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Stakeholder Participation for Sustainable Property Development

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Abstract

Complexity in property development projects involves and affects stakeholders with different attributes, interests, needs and concerns. Thus, each stakeholder may influence a project negatively or positively. The literature suggests that the concepts of stakeholder, participation, social sustainability and sustainable development are intertwined and together can contribute to social change. To enhance transparency and involvement of a wide range of stakeholders, there is a need for a systematic process of stakeholder collaboration in urban property development projects. This paper describes two internal project meetings of a case study of a property development project with the aim to achieve sustainable development. Collaboration, participation and new forms of organising are needed to achieve sustainable property development. Stakeholder participation can contribute to this by providing forums for a dialogue and interactions in projects. Furthermore, institutionalisation, organisational change and commitment in project organisations are needed to safeguard good participation practice. These could be facilitated through action research-based, collaborative interventions where theory and practice contribute to desired organisational change.

1. Introduction

The concept of sustainable property development refers to the process in which social, economic and environmental issues are deliberated throughout the stages of the development project, i.e. planning, design,

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construction, and operation. Sustainable urban property development is characterized as a means to achieve a built environment that reflects the needs and interest of a wider society. Sustainable property development projects can be achieved through collaborative action, especially when ambitious goals are defined (McCormick et al., 2013). To enhance transparency and involvement of a wide range of stakeholders, there is a need for a systematic process of collaboration among the different stakeholders in urban property development projects (Innes & Booher, 2004). It is argued that development projects are the outcomes of complex social processes which are guided by structural forces (*resources, regulations and discourses*) and actors (*funders, regulators, producers and users*) situated in the socio-political context of a property development project (Calderon & Chelleri, 2013). The interactions among these forces and actors influence how the development process takes place and how realities are constructed, hence benefits the interests of a few. For this reason, a holistic approach to stakeholder participation is vital to allow the different stakeholders to meaningfully participate in the decision-making process by balancing their interests, needs and concerns, thus achieving a more just built environment.

The literature in participation highlights different meanings and objectives for participation but remains a contested concept, as practitioners and researchers do not seem to have the exact same notion of what to achieve with participation and how to translate it into practice (Day, 1997). The benefits are classified into normative, substantive and instrumental (Bickerstaff & Walker 2000; Glucker et al., 2013). A normative approach to participation focuses on the democratic rational, considering participation an end in itself. The focus is on equality rather than on the quality that comes out of the process. The substantive arguments look at participation instead as a means to an end, with an emphasis on improving the quality of the decisions made. The instrumental reasoning considers stakeholder participation as a means to re-establish credibility and trust, and to legitimize decisions. Although participation is regarded as a good thing, its complexity and ambiguity create confusion and disillusionment among scholars and practitioners who fail to see these benefits realized (Reed, 2008).

Not surprisingly, participation has been criticized for not living up to its philosophies and it has been argued that participation is merely a window shopping strategy to legitimize decisions already made. Studies have identified power relations and conflicts as two main constraints that emerge from participatory processes which need to be taken into account (Calderon, 2013). Furthermore, it has been argued that to achieve efficient participation, identification of the stakeholders who may have an impact on the development process is needed, including hidden and non-hidden power structures.

In this paper, it is argued that to achieve effective stakeholder participation, commitment and a systematic approach are needed within the project organisation to involve a wide range of stakeholders at different levels to collaboratively participate in the decision-making process. The paper outlines such a systematic approach consisting of several steps. To commence, a participatory process is guided by a thorough stakeholder analysis at the outset of the participatory process to identify the relevant stakeholders in a property development project. Furthermore, a dialogue process that enables collaboration and further mutual understanding among the stakeholders is vital to achieve a fair decision-making process. The outcome of the decision-making process should be robust decisions that have multiple benefits for the various stakeholders involved. The empirical base of the paper follows the early stages of a property development project (pre-design) that aims to achieve sustainable development. The paper ends with a discussion on how a study in stakeholder participation will be implemented in a property development organisation through action research.

2. Participation, background and meaning

Participation can be defined in many different ways. What is common for all definitions is the active role of the stakeholders to influence the decision-making process. More specifically the stakeholders that are affected by a decision should have an input on the decision-making process (Smith, 1983; Rowe et al., 2004). Arnstein (1969) argues that participation is the redistribution of power to those excluded from the political and economic arena to take part in the decision-making process.

An inefficient participatory practice may lead to failure in meeting the needs and concerns of the public and hence failure in improving the quality of the decisions and in incorporating a wide range of stakeholders (Innes & Booher, 2004). Arnstein (1969) argued that approaches to genuine participation must safeguard stakeholders' needs and concerns in the decision-making process. However, even best-intentioned experts are prone to be unfamiliar

with the problems and aspirations of stakeholders (Arnstein, 1969). Furthermore, scholars argue that there is not one universally effective method to participation as different methods are highly dependent on the contextual and environmental factors embedded in the project (Smith et al., 1997).

Innes and Booher (2004) mention how participation models exclude the participation of a broader range of stakeholders. Participation is often perceived as a dual system that involves the citizens and the government and fails to integrate other stakeholders in the model. Innes and Booher (2004) argue that participation must be perceived as a collaborative process that engages a wide range of stakeholders from citizens, special interests groups, non-profit organisations, private and public sectors and where communication, learning and action are essential for meaningful participation. However, as argued by Brody (2003), broad participation in the planning process does not necessarily lead to better plans; it is the involvement of specific stakeholders which significantly increase the quality of plans. Instead of engaging as many stakeholders as possible, Brody (2003) suggests that focus should be placed on identifying and involving specific stakeholder groups that are likely to enhance the quality of decisions. Further, according to Innes and Booher (2004), engagement of a wide range of stakeholders, through collaborative participation, increases the potential to build social capital and to produce innovative solutions to the complex problems in society.

Inadequate management of the concerns of stakeholders can lead to controversy and conflict about the implementation of the project (Olander & Landin, 2008). Community attitudes are one example that has been shown to be an important factor when planning for, and locating, a development project (Rogers, 1998). The demands of different stakeholder groups vary and a project can benefit one stakeholder group whilst simultaneously having a negative impact on others. Understanding the viewpoints of different stakeholders helps the project manager build relationships and thus avoid preconceived ideas and assumptions (Watson et al., 2002). To ensure stakeholder participation, especially by stakeholders in the external environment, various analysis and mapping techniques are available (e.g. Olander & Landin, 2005; Bourne & Walker, 2005; Olander, 2007). Various stakeholder groups are analysed depending on their possibility to influence project decisions, and the potential consequence, for the project, if they choose to do so.

3. The case project

3.1. Project background

The area for the proposed development is in the district A, a mixed-use area located in the city B in the southern part of Sweden, with high ambitions for sustainable development. The strategic area has a strong potential for the real estate market as it is situated near the newly developed city centre of district A and the city tunnel station which connects the southern region of Sweden to Denmark. The development project is carried out in partnership between two property development companies. One is a municipal housing company and the other is a private property development company. One of the main challenges and opportunities for the future development is to integrate the surrounding neighbourhoods to the strategic area. The project aims to achieve a socially sustainable city area comprised of a mixed-used development which includes different types of housing tenures, retail, offices, leisure and public space. Furthermore, strong emphasis is placed on the connection of the strategic area to its surroundings through different means such as pathways, cycling lanes, transport, and car traffic.

In 2008, a strategy for the future development of the site was created in collaboration between the two developers. During this phase, a project brief was created which set the requirements for an international architectural competition. In 2010, the developers entered the strategic site to the international architectural competition. Two architectural proposals from the development project were selected by the developers and other jury members and the architects behind the proposals were given a commission to further work in the property development planning process. In 2011, an agreement was made between the municipality of city B and the two developers to work on a community development plan for the strategic area.

In 2012, the municipality of city B and the two developers commenced the planning process and a value program of the area was set to be carried out in collaboration. The ideas and strategies from the architectural proposals from the competition set the foundation for the value program. During this year, the land allocation was determined. In 2013, the developers formed an internal project organisation which consists of a development planning group and a

quantity surveyor group. However, the planning process remained inactive as there was a lack of a dialogue between the local planners and the developers. In response to that, the project organisation established a dialogue with the local planners to continue the development of the community planning process in partnership. The planners reacted with interests and agreed to continue.

In 2014, the local planning authorities decided to carry out a comprehensive community development plan which comprised not only the strategic area but an adjacent neighbourhood as well. It was decided that the project partnership would only focus on developing the community development plan for the strategic area, however, further consideration of how the new development fits into the comprehensive plan should be considered. Later that year, the municipality agreed to commence the planning process together with the developers' organisation. To conclude, much time and effort has been spent on creating relations between the developers' organisation and the municipality.

The municipality set a preliminary date for a public consultation early in 2015. This implies that the project group has a period of five months to complete a draft for a community development master plan that complies with the interests of the relevant stakeholders who can affect or are affected by the project. The developers agreed that a community dialogue should run in parallel to the community development plan. Both developer organisations count with the resources to carry the community dialogue during this period. Furthermore, it was decided that during this time a socially sustainable estimate will be done e.g. more people will get job opportunities.

3.2. Project organisation, collaboration and goals

The property for the strategic development is owned by the municipal housing company and the city B. The project organisation is comprised of a project management team, a community development planning group, land and development surveyors, a community dialogue group and areas such as communication, marketing, sustainability and environment, research and development. In addition, there is a local planning group led by a local planning architect in collaboration with different administration departments. In late 2014, the municipality agreed to commence the planning process together with the developers' organisation. Throughout the years since the inception of the project much time and effort has been spent on creating relations between the developers' organisation and the municipality.

As mentioned, an important goal for the developers is to achieve a socially sustainable city area which is comprised of a mixed-used development that includes different types of housing tenures, retail, offices, leisure and public space. It is also vital for the development success that the strategic area is well connected to the surroundings through different means of transit such as walkability, cycling and car traffic. It was also emphasized that the new development should meet demands from the real estate market and their profit criteria. Finally, it is vital for the developers to increase the likelihood of flexibility in the local planning process. Furthermore, there are political interests and agendas in the development project and some are the improvement and establishment of new school facilities in the area and the construction of cycling lanes including a bicycle boulevard that is planned to run through the area connecting it to other parts of the city.

The municipality of city B has decided to include the adjacent neighbourhood into the community development plan. This means that, the local planning architect has to deal with 10 different proposals from the different city departments such as the property development department, streets and roads department, traffic department, service department, environment, the district council and others. The interests from the residents were seldom clarified. This particular stakeholder group was overlooked during this discussion and it became evident that no stakeholder analysis to identify this stakeholder group and their interests has been carried out.

The assigned project management team has a long history of collaboration with the municipality of city B and the municipal housing company. The assigned project leader and the client believe that it is important that they come in the process to increase the likelihood to realize the developers' proposal. On the other hand, the professional consultants want to fully engage in the process by contributing and developing comprehensive ideas and strategies and not just as drafting architects. The interests among the professional consultants are in creating an architectural character, landscape and public space design and urban form. These interests are reflected in the two winning proposals that were selected from the architectural competition. During meetings, conflicts of interests have been experienced due to project uncertainty and internal miscommunications which in turn led to a lack of transparency

and definition of roles.

These can be illustrated in some quotes from the architecture and urban design consultants who were selected after the architectural competition. As one consultant puts it "the meaning of the architectural competition was to drive the process and not other consultants". Another consultant mentioned, "With the involvement of the newly assigned project leader, the competition is not what it was supposed to be because now the project leader is going to take the responsibility for the project." A consultant argued that since the commission from the competition, they have not got the chance to go deeper into the development of the proposals and that their role has been marginalized in the process.

The project management team explained that they want to create flexibility and be neutral in the development process and that their already established relationship with the municipality of city B and the municipal housing company could increase the likelihood to realize the developers' proposal. The clarification of the project leader to facilitate the collaborative planning process between the municipality and the developers helped clarified the roles for the rest of the consultants who were confused about their roles and responsibilities in the planning process.

The developer from the municipal housing agency emphasized that as clients, they want all the project participants to contribute to the city planning department work. As the developer puts it, "We want that the city planning department says at the end of the process, thank you for making it so easy for us, congratulations"

The developer further stressed that the project team should facilitate the process for the municipality and that the city planning architects are on the developers' side; in the words of the developer: "What we need to have is a time plan and an organisation plan so that we can tell the city planning department how we are going to work."

4. Action research inside property development organisations

The section above describes the conversation among internal project stakeholders with different interests, needs and concerns. This is of particular importance as conflicts of interests among internal stakeholders can arise due to their different views towards the project. Therefore, we argue that to implement a stakeholder participation strategy in a property development project, it is vital that the internal stakeholder's interests are aligned and commitment and organisational change is promoted in the project organisation as a first step to achieve an effective implementation of stakeholder participation.

To promote organisational change and commitment among the stakeholders in the property development organisation, it is proposed that stakeholders from different management levels within the organisation are involved in the research intervention so as to institutionalize the stakeholder participation strategy. In earlier stages of the development process, it was agreed by the stakeholders in the project organisation to conduct a stakeholder participation study and to carry an action research approach to implement a stakeholder participation process to begin in the spring of 2015. Action research is a social research approach which comprises several methods, including interviews, focus groups, questionnaires, dialogue and analysis seminars, participatory experience and self-evaluation (Svensson et al., 2006). Thus, action research is an umbrella term for different approaches such as; participatory action research, action learning, appreciative inquiry, clinical inquiry, collaborative management research, reflective practice (Coghlan & Brannick, 2014). The approach that will be used for this research is appreciative inquiry and it will be further explained below.

Given the nature of the action research approach and the close co-operation with the participants concerned, action research has been proven to be an efficient method to acquire new knowledge, especially when studying local development processes (Svensson et al., 2006). The main ambition of action research is to bring together theory and practice through action and participation with the ones who are concerned and with practical solutions individuals and communities will flourish (Reason and Bradbury, 2006). Hammersley (2004) refers to action research as an intimate, two-way relationship between research and practical or political activity, and given the close contact with participants concerned, the results that arise return immediately into the activity concerned.

With action research the research focus is *on* the action, rather than *about* the action. Coghlan and Brannick (2014) describe how action research works through a cyclical and continuous four-step process: Planning, taking action, evaluating the action, further planning, taking action, evaluation and so on. During this process, the action will be more efficient as it simultaneously builds up a body of scientific knowledge (Coghlan & Brannick, 2014). Similarly to this description, action research can be seen as a spiral process, in which the researcher formulates and

tries a hypothetical solution, monitors the level of success, reformulates the proposed solution, implements the new strategy, and so on (Hammersley, 2004). The main idea with this spiral is that as the proposed solution to the problem is monitored and reformulated, the researcher will get closer and closer to the ideal solution to the problem.

Appreciative Inquiry (AI) is a reproductive form of action research. As defined by Ludema and Fry (2008), AI is a process of collective learning, allowing organisational members to understand the different perspectives within the organisation. With AI, focus is on the strengths and success factors in the organisation, rather than on the deficits and roots to a specific problem. Ludema and Fry (2008) conclude that this is based on the understanding that by focusing on the strengths rather on the weaknesses, the members of the organisation are given a sense of autonomy, competence and relatedness. The positive emotions that follow, such as joy, pride, hope and interest, will in turn feed the energy for action and work for a positive change.

The purpose of the first phase of the study is to investigate *how* a whole-system stakeholder participation management process can be integrated in a property development company through action research. The second phase of the study is to investigate how the intervention that emerged from the action research is implemented in a development project by the organisation.

The aim of the intervention is to strengthen the stakeholder management system within the organisation to improve the social sustainability of property development projects. Furthermore, the process is to support the organisation's whole-system (central, regional and local management) to initiate a process of change through action research. The process intends through a dialogical process to encourage the whole-system of the organisation to reflect on the subject of stakeholder participation based on their past and current practice. During the AR process, different workshop activities will be conducted through; Search conferences, Appreciative Inquiry summits and Dialogue conferences

An AR approach has been agreed by central management and the research study will be carried during the spring semester in four different stages. During the *First Stage*, the researchers will study the organisation. Different means of collecting data such as observations, meetings, documents, dialogue will be adopted. AR will be introduced to the research participants during the first stage to get an understanding of the aims and objectives of the process. *Stage Two* will try to bring management staff at central level to discuss the subject of stakeholder participation. Appreciative Inquiry will be adopted for these activities. *Stage Three* will engage management staff at all levels (central, regional and local) to further discuss on the research topic and to seek a broad understanding from the perspectives of regional and local levels. Appreciative Inquiry will be adopted for these activities. *Stage Four* aims to engage management staff at all levels to develop an action plan for the intervention in the organisation at implementation level. Participatory activities will be used.

5. Conclusion

Property development projects are complex in nature and this complexity involves and affects a wide range of stakeholders. To enhance transparency and involvement of the various stakeholders, a systematic process of participation and collaboration in property development projects is needed. Stakeholder participation is defined in this paper as a process where stakeholders are identified, their interests and concerns are prioritized and strategies for participation are implemented and evaluated. The paper shows that stakeholder management theories and strategies may well benefit from participation theories and concepts. By integrating the two, a systematic approach to stakeholder participation can be created which in turn can enhance the collaboration and integration of relevant stakeholders in decision-making processes. Moreover, this systematic view to stakeholder participation has the potential to achieve better informed decisions.

As described in the events from the project meetings, it is evident that an approach to stakeholder participation is needed in the project organisation. It was emphasized by the project manager and the developer that in order to achieve sustainable development, collaboration, participation and new ways of working among the stakeholders is vital. Issues of social sustainability and research were also highlighted; moreover, the emphasis of bringing the residents into dialogue early in the process and not in late stages was stressed. The literature suggests that the concepts of stakeholder, participation, social sustainability and sustainable development are intertwined and together can contribute to social change.

To safeguard change and increase the likelihood of effective stakeholder participation, organisational change, institutionalization and commitment to participation are vital within the project organisation. To accomplish this, an action research approach is proposed where organisational learning and action is at the core of development. The aim is to facilitate change within the project organisation by planning, implementing and evaluating a stakeholder participation model at different levels within the property development organisation. The selected Appreciative Inquiry (AI) method to be used for the case study differs from other AR methods of problem-solving. Appreciative Inquiry seeks to build on best practice within the organisation and focuses on what works best in the organisation of inquiry instead of focusing on its existing problems.

To achieve sustainable property development, collaboration and participation among different sectors at different levels is needed. Stakeholder participation can contribute to this by providing forums for dialogue and interaction among the relevant stakeholders in the project. The implementation of a stakeholder participation strategy could be facilitated through an action research approach where theory and practice contribute to organisational change through collaborative intervention.

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