THE SOCIALLY RESPONSIBLE DEVELOPING INVESTOR

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The use of Corporate Social Responsibility to develop sustainable urban areas

Master thesis
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1. **Reflection\(^1\)**

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

1.1 **Position of research within graduation laboratory**

Graduation laboratory Sustainable Private Sector-led Urban Development is built upon the doctoral dissertation of E. 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 also 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 – see Buskens and 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.

1.1.1 **New perspective**

Studying the context and content of the graduation laboratory, the concept of Corporate Social Responsibility (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 Socially Responsible Investment (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 E. Heurkens (2012) and graduate student C. 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 C. Sturm (2014) about the **developing investor**, as this private actor type should be intrinsically motivated to deliver durable

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\(^1\) In the Master thesis this reflection is included in Chapter 9.
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 focused 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.

1.2 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 [Graduation Company], the director of investment management explained that he asked an external consultancy firm to explore the possibilities of a CSR strategy or policy based upon ESG factors. This assignment matched with my research objectives, and emphasised that the research topic is perceived as meaningful by practitioners.

It was decided that the external consultants and myself would together conduct 13 semi-structured interviews with [Graduation Company] employees in order to gain insight in the (implicit) sustainable/responsible development and investment management by the company. 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 [Graduation Company] on the concepts of CSR and sustainability. [Graduation Company] 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, [Graduation Company] 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 [anonymised] and [anonymised] project at [Graduation Company]. 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 [Graduation Company], 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.

1.3 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.

1.3.1 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 are 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.

1.3.2 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 [Graduation Company] is was necessary to perform additional literature review about peers and shareholders of [Graduation Company] 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 [Graduation Company]. 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.

1.3.3 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 [Graduation Company], 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.

1.3.4 CSR maturity model development

Concerning the CSR maturity model development, a standard framework is followed – see De Bruin, Freeze, Kaulkarni, and Rosemann (2005). The scope, design and populate decisions are based upon literature review, the case studies, expert feedback collected during the research internship at [Graduation Company], 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 devise to display case study findings in a visually-oriented comparative manner.

References