

THE SOCIALLY RESPONSIBLE
DEVELOPING INVESTOR

Rowie Huijbregts
January 2017

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THE SOCIALLY RESPONSIBLE DEVELOPING INVESTOR

The use of Corporate Social Responsibility to develop sustainable urban areas

Master thesis
Rowie Aimée Huijbregts
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Colophon

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"The way to get started is to quit talking and begin doing"

Quote by Walt Disney

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Preface

The work described in this thesis is based on a graduation research project that has been performed in the Urban Development Management section of the department of Management in the Built Environment, former Real Estate and Housing, of the Delft University of Technology in the Netherlands. The research project is part of the graduation laboratory Sustainable Private Sector-led Urban Development. The goal of the project was to explore how developing investors, within Dutch urban development practice, can use Corporate Social Responsibility (CSR) to develop sustainable urban areas. As a result a CSR maturity model has been developed that enables Dutch developing investors to assess their current application of CSR for the purpose of improvement. The theoretical concepts and research techniques that have been applied are described in detail in this thesis.

Acknowledgements

Starting in February 2016, I performed research within the graduation laboratory Sustainable Private Sector-led Urban Development with much pleasure. I would like to thank all members of the laboratory for providing this pleasant and challenging study environment.

I am grateful to my graduation supervisors Erwin Heurkens and Fred Hobma for their guidance throughout the research process. I highly appreciated their encouragement and constructive feedback.

I would like to thank [anonymised] and [anonymised] for providing me the opportunity to conduct empirical research at [graduation company] both at the development and investment management department. Furthermore, I would like to thank on-site supervisor [anonymised] for his assistance. Being a graduate intern at [graduation company] was a pleasant and instructive experience.

Finally, I am grateful to my parents for giving me the opportunity to study in Delft and for being there for me, unconditionally. To my wonderful brother who taught me to let go of seriousness and fight the system now and then. To my grandparents for their interest in my study work and well-being. And to Xander for his loving support during the writing of this thesis.

Rowie Huijbregts
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Summary

THE SOCIALLY RESPONSIBLE DEVELOPING INVESTOR

The use of Corporate Social Responsibility to develop sustainable urban areas

Abstract

Purpose: This graduation research has the purpose to gain insight in the way in which developing investors, within Dutch private sector-led urban development, can use Corporate Social Responsibility (CSR) in order to develop sustainable urban areas.

Research question: Within Dutch urban development, how can developing investors use CSR to develop sustainable urban areas?

Research design/method/approach: Given the fact that CSR is associated with the Anglo-Saxon model of capitalism, the use of CSR by two Anglo-Saxon developing investors, [Company A] in the USA and [Company B] in Hong Kong, is studied by means of empirical case study research and a cross case analysis. To gain insight in the use of CSR in the Dutch urban development practice, developing investor [Company C] in Amsterdam is studied. Based upon the case study findings, lessons are drawn about use of CSR from Anglo-Saxon developing investors for Dutch developing investors. Subsequently, a CSR maturity model is developed that enables Dutch developing investors to assess their current application of CSR with the intention of improving it.

Findings: CSR can be used by the Dutch developing investor as a means to optimise the impact of his three main business disciplines upon society. These business disciplines include investment management, development management and own business management. By reflecting upon the impact of these three disciplines, the developing investor is able to determine the responsibility (that exceeds government legislation) he can take to minimise negative impact and maximise positive impact. The continuous use of CSR assists developing investors in realising increasingly sustainable urban areas. However, the use of CSR is a necessary but not a sufficient condition for sustainable private sector-led urban development. When CSR remains to be a voluntary and individual business activity, many societal issues such as resource scarcity, climate change or gentrification are impossible to solve.

Limitations: As this graduation research is bound by time and means, only two Anglo-Saxon case studies and a single Dutch case study is conducted. The validity of findings is increased by using different sources of data and research techniques (triangulation).

Practical implications: In Dutch urban development practice CSR is a vague concept. Its historical and political notion, meaning and implementation are often unclear. However, more and more, private actors such as developers and investors publish CSR policies and reports. This research can help private actors to gain a better understanding of why CSR emerged in the Netherlands, what is actually is and how it can be used.

Social implications: This research raises awareness on the relevance of CSR in Dutch private sector-led urban development and the limitations of it as a means to realise sustainable urban areas.

Originality/value: The use of CSR by Dutch developing investors has not been described in research before. This research offers a perspective on the rise and institutionalisation of CSR in private sector-led urban development in the Netherlands.

Key words: Corporate Social Responsibility, sustainability, urban development, urban area, private sector, developing investor, Anglo-Saxon model, Rhineland model

Introduction

The world is urbanising at an unprecedented rate. It is for good reason that the 21st century is called the Urban Age. It is a challenge to provide every citizen with the opportunity to live and work in cities – while at the same time decreasing the environmental burden and making sure urban areas remain habitable and humane. In order to tackle this challenge it is necessary to destabilise unsustainable regimes and emerge sustainable niches. Within urban development practice this necessity paves the way for new types of governance. In turn, new types of governance create new responsibilities for public and private actors involved in urban development projects (Loorbach, Wittmayer, Shiroyama, Fujino, & Mizuguchi, 2016).

In the Netherlands the state-market relationship changed since the 1980s and particularly since the 2000s. The former hierarchical relationship changed into a more network-oriented relationship. Today's planning policies emphasise development planning instead of former used restrictive planning. The shift towards development planning enabled new ways of cooperating for public and private actors. Public-Private Partnerships (PPPs) came up. PPP models shifted from public sector-led towards more private-sector led urban development. This caused a transition from government to governance (Heurkens, 2012).

Traditionally, through urban development projects, the public sector safeguards the public interest and the private sector safeguards the successful continuation of the firm by generating a decent profit. Now that private actors gradually replace (local) authorities in their tasks as initiators of urban development projects, one could fear that private actors cannot or are not willing to safeguard societal values. Literature argues that the traditional Dutch societal values based upon the Rhineland model of capitalism are replaced by those of the Anglo-Saxon ideology due to the connectedness of social and economic systems (De Jonge, 2007; Heurkens, 2012; Rifkin, 2004). This entails a shift towards a market economy with neo-liberal characteristics such as individualism, selective service assess and inequality.

However, recently, the adoption of more responsible business practice is a common topic in the Dutch urban development practice. Private actors voluntarily explore corporate solutions to societal issues such as resource scarcity, climate change and loss of biodiversity. Moreover, they setup organisational units to manage social obligations and to report on solutions and achievements for the reason of "good governance" (Panayiotou, Aravossis, & Moschou, 2009; Wang, Tong, Takeuchi, & George, 2016).

Especially during and after the 2008 financial crisis, the urge for responsible market behaviour has grown in Dutch urban planning (Puaschunder, 2011). Both academics and practitioners argue that the focus should no longer be on a "hit and run" state of mind. The focus should be on long-term revenues, the end user and thus the exploitation phase of real estate and urban areas. Within this context, academics and practitioners ask for special attention to be paid to private actor type developing investor (Bijsterveld & Laverman, 2011; De Blauw & Klaver, 2011; De Jonge, 2007; Hagendijk & Franzen, 2012; Kersten, Wolting, Ter Bekke, & Bergman, 2011; Peek, 2012; Sturm, Heurkens, & Bol, 2014; Van Joolingen, Kersten, & Franzen, 2009). As a market player that develops properties and urban areas (partially) in behalf of his own investment portfolio, the focus of the developing investor is both on development and exploitation phase. Regarding his capital and focus on the long-term, this actor should be the main actor in Dutch urban development.

In the real estate asset management sector, in which the developing investor operates, CSR has gained increased attention. Responsible investment policies and reports based upon Environmental, Social and Governance (ESG) aspects are widely produced by (developing) investors (Adams, Potter, Singh, & York, 2016; Baldini, Dal Maso, Liberatore, Mazzi, & Terzani, 2016). Themes that determine investment strategies often include: the shift from a linear economy to a circular economy; the reduction of greenhouse gas emissions by supporting energy transitions; attention for nature, environment and biodiversity; and attention for employee rights, safety and health.

It seems that interest in good governance has grown in the sector. This is also visible in the increasing use of CSR certification-, benchmarking- and reporting frameworks such as those of the Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Global Real Estate Sustainability Benchmark (GRESB), Leadership in Energy and Environmental Design (LEED), Building Research Establishment Environmental Assessment Method (BREEAM), WELL Building Standard, ISO 26000 Guidance on Social Responsibility and United Nations Global Compact.

It appears that the Dutch real estate asset management sector is increasingly aware that it is expected to offer some sort of benefit to society. Nevertheless, pairing core business and CSR remains difficult. CSR appears to be a vague concept with an unclear relationship to sustainability and sustainable (urban) development. Dutch developing investors would benefit from a better understanding of the relevance, meaning and use of CSR. Therefore the following main research question is formulated: **Within Dutch urban development, how can developing investors use CSR to develop sustainable urban areas?**

To answer this question, a research design is setup. The research design is divided into three research parts: Concepts, Practices and Synthesis. These parts are clarified in the next sections.

Part 1 – Concepts

Theory

Important theoretical concepts for research are explained.

First, CSR is defined. By responsible business management, private actors accept the responsibility for their business impact upon society in three dimensions: the social (people), environmental (planet) and economic (profit) dimension. This voluntary responsibility goes beyond meeting government regulation and shareholder concerns. Rather the expectations of stakeholders are important and assessed through active stakeholder engagement. Private actors make an active effort to minimise bad effects and maximise positive effects of their products and services. From their core business activity they add value to society concerning ethical, social, environmental and economic aspects. They are transparent about their responsible business management by means of good governance (Dahlsrud, 2008; Van Tilburg, Francken, Van Tulder, & Da Rosa, 2012).

Second, the historical and political notion of CSR is explained. Therefore, first, it is important to understand the difference between the Anglo-Saxon and the Rhineland model of capitalism. The Anglo-Saxon model is applicable to the USA, UK and Canada (and others) and consists of liberal market economies with limited government control and legislation based upon Case Law. The Rhineland model consists of social market economies with (some sort of) government control and legislation based upon Civic Law. These two ideal type models interpret the relationship between the state and the market differently. The Anglo-Saxon ideology involves a favouring role of the market over the state. The Rhineland ideology involves a favouring role of the state over the market (Heurkens, 2012; Pontusson, 2005).

Traditionally the Dutch urban development practice is associated with the Rhineland ideology. However, due to the connectedness of social and economic systems, in turn caused by globalisation, Dutch development planning is under influence of Anglo-Saxon characteristics (Rifkin, 2004). Market-oriented planning is one of the policy outputs of the Anglo-Saxon influence. Gradually, (local) authorities accept their position as part of public-private actor networks rather than positioning themselves outside such networks in a hierarchical manner (Adams & Tiesdell, 2010; Alexander, 2001).

Studying the Anglo-Saxon and the Rhineland model of capitalism, it can be concluded that there is more to compensate for in liberal market economies compared to social market economies with more extensive collective welfare provision. CSR tends to be more extensive in Anglo-Saxon countries than in northern and continental Europe because in Europe the government is traditionally seen as the

source of social policy. The solidary institutions of the Rhineland social market economies decrease the need for voluntary corporate activities (Kinderman, 2009, 2012).

CSR took hold in the UK and USA (during the 1980s) almost two decades before it took hold in the Netherlands (during the 2000s) – why? It is argued above that CSR is an integral element of market liberalism. Political proponents of market liberalism were Margaret Thatcher and Ronald Reagan. Thatcher and Reagan preached about liberalisation, privatisation and deregulation in the 1980s. Market-driven regimes, compared to social market economies, are not able to provide social cohesion and collective services and goods. In these particular areas CSR fulfils important functions. Although in the Netherlands no neo-liberal revolution took place as in the UK and USA in the 1980s, today's (planning) policy output does have a (slight) neo-liberal direction. It can be argued that the processes that led to the rise and institutionalisation of CSR are similar as in the UK and USA: the birth of CSR in the Netherlands went hand in hand with liberalisation, privatisation and deregulation (Brammer, Jackson, & Matten, 2012; Crouch, 2012; Kinderman, 2009, 2012; Offer, 2009).

Third, the concepts of sustainability and sustainable development are explained. The consensus is that sustainability requires the integration of social (people), environmental (planet) and economic (profit) development in a way that is equitable and lasting. Sustainable development implies applying the principles of futurity (inter-generational equity) and social equity (intra-generational equity) to decision making about people-planet-profit issues at all times (Williams & Dair, 2007).

Methodology

Important methodological choices for research are clarified.

A methodological framework for research is designed that includes different research dimensions. The first research dimension comprises the conceptual analytical model that is used as a structuring device for case study research. The second research dimension covers two research methods that are applied to collect, analyse and compare empirical data: case study research and lesson drawing. The third research dimension covers the applied research techniques including literature and document review, semi-structured interviews and participatory observation – see Figure 1.

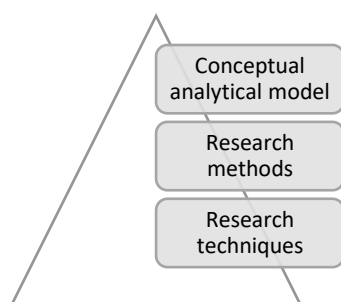


Figure 1 Simplification of the methodological framework and research dimensions, own ill.

To answer the main research question, a research design is setup. The research design is divided into three research parts: Concepts, Practices and Synthesis. In the Concepts part, the research is framed. In the Practices part, given the fact that CSR is associated with a more liberal model of capitalism, the use of CSR by two Anglo-Saxon developing investors, [Company A] in the USA and [Company B] in Hong Kong, is studied by means of empirical case study research and a cross case analysis. To gain insight in the use of CSR in the Dutch urban development practice, developing investor [Company C] in Amsterdam is studied. In the Synthesis part, based upon the case study findings, lessons about CSR use are drawn from Anglo-Saxon developing investors for Dutch developing investors. Subsequently, a CSR

maturity model is developed that enables Dutch developing investors to assess their current application of CSR for the purpose of improvement. Finally, the main research question is answered.

To conclude with, the conceptual analytical model for case study research is explained. In the model, case study variables are divided into five main blocks. It is presumed that the business environment in which the developing investor operates, influences his corporate vision, mission, values and social responsibility. Subsequently, it is presumed that the corporate norms and values of the developing investor influence the sustainability goals and strategies he formulates. Once sustainability strategies have been defined, it is presumed that they are implemented. In order to successfully implement a strategy, two things are required: operationalisation and institutionalisation. It is presumed that when strategy implementation is successful, the end result is a sustainable urban area – see Figure 2.

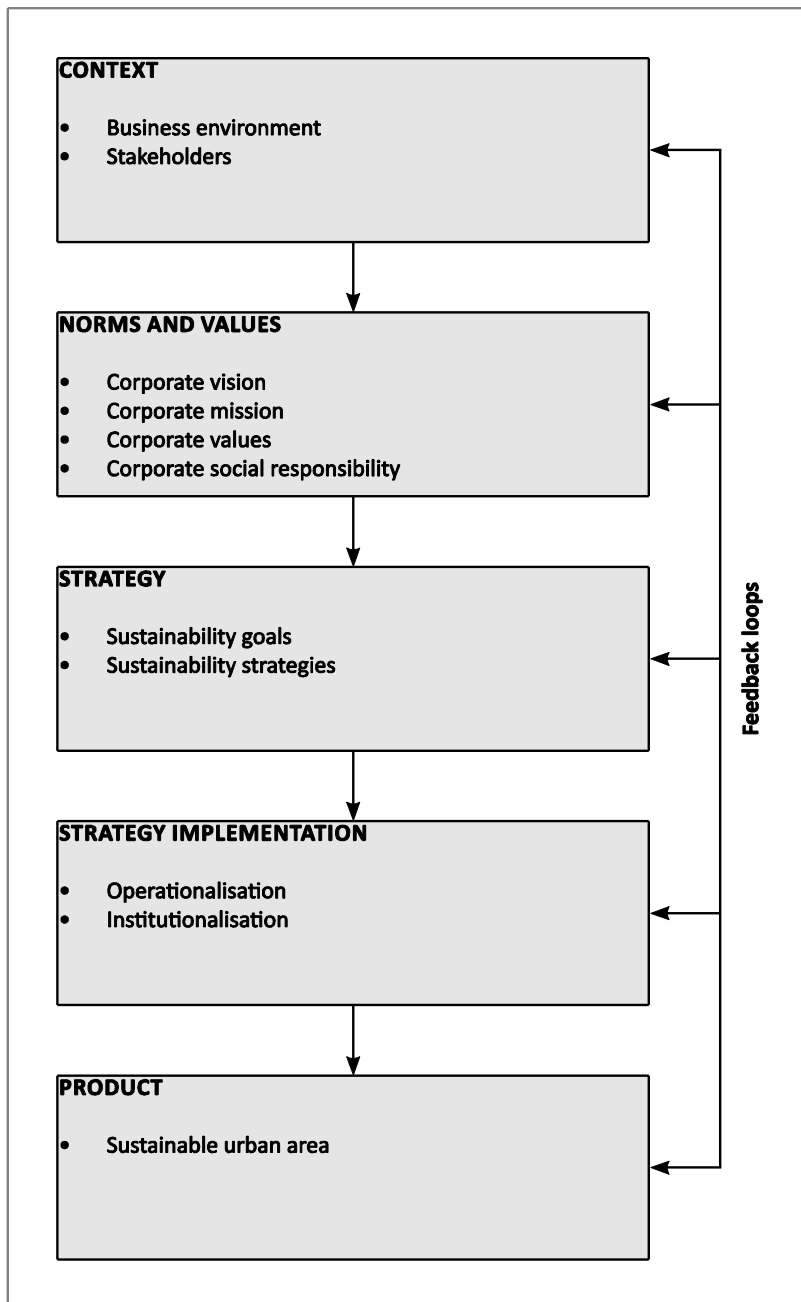


Figure 2 Conceptual analytical model, own ill., based upon Schwert (2012) and Baumgartner (2010)

Part 2 – Practices

Anglo-Saxon practice

Characteristics of CSR of Anglo-Saxon developing investors [Company A] and [Company B] are studied and compared in a cross case analysis. The case of [Company A] is based upon a document analysis of the 2014 CSR report of [Company A], a semi-structured interview with [Interviewee A], [Company A]'s director of sustainability and CSR, and a quick scan of the [Case A] project in San Francisco. The case of [Company B] is based upon a document analysis of the 2015 CSR report of [Company B], a written answer to interview questions by [Interviewee B], a community affairs officer at [Company B], and a quick scan of the [Case B] project in Hong Kong.

[Company A] is an American Real Estate Investment Trust (REIT) that is involved in the ownership, development, management and acquisition of commercial and residential real estate. The core markets of [Company A] include Boston, Chicago, Dallas, Denver, Los Angeles, Philadelphia, New York City, San Francisco and Washington. [Company B] is an investment holding company based in Hong Kong that is involved in property development, sales and marketing, and asset management of residential, commercial, retail and industrial properties in Hong Kong, mainland China and Singapore.

Both companies indicate that they voluntarily and proactively started to explore CSR. [Company A] formally determined CSR points of interest for the first time in 2015 through a materiality assessment. The results of this assessment were not yet published at the time of conducting this graduation project. [Company B] performed its annual materiality assessment for the first time in 2013. In the latest materiality assessment in 2015, [Company B] determined 20 material issues varying from energy consumption to community engagement.

Based upon the selected material issues, [Company A] and [Company B] defined sustainability goals and strategies. At [Company A], the sustainability department is still busy completing the strategic sustainability framework. At [Company B], sustainability goals and strategies are determined per material issue and explained in the 2015 CSR report. Analysis of this report indicates that these are still (quite) modest. Both developing investors emphasise the necessity to develop a set of quantifiable performance indicators to measure the achievement of goals set.

[Company A] has a sustainability department in place since 2007 under the leadership of the director of sustainability and CSR. The sustainability department educates portfolio-, asset-, technical-, and development managers of [Company A] about material issues. Moreover, the company has a CSR advisory council in place since 2014 that reports to the sustainability department. [Company B] established a CSR management structure in 2012 consisting of a CSR committee steered by senior management and eight sub-committees that are responsible for devising strategy and tracking progress for specific material issues.

[Company A] has published an annual CSR report since 2012 based upon the GRI reporting guidelines. [Company B] has published a yearly CSR report since 2011 based upon the GRI reporting guidelines and ESG reporting guidelines of the Hong Kong Stock Exchange. [Company A] participates in the GRESB and aims to obtain LEED (pre-) certification for every development project. [Company B] strives to obtain provisional BEAM Plus certification for residential and commercial development, and LEED pre-certification for commercial development.

The [Case A] project of [Company A] and the [Case B] project of [Company B] are studied to provide insight in the actual urban development practice of both developing investors. The translation of general material issues into project-specific material issues is made visible. The [Case A] project involves particularly community engagement to create a durable and healthy place to live and work. The [Case B] project involves particularly collecting and mapping on-site (environmental) construction data. Moreover, [Company B] made sure that provisional sustainability certification is received for the project. This functions as a guideline for the design and construction phase.

To conclude with, the following characteristics of use of CSR stand out and are seen both at [Company A] and [Company B]. These characteristics are used to draw lessons from Anglo-Saxon developing investors for Dutch developing investors in the Synthesis part:

- The importance of conducting a formal materiality assessment process in order to determine sustainability issues of importance for core business practice;
- The importance of formulating quantifiable (i.e. measurable) sustainability goals in order to undo sustainability and CSR of their vague meaning and implications;
- The importance of establishing a formal CSR management structure and leadership style in order to institutionalise CSR thinking into the daily activities and work efforts of employees;
- The notion that the use of certification-, benchmarking- and reporting frameworks (such as GRI, BREEAM, LEED and GRESB) is helpful to organise corporate information and data about CSR – with the aim to gain insight in and possibly improve the company's CSR programme.

Dutch practice

Characteristics of use of CSR in the Dutch real estate asset management sector are studied based upon the case study of [Company C].

This case study is based upon a research internship of three months during which the business management and two particular urban development projects, [Case C1] and [Case C2] in Amsterdam, are studied. Research techniques involved semi-structured interviews with several employees of [Company C], participatory observation in project meetings, case/project document analysis and additional literature review concerning the CSR behaviours and demands of peers ([Peer C1] and [Peer C2]) and shareholders ([Shareholder C1] and [Shareholder C2]) of [Company C].

[Company C] operates as a fund manager for four residential investment funds: the [Company C] Residential Core Fund, the [Company C] Residential Dynamic Fund, [Shareholder C2] portfolios and the [Company C] Living and Care Fund. Next to investment management, [Company C] is engaged in the development of residential properties and residential areas in strong economic regions in the Netherlands – Amsterdam, The Hague, Rotterdam, Utrecht and Eindhoven. [Company C] develops homes both to be sold and to be let, in the mid-priced and expensive segment.

[Company C] does not yet use CSR in a formal manner in the form of a statement, policy or report. Studying peers ([Peer C1] and [Peer C2]) and shareholders ([Shareholder C1] and [Shareholder C2]) of [Company C], it can be concluded that in the Dutch real estate asset management sector CSR and Socially Responsible Investment (SRI) are popular topics.

The CSR statements and reports of peers and requests of shareholders have contributed to [Company C] studying its own responsible and sustainable business practice more in detail. [Company C] is determined that implicitly, captured in the daily work efforts of employees, the company is doing the right things. One of the questions of [Company C] is whether the current sustainable/responsible development and investment activities should be captured in a CSR report for reasons of good governance – following the example of peers and shareholders. Another question is whether [Company C] should setup an explicit internal CSR policy and management structure to align and highlight the company's vision about responsible and sustainable business practice. [Company C] is currently exploring answers to these questions.

In the current determination of CSR direction, [Company C] recognises differences in interest in CSR and possibilities in use of CSR between the development and investment management department. Employees of the investment management department ask specifically for a formal CSR statement, policy and/or report as investors frequently make enquiries about SRI strategies and the sustainability of portfolios. They need to have a clear CSR and sustainability "story" to tell. Development managers do not emphasise this necessity that much. (Urban) development projects are often custom-fit and therefore a general and sharply outlined CSR direction or policy is difficult to establish. At investment management current important CSR themes include energy, materials and CO₂. At development

management current important CSR themes include health, comfort, diversity (of functions and target groups), customer satisfaction, community investment and community engagement.

That the development projects of [Company C] are indeed custom-fit is experienced by means of participatory observation and semi-structured interviews concerning projects [Case C1] and [Case C2] in Amsterdam. At [Case C1] the focus is on circular building, self-sufficiency for key resource flows such as water, energy and waste, and the setup of a material passport by means of Building Information Modelling (BIM). At [Case C2] the focus is on community involvement, community building, shared mobility concepts, and heat cold storage using water of the IJ River.

Part 3 – Synthesis

Lessons from Anglo-Saxon practice

International comparative research offers the possibility to learn lessons from other countries. The comparison of use of CSR by Anglo-Saxon developing investors with Dutch similar actors can improve the “self-image” of the Dutch urban planning practice. The comparison indicates where the Netherlands stand concerning application of CSR in private sector-led urban development. An overview of similarities and differences with the Anglo-Saxon planning context can be established. Thereby the discussion about new directions in responsible and sustainable business practice in the Netherlands is supported (Hobma, 2014) – see Figure 3.



Figure 3 Process of international comparative research and learning lessons as adopted in this research, own ill., adapted from Hobma (2014, p. 122)

Altogether four lessons are learned based upon the characteristics of use of CSR that are seen both at [Company A] and [Company B]:

- Lesson 1 – Determining material sustainability issues: It is helpful for Dutch developing investors to use a formal materiality assessment to determine important core business related CSR issues, preferably based upon the three different disciplines in which the developing investor is involved. In turn, determined material sustainability issues form the basis for formulating sustainability goals and strategies;
- Lesson 2 – Determining measurable sustainability goals: It is helpful for Dutch developing investors to formulate sustainability goals that are specific and measurable. Setting quantifiable goals is vital to finding and operationalising solutions which are in turn vital to realising corporate norms and values;
- Lesson 3 – Institutionalising CSR: In order to implement a CSR strategy in the daily activities and work efforts of employees it is important for the Dutch developing investor to manage CSR according to a particular management structure and leadership style that fits the company;
- Lesson 4 – Organising CSR information and data: Using the content of several existing sustainability/CSR certification methods, benchmarks and reporting guidelines is a good way to organise corporate information and data in a clear and transparent manner. This in order to gain insight in the developing investor’s own behaviour and activities with the intention to improve his CSR programme.

It is necessary to mention that CSR is an Anglo-Saxon concept that functions well in a liberal market economy. In the Netherlands, CSR is perceived as ambivalent as it appears to be no alternative for the existing collective welfare provision by the government. Nevertheless, in the Dutch real estate asset management sector, CSR is a popular topic as more and more private parties are publishing social responsible (investment) policies and reports. It is questionable if this trend stems from an intrinsic motivation to do well for society or from a more business-driven motivation to be able to compete with peers and for increased marketing opportunities. A challenge for the Dutch developing investor is to prevent CSR from becoming an empty shell, covering practices that are, on the quiet, conform Dutch government regulation. Another challenge is to critically think about why the setup of a CSR programme is necessary – why should we take responsibility?

CSR maturity model

Based upon the case study findings and lessons learned, a CSR maturity model is developed – see Figure 4. The model is focussed on process maturity: to which extent the use of CSR in urban development processes is explicitly defined, managed, measured and effective – see De Bruin, Freeze, Kaulkarni, and Rosemann (2005) and Mettler (2011). The model assists Dutch developing investors in better understanding CSR complexities and enables the improvement of CSR capabilities. The model is primarily meant to be used by the management team of the Dutch developing investor to determine the maturity of the company’s CSR use based upon active internal and external stakeholder engagement.

Maturity is represented as a number of stages where higher stages build on the requirements of lower stages, with 5 representing high maturity and 1 low. The names of the stages are adopted from Morgan (2013): Unaware (1), Exploratory (2), Defined (3), Adoptive (4) and Adaptive (5).

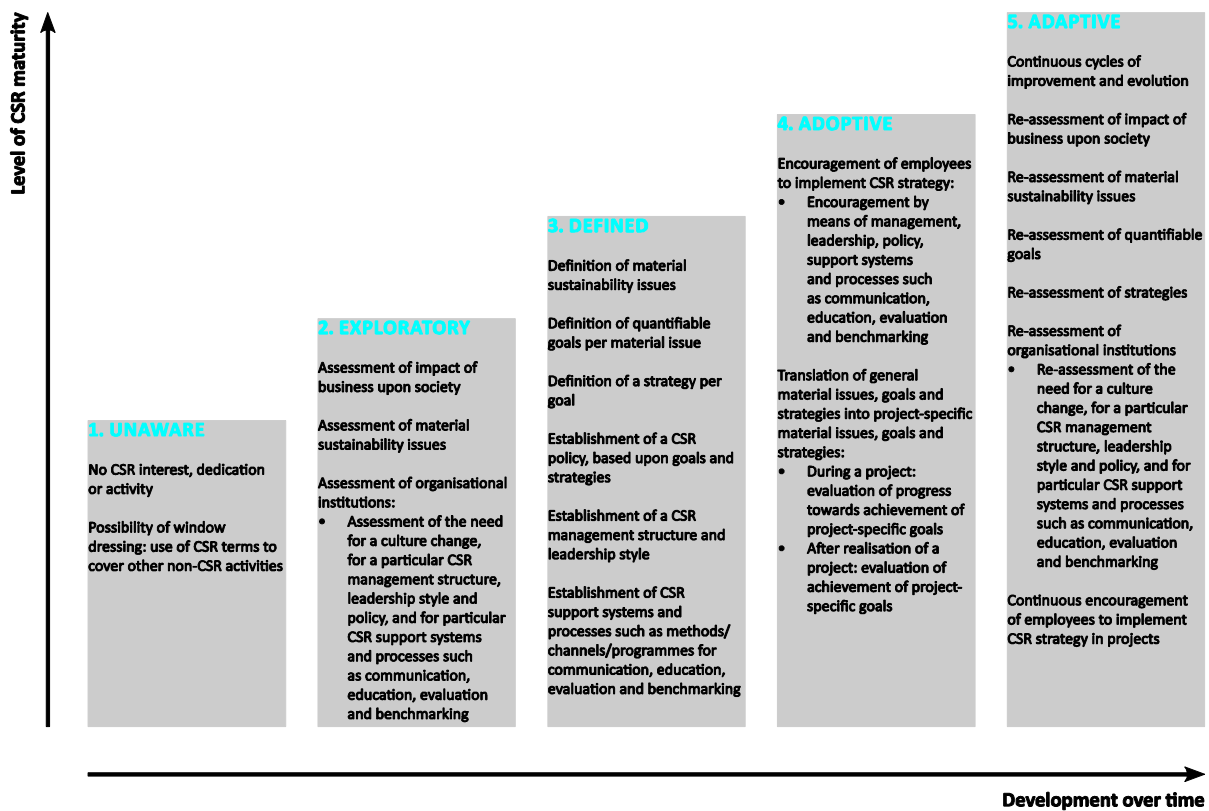


Figure 4 Maturity assessment model for use of CSR by Dutch developing investors in urban development processes, own ill., stage names based upon Morgan (2013)

The stages are explained as follows:

- Stage 1 – Unaware: The developing investor does not know what CSR means and implies. The company does not show real CSR interest, dedication or activity;
- Stage 2 – Exploratory: The developing investor spends time researching and understanding what CSR is and how it may affect business. The company starts to see the possibilities of CSR and how it can be implemented in practice. The developing investor starts to get excited about CSR and ideas about CSR begin flowing;
- Stage 3 – Defined: The developing investor is aware of what CSR means and implies for business. He has defined a clear CSR direction and strategy including a selection of material issues and measurable goals. Subsequently, the company shares this strategy with employees;
- Stage 4 – Adoptive: The developing investor is in the full process of CSR strategy implementation. Per project¹ the “general” CSR strategy is translated into a project-specific CSR strategy. In this stage, the greatest learning for the developing investor takes place, as progress towards the achievement of goals is evaluated and possibly benchmarked, and feedback is collected from employees;
- Stage 5 – Adaptive: The adaptive stage is not an end stage. This stage is a continuous cycle of improvement and evolution. Concerning CSR, the adaptive developing investor has a very solid understanding of what works and what does not work within the company, and is capable of making right decisions. Note, the developing investor might easily regress into previous stages, if, for example, the management team stops listening to and incorporating employee feedback from projects into its CSR efforts. This, in turn, can cause employees to not implement the general strategic CSR framework in their daily work practice.

Going back to the case studies performed, it can be argued that [Company A] is currently in Stage 3, [Company B] in Stage 5 and [Company C] in Stage 2:

- [Company A] is aware of what CSR means and implies for business. The developing investor is currently busy defining a clear CSR direction and strategy. The first formal materiality assessment of 2015 provides further guidance for the quantifiable goal setting process. Through the setup of the sustainability department and the CSR advisory council, the institutionalisation of CSR seems on the right track;
- [Company B] seems to have a solid understanding of what works and what does not work within the company. However, it stands out in the document analysis of the 2015 CSR report that the sustainability goals and strategies established by [Company B] are still quite modest. This is not surprising: the use of CSR is rather new for [Company B] and apparently it takes a couple of years to setup a mature CSR programme and management structure. Through the CSR committee setup, the institutionalisation of CSR seems rather professional;
- [Company C] is currently exploring to what extent the company can take and wants to take responsibility for business practice beyond government regulation. [Company C] is in the process of selecting material issues.

Answering the research question

Finally, the main research question is answered: **Within Dutch urban development, how can developing investors use CSR to develop sustainable urban areas?**

CSR can be used by the Dutch developing investor as a means to optimise the impact of his three main business disciplines upon society. By reflecting upon the impact of these three disciplines, the developing investor is able to determine the responsibility – beyond government legislation and shareholder concern – he can take to minimise negative impact and maximise positive impact.

¹ Projects include real estate and/or urban area development projects, and projects related to investment and fund management such as renovations of a part (i.e. assets) of a fund’s real estate portfolio.

As visualised in the CSR maturity model, the maturity of use of CSR correlates with the extent to which the impact of business practice upon society is optimised. This implies a continuous process of measuring the impact of business upon society, selecting material sustainability issues, setting quantifiable sustainability goals, formulating strategies to achieve these goals, and implementing these strategies into business practice – see Figure 5.

The formulation of the main research question implicates that the use of CSR by developing investors contributes to the development of sustainable urban areas. This research ends with the presumption that the continuous use of CSR indeed assists developing investors in creating increasingly sustainable urban areas. The presumption is that the more material issues are selected and sustainability strategies are implemented, the more sustainable the output of urban development processes (= the project/product) is.

Nevertheless, it can be concluded that the use of CSR is a necessary but not a sufficient condition for sustainable private sector-led urban development in the Netherlands. When CSR remains to be a voluntary and individual business activity, many (national and global) societal issues such as resource scarcity and climate change are impossible to solve. In its current voluntary format, CSR is no match for further privatisation in the Dutch urban development practice. Furthermore, the current trigger for CSR seems not be the positive impact it can have on society, environment and economy but the client and market demand as well as increased marketing opportunities.

To conclude with, the good news is that there are indeed examples of Dutch businesses and CSR associations whose idealist actions have certainly made a difference. However, it remains to be seen whether Dutch CSR activity evolves from well-intentioned and symbolic towards more solid and institutionalised action programmes.

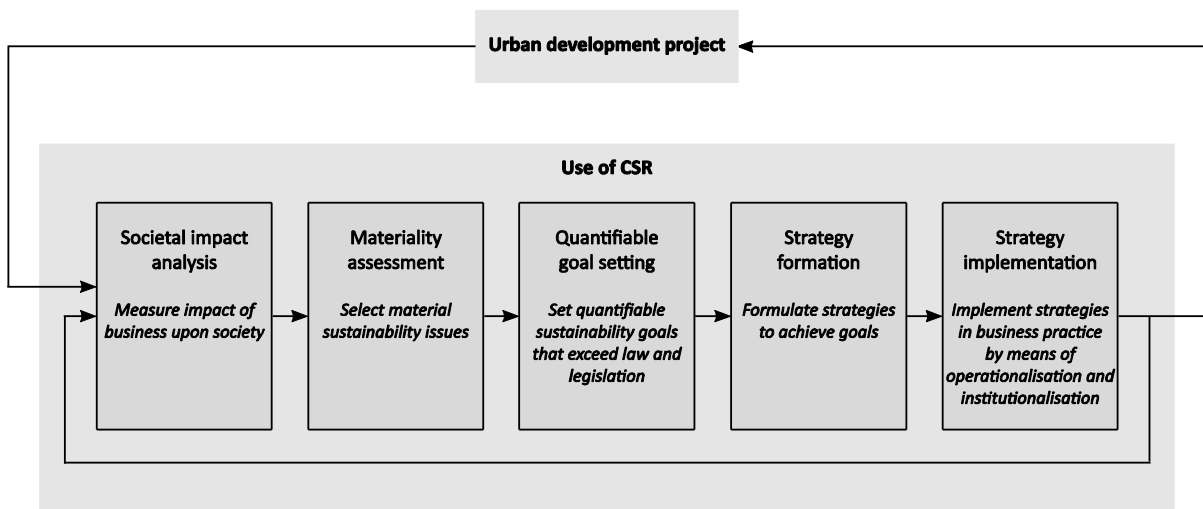


Figure 5 Continuous use of CSR by developing investor, own ill.

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Introduction

Pressing societal challenges such as urbanisation, gentrification, climate change and resource scarcity influence the design, construction and exploitation of buildings and urban areas by private actors involved in urban development. In the aftermath of the 2008 financial crisis, the global call for more responsible and sustainable market behaviour has grown. Such behaviour, in turn, seems to influence the cost structure, chance for market success, reputation and value of market players.

Within this context, the concept of Corporate Social Responsibility (CSR) has been gaining attention in the Dutch private sector-led urban development practice since the 2000s. Today, developers, investors and corporations are voluntarily exploring corporate solutions to societal challenges. Moreover, they are setting up organisational units to manage social obligations and to report on CSR solutions and achievements. Studying this latter phenomenon of “good governance”, a vast amount of CSR reports and Socially Responsible Investment (SRI) policies of companies can be found online. But what is CSR? Where does it come from? What does CSR imply in the (Dutch) urban development practice?

This graduation research aims to assist Dutch private actors within private sector-led urban development to gain a better understanding of why CSR emerged since a couple of years, what is actually is and how it can be used to develop more sustainable urban areas. The focus of this research is in particular on private actor type developing investor.

To achieve this aim, a research design is setup that also forms the structure of this thesis. The research design is divided into three research parts – Concepts, Practices and Synthesis – and further subdivided into nine chapters.

Reader's guide

In the Concepts part, the research is framed. The proposal for research is clarified in Chapter 1 and important theoretical and methodological concepts for research are explained in respectively Chapter 2 and 3.

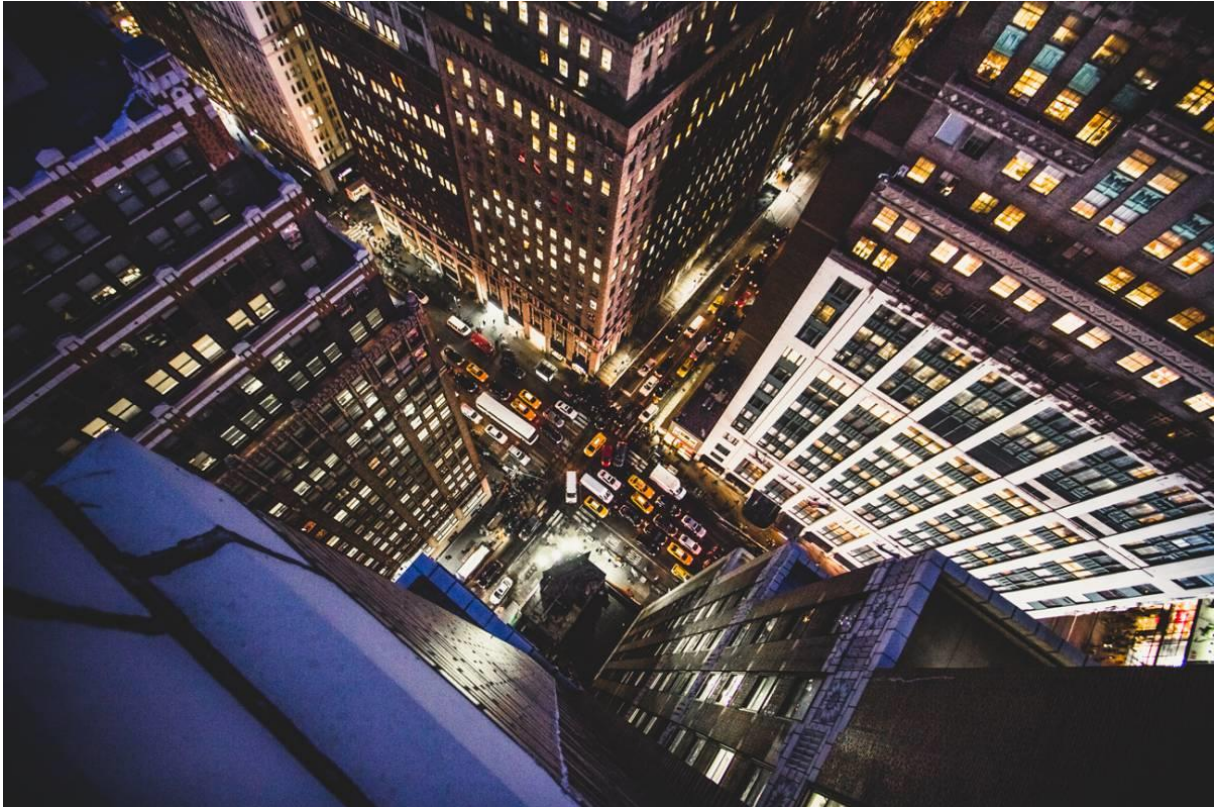
In the Practices part, given the fact that CSR is associated with a rather liberal model of capitalism, the use of CSR by two Anglo-Saxon developing investors, [Company A] in the USA and [Company B] in Hong Kong, is studied by means of empirical case studies and a cross case analysis in Chapter 4. To gain insight in the use of CSR in the Dutch urban development practice, developing investor [Company C] in Amsterdam is studied in Chapter 5.

In the Synthesis part, based upon the case study findings, lessons about CSR use are drawn from Anglo-Saxon developing investors for Dutch developing investors in Chapter 6. Subsequently, in Chapter 7, a CSR maturity model is developed that enables Dutch developing investors to assess their present-day application of CSR with the intention of improving it. Then, the main research question is answered in Chapter 8. To conclude with, a reflection on the research process and methods is provided in Chapter 9.

A list of references is included at the end of this thesis. A list of definitions is included in Annex 1 and an overview of case study references is included in Annex 2.

PART 1 – Concepts

Theory and methodology



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1. Research proposal

This chapter comprises the proposal for research. It includes an explanation of the research topic and relevance, the problem analysis and statement, the research objectives and questions, the conceptual model for research, and the research design and thesis structure.

1.1 Research topic

CSR implies that businesses bear a responsibility to society and a broader set of stakeholders beyond shareholders. Since the 1960s and particularly since the 1980s, CSR has been gaining attention in both practitioner and academic communities around the world. CSR has given rise to criticism and debates about whether it is appropriate for organisations to expand business activities beyond shareholder value (Wang et al., 2016).

As a consequence of the 2008 global financial crisis, the societal call for responsible market behaviour has grown (Puaschunder, 2011). In recent years, the number of companies that has proactively committed to addressing societal challenges has increased (Wang et al., 2016). According to Panayiotou et al. (2009, p. 130), some companies perceive being social responsible as “a source of business opportunity and improved competitiveness”, with a danger for window dressing, while others perceive it as “simply good business practice”.

Within the field of urban development, the shift towards adoption of more responsible business behaviour by private actors is recognisable as well. That is not surprising. After all, in this time of increasing urbanisation, social, environmental and economic sustainability are high on the agenda of stakeholders such as governments, pressure groups, community groups and individual end users. In this research, CSR is explored from the perspective of private actor type developing investor. The focus on this actor type is explained in Section 1.3.

1.2 Research relevance

Both the societal and scientific relevance for research are explained. Moreover, the utilisation potential and personal motivation for research are clarified.

1.2.1 Societal relevance

Societal challenges and risks such as climate change, loss of biodiversity, resource scarcity and disparities in wealth have impact on every type of business in the world. The manner of dealing with these issues influences the cost structure, chance for market success, reputation and value of a company. Due to a growing societal demand for transparency about the behaviour and achievements of companies, handling these challenges and risks has become important for the private sector. In order to safeguard the successful continuation of business, private parties explore ways to tackle these issues. Responding to these challenges and risks can be a driver of innovation. In turn, innovation can be a driver of the quality and vitality of the economy (Van Tilburg et al., 2012).

Even though private parties in urban development practice have generally recognised some sort of responsibility to society, the strategic use and implementation of CSR is problematic. This involves active alignment and education of employees, and active internal and external stakeholder engagement – these being time consuming and costly affairs. It is relevant to research how the strategic use and implementation of CSR can take place in accordance with a company’s core business – in this research the development and maintenance of urban areas by developing investors.

This research raises awareness on the relevance and use of CSR in Dutch private sector-led urban development, and explores limitations of it as a means to realise sustainable urban areas.

1.2.2 Scientific relevance

Brown (2016, p. 116) argues that sustainability and sustainable development, “while appearing to address fundamental concerns, mean very little in particular”. The author continues (p. 116): “it [sustainability] means all things to all people, is subject to radically diverse interpretations and, as such, prevents anything concrete from being done”. In literature, sustainability has therefore been referred to as empty signifier (Brown, 2016; Gunder, 2006).

According to Panayiotou et al. (2009, p. 130), the rhetoric encourages private parties to intend to be more social responsible but “there is not a sufficiently explicit or detailed description of what they should be aiming for”. In literature, the focus is on engaging in responsible behaviour as a matter of course and not on CSR initiatives that are seen in practice. For this reason, the meaning and implications of CSR remain clouded for companies and academics.

The use of CSR by Dutch developing investors has not been described in research before. This research offers a perspective on the rise and institutionalisation of CSR in private sector-led urban development in the Netherlands.

1.2.3 Utilisation potential

In Dutch urban development practice CSR is quite a vague concept. Its historical and political background, meaning and implementation are often unclear. Nevertheless, more and more, private actors such as developers, investors and corporations publish CSR reports and SRI policies. This research can help private actors to gain a better understanding of why CSR emerged in the Netherlands, what it actually is and how it can be applied.

In this thesis, a CSR maturity model is developed that assists Dutch developing investors in assessing their current application of CSR with the intention of improving it. This model can be used in practice and by academics (e.g. graduate students) as a starting point for further research.

1.2.4 Personal motivation for research

Today, sustainability is one of the most widely used words in our vocabulary – particularly in the field of urban development (management). There is little consensus on the meaning of sustainability and sustainable development: “one’s own definition is influenced by one’s training, one’s working experience and one’s political and economic setting” (Leal Filho, 2000, p. 10). For this reason, I used to be quite sceptical about sustainability. I used to believe that it is indeed an empty signifier, meaning too many different things to too many different people. In order to surpass my rather superficial knowledge of sustainable urban development, I decided to study this topic more in detail.

I decided to explore the concept of CSR within the context of graduation laboratory Sustainable Private Sector-led Urban Development because I was triggered, again, by its connotation of being an empty signifier. To me, CSR seemed to address important issues for private parties involved in urban planning but I could not find consensus on its definition, relevance and application in practice.

My personal objective for research was to give an interpretation to and relate CSR and sustainable urban development in a practical manner, which makes it possible for Dutch developing investors to measure CSR performance for evaluation and improvement purposes.

1.3 Problem analysis

The 21st century can be called the Urban Age. Cities host more than 50% of the world’s population. They produce over 60% of the economic output as well as of the greenhouse gas emissions globally. These numbers increase. It is a challenge to provide every citizen with the opportunity to live and work and simultaneously decrease the environmental burden. Shelter, water, food and welfare must be provided to a growing urban population in a durable and future-proof manner (Loorbach et al., 2016; United Nations, 2014).

Therefore it is necessary to destabilise unsustainable regimes and emerge sustainable niches (Loorbach et al., 2016). This necessity enables new types of governance within urban development practice. In turn, new types of governance enable new roles and responsibilities for public and private actors involved in urban development projects.

1.3.1 Governance in Dutch urban planning

Since the 1980s, and particularly since the 2000s, the relationship between state and market in the Netherlands has changed. The former hierarchical relationship has changed into a more network-oriented relationship. Dutch spatial planning policy formation has reacted to the changing state-market relationship. Planning policies now emphasise development planning instead of former used restrictive planning (Heurkens, 2012). As Heurkens (2012, p. 26) states, “the relative simplicity of spatial planning policy under government leadership is being replaced by pluriformity and changeableness, with more different actors involved and less fixed relationships”.

The shift towards development planning allowed for new ways of organising urban development projects by public and private actors. Consequently, Public-Private Partnerships (PPPs) came up as instruments for actors to cooperate on spatial developments. In the Netherlands, PPP models evolved from public sector-led urban development towards public-private sector-led urban development into private sector-led urban development. A shift from government to governance is recognisable (Heurkens, 2012).

1.3.2 Responsibility for safeguarding societal values

Within urban development, in PPPs, involved actors have to deal with “hybridism” or “incompatible value systems” (Heurkens, 2012, p. 31). To be blunt, the public sector is viewing urban development projects in terms of safeguarding public interests; the private sector is mainly interested in obtaining a decent profit. Differences in objectives and interests of public and private actors involved in urban development projects can cause problems. Next to actor-dependent objectives, common objectives must be found within the PPP in order to make the cooperation succeed. Often, cooperating public and private actors lack a clear view upon their relationship, roles and responsibilities. In projects, this results in discussions which actor is responsible for what issues.

Private actors are gradually replacing (local) authorities as initiators of urban development projects (Heurkens, 2012). Due to the increasing influence of the private sector, De Jonge (2007) fears that private actors will not or cannot safeguard societal values such as collectivism, collective service access and equality, and that those will be replaced by individualism, selective service access and inequality, see Figure 6. De Jonge (2007) argues that the traditional Dutch societal values based upon the Rhineland model are bit by bit replaced by those of the Anglo-Saxon model. This implies a shift towards a free or liberal market economy, with more individual and unequal societal values.

However, in recent years, there has been a remarkable adoption of more responsible business activity. This is (amongst others) due to customer pressure, changes in procurement procedures, sharpened government regulation, the rise of SRI and shifting expectations of employees. Companies explore corporate solutions to societal issues and include special management units to deal with social obligations. The number of companies engaging in social responsible behaviour has grown. For example, over 8,000 companies from all over the world have signed the United Nations Global Compact which covers issues on human rights, the environment and labour standards. Moreover, there is growth in specialised CSR organisations that advice on and implement targeted short-term projects or long-term sustained programmes (Panayiotou et al., 2009; Wang et al., 2016).

It can therefore be argued that the presumed value and power shift according to De Jonge (2007) in Figure 6 turns out differently. Note that De Jonge constructed this figure before the 2008 financial crisis. In this research is argued that the direction of the arrow is changing, see Figure 7. Behold that the direction of the arrow is still quite arbitrary; in the figure the tendency in the value and power shift in Dutch urban development as adopted in this research is visualised.

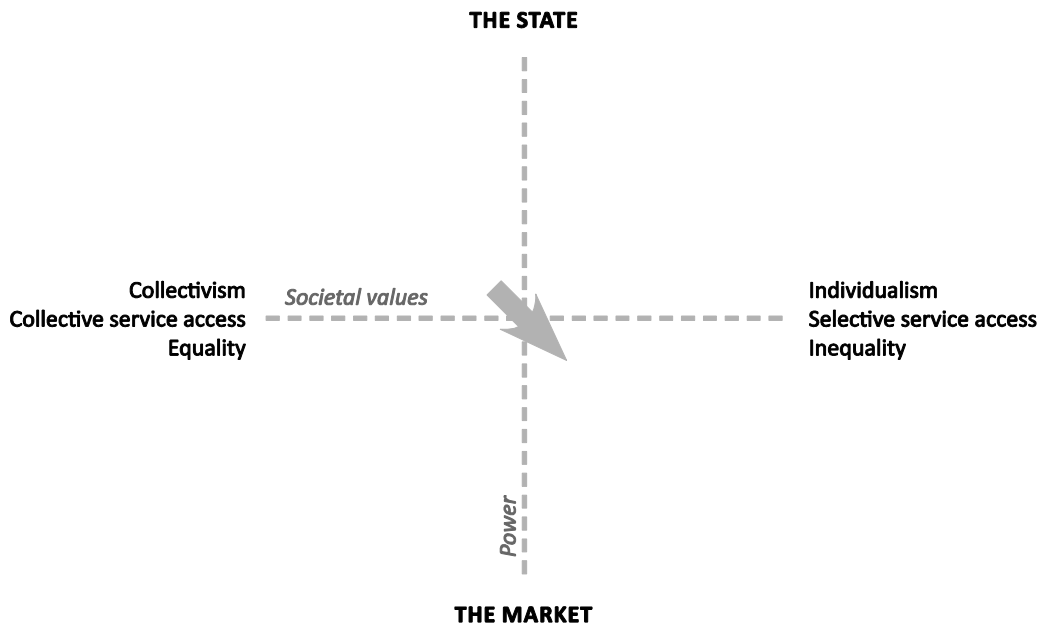


Figure 6 Presumed value and power shift in Dutch urban development according to De Jonge (2007), own ill., adapted from Heurkens (2012, p. 25)

1.3.3 Focus on the developing investor

During and after the 2008 financial crisis, the call for responsible market behaviour has grown (Puaschunder, 2011). Some authors have written about a “new reality” in Dutch urban development practice. Peek (2012) discussed the introduction of new business models and actor types herein. According to Peek (2012), urban development practice must focus on long-term revenues, the end user and linkages to juxtaposed value chains, for example the energy sector. This implies a shift from the former used “hit and run” in real estate and urban area development towards the exploitation phase of real estate and urban areas.

Within this context, private actor type developing investor gained attention. According to several authors, including Bijsterveld and Laverman (2011), De Blauw and Klaver (2011), De Zeeuw et al. (2011), Hagendijk and Franzen (2012), Kersten et al. (2011), Peek (2012), Sturm et al. (2014) and Van Joolingen et al. (2009), this actor type should be the main actor in urban development, initiating and co-investing in projects, regarding its capital and focus on the long-term.

1.3.4 Interest in responsible business practice by the developing investor

In the past years, transparency and communication concerning SRI has grown. Responsible investment policies and reports based upon Environmental, Social and Governance (ESG) aspects are widely produced by companies (Adams et al., 2016; Baldini et al., 2016). Often, specific themes that determine investment strategies are mentioned in these policies and reports, for example:

- The shift from a linear economy to a circular economy;
- The reduction of greenhouse gas emissions by supporting energy transitions;
- Attention for nature, environment and biodiversity;
- Attention for employee rights, safety and health.

In the real estate asset management sector, in which the developing investor operates, sustainability and CSR have gained much attention. This attention is explained for the three business disciplines and governance in which the developing investor is involved, see Figure 8.

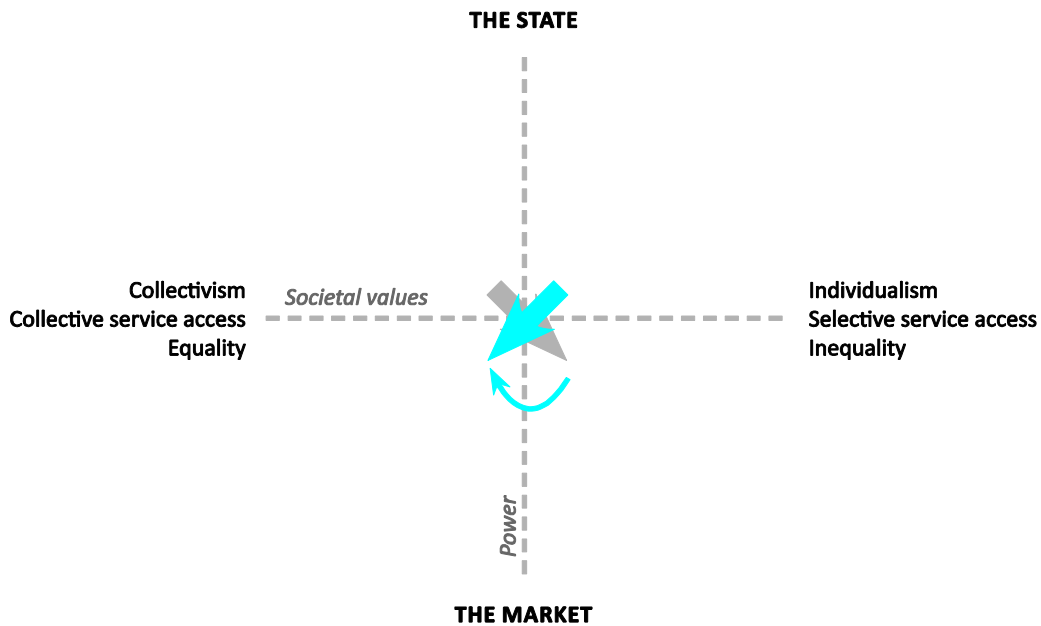


Figure 7 Tendency in value and power shift in Dutch urban development as adopted in this research (in blue), compared to the presumption of De Jonge (2007) (in grey), own ill., adapted from Heurkens (2012, p. 25)

1.3.4.1 Governance

Interest in good governance has grown in the real estate asset management sector. The following trends are visible:

- Transparency is searched for and structured using sustainability reporting standards, for example those of the Global Reporting Initiative (GRI) (KPMG, 2013; Panayiotou et al., 2009) or the International Integrated Reporting Council (IIRC) (Adams et al., 2016);
- Transparency is offered by participating in the Global Real Estate Sustainability Benchmark (GRESB) which focuses on ESG aspects (Bauer, Eichholtz, Kok, & Quigley, 2011);
- Transparency is offered by certification methods for real estate and urban development projects such as Leadership in Energy and Environmental Design (LEED) and Building Research Establishment Environmental Assessment Method (BREEAM) (Cole & Jose Valdebenito, 2013), and the WELL Building Standard (International WELL Building Institute, 2016);
- Transparency is offered by the ISO 26000 Guidance on Social Responsibility which is used to formulate a clear vision on sustainability and to set up a sustainability agenda (Castka & Balzarova, 2008). This agenda is often adjusted to the Sustainable Development Goals of the United Nations (Sachs, 2012);
- Transparency is offered by mapping the sustainability of assets and portfolios by means of GPR *Gebouw* software (Agentschap NL, 2010);
- Transparency is offered by designing “plan, do, check, act” cycles in which tasks, responsibilities and competencies regarding sustainability are allocated and integrated (Bateman & David, 2002);
- Transparency is offered by active stakeholder engagement (Carroll, 1991; Clarkson, 1995; Costa & Menichini, 2013).

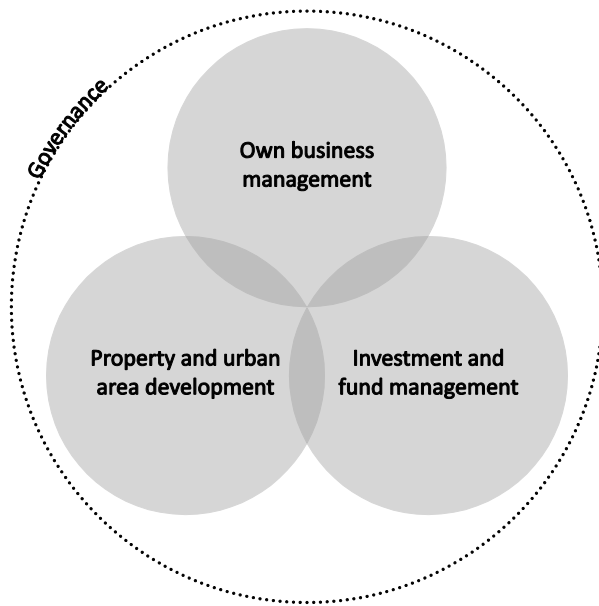


Figure 8 Three business disciplines and governance in which the developing investor is involved, own ill.

1.3.4.2 Investment and fund management

The following trends are noticeable in investment and fund management:

- Since its launch in 2009, there is a strong growth in the amount of GRESB participants (GRESB, 2017). Currently, participants focus mainly on policy management on strategic level. The actual institutionalisation and operationalisation of sustainability and CSR is not yet a focus point in the Netherlands;
- Investors are exploring ways to operationalise the enhancement of sustainability of their portfolios. They particularly explore the commitment of particular supply chain partners herein (Ciliberti, Pontrandolfo, & Scozzi, 2008);
- The enhancement of sustainability of portfolios is mainly based upon acquiring sustainable assets and disposing unsustainable assets, and technical improvement of the stock;
- Improving the asset performance is difficult due to the split incentive between investment costs for the owner and living cost reduction for the tenant. Green lease contracts or all-in rent prices offer opportunities (Bird & Hernandez, 2012).

1.3.4.3 Real estate and urban area development

Concerning real estate and urban area development, in the market there is attention for:

- Energy neutral and energy producing buildings (Attia, 2016), for example in the form of “*nul-op-de-meter woningen*” (Rijksdienst voor Ondernemend Nederland, 2017);
- The shift from a single focus on energy transition towards health and comfortable indoor environments and public spaces, creating quality of living for residents (Trowbridge, Worden, & Pyke, 2016);
- Buildings that are lifecycle resistant and flexible (Kamali & Hewage, 2016);
- Sharing economy (i.e. collaborative economy, peer-to-peer economy) principles: the shared production and/or consumption of goods and services by different people in a building or urban area. For example, shared mobility concepts such as the collective use of a few (electrical) cars or bicycles by families living in an apartment building or street (Cohen & Kietzmann, 2014);
- The use of sustainable materials for the sake of environment protection, resource protection and the health of residents (Govindan, Shankar, & Kannan, 2016);
- The transition from a linear economy to a circular economy (Pomponi & Moncaster, 2017);

- Stimulating the awareness for energy use of residents (Pothitou, Kolios, Varga, & Gu, 2016), by offering digital energy applications and particular lease concepts for washing machines for example;
- Sustainable maintenance of buildings by means of up-to-date building passports (i.e. material passports) based upon Building Information Modelling (BIM) technology;
- Sustainable demolishing of buildings, reusing and recycling materials (Luscuere, 2016);
- Obtaining certification for buildings or urban areas (Cole & Jose Valdebenito, 2013; Matisoff, Noonan, & Mazzolini, 2014), for example a high Energy Label, LEED, BREEAM or WELL;
- Climate proof building involving water storage, green facades and roofs (useful for urban farming), and heat resistance concepts (Kleerekoper, Van Esch, & Salcedo, 2012).

1.3.4.4 Own business management

There is attention for responsible business management outside the two core business elements of the developing investor concerning:

- The work-life balance of employees (Lewis, Anderson, Lyonette, Payne, & Wood, 2016);
- Employee training and education (Esteban-Lloret, Aragon-Sanchez, & Carrasco-Hernandez, 2016);
- Diversity and equal opportunities of employees;
- Community investment and engagement (Rowe, Nowak, Quaddus, & Naude, 2014);
- Leading the way by example: creating a sustainable headquarters;
- Decreasing the CO₂ footprint per employee by a flexible office layout.

1.3.5 The developing investor and CSR: pitfalls

Based upon the above mentioned attention for sustainability and CSR in the sector, it can be argued that developing investors are increasingly aware that they are expected to offer some sort of benefit to the wider world. However, for many private parties in urban development practice, pairing core business and CSR remains difficult. If executives think that their companies' products or services do not overlap with pressing environmental or societal concerns, they might feel CSR is an extracurricular activity that they have to be involved in to strengthen public relations. CSR then becomes window dressing and distracting, and offers little benefit to business (Panayiotou et al., 2009).

1.4 Problem statement

Based upon the problem analysis, the following problem statement is formulated:

- Within Dutch urban development, CSR remains a vague and intangible term, with unclear boundaries and an unclear relationship to sustainability and sustainable development. Practitioners and academics are still far from reaching a consensus on its meaning, relevance, strategic use and implementation in business practice.

Since the 2008 financial crisis, private actor type developing investor gained attention. This actor type should be able to initiate and co-invest in real estate and urban development projects in a responsible and sustainable manner regarding his capital and focus on long-term exploitation.

In recent years, Dutch developing investors have indeed recognised a responsibility for their actions and achievements to society. Still, modelling a use of CSR based upon core business – developing and exploiting buildings and urban areas – is difficult. The same goes for applying CSR in business practice. Therefore, within the context of sustainable private sector-led urban development, insight is needed into the relevance, use and implementation of CSR in Dutch developing investors' business practice.

1.5 Research objectives

The following main research objective is formulated:

- To explore the way in which developing investors, within Dutch urban development, can use CSR to develop sustainable urban areas.

Several sub-objectives are formulated which correspond with particular research parts, see Table 1. These research parts are furtherly explained in Section 1.8 and Chapter 3.

Table 1 Research sub-objectives

Research part	Corresponding research sub-objective
Concepts: Theory and methodology	To define the research problem, research objective and research question and to construct theoretical concepts and a methodological framework to study the use of CSR by developing investors
Practices: Anglo-Saxon practice	To create a better understanding of the use of CSR by Anglo-Saxon developing investors
Practices: Dutch practice	To create a better understanding of the use of CSR by Dutch developing investors
Synthesis: Lesson drawing	To draw inspirational lessons for Dutch developing investors from Anglo-Saxon developing investors
Synthesis: CSR maturity model	To indicate the possible stages (i.e. gradations, levels) of use of CSR by Dutch developing investors

1.6 Research questions

The following main research question is formulated:

- Within Dutch urban development, how can developing investors use CSR to develop sustainable urban areas?

Several sub-questions are formulated which correspond with particular research parts, see Table 2.

Table 2 Research sub-questions

Research part	Corresponding research sub-question
Concepts: Theory and methodology	How can the use of CSR by developing investors to develop sustainable urban areas be conceptualised, and what methodological framework can be applied to study the use of CSR by developing investors?
Practices: Anglo-Saxon practice	What are the characteristics of use of CSR by Anglo-Saxon developing investors? [case study] What are the similarities and differences in use of CSR between Anglo-Saxon developing investors? [cross case analysis]
Practices: Dutch practice	How do Dutch developing investors currently use CSR? To what extent are Dutch developing investors interested in using CSR? How do Dutch developing investors perceive the possibilities of use of CSR?
Synthesis: Lesson drawing	Which characteristics of use of CSR by Anglo-Saxon developing investors can be used by Dutch developing investors? What are the opportunities and challenges for implementing these CSR characteristics by Dutch developing investors?
Synthesis: CSR maturity model	What are the possible stages (i.e. gradations, levels) of use of CSR by Dutch developing investors?

1.7 Conceptual framework

A conceptual framework for research is designed, see Figure 9. The conceptual framework explains the key factors, constructs or variables that are studied, and the presumed relationships among them (Miles & Huberman, 1994). The framework is used to analyse a developing investor and his CSR use. The setup of the framework is explained below.

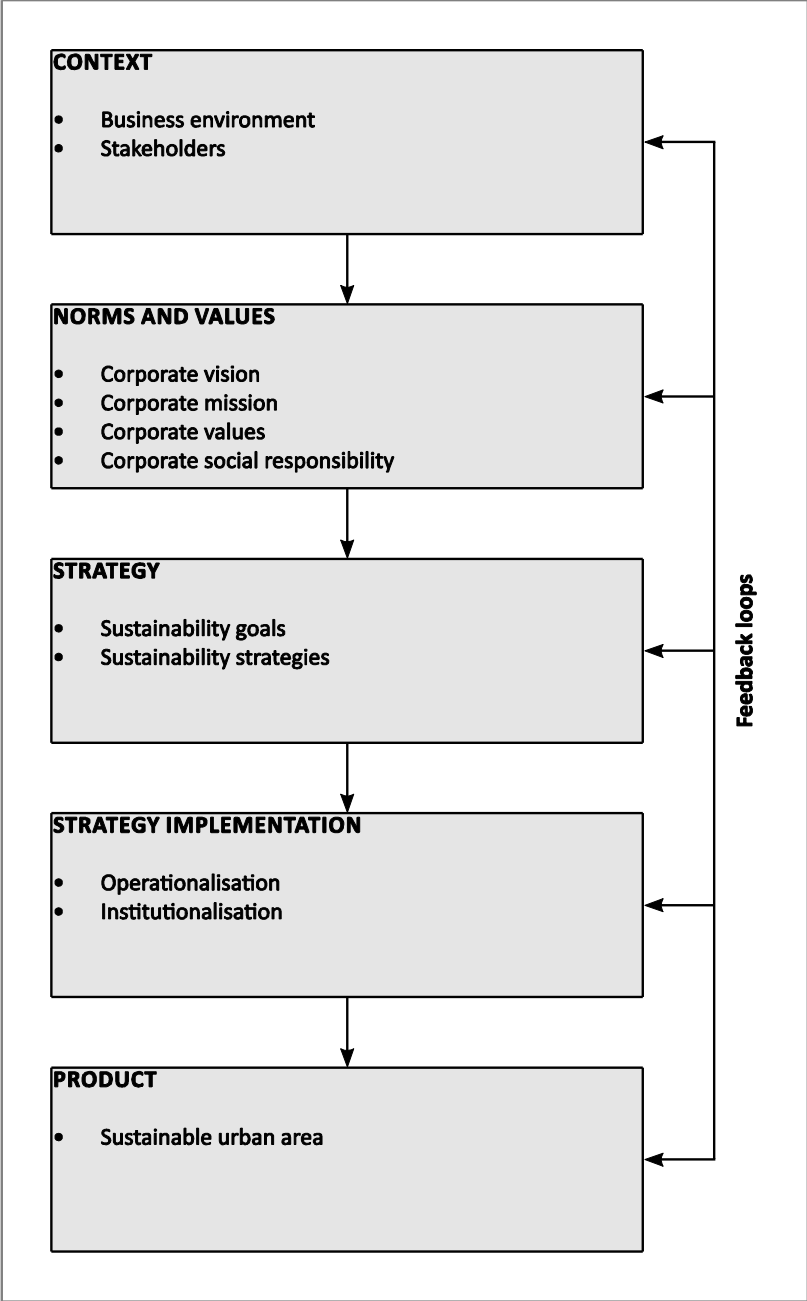


Figure 9 Conceptual framework, own ill., based upon Schwerk (2012) and Baumgartner (2010)

1.7.1 Context → Norms and values

It is presumed that the business environment in which the developing investor operates, influences his corporate vision, mission, values and social responsibility. The same goes for his stakeholders: it is presumed that stakeholders, including shareholders, influence the norms and values of the developing investor.

- For example: existing CSR activities in the business sector by peers of the developing investor might influence the way he reflects on his own norms and values;
- Another example: shareholders might demand a clear social responsibility statement and indication of material sustainability issues from the developing investor. The developing investor might feel the urgency to respond to this demand.

1.7.2 Norms and values → Strategy

Subsequently, it is presumed that the corporate norms and values of the developing investor influence the sustainability goals he sets. These goals can cover all three dimensions of sustainability: the social (people), environmental (planet) and economic (profit) dimension (Williams & Dair, 2007). Some goals apply for the company as a whole (own business management), while others apply for a particular department (investment and fund management; real estate and urban area development), see again Figure 8. The goals can be focussed on both process (management) and product (project outcome).

Defining goals is a core part of developing a sustainability strategy. It is necessary to consider first why it is important to achieve something, second what to achieve precisely, and third how to achieve something (Sinek, 2009). Prior to the goal setting process, often a materiality assessment is performed to determine material sustainability issues that are of importance for the developing investor.

During the goal setting process, the developing investor must take into account several issues. First, he must understand the positive and negative impact of his own decisions and actions. Second, he must understand what different client types (shareholders, local authorities, tenants, property buyers and residents) value and prioritise regarding the impacts they find acceptable, and the comfort and support they desire. Third, he must understand the trends in sustainability achievements. Goals that were ambitious ten years ago are today's minimum legal requirements. It is important to understand innovations, changing law and legislation and changing public opinions in the construction industry.

Sustainability goals must be specific and measurable. It is vital to set solid and quantifiable goals in order to find and operationalise strategies which are, in turn, vital to meet corporate norms and values. It is beneficial for strategy development that potential actions can be weighed concerning their effect upon progress to one or multiple goals. The formulation of strategies therefore often includes a selection of performance indicators.

- For example: the developing investor values the reduction of emissions highly. From this apparently important issue, a particular sustainability goal can be derived, such as to reduce the greenhouse gas emissions of operations with 3% in 5 years. Corresponding strategies can include: to monitor construction sites and to collect data about particular performance indicators, such as greenhouse gas emissions produced per unit of construction floor [CO₂e/m²]. The next step is to steer towards achievement of the goal set, by using the collected data on construction sites.

1.7.3 Strategy → Strategy implementation

Once sustainability strategies have been defined, it is presumed that they are implemented. A strategy may be well-defined, however, if the implementation is poor, the goal for which it was intended may not be realised (implementation gap). In order to successfully implement a strategy, two things are required: operationalisation and institutionalisation (Welch, 2017).

To operationalise a strategy means developing operational plans and tactics through which an otherwise abstract strategy is implemented. Operationalisation makes sure that the company's daily

work efforts and activities directly relate to the strategy. An operational strategy is specific, concrete and focused on the short-term. It indicates what is to be done immediately or within short periods (e.g. yearly period or project period) by a functional unit (asset management, technical management, portfolio management, development management) in order to implement a given strategy (Welch, 2017).

- For example: during construction of a project, in order to monitor greenhouse gas emissions produced per unit of construction floor [CO₂e/m²], the developing investor hires an external consultant who monitors and reports the emissions on a monthly base. The developing investor and the consultant together evaluate the performance. When necessary, the developing investor instructs the contractor to adjust the sequence of construction works, in order to reduce emissions. The findings of the consultant can be communicated to shareholders and external stakeholders of the developing investor, in order to be transparent about operationalisation. The findings can also be communicated internally, to inform and educate employees.

To institutionalise a strategy means fitting the strategy into the institutions of the company. What is required to implement a strategy must be built into organisational institutions such as structure, leadership, culture, support systems, processes and policies (Welch, 2017) – see also Angus-Leppan and Benn (2007), Angus-Leppan, Metcalf, and Benn (2010), Basu and Palazzo (2008) and Brammer et al. (2012).

- For example: the management team of the developing investor values the reduction of emissions highly. From this apparently important issue, a particular sustainability goal can be derived, such as to reduce the greenhouse gas emissions of operations with 3% in 5 years. It might be necessary to write this goal down in the company's sustainability policy, in order to make clear to employees that this goal is important.

When attempts are made to implement a strategy, problems may occur. These problems can rise from internal or external sources. Three types of problems can be distinguished (Welch, 2017):

- Poor strategy: managers may have defined an inappropriate strategy;
- Poor implementation: the strategy defined is sound, but the implementation procedure is wrong;
- Strategy development and implementation are not coupled: strategy development and implementation should be devised together. Employees or persons who are going to implement the strategy should be involved in its development.

1.7.4 Strategy implementation → Product: sustainable urban area

It is presumed that when strategy implementation is successful, the end result is a sustainable urban area. The sustainable urban area can be a new constructed part of a city, a renovated or transformed part of a city or a renovation/transformation of (a part of) the developing investor's portfolio. The realised urban area, the final product, can be measured and evaluated by means of often pre-set sustainability goals and performance indicators, both at completion and during the exploitation phase. This measurement and evaluation can take place per individual building or individual urban area, but also on portfolio level of the developing investor.

1.7.5 Feedback loops

To conclude with, it is presumed that continuous feedback loops take place between the five blocks indicated in the conceptual framework. The type and amount of loops differ per developing investor.

- For example: when it turns out that the developer is indeed able to reduce greenhouse gas emissions during the construction phase of a project, the developing investor might determine that emission reduction must be one of his core material issues. Future sustainability goals regarding this topic will be sharpened and strategies are adjusted. New achievements can be compared with peers in the business sector.

1.8 Research design and thesis structure

To answer the main research question and sub-questions, a research design is visualised in Figure 10. This research design forms also the thesis structure. The research design is divided into three research parts – Concepts, Practices and Synthesis – and further subdivided into nine chapters. In the **reader's guide** in the **introduction** of this thesis the content of the chapters is already clarified. In summary:

- In the Concepts part, the research is framed. Moreover, important theoretical and methodological concepts for research are explained.

In the Practices part, since CSR is linked to a rather liberal model of capitalism, the use of CSR by two Anglo-Saxon developing investors, [Company A] (USA) and [Company B] (Hong Kong), is studied by means of case study research and a cross case analysis. To gain insight in the use of CSR in the Dutch urban development practice, developing investor [Company C] in Amsterdam is studied by means of a single case study.

In the Synthesis part, based upon case study findings and international comparative research, lessons are drawn about use of CSR from Anglo-Saxon developing investors for Dutch developing investors. Subsequently, a CSR maturity model is developed that assists Dutch developing investors in assessing their current application of CSR for the purpose of improvement. Finally, the main research question is answered and a reflection upon the research process and methodology is provided.

Behold that all research sub-questions are answered in Chapters 3-7.

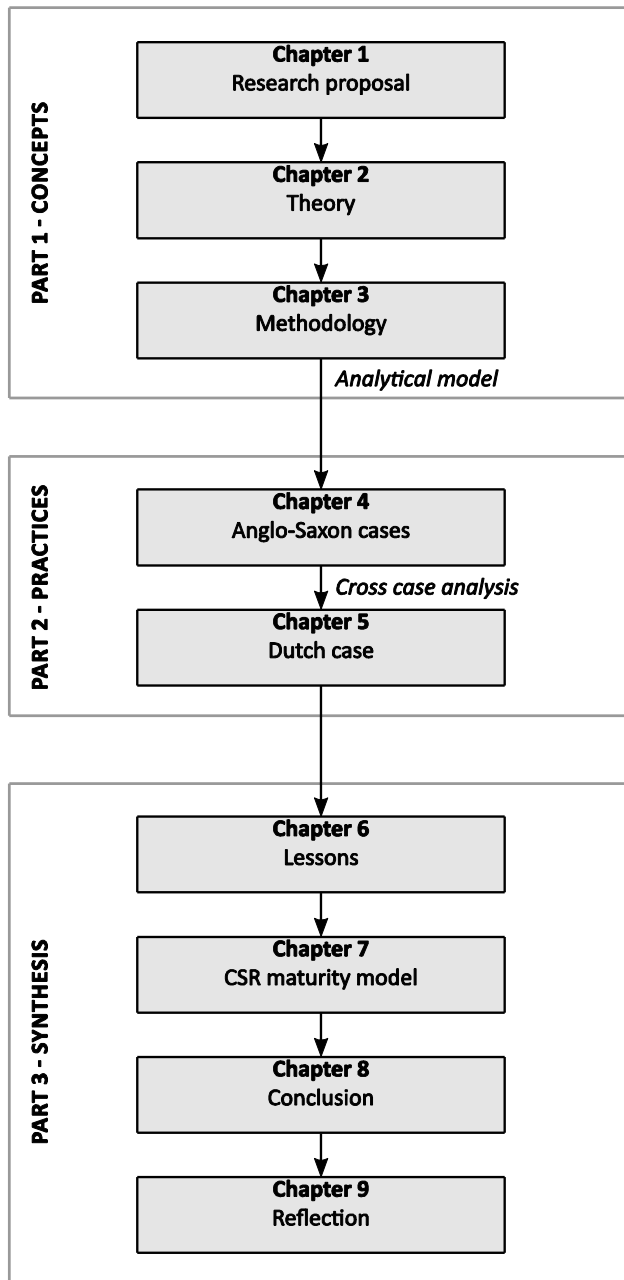


Figure 10 Research design, own ill., based upon Heurkens (2012, p. 39; 113)

2. Theory

In this chapter important theoretical concepts for research are explained.

2.1 Definition of CSR

Businesses foresee in a societal need with their products and services. They foresee in demands of customers in society. This implies that businesses have a societal impact. A company can add value or a positive contribution to the quality of society in terms of welfare, employment, innovation and health for example. The delivering of services and products has a downside too. Think of the run-out of resources, climate change, loss of biodiversity, child labour, industrial accidents or air pollution. It could be argued that these are not just incidents but actually system failures (Van Tilburg et al., 2012).

More and more, businesses are expected to minimise undesirable effects. Moreover, they are expected to contribute to finding solutions for societal issues that they have given rise to as well. This focus on the societal contribution of companies and the active management towards optimisation of their societal added value is called sustainable or social responsible business management. Herein, sustainability and responsibility are not separate processes or projects but a real way of managing business in which an integral involvement of societal issues is the starting point. Social responsible business management is not an extracurricular thing; it is an essential source for innovation of products and services (Van Tilburg et al., 2012).

This becomes apparent in numerous definitions:

- In 1987, the United Nations Brundtland Committee introduced sustainability and sustainable development as follows: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland et al., 1987);
- In the ISO 26000 guidelines, social responsible business management is formulated as follows: "*Het ondernemen van een organisatie met verantwoordelijkheid voor de impact van haar beslissingen en activiteiten op maatschappij en milieu door middel van transparant en ethisch gedrag*" (Van Tilburg et al., 2012, p. 21);
- The World Business Council for Sustainable Development, a global network for businesses that strive towards sustainability, defines CSR as follows: "CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life for the workforce and their families as well as for the community and society at large" (Watts & Holme, 1999, p. 3).

In an international study about responsible business management by Dahlsrud (2008) 37 definitions of CSR are studied. The following aspects are recognisable in all definitions (Van Tilburg et al., 2012):

- By responsible business management, companies accept responsibility for their impact upon society in three dimensions: the social (people), environmental (planet) and economic (profit) dimension;
- This voluntary responsibility goes beyond following government law and legislation and shareholder concern. Rather, the expectations of stakeholders are important and assessed through active stakeholder engagement;
- Businesses make an active effort to minimise bad effects of their products and services. From their core business activities they add value to society concerning ethical, social, environmental and economic aspects;
- Businesses are transparent about their business management by means of good governance.

Often, definitions use the term social responsible business management or CSR. Some definitions use the word sustainability instead of responsibility. Some definitions add other P's to the people-planet-profit triangle, such as passion or prosperity – the latter often instead of profit (Van Tilburg et al., 2012).

Most definitions are formulated in a way that, in this research, they are seen as synonyms. In this research the term CSR is adopted and comprises all mutual elements of definitions as listed above. In this research, CSR is considered as a tool and a way of doing business towards sustainable (urban) development.

2.2 Difficulties in dealing with CSR

CSR is an “essentially contested concept” (Moon, 2007, p. 296). According to Connolly (1983), essentially contested concepts are appraisive, internally complex and openly defined. Moon (2007) explains this for CSR:

- CSR is appraisive because the concept is considered as valued and not simply empirical. For an organisation it is a good thing to be seen as socially responsible or sustainable. For this reason, there is a danger that companies are described in these terms for public relations or image-marking purposes;
- CSR is internally complex because it balances different ethical, social, environmental and economic responsibilities towards a range of different stakeholders. Different stakeholders bring different values and expectations to their relationship with a particular company;
- CSR definitions are relatively open: different parties (governments, business associations and consultants, NGOs, shareholders, employees, consumers) all attempt to define it, but there is no single authority on definition. Moreover, the definition of CSR is highly contextual concerning its temporal and societal setting. The definition differs according to the social, environmental, economic and governance system in which a company is located. Some systems or types of capitalism perceive something as a business responsibility while others see the same thing as a government or individual responsibility.

So it might be concluded that CSR is indeed an empty signifier (Brown, 2016; Gunder, 2006) and of little use. However, CSR addresses important issues and therefore cannot be set aside easily. Moon (2007, p. 298) argues that companies do have increasing social, environmental and ethical impact upon society, and as “[urban] development frequently absorbs, changes and undermines the human and environmental resources on which future development depends”, CSR must be taken seriously.

Several drivers of CSR are listed, based upon Moon (2007):

- Market drivers: a number of market drivers have emerged that contribute to the growth of CSR such as business associations and consultants, shareholders, employees, consumers, customers and business suppliers;
- (Collective) social drivers: although social drivers often appear through consumers, employees and shareholders, it is necessary to distinguish the more collective social drivers such as NGO pressure, media attention and general societal expectations;
- Governmental drivers: governments have shown interests in encouraging CSR. Governments can encourage and facilitate CSR through the provision of organisational support and facilities for CSR activities, through subsidies for organisations and through policies and (soft) regulation – see also Ward (2004);
- Globalisation: companies are signing up to international organisations to advance CSR such as the United Nations Global Compact, the Global Reporting Initiative (GRI), the World Green Building Council and the International Integrated Reporting Council (IIRC).

From the above mentioned it follows that CSR is a clearly context specific and remarkably dynamic concept. A company might choose to focus on the topic of biodiversity while another might focus on data privacy, climate change or human rights. Emancipation of employees or gender diversity might

also be aspects to focus on for example. The particular CSR commitment of a company is determined by the nature of business. The core activities of business determine the CSR topics a company is confronted with. It is important that companies choose CSR topics (i.e. material issues) very carefully based upon active stakeholder engagement.

2.3 CSR in historical and political perspective

First, two types of capitalism in Western countries are explained. This explanation is used to clarify the historical and political notion of CSR. A reflection upon this notion is added.

2.3.1 Types of capitalism in Western countries: the Anglo-Saxon and Rhineland model

There are two types of capitalism that exist in Western countries: the Anglo-Saxon model applicable to the USA, UK and Canada (and others), and the Rhineland model applicable to most continental European countries. These two ideal type models interpret the relationship between state and market differently: the Anglo-Saxon model consists of free (or liberal) market economies with limited government control and legislation based upon Case Law; the Rhineland model consists of regulated (or social) market economies with some sort of government control and legislation based upon Civic Law. Within society, the Anglo-Saxon ideology involves a favouring role of the market (or private sector) over the state (or public sector); the Rhineland ideology involves a favouring role of the state over the market (Heurkens, 2012). According to Pontusson (2005, p. 17), social market economies, contrary to liberal market economies, are distinguished by “densely organised business communities, strong unions, highly institutionalised collective bargaining systems and extensive public provision of social welfare and employment protection”. In Table 3 several Anglo-Saxon and Rhineland principles are listed.

Dutch urban development is most rooted in the Rhineland model, but is under influence of Anglo-Saxon characteristics. This influence is accelerated by the connectedness of social and economic systems, in turn due to globalisation (Heurkens, 2012) – see also Rifkin (2004). Market-oriented planning is one of the policy outputs of the Anglo-Saxon influence in Dutch urban development. Within Dutch urban planning, the state cannot be positioned versus the market anymore. Adams and Tiesdell (2010) and Alexander (2001) argue that the state has become part of the market and acts accordingly. The hierarchical role of the Dutch state has reached its limits. Gradually, governments accept their position as part of public-private actor networks, rather than positioning themselves outside such networks in a hierarchical manner.

Table 3 Anglo-Saxon and Rhineland principles of society and economy, based on Bakker, Evers, Hovens, Snelder, and Weggeman (2005), reproduced from Heurkens (2012, p. 64)

Society and economy aspects	Anglo-Saxon principles	Rhineland principles
Role of the state	Passive and powerless	Active and powerful
Role of the market	Economic driver	Employment and economic driver
Role of civil society	Individual power	Collective power
Economy	Free market	Market regulation
Market regulation	Competition	Collaboration
Ownership	Market sector (privatisation)	Collective sector
Coordination principle	Rules	Shared values
Legislation	Case Law/Common law	Civil Law
Tax policy	Low taxes on high income	High taxes on high income

2.3.2 Historical and political notion of CSR

In this section, the historical and political notion of CSR is explained. The rise and institutionalisation of CSR in the UK and in the Netherlands is used in this explanation. CSR took hold in the UK (during the 1980s) almost two decades before it took hold in the Netherlands (during the 2000s) (Kinderman, 2009). The question is how the temporal and transnational variation of CSR can be clarified.

Kinderman (2009, p. 5) argues that CSR is “an integral element of the economic culture of market liberalism”. Political proponents of market liberalism were Margaret Thatcher (Prime Minister of the UK from 1979 to 1990) and Ronald Reagan (President of the USA from 1981 to 1989). Thatcher and Reagan preached about liberalisation, privatisation and deregulation. Kinderman (2009) argues that CSR is linked to the processes of liberalisation that have occurred across the world since the 1970s. These processes are characterised by major differences from the former common system of democratic capitalism; capitalism has become more market-driven and market-accommodating – see also Streeck and Thelen (2005).

According to Kinderman (2009), CSR addresses issues for businesses and society that have no clear relationship to liberalisation, and problems which stem from liberalisation itself. The author argues that market-liberal institutions increase the likelihood of CSR adoption, whereas solidary political-economic institutions decrease CSR adoption. Market-driven regimes, compared to social market economies, are not able to provide social cohesion and collective services and goods. In these particular areas, CSR fulfils important functions. CSR is thus “an important element in the transition from social democracy and embedded liberalism towards market liberalism” (Kinderman, 2009, p. 6). CSR functions as a tool to legitimise market liberalism. Businesspeople and state officials are interested in compensating for the shortcomings of liberalisation. By means of CSR they can legitimise the market-thinking towards, respectively, stakeholders and the electoral body, and they can justify themselves towards their own conscience.

Looking at different types of capitalism, there is more to compensate for in Anglo-Saxon liberal market economies compared to social market economies with more extensive collective welfare provision such as in the Rhineland ideology. The solidary institutions of the Rhineland social market economies decrease the need for voluntary corporate activities. CSR policy tends to be more extensive in Anglo-Saxon countries than in northern and continental Europe, because in Europe the government is traditionally seen as the source of social policy (Crouch, 2012; Kinderman, 2009).

Going back to the examples of the UK and the Netherlands, it can be argued that the Dutch institutions of economic governance continue to differ from the liberal Anglo-Saxon model. However, the policy output produced by Dutch institutions varies enormously from earlier time. The traditional Rhineland institutions may have survived, but they serve fundamentally new goals. Although in the Netherlands no neo-liberal revolution took place as in the UK, today’s policy output does have a neo-liberal direction. So even though the UK and the Netherlands have different varieties of capitalism, and although there is a time gap of almost 20 years, the processes that led to the rise and institutionalisation of CSR in both countries are similar. Both in the UK and the Netherlands the birth of CSR went hand in hand with liberalisation, privatisation and deregulation (Kinderman, 2009).

2.3.3 Implications of the historical and political notion of CSR

Kinderman (2009) argues that when CSR remains to be a voluntary business activity, many important societal issues will be impossible to solve. Collective action is necessary to solve many global and national problems. The insistence on voluntarism gives CSR its “deep, structurally ambivalent quality” (Kinderman, 2009, p. 50). CSR seems to be no match for the flow of economic liberalisation that has occurred globally during the past 30-40 years. According to Offer (2009, p. 3), “governments can manage long-term obligations [such as retirement, education, medical treatment, disability payment, unemployment benefit, infrastructure, science, culture and environmental protection] more effectively than financial markets, because private long-term contracts are insecure”. However, “the

capacity of governments to perform has been undermined by market-liberal norms” (Offer, 2009, p. 3). Thus, the rise of CSR leads the way for criticism: after all, countries have paved the way for liberalisation without adequately compensating for the resulting social shortcomings.

Yet, it is natural that businesses and economies structurally and systematically change over time. Liberalisation seems a trend across the world during recent decades. While CSR by itself may be seen as an inadequate replacement for social market economies, it still seems that the world is better off with CSR in liberal market economies than without it, if those were the only two choices (Kinderman, 2009).

However, it remains to be seen if the social shortcomings resulting from liberalisation make sure CSR evolves from symbolic initiatives to more solid initiatives. Moreover, it remains to be seen if the belief in market liberalism changes in the aftermath of the 2008 financial crisis. For now, CSR can be called highly ambivalent, since many pressing problems of society and humanity are not possible to solve with purely voluntary corporate activity (Kinderman, 2009).

To conclude with, in liberal market economies, the governance of organisations focuses strongly on shareholder value and much less on claims made by other stakeholders. CSR is linked to the paradox of “a liberal notion of voluntary engagement and a contrary implication of socially binding responsibilities” (Brammer et al., 2012, p. 3). Often, CSR adoption by companies is associated with the business case and market logic of individual firms. Therefore, CSR is related to the conception of “enlightened shareholder value”. Under this conception, attention to stakeholder interests is seen as a means of generating shareholder benefits (Harper Ho, 2010). However, in the context of enlightened shareholder value, the final control of a company still rests with the shareholders. By considering the wishes and demands of stakeholders, enlightened shareholder value provides companies a possibility to pursue CSR when “it [CSR] exists in a clear positive sum relationship with shareholder value” (Brammer et al., 2012, p. 12). At the same time, enlightened shareholder value has limitations, since it does not provide solutions for situations where trade-offs exist between interests of stakeholders and shareholders, and in situations where shareholders benefit from negative externalities.

2.4 Sustainability and sustainable development

According to Williams and Dair (2007, p. 28), “the consensus is now that sustainability requires the integration of social, environmental and economic development in a way that is equitable and lasting”; this implies “applying the principles of inter-generational equity (or futurity) and intra-generational equity (or social equity) to decision making about social, environmental and economic issues at all times”, see Figure 11 and 12.

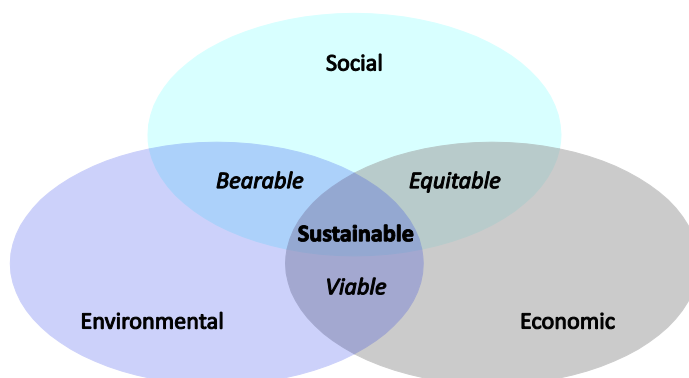


Figure 11 The interaction between the social, environmental and economic dimension of sustainability, the conventional economic view, own ill., adapted from Cato (2009, p. 37)

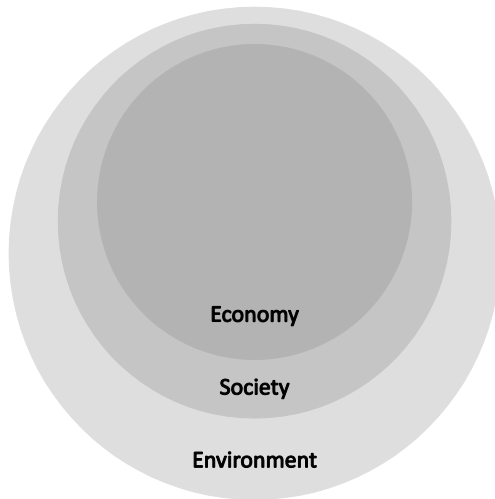


Figure 12 The green economics paradigm: “economy operates within social relations and the whole of society is embedded within the natural world”, own ill., adapted from Cato (2009, p. 37)

Costa and Menichini (2013, p. 153) describe the three dimensions of sustainability from the perspective of an organisation:

- The social dimension concerns “the effects of the organisation’s activities on social systems: work practices, respect of human rights, public policy, consumer health and safety protection”;
- The environmental dimension concerns “the impact on the environment caused by the inputs and outputs of the organisation’s processes: energy and water consumption, gas emissions, biodiversity protection, waste recycle, transport sustainability, products and materials disposal”;
- The economic dimension concerns “the economic impact on stakeholders, resulting from the organisation’s economic activities, transactions and interactions in specific markets; in addition, this dimension considers the indirect economic impacts of the organisation’s activities”.

In this research, sustainable development in the context of land (re)use is studied. Williams and Dair (2007) have created a framework for assessing the sustainability of brownfield development. By means of this framework it becomes easier to see how practical sustainability objectives for development could be achieved. In the proposed framework each of the broad dimensions of sustainability is considered, and literature and policy are studied to determine objectives suitable for brownfield developments that fit the concepts of futurity and equity. See Figure 13 for a setup of the assessment framework.

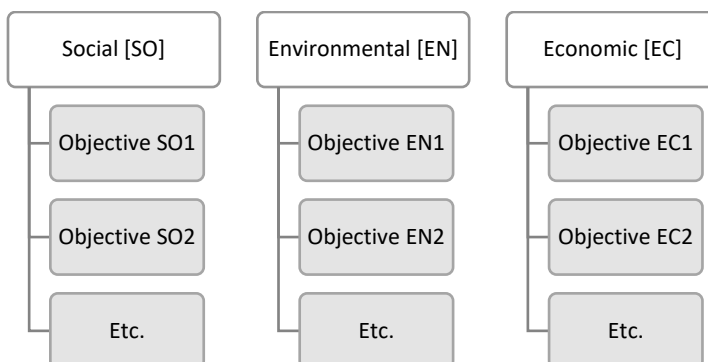


Figure 13 Simplification of the sustainability assessment framework of Williams and Dair (2007, pp. 30-31): pre-set objectives per sustainability dimension, own ill.

2.5 Conclusion

In this chapter concepts CSR and sustainable development are explained. The historical and political clarification of CSR indicates why this research focuses on Anglo-Saxon developing investors (in comparison with Dutch developing investors). This focus stems from the notion that the rise and institutionalisation of CSR is linked to liberal market economies, since there is more to compensate for in these economies compared to social market economies. Thus, CSR seems to be a rather Anglo-Saxon concept – why should this concept be studied from a Dutch viewpoint? Taking into account the changing state-market relationship and neo-liberal influences in urban planning, it is relevant to study the upcoming CSR phenomenon within the Dutch private sector-led urban development context.

3. Methodology

In this chapter, first, the complete methodological structure for research is presented. Next, the conceptual analytical model for research is explained. Subsequently, the methods applied in this research – case study method and lesson drawing – are clarified. Moreover, the various research techniques used are explained. Finally, the case study selection criteria and choices are explained.

3.1 Methodological structure

To provide insight in the methodological dimensions of research, a methodological framework is designed in Table 4. The research dimensions include the conceptual analytical model, research methods and research techniques. Aims and questions for each dimension are included too.

Table 4 Methodological framework and research dimensions, based upon Heurkens (2012, p. 112)

Concepts	Conceptual analytical model			
Aim	Analysis and understanding of developing investors' business context, norms and values including CSR, sustainability strategy and strategy implementation, and urban development products			
Question	Which model can be used to understand the use of CSR by developing investors to develop sustainable urban areas?			
Methods	Case studies [Anglo-Saxon and Dutch developing investors]		Lesson drawing [Anglo-Saxon → Dutch developing investors]	
Aim	Data collection, analysis and comparison		Empirical lessons	
Question	What are the characteristics of use of CSR by developing investors?		What empirical lessons can be drawn from the use of CSR by Anglo-Saxon developing investors for Dutch developing investors?	
Techniques	Literature and document review	Semi-structured interviews	Participatory observation	Displaying tables and figures
Aim	Documented information	Practical experiences	Practical and physical understanding	Comprehensive overviews
Question	Which literature sources provide information and insight into developing investors' dealing with CSR?	What are the experiences of developing investors involved in urban development practice with CSR?	How does the practice of the developing investor look like? How do his urban development projects look like in physical sense?	How to present retrieved data from the case studies to draw conclusions?

The methodological framework shows that the research dimensions have a certain hierarchy. This hierarchy starts with a conceptual analytical model. Then two main research methods are applied to collect, analyse and compare empirical data and to draw empirical lessons. These methods are assisted by several research techniques including literature and document review, semi-structured interviews, participatory observation and displaying tables and figures – see Heurkens (2012, p. 112).

The main research question in this study is:

- Within Dutch urban development, how can developing investors use CSR to develop sustainable urban areas?

This question is answered by using a particular research structure, see again Figure 10. The research is divided into three research parts – Concepts, Practices and Synthesis – which are further subdivided into nine thesis chapters. Each of these three parts involves research objectives, questions and methodologies. These are clarified in the next sections.

3.1.1 Part 1 – Concepts: Theory and methodology

In the first part a conceptual analytical model is developed to study the use of CSR by developing investors within different case studies. See Table 5 for the objective, question and methodology of this research part.

Table 5 Objective, question and methodology for research Part 1 Concepts (Chapters 1, 2 and 3)

Objective	To define the research problem, research objective and research question and to construct theoretical concepts and a methodological framework to study the use of CSR by developing investors
Question	How can the use of CSR by developing investors to develop sustainable urban areas be conceptualised, and what methodological framework can be applied to study the use of CSR by developing investors?
Methodology	Literature review

3.1.2 Part 2 – Practices: Anglo-Saxon and Dutch practice

In the second part the focus is on describing the characteristics of use of CSR by Anglo-Saxon and Dutch developing investors. The focus on Anglo-Saxon developing investors stems from the assumption that companies that do business according to liberal market principles go in front concerning the application of CSR – as explained in the previous chapter.

The first sub-part involves two empirical case studies of CSR practice in Anglo-Saxon countries. This enables to draw lessons for the Dutch practice later in the research. See Table 6 for the objective, question and methodology of this research sub-part.

Table 6 Objective, question and methodology for research Part 2 Practices: Anglo-Saxon practice (Chapter 4)

Objective	To create a better understanding of the use of CSR by Anglo-Saxon developing investors
Question	What are the characteristics of use of CSR by Anglo-Saxon developing investors? [case study] What are the similarities and differences in use of CSR between Anglo-Saxon developing investors? [cross case analysis]
Methodology	Two empirical case studies in which semi-structured interviews are held with practitioners and case documents are analysed. Furthermore, a cross case analysis is performed.

The second sub-part involves a single empirical case study of CSR practice in the Netherlands. See Table 7 for the objective, question and methodology of this research sub-part.

Table 7 Objective, question and methodology for research Part 2 Practices: Dutch practice (Chapter 5)

Objective	To create a better understanding of the use of CSR by Dutch developing investors
Question	How do Dutch developing investors currently use CSR? To what extent are Dutch developing investors interested in using CSR? How do Dutch developing investors perceive the possibilities of use of CSR?
Methodology	Single empirical case study in which semi-structured interviews are held with practitioners, case documents are analysed and participatory observation is performed

3.1.3 Part 3 – Synthesis: Lessons and implications

In the final research part, first, the focus is on drawing lessons from Anglo-Saxon developing investors for Dutch similar actors concerning the use of CSR to develop sustainable urban areas. See Table 8 for the objective, question and methodology of this research sub-part.

Table 8 Objective, question and methodology for research Part 3 Synthesis: Lessons from Anglo-Saxon practice (Chapter 6)

Objective	To draw inspirational lessons for Dutch developing investors from Anglo-Saxon developing investors
Question	Which characteristics of use of CSR by Anglo-Saxon developing investors can be used by Dutch developing investors? What are the opportunities and challenges for implementing these CSR characteristics by Dutch developing investors?
Methodology	Case based lesson drawing

Second, once the lessons from Anglo-Saxon practice are formulated, the development of a CSR maturity model for Dutch developing investors is possible. See Table 9 for the objective, question and methodology of this research sub-part.

Table 9 Objective, question and methodology for research Part 3 Synthesis: CSR maturity model (Chapter 7)

Objective	To indicate the possible stages (i.e. gradations, levels) of use of CSR by Dutch developing investors
Question	What are the possible stages (i.e. gradations, levels) of use of CSR by Dutch developing investors?
Methodology	Particular focus on research technique “displaying tables and figures” and additional literature review on how to develop a maturity model

3.2 Analytical case study model

The conceptual theoretical model as explained in Section 1.7 is used to analyse the case studies – see again Figure 9. The theoretical model is therefore also the analytical model in this research. The model is applied to the three case studies. It forms a structuring device to research relationships between aspects of use of CSR to develop sustainable urban areas. In the model, the case study variables are divided into five main categories. First, in terms of context, the business environment and stakeholders of the developing investor are studied. Second, the norms and values including a CSR

statement are studied. Third, the sustainability goals and subsequent strategies are studied. Fourth, the implementation of this strategy in terms of operationalisation and institutionalisation is studied. Finally, the end product, the (sustainable) urban area is studied. For a more detailed explanation of these variables and their presumed relationship see again Section 1.7.

In this research, data from different cases is collected and analysed. The comparison of Anglo-Saxon and Dutch cases is difficult because the use of CSR is embedded in different contexts. However, according to Pickvance (2001), cases do not have to be identical for comparative analysis. Cases need to be conceptually similar so that they can be studied with the same analytical case study model.

3.3 Case study method

This research aims to provide insight in the use of CSR by developing investors in urban development practice. The nature of this objective implies the use of case studies. The case studies are used to collect, analyse and compare empirical data. Moreover, case studies enable case based lesson drawing. Case study research is a form of qualitative research. As Yin (2003, p. 13) states, case study research is “an empirical inquiry that investigates a contemporary phenomenon within its real life context”. Furthermore, Yin (2003, p. 13) states that case studies imply “a detailed contextual analysis of a limited number of conditions and their relationships”.

According to critics of the case study method, case study research has the tendency to confirm the hypotheses of the researcher. However, according to Flyvbjerg (2006), there is a greater tendency to falsify assumptions than confirming them. This is due to the fact that the researcher can adjust hypotheses during the research process by means of reflecting on the empirical data found in the case study. In this research, multiple case studies are conducted to create the possibility to change the researcher’s suppositions.

Furthermore, critics of the case study method believe that the study of a few cases offers no possibility to establish validity of findings. Therefore, in case study research, the triangulation of data is necessary. According to Bryman (2015), triangulation is the use of more than one method or source of data in the study of a social phenomenon, so that findings can be cross-checked. When triangulation is applied, the validity of findings increases. For this reason, several different research techniques are applied in this research including literature and document review, semi-structured interviews, participatory observation and displaying tables and figures. Annex 2 provides a list of all used case study references.

Third, the trade-off between scope and depth is necessary to discuss here. By conducting more case studies, more valid conclusions can be drawn (Kantor & Savitch, 2005). However, as this research is bound by time and means, depth is chosen over scope. The choice for two Anglo-Saxon case studies relates to the objective to gain in-depth knowledge on CSR characteristics. Moreover, by selecting two cases, it is possible to perform a cross case analysis. In the choice for a single Dutch case study, depth is chosen over scope as well. Additional literature review concerning peers and shareholders of the Dutch developing investor is used to validate case study findings.

3.4 Lesson drawing method

In this research, the use of CSR is studied in Anglo-Saxon countries. The underlying question is: What lessons can be learned from Anglo-Saxon developing investors about the use of CSR to develop sustainable urban areas? To be more specific: can (elements of) the use of CSR in Anglo-Saxon countries be implemented in Dutch private sector-led urban development? It is questionable what the opportunities and challenges for learning from other countries are. In this section is elaborated on these questions.

Comparing the use of CSR in Anglo-Saxon countries with Dutch use of CSR can improve the “self-image” of the Netherlands. In this research, the comparison with Anglo-Saxon developing investors makes clear where the Netherlands stand concerning the application of CSR. An overview of

similarities and differences with the Anglo-Saxon practice can be established. Thereby, research can support a discussion about new directions in CSR use in the Netherlands. In other words, international comparative research, as conducted in this research, offers the opportunity to learn lessons from Anglo-Saxon developing investors – see Hobma (2014, p. 122). This process is visualised in Figure 14.

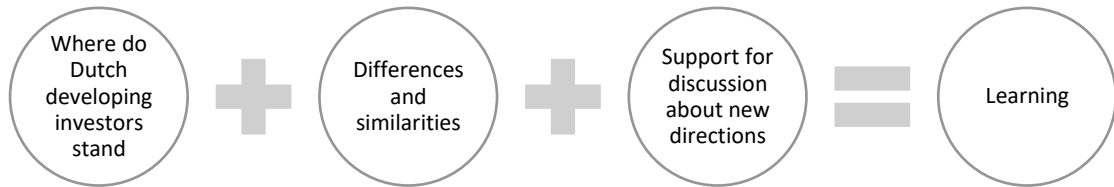


Figure 14 Process of international comparative research and lesson drawing as adopted in this research, own ill., adapted from Hobma (2014, p. 122)

However, it is necessary to mention that cross country lesson drawing has limitations. Country specific institutions produce particular conditions for urban development processes. Such conditions cannot be transferred from one county to another that easily. Differences in market situation and cultural factors must be taken into account (Planbureau voor de Leefomgeving, 2012, p. 17). In Section 2.3, Anglo-Saxon and Rhineland institutional structures are compared on an abstract level. This provides an insight into context-dependent institutional conditions for the use of CSR. However, in this research the focus is particularly on drawing practical lessons from the case studies. This involves searching for a more context-independent use of CSR.

3.5 Research techniques

According to Miles and Huberman (1994), data collection in qualitative research often includes examining, asking and watching. These techniques are also used in this research. Data is collected through respectively literature and document review, semi-structured interviews and participatory observation:

- Literature and document review is about examining relevant information on the research topic and cases;
- The purpose of semi-structured interviews is to ask about the practical CSR experiences of employees of the developing investors studied;
- Participatory observation (“watching”) is used to get a practical understanding of a developing investor’s daily work efforts and a physical understanding of his urban development projects. By means of observation, the researcher is able to relate to subjects discussed in the semi-structured interviews. Participating in site visits and project meetings assists the researcher in determining the sustainability of projects and the implications of the developing investor’s business management. It must be noted that in these observations, it is difficult to separate the researcher’s personal and academic judgement – as recognised by Heurkens (2012, p. 125).

In order to analyse the collected data, findings must be reduced and organised. To do this, Miles and Huberman (1994) suggest three steps:

- Data reduction: the process of selecting and simplifying data;
- Data display: the process of organising and presenting reduced data;
- Conclusion drawing: the process of deciding what data means.

In this research, data is abstracted from the case studies, and displayed, by using the analytical model as a structuring device. Moreover, by means of the CSR maturity model that is developed in this

research, differences and similarities of the case study findings are displayed in a visually-oriented comparative manner. In turn, this supports conclusion drawing.

3.6 Case study selection

In this section, the Anglo-Saxon and Dutch case study selection is explained. Both selection processes are based upon a set of criteria.

3.6.1 Anglo-Saxon case study selection

The following set of selection criteria is formulated:

- The developing investor operates in an Anglo-Saxon country;
- The developing investor has both a development and investment management department, and a percentage of the developed properties is incorporated into own portfolio;
- The developing investor has a clear focus on urban area development, not only on property development;
- The developing investor is committed to addressing larger societal challenges;
- The developing investor has created a dedicated organisational structure to effectively manage social obligations;
- For the developing investor the use of CSR is not a simplistic justification of financial outcomes related to core business – he has a rather sophisticated view on responsibility and sustainability;
- The developing investor reports his CSR use in a clear manner, preferably according to the guidelines of the GRI, in order to be able to compare CSR reports in a cross case analysis.

The following developing investors are selected: [Company A] in the USA and [Company B] in Hong Kong. These two companies are chosen primarily from a pragmatic point of view:

- Both cases are representative companies which meet the established criteria for case study selection; both companies report their use of CSR indeed according to GRI guidelines for some years now;
- Both cases are known for information richness based upon the fact that graduation supervisor E. Heurkens is familiar with both companies.

3.6.2 Dutch case study selection

The following set of selection criteria is formulated:

- The developing investor operates in the Netherlands;
- The developing investor has both a development and investment management department, and a percentage of the developed properties is incorporated into own portfolio;
- The developing investor has a clear focus on urban area development, not only on property development;
- Preferably, the developing investor participates in the GRESB in order to be able to compare the company with peers in the Dutch real estate asset management sector.

The following developing investor is selected: [Company C] in Amsterdam. This company is chosen primarily from a pragmatic point of view:

- The case is a representative company which meets the established criteria for case study selection; the company participates indeed in the GRESB;
- The case is known for information richness based upon the fact that graduation supervisor E. Heurkens is familiar with the company;
- There was the possibility to conduct a research internship of three months (September 2016 – December 2016) at the company.

According to the management team of [Company C], sustainable and responsible business management takes place implicitly, covered in the daily work efforts of employees. To explore this, two urban development projects of [Company C] are studied: [Case C1] and [Case C2] in Amsterdam – by means of semi-structured interviews with the project managers and participating in project meetings. The two projects are chosen in consultation with the on-site graduation supervisor based upon pragmatic reasons:

- Both projects are brownfield waterfront projects in Amsterdam with a strong focus on urban area development;
- The two responsible project managers have a personal and thus different focus on sustainability and corporate responsibility.

3.7 Conclusion

The objective, question and methodology for Part 1 Concepts are again presented in Table 10.

Table 10 Objective, question and methodology for research Part 1 Concepts (Chapters 1, 2 and 3)

Objective	To define the research problem, research objective and research question and to construct theoretical concepts and a methodological framework to study the use of CSR by developing investors
Question	How can the use of CSR by developing investors to develop sustainable urban areas be conceptualised, and what methodological framework can be applied to study the use of CSR by developing investors?
Methodology	Literature review

As determined in the proposal for research, insight is needed into the meaning, use and implementation of CSR in Dutch private sector-led urban development practice. Dutch developing investors have indeed recognised some sort of responsibility to society for their actions and achievements. However, dealing with CSR and modelling a strategic use is difficult as the meaning and implications of this rather Anglo-Saxon concept are often unknown. Therefore the following main research question is formulated: **Within Dutch urban development, how can developing investors use CSR to develop sustainable urban areas?**

The use of CSR by developing investors to develop sustainable urban areas is conceptualised in a theoretical model (see Figure 9) that furthermore functions as a structuring device for case study research.

A methodological framework for research is designed (see Table 4), involving three methodological dimensions: (1) the conceptual analytical model for research, (2) research methods including case study research and lesson drawing, and (3) research techniques including literature and document review, semi-structured interviews, participatory observation and displaying tables and figures.

Finally, case studies have been selected based upon selection criteria. The Anglo-Saxon cases involve developing investors [Company A] in the USA and [Company B] in Hong Kong. The Dutch case study involves [Company C]. At [Company C], two particular urban development projects are studied: [Case C1] and [Case C2] in Amsterdam.

PART 2 – Practices

Anglo-Saxon and Dutch practice



©Tim Martin – “The construction beast”

4. Anglo-Saxon practice

This chapter covers the case studies of [Company A] and [Company B] and a cross case analysis. This chapter provides insight in the characteristics of use of CSR by these Anglo-Saxon developing investors and indicates the similarities and differences in use of CSR between [Company A] and [Company B].

4.1 The case of [Company A]

Concerning the case of [Company A], the research question is: **What are the characteristics of use of CSR by [Company A]?**

These characteristics are described based upon the conceptual analytical framework for research, see Figure 9. This case study is primarily based upon a document analysis of the 2014 CSR report of [Company A] and a conference call (semi-structured interview) with [Interviewee A], [Company A]'s director of sustainability and CSR. Annex 2 provides an overview of all used case references.

Note, while conducting this graduation research, [Company A]'s 2015 CSR report was not yet published. The 2015 CSR report is published at the end of December 2016 ([Company A], 2016a). Therefore, the 2014 CSR report is analysed in this research. The 2015 report is not taken into account in this chapter – a summary of this report is provided in Annex 3.

4.1.1 Context

The context in which [Company A] operates comprises its business environment and stakeholders.

4.1.1.1 Business environment

[Company A] Realty Trust, Inc. is a listed (New York Stock Exchange) American real estate company with US\$ 10 billion in consolidated assets. [Company A] Enterprises, Inc. is the single wholly-owned subsidiary² of [Company A] Realty Trust, Inc. Companies [Company A] Realty Trust and [Company A] Enterprises are jointly referred to as “[Company A]” in this research, see Figure 15. [Company A] started to operate as a Real Estate Investment Trust (REIT)³ on January 1st, 2016 ([Company A], 2016b).

Founded in 1920, to become a public company in 1960, [Company A] is nowadays principally engaged in ownership, development, management and acquisition of commercial and residential real estate throughout the USA. The company had assets in 24 states and the District of Columbia at December 31st, 2015. The company's core markets include Boston, Chicago, Dallas, Denver, Los Angeles, Philadelphia, and the greater metropolitan areas of New York City, San Francisco and Washington D.C. [Company A] has regional offices in Boston, Dallas, Denver, Los Angeles, New York City, San Francisco and Washington D.C. The company's corporate headquarters are located in Cleveland, Ohio. At December 31st, 2014, the company had 2,626 full-time and 239 part-time employees ([Company A], 2014).

² A wholly-owned subsidiary is “a company whose common stock is 100% owned by another company, the parent company” (Investopedia, 2017c).

³ A REIT is “a type of security that invests in real estate through property or mortgages and often trades on major exchanges like a stock” (Investopedia, 2017a).

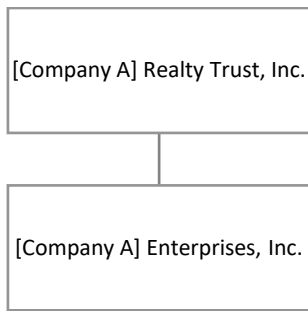


Figure 15 [Company A] Realty Trust, Inc. and wholly-owned subsidiary [Company A] Enterprises, Inc., jointly referred to as “[Company A]”, own ill., based upon [Company A] (2016b)

4.1.1.2 Stakeholders

Key stakeholders of [Company A] include ([Company A], 2014): business partners (suppliers, contractors, service providers, consultants), community partners (project partners, NGOs, green groups, residents), customers (local authorities, governments, shareholders, investors, property buyers, tenants, residents), employees, government and regulators, media, and other external stakeholders (academia, industry associations).

Focussing on the company’s investment management division, [Company A] receives requests from shareholders and investors asking about the company’s sustainability and CSR efforts. The amount of requests increased over the past couple of years (2011-2016) ([Interviewee A], 2016).

Focussing on the company’s development division, [Interviewee A] (2016) emphasises that almost all projects of [Company A] are PPPs⁴. By the nature of a PPP, [Company A] is held to high development standards. All of the cities in which [Company A] operates, have their own long-term sustainability plans. These plans are translated into specific goals that [Company A] will be working on as a development partner. Cities – which [Interviewee A] (2016) calls her customers – are requiring sustainability and corporate responsibility as part of [Company A]’s business management.

4.1.2 Norms and values

[Company A]’s norms and values comprise a corporate vision, mission, values and social responsibility.

4.1.2.1 Corporate vision

[Company A]’s vision is formulated as follows ([Company A], 2014): “To be the real estate leader and partner-of-choice in creating distinctive places to live, work and shop”.

4.1.2.2 Corporate mission

[Company A]’s mission is formulated as follows ([Company A], 2014): “[Company A] is a leading owner, operator and developer of distinctive and diversified real estate projects in select core markets, which create value for our shareholders, customers and communities through place creation, sustainable practices and a long-term investment perspective. We operate by developing meaningful relationships and leveraging our entrepreneurial capabilities with creative and talented associates who embrace our core values”.

⁴ Note that the interpretation of PPP is different in the USA compared to the Netherlands. For example, PPP in the form of a collective ground exploitation company (*grondexploitatie maatschappij*) is unknown in the USA but customary in the Netherlands.

4.1.2.3 Corporate values

[Company A] formulated the following core values ([Company A], 2014): “integrity and openness, diversity and inclusion, accountability, community involvement, entrepreneurial spirit, teamwork, and sustainability and stewardship”.

4.1.2.4 Corporate social responsibility

[Company A] started exploring concept sustainability about 15 years ago, in response to development project [anonymised]. The local authority there wanted the project to be “sustainable”, at that time an upcoming issue in urban development in the USA and the rest of the world. [Company A] realised through this project that the company is able to deliver sustainable urban areas, and that this makes good business. [Company A] saw early on that sustainability makes possible to have the best business advantage ([Interviewee A], 2016).

Sustainability is added to [Company A]’s business model in 2003 through the introduction of core value sustainability and stewardship. This particular core value stands for the company’s commitment to proactive environmental responsibility, enhancement of economic vitality of the communities in which it operates, and investment in the growth, development and well-being of its associates ([Company A], 2014).

To [Interviewee A] (2016), to be sustainable is meeting the needs of the city, in a very broad sense: “If we just build something without any integration into the community, without input from stakeholders, we are not going to be successful”. To her, “sustainable development is being responsive and being an equal partner to the community in which we are building”. She explains: “[Company A] brings a certain expertise, the community brings a certain expertise and needs, and we need to balance that in a partnership”.

[Company A] proactively and voluntarily started exploring, and later publishing, its corporate responsibility more in detail about five years ago. The company’s first CSR report was published in 2012. Versions in 2013 and 2014 followed. At the time of conducting this case study, the 2015 report is almost ready for publication. [Company A] started out 15 years ago with a focus more on environmental sustainability, on energy. However, over the past few years, amongst others through reporting, sustainability has become part of the broader umbrella of CSR or ESG, depending on “who you are talking to” ([Interviewee A], 2016). Today, according to [Interviewee A] (2016), [Company A] considers sustainable business management, CSR and ESG as synonyms.

4.1.3 Strategy

[Company A]’s business strategy consists of sustainability goals and strategies.

4.1.3.1 Sustainability goals

[Company A]’s sustainability goals are derived from selected sustainability themes. Selecting these themes is the task of the company’s sustainability department, established in 2007, consisting of eight employees, led by [Interviewee A]. First, this department performed internal stakeholder assessments to determine business-related themes and then prioritised outcomes. Based upon selected themes, (rather conservative) goals were set ([Interviewee A], 2016). It is remarkable that these goals are not described clearly in the 2012, 2013 and 2014 CSR report ([Company A], 2012, 2013, 2014). Therefore, these goals cannot be listed in this research. However, based upon the 2014 CSR report, important CSR themes in [Company A]’s business management can be derived⁵ ([Company A], 2014):

- “Reinforcing our foundation”: At [Company A], associates create places where people live, work and shop, while bringing these uses together in mixed-use communities. Everything that is done, must be based upon the foundation of the company’s core values. One of the ways to put those

⁵ Note that some theme descriptions do include sustainability goals, implicitly.

- values into action is through the shared commitment to CSR. “Reinforcing our foundation” covers issues such as procurement, governance and ethics;
- “Connecting with community”: [Company A] creates “shared value” by supporting initiatives in communities in which the company operates, and forms partnerships with local authorities and community residents. “Connecting with community” involves dealing with public policy, strengthening PPPs and resident engagement;
 - “Empowering associates”: This implies that [Company A] is engaging its workforce in the company’s CSR commitment, creating an inclusive workplace, and providing opportunities for learning and growth. “Empowering associates” involves employee engagement, stimulating a positive work culture, stimulating diversity and inclusion, and facilitating learning, development and training;
 - “Advancing sustainable performance”: This implies building a better environment. [Company A] recognises that human contributions and the built environment are critical factors in climate change, energy and water use, and waste creation. While [Company A] recognises these factors as a risk to the building industry, the company also sees them as an opportunity for its organisation to drive innovation and leadership. [Company A] seeks to minimise these impacts for the good of business, communities, people and planet.

In 2015, the sustainability department performed a first formal materiality assessment. An external consultant was hired to support the assessment, and dozens of interviews with internal and external stakeholders of [Company A] were conducted. The goal of this formal process was to narrow down on which material issues [Company A] should focus. Based upon these selected issues, [Interviewee A] and her team are busy formulating sustainability goals ([Interviewee A], 2016).

4.1.3.2 Sustainability strategies

Strategies that are derived from [Company A]’s sustainability goals cannot be listed in this research, since the company’s 2014 CSR report does not describe these clearly, and the results of the 2015 formal materiality assessment are not yet published at the time of conducting this case study. [Interviewee A] (2016) emphasises that she still has to find quantitative metrics for (some of) the determined material issues and corresponding sustainability goals. For instance, for training of employees, the amount of hours of training per employee could be tracked. Another metric could be: money paid per employee to take courses at university. [Interviewee A] adds to this: “We [the sustainability department] try to come up with metrics for all material issues; I think it is important to have those, where possible”.

4.1.4 Strategy implementation

Since [Company A] is currently busy formulating sustainability goals and strategies, the company’s focus is primarily on the institutionalisation of CSR. [Company A] tries to implement its CSR thinking into its organisational institutions such as structure, culture and support systems.

4.1.4.1 Structure

[Company A]’s sustainability department engages a variety of managers (portfolio managers, asset managers, technical managers and development managers) within the company. [Interviewee A] (2016) concludes that she has a good team in place that focuses on environmental sustainability. Since she has this team in place, she tends to focus on other CSR aspects, such as governance, human resources, community engagement, health and safety.

To ensure [Company A] is strategically and actively overseeing its CSR and sustainability efforts, the company formed a CSR advisory council in 2014. The council’s aim is to develop a consistent CSR strategy, stakeholder communication efforts and programme initiatives by engaging subject matter experts from across the company, in order to implement CSR principles that add value to business. The council represents a broad selection of corporate functions: investor relations, procurement, communication, legal, human resources, diversity and inclusion, and sustainability and corporate

responsibility. This council reports to [Interviewee A] and the sustainability department ([Company A], 2014).

The recent transition into a REIT helps [Company A] in the setup of structured CSR management ([Interviewee A], 2016). Now that [Company A] is a REIT, the company is viewed differently. There are investors who are interested in investing in REITs, and who may not have thought of [Company A] as an option before. Investors understand the company better. Due to this step, business management is ready for a better institutionalisation of CSR. [Interviewee A] (2016) explains: “Now that there are different people in charge [due to the REIT transition], the way we operate is different. I have to go back and re-educate people who were not involved in CSR before, to let them know what we have been doing for the past few years, and what I need from them now. Now that all of our new departments have been formed – they are finally getting up and running for some months now – it [CSR] is still new enough to make it become part of their goals and processes. That is what I am doing right now: heading out as they are fitting in”.

4.1.4.2 Culture

The sustainability department’s job is to convince employees that CSR is meaningful. So that they understand what it is, that it contributes to [Company A]’s strategy and business, and that it turns into profit, brand-recognition or positive image for the company. According to [Interviewee A] (2016), “that is a big challenge: it is about making a case for tracking and measuring the right things, and how that benefits us in a lot of different ways” ([Interviewee A], 2016).

[Interviewee A] (2016) notes: “One of the biggest questions – even at my company, where I think we are doing the right things, and everybody seems to be on board – is: “how on board are they?” They all agree that CSR and sustainability are important, but **how** important is it? Is it important enough to invest in additional resources or employees? Or is it only necessary to do the minimal; to do what our peers are doing? Is it important enough that we want to be a leader in this context? These are difficult questions to answer”.

4.1.4.3 Support systems

Among real estate companies and its peers, [Company A] was one of the first enterprises to report CSR based upon GRI guidelines. Nowadays 30% of [Company A]’s peers (10-15 in the USA) uses GRI. [Interviewee A] (2016) explains: “In 2011, there were not many peers who choose GRI. We choose it because it was the most flexible framework when we started reporting. GRI provided all the information that we wanted. We just gathered our company’s CSR input and explored what we already had/did. GRI does not judge, does not score, it is an easy framework to follow. So for us, that was a great way to start. It is just a framework; it is not a checklist. If we did not yet have an answer, it was fine not to disclose a particular CSR topic”. [Company A] also participates in the GRESB since 2014. 75% of [Company A]’s peers participates in the GRESB. 100% of the questions are relevant to [Company A], according to [Interviewee A] (2016). She adds: “For the effort you put into GRESB, we get back a lot information in terms of benchmarking and useful information to improve our CSR/ESG programme”. Moreover, [Company A] uses LEED guidelines, established by the United States Green Building Council, to design and construct (new) buildings.

4.1.5 Product: sustainable urban area

This research focuses in particular on how and why CSR is used within an organisation of a developing investor. From a methodological point of view, in this research, a research sub-question on how CSR is used within actual urban development projects/products – the (sustainable) urban area – is not included. However, using the conceptual analytical model as a device to structure this [Company A] case study, it is necessary to shine a light on the company’s urban development products. Therefore, a quick scan of [Company A]’s [Case A] project is provided here to gain insight in sustainable urban development by [Company A]. This project is chosen from a pragmatic point of view, based upon the notion of information richness, since graduation supervisor E. Heurkens is familiar with [Case A]. Note

that it is difficult for the researcher to observe urban development projects in detail from a distance. Online project documents of a company often show a rather positive image.

4.1.5.1 [Case A] in San Francisco

[Case A] is a marine industrial area, a former shipyard, on San Francisco's Central Waterfront, located immediately south of Mission Bay – see Figure 16. In spring 2010, the Port of San Francisco published its Preferred Master Plan for [Case A] after a multi-year study and community planning (Port of San Francisco, 2010). The site is to be (re)developed over a long-term period (10-15 years) to meet the Port's Master Plan goals for new development, historic preservation and the creation of waterfront public space ([Company A], 2011).



Figure 16 [Case A] area in San Francisco (SocketSite, 2015) [anonymised]

In April 2011, [Company A] announced that the company is selected as developer by the Port of San Francisco for [Case A]'s 28 acres Waterfront Site. This [Company A] development area is a mixed-use project, which is expected to include in total approximately 300,000 m² GFA, consisting of 83,000 to 167,000 m² GFA office space, 32,500 m² GFA of traditional retail, local production and cultural/community uses, 1000 to 2000 residential units, 2000 parking spaces and 7 acres of waterfront park, see Figure 17 ([Company A], 2016c).

According to [Company A] (2011), "transformative urban place-making through PPPs is our passion as a company. We believe this project will bring together the past, present and future to create an economic driver for the city and the [San Francisco] Bay Area. The site is compelling because of its pioneering maritime history, waterfront location, the public benefits it is expected to generate, and the opportunity to advance the region's growth economy in a unique way". After being selected as developer in 2011, [Company A] predicted: "We believe that [Case A] can become a new model of how PPPs can bring industrial waterfronts back as leading economic growth and innovation drivers. New construction will complement the historic resources of the site, and new uses, tenants and programmes will co-exist symbiotically with existing maritime functions and infrastructure. All of this activity is expected to increase the Port's tax base, spur job creation and deliver significant community benefit" ([Company A], 2011).



Figure 17 [Case A] and proposed land uses; [Company A] develops the 28 acre site (SocketSite, 2015) [anonymised]

From 2011 onwards, [Company A] spent several years learning and talking to residents to discover what makes the surrounding Dogpatch neighbourhood unique and what that meant for the culture of the [Case A] site. Therefore, [Company A] organised dozens of events, open houses and focus groups. [Company A] concluded that the [Case A] neighbourhood is experimental, artistic and constantly changing. In these years of on-site research, [Company A] decided to activate a portion of the site, a historic industrial building, with events (open houses, markets, etc.) that bring people together. This building created a basis for the community and from there programmes and partnerships evolved ([Company A], 2017).

In 2013, [Company A], based upon community involvement, presented a first draft plan for the [Case A] site. In 2014, this plan passed through a public vote without problems. From 2014 to 2016 the California Natural Resources Agency (CEQA) reviewed the plan. Meanwhile, [Company A] continued to engage the community and polish the development plan. In 2017, the first phase of construction will start. The full build-out of the development plan will take 10 to 15 years ([Company A], 2017). The [Case A] project did not yet receive a provisional LEED certification from the United States Green Building Council (Landman, 2016).

Project-specific conclusions

Based upon a quick scan of online [Case A]-related documents, it stands out that [Company A] uses active and long-term community engagement and involvement to develop a healthy, lively and economic strong urban area. It appears that [Company A] focuses mainly on the social dimension of CSR and sustainability. Moreover, the economic dimension of CSR and sustainability has the attention of [Company A] as the company wants to encourage job creation in the former industrial area.

4.2 The case of [Company B]

Concerning the case of [Company B], the research question is: **What are the characteristics of use of CSR by [Company B]?**

These characteristics are described based upon the conceptual analytical framework for research, see Figure 9. This case study is primarily based upon a document analysis of the 2015 CSR report of [Company B] and a written answer to interview questions by [Interviewee B], community affairs officer at [Company B]. Annex 2 provides an overview of all used case references.

4.2.1 Context

The context in which [Company B] operates comprises its business environment and stakeholders.

4.2.1.1 Business environment

[Company B] and Company Limited (WAC) is a listed (Hong Kong Stock Exchange) investment holding company headquartered in Hong Kong. Founded in 1857, WAC operates in Hong Kong, mainland China and Singapore. Total assets of the company reached HK\$ 512 billion as of December 2015 ([Company B], 2015a, p. 6).

[Company B] Properties Hong Kong Limited (WPL) is a wholly-owned subsidiary of WAC. WPL undertakes property development, sales and marketing, and asset management of [Company B] and [anonymised] Group Properties. [anonymised] Property Management Limited (HPML) is also a wholly-owned subsidiary of WAC that focuses on management of residential, commercial, retail and industrial properties in Hong Kong ([Company B], 2015a, p. 4).

WAC's key subsidiaries⁶, [Company B] Properties Singapore Limited (75.8%-owned) and [anonymised] Holdings Limited (59.2%-owned) ([Company B], 2017a), are not included in the scope of this research. Companies WAC, WPL and HPML are jointly referred to as "[Company B]" in this research, see Figure 18.

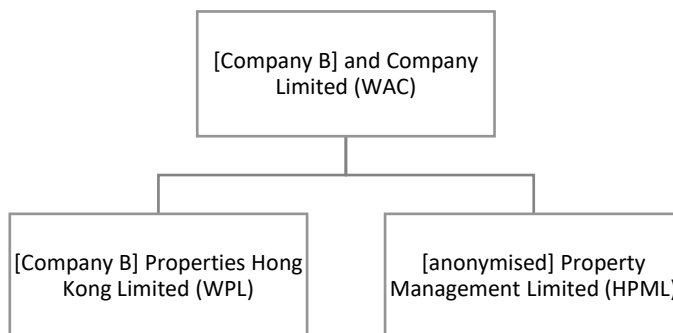


Figure 18 WAC and wholly-owned subsidiaries WPL and HPML, jointly referred to as "[Company B]", own ill., based upon [Company B] (2015a, p. 4)

⁶ A subsidiary is "a company with a voting stock that is more than 50% controlled by another company, usually referred to as the parent company or the holding company. A subsidiary is partly or completely owned by the parent company, which holds a controlling interest in the subsidiary company" (Investopedia, 2017c).

4.2.1.2 Stakeholders

According to [Company B], the competitiveness of the company depends on relationships with employees, suppliers, subcontractors and other key stakeholders. By meeting their expectations and responding to their concerns, [Company B] declares to gain more support and trust ([Company B], 2015a, p. 11). At [Company B], different communication channels are used to engage stakeholders on a regular basis, see Table 11.

Table 11 [Company B]’s key stakeholder groups and engagement channels, reproduced from [Company B] (2015a, p. 11)

Key stakeholder groups	Engagement channels
Business partners (suppliers, contractors, service providers, consultants)	Meetings, workshops, calls, e-mails
Community partners (project partners, NGOs, green groups)	Site visits, public events, meetings, calls, e-mails
Customers (property buyers, tenants, residents)	Events, online platforms, focus groups, handover service surveys, service hotlines, meetings, calls, e-mails
Employees	Employee surveys, intranet, meetings, e-mails
Government and regulators	Meetings, seminars, reports
Media	Press conferences, press releases, interviews and announcements
Investors (analysts)	Briefings, annual and interim reports, company website
Other external stakeholders (academia, industry associations)	Online materiality assessment survey

4.2.2 Norms and values

[Company B]’s norms and values comprise a corporate mission and social responsibility.

4.2.2.1 Corporate mission

Delivering sustainable urban developments is one of [Company B]’s core business objectives ([Company B], 2015a, p. 15). [Interviewee B] (2016) explains this core objective as follows: “As a property developer, our operations in construction account for our most significant environmental impacts. We can also positively influence end user behaviour, and hence the long-term footprint of a building, by including sustainability considerations at the design stage. We seek to go beyond the minimum requirements to provide real benefit for users”.

4.2.2.2 Corporate social responsibility

According to [Company B], cities are increasingly expected to take responsibility for the Sustainable Development Goals and to take climate action necessary to achieve Conference of the Parties (COP) targets. [Company B] is “committed to continue to explore how the company plays a part in addressing immense global challenges” ([Company B], 2015a, p. 3).

[Interviewee B] (2016) interprets CSR as follows: “Our company embraces the business-in-community model: the company strives to do well as a business by doing well for the community. We pursue environmental best practices, create opportunities for young people and care for the community”. She adds to this: “In CSR, by enabling collaboration, we are achieving sustainability targets through alliances and partnerships. Promoting and enhancing environmental awareness amongst our contractors, suppliers, owners and occupants of buildings is a key step in building awareness on the importance of preserving resources and reducing the varied impact on the environment”.

[Company B] is still at the beginning of its “CSR journey” ([Company B], 2015a, p. 3). WPL published its first CSR report in 2011, followed by CSR reports in 2012, 2013, and 2014. WAC published its first ESG report in 2014. In 2015, for the first time, WAC, WPL and HPML together published one CSR report ([Company B], 2015a, p. 4).

4.2.3 Strategy

[Company B]’s business strategy consists of sustainability goals and strategies. [Company B]’s materiality assessment (process) is described as an introduction.

4.2.3.1 Materiality assessment

[Company B]’s sustainability goals and strategies are derived from selected material issues ([Company B], 2015a, p. 13). Material issues are defined as issues that are both highly important to [Company B]’s stakeholders and to business. These are issues that [Company B] monitors and manages. [Company B] followed the GRI process for determining material issues and boundaries, see Figure 19. Material issues are reviewed annually. [Interviewee B] (2016) adds to this that department heads and relevant staff members are invited for the materiality assessment, to discuss and review the CSR issues raised by stakeholders.

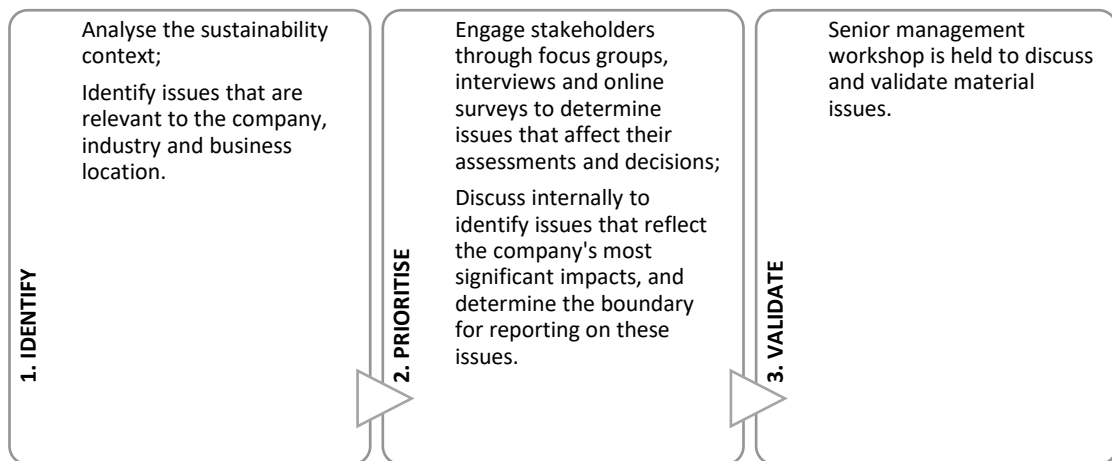


Figure 19 Materiality assessment as suggested by GRI (G4 guidelines), reproduced from [Company B] (2015a, p. 13)

In 2015, [Company B] identified 20 material issues through materiality assessment. Two online surveys were conducted to obtain scores for each issue to plot the materiality matrix (importance to stakeholders vs. importance to business) in Figure 20. The threshold for materiality is based upon survey results. Issues that fall into the green shaded area are considered material issues ([Company B], 2015a, p. 13).

The material issues are divided into four themes by [Company B]: environment, workforce, value chain and community ([Company B], 2015a, p. 13), see Figure 21. The material issues can be divided into the three dimensions of sustainability: social, environmental and economic, see Figure 22.



Figure 20 Materiality matrix ([Company B], 2015a, p. 13) [anonymised]

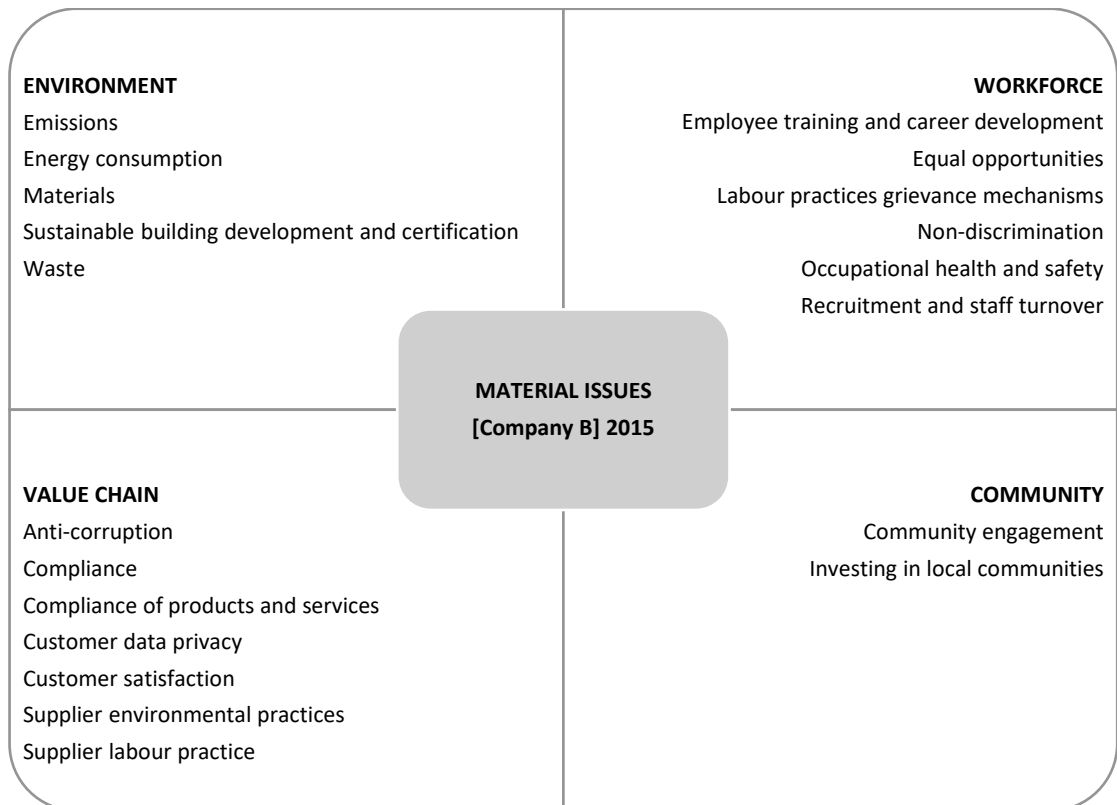


Figure 21 Selected material issues per theme in alphabetical order, own ill., based upon [Company B] (2015a, p. 13)

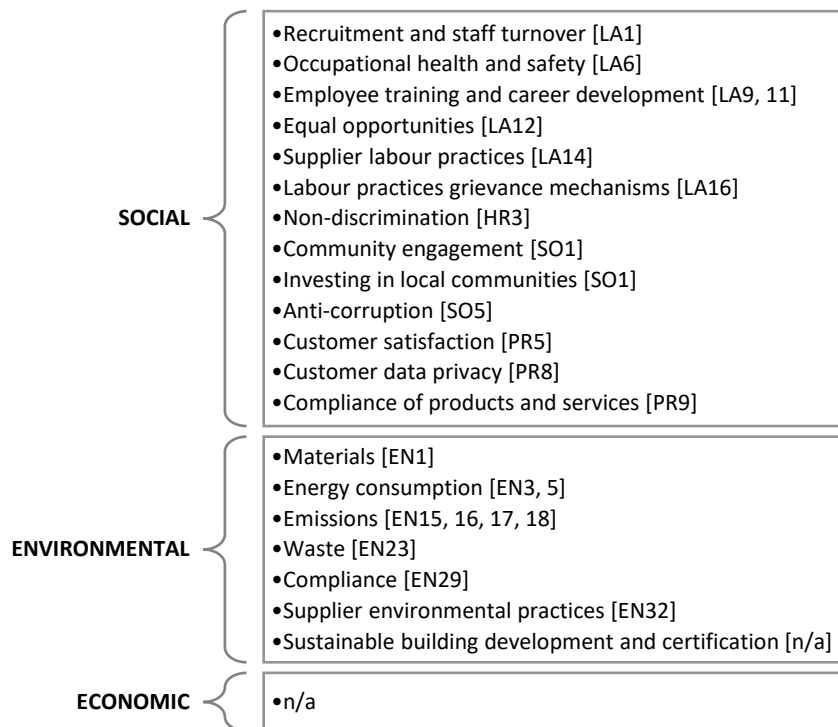


Figure 22 Selected material issues per sustainability dimension, including GRI (G4 guidelines) aspect labels, own ill., based upon [Company B] (2015a, pp. 11, 55-60)

4.2.3.2 Sustainability goals and strategies

[Company B]'s sustainability goals and strategies are derived from selected material issues ([Company B], 2015a, p. 13). Per theme, the objectives and strategies are made clear, based upon the 2015 CSR report.

Theme: environment

[Company B] actively considers the environmental impact of its business decisions, and strives to minimise negative impacts and integrate best practices along its value chain ([Company B], 2015a, p. 15). Both WPL and HPML have environmental policies. [Company B] has developed a set of guidelines, distilling these policies into relevant issues and appropriate action to help the company integrate environmental considerations into its daily operations. HPML has established an internal environmental management system with reference to ISO 14001 requirements ([Company B], 2015a, p. 15). See Table 13 (thesis Page 75).

Theme: workforce

[Company B] has a team of 430 staff members. Through regular engagement and professional development opportunities, [Company B] responds to the needs of its employees and helps them to grow their capabilities and careers ([Company B], 2015a, p. 27). See Table 14 (thesis Page 76).

Theme: community

According to [Company B] (2015, p. 31), the business sector is invited to play a part in tackling societal challenges (cf. Anglo-Saxon ideology). In that context, philanthropy is important according to [Company B], but it is not enough to just give money. [Company B] supports communities through a business-in-community model, where it leverages on resources and employees, and encourages collaboration with other stakeholders to increase the positive impact of [Company B]'s building/maintenance programme ([Company B], 2015a, p. 31). See Table 15 (thesis Page 77).

Theme: value chain

[Company B]'s activities have environmental and social impacts beyond those directly generated by employees and offices. In both property development and property management, [Company B] depends on input from multiple suppliers and service providers. [Company B] tries to coordinate meaningful action towards sustainable development. Throughout a building's lifecycle – from property development and sales to handover and property management – various types of suppliers are engaged for goods and services, see Figure 23. WPL had over 600 direct suppliers and 129 indirect suppliers in 2015 ([Company B], 2015a, p. 41). See Table 16 (thesis Page 78).

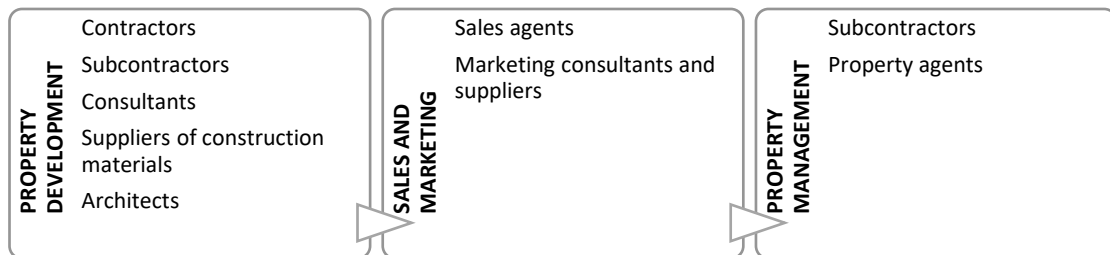


Figure 23 Major suppliers in [Company B]'s property development lifecycle, reproduced from [Company B] (2015a, p. 41)

4.2.4 Strategy implementation

Strategy implementation by [Company B] comprises institutionalisation and operationalisation. Based upon the answers to interview questions provided by [Interviewee B] (2016) and the 2015 CSR report, no clear insight in the operationalisation of sustainability strategies is provided. However, CSR institutionalisation did take place at [Company B]. [Company B] tries to implement CSR into organisational institutions such as structure and support systems. [Company B] considers CSR as an integral part of its corporate culture ([Interviewee B], 2016).

4.2.4.1 Structure

[Company B] is governed by WAC's governance structure. [Company B]'s commitment to CSR started top down. In 2012, WAC established a formal CSR management structure consisting of a CSR committee, steered by senior management, which oversees the CSR approach and initiatives of its wholly-owned subsidiaries. On top of that, WPL has eight CSR sub-committees which are responsible for devising strategy and tracking progress in specific areas as indicated in Table 12. The sub-committees report to the general CSR committee ([Company B], 2015a, p. 9).

4.2.4.2 Support systems

[Company B] uses the CSR reporting process to reflect upon its environmental and social performance, and to seek feedback from shareholders, employees, community members and stakeholders. Moreover, by means of the reporting process, [Company B] tries to improve the awareness for CSR issues of its employees, business partners and communities in which the company operates ([Company B], 2015a, p. 3). [Company B] started to prepare the first CSR report in accordance with the GRI G3.1 reporting guidelines in 2011 and initiated to use the latest GRI standard, G4, to ensure the highest possible levels of transparency and accountability to stakeholders in 2013. The 2015 reporting is based upon the Core option of the GRI G4 guidelines, the Construction and Real Estate Sector Supplement, and disclosure requirements of the ESG Reporting Guide issued by The Stock Exchange of Hong Kong. Reporting has been assured by the Hong Kong Quality Assurance Agency, an independent third party ([Company B], 2015a, p. 5).

[Company B] acknowledges that product (or project) evaluations support (new) reflection on the company's CSR use. [Interviewee B] (2016) states: "We seek to go beyond minimum requirements and to provide users with real benefits from environmental and social facilities. For example, different stages of construction can affect the emissions and waste intensity. This must be taken into account when interpreting our environmental performance. The ongoing learnings and evaluations help us to have a thorough planning in early stage in order to develop sustainable urban areas".

[Company B] evaluates the end product (the finished real estate or urban development project) concerning sustainability goals achieved. [Interviewee B] (2016) explains this as follows: "All our projects have adopted BEAM Plus guidelines. We strive to achieve provisional BEAM Plus certification for residential and commercial development, and LEED pre-certification for commercial development. The project will be reassessed for final classification upon completion by the Hong Kong Green Building Council [for BEAM] and United States Green Building Council [for LEED]. An independent consultant is engaged to help track construction data throughout a project".

Table 12 [Company B]'s CSR sub-committees, reproduced from [Company B] (2015a, p. 10)

Name of CSR sub-committee	Key responsibility
Product quality	Propose quality enhancement initiatives and inspect properties before handover
Construction safety and quality	Enhance construction safety and monitor workmanship quality
Compliance and ethics	Enforce high ethical standards and ensure employees understand and comply with the code of conduct
Project sustainability and environment	Review and initiate green building initiatives, focusing on waste reduction and conservation of natural resources
Office sustainability and environment	Implement initiatives and raise environmental awareness among all employees to advocate a low-carbon office environment
[Company B] Team	Drive employee engagement activities and promote [Company B]'s core values and culture
NGO	Manage relationships with existing and new NGO partners
Project [anonymised] ⁷	Manage relationships with schools, students, teachers and parents

4.2.5 Product: sustainable urban area

As explained already in the [Company A] case, this research is focussed on how and why CSR is used within an organisation of a developing investor. In this research, a sub-question on how CSR is used within urban development projects/products is not included. However, using the analytical model to structure this [Company B] case study, it is indispensable to shine a light on [Company B]'s actual urban development products. For this reason, the company's [Case B] development is studied, in the form of a quick scan of online project documents, to gain insight in sustainable urban development by [Company B]. Similar to [Case A], this [Case B] project is chosen from a pragmatic point of view, based upon the notion of information richness, since graduation supervisor E. Heurkens is familiar with this area. Again, it must be noted that it is complicated for the researcher to observe a project in detail from a distance.

⁷ Project [anonymised] is the flagship [Company B] business-in-community initiative. Since 2011, this multi-year programme supports under resourced secondary schools in Hong Kong ([Company B], 2015a, pp. 32-36).

4.2.5.1 [Case B] in Hong Kong

The [Case B] area in Hong Kong is a former airport site, located in Victoria Harbour in the south-eastern part of Kowloon, with over five kilometres of waterfront and undeveloped land, see Figure 24. The area is about 328 hectares. According to the Planning Department of Hong Kong, the land use and planning of the future mixed-use [Case B] area should enhance public enjoyment of the waterfront including leisure, recreation and tourism uses (Planning Department Hong Kong, 2007, p. 6). The planning vision is to develop “a distinguished, vibrant, attractive and people-oriented community by the Victoria Harbour” ([Case B] Office, 2016).



Figure 24 Former [Case B] International Airport area (©Thijs Boessenkool) [anonymised]

In [Case B], a mix of land uses (residential, commercial, public space, cruise terminal, major roads and transport facilities, etc.) is proposed. The main residential developments include approximately 38 hectares (Planning Department Hong Kong, 2007, p. 30). In the residential area, in 2014, [Company B] acquired lot number [anonymised] of approximately 7.600 m² ([Company B], 2014, p. 8). The provisional address is [anonymised] ([Company B], 2017b), see Figure 25. At this lot, the [Company B] residential and commercial development comprises in total approximately 38.350 m² GFA, consisting of 37.600 m² GFA residential space and 750 m² GFA retail space ([Company B], 2015b, p. 128). The project includes the construction of four high-rise residential towers and four low-rise residential towers together with a podium and basement which contains a retail area, car park and clubhouse. The project is expected to be completed in the third quarter of 2018 ([anonymised] Construction, 2016a).



Figure 25 [Case B] development area including location of [Company B]’s development, adapted from [Case B] Office (2016) [anonymised]

In 2015, [Company B]’s [Case B] residential and commercial development received a provisional BEAM Plus Gold award by the Hong Kong Green Building Council ([Company B], 2015a, p. 16). Moreover, the [Case B] development is, together with 16 other construction sites, used to collect data of construction sites for the 2015 CSR report of [Company B] ([Company B], 2015a, p. 53). Therefore, new construction technologies are adopted in the project, including 3D scanning to capture and analyse site location data; Building Information Modelling (BIM) to conduct clash analysis of struts and permanent structures; and 3D model printing to help visualising the site disposition and work sequences ([anonymised] Construction, 2016a).

Contractor [anonymised] Construction has been awarded the development. Looking at the website of this contractor, its focus on sustainability stands out. The sustainability reporting of [anonymised] emphasises workplace learning and development, staff care and engagement, safety and health, environmental protection and care for the community. [anonymised] states that the company adopted CSR principles in its business practices ([anonymised] Construction, 2016b).

Project-specific conclusions

Based upon a quick scan of online [Case B]-related documents, it stands out that [Company B] did not publish “glossy” marketing material of this residential and commercial development (compared to [Company A] and [Case A]). Project-related documents are rare and mainly focused upon the provisional BEAM Plus Gold award and the construction data collection on-site. Moreover, it stands

out that [Company B] granted the construction to a contractor with a clear vision on sustainability and CSR. [Company B] does not focus on one sustainability dimension in particular, as the Green Building Council's BEAM certification includes all three dimensions of sustainability.

Table 13 Environment: [Company B]'s 2015 material issues in alphabetical order, and corresponding sustainability goals and strategies, based upon [Company B] (2015a, pp. 15-25)

Material issue	Sustainability goal	Sustainability strategy
Emissions	To reduce greenhouse gas emissions of operations by 3% in 5 years.	Monitor construction site and collect data, using performance indicator: emissions produced per unit of construction floor area [CO ₂ e/m ²].
Energy consumption	To upgrade equipment to optimise energy consumption without impacting the quality of services [HPML-specific]. To set an example in [Company B]'s headquarters: reduce energy intensity.	Replace air-cooled chillers with more energy efficient water-cooled chillers at the office. Increase energy footprint per m ² of office space. Performance indicator: kWh/m ² /year.
Materials	Where feasible, to strive to source materials that are sustainability-certified or are made from recycled materials.	Track consumption of materials. Follow so-called "Green Purchasing Guideline" so that supplies, in particular spare parts for machinery and chemicals such as cleaning fluid or paints, are only purchased as required, are stored properly and checked regularly to avoid accidental leakage or expiration [HPML-specific]. HPML gives priority to suppliers who can demonstrate that their products have a lower environmental footprint, and who are taking steps to improve the environmental performance of their own business.
Sustainable building development and certification	To achieve Hong Kong BEAM Plus (pre-) certification for both residential and commercial development and USA LEED (pre-) certification for commercial development.	Follow BEAM Plus and LEED guidelines. A project will be (re)assessed for final classification upon completion by the Hong Kong Green Building Council and the United States Green Building Council. WPL engages an independent consultant to help track environmental performance of its construction sites and in its headquarters. Before site work commences, the consultant leads a site inspection together with the contractors and proposes necessary measures to reduce impacts on the environment. Data for energy, water and waste are collected monthly by the main contractors, and analysed by the consultant.
Waste	To go beyond the baseline requirements of BEAM Plus. To reduce construction waste by 1% in 2016. To encourage and facilitate waste separation. To set an example in [Company B]'s headquarters.	Work closely with contractors and construction workers on-site to ensure that waste is recovered and properly sorted [WPL-specific]. Study ways to reuse inventory in property sales offices. Provide collection points for glass, toner cartridges and other recyclable materials in addition to the standard paper, plastic and metal receptacles [HPML-specific]. Decrease the paper used and waste generated in the office. Encourage employees to recycle whenever possible.
n/a	To support environmental NGOs and initiatives as part of the commitment to a cleaner and healthier planet.	Participate in several campaigns such as Earth Hour (WWF Hong Kong), No Air-Con Night (Green Sense), I'm FINished with FINs (Shark Savers Hong Kong), Power Smart Saving Contest (Friends of the Earth), Lai See Packets Reuse and Recycle Program (Greeners Action) and Green Plus (China Light & Power).

Table 14 Workforce: [Company B]'s 2015 material issues in alphabetical order, and corresponding sustainability goals and strategies, based upon [Company B] (2015a, pp. 27-29)

Material issue	Sustainability goal	Sustainability strategy
Employee training and career development	To help employees reach their full potential.	<p>Provide a wide range of skills development programmes. Provide training on diverse topics, from communication and customer service skills to leadership and team building.</p> <p>Ensure that employees are given timely feedback on their performance, and discuss any challenges or aspirations directly with their line managers.</p> <p>Identify high flyers at an early stage to be groomed to rise through the ranks.</p>
Equal opportunities; labour practices grievance mechanisms; non-discrimination	To respect human rights and have zero tolerance for discrimination or harassment of any kind.	<p>Follow so-called "Equal Opportunities Policy".</p> <p>Setup of grievance channel for employees, to raise concerns and complaints in confidence, without fear of retribution.</p>
Occupational health and safety	To ensure that employees have a safe working environment.	<p>Give preference to (sub-) contractors who have OHSAS 18001 accredited safety management systems, and set strict safety standards for contractors.</p> <p>Deploy routine checks and training briefings to ensure that adequate provisions and risk mitigation measures have been implemented.</p>
Recruitment and staff turnover	To foster a sense of ownership amongst the workforce, and make sure that employees are well informed of the annual strategy and direction and understand the important part they play.	<p>Hold quarterly town hall meetings to present business plans and targets to all employees, as well as drinks and offsite meetings to allow employees from different departments to interact and share ideas.</p> <p>Organise social activities such as sport events and an annual dinner to allow employees to relax and catch up outside of the office.</p> <p>Remunerate employees according to their job responsibilities and the market pay trends, with a discretionary annual performance bonus that rewards individual performance and contributions to the company's achievements and results.</p>

Table 15 Community: [Company B]'s 2015 material issues in alphabetical order, and corresponding sustainability goals and strategies, based upon [Company B] (2015a, pp. 31-39)

Material issue	Sustainability goal	Sustainability strategy
Community engagement	<p>To engage employees in community engagement.</p> <p>To respect and engage neighbouring communities.</p>	<p>Participate in several charity sports events including the Community Chest [Company B] Swim for Millions, Hike for Hospice, MTR Hong Kong Race Walking, Run for Paralympians and WWF Run for Change.</p> <p>Establish clear communication channels with communities adjacent to the construction site. Respond and address stakeholder concerns in a timely and efficient manner.</p> <p>Have handling procedures clearly outlined in tender contracts, and work closely with contractors to identify potential problems and take steps to mitigate the negative impact on nearby communities.</p> <p>Setup noise barriers and dust alleviation precautionary measures.</p> <p>Adjust construction site operating hours to take into account school examination periods.</p>
Investing in local communities	<p>To support communities through business-in-community model.</p> <p>To focus on youth education and development.</p> <p>To promote arts and culture.</p> <p>To support the underprivileged.</p>	<p>Participating in Project [anonymised]. This project is a flagship [Company B] business-in-community initiative. Launched in 2011, this multi-year programme supports the personal growth and professional development of youth in the most under resourced secondary schools in Hong Kong. Each business unit within the company partners with a school.</p>

Table 16 Value chain: [Company B]'s 2015 material issues in alphabetical order, and corresponding sustainability goals and strategies, based upon [Company B] (2015a, pp. 41-43)

Material issue	Sustainability goal	Sustainability strategy
Anti-corruption	To operate with integrity and accountability.	<p>The code of conduct clearly outlines what could be interpret as unacceptable behaviour and the applicable laws, regulations and industry standards that must be adhered to. All employees are given a copy of the code of conduct to accept and sign.</p> <p>Managers regularly remind vendors and business partners about anti-corruption policies.</p> <p>Establishment of a so-called “Whistleblowing Policy and Procedures”.</p>
Customer data privacy	To safeguard customer data privacy.	Establishment of a so-called “Personal Data Privacy Policy” that covers how to collect and use personal information.
Customer satisfaction	To ensure that services exceed expectations.	<p>Each property buyer is assigned a personal after-sales ambassador, who also provides support on handover procedures and provides updates and information.</p> <p>HPML commissions an independent customer survey on annual basis.</p> <p>HPML’s security guards undertake rigorous training to ensure that they can handle difficult situations at a moment’s notice.</p> <p>Club [Company B] is a social platform established in 2012 to enhance communication with customers, owners and tenants of the company’s developments. Members enjoy special privileges and are informed of dining and lifestyle activities organised by WPL. The platform creates a touch point with property buyers, clients and partners.</p>
Supplier environmental practices	<p>To let all tenderers comply with BEAM Plus guidelines.</p> <p>To make sure that cleaning products meet LEED requirements, and that the cleaning contractor develops a green purchasing strategy [HPML-specific].</p>	<p>Monthly meetings are held to track environmental performance and corrective actions are taken if any incidence of non-compliance is discovered.</p> <p>WPL takes into consideration the need to balance environmental benefits with costs when selecting raw materials and interior fittings.</p>
Supplier labour practice	To make sure each and every potential supplier goes through the stringent prequalification process, which checks past performance and project references.	<p>The “Supplier Code of Conduct” details [Company B]’s expectations for labour standards and basic human rights. This code of conduct is clearly communicated to suppliers in tender documents and contracts.</p> <p>Occupational health and safety is a concern on construction sites, therefore subcontractors are required to submit a method statement, and implement risk assessment and control measures, which must be approved by [Company B]’s on-site professional team.</p> <p>Regular site checks are arranged to ensure that plans are being followed.</p>

4.3 Cross case analysis

The research question for this section is: **What are the similarities and differences in use of CSR between [Company A] and [Company B]?**

The following similarities and differences stand out, see also Table 17 (thesis Page 80-83).

4.3.1 Call for CSR

Both companies state that they have voluntarily and proactively started to explore sustainability and CSR. The external call for sustainability and CSR by [Company A]'s customers (shareholders and cities) occurs since five years. It is unknown how [Company B] experienced this external call.

4.3.2 Materiality assessment

Formal materiality assessments, based upon GRI guidelines, are only recently performed by the two companies. [Company A] performed its first assessment in 2015. [Company A] is not able to share its 2015 material issues, due to the fact that these are not yet published⁸. [Company B] mentions the term material assessment for the first time in its 2013 CSR report ([Company B], 2013). [Company B] has shared its formal determined material issues in 2013, 2014 and 2015. In 2015, a wide range of 20 material issues is selected. The overarching CSR themes that [Company A] writes down in its 2014 CSR report are similar to those of [Company B] in 2015. The themes of both companies include environment, workforce, value chain and community.

4.3.3 Sustainability goals and strategies

Sustainability goals and strategies based upon materiality assessment are not yet published by [Company A]. [Company B] has published its goals and strategies already in 2013, 2014 and 2015. However, these are formulated at a basic level, being (quite) modest. Both companies explain the necessity to develop a set of quantifiable performance indicators to measure the achievement of goals set.

4.3.4 Operationalisation of CSR

In the studied reports and interviews, not much is stated about the operationalisation of sustainability strategies. At [Company A], this is because the strategies are still unclear. [Interviewee A] (2016) does speak of an "implementation gap". At [Company B], questions about operationalisation are not fully answered by [Interviewee B] (2016). The issue of an implementation gap is not mentioned by [Company B].

4.3.5 Institutionalisation of CSR

The CSR management structure of both companies is different. [Company A] has a special director for CSR and sustainability issues, which leads the sustainability department and the CSR advisory council. [Company B] has integrated CSR in its existing management structure and has setup committees to research specific CSR topics. This indicates that a company-specific CSR management structure is necessary to institutionalise CSR. Furthermore, sustainability and CSR are integrated in the culture of both companies in a different way. [Company A] uses its core value "sustainability and stewardship" to emphasise the importance of these issues. [Company B] uses a "business-in-community model".

[Company B] started earlier with reporting CSR than [Company A]. Both companies use GRI guidelines as a starting point for exploration of CSR. They both emphasise that the reporting process is a good way to organise corporate information and data. [Company A] takes part in the GRESB. It is unknown if [Company B] takes part in this benchmark. [Company A] acknowledges that the feedback of GRESB is useful to improve CSR/ESG programmes. Both companies use BREEAM and LEED as certification

⁸ See Annex 3.

methods to guide and evaluate the construction of buildings and urban areas. [Company B] is particularly keen on provisional certifications (as is visible in the [Case B] development). Although the [Case A] project is a large urban development project for [Company A], no LEED provisional certification is requested (yet).

4.3.6 Product: sustainable urban area

The [Case A] project of [Company A] and the [Case B] project of [Company B] provide a quick-reference insight into the actual urban development practice of both developing investors. It can be argued that indeed the focus is on sustainability and CSR aspects. At [Company A] this involves particularly community engagement and involvement to create a durable and healthy place to live and work. [Company B] focuses on environmental sustainability of the project by collecting and mapping on-site construction data. Moreover, [Company B] made sure a provisional sustainability certification is received for the project that functions as a guideline for the design and construction phase.

4.3.7 Maturity of CSR use

Reflecting upon case study findings, it can be argued that CSR at [Company B] is more elaborated on than at [Company A]. This is mainly due to the fact that sustainability goals and strategies based upon materiality assessment are not yet fully determined by [Company A]. [Company B] has published its goals and strategies already in a more comprehensive manner.

Table 17 Cross case analysis of [Company A] and [Company B]

	[Company A] ([Company A], 2014; Interviewee A), 2016)	[Company B] ([Interviewee B], 2016; [Company B], 2015a)
Context: business environment		
Name company	[Company A] Realty Trust, Inc.	[Company B] and Company Limited (WAC)
Type of company	Real Estate Investment Trust (REIT), since January 1 st , 2016	Investment holding company
Stock exchange	NYSE: [anonymised]	HKSE: [anonymised]
Consolidated assets	US\$ 10 billion	HK\$ 512 billion
Wholly-owned subsidiary	[Company A] Enterprises, Inc.	[Company B] Properties Hong Kong Limited (WPL); [anonymised] Property Management Limited (HPML)
Founding year	1920, public company since 1960	1857
Core business	Ownership, development, management and acquisition of commercial and residential real estate	Property development, sales and marketing, asset management (WPL); management of residential, commercial, retail and industrial properties (HPML)
Core market	Boston, Chicago, Dallas, Denver, Los Angeles, Philadelphia, New York City, San Francisco, Washington D.C.	Hong Kong, mainland China, Singapore
Corporate headquarters	Cleveland, Ohio	Hong Kong
Context: stakeholders		
Call for sustainability and CSR by stakeholders	Voluntary and proactive setup of CSR by company itself; however, increased call for sustainability/CSR effort by two types of customers since 2012: shareholders (investment management division) and cities/local authorities (development division)	Voluntary and proactive setup of CSR by company itself

Table 17 Cross case analysis of [Company A] and [Company B], *continuation*

	[Company A] ([Company A], 2014; [Interviewee A], 2016)	[Company B] ([Interviewee B], 2016; [Company B], 2015a)
Norms and values: vision, mission, core values, social responsibility		
Corporate vision	“To be the real estate leader and partner-of-choice in creating distinctive places to live, work and shop” ([Company A], 2014)	Unknown
Corporate mission	“[Company A] is a leading owner, operator and developer of distinctive and diversified real estate projects in select core markets, which create value for our shareholders, customers and communities through place creation, sustainable practices and a long-term investment perspective. We operate by developing meaningful relationships and leveraging our entrepreneurial capabilities with creative and talented associates who embrace our core values” ([Company A], 2014)	“Delivering sustainable urban developments” ([Company B], 2015a)
Core values	Integrity and openness; diversity and inclusion; accountability; community involvement; entrepreneurial spirit; teamwork; sustainability and stewardship ([Company A], 2014)	Unknown
Corporate social responsibility	Commitment to proactive environmental responsibility, enhancement of economic vitality of the communities in which it operates, and continued investment in the growth, development and well-being of its associates	The company strives to do well as a business by doing well for the community. The company pursues environmental best practices, creates opportunities for young people and cares for the community.

Table 17 Cross case analysis of [Company A] and [Company B], *continuation*

	[Company A] ([Company A], 2014; [Interviewee A], 2016)	[Company B] ([Interviewee B], 2016; [Company B], 2015a)
Strategy: sustainability goals and strategies		
Formal materiality assessment	First time: 2015, assisted by external consultant	First time: 2013; latest: 2015, 20 material issues determined
Formal determined material issues	Unknown, will be published in 2015 CSR report [see Annex 3]	Environment: emissions (1), energy consumption (2), materials (3), sustainable building development and certification (4), waste (5); Workforce: employee training and career development (6), equal opportunities (7), labour practices grievance mechanisms (8), non-discrimination (9), occupational health and safety (10), recruitment and staff turnover (11); Value chain: anti-corruption (12), compliance (13), compliance of products and services (14), customer data privacy (15), customer satisfaction (16), supplier environmental practices (17), supplier labour practice (18); Community: community engagement (19), investing in local communities (20).
CSR themes	Reinforcing our foundation; connecting with community; empowering associates; advancing sustainable performance	Environment; workforce; value chain; community
Sustainability goals and strategies	Unknown, still in development; intended end product: "CSR map" with material issue > goal > strategy > performance indicator; opportunity: new business structure due to REIT	Determined per material issue at basic level; performance indicators often not included

Table 17 Cross case analysis of [Company A] and [Company B], *continuation*

	[Company A] ([Company A], 2014; [Interviewee A], 2016)	[Company B] ([Interviewee B], 2016; [Company B], 2015a)
Strategy implementation: institutionalisation → structure		
CSR management structure	Sustainability department (since 2007) under leadership of director of sustainability and CSR that trains/guides portfolio-, asset-, technical-, and development managers; CSR advisory council (since 2014) that reports to sustainability department; opportunity: new business structure due to REIT; challenges: defining goals, strategies and performance indicators, and getting every employee “on board”	Formal CSR management structure, consisting of CSR committee, steered by senior management of WAC; 8 CSR sub-committees of WPL are responsible for devising strategy and tracking progress in specific areas; sub-committees report to CSR committee
Strategy implementation: institutionalisation → support systems		
CSR reporting	Yearly report since 2012, using GRI G3.1 framework. Versions: 2012, 2013, 2014. Today, 30% of peers uses GRI.	WPL: yearly CSR report since 2011, using GRI G3.1; WAC: first ESG report in 2014; WAC, WPL, HPML: first shared CSR report since 2015, using GRI G4, ESG Reporting Guide of HKSE, report validated by Hong Kong Quality Assurance agency
Motivation for reporting standard	GRI guidelines form a framework, not a checklist; useful as starting point for CSR exploration	GRI framework useful as starting point for CSR exploration; combined use of GRI and ESG guidelines is interesting for both development and investment management division
CSR reporting process	Good way to organise corporate information/data	Good way to organise corporate information/data
CSR benchmarking	Yearly participation in GRESB since 2014. Today, 75% of peers participates in GRESB	Unknown
CSR benchmarking process	Good way to organise corporate information/data	Unknown
Motivation for benchmarking standard	100% of GRESB questions are relevant; feedback of GRESB is useful to improve CSR/ESG programmes	Unknown
Certification	Aim: LEED (pre-) certification for every project	Provisional BEAM Plus certification for residential and commercial development, and LEED pre-certification for commercial development; the project will be reassessed for final classification upon completion

4.4 Conclusion

The objective, question and methodology of this chapter are again presented in Table 18.

Table 18 Objective, question and methodology for research Part 2 Practices: Anglo-Saxon practice (Chapter 4)

Objective	To create a better understanding of the use of CSR by Anglo-Saxon developing investors
Question	What are the characteristics of use of CSR by Anglo-Saxon developing investors? [case study] What are the similarities and differences in use of CSR between Anglo-Saxon developing investors? [cross case analysis]
Methodology	Two empirical case studies in which semi-structured interviews are held with practitioners and case documents are analysed. Furthermore, a cross case analysis is performed.

The characteristics of use of CSR by [Company A] and [Company B] are studied using the conceptual analytical model for case study research. The similarities and differences in use of CSR of these two Anglo-Saxon companies are described and summarised in Table 17.

The following characteristics of CSR use stand out and are seen both at [Company A] and [Company B]. These characteristics are used as input for drawing lessons from Anglo-Saxon developing investors for Dutch developing investors in Chapter 6:

- The importance of conducting a formal materiality assessment in order to determine sustainability issues of importance for core business practice;
- The importance of formulating quantifiable (i.e. measurable) sustainability goals in order to undo sustainability and CSR of their vague meaning and implications;
- The importance of establishing a formal CSR management structure and leadership style in order to institutionalise CSR thinking into the daily activities and work efforts of employees;
- The notion that the use of certification-, benchmarking- and reporting frameworks (such as GRI, BREEAM, LEED and GRESB) is helpful to organise corporate information and data about CSR and sustainability – with the aim to gain insight in and possibly improve the company’s CSR programme.

5. Dutch practice

This chapter aims to create a better understanding of the use of CSR by Dutch developing investors by means of the [Company C] case study. Concerning the case of [Company C] the research questions are:

- How does [Company C] currently use CSR?
- To what extent is [Company C] interested in using CSR?
- How does [Company C] perceive the possibilities of using CSR?

This case study is based upon a research internship of three months at [Company C], during which the business management and two particular urban development projects – [Case C1] and [Case C2] in Amsterdam – are studied in order to understand the company’s dealing with CSR. Annex 2 provides an overview of all used case references.

5.1 The case of [Company C]: CSR status quo

The research question in this section is: **How does [Company C] currently use CSR?**

The characteristics of use of CSR by [Company C] are described based upon the conceptual analytical framework for research – see Figure 9.

5.1.1 Context

The context in which [Company C] operates comprises its business environment and stakeholders.

5.1.1.1 Business environment

[Company C] is a fund manager and developer of homes and residential areas in the Netherlands. According to [Company C] (2017b), “this combination of activities across the value chain ensures higher quality and therefore a higher return from property assets in the company’s funds, as well as specialised knowledge of the Dutch housing market”. [Company C] is created in 1997 from the merger of the Dutch property units of pension fund [anonymised] and insurer [Shareholder C2]. [Company C] is an organisation of 75 employees, including a management team of five directors: CEO, CFO, director urban area development, director property development and director investment management ([Company C], 2017b).

Investment management

[Company C] operates as a fund manager for three residential investment funds: the Residential Core Fund, the Residential Dynamic Fund and [Shareholder C2] portfolios. Recently, a healthcare fund is added, the Living and Care Fund. [Company C] also manages several smaller residential funds. In 2016 (end quarter 2), the funds had approximately 20,000 homes under management. The total value of assets under management was 3.4 billion euro. [Company C] is a member of *Vereniging van Institutionele Beleggers in Vastgoed, Nederland* (IVBN) ([Company C], 2017b).

The Core Fund is the company’s flagship fund. The fund is open to new investors and is characterised by a growth strategy. [Shareholder C1] and [Shareholder C2] are the launching investors. Currently, 17 investors are involved. The Core Fund has a high quality, high value, core residential portfolio. It includes single family homes and apartments in the mid-priced rental sector, in economically strong regions in the Netherlands – Amsterdam, The Hague, Rotterdam, Utrecht and Eindhoven. The properties are on average nine years old. The Core Fund has the right of first refusal to all of the residential properties developed for rental by [Company C]’s development department. In 2016 (end quarter 2), the Core Fund included approximately 6,200 properties. The total value of assets under management was 1.5 billion euro. The Core Fund participated in GRESB in 2014 and 2015, and achieved status Green Star ([Company C], 2017b).

The Dynamic Fund is a closed-end residential investment fund. In 2016 (end quarter 2), the Dynamic Fund included 2,400 homes throughout the Netherlands. The total value of assets under management is 437 million euro. The investment objective is to attain the maximum total return during the term. Maximum sales are achieved by selling off properties both individually and collectively. The Dynamic Fund participated in GRESB in 2014 and 2015, and achieved status Green Star ([Company C], 2017b).

[Company C] is managing three portfolios of in total 9,300 rented homes owned exclusively by [Shareholder C2]. The total value of [Shareholder C2] assets under management is 1.3 billion euro (end of quarter 2, 2016). The portfolios comprise residential properties throughout the Netherlands in the low- and mid-priced rental sector ([Company C], 2017b).

The Living and Care Fund is launched at the end of 2013 as a property investment fund for assisted living in the Netherlands. This fund focuses on homes for elderly people who have serious care requirements. The fund's portfolio comprises properties for a variety of care concepts. Currently, four care concepts are benefitting from investment by the fund. 17 care complexes are already completed and 11 complexes are under construction (end of Q2, 2016). The investment volume is 130 million euro. The next few years the portfolio will increase to 300 million euro and further ([Company C], 2017b).

Property and area development

Next to investment management, [Company C] is engaged in the development of residential properties and residential areas in strong economic regions in the Netherlands. [Company C] develops homes both to be sold and to be let, in the mid-priced and expensive segment. [Company C] is member of *Vereniging van Nederlandse Projectontwikkeling Maatschappijen* (NEPROM) ([Company C], 2017b).

Attention for CSR in [Company C]'s business environment

In the real estate and asset management sector in which [Company C] operates, sustainability and CSR have gained a lot of attention. Currently, from the perspective of investment management, [Company C] is highly interested in SRI. Both policymaking and reporting based upon ESG factors are high on the agenda ([Interviewee C13], 2016). This is due to repeated questions of [Company C]'s shareholders: more and more, investors ask for specific sustainability and social responsibility statements of [Company C]. [Company C] notices that peers in the sector go in front concerning sustainable business management and CSR. In order to illustrate this, two peers of [Company C] are studied on account of what they have publicly published about CSR: [Peer C1] Real Estate and Finance, and [Peer C2] Real Estate Investment Management, see Table 19. This table provides a quick scan of the 2015 annual reports of the two companies and CSR statements on the website of both companies.

5.1.1.2 Stakeholders

Key stakeholders of [Company C] include: business partners (suppliers, contractors, service providers, consultants), community partners (project partners, NGOs, green groups, residents), customers (local authorities, governments, shareholders, investors, property buyers, tenants, residents), employees, government and regulators, media, and other external stakeholders (academia, industry associations).

Investment management

Concerning investment management, shareholders of [Company C] and interested investors ask more and more for responsible investment. The Core Fund is used as example to illustrate this. The Core Fund is the flagship fund of [Company C], with [Shareholder C1] and [Shareholder C2] as launching investors ([Company C], 2017b). These two investors are focusing on responsible investment and CSR – based on account of what they have publicly published about CSR. Both [Shareholder C1] and [Shareholder C2] have published annual reports about responsible investment. This section provides a quick scan of the 2015 reports on this topic of both companies ([Shareholder C2] Asset Management, 2015; [Shareholder C1], 2015).

Both [Shareholder C1] and [Shareholder C2] have set up a strategic agenda to further implement responsible investment into their organisations. [Shareholder C1] says that responsible investment is profitable. [Shareholder C1] states that sustainability has a positive influence on its return profile. With the steering power of money, [Shareholder C1] wants to positively contribute to sustainable development. [Shareholder C2] steers towards the integration of ESG factors in its investment strategy, because this has a strong influence on risks and returns of investments. As shareholder, [Shareholder C2] uses its right to vote to stimulate organisations to come to better sustainable performances. In practice, [Shareholder C2] invests in projects that strive towards a sustainable energy transition for example, so-called impact investments. [Shareholder C1] does something similar: targeted investments in solutions for climate change, water scarcity and healthcare for example.

Table 19 Use of CSR by peers of [Company C] ([Peer C2], 2015, 2017; [Peer C1], 2015, 2017)

	[Peer C1] ([Peer C1], 2015, 2017)	[Peer C2] ([Peer C2], 2015, 2017)
Amounts of funds	12 real estate and mortgages funds (international)	5 funds in the Netherlands (residential, retail, office, healthcare, hotel)
CSR policy	CSR policy in development, based upon ISO 26000; limited CSR report	Pillars: (1) be a trustworthy and transparent business partner with clear CSR goals, (2) continuous improvement of the sustainability of portfolios, (3) be a flexible, ethical and fair employer; CSR policy in place; CSR report at fund level
CSR policy compliance	Research department	(Separate) CSR manager
Certification	Limited use of BREEAM	Limited use of BREEAM
Benchmark	Participant in GRESB	Participant in GRESB
Membership	Dutch Green Building Council; IVBN; Principles for Responsible Investment	Dutch Green Building Council; IVBN
Investment and fund management		
Energy management	Minimal energy label C; use of GPR <i>Gebouw</i> software; green leases	Energy management system; focus on renovation instead of new construction
Property and area development		
Sustainability criteria	Minimal energy label A	Focus: energy neutral buildings
Own business management		
Policy	One CSR-related point of attention (human resources-related)	Three CSR-related points of attention (human resources-related)
CSR goals	n/a	Be energy neutral in 2020
Sustainable purchase policy	n/a	Selection criteria for services
Community investment	n/a	HomePlan: building for the poor, globally

Looking at responsible investment in the real estate sector, [Shareholder C2] mentions that it is important to build sustainable and energy friendly from the perspective of risk and return. By building in a responsible manner, operational costs are low and occupancy degrees are high. [Shareholder C2] mentions three important themes within the real estate sector: (1) environment, with attention for energy efficiency and water use; (2) health and safety, think of reducing soil pollution and removing asbestos; (3) minimal use of resources, think of sustainable material use. Points of attention for [Shareholder C1] are: (1) changing demands of tenants and investors due to climate change, which causes increased attention for energy efficiency and urban renewal; (2) focus on human rights and labour conditions during development and exploitation of real estate; (3) good governance by means of transparency and controllable efforts.

[Shareholder C1] and [Shareholder C2] refer explicitly to transparency by means of active participation within GRESB. Both organisations use GRESB results in decision making processes about new investments. [Shareholder C1] explicitly reports about improved performance of its real estate portfolio in the GRESB survey and the growth of Green Star investments. Moreover, within the perspective of transparency, [Shareholder C1] is currently busy mapping the quality and CO₂ footprint of real estate portfolios of two of its funds (PREF, LRE). Furthermore, [Shareholder C1] demands a clear ESG policy of its fund managers, and complete transparency and improvements of ESG performances.

Property and area development

Developers at [Company C] deal with several types of “customers”: local authorities (governments), tenants and property buyers. Moreover, the Core Fund has the right of first refusal to all of the residential properties developed for rental by [Company C]’s development department. The Core Fund can therefore also be seen as a customer. The shareholders of the Core Fund are therefore also customers of [Company C]’s development department. All these customers are increasingly concerned about sustainability, but have different perspectives upon sustainable development. This makes responsible and sustainable property and area development at [Company C] quite complex.

5.1.2 Norms and values

[Company C]’s norms and values comprise a corporate mission, values and social responsibility.

5.1.2.1 Corporate mission

[Company C]’s interest is with urban development: “We want to create attractive and sustainable residential areas. These areas must have high quality combinations of living, working and recreation. These are places where it is good to live now and in the future” ([Company C], 2016b). [Company C] also allows third parties to take advantage of its knowledge and years of experience when it comes to managing residential portfolios: “We, together with the client, look for tailored solutions for management of funds, portfolios and assets” ([Company C], 2017b).

5.1.2.2 Corporate values

[Company C] enforces an internal code of conduct for management and staff, set out in the [Company C] business code. This code emphasises core values such as integrity, respect and teamwork. [Company C] is member of the IVBN and NEPROM. In addition to its own business code, [Company C] complies with the codes of conduct that apply to members of these associations ([Company C], 2017b).

5.1.2.3 Corporate social responsibility

Although a formal CSR statement, policy and strategy are absent, [Company C] does speak about its sustainable business behaviour. [Company C] (2017b) believes that “the property sector can contribute to making the constructed environment more sustainable. Investment in sustainable areas and houses leads to a higher return”. Subsequent, [Company C] (2016b) aims for “sustainability in the broadest sense for the development of areas and projects. This implies creating attractive, lively and thus sustainable areas. Areas that are correct in a socio-economic sense are well constructed in a psychological-spatial sense and can be properly financially exploited”. Important sustainability themes for [Company C] are, for example: the use of sustainable and environmentally friendly materials, reduction of CO₂ emissions, energy consumption and water consumption ([Company C], 2017b).

[Company C] (2016b) sees sustainability as a “joint interest with a specific responsibility for all parties in the real estate chain”. Therefore, the company expects an active contribution from contracting parties and suppliers to realise development objectives. Moreover, [Company C] informs property buyers and tenants on “how they can use their sustainable homes as efficiently as possible” ([Company C], 2017b).

5.1.3 Strategy

Although the latter sounds promising, [Company C] does not have a formal sustainability/CSR strategy or policy in place. However, by itself, the Core Fund does “pursue a policy of rejuvenating the portfolio to keep it youthful and sustainable in terms of using technologies that raise comfort, and to reduce energy consumption and the environmental burden” ([Company C], 2015). However, this sustainability strategy and subsequent action plan for the Core Fund, developed by a small sustainability committee of employees of investment management, is out of date and does not provide potential to compete with peers in the sector and in the GRESB, according to [Company C]’s director of investment management ([Interviewee C13], 2016).

[Company C] is currently exploring to what extent the company can take responsibility for its business practice (that exceeds Dutch government regulation), and to which extent sustainability plays a role in its business practice. [Company C] is convinced that implicitly the company does the right things. However, [Company C] recognises the necessity to be more explicit and transparent about CSR and sustainability, based upon requests of its shareholders and other customers.

5.1.4 Strategy implementation

Strategy implementation comprises operationalisation and institutionalisation. However, no concrete sustainability or CSR strategy is formulated at [Company C]. Therefore, no information on this topic can be included in this research.

5.1.5 Product: sustainable urban area

According to the management team of [Company C], sustainable and responsible business management takes places implicitly, covered in the daily work efforts of employees. To explore this, two urban development projects of [Company C] are studied: [Case C1] and [Case C2], both in Amsterdam.

5.1.5.1 [Case C1] in Amsterdam

[Case C1] is a development area located in Buiksloterham, a neighbourhood in Amsterdam North, see Figure 26. Recently, Buiksloterham has become a testing ground for circular development, smart city practices, and new sustainable building techniques. Next to the general need to move towards more sustainable development, this testing ground has been driven by the writing and signing of the Circular Buiksloterham Manifesto. With Buiksloterham officially recognised by the municipality of Amsterdam as a “living lab for circular development”, the area offers developers and designers a place to showcase their commitment to the circular economy (Gemeente Amsterdam, 2015).

[Company C] and [anonymised] are partners in developing the [Case C1] site, and have set a high level of circular economy ambitions – partly required by the city of Amsterdam and the Circular Manifesto. These are described in a (draft) ambition document, developed in collaboration with [anonymised] in May 2016. Currently, the project’s circularity vision and ambitions are evaluated by [anonymised] ([anonymised], 2016a, 2016b, 2016c). Themes included in the (draft) ambition document are energy (renewable energy, energy storage and distribution), mobility (low-traffic area, collective mobility), green (green buildings, green public space), materials (renewable materials, material passport), water (reducing drinking water, reusing waste water) and society (flexibility, mixed use, social diversity, collectivity) ([Company C] & [anonymised], 2016).

The [Case C1] site has been divided into three parcels: City Waterfront, City Icoon and City Plot, see Figure 27. At City Waterfront, owner-occupied apartments are jointly developed by [Company C] and [anonymised]. At City Icoon, private rental apartments are developed and included into portfolio (Core Fund) by [Company C]. At City Plot, social rental apartments are developed and included into portfolio by housing association [anonymised] ([Interviewee C10], 2016a). Altogether, 350 residential units will be build and approximately 3,800 m² commercial space will be realised (Cobouw, 2016).



Figure 26 Buiksloterham area in Amsterdam and location of [Case C1] site, adapted from ©Irvin van Hemert [anonymised]

At City Waterfront, [Company C] and [anonymised] develop apartments for sale. The aim is to start building the apartments at the end of 2017. This parcel is the main point of focus for circularity in this project. The Waterfront project offers [Company C] and [anonymised] the opportunity to explore circularity and the “self-sufficiency” ambition for the [Case C1] area. This is because the plot is sold as private grounds: people buying apartments will own the land and property, rather than entering into a long-term lease arrangement with the municipality of Amsterdam. Moreover, because of the parcel’s location next to the IJ River with views upon the city centre, the homes developed fall into the expensive segment, allowing for greater amounts of investment in sustainable technologies. Furthermore, because of the same development consortium ([Company C] and [anonymised]), the two other development plots, City Icoon and City Plot, can be used to site some collective utility elements if required, such as battery storage or wastewater treatment for example ([Interviewee C10], 2016a).

Thus, the Waterfront development provides potential for circularity and self-sufficiency for future property owners. Self-sufficiency through land and property ownership and through sustainable resource management might become the key selling point of these apartments for potential buyers. However, the question is how far the Waterfront development can reach self-sufficiency for key resource flows such as water, energy and waste. Another question is which sustainable or circular technologies to include in the apartments and surrounding public space. [Company C] and [anonymised] are currently reflecting upon these questions. The circularity ambitions written down by the development consortium are evaluated and prioritised ([anonymised], 2016a, 2016b, 2016c; [Interviewee C10], 2016a).

Moreover, a technical assessment of the self-sufficiency potential of the project is currently conducted. It is the question whether it is indeed feasible for the Waterfront project to be self-sufficient (or off-grid) for energy, water and waste. Besides this assessment, the development consortium is searching for circularity indicators (i.e. metrics, performance indicators) for the project, to provide a specific, measurable set of objectives on circular economy performance. These indicators provide a tool to communicate priorities, evaluate trade-offs and track progress on circularity goals within the [Case C1] project, and possibly within other developments of [Company C] ([anonymised], 2016a, 2016b, 2016c; [Interviewee C10], 2016a).

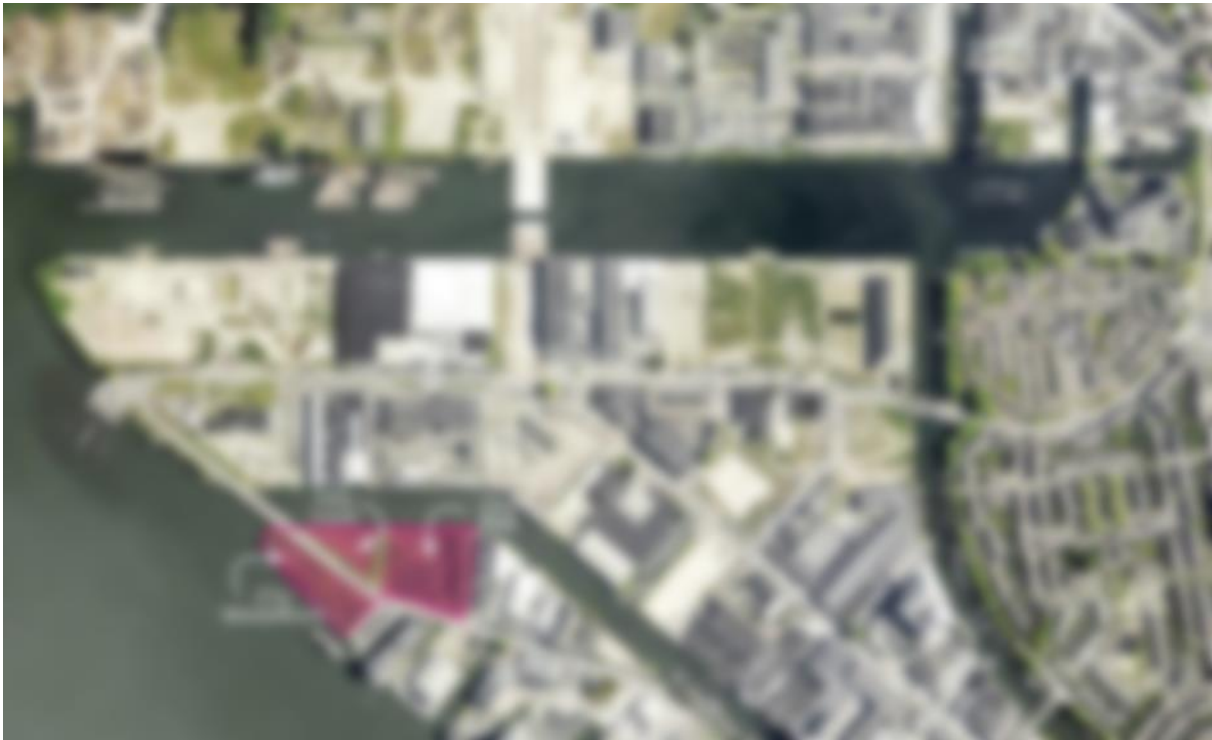


Figure 27 Buiksloterham area in Amsterdam and location of [Case C1] site including parcels City Waterfront, City Icoon and City Plot, adapted from ©Studsonedots and DELVA Landscape Architects [anonymised]

In this development project, there is also attention for exploitation implications on the long-term. The private rental apartments developed at the City Icoon parcel will be included in the Core Fund portfolio of [Company C]. [Company C] wants to develop a Building Information Modelling (BIM) material passport for these apartments which can be used in the maintenance phase of the building. At [Case C1], the setup of the material passport is a pilot for [Company C] ([Interviewee C10], 2016a).

In this project, there is also attention for the way the consortium, the municipality of Amsterdam and project partners (consultants, urban designers, etc.) work together. [Company C] conducted two lean planning sessions to make sure all parties involved know what they can expect from each other. These lean planning sessions were also a pilot for [Company C] ([Interviewee C10], 2016a).

[Project-specific CSR notions](#)

Based upon this project, it can be concluded that [Company C] is interested in circular building. In the Buiksloterham area, [Company C] is forced to implement circularity in the [Case C1] project, otherwise the municipality would not have granted the opportunity to build there. However, the development is private sector-led; the high circularity and self-sufficiency ambitions of [Company C] and [anonymised] are formulated on their own initiative.

In this project, the setting of circular goals is taken very seriously by [Company C]. Together with quite a lot of parties the ambition document is written, and evaluated by an independent consultant. [Company C] shows interest in measuring the achievement of circularity ambitions by means of performance indicators. These indicators are project-specific, but possibly also able for use in other [Company C] projects. Here, it is remarkable that the reflection upon circular building takes place in an individual project of [Company C] and not on a higher business scale. It is unclear if the established goals and indicators will be shared with colleague-developers at [Company C] – [Interviewee C10] (2016a) emphasises that this is the intention; for now, first, this project’s circular ambitions must be formally established.

The development of a material passport is rather new, but interesting for the asset- and technical managers of the Core Fund when the private rented apartments are included in portfolio. The cooperation between the development and investment management department of [Company C] is enhanced in this way. The lean planning sessions show that [Company C] is interested in strengthening the collaboration with and between the parties involved in a development project. This is new for [Company C] and used in this individual project. For the time being, it seems evaluation of this type of session and feedback is not formally shared with other project managers at [Company C].

5.1.5.2 [Case C2] in Amsterdam

[Case C2] is an area in the Eastern Docklands of Amsterdam, see Figure 28. The Eastern Docklands have been (re)developed since the 1970s from a harbour site into a popular residential area with diverse architecture. [Company C] is redeveloping the former industrial [Case C2] area into a lively, multi-functional urban area. Characteristic industrial buildings in the heart of the island are maintained and renovated. They will get new public functions (small scale restaurant and retail). At [Case C2], [Company C] is realising 1,500 homes the coming years, both private rental and owner-occupied residential units in the mid-priced segment. Phase one is currently under construction and finished at the end of 2017. This phase includes the construction of a new headquarters for [Company C] in the centre of the area ([Company C], 2017a).



Figure 28 [Case C2] area (@[Company C]) [anonymised]

[Company C] owns most of the land in the [Case C2] area, see Figure 29. [Company C] is responsible for the design and construction of the urban areas and buildings on its own plots. The transformation of the [Case C2] area is not a traditional form of urban development. The municipality of Amsterdam provided [Company C] the opportunity to mobilise own knowledge and creativity via a so-called “*Spelregelkaart*”, in which the urban development requirements of the city are visualised ([Interviewee C5], 2016a).



Figure 29 [Case C2] area with indication of [Company C]’s plots, adapted from ©[Company C] [anonymised]

For the development of the new headquarters of [Company C] at [Case C2], the project manager and management team of [Company C] considered the use of BREEAM, to possibly obtain a high sustainability label. The forecast was that the office building would never obtain the highest certification due to the area’s poor connection to public transport. Moreover, the costs for obtaining the label were quite high. It was decided not to use BREEAM for the office building. The new office will be kept in own Core Fund portfolio for the first five years at least. It was also no special requirement of the Core Fund to build according to BREEAM standards ([Interviewee C5], 2016a).

The [Case C2] project is designed and constructed conform Dutch government building regulations. No special sustainability goals were set at the start of the project, according to the project manager ([Interviewee C5], 2016a). However, there are some aspects in the project that can be called sustainable and social responsible.

Concerning energy, a thermal storage system (WKO) is installed, connected to the IJ River. This system is more sustainable than *Stadswarmte* (energy system used in Amsterdam) according to [Interviewee C10] (2016a). Interesting is that although no formal sustainability goals are set at the start of the [Case C2] project, this system is preferred above other conventional energy systems in the city – it seems that [Company C] made a deliberate choice. It is remarkable that such a WKO system (on the opposite) is included in the circularity ambitions of the [Case C1] project.

The first five years after realisation of the [Case C2] project, the buildings are included in [Company C]’s Core Fund portfolio. This is agreed because [Company C] wants to see how the area develops over time, and make sure a real “[Case C2] community” comes into existence. Moreover, by establishing the company in the heart of the area, [Company C] can keep a watchful eye and take a constructive approach to the development of the area. Plus, tenants for retail and office spaces in the building plinths are selected by [Company C], in order to make sure these tenants fit the area. In order to create a community feeling, the selection of architects and urban designers was based more on the “look and feel” of the area, instead of sustainable technology novelties. The architect selection included local architects who know the area personally. Furthermore, [Company C] organised a lot of “walk-in-meetings” at [Case C2] for neighbours and residents of the surrounding areas. This has a twofold goal: on the one hand to be transparent about [Company C]’s design and construction plans in order to make sure that residents would not oppose desired changes in the land use plan, and on the other hand to involve residents in the formation of development plans ([Interviewee C5], 2016a).

The [Case C2] area is currently poorly connected to public transport. [Company C] is thinking about transportation solutions for residents, its employees and visitors to the city centre of Amsterdam. Ideas about shared mobility – shared (electrical) car, scooter and bike use – came up and are tested by external mobility consultants. It is still questionable who bears the risk for shared mobility concepts, and how a proper business plan looks like ([Interviewee C5], 2016a).

Project-specific CSR notions

Based upon this project, it can be concluded that taking responsibility for environmental issues does not exceed Dutch law and legislation. However, there are a lot of social issues at stake in this project (that are exceeding government regulation). [Company C] explicitly wants to keep an eye on how the [Case C2] area and community will develop over time. By including the development into own portfolio, and by settling oneself in the heart of the area, this can be done. Shared mobility principles are considered to make it easier for employees and residents to travel from their workplace and homes to the city centre of Amsterdam. Tenants for retail and office spaces are selected based upon their appearance and fit within the area. These are all issues that contribute to a durable, lively area over time. Here, it is remarkable that the reflection upon community building and shared mobility concepts takes place within an individual project of [Company C] and not on a higher business scale. For the time being, it seems these reflections are not formally shared with colleague-developers at [Company C].

5.2 The case of [Company C]: CSR interest and possibilities

The research questions for this section are: **To what extent is [Company C] interested in using CSR? How does [Company C] perceive the possibilities of use of CSR?**

In order to answer these questions, semi-structured interviews with several [Company C] employees and the full management team are conducted ([Interviewee C1], 2016; [Interviewee C2], 2016; [Interviewee C3], 2016; [Interviewee C4], 2016; [Interviewee C5], 2016b; [Interviewee C6], 2016; [Interviewee C7], 2016; [Interviewee C8], 2016; [Interviewee C9], 2016; [Interviewee C10], 2016b; [Interviewee C11], 2016; [Interviewee C12], 2016; [Interviewee C13], 2016).

5.2.1 Interest in CSR

[Company C] wants to develop and maintain living environments in which residents feel themselves comfortable and safe. Particularly in economically strong regions in the Netherlands, there is a growing demand for homes. [Company C] responds to this societal demand by providing places to live in this regions. Moreover, concerning the ageing Dutch population, [Company C] offers homes for elderly people who have serious care requirements, which means that they are no longer able to live independently. According to the interviewees, the CSR of [Company C] should correspond with these two core business tasks of [Company C].

In general, [Company C] is interested in CSR for several reasons. First, investors ask for insight in the responsibilities [Company C] takes. Investors are concerned about ESG factors, and ask for example for tenant policies and decision making criteria for investment proposals. Second, it is believed that by means of CSR [Company C] can distinguish itself compared to peers in the sector. Third, it is believed that CSR can increase the value of real estate, and that CSR can increase long-term returns.

5.2.2 Possibilities of CSR

The interviewees cover the three main business disciplines of [Company C] – investment management, development management and own business management. Per discipline, the interviewees mentioned several possibilities for the use of CSR. These are listed below.

5.2.2.1 Investment and fund management

Possibilities for the use of CSR for [Company C]'s investment and fund management department include:

- Decrease the CO₂ footprint of the existing portfolios;
- Sharpen the Programme of Requirements (PoR) for the development department: the PoR should include requirements about for example sustainable material use and the setup of material passports for buildings;
- Increase communication with tenants about a sustainable way of living: informs tenants how to reduce energy consumption, water consumption and waste, and ask tenants about their experiences and demands;
- Integrate sustainability in maintenance plans of assets. For example, when a roof has to be replaced, add roof insulation in order to improve the energy label of the asset;
- Create solar parks or windmill parks at empty landholdings to generate sustainable energy.

5.2.2.2 Real estate and urban area development

Possibilities for the use of CSR for [Company C]'s development department include:

- Use of sustainable materials and setup of material passports for buildings through BIM technology;
- Focus on shared economy principles in buildings and public space: flexible use, collective use, mixed use. For example, shared mobility concepts such as car sharing and bike sharing;
- Focus on self-sufficiency of buildings concerning water, energy and waste flows – from the perspective of the circular economy.

5.2.2.3 Own business management

Possibilities for the use of CSR in [Company C]'s own business management include:

- Stimulate employees to use public transport and bicycle;
- Allow only sustainable lease vehicles;
- Measure the work satisfaction of employees;
- Activate employees by means of a sport programme;
- Provide sustainable food in the company's canteen;
- Become a paperless office;
- Improve the company's code of conduct regularly;
- Decrease the CO₂ footprint of headquarters;
- Support and sponsor the use of solar panels for employees' homes (or any other initiative in line with core business);
- Offer room for innovative start-ups related to [Company C]'s core business in own headquarters;
- Participate in discussions and debates about societal issues that relate to [Company C]'s core business, for example at universities.

5.2.3 Determination of CSR ambitions

[Company C] is currently exploring to what extent the company can take and wants to take responsibility for its business practice (that exceeds Dutch government regulation). [Company C] recognises that it is important to involve employees in this process. This is due to the non-hierarchical setup of the company: the responsibility for a development project or asset management project lies with individual employees (as seen in the [Case C1] and [Case C2] project). Possibilities for CSR use, mentioned by the interviewees, are currently weighed by [Company C]. If [Company C] is indeed able to align the CSR considerations of the management team members and employees, the next question is if [Company C] should write down an explicit CSR policy and setup an explicit CSR management structure.

In the determination of CSR direction, [Company C] recognises differences between the investment and development department. At investment management, current important CSR themes are energy, materials and CO₂. At development management, current important CSR themes include health, comfort, diversity (of functions and target groups), customer satisfaction, community investment and community engagement. At investment management, a formal CSR policy is desired, based upon requests from investors. At development management, the need for a formal CSR policy seems less important, after all, local authorities do (currently) not ask explicitly for CSR. Moreover, development projects are custom-fit and therefore a clear-cut CSR policy is difficult to realise.

5.3 Conclusion

The objective, question and methodology of this chapter are again presented in Table 20.

Table 20 Objective, question and methodology for research Part 2 Practices: Dutch practice (Chapter 5)

Objective	To create a better understanding of the use of CSR by Dutch developing investors
Question	How do Dutch developing investors currently use CSR? To what extent are Dutch developing investors interested in using CSR? How do Dutch developing investors perceive the possibilities of use of CSR?
Methodology	Single empirical case study in which semi-structured interviews are held with practitioners, case documents are analysed and participatory observation is performed

Based upon the case study, it can be concluded that [Company C] does not yet use CSR in a formal manner in the form of a statement, policy or report. Studying peers ([Peer C1] and [Peer C2]) and shareholders ([Shareholder C1] and [Shareholder C2]) of [Company C], it can be concluded that in the Dutch real estate asset management sector both CSR and SRI are popular issues.

The CSR reports of peers and requests of shareholders have contributed to [Company C] studying its own responsible and sustainable business practice more in detail. [Company C] is determined that implicitly – captured in the daily work efforts of employees – the company is doing the right things. One of the questions of [Company C] is whether or not the current sustainable/responsible development and investment activities should be captured in a CSR report for reasons of good governance – following the examples of peers and shareholders. [Company C] seems to be quite hesitant to publish a “polished” annual CSR report. The issue of window dressing is feared. Another question is whether or not [Company C] should setup an explicit internal CSR policy and management structure (external CSR manager, research department) to align and highlight the company’s vision about responsible and sustainable business practice. [Company C] is currently exploring answers to these questions.

In the current determination of CSR direction, [Company C] recognises differences in interest in CSR and possibilities in use of CSR between the development and investment management department.

Employees of investment management ask specifically for a formal CSR statement, policy and/or report as investors frequently make enquiries about SRI strategies and the sustainability of portfolios. They need to have a clear CSR and sustainability “story” to tell. Moreover, they need to obtain Green Star portfolio labels in the GRESB, otherwise they cannot compete with peers in the sector anymore ([Interviewee C13], 2016).

Development managers do not emphasise this necessity that much. (Urban) development project are often custom-fit and therefore a general and sharply outlined CSR direction or policy is difficult to establish – as illustrated by the [Case C1] and [Case C2] development projects in which the emphasis on CSR and sustainability issues is completely different.

Although this single case study does not provide a broad perspective on the Dutch real estate asset management sector, it does indicate several “CSR complexities” for Dutch developing investors such as the trade-off between the fear of window dressing and the necessity to report on CSR issues based upon shareholder/investor demands.

PART 3 – Synthesis

Lessons and implications



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6. Lessons from Anglo-Saxon practice

The aim of this chapter is to draw inspirational lessons for Dutch developing investors from the studied Anglo-Saxon developing investors [Company A] and [Company B]. The research questions for this chapter are:

- **Which characteristics of use of CSR by [Company A] and [Company B] can be used by Dutch developing investors?**
- **What are the opportunities and challenges for implementing these CSR characteristics by Dutch developing investors?**

In the explanation of research methodology in Chapter 3, it is argued that international comparative research offers the possibility to learn lessons from other countries. Comparing the use of CSR by Anglo-Saxon developing investors with the CSR initiatives of Dutch developing investors can improve the self-image of the Dutch urban development practice. In this chapter, the comparison with Anglo-Saxon countries indicates where the Netherlands stand concerning the application of CSR in private sector-led urban development. An overview of similarities and differences with the Anglo-Saxon practice is established. Thereby, the discourse about new directions in the Dutch urban planning context is supported. The steps of lesson drawing as visualised in Figure 30 are followed in this chapter.

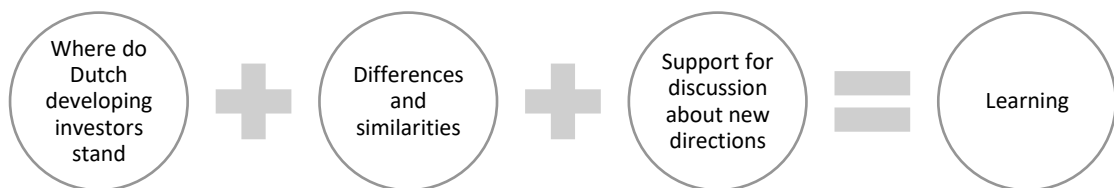


Figure 30 Process of international comparative research and lesson drawing as adopted in this research, own ill., adapted from Hobma (2014, p. 122)

6.1 Lessons learned

Four lessons are learned, based upon the characteristics of CSR use seen both at [Company A] and [Company B], as concluded in Section 4.4:

- Lesson 1 is about determining material sustainability issues;
- Lesson 2 is about determining measurable sustainability goals;
- Lesson 3 is about institutionalising CSR;
- Lesson 4 is about organising CSR information and data.

Note that the lessons drawn are not formally framed and tentative. The lessons are based upon issues the interviewees in the case studies mentioned as important, expert feedback collected during the research internship at [Company C], and the researcher's personal conviction. The lessons are explained in detail in the next sections.

6.1.1 Lesson 1: Determining material sustainability issues

6.1.1.1 Where do Dutch developing investors stand

The relationship between the state and market has changed in the Netherlands. Although in the Netherlands no neo-liberal revolution took place as in Anglo-Saxon countries in the 1980s, today's policy output does have a slight neo-liberal direction. Kinderman (2009) argued that even though in the Netherlands and Anglo-Saxon countries different types of capitalism are in place, the processes that lead to the rise of CSR are similar. Comparable with the rise and institutionalisation of CSR in Anglo-Saxon countries in the 1980s, the birth of CSR in the Netherlands in the 2000s went hand in hand with processes of liberalisation, privatisation and deregulation.

As a result of these processes of liberalisation, privatisation and deregulation, Dutch private actors gradually replaced local authorities in their tasks as initiators of urban development projects. Therefore it seems necessary that now the private sector too takes responsibility for safeguarding societal values in Dutch urban development practice. It seems rather important that private actors understand the implications of developing and exploiting buildings and urban areas within society. More and more, they are expected to contribute to finding solutions for societal issues – think of the run-out of resources, climate change, loss of biodiversity, individualism, selective service access – that they have given rise to as well.

From the Dutch case study it appears that [Company C] does have an understanding of the implications of its core business upon society. However, no clear sustainability or responsibility direction is formulated yet. Currently, [Company C] is trying to map important sustainability themes based upon internal employee engagement. Based upon what peers and shareholders of [Company C] have publicly published, it seems they have reflected on material sustainability issues. It is unknown if formal processes for selecting these themes are in place.

6.1.1.2 Differences and similarities with Anglo-Saxon developing investors

Studying the Rhineland and Anglo-Saxon models of capitalism, it can be concluded that there is more to compensate for in Anglo-Saxon liberal market economies compared to social market economies – see Kinderman (2009). Since the private sector plays a crucial role in solving societal issues in the Anglo-Saxon ideology, it seems logical that [Company A] and [Company B] use a more formal materiality assessment to determine sustainability issues of importance for business. The goal of this process is to narrow down on which issues the developing investors should and can focus.

6.1.1.3 Support for discussion about new directions in the Netherlands

It is natural that economies change over time, structurally and systematically. Liberalism seems to be a trend across the world since the 1980s. It could be argued that CSR by itself is an inadequate replacement for the social market economy. However, it seems that the world is better off with CSR in a more liberal market economy than without it – if those were the alternatives to choose from. So, although probably no complete neo-liberal shift will occur in the Netherlands, it does seem appropriate for private actors in urban development practice to have a clear insight in the core business related material issues they can optimise – taking into account further liberalisation.

6.1.1.4 Lesson learned

It is helpful for Dutch developing investors to use a formal materiality assessment to determine important core business related CSR issues, preferably based upon the three different disciplines in which the developing investor is involved. In turn, determined material sustainability issues form the basis for formulating sustainability goals and strategies.

6.1.2 Lesson 2: Determining measurable sustainability goals

6.1.2.1 Where do Dutch developing investors stand

Analysing the Dutch real estate asset management sector ([Company C], [Peer C1], [Peer C2], [Shareholder C1], [Shareholder C2]), it stands out that clear sustainability goals are not included in CSR and sustainability statements, annual reports and responsible investment policies. Often only sustainability themes are mentioned – the subsequent action plans remain quite vague.

At [Company C], the 2015 sustainability report states that the company pursues a policy to keep the Core Fund portfolio sustainable ([Company C], 2015). However, the director of investment management emphasises that this policy does not include clear formulated goals yet ([Interviewee C13], 2016).

It appears that writing down that a company strives towards sustainability and responsible investment is one thing; defining clear and measurable sustainability goals and subsequent strategies is something entirely different and way more difficult.

6.1.2.2 Differences and similarities with Anglo-Saxon developing investors

As recognised by [Company A] and [Company B], defining goals is a core part of developing a sustainability strategy or policy. In the goal setting process, it is important that the positive and negative impact of the company's decisions and actions is fully understood. Moreover, it is important that the values and priorities of different client types and other stakeholders are mapped. [Interviewee A] (2016) emphasises that it is quite a job to find metrics for determined material issues. The [Company B] case indicates that not all goals that are formulated have a clear metric to measure performance towards their achievement.

6.1.2.3 Support for discussion about new directions in the Netherlands

As explained above, even though in the Netherlands CSR will probably not be the replacement for the collective welfare provision by the state, it does seem appropriate for private actors within urban development practice to have a clear insight in core business related material issues they can optimise. To indeed minimise the negative impact and maximise the positive impact of business upon society, it is necessary to consider why it is important to achieve something, what to achieve precisely and how to achieve this. To dispose CSR of its vague connotation, this “why-what-how” format provides support (Sinek, 2009).

6.1.2.4 Lesson learned

It is helpful for Dutch developing investors to formulate sustainability goals that are specific and measurable. Setting quantifiable goals is necessary to find and operationalise solutions which are in turn necessary to realise corporate norms and values.

6.1.3 Lesson 3: Institutionalising CSR

6.1.3.1 Where do Dutch developing investors stand

The emphasis on voluntarism gives CSR its ambivalent character. CSR seems to be no match for the flow of liberalisation that has occurred across the world (Kinderman, 2009). In the Rhineland ideology, the tendency is that the state can manage long-term obligations (such as urban development, education, culture, etc.) more effectively than the private sector.

Perhaps it is therefore that [Company C] is slightly reserved when it comes to setting up a CSR policy and management structure. However, analysing the behaviour of peers and shareholders of [Company C], it stands out that institutionalisation of CSR did take place already. For example, [Peer C2] appointed a separate CSR manager and [Peer C1] incorporated CSR exploration into its research

department. Whether this institutionalisation of CSR stems from the feeling that it is the right thing to do or from creating a better business case or increasing branding opportunities, it is in full swing.

6.1.3.2 Differences and similarities with Anglo-Saxon developing investors

Both Anglo-Saxon developing investors studied in this research value a successful institutionalisation of CSR. Sustainability is added to [Company A]’s business model in 2003 through the core value of sustainability and stewardship. Moreover, the company established a sustainability department in 2007, led by a director of sustainability and CSR, and a CSR advisory council in 2014. In 2012, [Company B] established a formal CSR management structure consisting of a CSR committee that is steered by senior management. Moreover, [Company B] has eight sub-committees which are responsible for devising strategy and tracking progress in specific CSR areas. It is remarkable that the formal institutionalisation of CSR by these two developing investors started only 5-10 years ago. For these Anglo-Saxon developing investors, institutionalisation is a rather complex process; [Interviewee A] (2016) emphasises that it is still difficult to get all employees “on board”.

6.1.3.3 Support for discussion about new directions in the Netherlands

CSR can be called highly ambivalent since many of the pressing problems of society and humanity cannot be solved with voluntary corporate activity. However, it can be argued that when the importance of CSR grows – taking into account further liberalisation in the Netherlands –, it is necessary to educate and train employees on this phenomenon.

As in the Anglo-Saxon cases, in the Netherlands it is similarly difficult to change the CSR mind-set of employees and indicate how “on board” everybody is within a company – see Basu and Palazzo (2008) for example. Often, the meaning and historical and political notion of CSR are unclear to the Dutch and different understandings exist. Sensemaking is necessary in the Dutch real estate asset management sector. This process can be supported, for example, by appointing CSR managers or a research team which focuses on institutionalising CSR within a company.

6.1.3.4 Lesson learned

In order to implement a CSR strategy in the daily activities and work efforts of employees, it is important for the Dutch developing investor to manage CSR according to a particular management structure and leadership style that fits the company.

6.1.4 Lesson 4: Organising CSR information and data

6.1.4.1 Where do Dutch developing investors stand

Studying the case of [Company C], it is clear that investors ask more and more for insight in sustainable building programmes and SRI policies. Moreover, without the GRESB label of Green Star for a portfolio, [Company C] could no longer compete with peers in the sector ([Interviewee C13], 2016). In the Dutch urban planning practice, the (consistent) use of BREEAM and LEED seems not (yet) usual (Buskens & Heurkens, 2016). Moreover, reporting frameworks such as GRI or IIRC are not yet widely used by Dutch developing investors.

6.1.4.2 Differences and similarities with Anglo-Saxon developing investors

In the Anglo-Saxon cases, certification-, reporting- and benchmarking frameworks are used as tools to organise data about the company’s CSR and the sustainability of assets and portfolios. Among its peers [Company A] was one of the first companies to report CSR based upon GRI guidelines in 2012 ([Interviewee A], 2016). Nowadays, 30% of [Company A]’s peers uses GRI. [Company A] also participates in the GRESB since 2014. Moreover, the company uses LEED guidelines to design and construct buildings. According to [Interviewee A] (2016) the broad range of material issues and performance indicators provided by all of these frameworks provides insight in all the issues that [Company A] could possibly tackle. Furthermore, these frameworks provide a detailed oversight of possible metrics which can be used in measuring CSR performance.

[Company B] started to prepare its first CSR report in 2011, also based upon GRI guidelines. Plus, the developing investor strives to achieve provisional BEAM Plus certification for residential and commercial development, and LEED pre-certification for commercial development. It appears as though through these frameworks, [Company B] is able to organise CSR information and data.

6.1.4.3 Support for discussion about new directions in the Netherlands

Although critics argue that the guidelines and requirements of CSR reporting frameworks such as the GRI, BREEAM and LEED are bureaucratising with every new edition (Miller, Spivey, & Florance, 2008), it can be argued, on the other hand, that the content is rather helpful for private parties in urban development. CSR should not be about “ticking off” all possible sustainability labels and checklists as a goal itself; it is about using the content of these frameworks and labels to established important issues and performance indicators to focus on as a company.

6.1.4.4 Lesson learned

Using the **content** of several existing sustainability/CSR certification methods, benchmarks and reporting guidelines is a good way to organise corporate information and data in a clear and transparent manner. This in order to gain insight in the developing investor’s own behaviour and activities with the intention to improve his CSR programme.

6.2 Conclusion

The objective, question and methodology of this chapter are again presented in Table 21.

Table 21 Objective, question and methodology for research Part 3 Synthesis: Lessons from Anglo-Saxon practice (Chapter 6)

Objective	To draw inspirational lessons for Dutch developing investors from Anglo-Saxon developing investors
Question	Which characteristics of use of CSR by Anglo-Saxon developing investors can be used by Dutch developing investors? What are the opportunities and challenges for implementing these CSR characteristics by Dutch developing investors?
Methodology	Case based lesson drawing

Altogether, four lessons are learned, based upon the characteristics of CSR use seen both at [Company A] and [Company B]. The opportunities and challenges for implementing these CSR characteristics by Dutch developing investors are explained using the “steps of learning” as indicated in Figure 30.

It is important to realise that CSR is a rather Anglo-Saxon concepts that functions well in a liberal market economy. In the Netherlands, this concept is perceived as ambivalent as CSR seems no alternative for the existing collective welfare provision by the state. However, in the Dutch real estate asset management sector in which the developing investor operates, CSR seems to be a trending topic as SRI policies and sustainability reports are published on regular basis. The question remains if this phenomenon stems from an intrinsic motivation to take responsibility for business practice or from an extrinsic motivation to compete with peers and increase branding opportunities.

Based upon the comparative research, two challenges for Dutch developing investors are identified. The first challenge for the Dutch developing investor is to prevent CSR from becoming an empty shell, covering practices that are, on the quiet, conform Dutch government regulation. Another challenge is to critically think about why the setup of a CSR programme is necessary – why should we take responsibility?

7. CSR maturity model

Based upon the lessons learned in the previous chapter, this chapter aims to indicate the possible stages of use of CSR by Dutch developing investors. These stages are visualised in a maturity assessment model. In this chapter, first is explained what a maturity model is, and how it can be developed. Second, literature about existing CSR maturity models is reviewed. Finally, the CSR maturity model development process in this research and the developed model itself are explained.

7.1 Maturity model: definition

Maturity models are used as an evaluative and comparative basis for improvement of a specific area within an organisation. Various maturity models have been designed to assess the maturity (i.e. competency, capability, level of sophistication) of a particular domain based upon a set of criteria (De Bruin et al., 2005).

According to De Bruin et al. (2005), a maturity model can be descriptive, prescriptive or comparative:

- A descriptive maturity model can be used for assessing the “here-and-now” (i.e. the “as-is”) situation. This model does not include provision for improving maturity;
- A prescriptive maturity model can be used to indicate how to approach maturity improvement in order to positively affect business value. This model does include provision for improving the domain position from “as-is” to the desired “to-be”;
- A comparative model can be used to compare similar practices across organisations in order to benchmark maturity of a particular domain within an industry. Note that similar levels of maturity within different organisations may not translate into similar levels of business value.

These three model types represent evolutionary phases of a maturity model’s lifecycle, see Figure 31. First, a maturity model is descriptive so that the “here-and-now” domain situation can be fully understood. Second, through a sound understanding of the current situation, substantial and repeatable improvements can be made. Finally, a model must be applied in a wide range of organisations to attain data to enable valid comparison (De Bruin et al., 2005).

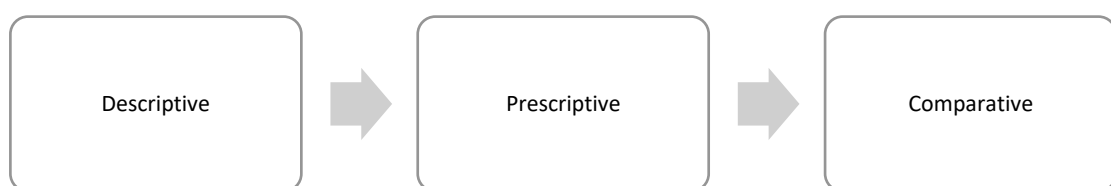


Figure 31 Evolutionary phases of a maturity model's lifecycle, own ill., based upon De Bruin et al. (2005)

7.2 Maturity model: development steps

De Bruin et al. (2005) propose a standard framework for the development of maturity models, see Figure 32. The first phase in developing a maturity model is to determine the scope of the desired model. Determining the scope of the desired model sets the outer boundaries for model application. The second phase of the proposed framework is to determine a design for the model that forms the basis for further development and application. Once the scope and the design of the model are agreed, the content of the model must be decided in phase three. In this phase it is necessary to identify what needs to be measured in the maturity assessment and how this can be measured (i.e. the instruments used in conducting a maturity assessment). Once the model is populated, it must be

tested for relevance in phase four. Following population and testing, the model must be made available for use, to verify the extent of the model’s generalisability, in phase five. After deployment, the model must be maintained in phase six. Evolution of the model will occur as the domain knowledge and model understanding broadens and deepens.

As this research is bound by time and means, only steps 1, 2 and 3 are worked through. The model is not tested in practice.

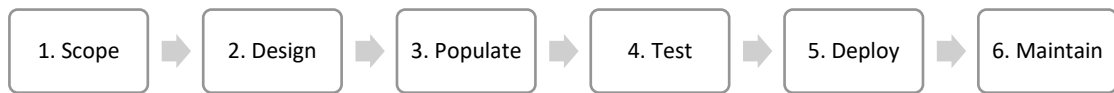


Figure 32 Maturity model development phases, own ill., based upon De Bruin et al. (2005)

7.3 Review: existing CSR maturity models

In literature, several existing maturity models for CSR development can be found. According to Maon, Lindgreen, and Swaen (2010, p. 26), these models “specifically focus on organisational CSR developments from a dynamic, long-term perspective, which assumes that organisations demonstrate different levels of acceptance, understanding and integration of CSR principles at different points in time”. Academics and practitioners have developed and refined several maturity models of CSR development. Key models are developed by Walton (1967), McAdam (1973), Davis and Blomstrom (1975), Reidenbach and Robin (1991), Stahl and Grigsby (1997), Dunphy, Benn, and Griffiths (2003), Van Marrewijk and Werre (2003), Zadek (2004), Mirvis and Googins (2006), and Maon et al. (2010) – see Figure 33. In these models, the CSR development process is seen as dynamic and evolutionary: over time, CSR-related initiatives become more integrated, sophisticated and demanding (Maon et al., 2010).

Author(s):	Walton (1967)	McAdam (1973)	Davis and Blomstrom (1975)	Reidenbach and Robin (1991)	Stahl and Grigsby (1997)	Dunphy et al. (2003)	Van Marrewijk and Werre (2003)	Zadek (2004)	Mirvis and Googins (2006)	Consolidative model		
Concept referred to:	Corporate attention to social responsibility	Social responsibility philosophy	Social responsibility	Corporate moral development	Managerial CSR position	Corporate sustainability	Corporate sustainability	Corporate responsibility	Corporate citizenship	Corporate social responsibility		
	Six stages	Four stages	Five stages	Five stages	Three stages	Six stages	Six stages	Five stages	Five stages	Seven stages		
DO NOTHING	Reaction posture	–	Fight all the way	Withdrawal	Amoral	–	Rejection	–	Defensive	–	Dismissing	‘Winning at any cost’
↑ Social responsiveness continuum (Wilson 1975; Carroll 1979; Clarkson 1995) ↓	Defence posture	Austere	Do only what is required	Public relations approach	–	Minimum legal compliance	Non-responsiveness	Pre-corporate sustainability	Compliance	Elementary	Self-protecting	‘Reputation & Philanthropy’
	Accommodation posture	Household	–	Legal approach	Legalistic	–	Compliance	Compliance-driven	–	–	Compliance-seeking	‘Requirements’
		Vendor	Be progressive	Bargaining	Responsive	Enlightened self-interest	Efficiency	Profit-driven	Managerial	Engaged	Capability-seeking	‘Stakeholder management’
	Investment	–	–	–	–	–	–	Caring	–	Innovative	Caring	‘Stakeholder dialogue’
Proactive posture	Civic	–	Problem solving	Emerging ethical	Proactive change	Strategic proactivity	Synergistic	Strategic	Integrated	Strategizing	–	‘Sustainability’
DO MUCH	Artistic	Lead the industry	–	Ethical	–	Sustaining	Holistic	Civil	Transforming	Transforming	–	‘Change the game’

Figure 33 Selection of maturity models of CSR development (Maon et al., 2010, p. 28)

It can be argued that the models of the authors mentioned above often use different terminologies, rely on rather different theoretical assumptions, and show contradictions related to the number, the focus and the content of the successive organisational stages. However, these models all present consistent logics, and illustrate similar implications for organisations. All models describe a CSR development that consists of gradually integrating social concerns into an organisation’s decision-making process (Maon et al., 2010).

7.4 CSR maturity model for Dutch developing investors: development steps

In this research, the first three maturity model development steps (see Figure 32) are worked through – Scope, Design and Populate. In this section is made clear how the development process of the CSR maturity model took place.

7.4.1 Scope

The first phase in developing a maturity model is to determine the scope of the desired model. Determining the scope sets the outer boundaries for model application. The major decisions to be addressed in this phase are indicated in Table 22. The most significant decision that has to be made in this phase involves the focus of the model. Selecting the domain distinguishes the proposed model from other existing models and determines the specificity and extensibility of the model. With the initial focus of the model identified, stakeholders can be selected to assist in the development of the model (De Bruin et al., 2005).

Table 22 Decisions when scoping a maturity model, reproduced from De Bruin et al. (2005)

Criterion	Characteristic			
Focus of model	Domain specific		General	
Development stakeholders	Academia	Practitioners	Government	Combination

7.4.1.1 Scope decisions

The model is domain specific. The model indicates stages of use of CSR by Dutch developing investors in urban development processes. The model is mainly focussed on process maturity, i.e., to which extent the use of CSR in urban development processes is explicitly defined, managed, measured, controlled, and effective – see Mettler (2011).

The review in Section 7.3 identified existing CSR maturity models. This review provides support for developing a more comprehensive model specific to the developing investor’s CSR domain. Existing models do not adequately capture this domain’s specific issues and complexities. The literature review in **Section 1.3.4** (about interest in responsible business practice by the developing investor) also confirms that academics and practitioners share a strong interest in the development of a model that enables Dutch developing investors to assess their current application of CSR for the purpose of improvement.

Therefore the goal is to develop a model specific to the Dutch private sector-led urban development domain that assists developing investors in better understanding CSR complexities and to enable the improvement of CSR capabilities.

Finally, input for the development of the model is obtained from the case studies performed in this research and the subsequent lesson drawing.

7.4.2 Design

The second phase in developing a maturity model is to determine a design for the model that forms the basis for further development and application. The major decisions to be addressed in this phase are indicated in Table 23.

The design of the model includes the needs of the intended audience and how these needs are met. The needs of the intended audience are reflected in why they want to apply the model, how the model can be applied, who needs to be involved in applying the model and what can be achieved by application of the model. To meet the audience needs, the model design should balance the often complex reality and model simplicity (De Bruin et al., 2005).

Within the reviewed existing CSR maturity models (in Section 7.3) it is common to represent maturity as a number of cumulative stages where higher stages build on the requirement of lower stages. The number of stages varies from model to model (3 to 7, as retrieved from Figure 33). It stands out that the stages are distinct and well-defined and that there is a logical progression through the stages.

Table 23 Decisions when designing a maturity model, reproduced from De Bruin et al. (2005)

Criterion	Characteristic		
Audience	Internal		External
	Executives, management		Auditors, partners
Method of application	Self-assessment	Third party assessment	Certified practitioner
Driver of application	Internal requirement	External requirement	Both
Respondents	Management	Staff	Business partners
Application	Single entity, single region	Multiple entities, single region	Multiple entities, multiple regions

7.4.2.1 Design decisions

The maturity model is primarily meant to be used by the management team (i.e. executive management, senior management)⁹ of a Dutch developing investor to determine the maturity of the company's CSR use, based upon active internal and external stakeholder engagement. Moreover, the model assists the management team, by means of self-assessment, in the determination of the desired "to-be" position and enables the development of a roadmap for improving the use of CSR from "as-is" to "to-be". The model is therefore prescriptive in nature. The model can be applied by multiple developing investors in the Netherlands.

The prescriptive maturity model indicates five maturity stages of use of CSR by Dutch developing investors in urban development processes. Maturity is represented as a number of stages where higher stages build on the requirements of lower stages with 5 representing high maturity and 1 low. The names of the stages are derived from Morgan (2012). In his book, Morgan (2012) uses stage names that are derived from a maturity model that Chess Media Group created. These names (1. Unaware, 2. Exploratory, 3. Defined, 4. Adoptive and 5. Adaptive) are short labels that give a clear indication of the content of the stage.

⁹ Although in an organisation higher levels of responsibility exist for the board of directors and those who own the organisation (shareholders), the management team (MT) has the day-to-day tasks of managing the organisation. The board of directors and shareholders manage the MT; the MT manages the day-to-day business activities of the organisation.

7.4.3 Populate

In this step, it is necessary to identify what needs to be measured in the maturity assessment and how this can be measured. Once an initial list of domain components has been developed, often interviews or document analyses are used to further validate model components (De Bruin et al., 2005).

7.4.3.1 Populate decisions

As this research is bound by time and means, it is only identified what needs to be measured in the maturity assessment; not how this can be measured.

The variables included in the conceptual model (Figure 9) are used as an initial list of CSR domain components. Based upon semi-structured interviews and document analyses conducted in the three case studies and the lesson drawing in the previous chapter, it is determined that the following issues should be measured in the CSR maturity assessment: to what extent the developing investor understands his business impact upon society; has defined material sustainability issues; has defined quantifiable sustainability goals; has defined sustainability strategies; and has institutionalised and operationalised sustainability strategies.

7.5 CSR maturity model for Dutch developing investors

The developed maturity model is presented in Figure 34. The stages are explained in the next sections.

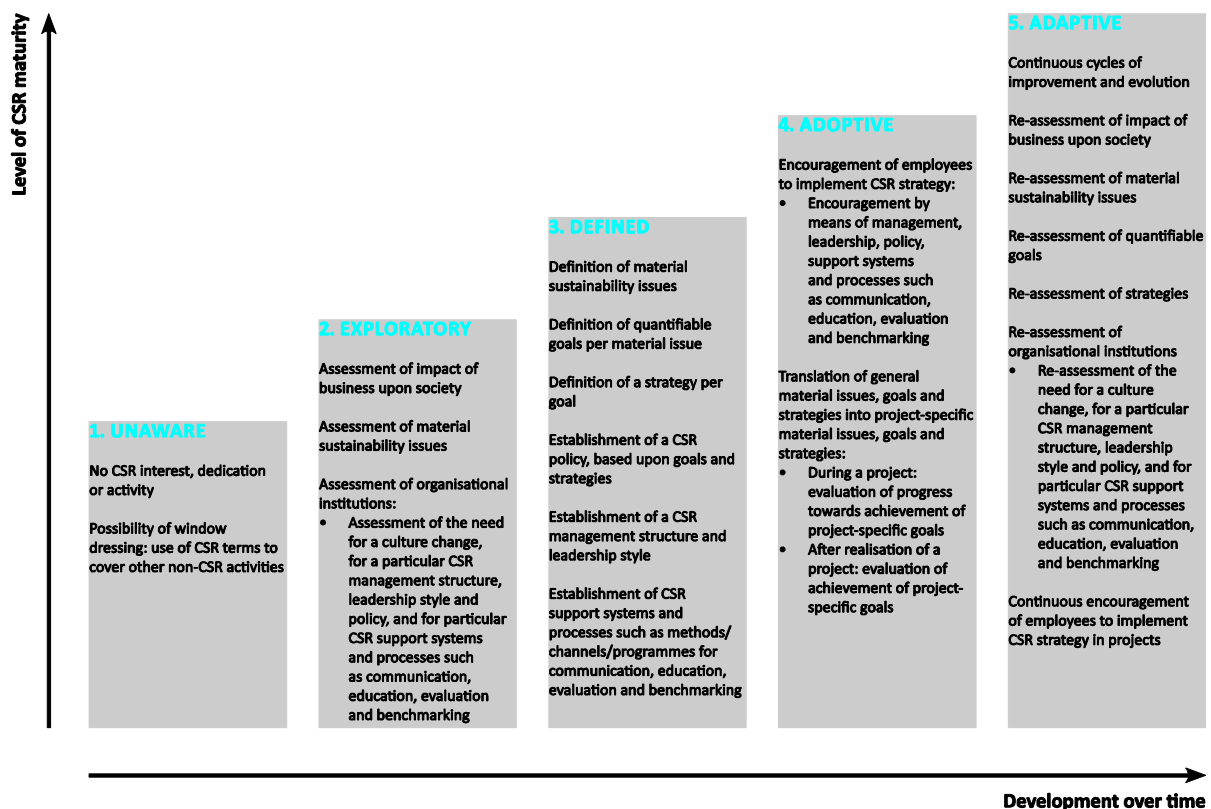


Figure 34 Maturity assessment model for use of CSR by Dutch developing investors in urban development processes, own ill., stage names based upon Morgan (2013)¹⁰

¹⁰ As explained by Morgan (2013), the names of the stages are derived from a maturity model that Chess Media Group created. This model is featured in Morgan's book "The collaborative organisation" (2012).

7.5.1 Stage 1: Unaware

In this stage, the developing investor does not know what CSR means and implies. The company does not show real CSR interest, dedication or activity. In this stage, there might be a possibility of window dressing. Then, the developing investor uses CSR terms to cover other non-CSR activities.

7.5.2 Stage 2: Exploratory

In this stage, the developing investor spends time researching and understanding what CSR is and how it may affect the business. The company starts to see the possibilities of CSR, and how it can be implemented in business practice. The developing investor starts to get excited about CSR, and ideas about CSR begin flowing. The company is educated on use of CSR.

7.5.2.1 Recommendations

In this stage, first, it is recommended that the developing investor performs a societal impact analysis, based upon stakeholder engagement. Herein, the company assesses the impact of its three main business disciplines upon society. Preferably, the developing investor assesses the societal impact per business discipline for all three dimensions of sustainability.

Subsequently, it is recommended that the developing investor performs a materiality assessment, again based upon stakeholder engagement. Preferably, per business discipline and sustainability dimension, the company considers one or multiple material sustainability issues – see Figure 35. As confirmed in literature (Costa & Menichini, 2013; Menichini & Rosati, 2014; Panayiotou et al., 2009; Tsalis, Nikolaou, Grigoroudis, & Tsagarakis, 2015), the reporting framework of the GRI, and particularly the Construction and Real Estate Sector Supplement, can be used to get acquainted with the broad range of CSR aspects. This framework does not have to be followed strictly, it is merely a starting point. Note: material issues might overlap; not every sustainability dimension, per business discipline, has to be covered by a material issue.

Finally, it is recommended that the developing investor assesses the knowledge of CSR and willingness of use of CSR of its employees. Hereby, the company explores the need for a change of work culture, for a particular CSR management structure, leadership style and policy, and for particular CSR support systems and processes such as communication, education (i.e. training), evaluation and benchmarking. By assessing current organisational institutions, the developing investor is able to judge if adjustments to institutions are necessary – see Angus-Leppan and Benn (2007), Angus-Leppan et al. (2010) and Basu and Palazzo (2008) on sensemaking.

7.5.3 Stage 3: Defined

In this stage, the developing investor is aware of what CSR means and implies for its business. The developing investor defines a clear CSR direction and strategy. Subsequently, the company communicates and shares this strategy with its employees.

7.5.3.1 Recommendations

It is recommended that the first step in CSR strategy formation is defining material sustainability issues. The next step is setting quantifiable (i.e. measurable) sustainability goals. It is recommended that the developing investor sets one or multiple goals per material issue. Note: there are two options in the goal setting process: (1) a goal corresponds to Dutch law and legislation; (2) a goal exceeds Dutch law and legislation. Goals of type 1 are not part of the company's CSR, and left out of account in the CSR strategy formation. Goals of type 2 are part of the company's CSR. Again, it is recommended to use the framework of the GRI to get acquainted with the broad range of performance indicators for material issues and goals. Subsequently, it is recommended that per quantifiable goal that exceeds Dutch law and legislation, the developing investor draws up a strategy. Herein, the developing investor writes down how to achieve a goal – see (again) Figure 35. Next, it is recommended that the

developing investor develops a CSR policy, based upon the company's CSR goals and strategies. This policy can be communicated and shared with employees.

In this stage, moreover, it is recommended that a particular CSR management structure is established. This structure must fit the company. It is not necessary, per se, to establish a separate CSR management structure; CSR management could also be incorporated in the company's current management structure. It could be the case that the proposed CSR strategy and subsequent policy includes new topics and actions for employees. Then, it is recommended to establish communication methods (for example intranet or meetings) and education programmes (for example workshops or courses) to share the company's CSR with employees, and make employees understand how to implement the CSR strategy in their daily work efforts and projects¹¹.

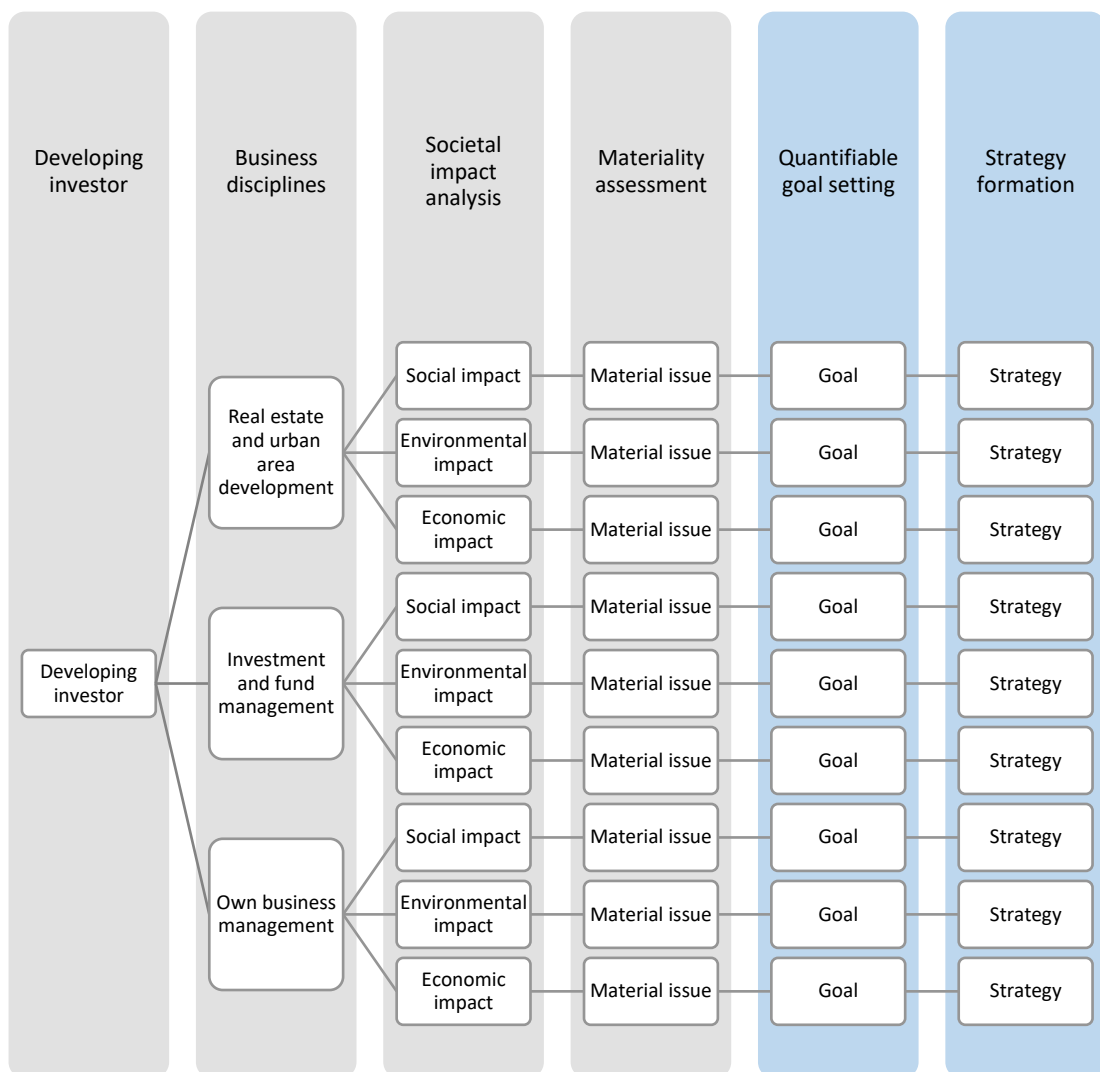


Figure 35 Framework for exploring CSR (phase 2 Exploratory; in grey) and for CSR strategy formation (phase 3 Defined; in blue) by developing investor, own ill.

¹¹ Projects include real estate and/or urban area development projects, and projects related to investment and fund management such as renovations of a part (i.e. assets) of a fund's real estate portfolio.

7.5.4 Stage 4: Adoptive

In this stage, the developing investor is in the process of full CSR strategy implementation. The impact of business upon society, material issues and sustainability goals, including measures of success (i.e. performance indicators, metrics), are communicated to employees. The CSR strategy is shared with employees. Employees are encouraged to implement the CSR strategy in their daily work efforts and projects. Per project, the “general” CSR strategy (see again Figure 35) is translated into a project-specific CSR strategy. In this stage, the greatest learning for the developing investor takes place, as progress towards the achievement of goals is evaluated and possibly benchmarked, and feedback is collected from employees.

7.5.4.1 Recommendations

It is recommended that at the start of every new project, the designated project manager translates the general strategic CSR framework into project-specific material issues, goals and strategies, since the entire CSR framework cannot be covered in a single project. Thus, the designated project manager critically reviews the quantifiable goals and strategies set by the management team, and carefully considers which goals are achievable within his project. Perhaps, the project allows to exceed the ambitions of the management team. Perhaps, the project allows to think of new strategies to achieve a particular goal. During the project, it is recommended that the project manager measures progress towards the achievement of the project-specific goals. After realisation of the project, the achievement of goals is measured, and feedback is provided to the management team or CSR director/manager.

7.5.5 Stage 5: Adaptive

The adaptive stage is not an end stage. This stage is a continuous cycle of improvement and evolution. Concerning CSR, the adaptive developing investor has a very solid understanding of what works and what does not work within the company, and is capable of making right decisions. Note, the developing investor might easily regress into previous stages, if, for example, the management team stops listening to and incorporating employee feedback from projects into its CSR efforts, which in turn can cause employees to not implement the general strategic CSR framework in their daily work practice.

In this stage, there are always improvements, updates and changes to the strategic CSR framework. These cause new best practices of which the company can learn. The developing investor is able to adapt to feedback from employees based upon their project experiences. The company’s CSR morale increases as employees see that they have a voice in the CSR strategy formation and their feedback is being implemented. Sharing, finding and collaborating on CSR information are at a peak.

7.5.5.1 Recommendations

It is recommended that the impact of business upon society is continuously re-assessed by the developing investor. Subsequently, material issues can be added. New material issues require new goals and strategies. Hereby, the strategic CSR framework is extended, and subsequently the CSR policy is adjusted. Former goals that exceeded Dutch law and legislation may possibly be the legal minimum required after some years, at thus not part of CSR anymore. These goals must be adjusted too. Employees are continuously encouraged to implement the extended strategic CSR framework in their projects. Moreover, it is recommended that the institutionalisation of the CSR strategy is continuously supported by (if necessary) changing or extending the CSR management structure, leadership style or support systems. For example: new CSR committees for employees are constituted, new education programmes about a particular material issue are set up, participation in a new benchmark is added, etc.

7.6 CSR maturity assessment of [Company A], [Company B] and [Company C]

Based upon the case study findings and the maturity model developed in this research, it can be argued that [Company A] is currently located in stage 3, [Company B] in stage 5 and [Company C] in stage 2 – see Figure 36.

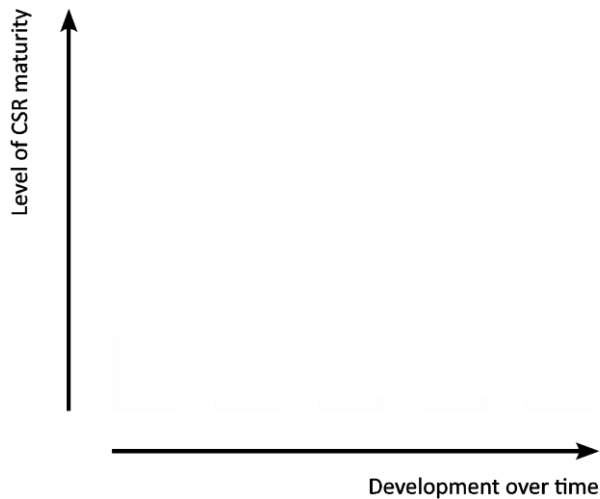


Figure 36 CSR maturity assessment of [Company C], [Company A] and [Company B], own ill. [anonymised]

[Company A] is clearly aware of what CSR means and implies for its business. The developing investor is currently busy defining a clear CSR direction and strategy. Subsequently, the company communicates and shares this strategy with its employees. The sustainability department of the company is working hard to get every employee “on board”. The first formal materiality assessment in 2015 provides further guidance for the quantifiable goal setting process. Through the core value of sustainability and stewardship, the setup of the sustainability department and the CSR advisory council, the institutionalisation of CSR seems on the right track.

[Company B] seems to have a very solid understanding of what works and what does not work within the company. However, it stands out that the sustainability goals and strategies established by [Company B] are still quite modest. This is not surprising: the use of CSR is rather new for [Company B] and apparently it takes some years to setup a mature CSR programme and management structure. In continuous re-assessment of CSR by [Company B], the focus could be more on the actual product: properties and urban areas. Herein lies the real impact of business upon society. It can be argued that the amount of training hours per employee and participating in charity events is less important, and not what the CSR of a developing investor should be about. Future formal materiality assessments provide guidance for the goal setting process. Through the business-in-community model and the CSR committee setup, institutionalisation of CSR seems successful.

[Company C] is currently exploring to what extent the company can take and wants to take responsibility for its business practice (additional to government regulation). Possibilities for CSR use are currently weighed by [Company C]. If [Company C] is indeed able to align the CSR considerations of the management team members and employees, the question is if [Company C] should write down an explicit CSR policy and set up an explicit CSR management structure.

7.7 Conclusion

The objective, question and methodology of this chapter are again presented in Table 24.

Table 24 Objective, question and methodology for research Part 3 Synthesis: CSR maturity model (Chapter 7)

Objective	To indicate the possible stages (i.e. gradations, levels) of use of CSR by Dutch developing investors
Question	What are the possible stages (i.e. gradations, levels) of use of CSR by Dutch developing investors?
Methodology	Particular focus on research technique “displaying tables and figures” and additional literature review on how to develop a maturity model.

The possible stages of use of CSR by Dutch developing investors are captured in a CSR maturity model that consists of five cumulative stages in which stage five represents the highest level of maturity. The model is based upon the basics of maturity model development by De Bruin et al. (2005). The stage names are derived from Morgan (2012; 2013): Unaware (1), Exploratory (2), Defined (3), Adoptive (4) and Adaptive (5). CSR components of the model are based upon the case studies and lesson drawing as performed in this research and include: societal impact analysis, materiality assessment, quantifiable goal setting, strategy formation, and strategy operationalisation and institutionalisation. The components are initially derived from the conceptual model for research, and confirmed as suitable for model building in the case studies and lesson drawing.

8. Conclusion

The objective of this research is to provide an understanding of the use of CSR by Dutch developing investors in order to develop sustainable urban areas. As already quite a lot of aspects have been discussed and all research sub-questions have been answered in the previous chapters, here a concise conclusion to the main research question is formulated. Recommendations for further research are also included in this chapter.

8.1 Answering the main research question

In this section the main research question is answered: **Within Dutch urban development, how can developing investors use CSR to develop sustainable urban areas?**

It can be concluded that CSR can be used by the Dutch developing investor as a means to optimise the impact of his three main business disciplines upon society. The three main business disciplines include (1) property and urban area development, (2) investment and fund management and (3) own business management. By reflecting on the impact of these business disciplines upon society, the developing investor is able to determine the responsibility additional to government regulation he is willing to take to minimise negative impact and maximise positive impact.

As explained in the previous chapter, there are several maturity stages of use of CSR. The maturity of use of CSR correlates with the extent to which the impact of business practice upon society is optimised. This implies a continuous process of measuring the impact of business upon society, selecting material sustainability issues, setting quantifiable sustainability goals, formulating strategies to achieve these goals and implementing the strategies into business practice – see Figure 37.

The formulation of the main research question suggests that the use of CSR by developing investors contributes to the development of sustainable urban areas. This research presumes that the continuous use of CSR assists developing investors in realising increasingly sustainable urban areas. The presumption is that the more sustainability strategies are implemented into business practice, the more sustainable the output of the urban development process (= the project/product) is.

Based upon research findings, it can be concluded that social responsible business by the developing investor is a necessary but not a sufficient condition of sustainable urban development. Looking at the shift from public sector-led urban development to private sector-led urban development, it seems that the Dutch urban planning context is better off with CSR than without it, if those are the two options. However, there are limitations to using CSR as a solution to social, environmental and economic issues in society. When CSR remains to be a voluntary and individual business activity, many societal problems are impossible to solve. Collective action and government regulation seem necessary to solve national and global problems like resource scarcity, climate change and loss of biodiversity. In its current voluntary format, CSR is no match for liberalisation, privatisation and deregulation in the Dutch urban planning context, and in the Netherlands in general.

8.1.1 Recommendations for Dutch developing investors

In addition, the present-day trigger for use of CSR seems not to be the positive impact it can have on society, environment and economy but the client and market demand as well as increased marketing opportunities. Rather than the feeling that it is the right thing to do, the motivation of the private sector to setup CSR programmes seems to stem from better business cases and increased branding opportunities – see Matisoff et al. (2014) and Miller et al. (2008).

Based upon the findings of this research, it is recommended that these rather extrinsic motivations for use of CSR evolve into intrinsic motivations in order to prevent the private sector from window

dressing and green washing. Only then private actors can take full responsibility to optimise impact of business upon society. As a market player that develops properties and urban areas in behalf of its own investment portfolio, the focus of the developing investor is both on the development and exploitation phase of real estate and urban areas. Regarding the capital and long-term focus of this actor, the developing investor should be intrinsically motivated to deliver and exploit buildings and public spaces that are durable and retain quality over time. If this is the case, CSR should not be about ticking off all possible sustainability labels and checklists to declare oneself sustainable and responsible. Obtaining labels and filling in checklists increases merely the competitive advantage of the company from a business/financial perspective – after all, shareholders and investors increasingly demand GRESB Green Star-, GPR- or BREEAM labels from the Dutch developing investor.

To conclude with, fortunately, there are examples of Dutch businesses and CSR associations whose idealist actions have certainly made a difference – see for example Dutch initiatives [anonymised]. However, it remains to be seen whether Dutch CSR activity evolves from well-intentioned and symbolic initiatives to more solid and institutionalised ones. For the Dutch developing investor it is recommended that the CSR focus is on the actual product, the properties and urban areas he develops and maintains. These cause the actual impact of business upon society – and not so much the participation in charity runs for example.

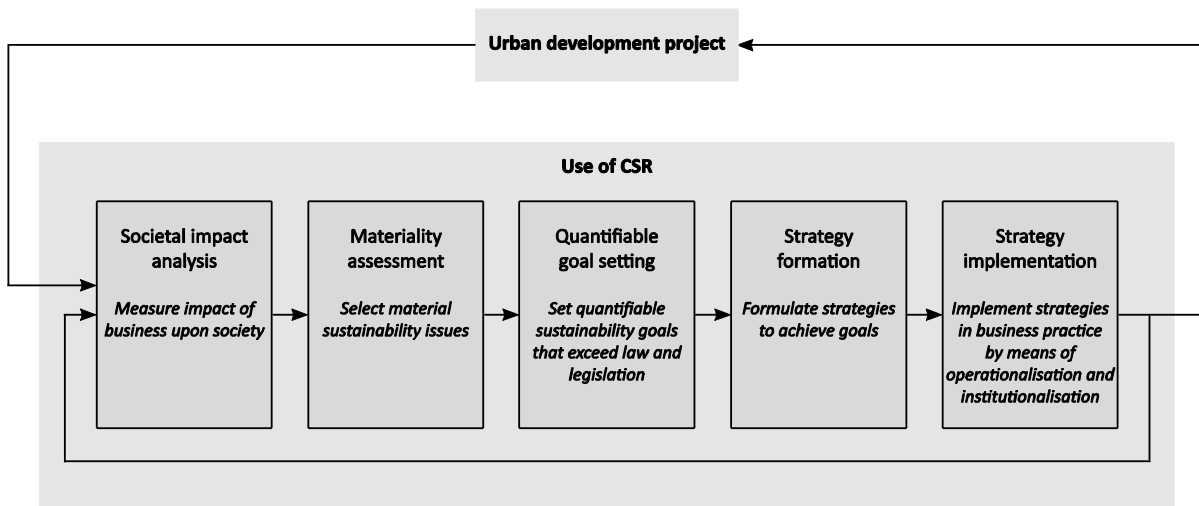


Figure 37 Continuous use of CSR by developing investor, own ill.

8.2 Recommendations for further research

Reviewing research findings, the following recommendations for further research are suggested.

To start with, this research focuses in particular on how and why CSR is used by developing investors. From a methodological point of view, a research sub-question on how CSR is used within urban development projects is not included. It is recommended to conduct further research with a focus more on urban development projects and the use of CSR herein by developing investors.

Second, researching the actual contribution of CSR to sustainable urban development is not included in the scope of this research – this research ends with a presumption. The contribution of CSR to sustainable development in general has been dealt with by Moon (2007) already. In further research, the contribution of CSR to sustainable urban development can be studied. Further research could try to relate the use of CSR and the level of sustainability of concrete urban development projects.

Moreover, additional research could focus on the use of CSR by other private actors within the Dutch planning context to gain a better understanding of motivations for CSR. Particularly the current CSR demands of shareholders (pension funds, insurers, etc.) of the Dutch developing investor raise questions: Why do pension funds like [Shareholder C1] and insurers like [Shareholder C2] specifically ask for GRESB Green Star-, GPR- or BREEAM labels? What is the added value of these labels?

Furthermore, from a more practical point of view, it is recommended to compare several existing CSR reporting frameworks, and filter material issues and performance indicators that are of importance for the Dutch developing investor. It is not advised, with emphasis, to develop a new reporting framework; this quick scan is only intended to provide developing investors with a list of possible issues to reflect upon and possible metrics to measure CSR performance.

To conclude with, it is recommended to further develop and test the prescriptive CSR maturity model that is designed in this research.

9. Reflection

First, this research is positioned within its graduation laboratory. Subsequently, a reflection upon the research process and methodology is provided.

9.1 Position of research within graduation laboratory

Graduation laboratory Sustainable Private Sector-led Urban Development is built upon the doctoral dissertation of Heurkens (2012) about private sector-led urban development projects. In the past years, graduate students have researched private sector-led urban development (projects) from the perspective of developers, investors, communities and corporations.

Private sector-led urban development and sustainability are a necessary pairing. Realising sustainable urban development projects is important for the future of cities. The extent to which these projects create smart, resilient and adaptive urban areas depends increasingly on the engagement of private parties. Private actors such as developers and investors and private organisations such as energy-, water- and waste management companies are looking for new business models and partnerships that deliver sustainable solutions for cities, and simultaneously create a healthy risk/return trade-off.

Nevertheless, it remains largely unknown what motivates private actors to engage in sustainable urban development projects. Earlier research within the context of this graduation laboratory indicates that sustainable urban development is still in its infancy, particularly at project developers (Buskens & Heurkens, 2016).

Insight is needed into how new types of governance methods stimulate private parties to engage in sustainable urban development projects. Moreover, insight is needed into the institutional change that is necessary to make these projects common practice.

9.1.1 New perspective

Studying the context and content of the graduation laboratory, the concept of CSR came up. In literature, CSR has been considered as a tool and a way of doing business that supports sustainable (urban) development – see Moon (2007).

The vast amount of (online published) CSR and SRI reports by (inter)national developers and investors attracted my attention. The industry of CSR certification, benchmarking and reporting appeared to be quite extensive: ESG, BREEAM, LEED, WELL, GRI, IIRC, Sustainable Development Goals and the United Nations Global Compact came by.

This first acquaintance with CSR raised questions. CSR seemed to address important sustainability issues for private parties involved in urban development practice, but no consensus on its meaning and application could be found. Plus, CSR seemed to be quite new in the Netherlands but already established years ago in more liberal (Anglo-Saxon) market economies such as in the USA and UK.

I presumed that CSR can stimulate private parties to engage in sustainable urban development projects. The main objective of research was to find out how Dutch private actors can use CSR to develop sustainable urban areas. The Anglo-Saxon practice was studied to find out how CSR rose and institutionalised there. It was logical to build upon the research of Heurkens (2012) and graduate student Sturm (2014), as they had already explored and compared the Anglo-Saxon and Dutch planning perspective. Moreover, it was interesting to build upon the research of Sturm (2014) about the **developing investor**, as this private actor type should be intrinsically motivated to deliver durable and future-proof properties and urban areas regarding the (partial) uptake of developed properties into his own investment portfolio.

Researching CSR – an Anglo-Saxon concept, particularly discussed in business administration literature – offered a **new perspective** on Dutch private sector-led urban development. As a first step, this research focused particularly on why and how developing investors take responsibility that goes beyond government regulation. Moreover, this research provided insight in the limitations of the use of CSR in the Dutch planning context.

From a methodological point of view, a research question on how CSR is used within actual urban development projects is not included in the scope of this research. The questions focussed primarily on how and why CSR is currently used by Anglo-Saxon and Dutch developing investors (in general). It is suggested that further research looks into the translation of determined material CSR/sustainability issues on a high business scale into actual project-specific issues. Then the contribution of CSR to sustainable private sector-led urban development can be studied further.

9.2 Research process

The research process was iterative in nature – I went back and forth many times between literature, empirical inquiry and research findings in order to connect all research dimensions. Several times I adjusted the conceptual analytical model, based upon reflection on the empirical data found in the case studies.

During the writing of the research proposal, the meaning of CSR remained rather vague and obscure. Particularly the rise and institutionalisation of CSR in different models of capitalism is often described very “woolly” in academic literature. Spending three months “in practice” was clarifying and instructive.

During the first week of my research internship at [Company C], the director of investment management explained that he asked [consultancy firm] to explore the possibilities of a CSR strategy or policy based upon ESG factors for [Company C]. This assignment for [consultancy firm] matched with my research and emphasised that the research topic is perceived as meaningful by practitioners.

It was decided that the consultants of [consultancy firm] and myself would together conduct 13 semi-structured interviews with [Company C] employees in order to gain insight in the (implicit) sustainable/responsible development and investment management by [Company C]. The interviews provided a great insight in how a developing investor functions in practice as the interviewees covered several disciplines within the company. It was very helpful to conduct the interviews together with the consultants. They provided me a practical insight in how the setup of a CSR programme can take place at a company. They particularly emphasised the need for CSR institutionalisation and getting everybody on board. Furthermore, I was able to share my own research findings with them for feedback.

It was interesting to experience the rather critical perspective of [Company C] on the concepts of CSR and sustainability. [Company C] focussed particularly on the “why” question: Why should we engage in CSR as a matter of course? Aren’t we doing the right things already? Why do we want to take responsibility for societal issues beyond government regulation? Moreover, [Company C] was quite critical about the obtaining of CSR labels and certification: Does that make an investor really sustainable and responsible or are those rather marketing tools?

It was very instructive to observe project meetings of the [Case C1] and [Case C2] project. These provided insight in the actual project development profession and all issues and stakeholders a developer has to deal with. Both project managers were very open about their daily work practices and invited me to several project meetings. Due to the non-hierarchical setup of [Company C], the responsibility for a development project or asset management project lies with individual employees. It was interesting to see how two different development managers steer a project in a particular sustainability direction, based upon own knowledge, habits and experience. For me this emphasised that urban development projects – even within the same city and company – are custom-fit: each area

has its own unique configuration of social, environmental and economic characteristics. This makes the setup of a coherent CSR programme in the urban development practice highly complex.

9.3 Research methods and validity of findings

In this section is reflected upon the data collection/analysis and the validity of research findings for several parts of the research.

9.3.1 Literature review

It was important to define CSR and sustainable development in a clear way, because in literature and practice these concepts are often called empty signifiers and perceived as vague and obscure. Several definitions of CSR are analysed and it is tried to come up with a list of aspects that are recognisable in all definitions. With regard to the origin of concept CSR, it was important to know where and why the concept originated. The historical and political notion explains why the meaning and use of CSR is still contested and perceived as ambivalent in the (inter)national urban planning practice.

9.3.2 Case study research

As this graduation research is bound by time and means, only two Anglo-Saxon case studies and a single Dutch case study is conducted. The validity of findings is increased by using different sources of data and research techniques (triangulation). Particularly in the single case study of [Company C] it was necessary to perform additional literature review about peers and shareholders of [Company C] to get a better grip on CSR in the Dutch real estate asset management sector. Another example of triangulation concerns the participatory observation performed at [Company C]. The selection of project meetings attended was rather random, based upon the agenda of project managers, and did therefore not cover all the responsible/sustainable issues related to the projects. The semi-structured interviews and more informal conversations with the project managers helped in putting more issues on the table.

Furthermore, according to Flyvbjerg (2006), in case study research, there is a tendency to falsify assumptions. This is due to the fact that the researcher can adjust hypotheses during the research process by means of reflecting on the empirical data found in the case study. In this research, three case studies are conducted to create the possibility to change the researcher's suppositions. As mentioned above, several times the conceptual analytical model is adjusted in the research process based upon reflection on the empirical data found. As such, from this perspective, the validity of research is safeguarded as the findings are not influenced by preconceptions. However, I had to deal with the preconceptions and opinions of the graduation company about CSR and sustainable development. These influenced my critical reflection upon the added value of CSR certification (BREEAM, LEED) and benchmarks (GRESB) for example. Therefore, sometimes it was difficult to safeguard the scientific research approach.

9.3.3 Lesson drawing

The lesson drawing is based upon international comparative research. The lessons drawn are not formally framed and tentative. The lessons are based upon issues the interviewees in the case studies mentioned as important, expert feedback collected during the research internship at [Company C], and my personal conviction. Therefore, the lesson drawing should not be considered as a valid assessment of the Anglo-Saxon case study results on relevance for the Dutch practice; it should rather be considered as a valuable discussion in which the limitations and possibilities of the implementation of Anglo-Saxon research findings are explored.

The lesson drawing could have been framed more scientifically by presenting the results from the cross case analysis to a formal expert panel consisting of Dutch practitioners and scholars. However, as the research is bound by time and means, this option is not conducted.

9.3.4 CSR maturity model development

Concerning the CSR maturity model development, a standard framework is followed – see De Bruin et al. (2005). The scoping-, design- and populate decisions are based upon literature review, the case studies, expert feedback collected during the research internship at [Company C], and my personal conviction. The model is therefore not (yet) formally framed. The model must be tested in practice for relevance and rigor. Moreover, it is important to test the model for validity, reliability and generalisability. In this research the model can be seen as a rather valuable device to display case study findings in a visually-oriented comparative manner.

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- [Interviewee C13], W. (2016, November 8) *Ontwikkeling duurzaamheidsbeleid [Company C] [semi-structured interview]*/Interviewer: R. Huijbregts, [consultants].
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- [Company B]. (2014). *Corporate Social Responsibility Report 2014*. Retrieved from [anonymised].
- [Company B]. (2015a). *Corporate Social Responsibility Report 2015*. Retrieved from [anonymised].
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- [Company B]. (2017a). The Company. Retrieved from [anonymised].
- [Company B]. (2017b). NKIL 6541 [Case B]. Retrieved from [anonymised].
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Zadek, S. (2004). The path to corporate responsibility. *Harvard Business Review*, 82(12), 125-133.
[Interviewee A], J. (2016, September 27) *Sustainable urban development and CSR at [Company A] [semi-structured interview]*/Interviewer: R. Huijbregts.

Annex 1 – List of definitions

Anglo-Saxon model	Type of capitalism applicable to the USA, UK and Canada (and others) that consists of liberal market economies with limited government control and legislation based upon Case Law. The model involves a favouring role of the market over the state (Heurkens, 2012).
Building Research Establishment Environmental Assessment Method (BREEAM)	BREEAM is a method of assessing, rating and certifying the sustainability of buildings. The standard is published by the Building Research Establishment (BRE) in 1990. Today the Dutch Green Building Council (DGBC) operates BREEAM NL in the Netherlands (BREEAM, 2016).
Circular economy	The circular economy is a generic term for an industrial economy that promotes resource productivity. The circular economy aims to reduce waste and pollution. It is the opposite of the linear economy which is a take-make-waste model of production (Ellen MacArthur Foundation, 2015).
Corporate Social Responsibility (CSR)	CSR refers to the voluntary activity of a company to pursue goals that are beneficial for society beyond those required by government legislation. Synonyms include sustainable business management, responsible business management, <i>Maatschappelijk Verantwoord Ondernemen (MVO)</i> , <i>duurzaam ondernemen</i> (Dahlsrud, 2008; Van Tilburg et al., 2012).
Developing investor	Within urban development practice, the developing investor is a market player that develops properties and urban areas (partially) in behalf of his own investment portfolio. For example, by developing new residences, he has influence on their typology and quality and the quality of the surrounding residential area. Thereby, the developing investor takes composing his portfolio into own hands. In the real estate asset management sector in which the developing investor operates he is involved in: investment management, development management and own business management. Examples of developing investors in the Netherlands are [Company C], [Peer C1] and [Peer C2] (Platform 31, 2005).
Empty signifier	A word or concept that does not point to any actual object or meaning agreed upon (Brown, 2016; Gunder, 2006).
Environmental, Social and Governance (ESG)	ESG refers to the three central factors in measuring the sustainability and ethical impact of an investment. ESG is closely linked to the concept of responsible investment, see Socially Responsible Investment (SRI) in this list (Roberts, Rapson, & Shiers, 2007).
Global Real Estate Sustainability Benchmark (GRESB)	GRESB is an international industry-driven organisation that addresses the ESG performance of real assets including real estate portfolios and infrastructure assets (GRESB, 2017).
Global Reporting Initiative (GRI)	GRI is an international organisation that helps businesses, governments and other organisations to understand and communicate the impact of business on sustainability issues. GRI publishes Sustainability Reporting Standards. GRI published its first guidelines (G) in 2000. New versions followed in 2002 (G2), 2006 (G3), 2011 (G3.1) and 2013 (G4). Reports published after December 31 st 2015 must use version G4 (KPMG, 2013).

Governance	Governance refers to all processes of governing whether by a government, market or network; whether over a formal or informal organisation or territory; and whether through laws, norms, power or language.
GPR <i>Gebouw</i> (software)	Digital instrument to map the sustainability of one or multiple buildings. Themes included are energy, environment, health, quality of use and future value (Agentschap NL, 2010).
International Integrated Reporting Council (IIRC)	IIRC supports the Integrated Reporting (IR) process of companies. An integrated report is a concise communication about how a company's strategy, governance, performance and prospects lead to the creation of value over the short-, medium- and long-term (IIRC, 2016).
Investment strategy	A set of rules, behaviours or procedures designed to guide an investor's selection of assets in his investment portfolio (Van Gool, Jager, Theebe, & Weisz, 2013).
ISO 26000 Guidance on Social Responsibility	ISO 26000 provides support on how businesses and organisations can operate in a social responsible way. The standard is launched in 2010 (ISO, 2017).
Leadership in Energy and Environmental Design (LEED)	LEED is a green building certification programme. It is developed by the United States Green Building Council (USGBC) and includes a set of rating systems for the design, construction, operation and maintenance of buildings and neighbourhoods (USGBC, 2017).
Materiality/material issue	Materiality is the principle of defining social, environmental and economic topics that matter the most to a particular business and involved stakeholders. 80% of the world's largest companies identify material issues in their reporting. There is a growing focus on materiality in reporting frameworks such as the GRI and IIRC, and in ESG requirements by stock exchanges (KPMG, 2014).
Materiality assessment	The process of selecting material issues.
Material passport	Digital document consisting of all the materials that are included in a product or construction. It consists of a set of data that describes characteristics of materials which give them value for recovery, recycling and reuse. Material passport or building passports are often created using Building Information Modelling (BIM) (Luscuere, 2016).
Performance indicator	Type of performance measurement. Evaluates the success of an organisation or a particular activity in which it engages. Indicators can be quantitative or qualitative and differ per business goal (KPMG, 2014).
Private sector-led urban development (project)	An urban development project in which private actors (developers/investors/corporations/communities) take a leading role and public actors (local planning authorities) adopt a facilitating role in managing the development of an urban area (Heurkens, 2012).
Public-Private Partnership (PPP)	Government service or private business venture that is funded and operated through a partnership of government and one or more private parties. In Dutch urban development practice, PPP models evolve from more public sector-led to private sector-led. Private sector-led models can be divided into developed-led, investor-led, community-led and corporation-led (Heurkens, 2012).

Rhineland model	Type of capitalism applicable to most continental European countries including the Netherlands that consists of regulated (social) market economies with (some sort of) government control and legislation based upon Civic Law. The model involves a favouring role of the state over the market (Heurkens, 2012).
Sharing economy	Economic model in which individuals are able to borrow or rent assets owned by someone else. The model is most likely to be used when the price of a particular asset is high and the asset is not fully utilised all the time (Investopedia, 2017b).
Socially Responsible Investment (SRI)	SRI or social investment, also known as sustainable, socially conscious, green or ethical investment, is any investment strategy that considers both financial return and social good (Roberts et al., 2007).
Stakeholder engagement	Process by which an organisation involves people who may be affected by the decisions it makes or can influence the implementation of its decisions. Key part of CSR (Carroll, 1991; Clarkson, 1995; Costa & Menichini, 2013).
Sustainability	Requires the integration of social, environmental and economic development in a way that is equitable and lasting (Williams & Dair, 2007).
Sustainable Development Goals (SDGs)	Set of 17 aspirational global goals defined by the United Nations and included in the 2030 Agenda for Sustainable Development (United Nations, 2017).
Urban area	Area with a large amount of people residing in it; area that has been significantly developed; area where the distance between buildings is very small; opposite of rural area (InvestorWords, 2017).
Urban (area) development	A way of working in which government bodies, private actors, and other actors involved reach an integration of planning activities and spatial investment, eventually resulting in the implementation of spatial projects (Daamen, 2010).
Urban development project	Project in which different actors, interests, functions, planning activities and cash flows are integrated for the purpose of the (re)development of an urban area by means of different forms of management, collaboration, partnerships and business models (Daamen, 2010).
WELL Building Standard	System for measuring, certifying and monitoring the performance of building features that impact health and well-being. Published by the International WELL Building Institute (IWBI) (International WELL Building Institute, 2016).
Window dressing	Activity that is intended to make a company or its services and/or products seem better or more attractive but that does not have any real importance or effect (Van de Poel & Royakkers, 2011)

Annex 2 – List of case study references

Access to the interview transcripts/summaries is limited to the graduation committee. Contact the researcher for more information on case references.

[Company A]

Interview:

- [Interviewee A], J. (2016, September 27). [Company A], director of sustainability and CSR. [Transcript available]

Reports:

- [Company A]. (2012). *2012 Corporate Social Responsibility Report*.
- [Company A]. (2013). *2013 Corporate Social Responsibility Executive Summary Report*.
- [Company A]. (2014). *2014 Corporate Social Responsibility Report*.
- [Company A]. (2016a). *2015 Corporate Social Responsibility Report*.
- Port of San Francisco. (2010). *[Case A]: preferred master plan*.

Electronic articles:

- [Company A]. (2011). [Company A] named developer for [Case A] in San Francisco.
- [Company A]. (2016b). [Company A] completes conversion to REIT status.
- [Company A]. (2016c). Investor presentation - August 2016.
- [Company A]. (2017). [Case A]: a [Company A] project.
- SocketSite. (2015). New numbers and timing for the massive [Case A] project.

[Company B]

Interview:

- [Interviewee B]., S. (2016, October 14). [Company B], community affairs officer. [Transcript available]

Reports:

- Planning Department Hong Kong. (2007). *[Case B] Planning Review. Executive Summary*.
- [Company B]. (2014). *Corporate Social Responsibility Report 2014*.
- [Company B]. (2015a). *Corporate Social Responsibility Report 2015*.
- [Company B]. (2015b). *[Company B] and Company Limited. Annual Report 2015*.

Electronic articles:

- [Anonymised] Construction. (2016a). [Anonymised] awarded residential and commercial development at [Case B].
- [Anonymised] Construction. (2016b). Sustainability.
- [Case B] Office. (2016). Overview of [Case B] development.
- [Company B]. (2017a). The Company.
- [Company B]. (2017b). [Case B].

[Company C]

Interviews:

- [Interviewee C1], H. (2016, October 19). [Company C], director urban area development. [Summary available]
- [Interviewee C2], W. (2016, October 19). [Company C], CEO. [Summary available]
- [Interviewee C3]. (2016, October 19). [Company C], manager marketing and research. [Summary available]
- [Interviewee C4]. , L. (2016, November 1). [Company C], director property development. [Summary available]
- [Interviewee C5], P. (2016a, September 19). [Company C], development manager [semi-structured interview about [\[Case C2\] project](#)]. [Transcript available]
- [Interviewee C5], P. (2016b, October 25). [Company C], development manager. [Summary available]
- [Interviewee C6], T. (2016, October 25). [Company C], CFO. [Summary available]
- [Interviewee C7]. (2016, October 25). [Company C], manager investor relations. [Summary available]
- [Interviewee C8], H. (2016, October 25). [Company C], manager human resources. [Summary available]
- [Interviewee C9], A. (2016, October 25). [Company C], technical manager. [Summary available]
- [Interviewee C10], A. (2016a, September 14). [Company C], development manager [semi-structured interview about [\[Case C1\] project](#)]. [Transcript available]
- [Interviewee C10], A. (2016b, November 1). [Company C], development manager. [Summary available]
- [Interviewee C11], B. (2016, November 1). [Company C], asset manager. [Summary available]
- [Interviewee C12], D. (2016, October 25). [Company C], portfolio manager. [Summary available]
- [Interviewee C13], W. (2016, November 8). [Company C], director investment management. [Summary available]

Reports:

- [Shareholder C2] Asset Management. (2015). *Responsible Investment Report*. [Shareholder C2] *Asset Management - 2015*.
- [Company C]. (2015). *Increasing Sustainability. Annual Report 2015*.
- [Peer C2]. (2015). *Jaarverslag 2015. [Peer C2] Real Estate Investment Management B.V.*
- Gemeente Amsterdam. (2015). *Manifest Circulair Buikslooterham*.
- [Shareholder C1]. (2015). *Jaarverslag Verantwoord Beleggen 2015*. [Shareholder C1].
- [Peer C1]. (2015). *Jaarverslag 2015. [Peer C1] Real Estate and Finance BV*.

Electronic articles:

- [Company C]. (2017a). [Case C2].
- [Company C]. (2017b). English summary.
- [Peer C2]. (2017). Maatschappelijk verantwoord ondernemen.
- Cobouw. (2016). [Case C1]: misschien wel mooiste plek van Amsterdam.
- [Peer C1]. (2017). Maatschappelijk verantwoord ondernemen: bewuste keuzes met een maatschappelijke visie.

Unpublished work:

- [Company C], & [anonymised]. (2016). *Ambitiedocument [Case C1]*.
- [Anonymised]. (2016a). *Circular [Case C1]: evaluating the circularity ambitions and vision [draft research report]*.
- [Anonymised]. (2016b). *Circularity and self-sufficiency options for the Waterfront apartments at [Case C1] [final research report]*.

- [Anonymised]. (2016c). *[Case C1]: circularity and self-sufficiency assessment for the Waterfront apartments at [Case C1] [research proposal]*.

Participatory observation¹²:

- 2016, September 14. Site visit and “inloopavond” with development manager [Interviewee C5]. [Case C2] project.
- 2016, September 19. Lean planning session with development manager [Interviewee C10] and project partners. [Case C1] project.
- 2016, October 3. Lean planning session with development manager [Interviewee C10] and project partners. [Case C1] project.
- 2016, October 4. Meeting about circular building with [anonymised], development manager [Interviewee C10] and project partners. [Case C1] project.
- 2016, October 11. “Bouwvergadering” (on-site) with development manager [Interviewee C5] and project partners. [Case C2] project.
- 2016, October 12. Meeting about shared mobility concepts with [anonymised] and development manager [Interviewee C5]. [Case C2] project.
- 2016, November 28. Workshop about integrity with [Company C] employees. [Company C].
- 2016, December 13. Presentation about branding concepts by [anonymised] with development manager [Interviewee C10] and project partners. [Case C1] project.
- 2017, January 19. Workshop about the desired CSR/sustainability direction with [Company C] management team. [Company C].

¹² These references are not included in the general references list of this thesis.

Annex 3 – [Company A]’s 2015 material issues

While conducting this graduation research, [Company A]’s 2015 CSR report was not yet published. The 2015 CSR report is published at the end of December 2016. Therefore, the 2014 CSR report is analysed in this research. In addition, a summary of [Company A]’s 2015 formal materiality assessment is visualised here. In total, four CSR themes are selected by [Company A], subdivided into 18 material issues – see Figure 38 and 39.

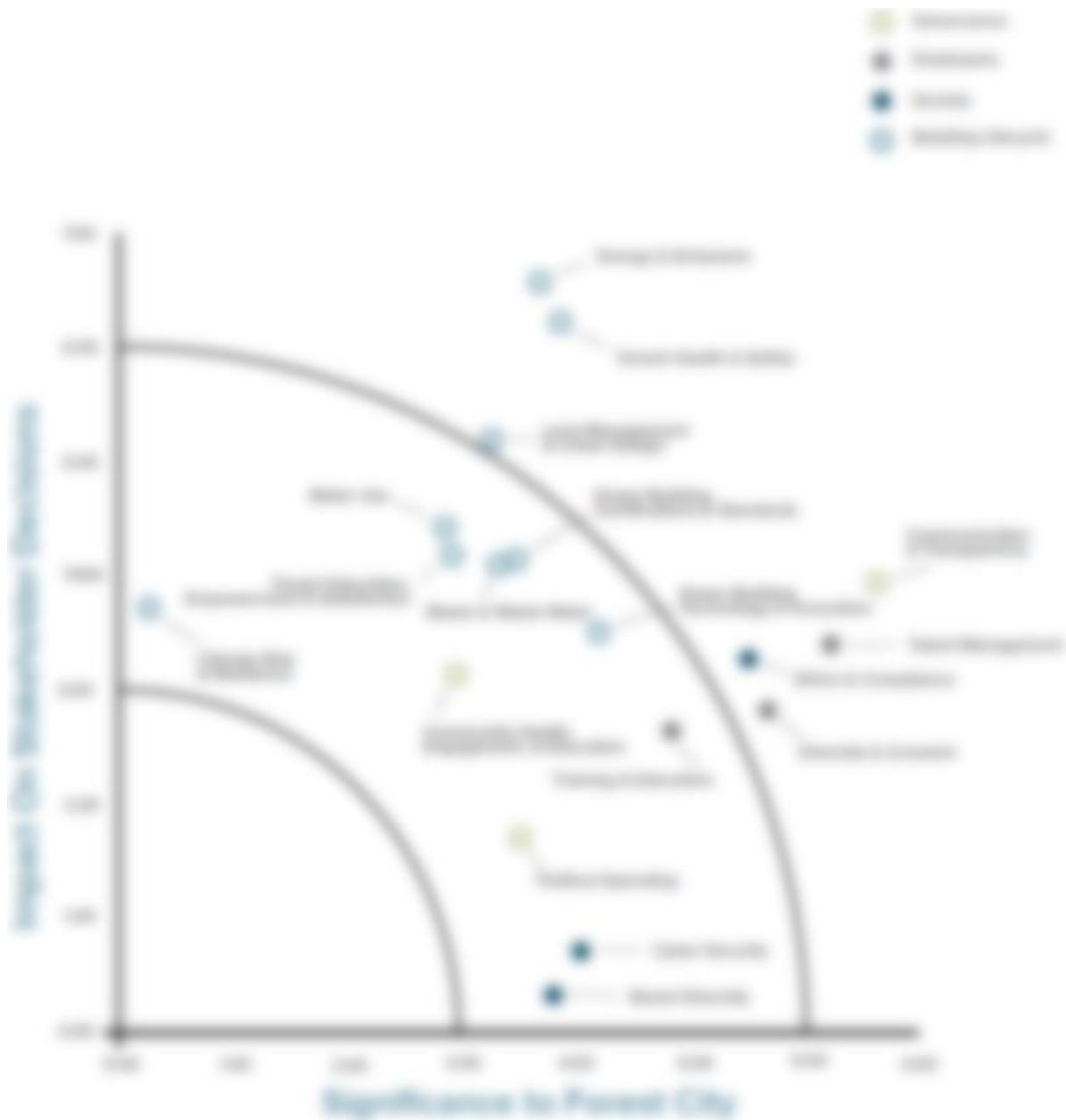


Figure 38 Materiality matrix ([Company A], 2016a, p. 18) [anonymised]

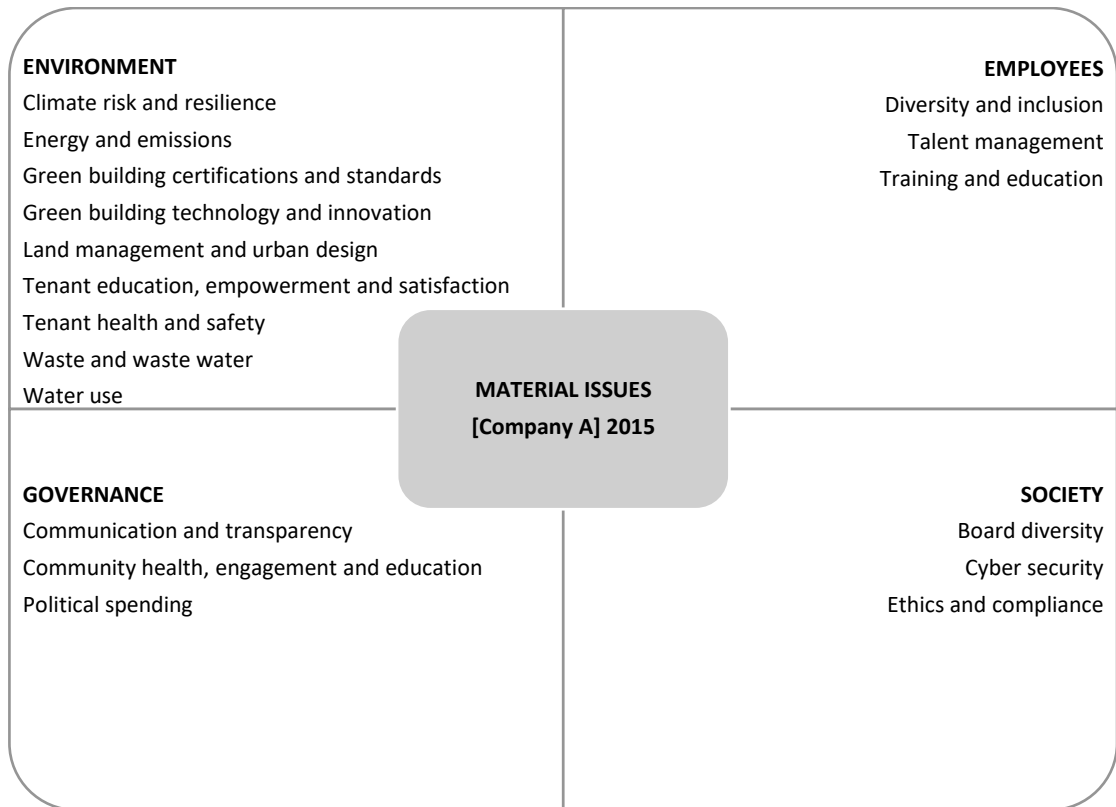


Figure 39 Selected material issues per theme in alphabetical order, own ill., based upon [Company A] (2016a, p. 18)

