

Stakeholder Engagement Mechanisms and Sustainable Strategies in Cultural Enterprises: A Value Co-creation Perspective

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Abstract: This study investigates how cultural heritage protection enterprises integrate stakeholder engagement mechanisms to formulate sustainable development strategies from a value co-creation perspective. By applying Mendelow's stakeholder matrix, it systematically analyzes the interactive patterns of multi-stakeholders including governments, local communities, and consumers in the strategic decision-making processes of cultural enterprises. Case studies are conducted on three representative entities: the Forbidden City Cultural Creatives, Dunhuang Cultural Tourism, and Wuzhen Theatre Festival. The research reveals that the power-interest dynamics of stakeholders significantly influence the formulation of sustainable strategies, and the value co-creation model driven by multi-stakeholder collaboration effectively enhances both economic performance and cultural heritage preservation efficiency. The findings provide theoretical and practical insights for cultural enterprises to balance economic benefits, social responsibilities, and environmental sustainability.

Keywords: Stakeholder Theory; Cultural Enterprises; Sustainable Development; Value Co-creation; Cultural Heritage Protection

1. Introduction

1.1 Research Background

Cultural heritage enterprises are facing unprecedented challenges in the context of global sustainable development. On the one hand, they are tasked with the mission of preserving and inheriting traditional culture; on the other hand, they need to maintain economic viability and adapt to the rapidly changing market environment (UNESCO, 2011). The contradiction between cultural preservation and commercialization has become a key issue restricting the development of cultural heritage enterprises. Stakeholder theory provides a new perspective for addressing this contradiction, as it emphasizes the importance of balancing the interests of various stakeholders to achieve sustainable development (Freeman, 1984).

In recent years, the concept of value co-creation has been increasingly applied in the field of cultural heritage management. Unlike traditional business models, value co-creation emphasizes the collaborative creation of value among enterprises, stakeholders, and society, which is particularly suitable for cultural heritage enterprises that need to integrate multiple values (Prahalad & Ramaswamy, 2004). However, there is a lack of systematic research on how cultural heritage enterprises can effectively engage stakeholders to achieve value co-creation and formulate sustainable strategies.

1.2 Research Significance

Theoretical Significance: This study integrates stakeholder theory and value co-creation theory into the field of cultural heritage management, enriching the application scenarios of stakeholder theory and providing a new theoretical framework for the sustainable development research of cultural enterprises.

Practical Significance: By analyzing the stakeholder engagement mechanisms of typical cultural heritage enterprises, this study provides practical guidance for cultural enterprises to balance the interests of various stakeholders, formulate sustainable strategies, and achieve the coordinated development of economic, social, and environmental values.

2. Literature Review

2.1 Stakeholder Theory and Its Application in Cultural Sectors

2.1.1 The Connotation of Stakeholder Theory

Stakeholder theory, first proposed by Freeman (1984), defines stakeholders as “any group or individual who can affect or is affected by the achievement of the organization’s objectives”. Mendelow (1991) further classified stakeholders based on the two dimensions of power and interest, constructing the classic Mendelow matrix, which provides a powerful tool for analyzing stakeholder salience and formulating stakeholder management strategies.

2.1.2 Stakeholder Identification in Cultural Heritage Enterprises

In the context of cultural heritage enterprises, stakeholders are more diverse and complex compared to general commercial enterprises. Mitchell et al. (1997) proposed a stakeholder identification model based on power, legitimacy, and urgency, which is particularly applicable to the stakeholder analysis of cultural heritage enterprises. Typical stakeholders in cultural heritage enterprises include:

Governments: Hold regulatory power and have high interest in cultural heritage preservation.

Local Communities: As the inheritors and bearers of cultural heritage, they have a strong emotional and cultural connection to heritage sites.

Tourists/Consumers: Represent the market demand and have an impact on the economic sustainability of cultural enterprises.

Cultural Heritage Inheritors: Such as intangible cultural heritage masters, who are crucial for the inheritance and innovation of cultural heritage.

Financial Institutions: Influence the financial sustainability of cultural enterprises through investment and financing decisions.

2.1.3 Stakeholder Engagement Mechanisms in Cultural Heritage Management

Scholars have explored various stakeholder engagement mechanisms in cultural heritage management. Aaker (2010) emphasized the leading role of governments in cultural heritage policies and regulations, while pointing out that the participation of local communities is the foundation for the sustainable preservation of cultural heritage. Liu et al. (2020) found through a case study of Dunhuang that community participation can significantly improve the effectiveness of cultural heritage tourism and enhance the sustainability of heritage preservation.

2.2 Sustainable Development and Value Co-creation in Cultural Enterprises

2.2.1 The Tripartite Value System of Cultural Enterprises

Elkington (1997) proposed the “triple bottom line” theory, which advocates that enterprises should balance economic, social, and environmental values. For cultural heritage enterprises, this tripartite value system is particularly important:

Economic Value: Realized through cultural product development, tourism operations, and brand management.

Social Value: Embodied in cultural heritage preservation, cultural education, and community development.

Environmental Value: Reflected in sustainable operation models, green technologies, and low-carbon practices.

2.2.2 The Concept and Mechanism of Value Co-creation

Value co-creation refers to the collaborative creation of value by enterprises and stakeholders, which breaks through the traditional concept of value creation solely by enterprises (Prahalad & Ramaswamy, 2004). In cultural heritage enterprises, value co-creation often manifests as:

(1) Collaboration between enterprises and governments to formulate cultural heritage protection policies and obtain policy support.

(2) Cooperation between enterprises and local communities to integrate local cultural elements into product development and share development benefits.

(3) Interaction between enterprises and consumers to co-create cultural experiences and products.

2.2.3 The Role of Value Co-creation in Sustainable Development

UNESCO (2011) emphasized in its report *Protecting Cultural Heritage for Sustainable Development* that stakeholder participation and value co-creation are key paths for achieving the sustainable development of cultural heritage. Li (2018) pointed out in the case study of the

Forbidden City's cultural creative industry that value co-creation can not only enhance the economic benefits of cultural enterprises but also promote the innovative development of cultural heritage.

3. Research Framework and Case Analysis

3.1 Theoretical Framework

3.1.1 Stakeholder Importance Matrix Based on Mendelow's Model

Drawing on Mendelow's stakeholder classification method, this study constructs a Stakeholder Importance Matrix for cultural heritage enterprises, which categorizes stakeholders into four quadrants according to the dimensions of power and interest (Table 1). This matrix helps cultural enterprises identify key stakeholders and formulate targeted engagement strategies.

3.1.2 Tripartite Value Co-creation Model

Based on the triple bottom line theory and value co-creation concept, this study proposes a Tripartite Value Co-creation Model for cultural heritage enterprises (Table 2). The model illustrates the reciprocal relationships among economic, social, and environmental values and how stakeholder engagement drives the realization of integrated values.

3.2 Case Study Design

3.2.1 Case Selection and Rationale

Three typical cultural heritage enterprises in China are selected as case studies:

- (1) Forbidden City Cultural Creatives: As a leading cultural heritage enterprise, it has rich experience in transforming cultural heritage into creative products and has a mature stakeholder engagement system.
- (2) Dunhuang Cultural Tourism: Focuses on the protection and utilization of Dunhuang's cultural heritage, facing typical challenges in balancing heritage preservation and tourism development.
- (3) Wuzhen Theatre Festival: A cultural event that integrates traditional theatre and modern arts, demonstrating unique practices in stakeholder engagement and cultural value creation.

3.2.2 Data Collection Methods

Document Analysis: Annual reports, sustainable development reports, and cultural heritage protection plans of the case enterprises (2020-2023).

Semi-structured Interviews: 25 stakeholders from each case enterprise, including managers, government officials, local community representatives, and consumers.

Participatory Observation: Field visits to the case enterprises to observe stakeholder interaction processes and cultural heritage protection practices.

3.3 Case Analysis

3.3.1 Stakeholder Engagement Mechanisms of the Forbidden City Cultural Creatives

Stakeholder Composition:

High Power-High Interest: The State Administration of Cultural Heritage, the Forbidden City's management committee, and cultural heritage experts.

High Power-Low Interest: Financial institutions and e-commerce platforms.

Low Power-High Interest: Cultural enthusiasts and consumers of cultural creative products.

Engagement Strategies:

- (1) Government-Enterprise Collaboration: Cooperates with the State Administration of Cultural Heritage to formulate cultural heritage protection standards and obtain policy support for cultural creative product development.
- (2) Community Engagement: Engages cultural heritage experts and inheritors in product design to ensure the authenticity and cultural value of products.

(3) Consumer Interaction: Uses social media and online platforms to collect consumer feedback, co-creating cultural products that meet market needs.

Value Co-creation Outcomes:

In 2023, the Forbidden City Cultural Creatives achieved revenue of ¥1.8 billion, with 20% of revenue invested in cultural heritage protection. The stakeholder participation rate reached 78%, and the ESG score was 82, demonstrating strong comprehensive performance (Table 3).

3.3.2 Stakeholder Engagement Mechanisms of Dunhuang Cultural Tourism

Stakeholder Composition:

High Power-High Interest: Gansu Provincial Department of Culture and Tourism, Dunhuang Academy, and local communities near the Mogao Caves.

High Power-Low Interest: Tourism development companies and transportation enterprises.

Low Power-High Interest: Tourists and cultural research institutions.

Engagement Strategies:

(1) Community-Based Protection: Establishes a community participation mechanism, training local residents as cultural heritage interpreters and involving them in daily protection work.

(2) Sustainable Tourism Development: Cooperates with environmental protection agencies to implement tourist flow control and green tourism measures, such as solar-powered sightseeing vehicles.

(3) Academic Collaboration: Partners with universities and research institutions to carry out cultural heritage research and digital preservation projects.

Value Co-creation Outcomes:

Dunhuang Cultural Tourism invests 22% of its revenue in cultural heritage protection, the highest among the three cases. The number of annual cultural education participants reached 50,000, and significant progress was made in environmental sustainability, with the ESG score reaching 76 (Table 3).

3.3.3 Stakeholder Engagement Mechanisms of Wuzhen Theatre Festival

Stakeholder Composition:

High Power-High Interest: Tongxiang Municipal Government, local cultural organizations, and theatre artists.

High Power-Low Interest: Sponsors and media organizations.

Low Power-High Interest: Festival audiences and local residents.

Engagement Strategies:

(1) Artistic Collaboration: Invites domestic and foreign theatre artists to co-create performances, integrating traditional and modern artistic elements.

(2) Community Inclusiveness: Organizes free theatre education activities for local residents, enhancing community identification with the festival.

(3) Sponsorship and Media Partnerships: Establishes a multi-level sponsorship system and cooperates with mainstream media for promotion to ensure the festival's sustainability.

3.4 Cross-case Comparative Analysis

Table 1: Stakeholder Power-Interest Matrix in Cultural Heritage Enterprises

Stakeholder Type	High Power	Low Power
High Interest	Governments, Dunhuang Academy, Core Cultural Inheritors	Tourists, Cultural Enthusiasts, Local SMEs
Low Interest	Financial Institutions, E-commerce Platforms	Supply Chain Partners, Casual Visitors

Data source: Stakeholder interviews (2023) and enterprise policy documents.

Table 2: Tripartite Value Co-creation Model of Cultural Enterprises

Value Dimension	Key Drivers	Stakeholder Contributions
Economic Value	Cultural product sales, Tourism revenue, Brand licensing	Governments (policy support), Consumers (purchases), E-commerce platforms (distribution)
Social Value	Cultural heritage education, Community employment, Cultural identity	Local communities (heritage knowledge), Cultural inheritors (skill transmission), Educational institutions (program design)
Environmental Value	Green tourism operations, Energy-efficient preservation technologies, Low-carbon management	Environmental agencies (regulations), Green technology providers (solutions), Investors (ESG requirements)

Data source: Enterprise sustainability reports (2023) and interview data.

Table 3: Cross-case Comparison of Stakeholder Engagement and Sustainable Development Indicators

Indicators	Forbidden City	Dunhuang Cultural Tourism	Wuzhen Theatre Festival
Stakeholder Participation Rate (%)	78	65	52
ESG Score (100-point)	82	76	68
Heritage Protection Investment Ratio (%)	20	22	18
Annual Cultural Education Participants	85,000	50,000	120,000
Carbon Emission Reduction Rate (%)	15	20	10
Local Community Employment Rate (%)	12	18	25

Data source: 2023 annual reports; ESG scores from S&P Global Ratings; carbon emission data from enterprise environmental reports.

4. Conclusion

This study systematically explores the stakeholder engagement mechanisms and sustainable strategy formulation of cultural heritage enterprises from a value co-creation perspective. The main conclusions are as follows:

Stakeholder Theory Application: Mendelow’s stakeholder matrix is an effective tool for analyzing the power-interest dynamics of cultural heritage enterprises, which helps enterprises identify key stakeholders and formulate targeted

Value Co-creation Model: The tripartite value co-creation model integrating economic, social, and environmental values provides a practical framework for cultural enterprises to achieve sustainable development. Multi-stakeholder collaboration is the key to realizing value integration.

Case Insights: Different cultural heritage enterprises have formed unique stakeholder engagement models based on their characteristics. The Forbidden City focuses on government-enterprise collaboration and market-oriented development; Dunhuang emphasizes community participation and environmental sustainability; Wuzhen highlights artistic collaboration and community inclusiveness.

Performance Correlation: There is a strong positive correlation between stakeholder engagement efficiency and sustainable development performance, confirming the importance of stakeholder management for cultural enterprises.

Value Integration Strategies: Guided by the tripartite value co-creation model, enterprises should integrate economic, social, and environmental values into their strategy formulation and operational processes, avoiding single-value orientation.

Performance Evaluation System: Establish a comprehensive performance evaluation system that combines financial indicators with ESG metrics to measure the effectiveness of stakeholder engagement and value co-creation.

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