Successfully Navigating the Gentrification Process Using Anticipatory Management

Dr. Reginald King

Adjunct Professor, Business Management, Prince George's Community College, Largo, Maryland, USA
*Correspondence Author: Dr. Reginald King,

ABSTRACT: Data has demonstrated that well-educated and wealthy individuals are relocating to low-income communities to be closer to work and other amenities not offered in the suburbs. With this new geographic shift, investors, developers, and business leaders have increased investment and development in low-income communities to generate new profits. Given these new expansions, studies indicate that investing and developing industry leaders are receiving resistance from communities' long-time residents, community leaders, local businesses, and community organizations. This study aims to analyze the effect of anticipatory management on the gentrification process.

Anticipatory management allows leaders to anticipate and adapt to changing external environmental conditions that could affect their organizations[i]. Most organizational leaders merely look at an organization's competitors or current services and develop strategies around them without viewing its entire environment. Failure to anticipate shifts or changes in the environment can be fatal to an organization. This article will discuss anticipatory management and its significance to industry leaders encountering gentrification. The article will demonstrate anticipatory management's advantages to industry leaders and their organizations and how strategic leaders can better embrace the future and changes gentrification brings.

Keywords: Gentrification, Low-income communities, Anticipatory management, System dynamics

I. INTRODUCTION

The German-British sociologist Ruth Glass introduced the term gentrification to communicate the occurrence of middle-class individuals and families buying homes in working-class communities in London in the 1960s[ii]. This influx of higher earners produced an increase in community development but also produced higher prices of homes, rent, products, and services. These increases made it almost impossible for these working-class people to live in the communities they had dwelled in for decades. In the United States, gentrification has also produced the same results, but its working-class and lower-class communities are primarily minorities, with Blacks making up the highest percentage of the lower class at thirty percent[iii]. This community makeup of low-income minorities often results in communities with high poverty, crime, vacancy, unemployment, and low property values leading to low residential and commercial tax collection resulting in a lack of city services[iv]. For these communities, the lack of city services often reduces street repairs, recreational opportunities, and educational services (fewer teachers and resources), which increases the dropout rate and helps continue the cycle of poverty. The introduction of gentrification has increased city services in low-income communities while reducing vacancies and crime and increasing property values.

Through gentrification, low-income communities have experienced revitalization through the introduction of investors and developers eager to purchase abandoned residential and commercial property and invest in rebuilding all aspects of the community to meet the needs of this new market[v].

II. BENEFITS AND DISADVANTAGES OF GENTRIFICATION

While most merely think of gentrification benefiting the real estate sector, its reach and effects go far beyond just that sector. The retail, food, hospitality, construction, and education sectors all benefit from the introduction of gentrification. Communities also benefit from city initiatives that assist with renovating parks and streets and adding signals and lights. Existing homeowners benefit from the increased property value gentrification produces. The city benefits from property tax increases due to increased value. All residents benefit from the decline in the crime rate gentrification creates. Lastly, gentrification transforms homogeneous communities into diverse representations of various cultures represented in the city and state. Not only do these new communities add diversity, but the new mixed-income levels have been connected to a decline in the

poverty rate by at least three percentage points[vi]. This new poverty rate reduces poverty exposure to long-time minorities and new residents. While research and economic data reveal how inner-city communities benefit in various ways from gentrification, data has established that benefits do not extend or reach the minority original residents at a high percentage.

Various studies have shown that the influx of investors, developers, and affluent residents does not lead to lower poverty, but it leads to the displacement of long-time low-income residents who can no longer afford the rent or services in their community[vii]. The study added that gentrification increases across the board cost, making it almost impossible for low-income residents and small minority businesses to remain in the communities. The study added that data gathered verified that low-income residents and minority business owners were often displaced after gentrification.

III.   RESISTANCE TO GENTRIFICATION

Because of the absence of federal legislation or policies governing gentrification, investors, developers, and business leaders are left to design their own policies, often not including community residents or leaders. These low-income communities often go on the offensive during the gentrification development process to combat the impact of gentrification. This offensive was accomplished through several methods.

Minorities have often used litigation as a valuable tool when experiencing possible discrimination issues and practices. In multiple sectors, civil rights litigation has highly affected the rights and liberties of minorities[viii]. For the battle against discrimination, litigation has proven successful and has now found a place in combatting gentrification. Litigators have utilized discrimination laws to help minority residents slow, stop and redirect gentrification. Litigation has slowed, delayed, and even stopped developers, investors, and business leaders' plans to develop in gentrified communities.

Low-income residents have also utilized protesting and negative public relations toward developers, corporations, and their leaders, to bring attention to the negative impact of gentrification on low-income communities. Efforts by these communities and residents have proven successful in embarrassing investors, developers, and business leaders in the eye of the public and harming their brand identity and image. Leaders often use anticipatory management to direct and influence future strategies to combat negative consequences.

IV.   ANTICIPATORY MANAGEMENT

Anticipatory management is the ability of leaders to anticipate and adapt to changing external environmental conditions that could affect their organizations[ix]. Most business owners merely look at a business competitor and develop strategies around them without viewing the business's entire environment. Failure to anticipate shifts or changes in the environment can be fatal to a business owner.

While Blockbuster was a billion-dollar iconic brand organization renting home movies and video games, it failed to identify the environmental shift away from videos towards internet services[x].

The report adds that Netflix approached Blockbuster in 2000 to purchase their online movie service for $50 million, which they refused, stating it was a small niche business. Blockbuster's inability to anticipate the changing movie rental environment caused them to file for bankruptcy in 2010, while Netflix went on to become a leader in subscription streaming service and production worth $29 billion. Anticipatory management enables leaders to recognize developing issues affecting the organization and develop adequate responses. In the case of gentrification, anticipatory management will enable minority business owners to foresee emerging issues that might impact their business and future customer relationship. Anticipatory management offers leaders tools to assist in identifying issues: scanning, monitoring, identifying, and developing scenarios to address the issue.

Scanning has been defined as gathering information into the organization to supply early warning of changing environmental conditions. For minority business owners, this means understanding the new potential residents' and developers' cultures, beliefs, and values. Scanning has four primary objectives:
•   Warnings and cautioning leaders of merging, separating, accelerating, or decelerating trends.
•   Identifying research-based, specialized, financial, social, and political connections critical to the organization.
•   Classifying the strengths, weaknesses, opportunities, threats, or changes suggested by those connections.
• Encouraging foresight in leadership and staff.

For minority business owners anticipating or experiencing gentrification, it is critical that scanning become part of their strategy. The identified four scanning objectives enable leaders to recognize whether gentrification is developing quickly, slowing, or merging with other factors in the community like banks, political leaders, or groups.

Monitoring collects adequate data to distinguish the past and future direction of trends. While scanning identifies trends, monitoring allows leaders the opportunity to observe and examine data to distinguish the differences or similarities between trends and the directions they formulate. Monitoring, like scanning, must be continuous as environments and their forces are always fluid. For minority business leaders, this means that even when communities appear unchanged if data has indicated in the past that gentrification has been developing, there is a strong probability that it has not stopped but may have slowed. The study states that data does not speak for itself, but it is essential that scanners monitor and interpret data bringing the various parts together to create a readable and traceable document that stakeholders can understand.

Issue identification gives leaders and the organization an identifiable and defined issue to target now and in the future. Leaders can identify potential solutions once an issue or issues are visibly detailed. As we have identified, gentrification has several issues that affect minorities and their businesses. Studies have shown that issues are like living organisms and life cycles. The issue life cycle has four phases: societal expectation, policy agenda, formalization, and social control.

• Societal expectation is a way that raises awareness and shifts the expectations of the community and others about a possible emerging issue by using innovators, leaders, or researchers. Minority business owners can shift their sentiments about gentrification and its impact on minority businesses by utilizing various influencers to bring statistical studies to the forefront. By using this methodology, societal expectations can shift towards assisting minority business owners in the survival of their businesses amidst gentrification possibilities.

• Policy agenda represents the stage where local and even federal officials discuss their constituents' issues to develop policies regarding their concerns. While there is no legislation on gentrification, if societal concerns are intensified, local leaders can develop local policies to assist minority business owners in their district, as explained previously (Bank Industry, Redlining)

• Formalization is the stage after government representatives (local congressional representatives) have recognized the agenda and some form of legislation has been written, which can now be enforced. Minority business owners benefit from gentrification policies enacted to support and protect their existence in their long-time-represented communities. Representatives and community leaders monitor compliance

from developers, banks, and landlords to ensure o discriminatory practices are occurring. Social control ensures that all parties are in compliance with legislation and policies. At this stage, the public has considered the emerging issue resolved, and public attention has declined, so controls must be in place to ensure policies are adhered to in the present and future. Minority

business owners must remain in close communication with local officials and community leaders to ensure that policies are being monitored and examined from time to time.

As demonstrated in the diagram below, scanning, monitoring, and issue identification assist in developing scenarios to help minority business owners adapt and adjust to environmental changes.
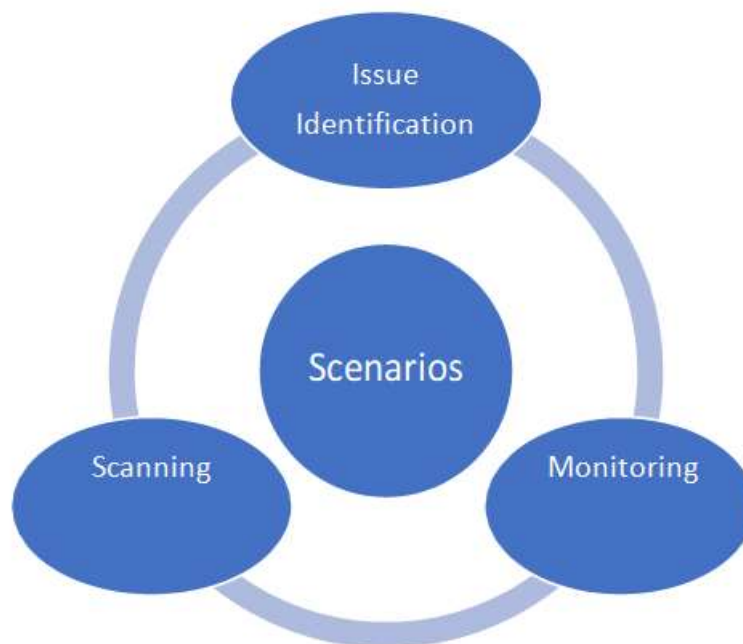
V. SYSTEM DYNAMICS

System dynamic is a method that assists a leader in recognizing how various components and variables are essentially connected and how that connection can positively or negatively affect their business[xi]. The research adds that leaders frequently focus on current events and lose sight of the larger picture or system. This system usually demonstrates the interconnecting, interdependent, and cooperating components and factors affecting their decisions. Systems dynamics assist business leaders in recognizing their decisions' effects on the entire system by introducing and identifying all possible components. This method is essential in helping leaders identify how various components and variables are genuinely connected and how that relationship can positively or negatively affect their business. In the case of gentrification, many minority business owners only focus on the current influx of new residents, increased rent, or the lack of capital for remodeling or upgrades and fail to examine all of the components that have led to their current situation. As described by systems dynamics, leaders often fail to see all components involved in an issue and how those components are interdependent and interconnected.

With gentrification, some minority business owners have focused on the landlord as the source of increased rent when other components, such as affluent residents, developers, banking practices, and increased property value, lend to the increase. In a recent study, Heeger noted that leaders often miss the interdependence factor of other components because of their linear solution perspective, which only focuses on "cause and effect[xii]." The study stated that leaders often only view the "cause and effect" variables and then identify a solution, which will not succeed because of the other missed components affecting the business and outcome. While a linear solution works when the system is simple and the solution definitive when the system is complex and has many components, issues often include a continuous loop that involves continuous awareness to obtain the needed outcome. Solving a current issue using a linear solution instead of identifying its complexity often leads to future problems that are more difficult to solve. When minority business owners only view gentrification linearly, they often fail to address the other components that add to its growth and progress. For example, minority business owners attempting to solve the rent increase will not confront the increase's root causes and complexity. Leaders must not view an issue as a straight line but as a loop with many moving parts that continue to move and affect the business. The graph below represents some components a minority business owner encounters when various factors are introduced. When there is an increase (I) in new white residents, development increases, leading to a rent increase, which has an adverse effect (D) on minority businesses and minority residents served. If there is no intervention by the community and political groups or leaders, this pattern will continue and be reinforced by its components.
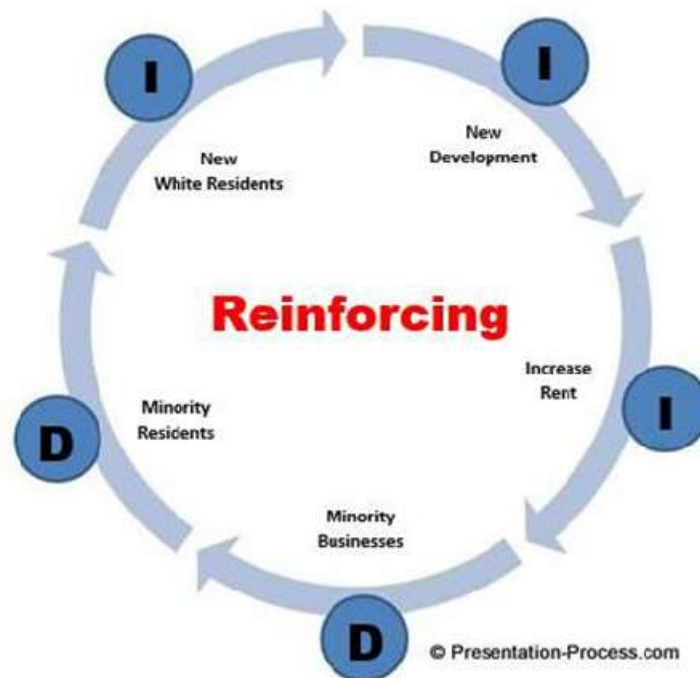
By using system dynamics, leaders are able to examine their solutions' effects on the entire system before solution implementation.

Research demonstrated that leaders are often required to solve current problems, making them reactionary and addressing future problems and events too late[xiii]. By using system dynamics, leaders can view

all the components and how a solution will affect components and the system. Leaders can then identify the best solution to address the emerging issues and that solution's effect on the business's future. Leaders must include every component that has the potential to affect their business positively or negatively. By introducing and including each component, leaders can better understand the pattern or trend caused by
the issue and find a solution that addresses the trend, not just the immediate problem.

VI.   CONCLUSION

Low-income communities throughout the world continue to experience the effects of gentrification. Data adds that this trend will continue and grow. This increased growth proposes many opportunities for investors, developers, and business leaders to gain new customers in communities otherwise overlooked. With growth, data has also demonstrated numerous negative encounters with investors, developers, and business leaders' experience with communities and their leaders. Data have also established the success of industry leaders that understood and correctly anticipated gentrification through anticipatory management. Studies revealed that many low-income residents could even embrace gentrification when exposed to the correct information at the right time in the gentrification process.

When accurately projected through anticipatory management, industry leaders have utilized its methods to develop strategies to combat gentrification's adverse effects on their organizations. They have also been able to utilize system dynamics in the decision-making process.

Systems dynamics assist industry leaders in acknowledging their decisions' effects on the gentrification system by introducing and identifying all possible components. Through anticipatory management, developers, investors, and business leaders can develop strategies to improve the decision-making process when gentrification shifts environmental conditions. While anticipatory management methods do not present a specific direction of where gentrification is going, it aids leadership in anticipating its possible direction and preparing for its shift. Anticipatory management supports industry leaders in enhanced thinking about gentrification and any other issue that might arise associated with it.

REFERENCES

[1].   Ashley, W. C., & Morrison, J. L. (1995). Anticipatory management: 10 power tools for excellence into the 21st century. Leesburg, VA: Issue Action.
[2].   Chris Hamnett & Peter Williams (1980) Social Change in London: A Study of Gentrification, The London Journal, 6:1, 51-66, DOI: 10.1179/ldn.1980.6.1.51.
[3].   Simms, M. (2009). Racial and ethnic disparities among low-income families.
[4].   Mode NA, Evans MK, Zonderman AB. Race, neighborhood economic status, income inequality and mortality. PLoS ONE. 2016;12;11(5):1-14. doi:10.1371/journal.pone.0154535.
[5].   Sutton, S. (2020). Gentrification and the Increasing Significance of Racial Transition in New York City 1970–2010. Urban Affairs Review, 56(1), 65–95. https://doi.org/10.1177/1078087418771224.
[6].   Brummet, Q., & Reed, D. (2019). The effects of gentrification on the well-being and opportunity of original resident adults and children.
[7].   Bryson, J. (2013). The nature of gentrification. Geography Compass, 7(8), 578-587.
[8].   UNIVERSITY OF MICHIGAN LAW SCHOOL (2022). The Importance of Civil Rights Litigation. Retrieved from https://www.clearinghouse.net/about.php?s=import.
[9].   Ashley, W. C., & Morrison, J. L. (1995). Anticipatory management: 10 power tools for excellence into the 21st century. Leesburg, VA: Issue Action.
[10].   Goh, F. (2017, July). 10 COMPANIES THAT FAILED TO INNOVATE, RESULTING IN BUSINESS FAILURE. Retrieved from https://www.collectivecampus.io/blog/10-companies-that-were-too-slow-to-
[11].   respond-to-change.
[12].   Anderson, V., & Johnson, L. (1997). Systems thinking basics: From concepts to causal loops. Pegasus Communication.
[13].   Heeger, D. (1999). Linear systems theory handout.
[14].   Blakeman, C. (2016, April 12). Why Solving Problems Always Leads to More Problems, and How to Stop the Madness. Inc. Retrieved from https://www.inc.com/chuck-blakeman/why-solving-problems-always-leads-to-more-problems-and-how-to-stop-the-madness.html.

Correspondence Author: Dr. Reginald King,
Adjunct Professor, Business Management, Prince George's Community College, Largo,
Maryland, USA