

# Humanistic Management Center

# Stakeholder Dialogue Role Play

Trouble in Paradise:  
The case of the Paseo Caribe property  
development

Ernst von Kimakowitz

1

Stakeholder Dialogue

2

Trouble in Paradise

3

Role Playing

# Stakeholder Dialogue

## Who are stakeholders?

---

- Stakeholders are all people who are affected by a business' activities or those who legitimately represent them.
- Stakeholders are a dynamic group that changes just as the activities of a business change.

# Stakeholder Dialogue

## Who are stakeholders?

---

Consequently it is not the business that determines who its stakeholders are.

The stakeholders themselves become stakeholders when they are able to argue that they are affected by a business's activities.

Businesses need principled openness towards accepting new stakeholders

# Stakeholder Dialogue

## Why conduct stakeholder dialogues?

---

- Ethical rationality: seeking legitimacy through the Dialogical extension of monological decision making
  - Respect for the moral rights of all affected parties
  - Avoiding “honest mistakes”
- Business rationality: Ensuring long term success for a business organization
  - Building a safety net against repercussions from reputational damage
  - Earning trust from civil society

# Stakeholder Dialogue

## Why conduct stakeholder dialogues?

---

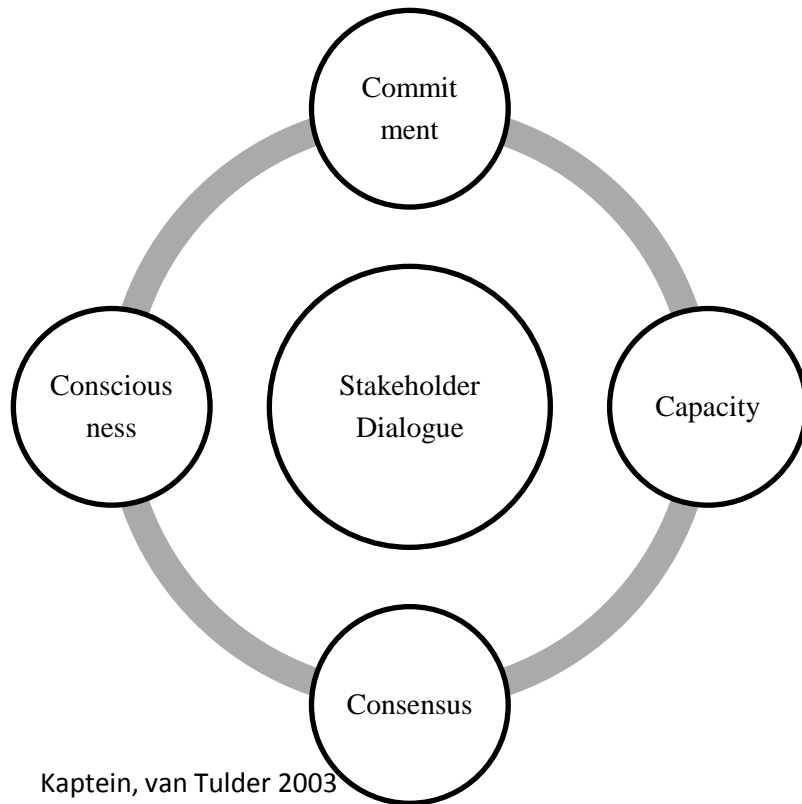
When Stakeholders express the desire to engage in dialogue businesses should not try avoid it.

Mutual willingness to engage in dialogue is an indispensable element of civilized human interaction in situations of conflict.

If done right all parties have much to gain from a fruitful dialogue.

# Stakeholder Dialogue

## Preconditions for fruitful stakeholder dialogues



Kaptein, van Tulder 2003

- *Consciousness* is centered on knowledge and awareness. Managerial perceptions of corporate responsibilities impact the way corporations respond to stakeholder claims as managers' personal perceptions of the world around them is inseparable from their decision making as executives.
- *Commitment*, or the sincere willingness to engage in stakeholder dialogue grounded in a discursive understanding of it.
- *Capacity* addresses the need for the availability of material and immaterial resources to carry out dialogues.
- *Consensus* is to be understood as the necessary consensus on the procedures of a dialogue as well as the desirable consensus in its outcomes.



# Stakeholder Dialogue

## How do fruitful stakeholder dialogues look like?

Stakeholder debate	Stakeholder dialogue
Competition with a winner / loser outcome	Cooperation aiming to create consensus on the basis of procedures that are mutually accepted as fair
Egocentric where the other party is a means to other ends	Empathetic where the other party is representing interests of intrinsic value
Cultivating a desirable image	Being yourself
Talking <i>at</i> others	Talking <i>with</i> and listening <i>to</i> others
Influencing	Convincing
Confrontational, exploiting weaknesses of others who are perceived as a threat	Constructive, mutually accepting weaknesses and finding common ground from which to elaborate on conflicting interests
Closed and defensive attitude safeguarding the 'one truth'	Open and vulnerable attitude admitting to the validity of conflicting claims
Winner takes it all mentality	Sharing mentality
Separate/isolated responsibilities	Shared responsibilities

Kaptein, van Tulder 2003

# Stakeholder Dialogue

How do fruitful stakeholder dialogues look like?

---

Not the stakeholder is managed by a business  
but the dialogue

The power of the claim must prevail over the  
power of claimant

Paradoxically a business will reap greater  
benefits from stakeholder dialogues when it is  
not aiming for them

# Trouble in Paradise

## What is this case about?

---



# Trouble in Paradise

## What is this case about?

---

- Property development project in Puerto Rico
  - USD 200 million property development project
  - Mixed use buildings containing residential, retail, hotel and office space
- Various stakeholders voicing conflicting interests
  - Private sector: wanting to enhance SQFT
  - Public sector: wanting to ensure regulatory compliance
  - Civil society: wanting to integrate diverse community interests

# Trouble in Paradise

## And now, what is this case really about?

---

This case really is about a corporate citizen that is unwilling to respect the moral rights of its stakeholders

- Private sector: defensive stance where legality is used to argue against the need for gaining legitimacy
- Public sector: ineffective in ensuring the adherence to regulations aimed at safeguarding the public interest
- Civil society: a multitude of civil society actors that fail to make real impact on the project

# Role Playing

## We have all role played before

---



Imaginary role taking is a fundamental human capacity – use it!

## How to role play

---

### Before

- What is the subject, issue and situation?
- What are the interests of the specific roles?
- What are the implications and consequences of those interests?

### During

- *Don't* be yourself, you are acting out a role
- Be “yourself” as in try to really assume the role you are playing
- Adhere to the ground rules of fruitful stakeholder dialogue

### After

- How well did the individual roles adhere to the rules for fruitful stakeholder dialogue
- What are possible outcomes, what is the course of action you would suggest?

## The different roles in Trouble in Paradise

---

- **Moderator:**
  - *Role 1* - The role of the moderator is to secure that all stakeholders are fairly represented in the dialogue and that it does not drift towards a debate.
- **Private sector:**
  - *Role 2 - Property developer / Arturo Madero:* This role should aim to act as a responsible property developer that aims to build Paseo Caribe whilst avoiding the conflicts that emerged in the case. To this end the following questions should be addressed: What are the interests of the property developer? Which compromises would have been necessary to secure stakeholder consensus on the project and what would have been the impact on his interests?
  - *Role 3 - Financial services provider / First Bank of Puerto Rico:* This role should aim to act as a service provider to the whole Puerto Rican community. To this end the following questions should be addressed: What are the risks that the First Bank of Puerto Rico is exposed to through its conduct? How could the bank have acted in order to mitigate these and how could it have assumed a constructive role in the dialogue?



## The different roles in Trouble in Paradise

---

- **Public sector:**

- *Role 4 - Government:* This role should aim to act as a guardian of the public interest. To this end the following questions should be addressed: Where did the government fail to step in? What are capacities that were lacking in governmental institutions and how could governmental intervention have helped to avoid conflict?
- *Role 5 - Puerto Rican Institute of Culture:* This role should aim to protect the cultural heritage of Puerto Rico. To this end the following questions should be addressed: What are the cultural dimensions of the Paseo Caribe development project? What would a more creative stance at integrating cultural and commercial interests have looked like and what suggestions could the Puerto Rican Institute of Culture have brought forward?
- *Role 6 - Department of Natural and Environmental Resources:* This role should aim to protect the natural environment of Puerto Rico. To this end the following questions should be addressed: What is the environmental impact of the Paseo Caribe project as carried out by the property development company? How could the Department of Natural and Environmental Resources been more effective in protecting the environment of Puerto Rico?

## The different roles in Trouble in Paradise

---

- **Civil society:**
  - *Role 7 - The People's Court:* This role should aim to demonstrate how grass roots organizations turn into effective pressure groups for the common good. To this end the following questions should be addressed: Who was represented in the People's Court? Why did it fail to bring on board major stakeholders and what was the impact of failing to integrate all stakeholders in their public discourse?
  - *Role 8 - Architects Association:* This role should aim to provide urban planning expertise to the decision making process. To this end the following questions should be addressed: Why did the Architects Association fail to become an active part in the planning and development process? Which partnerships could the Architects Association have established in order to make impact on the property development company?
  - *Role 9 - Residents of St Luis Condominium:* This role should aim to present the arguments of the local residential communities surrounding the Paseo Caribe. To this end the following questions should be addressed: What are the interests of the residents of the St. Luis condominium? Where do their interests derive legitimacy from and what concrete compromises could they have suggested?
  - *Role 10 - Environmental groups / M.A.R. Activists:* This role should aim to turn acts of civil disobedience into a constructive, impact orientated role of civil society actors. To this end the following questions should be addressed: What has been achieved by environmental activists in the presented case? How can acts of civil disobedience avoid harming people in whose interest those acts are also being carried out?
- The rest of the group will act as observers and will discuss the various roles following the role play.

# Humanistic Management Center