



Handling social risks in government-driven mega project: An empirical case study from West China

Ze-zhao Liu ^{a,*}, Zheng-wei Zhu ^a, Hui-jia Wang ^b, Jie Huang ^a

^a School of Public Policy and Administration, Xi'an Jiaotong University, Xi'an, China

^b The People's Procuratorate of Zhouzhi County, Xi'an, China

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Abstract

The sustainability of project implementation requires the use of effective instruments to cope with the undesirable social risks. Facing group confrontation and conflict around mega project in the past decade, Social Stability Risk Assessment is currently conceived as a managing way to handle social risks by the Chinese government. In this paper, a case study of Jixian Industrial Park project from western China is conducted to explore how to identify specific social risks under the dominance of local government. Response package is further released to prevent, reduce and control the destructive consequences of risks that may occur before or during the project construction. Enlightenment is obtained in the end to provide valuable implications. As a reference example, the research of this paper ushered in a practical framework of social risk management which may be effectively applied in other fields of program implementation.

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1. Introduction

Risk as a phenomenon emerges simultaneously out of the physical and social world, with well-defined properties and qualities at micro, meso and macro levels (Macgill and Siu, 2004). For decades, attention has consistently arisen on social risks for various projects, and the risk-coping management becomes gradually addressed in tackling practical challenges (Burdge and Vancley, 1995; Esteves et al., 2012; Li et al., 2005; Lyon and Skitmore, 2004). For the view of World Bank, social risk is closely associated with development, which brings possible risky activities on the disadvantageous group as well as the community (Robert and Valerie, 2007). In fact, the term “social risk” has diverse annotations in different disciplines and research backgrounds. In the Chinese context, “social risk”

owns its specific recognition and particularly refers to those events of social tension or group incidence (*qunti shijian*) that could spawn public confrontation, open protest even violent conflict. To date, research on social risk stands more in the angle of project contractors or constructors while relatively addresses less for the perspective of administrative authority, particularly in the urbanization context of developing countries. As a matter of fact, the nature and role of ‘public management of social risk’ have become a key policy concern for contemporary government (Esping-Andersen, 2000, p. 36).

Since the early 1970s, social impact assessment (SIA) was emphasized in the western countries mainly for identifying ways of mitigating negative impacts and gaining a good understanding of the communities likely to be affected by the policy, program, plan or project. Risk assessment is widely applied internationally as a predicative tool for infrastructure and resource extraction projects alike. Nowadays, one thing is evident that risk management is more conceived as a part of normal project planning in terms of legal requirements, and

* Corresponding author at: 28 Xianning West Road, Beilin District, Xi'an 710049, Shaanxi Province, China. Tel.: +86 159 2955 0666.

E-mail address: zzliu8031@stu.xjtu.edu.cn (Z. Liu).

aims to strengthen coordinated preparedness, proactive mitigation as well as prompt response in project management. Similarly, the People's Republic of China has also attached great significance to project risk management in social settings, especially those government-led projects in the fast track of urbanization (Tiejun, 2007; Wenyan, 2012). It is imperative to establish a sound social risk management system to form rational path as well as participatory spirits.

As the essential part of national development strategy in modern society, urbanization is featured with high uncertainties (Grierson, 2007; Huntington, 2008), among which social risks of project implementation need to be prudently dealt with (Miller and Lessard, 2001; Zavadskas et al., 2010; Zeng et al., 2008). From 1978 to 2012, China's economic growth and urbanization level have increased with average rate of 9.8% and 1.05% respectively per annum. During the striking transformation period, a huge number of engineering projects or fixed assets investment projects have mushroomed or being constructed throughout the country with its nickname "project-impulsed nation" (Jingdong, 2012). In the process, the peasantry and rural residents have often been one of the most vulnerable groups for subsequent land requisition or relocation due to mega projects construction. Their traditional lifestyle, customs and living environment may face serious destruction while in return they gain relatively little compensation from project implementation. Thus, the project conflicts among local governments, managing sectors and the affected people constantly arise, bringing obstacles for projects to move forward. With the rapid development of urbanization, infrastructure projects and other supporting projects are placed the priority in China, and local officials' high aspirations of investment have further stimulated project inputs under the current GDP-oriented performance rating system (Bo, 2002; Guo, 2009). In 2014, China central government formally published the magnificent plan of "three 100-million people", i.e., to achieve the goal of "100 million rural population settled in the town; renovation of 100 million people from urban shanty towns and villages; and urbanization of 100 million people in the Midwest China till 2020" (Xinhua Net, 2014a). By this strategic program, local governments expedite project construction, especially those of high-output investment ones. However, primarily due to lack of effective social risk management, the project implementation in some areas encountered fierce group contradictions even bloody conflicts, and subsequently resulted in postponement or cancelation. Protests and social tensions triggered by projects became contemporary instability factors in mainland China. A recent typical example of this negative influence is the "10 · 14 Incident": On October 14, 2014, a massive violence was exploded between construction personnel and local villagers in Jinning County, Yunnan Province, resulting in eight deaths and 18 injured (Xinhua net, 2014b). The clash was directly triggered by the construction of "Pan-Asian Industrial Products Trade and Logistics Center Project" (herein-after PILC). Due to the project construction, 300 more acres of farmland and forest land would be expropriated by the local government. Although PILC was expected to bring considerable benefits for the local economic development, open protests

around land compensation and collusion suspicion never stop. Since PILC project started in early 2011, villagers have continuously sought fairer compensation and land-use rights protection from higher level governments — collectively "visiting" (*shang fang*) provincial-level government and bureaus as well as municipal-level ones. Villagers believed that their common interests were seriously damaged and the original compensation plan could not guarantee their livelihood. Despite of the controversies, PILC project was still forced to be implemented under the acquiescence of local government, even some gangsters were enticed to intimidate regardless of strong opposition. Eventually, the bloody tragedy occurred. "10 · 14 Incident" was an extreme case of land grab-related violence for the mega project construction in mainland China, which reflected contradictions and serious distrusts between local authority and the affected people. At the crux of most social disputes is the issue of unpaid compensation and ineffective social risk response applied by the local governments. Even though the Chinese central government prioritizes social stability because it is closely linked to the CCP's legitimacy, local governments tend to prioritize economic performance over stability and spawn serious consequences (Yan, 2014). Thus, the Jinning case left more enlightenment for China grassroots officials, and also called for effective social risk management during the project implementation.

For CPC ruling values, social harmony and stability are unbreakable political goals, and it is mandated that local government must take proactive measures to tackle social risk when advancing projects construction. In order to mitigate and monitor the social risk of significant projects for sustainable development, National Development & Reform Commission (NDRC) of China, the chief administrative department for project licensing management, firmly urged to strengthen social risk assessment of major projects and the assessment results ought to be embedded into the project feasibility documents before submitting for higher-level official approval. During 2010–2012, the State Council and the Communist Party of China consecutively released the trial regulation of "Guidance on establishing Social Stability Risk Assessment (SSRA)", which required all government departments to implement social risk assessment on public policy as well as mega project that may bring great impacts on the society. As such, SSRA became a mandatory guidance for the project to obtain legitimate status. According to the guidance, no investment projects can proceed without social risk assessment procedure.

The aim of this paper is to reveal how the local authority handled social risks by introducing the specific Jixian Industrial Park (JXIP) case in western China. Based on in-depth analysis, the study intends to explore the following questions: (1) what is the government role in handling project social risks?, (2) what is the management process and steps?, (3) what strategies and tactics are applied by the local government to respond for stakeholders and mitigate potential risks?, and (4) what lessons and implications can we learn from JXIP case? The findings will contribute to both the practice and research in coping with social risks for the Chinese project management and also

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