Stakeholder theory as a paradigm for cultural production of the built environment

Alexandra Staub
Penn State University, University Park, PA

ABSTRACT: Cultural production finds constant reinforcement through the built environment, yet defining what “culture” is has become an increasingly contentious in recent years. In the United States, the rise of segregated physical spaces and the accompanying social stratification in the form of gated communities and pseudo-public spaces that attract homogenous communities has been well documented. Popularly, such segregation is linked to “living in a bubble”, in which different cultural norms within a society become isolated. Despite problems associated with such isolation, such as economic stratification and social intolerance, few architects and planners have addressed how the accompanying cultural production paradigms are related to the production of the built environment, and the architect’s role in this process. This paper uses a variation of stakeholder theory to explore the consequences of our design. Stakeholder theory, first proposed by R. Edward Freedman in the 1980s, states that in order to succeed, companies should create value for all stakeholders – customers, employees, suppliers, financiers, and the community – and not just shareholders. Extended to the process by which the built environment is created, this means that the effects of our building patterns and practices must be considered through the lens of all possible stakeholders in order to produce successful projects. The first step is to gain a fuller understanding of a project’s short and long-term social and cultural ramifications. Using a method adopted from principled negotiation in which stakeholders and their interests are identified in order to develop scenarios by which a majority of interests can be accommodated, this paper will analyze several recent building projects in the United States to assess their impact on cultural production.

KEYWORDS: Stakeholder Theory, Cultural Production, Principled Negotiation, Ethics, Participatory Design

INTRODUCTION

The built environment plays a large role in cultural production, and architects are well positioned to understand the myriad ways in which the two intersect. At the same time, increasing complexities in planning and funding projects and a growing reliance on market-driven planning processes in many communities has led to a frustrating lack of opportunity for such holistic thinking. This paper explores stakeholder theory as a means to achieve more holistic planning outcomes, which I argue can also produce more ethical results. I first introduce stakeholder theory as a concept developed for business management, and then show how this concept can be applied to built-environment production through a process taken from principled negotiation strategies. The second part of the paper applies the process through three built examples.

1.0 STAKEHOLDER THEORY

1.1 Approaches to stakeholder theory in management

Stakeholder theory was first developed by R. Edward Freeman in a 1984 book titled Strategic Management: A Stakeholder Approach. The term “stakeholder”, meaning anyone who had a stake in a firm, was adapted from the word “stockholder.” The new term was meant to expand
the group to whom management of a firm need be responsive, from those with a direct financial
investment in the firm, to those needed in any way for the firm to exist, including employees,
customers, suppliers and society in general (Freeman et al. 2010). Precursors to this work
had been in circulation for some time; for example the economist William R. Dill recognized in
1975 that the relationship of stakeholders to firms is bi-directional: not only do firms’ decisions
influence their stakeholders, stakeholders’ decisions also have an effect on a given firm. Dill
thus saw stakeholders as potential active participants in strategic decision making (Freeman
et al. 2010).

Within the management literature, stakeholder analyses was initially tied to questions of
corporate profitability rather than questions of ethics. As such, expanding the idea of
stakeholder analysis to encompass a firm’s accountability to various stakeholders remained a
point of debate for years. Conservative economist Milton Friedman spoke out against social
considerations in business in a 1971 essay titled “The Social Responsibility of Business is to
Increase its Profits” and Stuart Slatter claimed in 1980 that companies had difficulties finding
economic benefit in acknowledging stakeholder views (Slatter 1980, cited in Freeman et al.
2010). Other authors of the era, however, saw stakeholder-oriented planning processes as
useful in dealing with increasing complexity in modern corporations, including social demands.
At the very least, they maintained, stakeholder satisfaction would guarantee continued support
of the organization. Stakeholder assessment thus increasingly became seen as an
intelligence-gathering opportunity to find a business’s potential opportunities and threats
(Freeman et al. 2010).

Stakeholder theory in management has evolved since the 1980s to address more than value
creation and trade. Stakeholder theory now also addresses questions of ethics, responsibility
and sustainability within the economics of capitalism, and it addresses the interconnectedness
of the various actors involved (Freeman et al. 2010).

1.2 Applying stakeholder theory to the design of the built environment
The built environment plays an enormous role in cultural production (see Staub, 2015), and
such cultural production, expressed through the design and construction of buildings and

Figure 1: Community design charrettes are a common way to seek stakeholder input. Photo: Author
landscapes, requires an enormous amount of capital. Although the process typically involves many firms, the parallels to activities pursued by corporations offering goods or services are strong enough that management theory, and specifically stakeholder theory as a form of addressing ethical considerations, can be considered for analyzing built-environment production.

In the business world, stakeholders, including suppliers, employees, customers, financiers, and the community, are fairly well defined. In built-environment production they are not. This is surprising, considering that national professional organizations often have a code of conduct that mentions an architect’s responsibility towards a defined set of parties. The AIA (American Institute of Architects) 2018 Code of Ethics and Professional Conduct, for example, discusses professional conduct towards clients, co-workers and employees, public officials, the community, other firms, and even the environment (AIA 2018). These groups can be considered stakeholders, both for a specific architectural firm and for the profession in general. In the AIA document, architects are instructed to avoid disrespectful, harassing, misleading or fraudulent behavior, and are proactively encouraged to perform public interest services, behave with “dignity and integrity”, mentor junior colleagues, perform environmental stewardship, and engage in civic responsibility (AIA 2018). The focus throughout the document is on ethical behavior towards a set of defined others, or, in other words, a set of stakeholders.

Despite the ideals outlined by documents such as the AIA Code of Ethics, and despite the naming of stakeholder groups – for the purpose of this paper, we will assume such ideals to be general enough to be internationally applicable – architectural firms continue to struggle with recognizing stakeholders and their accountability towards them. Widely publicized gaffes include Zaha Hadid’s reactions to human-rights violations on her international projects. Difficulties included human trafficking of laborers on a construction site in Baku and the death of over a thousand workers on construction projects in Qatar, to which Hadid claimed in a 2014 interview, “I have nothing to do with the workers …. I cannot do anything about it because I have no power to do anything about it.” (Riach 2014, Owen 2017).

Ethical quandaries abound on a smaller scale as well. Thomas Fisher’s 2010 book Ethics for Architects illustrates common issues loosely based on the AIA Code of Ethics framework, including questions such as if an employee who performs much of the firm’s pro-bono work for the community should, in an economic downturn, be fired over someone who brings in more fee-paying work, or if a conservative client who demands that only men design and oversee a project should be accommodated. Fisher’s book puts a face to the AIA’s more abstract moral code. Above all, the examples in his book make clear that many ethical questions require architects to consider the tradeoff between short-term financial gain and more durable ethical gains that cannot be easily monetized.

1.3 Stakeholders and the concept of principled negotiation
Although designers and builders might, with some analysis, be able to come up with a list of project stakeholders, few architectural programs offer training in how to determine project stakeholders and assess their interests or work with stakeholder demands. Community design centers and programs that offer participatory design studios in which students work with community members on developing project goals (Fig. 1) are generally the only ways in which stakeholders are involved in design decisions - although even here, the list of stakeholders involved is generally not comprehensive.

One approach to including stakeholder interests in a broader manner is through using techniques of principled negotiation, a negotiation method that allows participants to find win-win solutions in a decision-making situation. Principled negotiation, first presented by Roger Fisher and William Uri in 1981, uses an integrative approach to finding mutually acceptable outcomes in situations of conflict management. The approach encompasses four steps: 1) develop a list of stakeholders, 2) determine stakeholder interests, which might differ from their vocalized positions on an issue, 3) brainstorm outcomes that allow for as many stakeholder interests as possible to be met, and 4) agree on an objective means by which the outcomes...
might be assessed. To illustrate this concept in a built-environment context, a conflict outlined by Dolores Hayden in the introduction to her 1997 book The Power of Place is instructive. In 1995, Herbert J. Gans and Ada Louise Huxtable got into a lively discussion in the op-ed section of the New York Times over the meaning of the built past. Huxtable, the Times’s architectural critic, maintained that the New York Landmarks Preservation Commission should primarily focus on preserving major architectural monuments as “a primary and irreplaceable part of civilization,” (quoted in Hayden 1995, 3). Gans, an urban sociologist, maintained that in focusing on architectural monuments, the Landmarks Preservation Commission only preserved the “elite portion of the architectural past,” and went on to suggest that, “when preservation becomes a public act, supported with public funds, it must attend to everyone’s past,” (quoted in Hayden 1995, 3).

Although Huxtable and Gans made their differing positions abundantly clear, their interests, one could argue, were not so very far apart. Both wanted the New York Landmarks Preservation Commission to maintain buildings as testimonials of the past. Both saw the public, who would learn about the history of cultural production through the preserved buildings, as an important stakeholder in this outcome. Both were surely willing to support the Landmarks Commission in this endeavor. Yet there is no evidence that they agreed on objective means by which any specific outcomes might be assessed. As Hayden points out, Huxtable and Gans used the same terms to mean quite different things:

When he said “architecture,” he meant all urban buildings, or the built environment. When she said “architecture” she meant buildings designed by professionally trained architects operating with aesthetic intent [....] When he said “vernacular” he was classifying buildings by social use [....] and implying tenements, sweatshops, saloons, and public bathhouses. When she said “vernacular,” she meant that the architect was unknown [....] (Hayden 1995, 4)

The Huxtable-Gans debate demonstrates what happens when negotiations break down. Principled negotiation strategies could have helped the discussion stay on track. Recognizing that both Huxtable and Gans were interested in using buildings as a form of public history and that the stakeholders were primarily the public who would both fund and benefit from having access to important landmarks, they could have examined how their two differing definitions of history might work together. For example, maintaining structures associated with the working-class who were employed by the wealthy as servants or laborers could provide a fuller picture of the interplay between workers, who were required to build and maintain the lifestyle of the city’s social elite, and their employers, who acted as architectural patrons. Instead of promoting only major architectural monuments or working-class housing and other facilities – in and of themselves interesting objects of study – the Landmark Commission could have insisted that the two together provide a contextualized version of the city’s urban history.

In the following section, I examine three examples in which cultural production of the built environment raises ethical questions that can be analyzed through the lens of principled negotiation strategies. A key part of this analysis is to compile a list of possible stakeholders and their interests. I argue that awareness of possible stakeholders is the first step in ethical decision-making, as architects become more responsive to the interests and needs of various stakeholders in the search for more holistic design solutions. I also argue that training students to recognize stakeholders and elicit their interests should be an integral part of design pedagogy. If design is recognized as an integral part of cultural production, then reaching into the community of stakeholders will enrich the design process immeasurably.

2.0 PROJECTS

2.1 The Mercedes Benz Stadium in Atlanta

In the United States, sports are typically associated with healthy lifestyles and character building, especially for youth. Yet sports are also big business: a 2017 poll found that Americans spend over $100 billion on sports annually, with $56 billion spent on sporting events alone. In 2016, taking a family of four to an NFL (National Football League) game cost over $500 on average, including tickets, parking, and snacks (Egan 2017).
Stadia have come to reflect the intersection between cultural production and capital, in this case expressed through corporate influence. An example is the Mercedes Benz Stadium in Atlanta (which was renamed from the non-branded “New Atlanta Stadium” in 2015), designed by the firm HOK and completed in 2017 (Fig. 2). The stadium has eight triangular panels that move on tracks to allow the roof to open dramatically, while offering fans, “an immersive, technology-driven game-day experience,” including a “360 degree HD halo video board built into the roof,” as well as digital billboards allowing sponsors to display “targeted programmable content...”, a rather high-flung term for advertising (Architect Magazine 2015). The stadium's cost was $1.4 billion, of which over $1 billion was accrued through sponsors, including the Harrah casino empire, three breweries, two winemakers, and various distillers, all of whom have purchased the right to offer branded clubs and bars within the stadium (Lefton 2017).

The main stakeholders in this scenario are the public who will frequent the venue, the teams who will play there, the people of Atlanta, and the many corporations that are using their sponsorship – a term that has come to mean monetary donations given in exchange for advertising rights – to market their products through electronic billboard advertising, fan items, and the branded naming of portions of the stadium itself. In this case, one could argue that the gambling and alcohol companies’ aggressive marketing campaigns are attempting to elevate their own reputation through a positive association with sports’ more wholesome image. With sports traditionally seen as a respectable family pastime, sponsorship allows these companies to introduce gambling and alcohol advertising to minors in a positive way that is outside the control of users. Empowering the user becomes an ethical question: should users have the right to experience the sports event without being held captive to constant corporate advertising? Although not directly under the architect’s control, pointing out how corporate branding of sports facilities has influenced fans’ sports experience is the first step towards evaluating and possibly seeking alternatives to this trend.

2.2. What to do with contentious monuments?
Confederate monuments dot the landscape of the southern United States, where their presence has become increasingly controversial. Opponents to the monuments maintain that they glorify a pre-abolitionist history of racial discrimination, while the monuments’ proponents state that the monuments commemorate the South’s struggle for self-determination. Historians, too, are divided, with some stating that Confederate memorials have historical value, and others claiming that the ideologies they represent make them too toxic to be pedagogical (SPLC 2016).
The most immediate stakeholders in this instance have interests that may be irreconcilable. Descendants of Confederate soldiers wishing to venerate their relatives, and those who see the monuments as celebrating the South’s perceived fight for self-determination are interested in keeping the monuments intact, while for many African Americans the monuments commemorate figures who were responsible for enslaving their forebearers and thus indirectly, they condone slavery itself. A third set of stakeholders is left out of this equation, however, as the monuments present a pedagogical opportunity for society at large, including future generations, about continued racial tensions that make these monuments so hotly debated.

Shifting the focus of contentious monuments and buildings from commemorating history to illustrating it lies at the heart of a similar project in Germany (Figs. 3 and 4). In Hamburg in 1936, the “76er Memorial” was erected to commemorate a local regiment of soldiers. After World War II, the sculpture, now perceived as Nazi propaganda that glorified war, became hotly debated, but was never removed. In 1985, Austrian sculptor Alfred Hrdlicka was commissioned to erect a counter-memorial against war and fascism next to the original monument. The two works, taken together, have since become part of a space that offers a powerful opportunity for pedagogy and reflection (Denkmal Hamburg n.d.).

Re-examining Confederate monuments as part of US history, planners could explore creating new landscapes to accommodate the public’s interest in learning about how history itself becomes defined. The monuments themselves would become but one display of a narrative that discusses how different groups of stakeholders perceive such relics of the Confederate past. Treating the monument sites as an opportunity for broader learning would shift them from sites of ideological ritual to spaces of broader reflection and discussion. The monuments would be contextualized and take on new meaning to accommodate an unrecognized but large group of stakeholders.

2.3. Shaping historical narratives
Colonial Williamsburg, a “living history museum” (Fig. 5) and Disney’s Epcot Theme Park (Fig. 6) both represent built environments designed to portray a carefully crafted historical and cultural narrative. Both have been repeatedly criticized for providing simplistic and inaccurate versions of cultural history designed for commercial interests and mass tourism (Levi 2005, Kratz and Karp 2003). Colonial Williamsburg has been criticized for portraying a highly edited and thus unrealistic version of eighteenth-century life in the town, a version that omits mention of the era’s sanitation problems or the role of slavery in the town’s economy (Greenspan 2002). Disney’s round-the-world Epcot display, on the other hand, has been charged with cultural conceit; portraying the United States as a modern, technologically advanced nation, while the rest of the world remains quaintly backward (Staub 2015).
The trend towards inexactly replicating historical structures for marketing purposes is common in the United States. Examples include major tourist destinations such as Colonial Williamsburg as well as more mundane projects such as small-town centers built in pseudo-historical styles (Levi 2005). The trend towards historicism is not limited to publicly accessible spaces, but permeates the building industry, including contemporary housing. Seeking a marketing opportunity, since the 1970s housing manufacturers have increasingly offered historicized housing facades, indicating the popularity of architecture that offers modern amenities but looks and “feels” traditional (Harris and Dostrovsky 2008). While the market has encouraged a proliferation of traditional styles in both public spaces and private buildings, there is nevertheless a fine line between contextualism (building new structures so that they respect the physical context of older ones) and ahistorical replication.

The stakeholders when considering historicized tourist destinations such as Colonial Williamsburg and Epcot are primarily the public, who as users of the buildings seek functional convenience, educational and entertainment value, and aesthetic delight, and the investors, who seek to create architecture that will attract users who will spend money there. One can argue, however, that the user is shortchanged in this equation. The ahistorical structures provide functional convenience, entertainment value, and aesthetic delight as short-term goals, yet the longer-term goal of educational value falls pitifully short. The user is offered a version of history that is often false or misleading, while led to believe that they are experiencing something that is in the spirit of authenticity. In considering the equation of educational value for the user versus marketing value for the investor, it is clear that the scale has been tipped in favor of the latter. The result presents an ethical dilemma, as architects and designers take part in building practices that are culturally misleading.

3.0 CONCLUSION
Culturally misleading building projects often pit an investor’s short-term economic interests against the public’s long-term educational investment, a trade off that is not always recognized due to the different time scales involved. When investors “brand” a building or parts of it, the investor’s attempt to culturally influence the building process becomes more overt. In this process of cultural investment, the architect’s role is rarely examined, despite general ethical guidelines presented by professional organizations such as the AIA.

If we are to accept architects’ responsibility towards clients, co-workers and employees, public officials, the community, other firms, and the environment as an ethical imperative, then stakeholder theory as a paradigm for cultural production of the built environment allows us to more precisely assess and analyze stakeholder interests, while negotiation tactics point to how to best meet them. Architectural and design firms are businesses, and to remain viable they must stay solvent. Yet, as stakeholder theory demonstrates, fiscal concerns are no longer the only ones firms are confronted with. Milton Friedman’s 1971 article encouraging businesses to recognize only stockholders, i.e. fiscal investors, as legitimate stakeholders has been
superseded by a more nuanced approach that recognizes a broad range of stakeholders in any business venture. Short-term fiscal thinking has thus been supplanted by the recognition that sustainable business management incorporates sustainable cultural management, and that both must take into account the long game of holistic planning. When considering architecture and design firms, that long game arguably includes the reputation of the profession, as architects, planners and designers shape the built environment, and with it cultural production.

The culture of the design process starts in the professional programs that teach it. If considering stakeholders is to be an integral and consistent part of architectural and design production, then it must ideally become part of the pedagogical process. While some programs incorporate ethics education as part of their professional practice curriculum – with textbooks such as Barry Wasserman, Patrick Sullivan and Gregory Palermo's *Ethics and the Practice of Architecture* serving as a well-sourced resource – the ideals inherent in stakeholder investment should permeate all facets of a design education.

In three of the examples analyzed above – the Mercedes Benz Stadium in Atlanta, Colonel Williamsburg, and Epcot – planners have allowed marketing interests to drive the playbook of cultural production. In the stadium example, gambling venues and liquor firms have associated themselves with the more positive lifestyle image sports provide by providing building funds in exchange for naming rights. In the Colonial Williamsburg and Epcot examples, spectators are implicitly offered the re-creation of an authentic historical experience, a claim that is, however, patently false. Recognizing that the public’s interests include not only entertainment and convenience, but also accurate cultural information, the designer’s role shifts to accommodating this accuracy.

In the case of contentious monuments, stakeholder analysis and the tenets of principled negotiation allow designers to open new avenues in a debate that has seemingly ended in an ideological impasse. When the public’s right to historical knowledge is taken into account as a stakeholder interest, contentious monuments can be reframed as didactic rather than commemorative, thus taking on a new role and purpose in civic discourse.

Acknowledging stakeholders and understanding their interests in the built environment is a first step towards more ethical cultural production. If architects are to take their responsibility regarding professional conduct towards clients, co-workers and employees, public officials, the community, other firms, and the environment seriously, they must first recognize what each of these stakeholders brings to the table.

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SPLC (Southern Poverty Law Center) 2016 https://www.splcenter.org/sites/default/files/com_whose_heritage.pdf


**NOTES**

1For example, the national organization of the YMCA, a community provider of sports programs, highlights its focus as “Youth Development, Healthy Living, and Social Responsibility”, see https://www.ymca.net.