbjerg and colleagues (Flyvbjerg et al., 2003; Flyvbjerg and Gardner, 2023; Lovallo et al., 2023) regarding their key observation that successful major projects start with extensive, stepwise iterations of plans and tests, and maintain their flexibility in spite of potential delays (rather than starting with a refined, inflexible blueprint that may seem to better control costs, but can limit change and updates, even in the face of serious setbacks). The former, more iterative approach is (scheduled) to be slower, and initially can be project to be more costly. Yet the flexibility and learning built into the project and plans can produce significant savings later as updates and modifications to the project emerge, as empirical research on major project management has shown (Akst, 2023; Flyvbjerg and Gardner, 2023). This is particularly true with projects in developing economies such as with the Belt and Road, where added layers of complexity emerge with the multiple logics, and extra-close scrutiny of often controversial projects. Further specifics of the study and findings are summarized in **Figure 3**.

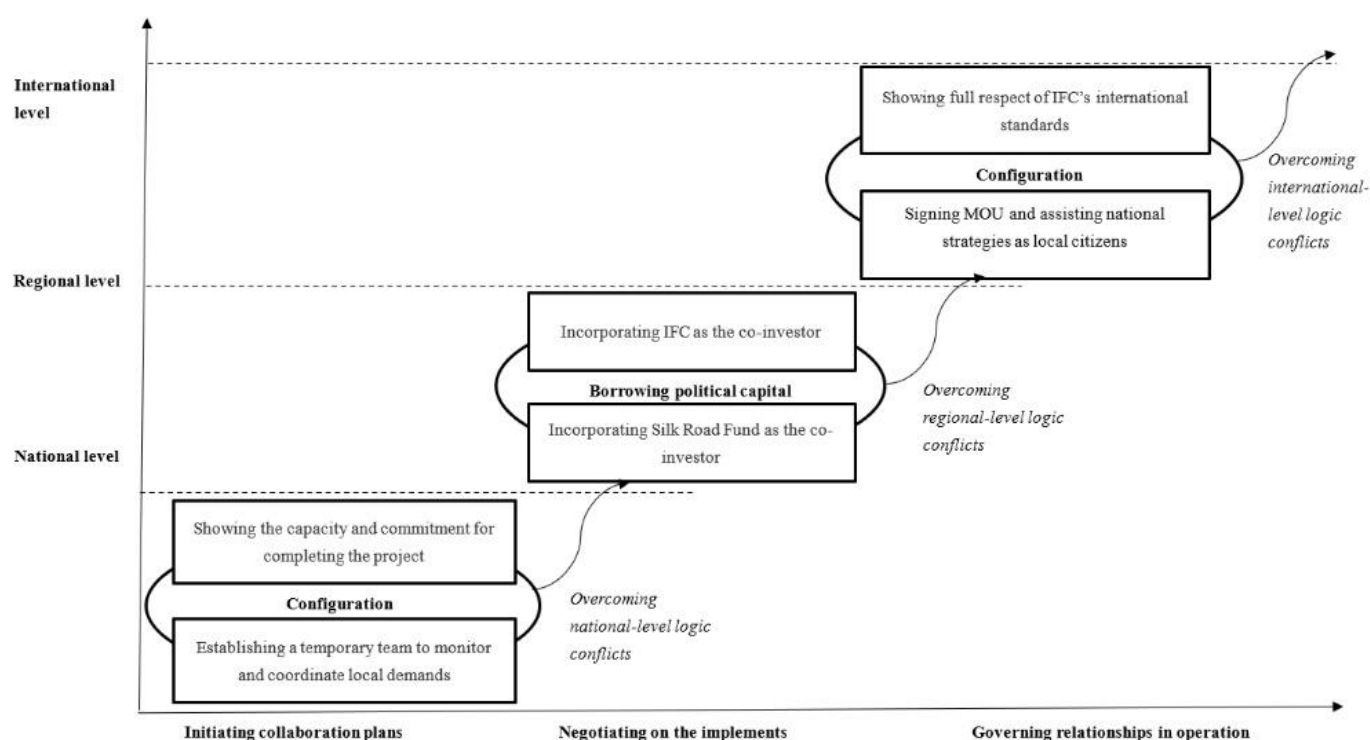


Figure 3. Multiple and multilayer logics and non-market strategy: A temporal model.

First, the MNE encountered conflicts between time-consuming work for satisfying local communities' self-interests and the state's demand for quick completion. As a response, Company A separately made efforts to satisfy both sides at the same time. Our findings suggest that it is necessary to adapt their CSR to local demands (i.e., local CSR). For example, it should at least establish a temporary team to monitor and coordinate local demands in aspects of compensation and living conditions since the negative voices from local communities would lead to delay or suspension of the infrastructure collaboration. Myanmar's Myitsone dam project was one model that can be drawn on and compared as fairly representative. At the same time, the time pressure for completion from the state cannot be sacrificed since the government is such a powerful stakeholder in BRI countries. Building long-term relationships with host governments is difficult and expensive at the initiating stage. In contrast, Company A closely addressed the specific issue the Pakistani government seeking the delivery of the infrastructure project on time and close to budget by showing its capacity to complete various associated projects and its numerous commitments to it. Thus, the Pakistani government would be patient to give space for the MNE to deal with the local demands one by one.

Second, the emergence of geopolitical tensions challenges the implementation of infrastructure collaborations. For example, our findings reveal the competition for water resources between India and Pakistan and the implicit competition for country-specific advantages. MNEs, although, are powerful actors with regard to their huge resources and global operations, it is still impossible for them to solely deal with geopolitical conflicts at the regional level. Instead of seeking the home country's help, our work represented that allying with social enterprises and funds with international reputation and influences could overcome regional-level conflicts. In particular, social

enterprises and funds are usually backed up by powerful investors globally. Both parties in the geopolitical tensions may closely collaborate with them before, on the one hand. Yet on the other hand, the governments would not like to offend them since they were the major source of investments in developing markets.

Third, there is a debate on whether the MNEs can facilitate sustainable infrastructure collaborations or are mostly exploiters for resources in BRI countries in international society. Our findings provide specific evidence of the substantive commitment to the environmental and social impacts of the BRI MNE from a longer-term perspective. Our findings provide a twofold solution in aspects of global CSR and relational CPA. Specifically, the MNE can actively adopt the global standard of CSR activities, such as CSR disclosures, certifications, and outsider monitoring, which provides pieces of evidence for the sustainability of the project and mitigate the suspension of the negative impacts of MNE's operation on local resources and environments. What's more, this work suggests that trust-building with the host government, such as signing a long-term collaboration plan and being a strategic partner for the government, is necessary for the company to overcome the conflicts at the international level rather than passively responding to a singular issue raised by state (or local) governments.

5.2. Contributions

Building on institutional logic and nonmarket strategy literatures, three main contributions are proposed. First, this paper extends the understanding of how institutional logic influences corporate behavior (Lounsbury et al., 2021; Yan et al., 2021), by shedding light on the multiple and multilayer logic conflicts in infrastructure collaborations. Previous studies of multiple institutional logics interplays focus more on the transition from one dominant logic to the other (Cheung et al., 2020), or how to deal with the tension between two existing logics (Pache and Santos, 2013; Yin and Jamali, 2021). Addressing the shifting of key stakeholders in the process of infrastructure projects (i.e., initiating collaboration plans, negotiating on the implements, and governing relationships in operation), the logic conflicts that MNEs encounter may shift from national to regional and to international level. As a response, firms can navigate between conflicting logics over time by carefully managing boundaries and addressing stakeholders' concerns (Liu et al., 2016). In line with the call to investigate the institutional complexity (Marano and Kostova, 2016; Sun et al., 2021; Yan et al., 2021), our work studies the logic conflicts shifting across levels, including the national, regional, as well as international levels. In particular, our temporal model provides a new insight into investigating the dynamics of the socially constructed practices, beliefs, and rules in the MNE's non-market environments.

Second, this work extends the synergy of CSR and CPA in the field of nonmarket strategy (Mellahi et al., 2016; Sun et al., 2021), by revealing their configurations as responses to different levels of institutional logic in infrastructure collaborations. Previous studies suggested that firms can integrate CPA with CSR since they produce complementary resources, thus leading to reputation, legitimacy, and performance (Aguinis and Glavas, 2012; Frynas and Stephens, 2015). Our findings extend this literature stream by decomposing the non-market stakeholders with divergent logics

into different stages and levels. Thus, we contribute to a fine-grained understanding of configurations of specific CSR and CPA from a temporal and cross-level perspective.

Third, this paper contributes to theory with respect to project management, in augmenting the important work of Flyvbjerg and colleagues with respect to major project planning (Flyvberg et al., 2003; Flyvbjerg and Gardner, 2023; Hoffman and Dimbleby, 2023; Lovello et al., 2023), with a legitimacy building and management lens, particularly regarding the expression of the varying levels of institutional logics and corporate non-market strategies over the three periods—initial collaboration plan, negotiating on the implementation, and governing relationships as the project moves forward (Ko et al., 2022). This is a practical and specific extension of the work of Flyvbjerg and colleagues (Flyvbjerg et al., 2003; Flyvbjerg and Gardner, 2023; Lovello et al., 2023) regarding their key observation that successful major projects start with extensive, stepwise iterations of plans and tests (rather than starting with a refined, inflexible blueprint), with much input from the firm’s professionals and staff. The current research augments this important finding in examining and identifying this process over three periods, specifically on the legitimacy, negotiation, and institutional logics “side” of the project, and brings in the contributions of outsiders—often key stakeholders or those helping the firm not just develop the project, but add to its legitimacy. As such, this paper contributes to theory on major project management by including observations on a more specified process, and particularly explained by institutional theory and legitimacy observations and actions of the investing firm—something that Flyvbjerg and Gardner (2023) called a “political bias,” though now are using the term power bias (Hoffman and Dimbleby, 2023). This paper rather than using basic power appeals, has examined these activities in more comprehensive terms, that is, with regard to influence, and legitimation by key stakeholders; similar activities to Flyvbjerg’s power bias, but using an institutional lens to capture a broader range of legitimizing and alliance building activities, looking beyond power dynamics or the technical requirements of the project, to the legitimacy and stakeholder management of the project (Ahlstrom et al., 2008; Ko et al., 2022; Zhang et al., 2020).

5.3. Managerial implications

For MNEs engaging in infrastructure collaboration in developing markets, our findings suggest that MNEs should regularly monitor the shifting of institutional logics in their non-market environment (especially changes in government), which is the foundation for legitimizing their motives and activities of providing public goods. It is impractical to conduct CSR activities meeting global standards and build long-term relations with the state only when initiating the collaborative plans, this groundwork has to be laid early, as mentioned by the Chinese firm’s country director, who had spent years preparing, long before the BRI was even set out in 2013.

Facing geopolitical tensions, MNEs would also be suggested to borrow political capital from partners with global influence and a good image for infrastructure collaborations. As a result, both parties in tension would seriously consider the negative impacts of offending these powerful organizations, such as the World Bank, the Silk Road Fund, and so forth. In addition, the study reminds firms (and project

managers) that in addition to the helpful stepwise, iterative and flexible recommendations of Flyvbjerg and Gardner (2023) for enfolding major projects, these principles need to be extended to the stakeholder management, and legitimation process as the firm builds its local acceptance and alliances, as well as bringing in needed local knowledge with the project (and its power and politics) (Ahlstrom and Bruton, 2001; Ahlstrom et al., 2008; Hoffman and Dimpleby, 2023; Zhang et al., 2020).

For policymakers, the political roles of MNEs are increasingly substantive since the governments may be incapable of providing public goods in certain fields or may find it better to delegate these responsibilities to MNEs (such as infrastructure projects). Thus, the government should provide more channels for the deliberative process to achieve a consensus efficiently, and also actively participate in the process to monitor or guide the directions for providing public good.

In terms of the local community, MNEs are increasingly participating in providing infrastructure in neighborhoods as well as at a regional or national level. Considering the significant impact of major infrastructure projects on the economy, society, and environment, local governments (and the populace) must exert their rights to monitor whether MNEs' activities are appropriate or not. Sometimes, the government boosts economic development, while ignoring the sustainability potential of the project. And for international institutions, it is necessary to develop global standards for guiding MNEs' activities in major infrastructure projects. That is especially because of infrastructure deficits and institutional voids in developing countries. On the other hand, facilitating MNEs' local adaption to specific countries' demands is important, where a more cooperative view of international business-host government relationships should be encouraged.

5.4. Limitations and future research

One limitation of this work is that the results are derived from one Chinese MNE in one host country, albeit a major MNE active in many infrastructure projects, with some similar concerns. Nevertheless, the findings here must be applied very carefully, though they can form the basis for further study on major projects (Flyvbjerg, 2006; Flyvbjerg and Gardner, 2023). We argue also that the current research develops a longitudinal case study in the setting of one MNE, which is helpful in identifying other organizational and institutional factors relevant to major projects (Flyvbjerg and Gardner, 2023). And those factors may impact the corporate approach to solving multiple institutional logics at different periods, which is beyond the scope of our research, though worthy of future study.

Regarding case selection, Chinese firms are fairly representatives of infrastructure collaborations in developing markets, especially given the extent and scope of the BRI. And Chinese investment in Pakistan is a key case whereby much non-market navigation is needed. That is to say, our findings are potentially helpful to other MNEs involved in infrastructure collaborations since they are more likely to encounter similar challenges in logic conflicts. In addition, this paper has sought to gather and assess rich, internal information from multiple sources in and around the MNC and the host government, which contributes to gaining deep insights into this emergent and weakly documented issue that impacts the success of major

infrastructure projects (Eisenhardt, 1989; Eisenhardt and Graebner, 2007; Flyvbjerg and Gardner, 2023; Langley, 1999). With this work as a starting point, future research is suggested to make a close comparison between this project and other successful or failed infrastructure projects, such as troubled Lao dams. It would be interesting to investigate whether the synergy of CSR and CPA will be effective or need to be further adapted.

Admittedly, MNEs from different countries may differ in their choices for legitimation regarding different cultures and resources. However, the challenge of building legitimacy in developing economies is a general issue for MNEs. In future studies, it would be interesting to contrast the heterogeneous approach to dealing with logic conflicts among MNEs varying in host countries, especially between those from developed economies moving into developing economies and those from developing investing into other developing economies, as in this case of China and Pakistan.

Considering that many countries are continuing to participate in major BRI projects, MNEs from China (and participating firms from host and other countries) would face divergent institutional environments—at the country level, and even in various regional levels which may challenge the existing strategic configurations of CSR and CPA and the traditional management of major projects (Flyvbjerg et al., 2003; Flyvbjerg and Gardner, 2023; Pache and Santos, 2013). This work focuses on Pakistan as the research setting to make an exploration of MNEs' legitimation of their activities in major infrastructure projects. Future research should extend this work by studying infrastructure projects in different countries with divergent national business systems and challenging environments, and with a variety of in-coming investors and stakeholders.

6. Conclusion

Employing a rich in-depth, longitudinal case study of a major Chinese MNE managing the construction of a major hydropower infrastructure collaboration project in Pakistan as part of China's extensive Belt and Road project, this work proposes a temporal model whereby MNEs adapt configurations of CSR and CPA. This helps them manage institutional logic conflicts that manifest between countries and stakeholders, and also those that further emerge at the national, regional, and international levels (Pache and Santos, 2013). In particular, MNEs can integrate local CSR activities with transactional CPA to simultaneously address the time-consuming activities for local demands and the state's requirement for quick completion at the initiating stage, while the operating stage asks for a following a global standard of CSR and relational CPA to deal with the international-level judgments from a long-term perspective. During the implementation period, the geopolitical tensions force the MNEs to seek external help given their lower resources and capacities to exert influence over diplomatic issues. Instead of the home country, partners with global influence and reputation can be good sources of legitimacy in major infrastructure collaborations.

If this paper were to provide one main message, it would be that the MNE is recommended to flexibly combine local (global) CSR with transactional (relational) political activities as a response to logic conflicts at different stages and levels. The

higher the logic conflicts emerge, the more likely that the MNE should seek for legitimated partners and adopt a global CSR standard and relational CPA. This is because major project management should be an iterative, learning-based process—planned extensively with different versions of a project tested, and while utilizing technologies (such as AI and computer-aided design), to suggest which approach may be best, while maintaining flexibility as more is learned (Akst, 2023; Flyvbjerg and Gardner, 2023). Yet this goes not just for the technical and learning side (Flyvbjerg and Gardner, 2023), but also with regard to stakeholder management and legitimacy building within the industry, host country and region that the MNE is entering. That is to say, good management of the legitimacy and alliance-building side of major projects along with the technical side, also helps to limit the weighty and sometimes intractable problems that can often hang up mega projects, while aiding them in flexibly maintaining the budget and completion schedule, eventuating the major project's success (Flyvbjerg et al., 2003; Flyvbjerg and Gardner, 2023).

Author contributions: Conceptualization, XG and DA; writing—original draft preparation, XG; writing—review and editing, DA; funding acquisition, JL. All authors have read and agreed to the published version of the manuscript.

Funding: The authors gratefully acknowledge the grants supported by the National Natural Science Foundation of China (grant number 71972143), and the National Social Science Fund of China (grant number 20BGL131).

Conflict of interest: The authors declare no conflict of interest.

References

- Aguinis, H., & Glavas, A. (2012). What We Know and Don't Know About Corporate Social Responsibility. *Journal of Management*, 38(4), 932–968. <https://doi.org/10.1177/0149206311436079>
- Ahlstrom, D., & Bruton, G. D. (2001). Learning from successful local private firms in China: Establishing legitimacy. *Academy of Management Perspectives*, 15(4), 72–83. <https://doi.org/10.5465/ame.2001.5897661>
- Ahlstrom, D., & Bruton, G. D. (2010). Rapid Institutional Shifts and the Co-evolution of Entrepreneurial Firms in Transition Economies. *Entrepreneurship Theory and Practice*, 34(3), 531–554. <https://doi.org/10.1111/j.1540-6520.2010.00373.x>
- Ahlstrom, D., Bruton, G. D., & Yeh, K. S. (2008). Private firms in China: Building legitimacy in an emerging economy. *Journal of World Business*, 43(4), 385–399. <https://doi.org/10.1016/j.jwb.2008.03.001>
- Ahlstrom, D., Young, M. N., Nair, A., et al. (2003). Managing the institutional environment: Challenges for foreign firms in post WTO China. *SAM Advanced Management Journal*, 68(2), 41–49.
- Akst, D. (2023). Why do large projects go over budget? Available online: <https://www.strategy-business.com/article/Why-do-large-projects-go-over-budget> (accessed on 2 June 2024).
- Ansar, A., Flyvbjerg, B., Budzier, A., et al. (2014). Should we build more large dams? The actual costs of hydropower megaproject development. *Energy Policy*, 69, 43–56. <https://doi.org/10.1016/j.enpol.2013.10.069>
- Barney, J. B. (2001). Is the Resource-Based “View” a Useful Perspective for Strategic Management Research? Yes. *Academy of Management Review*, 26(1), 41–56. <https://doi.org/10.5465/amr.2001.4011938>
- Bruton, G. D., & Ahlstrom, D. (2003). An institutional view of China's venture capital industry—Explaining the differences between China and the West. *Journal of Business Venturing*, 18(2), 233–259.
- Buckley, P. J. (2020). China's belt and road initiative: Changing the rules of globalization. *Journal of International Business Studies*, 51(2), 279–281. <https://doi.org/10.1057/s41267-019-00283-z>
- Cheung, Z., Aalto, E., & Nevalainen, P. (2020). Institutional Logics and the Internationalization of a State-Owned Enterprise: Evaluation of International Venture Opportunities by Telecom Finland 1987–1998. *Journal of World Business*, 55(6), 101140. <https://doi.org/10.1016/j.jwb.2020.101140>

- Cialdini, R. B. (2021). *Influence, new and expanded: The psychology of persuasion*. Harper Business.
- Ciravegna, L., Ahlstrom, D., Michailova, S., et al. (2023). Exogenous shocks and MNEs: Learning from pandemics, conflicts, and other major disruptions. *Journal of World Business*, 58(6), 101487. <https://doi.org/10.1016/j.jwb.2023.101487>
- den Hond, F., Rehbein, K. A., de Bakker, F. G. A., et al. (2013). Playing on Two Chessboards: Reputation Effects between Corporate Social Responsibility (CSR) and Corporate Political Activity (CPA). *Journal of Management Studies*, 51(5), 790–813. <https://doi.org/10.1111/joms.12063>
- Doh, J. P., Lawton, T. C., & Rajwani, T. (2012). Advancing Nonmarket Strategy Research: Institutional Perspectives in a Changing World. *Academy of Management Perspectives*, 26(3), 22–39. <https://doi.org/10.5465/amp.2012.0041>
- Du, J., Bai, T., & Chen, S. (2019). Integrating corporate social and corporate political strategies: Performance implications and institutional contingencies in China. *Journal of Business Research*, 98, 299–316. <https://doi.org/10.1016/j.jbusres.2019.02.014>
- Du, J., & Zhang, Y. (2018). Does One Belt One Road initiative promote Chinese overseas direct investment? *China Economic Review*, 47, 189–205. <https://doi.org/10.1016/j.chieco.2017.05.010>
- Dunbar, R. L. M., & Ahlstrom, D. (1995). Seeking the Institutional Balance of Power: Avoiding the Power of a Balanced View. *The Academy of Management Review*, 20(1), 171. <https://doi.org/10.2307/258891>
- Eisenhardt, K. M. (1989). Building Theories from Case Study Research. *The Academy of Management Review*, 14(4), 532. <https://doi.org/10.2307/258557>
- Eisenhardt, K. M. (2021). What is the Eisenhardt Method, really? *Strategic Organization*, 19(1), 147–160. <https://doi.org/10.1177/1476127020982866>
- Eisenhardt, K. M., & Graebner, M. E. (2007). Theory Building from Cases: Opportunities and Challenges. *Academy of Management Journal*, 50(1), 25–32. <https://doi.org/10.5465/amj.2007.24160888>
- Eisenman, J., & Heginbotham, E. (2023). China's relations with the Global South. In: Kironka, K. & Turcsanyi, R. Q. (editors). *Contemporary China: A New Superpower?* Routledge.
- Estache, A., & Wodon, Q. (2014). *Infrastructure and Poverty in Sub-Saharan Africa*. Palgrave Macmillan.
- Eysenck, H. J. (1976). Introduction. In: Eysenck, H. J. (editor). *Case studies in behaviour therapy: 1–16*. Routledge and Kegan Paul.
- Flyvbjerg, B. (2006). Five Misunderstandings About Case-Study Research. *Qualitative Inquiry*, 12(2), 219–245. <https://doi.org/10.1177/1077800405284363>
- Flyvbjerg, B., Bruzelius, N., & Rothengatter, W. (2003). *Megaprojects and Risk*. Cambridge University Press. <https://doi.org/10.1017/cbo9781107050891>
- Flyvbjerg, B., & Gardner, D. (2023). *How big things get done: The surprising factors that determine the fate of every project, from home renovations to space exploration and everything in between*. Crown Currency.
- Frynas, J. G., & Stephens, S. (2015). Political Corporate Social Responsibility: Reviewing Theories and Setting New Agendas. *International Journal of Management Reviews*, 17(4), 483–509. <https://doi.org/10.1111/ijmr.12049>
- Gil, N., & Fu, Y. (2022). Megaproject Performance, Value Creation, and Value Distribution: An Organizational Governance Perspective. *Academy of Management Discoveries*, 8(2), 224–251. <https://doi.org/10.5465/amd.2020.0029>
- Gioia, D. A., Corley, K. G., & Hamilton, A. L. (2013). Seeking Qualitative Rigor in Inductive Research. *Organizational Research Methods*, 16(1), 15–31. <https://doi.org/10.1177/1094428112452151>
- Glaser, B. G. (1998). *Doing grounded theory: Issues & discussion*. Sociology Press.
- Glaser, B. G., & Strauss, A. L. (1967). *The discovery of grounded theory*. Aldine.
- Gond, J., Barin Cruz, L., Raufflet, E., et al. (2016). To Frack or Not to Frack? The Interaction of Justification and Power in a Sustainability Controversy. *Journal of Management Studies*, 53(3), 330–363. <https://doi.org/10.1111/joms.12166>
- Hermes, J., & Mainela, T. (2022). Actor legitimation in emerging markets: A network-embedded process. *Journal of World Business*, 57(4), 101315. <https://doi.org/10.1016/j.jwb.2022.101315>
- Hillman, A. J., & Hitt, M. A. (1999). Corporate Political Strategy Formulation: A Model of Approach, Participation, and Strategy Decisions. *The Academy of Management Review*, 24(4), 825. <https://doi.org/10.2307/259357>
- Hoffman, B. & Dimpleby, M. (2023). How big things get done with Prof. Bent Flyvbjerg. Available online: <https://m.youtube.com/watch?v=yUEycqrCuIY> (accessed on 2 June 2024).
- Indah, V. F., Rusli, B., Myrna, R., et al. (2023). How are companies involved in the construction of the trans Sumatra toll road, in Indonesia? Role analysis and development policy. *Journal of Infrastructure, Policy and Development*, 7(3).

- <https://doi.org/10.24294/jipd.v7i3.2588>
- Javadian, G., Nair, A., Ahlstrom, D., et al. (2023). Transitional entrepreneurship: unleashing entrepreneurial potential across numerous challenging contexts. *New England Journal of Entrepreneurship*, 26(2), 78–87. <https://doi.org/10.1108/neje-12-2023-103>
- Kamasak, R., James, S. R., & Yavuz, M. (2019). The interplay of corporate social responsibility and corporate political activity in emerging markets: The role of strategic flexibility in non-market strategies. *Business Ethics: A European Review*, 28(3), 305–320. <https://doi.org/10.1111/beer.12223>
- Khan, Z., Zeng, J., Knight, G., et al. (2023). Non-market strategies and disruptive innovation in the platform economy. *Journal of International Management*, 29(5), 101047. <https://doi.org/10.1016/j.intman.2023.101047>
- Ko, G., Amankwah-Amoah, J., Appiah, G., et al. (2022). Non-market strategies and building digital trust in sharing economy platforms. *Journal of International Management*, 28(1), 100909. <https://doi.org/10.1016/j.intman.2021.100909>
- Kostova, T., & Zaheer, S. (1999). Organizational Legitimacy under Conditions of Complexity: The Case of the Multinational Enterprise. *The Academy of Management Review*, 24(1), 64. <https://doi.org/10.2307/259037>
- Langley, A. (1999). Strategies for Theorizing from Process Data. *The Academy of Management Review*, 24(4), 691. <https://doi.org/10.2307/259349>
- Li, J., Liu, B., & Qian, G. (2019). The belt and road initiative, cultural friction and ethnicity: Their effects on the export performance of SMEs in China. *Journal of World Business*, 54(4), 350–359. <https://doi.org/10.1016/j.jwb.2019.04.004>
- Li, J., Newenham-Kahindi, A., Shapiro, D. M., et al. (2013). The Two-Tier Bargaining Model Revisited: Theory and Evidence from China's Natural Resource Investments in Africa. *Global Strategy Journal*, 3(4), 300–321. <https://doi.org/10.1111/j.2042-5805.2013.01062.x>
- Li, J., Qian, G., Zhou, K. Z., et al. (2022). Belt and Road Initiative, globalization and institutional changes: implications for firms in Asia. *Asia Pacific Journal of Management*, 39(3), 843–856. <https://doi.org/10.1007/s10490-021-09770-0>
- Li, J., Van Assche, A., Fu, X., et al. (2022). The Belt and Road Initiative and international business policy: A kaleidoscopic perspective. *Journal of International Business Policy*, 5(2), 135–151. <https://doi.org/10.1057/s42214-022-00136-x>
- Li, J., Van Assche, A., Li, L., et al. (2022). Foreign direct investment along the Belt and Road: A political economy perspective. *Journal of International Business Studies*, 53(5), 902–919. <https://doi.org/10.1057/s41267-021-00435-0>
- Liu, B., Ahlstrom, D., & Zhang, Y. (2024). The schizophrenic board secretary: An embedded agent between multiple stakeholders and financial misconduct. *The British Accounting Review*, 101323. <https://doi.org/10.1016/j.bar.2024.101323>
- Liu, Y., Zhang, C., & Jing, R. (2016). Coping with Multiple Institutional Logics: Temporal Process of Institutional Work during the Emergence of the One Foundation in China. *Management and Organization Review*, 12(2), 387–416. <https://doi.org/10.1017/mor.2015.49>
- Lounsbury, M., Steele, C. W. J., Wang, M. S., et al. (2021). New Directions in the Study of Institutional Logics: From Tools to Phenomena. *Annual Review of Sociology*, 47(1), 261–280. <https://doi.org/10.1146/annurev-soc-090320-111734>
- Lovullo, D., Cristofaro, M., & Flyvbjerg, B. (2023). Governing Large Projects: A Three-Stage Process to Get It Right. *Academy of Management Perspectives*, 37(2), 138–156. <https://doi.org/10.5465/amp.2021.0129>
- Luise, C., Buckley, P. J., Voss, H., et al. (2022). A bargaining and property rights perspective on the Belt and Road Initiative: Cases from the Italian port system. *Journal of International Business Policy*, 5(2), 172–193. <https://doi.org/10.1057/s42214-021-00122-9>
- Marano, V., & Kostova, T. (2015). Unpacking the Institutional Complexity in Adoption of CSR Practices in Multinational Enterprises. *Journal of Management Studies*, 53(1), 28–54. <https://doi.org/10.1111/joms.12124>
- Mellahi, K., Frynas, J. G., Sun, P., et al. (2016). A Review of the Nonmarket Strategy Literature. *Journal of Management*, 42(1), 143–173. <https://doi.org/10.1177/0149206315617241>
- Miska, C., Witt, M. A., & Stahl, G. K. (2016). Drivers of Global CSR Integration and Local CSR Responsiveness: Evidence from Chinese MNEs. *Business Ethics Quarterly*, 26(3), 317–345. <https://doi.org/10.1017/beq.2016.13>
- Pache, A. C., & Santos, F. (2013). Inside the Hybrid Organization: Selective Coupling as a Response to Competing Institutional Logics. *Academy of Management Journal*, 56(4), 972–1001. <https://doi.org/10.5465/amj.2011.0405>
- Palmer, E. (2023). Roads and Rules: What Does Infrastructure Reveal about International Law? *Asian Journal of International Law*, 14(1), 180–207. <https://doi.org/10.1017/s2044251323000413>
- Ragin, C. C. & Becker, H. S. (1992). *What is a case? Exploring the foundations of social inquiry*. Cambridge University Press.
- Rehbein, K., & Schuler, D. A. (2015). Linking Corporate Community Programs and Political Strategies. *Business & Society*,

- 54(6), 794–821. <https://doi.org/10.1177/0007650313478024>
- Reinecke, J., & Donaghey, J. (2021). Political CSR at the Coalface—The Roles and Contradictions of Multinational Corporations in Developing Workplace Dialogue. *Journal of Management Studies*, 58(2), 457–486. <https://doi.org/10.1111/joms.12585>
- Scott, W. R. (2013). *Institutions and Organizations*, 4th ed. Sage.
- Suchman, M. C. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *The Academy of Management Review*, 20(3), 571. <https://doi.org/10.2307/258788>
- Suddaby, R., Bitektine, A., & Haack, P. (2017). Legitimacy. *Academy of Management Annals*, 11(1), 451–478. <https://doi.org/10.5465/annals.2015.0101>
- Sun, P., Doh, J. P., Rajwani, T., et al. (2021). Navigating cross-border institutional complexity: A review and assessment of multinational nonmarket strategy research. *Journal of International Business Studies*, 52(9), 1818–1853. <https://doi.org/10.1057/s41267-021-00438-x>
- Sutherland, D., Anderson, J., Bailey, N., et al. (2020). Policy, institutional fragility, and Chinese outward foreign direct investment: An empirical examination of the Belt and Road Initiative. *Journal of International Business Policy*, 3(3), 249–272. <https://doi.org/10.1057/s42214-020-00056-8>
- Thornton, P. H., & Ocasio, W. (1999). Institutional Logics and the Historical Contingency of Power in Organizations: Executive Succession in the Higher Education Publishing Industry, 1958–1990. *American Journal of Sociology*, 105(3), 801–843. <https://doi.org/10.1086/210361>
- Tomizawa, A., Zhao, L., Bassellier, G., et al. (2020). Economic growth, innovation, institutions, and the Great Enrichment. *Asia Pacific Journal of Management*, 37(1), 7–31. <https://doi.org/10.1007/s10490-019-09648-2>
- Uzunca, B., Rigtering, J. P. C., & Ozcan, P. (2018). Sharing and Shaping: A Cross-Country Comparison of How Sharing Economy Firms Shape Their Institutional Environment to Gain Legitimacy. *Academy of Management Discoveries*, 4(3), 248–272. <https://doi.org/10.5465/amd.2016.0153>
- Valverde, M., Johns, F., & Raso, J. (2018). Governing Infrastructure in the Age of the “Art of the Deal”: Logics of Governance and Scales of Visibility. *PoLAR: Political and Legal Anthropology Review*, 41(S1), 118–132. <https://doi.org/10.1111/plar.12257>
- Welch, C., Piekkari, R., Plakoyiannaki, E., et al. (2011). Theorising from case studies: Towards a pluralist future for international business research. *Journal of International Business Studies*, 42(5), 740–762. <https://doi.org/10.1057/jibs.2010.55>
- Wright, M., Filatotchev, I., Hoskisson, R. E., et al. (2005). Strategy Research in Emerging Economies: Challenging the Conventional Wisdom*. *Journal of Management Studies*, 42(1), 1–33. <https://doi.org/10.1111/j.1467-6486.2005.00487.x>
- Xu, D., & Meyer, K. E. (2013). Linking Theory and Context: ‘Strategy Research in Emerging Economies’ after Wright et al. (2005). *Journal of Management Studies*, 50(7), 1322–1346. <https://doi.org/10.1111/j.1467-6486.2012.01051.x>
- Yan, S., Almandoz, J. (John), & Ferraro, F. (2021). The Impact of Logic (In)Compatibility: Green Investing, State Policy, and Corporate Environmental Performance. *Administrative Science Quarterly*, 66(4), 903–944. <https://doi.org/10.1177/00018392211005756>
- Yin, J., & Jamali, D. (2021). Collide or Collaborate: The Interplay of Competing Logics and Institutional Work in Cross-Sector Social Partnerships. *Journal of Business Ethics*, 169(4), 673–694. <https://doi.org/10.1007/s10551-020-04548-8>
- Yin, R. K. (2014). *Case study research: Design and methods*. Sage Publications.
- Zhang, J., Deephouse, D. L., van Gorp, D., et al. (2022). Individuals’ Perceptions of the Legitimacy of Emerging Market Multinationals: Ethical Foundations and Construct Validation. *Journal of Business Ethics*, 176(4), 801–825. <https://doi.org/10.1007/s10551-020-04599-x>