

# REGIONAL BUILDING STOCKS AND ORGANIZATIONS: A THEORETICAL JUSTIFICATION FOR A REGIONAL BODY OF KNOWLEDGE

Vedran Zerjav<sup>1</sup>, Iva Kovacic<sup>2</sup>

## ABSTRACT

The aim of this paper is to present an early stage of discussion arguing for a common research agenda in the area interfacing Central, Eastern, and South-Eastern Europe. We argue that countries of the region share several common characteristics that make them suitable for developing a regionally-relevant theoretical basis of the built environment. By taking the stance of institutional analysis, we imply that because the built environment is *embedded* in its local context, the corresponding theories and methods should also be adopted to the same local context. This local embeddedness is a property of both the *building stock* and corresponding *organizations* in the region. Based on commonalities in the building stock and organizations, the discussion proposes a number of research areas with anticipated region-wide development potential. In conclusion, the paper calls for intensifying the discussions leading to a number of regional research collaborations in the future. These collaborations would contribute to the region's research and industry potential in the area of built environment and would also facilitate the policy-making at the international level within the region.

**KEYWORDS:** Central, Eastern, and South Eastern Europe, Border Region, Design and Construction Management, Building Stocks, Organizations, Institutional Analysis

## INTRODUCTION

The built environment and its organizations in the region bordering Central, Eastern, and South-Eastern Europe are a complex mixture of historical and current developments. Historically, the continental part of the region has been surrounded by an intertwining influence from the Austro-Hungarian Empire, the Ottoman Empire, and the Venetian Republic. Influences from this area are reflected not only in the region's historical building stock, but also its respective institutions and culture. During the "Iron Curtain" period (1945-1989), parts of the area were in western literature referred to mostly in terms of its shared communist ideology, largely disregarding the diversity within the region. To date, the term of Central and Eastern Europe is still widely used, even though it is increasingly being criticized for the lack of its consistency. Namely, even during the 45 years of communist rule, countries were implementing various development models: "some had harsh planned economies; others had their own version of "goulash communism" (Hungary) or "self-managed socialism" (Yugoslavia)" (Economist 2010). After 1989, each of the formerly communist countries went their separate ways and today, countries of the Central and South-Eastern European region seemingly have more differences than similarities. Nevertheless, past and current developments in the built environment of the region share several common features, for example, during the last two decades in former socialist

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<sup>1</sup> Doctoral Candidate, Department of Building and interdisciplinary Planning, Vienna University of Technology, Austria, [e0828400@student.tuwien.ac.at](mailto:e0828400@student.tuwien.ac.at), University Assistant - Department of Construction Management and Economics, University of Zagreb, [vzerjav@grad.hr](mailto:vzerjav@grad.hr)

<sup>2</sup> Assistant Professor, Department of Building and Interdisciplinary Planning, Vienna University of Technology, [ikovacic@industrialbau.tuwien.ac.at](mailto:ikovacic@industrialbau.tuwien.ac.at)

countries, intense privatization of public assets has occurred and led to similar developments region-wide such as:

...the creation of an entirely new class of entrepreneurs and owners in a way that has to be decided and justified in a political way and through politically visible actors (Offe 2004).

Besides historical connections of the political systems in the region, another category of inquiry, a worldwide analysis of value systems in national cultures, contended that social systems in the region between Central and South-Eastern Europe share several cultural features that reflect in how organizations are run (Hofstede 1994, Hofstede and Hofstede 2005).

Although a significant number of characteristics is common for the region due to historical and cultural reasons, there is almost a complete lack of coordinated research efforts and policy-making in the field of the built environment. This paper proposes a region-wide basis for theorizing the built environment based on past and current commonalities in the building stock and institutional developments. To do so, we draw from *institutional theory* as conceptualized by Scott (2008) and the concept of embeddedness into those institutions. Past work in the US research community has implemented the institutional concept into multinational studies in the construction sector relatively successfully (Mahalingam 2005, Orr and Scott 2008). Therefore, we propose the same theoretical framework, only adapted to the regional context to argue for a common regionally-relevant body of theory and know-how.

Buildings have very long life spans and during that period, they not only affect the space where they are situated, but also local economies and communities. Thus, construction projects are *embedded* into their respective local environments and affect them deeply over time (Granovetter 1985). These local environments are comprised of different institutions, including “regulative, normative, and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life” (Scott 2008). A recent study about international construction projects theoretically categorized the institutional elements as follows (Javernick-Will and Scott 2010):

- *Regulative elements*, stressed particularly by economists, include the formal machinery of governance: laws, rules, surveillance machinery, sanctions, and incentives. These are relatively easily observed and readily manipulated; and hence, they are easier to recognize;
- *Normative elements*, emphasized particularly by sociologists and historical institutionalists, focus primarily on the prescriptive, evaluative, and obligatory dimensions of social life. This category stresses shared values and norms, interpersonal expectations, and valued identities. The corporate culture of participating companies, conventional professional roles, and work practices enforced by occupational communities, professional standards, and state-of-the-art practices are salient examples of normative elements at work in international projects; and
- *Cultural-cognitive elements*, tap into a deeper layer that includes widely shared beliefs about the nature of the world. The beliefs are “cultural” because they are widely shared, socially constructed symbolic representations; they are “cognitive” because they provide vital templates for framing individual perceptions and decisions. Hofstede (2005) identified a useful set of dimensions for assessing values, one of the key cognitive-cultural elements of institutions.

Therefore, because of their long life spans, environmental, economic, and social impact, building stocks are affected by their respective environmental context that can formally be represented in terms of local institutions. By taking into account different categories of institutions that affected the building stock of the region through time, we can better understand the differences and similarities that occur on the level of organizational processes and delivered buildings in the

international environment of the region interfacing Central, Eastern, and South-eastern Europe. In this region, the number of explicit and implicit influencing institutions goes well beyond the traditionally analyzed national regulatory contexts culture. The remaining of this discussion, will take the stance of institutional theory in an attempt to argue for a common research space for the built environment in the region.

### **Basis for Comparability**

We continue with introducing several categories of common features between the building stock and the respective organizations in the countries of the region. The first category of common features is a consequence of historical formal institutions that significantly influenced the region through time. Although the influence of each of those institutions is bounded in space and time, it reflects in the built structure and urbanism of the area. The commonalities are caused by common roots of building codes and standards attributed to the following historical periods:

- The Venetian Republic area of influence
- The Ottoman Empire area of influence
- The Austro-Hungarian Empire area of influence
- Different forms of influence attributed to the period of communist rule

Besides historical influences, several current developments are also common for countries in the region at the institutional level. Those influences pertain to intertwined transitional developments since the collapse of communism in 1989.

- Influences due to political and economic transitional processes
- Influence by the European Union institutions. Although only some countries are currently EU members, others are membership candidates; in any case, countries are affected by EU policies.

Because of the above introduced institutional influences, the building stock and its respective organizations in the present-day region share several commonalities:

- Common building typologies systematized according to age (Odak, 1986, Premrl, 1990):
  - Historic
  - Modern (Between World Wars)
  - High Modern (Post-World War II)
  - 1970s Structuralism
  - 1980s postmodernism
  - New Economy – Investor and Corporate Architecture (Mrduljas 2010)
- Common trends in organization and policy-making:
  - Historic (up to 1945)
  - Communist state-controlled systems, albeit in various forms
  - Transition-period characterized by the ineffective transfer of control from state agencies to private investors and local municipality government
  - A region-wide omnipresent trend of convergence towards the EU in general policy and specific building codes

Within this context, several problems are common with developments of the built environment in the region. The problems pertain to both the building stock and the organization of building projects on the client-public agency-legal system line of interaction. Some of such problems are identified by a number of scholars and practitioners (see, for example, Sykora 1999, Polanska 2008, Kostres and Atanackovic-Jelic 2009, Danielson 2010):

- Weak public institutions and weak regulation
- Lack of effective incentives at the policy level
- Issues with property and its maintenance and refurbishment, partially resulting from insufficient funding frameworks
- Awareness of building in accordance with law regulation (i.e. efficiency of legal systems)
- “Informalization of cityscape” (Vockler 2008) - through illegal, parasitic building activity and through speculative investor-architecture neglecting the existing urban fabric following a single aim of yield maximization through maximization of rental area
- Lack of funded and long-term oriented socio-cultural sustainability policy.

## **COMMON AREAS WITH RESEARCH POTENTIAL**

Overcoming the above introduced problems is a complex effort, but the first step towards achieving it would be a structured research inquiry. Following the stream of theoretical discussions about multilevel organizational analysis (Kozlowski and Klein 2000), we propose two levels of research focus:

- *Building Stock Focus* has been by and large disregarded by the international research community and is starting to emerge due to recent worldwide developments under the term of sustainability (e.g., Kohler and Hassler 2002). The building stock research focus would eventually lead to a region-wide classification system for buildings as a basis for international comparability.
- *Building Organization Focus* because the organizations participating in the building processes are bound to their respective environments (i.e. client and contractor organizations, public authorities, stakeholder groups). This research focus would lead to the development of project management methods that would be advantageously applied in the regional context.

Although the two areas of research are not entirely independent, we argue that both areas of knowledge are needed to create a common regional framework of the built environment. The final aim of these integrated research efforts would be contributing to policy-making at the regional level, thus, achieving more uniformity and structure without losing the diversity that characterizes the region.

## **Common Inter-regional Actions**

A structured effort in knowledge areas of building stock and organization could be achieved through a multifaceted research program covering tasks such as:

- Forming a database of building stocks – description of national and local built environments and systemizing the knowledge on building stocks, their general condition, energy-consumption, load bearing performance, material storage, etc.
- Identifying stock-related problems in terms of energy efficiency, performance of load bearing structure, earthquake safety, fire prevention, etc.

- Based on the classification of the building stock and the corresponding problems, a common methodology should be created for short, mid, and long-term interventions in the built environment.
- Based on the building stock database and methodology, a set of strategies should be assembled for development and redevelopment interventions, future modes of occupancy and use, as well as investment and reinvestment cycles. These strategies should lead to the formation of different funding schemes for retrofitting the stocks or new construction.

Next to developing the building stock knowledge, we also propose research leading to a base of knowledge on organizations. An inter-regional body of organizational research in the built environment could cover:

- Mapping a structure of the building process according to building codes across the region,
- Developing recommendations about managing conflicts and organizational friction due to institutional differences region-wide,
- Identifying categories of organizational issues occurring at the interface between the regulatory agencies and project owners,
- Developing integrated governance structures to support building and refurbishment for different sizes and types of developments.

These common actions should ultimately lead to the strengthening of the public and professional awareness for sustainable built environment of the region in terms of economic, ecologic and socio-cultural framework.

## **DISCUSSION**

The aim of this discussion was to theoretically motivate the need for inter-regional cooperation in the built environment and introduce several broad research areas for that purpose. Therefore, the readers should perceive it only as impetus for a, hopefully, long-lasting and fruitful discussion, leading to a consistent body of research in the region including Central, Eastern, and South-Eastern Europe. We did not specifically identify the potential participants of this discussion due to the high diversity of the region, which also prevents us from overly generalizing the propositions of this discussion. We do, however, believe that the potential discussion addressors will recognize themselves well as the value of actively participating in future discussions on this topic and joint research efforts. Next to the regional complexity issue, we also fully acknowledge that the organizational complexity well exceeds the double layered research focus that this discussion proposes. However, we still believe that the double-layer research focus is a valuable lens for initial analyses of problems in the built environment that the region is facing. A continuation of this discussion could identify valuable inter-regional cooperation areas in the fields of, for example, public infrastructure management. Nevertheless, we hope that this discussion will trigger a number of inter-regional research projects that will lead to a better and more sustainable built environment.

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