

# **Socially Responsible Commercial Property Entities and the Allocation of Cultural Space\***

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## ***Abstract***

*When we talk about traditional or indigenous land use and economy, seldom do we think of the contemporary corporate and administrative jungle we call the central business district. Nevertheless, the built environment of our city centres are a great place to start rekindling our cultural past for several reasons. They have a high profile, their frequented, worked-in, and increasingly lived in by local populations and tourists, they are highly accessible and are destinations in their own right, and they are strong identity builders. Above all, CBDs are hives of commercial activity, and this has implications for the new 'corporate social responsibility'. This ethos, which many CEOs and government ministers are beginning to subscribe to, is impacting on the way commercial buildings in particular are designed, marketed and managed. This has given rise to the notion of 'socially responsible commercial property entities' (SRCPEs). However, much is unclear about what this term might mean for our cityscapes, and the original and current inhabitants in particular. This paper aims to demystify the term, and argues that despite the importance placed on the protection of private property rights, the notion of SRCPE can help to bring society, culture and history back into corporate and public administration calculations. In other words, making the community a meaningful stakeholder arguably forfeits certain property rights that have conventionally been vested within private domains. Releasing ground floor space for cultural purposes for instance would be a significant step towards returning cityspace to traditional custodians. In the very least, the emergence of SRCPE inspired social metrics should help to make these often alienating places a little more culturally sensitive and user friendly.*

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“Long-term social assets have been placed too much in the hands of powerful producer interests whose awareness of local cultural values and respect for history is minimal.”<sup>1</sup>

## **Introduction**

The Greek economist Andreas Papandreu once observed, “To make planning responsible to the will and the aspirations of the common man, to turn it into genuine social planning, it is necessary to redistribute power”.<sup>2</sup> This rationale, which assumes that power has a tendency to concentrate, provides a useful theoretical starting point for the discussion here, because it is the mitigation of power that is central to the idea of being held publicly accountable or socially responsible. The agents of power redistribution are well understood: a rigorous and independent media; a well-educated, enabled and empowered democratically-based society; and appropriate legislation with effective mechanisms for enforcement. Yet these things in themselves do not ensure social responsibility, because it is something that is learnt, not imposed or extracted. The most that demanding social responsibility will produce is the minimum effort. It will not be until businesses see the worth in out-doing their competitors, or in economic speak, a market in social responsibility is constructed, that it is likely to exceed tokenism. And this is clearly an all-of-society project.

Supposing therefore, as I think it likely, that the nature and quality of corporate and governmental concessions to the community is to broaden and deepen. How and in what way would this change our society? The first point to make in answering this question is that genuine social responsibility upholds the principles of social justice predicated on a progressive understanding of egalitarianism and equal worth, and the idea that those who have suffered most from power concentrations of the past should benefit most from its redistribution. Clearly the social responsibility claimed by

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<sup>1</sup> R. Evans, *Regenerating Town Centres*, Manchester University Press, Manchester, 1997, p.114.

<sup>2</sup> A.G. Papandreu, *Paternalistic Capitalism*, The University of Minnesota Press, 1972, cited in Frank Stilwell, *Australian Urban and Regional Development*, Australian and New Zealand Book Co, Brookvale, NSW, 1974, p.194.

increasing numbers of industry captains falls a long way short of these ideals. So how can corporate social responsibility be upgraded to become more meaningful? Well, one way is the method used here: articulating a clearer understanding of a particular application of social responsibility, specifically as it relates to commercial property. This is addressed in detail in the second section of the paper, but first the theoretical exposition of power is explored within the context of Australian city centres. This discussion provides a basis for examining the notion of SRCPE, with both the possibilities and the limits of the term given equal consideration. It also helps us to understand how SRCPE constructs points to the need for developing social metrics. This is an emerging field of benchmark measurement assisting socially and environmentally sensitive design, and the evaluation of functional performance of existing commercial property. It is argued that the widespread embrace of social metrics can lead to radical rethinking about the way cityspace and ground floor building space in particular, is used. Managers of a truly socially responsible commercial property for instance would recognise the traditional owners of the land on which the entity stands and as a result may choose to allocate space to culturally significant indigenous projects or other socially beneficial uses.

### **Power and the Australian City**

Taking up Papandrea's premise that genuine social planning is a function of the redistribution of power, let us try to imagine what redistributed power actually looks like. To do this with a sharper focus we shall briefly discuss the most prominent theoretical frameworks. Since the rise of the state and the proliferation of corporations, the Marxist critique based on class struggle stands out as the most recognisable radical power redistribution theory. Many found the Marxist view alarming, but it clearly helped to inform our thinking about the concentration of power. Indeed, by the post Second World War era there was "general agreement that

‘market power which large absolute and relative size gives to the giant corporation is the basis not only of economic power but also of considerable political and social power’<sup>3</sup>. This realisation played a fundamental role in promoting the redistributive (welfarist) agenda, and the resultant growth of the state..

Meanwhile, growing disaffection with the centralised Soviet experiment encouraged the emergence of communitarian ideology premised on the decentralisation of power from the city to the region, and from the corporation and the state to the community.<sup>4</sup> The communitarian framework is based on the notion of social justice, and competes with utilitarian (instrumental-rationalist) constructs espousing conventional neo-liberal wisdom that “the social responsibility of business is to increase its profits”.<sup>5</sup>

Having made these distinctions between modern organisational theories, claims by prominent corporate figures that their companies are developing a social conscience suggests a blurring of the boundaries separating these frameworks. And it raises the question whether the new corporate responsibility represents the guarded embrace of communitarianism or whether it is more a case of the ‘corporatisation of redistribution’? This is an important question because if we are witnessing corporate communitarianism then there are common good power transfer implications that are not at issue if what we are seeing is corporations merely taking over the role of the state. I will use a snapshot of the Australian city to help answer this question, but first I want to be very clear about what is meant by the corporatisation of communitarianism and redistribution.

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<sup>3</sup> John Kenneth Galbraith, *The New Industrial State*, Penguin, Harmondsworth, 1974, p.65, citing Carl Kaysen, *The Corporation in Modern Society*, E.S. Mason ed., Harvard University Press, Cambridge, Mass, 1959, p.99.

<sup>4</sup> See for eg, Amitai Etzioni ed., *Rights and the Common Good: The Communitarian Perspective*, St. Martin’s Press, New York, 1995.

<sup>5</sup> See for eg. Milton Friedman’s article by this title in the *New York Times Magazine*, Sept 13, 1970.

It is suggested above that communitarianism competes with utilitarian perspectives, however it is clearly more correct to say that in modern industrial society, community ideals have been dominated by corporate-sponsored utilitarianism. And the finding that corporations are beginning to prioritise people over profits is a precarious deduction, which may find support in glossy annual reports and from polished speeches by CEO's, but needs comprehensive verification before it can be taken seriously. On the other hand, there is an extensive literature dating back to the early 1970s mapping the shrinking of the state, as government services are progressively privatised. Part of the baggage of taking up the historical roles of government is maintaining of the ethic of social responsibility. And many of the newly privatised tasks are redistributive in nature, lending credibility to the notion of corporatisation of redistribution.

Having said this, there are grounds for speculating about a creeping communitarianism. Historically, government articulated the rules governing corporate behaviour, but with the growth of institutions, industry representative bodies have increasingly taken on that role. This self-censorship is punctuated by talk about the need for good corporate governance, up-to-date social policy, and environmental sensitivity. Such rules, which in essence embody institutions, are being mutually reinforced by community expectation. Thus, it is reasonable to suggest that elements of the communitarian agenda will eventually be included within the corporate profit-seeking, individual rights perspective. There may be a period of contention and a lag in implementation while markets undergo reform, but in a democratic context, we can assume that the utilitarian perspective will over time embrace the majority view. Speculating on the duration of the transition from 'economics first' to 'triple bottom line' is complex and probably unhelpful, but it is likely to require significant objectivity derived from the careful measurement of a range of indicators.

Let us now turn to the Australian city to examine these contentions. We commence our exploration by testing whether the city centre is continuing to act as a power vacuum that extinguishes rights rather than preserves social and cultural integrity. The ‘pedestrianisation’ of Australian cities exemplified by the transformation of main streets into shopping malls, the upgrading of public transport, and the proliferation of the sidewalk cafés has undoubtedly enhanced the social experience of the city centre. However, not much of this can be attributed to corporate change, nor do these things in themselves restore cultural integrity. It may be true that the mall provides public space for performances by indigenous dancers or musicians, but there is no continuity of access or sacredness of place, which are fundamental aspects of the indigenous sense of belonging, association and connectedness. By contrast Europeans have systematically procured their own sense of belonging from private ownership. Indeed, some writers have even argued that it is the distribution of property that forms the entire basis of power in Australia.<sup>6</sup> This system denies Australia’s original inhabitants native title rights where they have been extinguished, ordinarily by European development. And any rights that have been recognised subsequent to the Mabo and Wik decisions were fought for passionately, and restored reluctantly.

So while our city centres have become more shopper friendly, this has not been an expression of social responsibility. Indeed, the city centre has needed to become more retail savvy due to the increased competition offered by the popular fully enclosed shopping malls built on suburban ‘greenfield’ sites. Interestingly, even Frank Lowi, the CEO of Westfield, Australia’s most prominent regional mall developers and managers, is a vocal advocate of social responsibility.<sup>7</sup> This in itself illustrates the need to attach social responsibility to tangible entities that allow objective

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<sup>6</sup> Jim Cairns, *The Quiet Revolution*, Widescope, Camberwell, Vic., 1975, p.2

<sup>7</sup> See Geoff Weir, ‘Generosity good for the bottom line’, *the Australian*, June 16, 2004, p.9.

measurement. Otherwise the expression will continue to be used to support any number of initiatives, potentially eroding the currency and importance of the term.

Of course CBDs are not just retail centres, they are administrative hubs and contain many hotels, government buildings and other types of establishments. And arguably it is here for reasons of economy of scale that even greater scope for demonstrating social responsibility may be possible. Most retail space is divided into small leases that render allocation of cultural space both impractical and unaffordable. This typology does not excuse centre owners and managers or include major department stores and supermarket chains. However, it is the owners and operators of expansive and under-utilised built CBD space such as office buildings that clearly are in the best position to respond quickly to calls for the dedication of space for cultural purposes.

As society begins to exercise its role as stakeholder within new corporate responsibility frameworks, and becomes a more eloquent and opportunist advocate for common property use and access, it is possible that the Australian city may in part be meaningfully returned to its rightful owners: its past and present inhabitants. A prerequisite for this to occur is a partnership between the dispossessed and unpossessed, and the centres of power, or more explicitly, the wider community and corporate-government representatives. Such a partnership forces a reconfiguring of the idea that individuals, or indeed corporations, are autonomous actors, a tenet which underpins rational choice<sup>8</sup> and behavioural theory.<sup>9</sup> And it invites contemplation of the broad-based benefits of ‘socialisation’ in preference to the ‘privatisation’ of investment, an ethos strongly associated with indigenous cultures.

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<sup>8</sup> See L.J Friedman, *The Rational Choice Controversy*, Cambridge University Press, Cambridge, 1996.

<sup>9</sup> See H. Eulau, *The Behavioral Persuasion in Politics*, Random House, New York, 1962.

So if this is to be evident in the future Australian city, small but definite steps need to be taken that effectively devolve power from its current caches. And in keeping with the trend in self-governance, waiting until legislation is introduced (if ever) demanding the relinquishing of certain property rights for cultural purposes will mean little in terms of a corporate-indigenous reconciliation. For such a transaction to be community-spirited, the major property holders must take the initiative. And they are at liberty to take that initiative simply because the power traditionally vested in their property rights is beginning to leak to the community. This is occurring because the community, which is the fundamental base of society, is becoming more vocal and more sophisticated in expressing disquiet about unscrupulous examples of corporate behaviour and the unsatisfactory use and waste of public resources. And as such, the locking up of space by private operators in what is progressively coming to be viewed as a built town common, will increasingly become distasteful.

### **Socially Responsible Commercial Property Entities (SRCPE)**

Central to this vision of the future city belonging to an empowered citizenry is the notion of SRCPE. This idea has emerged from the rise to prominence of ethical investment, particularly in North America and Europe. While property is not currently regarded as a key area of socially responsible investment, there are many ways social and environmental issues can be factored into property investment decision-making.<sup>10</sup> This is impacting on demand for a certain standard of existing premises, and is helping to forge ecologically sensitive design criteria for new developments.

While there is not yet any consensus on what standard of social responsibility is necessary to qualify as a SRCPE, new high rise developments currently being marketed with breathless reference to 4 and 4½ star environmental ratings are clearly

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<sup>10</sup> Mark Mansley, *Socially Responsible Investment: A guide for pension funds and institutional investors*, Monitor Press, Suffolk, 2000, p.123-4.

aimed at this type of status. However, if such properties are to have legitimate grounds for social responsibility based on concepts of the triple bottom line, social criteria will need to be given equal weight to environmental benchmarks in the assessment process. In other words, status will not only be a function of environmental sensitivity, but social sensitivity as well. And this is where cultural use issues play a significant role.

Interestingly, this reading of city dynamics suggests that the central area will increasingly need to reflect its former cultural and sacred importance. David Harvey points out in his influential work *Social Justice and the City*, that in ancient cities, “the supremely sacred central precinct, the *axis mundi*, was usually reserved for ritual purposes.”<sup>11</sup> And Harvey argues that the centre is still a prestigious place, and that prestige and status is a better explanation of a firm’s desire to be centrally located than relative locational and accessibility advantages. Given this inherent prestige attached to the centre, and the progressive understanding that social responsibility recognises the importance of culture, it is likely that over time property rights owners will come to see that their status can be further enhanced by demonstrating, and indeed celebrating cultural sensitivity and diversity. Building owners imbued with social responsibility will see the value in providing meeting places and bridges between various ethnic groups, indigenous people and the dominant Western consumer culture, which already occurs in the streets and is an important function of the city-centre.<sup>12</sup>

The notion of SRCPE is driven by the objective of expanding the vibrancy and social connectedness of the streets into buildings. Streets and buildings are city ‘hardware’,

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<sup>11</sup> David Harvey, *Social Justice and the City*, Blackwell, Oxford, 1988 edition, pp.280-1.

<sup>12</sup> Mario Polèse and Richard Stren, *The Social Sustainability of Cities: Diversity and the Management of Change*, University of Toronto Press, Toronto, p.31.

which is intricately linked to the ‘software city’ comprising habits, traditions, networks, markets and social activities.<sup>13</sup> And it is only when the hardware is compatible with the software that the full potential of the city can be realised. This is where SRCPE research can depart from the conventional approach, which targets designing and planning the hardware configuration to make it more socially (and environmentally) compatible, and does not concentrate on finding ways of allowing highly adaptable, pre-existing social formations to operate in what are essentially single-use, purpose-built entities. In sum then, a SRCPE aims to optimally maximise its socially endowed utilitarian function, while providing benefits in terms of prestige and status.

Of course there are restrictions to the potential cityscape contribution of SRCPEs. The most visible is the resistance of building owners to allocate space for social and cultural purposes. It is interesting that in a publication by the Australia Council for the Arts, a vast range of community and cultural ‘placemaking’ examples from around the country are documented, and yet none are found within commercially operating buildings, or indeed are in off-street and off-park locations within the CBD’s of major metropolitan centres.<sup>14</sup> So while we have established that SRCPEs are profitable socially and functionally, overcoming prejudices to the opening up of traditional private space in our public cities is a major limiting factor in the development of the notion.

It is argued that this reticence is deeply interwoven with attitudes to private property rights and suspicions of the motivations of indigenous people and other marginalised groups. Moreover, it is unlikely to be overcome until the self-governing processes

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<sup>13</sup> Peter Hall and Ulrich Pfeiffer, *Urban Future 21: A Global Agenda for Twenty-First Century Cities*, E & FN Spon, London, 2000, p.98.

<sup>14</sup> Tamara Winikoff (ed), *Places not Spaces: Placemaking in Australia*, envirobook, Sydney, 1995.

outlined earlier, specifically advocate initiatives such as cultural space allocation. And we can safely assume that a pre-requisite for this occurring is an Australia-wide, Government-sponsored debate about Australian and indigenous history and the implications for compensation, land rights and Aboriginal futures. What appears to be preventing this happening is not simplistic judgements about the personal views of the current Prime Minister, but a comprehensive failure on the part of indigenous advocates to effectively and unanimously deliver Charles Perkins message that the highly contentious “apology is not so much about money or compensation. It's about symbolism, psychology, a feeling, identity.”<sup>15</sup> This assertion is supported by a recent survey in which most Australians opposed an official apology from the government for the historical treatment of Aborigines simply because they linked this to claims for land and financial compensation.<sup>16</sup>

However, land title or compensation is clearly not a function of indigenous people’s participation in economic activities such as tourism. Indeed, it may well prove an obstacle going by the survey cited above. It is not central to social and economic inclusion and progress because participation in itself is a proud declaration of distinct cultural features, and it can stimulate a greater awareness of traditions of land ownership and connection.<sup>17</sup> For instance, a study of the Tjapukai Dance Theatre of Kuranda in North Queensland showed that its development “has undoubtedly expanded employment options for Aboriginal people in Kuranda and improved income levels”. Moreover, its commercial success contributed to the Tjapukai

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<sup>15</sup> Charles Perkins is quoted on the website:  
<http://www.raceandhistory.com/worldhotspots/stolenaborigines.htm>, posted 2000 by Hisham Aidi.

<sup>16</sup> See website above.

<sup>17</sup> Tim Rowse, *Indigenous Futures: Choice and Development for Aboriginal and Islander Australia*, UNSW Press, Sydney, 2002, p.90.

people's identity and to their more confident "participation in current debates about land and commercial development throughout the Cairns region".<sup>18</sup>

Compounding these 'conservative limits' to developing the space allocation aspect of SRCPEs is the economic constraints that tie up buildings solely for economic returns. This may involve the unavailability of unused space for reasons such as major tenant sensitivities or space exhaustion, and physical impracticality or inappropriateness. Or simply it may entail the unwanted (perceived) cost of maintaining or acknowledging any prior structure or use, traditional ownership and occupation, and the active compilation of the story and history of the site with a view to protecting, restoring or rekindling cultural values. As this paper has emphasised though, resistance on economic grounds alone is unsound, because the accumulation of social and cultural capital contributes to many public goods not to mention prestige, which is an important component of market value and is a major determinant of net returns. The flimsy economic arguments therefore points to entrenched conservative resistance to social responsibility, or more likely, the need to further develop the explanation of what this powerful notion entails.

Of course space allocation is only one of many aspects of SRCPEs. A list of social metrics that indicate the social responsibility evident in a building and its management illustrates the breadth and depth of a building's socially important criteria:

- Is there adequate disclosure of health and safety records, number and nature of accidents, complaints, and building related illnesses/absenteeism, as well as the existence and quality of joint health and safety committees comprising building management and worker/tenant representatives?;

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<sup>18</sup> Finlayson, JD, 'Aboriginal employment, native title and regionalism,' CAEPR Discussion Paper 87, 1995, pp.13-4.

- Is there transparency of marketing and management negotiations between tenants, agents and owners (including naming rights), and is there a regard to the socially responsible nature of tenant businesses?;
- Is there adequate insurance cover for workers, maintenance crews, and the general public?;
- Is there disclosure of management details, including staff, structure, salaries, contract agreements, audits?;
- Is there sufficient human rights training for security personnel, ect. ?;
- What is the level of training and awareness optimising the use of building features?;
- Is there detailed information regarding provision and monitoring of equal opportunity features/amenities?;
- What provision has been made of facilities/amenities/lobby space/furniture for the public?;
- What are the policies for managing stakeholder interests/impacts in local precinct, pedestrian and vehicular traffic, and visiting public; does vehicle access limit conflict points with pedestrians, and is parking sufficient and appropriate?;
- Does the building promote internal walking and walking to and from other places in the locality, and does the building provide public access and connections to designated open space, natural features, public parks, greenways, plazas or malls?;
- Does the building 'celebrate', 'fully utilize', 'contribute' and 'appropriate' street frontage? (does it 'connect' with the social streetscape?);
- Are there sufficient common areas, and do they enhance the utility and appeal of the building?; and

- Are common areas, parking and pedestrian space used efficiently and creatively, allowing diverse uses with non-competitive demands?

## **Conclusion**

To sum up, SRCPEs can only logically be conceptualised if they are carefully measured against, and found to satisfy at an acceptable standard, appropriate social metrics benchmarks. This paper has explored the implications for commercial buildings and the owners and occupiers focussing on one metric in particular:

- Does the building maintain or acknowledge prior structure, use, economy, ownership, occupation, story or history, sensitively and effectively, and thereby protects, rediscovers or rekindles cultural values?

Unlike many of the other metrics, this one is reliant on the redistribution of power in the form of private property rights from producer and investor interests to the broader community, both past and present. This, it has been argued, may well be happening as a result of societies call for enhanced social responsibility, which is forging a climate of self-regulation, good corporate governance, and triple bottom line reporting. And as society comes to grip with the implications of this development, it appears inevitable that the measurement of social compliance will gradually match the objectivity achieved by the implementation of environmental rating systems.

The argument presented here suggests that in years to come, commercial buildings will be marketed as much on their economic potential as their ecological sensitivities and their multi-star social rating. And this is not just one more marketing tool, but has profound implications for the way we interact with our city centres and the buildings that proliferate in these focal points in particular. And to demonstrate the potential power of social metrics, a case can be made arguing that the indicator questioning the allocation of cultural space may even help to provide a resolution to the ongoing

dispute over indigenous land rights, at least within an urban context. And the advantages and outcomes of these arrangements might even flow on to rural and remote issues. Whether this is the case or not is not crucial to the future development of social metrics. This appears inevitable for reasons of objectivity. However, this paper enunciates a challenge to the public and private owners of commercial property to explore wealth creation through social capital accumulation, leading to benefits for all who use, visit, and once lived in our CBDs.

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