

Key Terms

boundary-spanning departments, 18
 business, 4
 external stakeholder, 9
 focal organization, 11
 general systems theory, 5
 interactive social system, 5

internal stakeholder, 9
 ownership theory of the firm, 6
 society, 4
 stakeholder, 7
 stakeholder analysis, 10
 stakeholder coalitions, 15
 stakeholder interests, 11
 stakeholder map, 16

stakeholder (market), 8
 stakeholder (nonmarket), 8
 stakeholder power, 12
 stakeholder salience, 16
 stakeholder theory of the firm, 6

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Discussion Case: A Brawl in Mickey's Backyard

Outside City Hall in Anaheim, California—home to the theme park Disneyland—dozens of protestors gathered in August 2007 to stage a skit. Wearing costumes to emphasize their point, activists playing “Mickey Mouse” and the “evil queen” ordered a group of “Disney workers” to “get out of town.” The amateur actors were there to tell the city council in a dramatic fashion that they supported a developer’s plan to build affordable housing near the world-famous theme park—a plan that Disney opposed.

“They want to make money, but they don’t care about the employees,” said Gabriel de la Cruz, a banquet server at Disneyland. De la Cruz lived in a crowded one-bedroom apartment near the park with his wife and two teenage children. “Rent is too high,” he said. “We don’t have a choice to go some other place.”

The Walt Disney Company was one of the best-known media and entertainment companies in the world. In Anaheim, the company operated the original Disneyland theme park, the newer California Adventure, three hotels, and the Downtown Disney shopping district. The California resort complex attracted 24 million visitors a year. The company as a whole earned more than \$35 billion in 2007, about \$11 billion of which came from its parks and resorts around the world, including those in California.

Walt Disney, the company’s founder, had famously spelled out the resort’s vision when he said, “I don’t want the public to see the world they live in while they’re in Disneyland. I want them to feel they’re in another world.”

Anaheim, located in Orange County, was a sprawling metropolis of 350,000 that had grown rapidly with its tourism industry. In the early 1990s, the city had designated two square miles adjacent to Disneyland as a special resort district, with all new development restricted to serving tourist needs, and pumped millions of dollars into upgrading the area. In 2007, the resort district—5 percent of Anaheim’s area—produced more than half its tax revenue.

Housing in Anaheim was expensive, and many of Disney's 20,000 workers could not afford to live there. The median home price in the community was more than \$600,000, and a one-bedroom apartment could rent for as much as \$1,400 a month. Custodians at the park earned around \$23,000 a year; restaurant attendants around \$14,000. Only 18 percent of resort employees lived in Anaheim. Many of the rest commuted long distances by car and bus to get to work.

The dispute playing out in front of City Hall had begun in 2005, when a local developer called SunCal had arranged to buy a 26-acre site in the resort district. (The parcel was directly across the street from land Disney considered a possible site for future expansion.) SunCal's plan was to build around 1,500 condominiums, with 15 percent of the units set aside for below-market-rate rental apartments. Because the site was in the resort district, the developer required special permission from the city council to proceed.

Affordable housing advocates quickly backed SunCal's proposal. Some of the unions representing Disney employees also supported the idea, as did other individuals and groups drawn by the prospect of reducing long commutes, a contributor to the region's air pollution. Backers formed the Coalition to Defend and Protect Anaheim, declaring that "these new homes would enable many . . . families to live near their places of work and thereby reduce commuter congestion on our freeways."

Disney, however, strenuously opposed SunCal's plan, arguing that the land should be used only for tourism-related development such as hotels and restaurants. "If one developer is allowed to build residential in the resort area, others will follow," a company spokesperson said. "Anaheim and Orange County have to address the affordable housing issue, but Anaheim also has to protect the resort area. It's not an either/or." In support of Disney's position, the chamber of commerce, various businesses in the resort district, and some local government officials formed Save Our Anaheim Resort District to "protect our Anaheim Resort District from non-tourism projects." The group considered launching an initiative to put the matter before the voters.

The five-person city council was split on the issue. One council member said that if workers could not afford to live in Anaheim, "maybe they can move somewhere else . . . where rents are cheaper." But another disagreed, charging that Disney had shown "complete disregard for the workers who make the resorts so successful."

Sources: "Disneyland Balks at New Neighbors," *USA Today*, April 3, 2007; "Housing Plan Turns Disney Grumpy," *The New York Times*, May 20, 2007; "In Anaheim, the Mouse Finally Roars," *Washington Post*, August 6, 2007; and "Not in Mickey's Backyard," *Portfolio*, December 2007.

Discussion Questions

1. What is the focal organization in this case, and what is the main issue it faces?
2. Who are the relevant market and nonmarket stakeholders in this situation?
3. What are the various stakeholders' interests? Please indicate if each stakeholder is in favor of, or opposed to, SunCal's proposed development.
4. What sources of power do the relevant stakeholders have?
5. Based on the information you have, draft a stakeholder map of this case. What conclusions can you draw from the stakeholder map?
6. What possible solutions to this dispute might emerge from dialogue between SunCal and its stakeholders?