Corporation-led Urban Development

Motives for multinational corporations to engage in Urban Development Projects

Final Research Report
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Preface

This report comprises the final graduation report that completes the master track of Real Estate and Housing, part of the Faculty of Architecture at Delft University of Technology. This research will be presented on the 22nd of January, 2015 and is conducted within the Urban Development Management laboratory, following the leading theme of ‘changing roles and relations’.

The specific subject of this research is Corporation-led Urban Development, which has my interest as it combines two disciplinary fields that might mutually benefit from a better understanding in each other’s worlds. Urban development has had my passion for a long time. It is the scale of its field of practice, the physical impact it has on people moving through it and the different types of value it is able to create that attract me the most. The fact that, in the Netherlands, this field of practice has been hampered by the impacts of the economic and financial crisis, evoked my interest in finding opportunities to mitigate its difficulties.

However, the studied phenomenon goes beyond the Dutch practice of urban development, as the key actors in this research are multinational corporations. In fact, the subject of study comprises one of the forms of private-sector led urban development as described by Heurkens (2012). A growing emphasis on the private sector in the field of urban development is caused by a gradual shift of societal values and the aforementioned effects of the economic crisis. This shift has caused new players to enter the urban development market, inevitably evoking a different balance in roles and relations between actors involved in urban development projects. Mutual understanding between these different actors will hopefully facilitate and simplify this shift. Therefore, this research is aimed at providing insight in the background of this new player in the urban development market, by performing two in-depth case studies and a set of additional quick scan cases.

I would like to thank my supervisors Erwin Heurkens, Herman Vande Putte (TU Delft) and Paul Rutten (Deloitte) for giving me the right amount of both freedom and support to help get me to this point. I hope you enjoy reading this report, just as I did writing it.

Bernadette Potters

January, 2015
“Life sometimes is much more simple than it seems”

- Hattig, 2014 -
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Management Summary
This management summary concisely describes this graduation research studying the motives for multinational corporations to engage in urban development projects. This summary comprises the main parts of this report.

CORPORATION-LED URBAN DEVELOPMENT
Motives for multinationals to engage in urban development projects

Research motives and research question
Since a couple of years a remarkable phenomenon is witnessed in the field of urban development. This phenomenon seems to entail that large multinational corporations start to engage in urban development projects. Academics, media and the large corporations themselves, give the impression that the corporations actively engage in the realisation of urban development projects. The Dutch documentary ‘Tegenlicht’ (VPRO, 2012) states that large corporations like IKEA and Siemens are more and more focussing on future cities by starting to physically develop them. This phenomenon attracts attention from many other people and organisations as well. Academics like De Zeeuw, Franzen and Mensink (2013) recognise these market players as new international markets entrants. They link this entrance to the shifting pane of the urban development market in which they put private equity and specific knowledge (De Zeeuw et al., 2013). A first glance at some corporate websites seems to confirm these statements, for instance with the statement that they engage in ‘sustainable urban development’ (Siemens, 2014a). This phenomenon also attracts the attention of critics, which seem to think that these corporations will have a decisive and overruling influence in the quality of life within these urban development projects (Saunders, 2012). Others see it as an opportunity to address the difficulties in the (financial) context of the Dutch urban development practice.

On the background of this phenomenon several contextual changes take place. These changes are both on the side of urban development and that of the corporate landscape. Within the field of urban development in several European and North American countries, funding problems that occurred after the economic crisis of 2008 have caused urban development projects to be under stress. These funding problems have caused a dependency of the public bodies involved in urban development on the private sector. Moreover, a shift in societal values towards more Anglo-Saxon values has also created an increasing emphasis on the private sector in the Netherlands. This is likely to cause a shift in the roles and relations of public and private actors in urban development (Heurkens, 2012).

On the other hand, the context in which multinational corporations operate is subject to change as well. Several megatrends, growing competition and an increased emphasis on the societal responsibilities of corporations demand them to continuously reassess their strategic focus (Sultan et al., 2008, De Wit and Meyer, 2010, Johnson and Scholes, 1993).

This phenomenon has developed at the intersection of both the field of urban development and corporate strategies. However, very few research has been done on this theme, and before one is able to judge the effects of this phenomenon, more insight in the background of this phenomenon is required: what drives these corporations to engage in urban development projects and how are these projects organised? This leads to the following main question of this graduation research:

“What motives do multinational corporations, with a core business other than Urban Development, have to engage in Urban Development, how does this engagement relate to their corporate strategy and core business and what role do they adopt within urban development projects?”
Research methodology

The main aim of this graduation research is to gather insight in the motives for multinationals to engage in urban development projects from a corporate perspective. To provide this insight, this research studies sub questions on the following research themes:

1) The characteristics of corporate strategies and urban development projects (theoretical)
2) The relation between the engagement in urban development projects and the corporations’ corporate strategies and core businesses and their motives to engage (theoretical and empirical)
3) The roles and activities performed by corporations and established relations and collaboration forms with other actors within urban development projects (empirical)

Two in-depth case studies are performed to describe the phenomenon of corporation-led urban development. The in-depth case studies comprise interviews and document review resulting in data that is analysed by means of an analytical framework. As these in-depth case studies did not result in the required data to provide insight in the phenomenon of corporation-led urban development, additionally five quick scan case studies are performed. These are based on document reviews and telephone interviews.

As little research has been done on this subject, an analytical framework, to which the case study results are subjected, is designed along the process of this research (see Figure 2 on page xii). Both the results of the in-depth case studies and the additional quick scan cases are subjected to this analytical framework. Subsequently, based on a comparative analysis in which motives, relations to corporate strategies and core businesses and the adopted roles are compared and linked to each other, insight is provided in the phenomenon and types of corporation-led urban development.

Context of Urban Development Projects and Corporate Strategies

As the background of this phenomenon is twofold, literature study is performed to understand both the context of urban development projects (which is the object of research) and that of corporate strategies (subject of study) and to identify the characteristics of both object and subject.

The context of urban development has changed both financially and socially. These changes in context caused a change in power balance between actors that are involved in urban development projects. Every urban development project is embedded in an economic and societal context. This context and its prevailing societal principles are determinative for the role each actor plays within an urban development project.

The practice of urban development has several characteristics that might be attractive for corporations. One of these characteristics is the fact that within urban development a multitude of actors is involved. Therefore, partnerships are always present in urban development projects. Moreover, both public and private actors are engaged in the realisation of these projects. Therefore, in this realisation interests of many stakeholders are to be integrated. Besides these interests, also functions, disciplines and cash flows need to be integrated (Daamen, 2010, De Zeeuw et al., 2013, Franzen and De Zeeuw, 2009) . This need for integration causes the characteristic of complexity of urban development projects. Another important characteristic of urban development projects is ability of value-creation, as it can create economic, ecological and societal value (Nirov, 2012).

Corporate strategies have some characteristics as well that might relate to the engagement in urban development. Multinational corporations have specific characteristics as they differ from other corporations concerning size, resources and diversity of geographic regions and therefore also concerning corporate strategies. One characteristic is the shift from producing products to producing or developing services and solutions. In this way multinationals try to distinguish themselves from smaller corporations that become more and more competing. Multinationals are able to make this shift because they have more financial and human resources (Bekker, 2014, Van der Velden, 2014). Another characteristic is that they try to anticipate the aforementioned megatrends. The world is currently experiencing several megatrends, having a profound effect
on how and where businesses think their opportunities lie. Lots of corporations try to develop their future strategies based upon these megatrends. The identified megatrends are urbanisation, the energy transition, changing demographics, climate change/resource scarcity and exponential growth of technological breakthroughs (PWC, 2013). This change of context in which corporations operate causes the future to seem uncertain.

To compete with these uncertain economic and political circumstances, multinational corporations develop strategies for effective innovation. A form of innovation that is considered to be of growing importance is open innovation, because combining creative resources can be mutually beneficial for the corporations involved. Considering the changing context for corporations the development of durable partnerships seems more fruitful than remaining essentially independent, since these partnerships enable the employment of open innovation. This is incorporated in multinational corporations by a growing emphasis on the networks within corporate strategies. Another way to anticipate their changing and competitive environment is for multinationals to redevelop their corporate policies to include some type of guidelines to ensure appropriate responses to corporate social responsibility (CSR) issues (Miles et al., 2006). There are several forms of addressing CSR in a corporation, but the most fruitful way is created when a social dimension is added to a corporation’s value-proposition by achieving both social and economic benefits at the same time (Porter and Kramer, 2006).

Assumptions and analytical framework
As mentioned, the phenomenon of corporation-led urban development finds itself on the intersection of both the field of urban development projects and that of corporate strategies. Therefore, motives for multinational corporations to engage in urban development are presumed to be found in the overlap in the characteristics of object and subject. The characteristics that seem to show overlap and therefore form assumed motives are depicted in Figure 1.

![Figure 1: assumed motives resulting from literature review](image)

These assumed motives combined with the analytical model depicted in Figure 2, which is a means of structuring these motives, function as the foundation of the empirical part of this research. In this analytical model the identified motives are structured according to Strategic Business Goals to which the engagement in urban development projects seems to be able to contribute. When designing this model it was assumed that the identified Strategic Business Goals represented a certain degree of involvement in the urban development project.
The in-depth case studies comprise a corporation (research subject) and a specific urban development project (research object). The subjects are Inter IKEA and Siemens and the objects are, respectively, the Strand East development project and The Crystal, which is an exhibition centre on urban sustainability. These research subjects are studied on the motives to engage in urban development projects, its relation to their corporate strategy and core business and the activities and roles they perform within the specific urban development projects.

**Inter IKEA Group**

Inter IKEA Group is a multinational corporation, specialised in the production and sale of self-assembly furniture. The Group’s overall purpose is “to secure continuous improvement and a long life of the IKEA Concept.” “As this will require investments in both good and bad times we strive to be financially independent” (Inter IKEA Group, 2014a). In this definition, the IKEA Concept entails the business idea to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.

The corporation has been engaging in the field of property investment and development with the establishment of the subsidiary Property Division in 1989, which now operates under the name Vastint.

Vastint has started developing the Strand East urban development project in the east in London in 2012. The area is located just south of the Queen Elizabeth Olympic Park in the Council of Newham and comprises 26 acres (11 hectares). The mixed-use development will comprise 1,200 dwellings, 58,000 m² of office space, a 350 room hotel, an underground parking garage, a restaurant, a school and day-care and quays with mooring facilities for water taxis.

Document review and interviews with people within Inter IKEA, Vastint and the council of Newham, showed that it is Inter IKEA’s *strategy* is to secure long term existence of the company by investing the profits made within the corporation. They engage in several different forms of investments, in which Vastint represent one of these forms of investment. In this sense, the engagement in urban development is part of the corporate strategy, even though it only concerns a small part of it. As the engagement in urban development projects can provide the corporation with relatively low-risk and long term return on investment, this engagement contributes to the corporate strategy of securing the long term existence of the corporation.

The *motives* for Vastint to engage in urban development seem to be fairly different from the assumed motives. Vastint does not consider partnerships established through urban development projects as a motive for engaging in them. Also all other assumed motives, being innovation, anticipating megatrends, a shift from services to solutions and CSR, are said not to be motives for their engagement. However, it is noticed that the
IKEA philosophy of delivering products “for the many people” is incorporated in Vastint’s activities as well, as the scale of the development allows them to develop in an affordable way. Moreover, the Strand East project is designed according to principles that enhance sustainability and a sense of community. Therefore, the motive of Corporate Social Responsibility is not rejected. Other motives that are mentioned to drive Vastint to engage in urban development projects are long term return on capital investment and economic value creation. Therefore these are considered additional motives. An important factor for the company is the scale urban development projects offer, as economies of scale allow them to develop in an affordable way. It also allows them to understand the whole process of urban development. It is noticed that the additional motives correlate to the first two categories of strategic business goals, being return on investment and real estate as core business.

When looking at the role Vastint adopts during the development process, it is noticed that the corporation takes on the full spectrum of the urban development process, including ownership after completion. This makes the corporations a long term stakeholder in the project as a holistic developer.

Siemens
Siemens is a multinational technology corporation that works in the fields of electrification, automation and digitalization. Their corporate strategy is stated as: aiming to capture and maintain leading market and technology positions in all our businesses by reaping particular benefit from the megatrends demographic change, urbanization, climate change and globalization. The corporation has been engaging in the development of cities since the change of their strategic focus on megatrends in 2008, when it set up the Infrastructure&Cities sector.

In 2010 the corporation initiated the development of The Crystal in the east London Royal Docks. The Crystal is an office and exhibition centre on urban sustainability and covers an area of 18.000 m². Interviews with people from within the Siemens Infrastructure&Cities sector and the council of Newham showed that the engagement in urban development is part of the corporation’s corporate strategy as it entails reaping the benefits of one of the four megatrends, being Urbanisation. The relation of this engagement in urban development to their core business is of an overarching nature; it combines knowledge on several core businesses. It also seems to be of a promotional nature as it shows potential clients the technological solutions the corporations has to offer.

Unlike the Inter IKEA case, the motives for Siemens to engage in urban development seem to correspond very well to the assumed motives. The most important motive is the establishment of partnerships with public bodies, as these are needed in order to fix urban problems. Moreover, these bodies are the ones that are involved in the decision-making process on which solutions to implement. It therefore seems that these partnerships are very important for providing Siemens’s future client base. This is considered to be an additional motive to the assumed motives. The shift from products to solutions is a very important motive for Siemens to engage in urban development as well. As mentioned, megatrends are at the core of Siemens’s strategy and therefore is another motive for their activities in city development. Innovation is an important driver for every activity performed by Siemens. CSR is the only assumed motive that does not seem to be identified in this case.

When looking at the adopted role, Siemens has taken on the full process as well in the development of The Crystal. However, a very important remark concerning this case study is the fact that The Crystal proved not to be the typical activity for Siemens’ Infrastructure&Cities team. The development of The Crystal was a one-off project for Siemens and they typically don’t get involved in construction. In that sense, the development of The Crystal cannot be considered as a typical Infrastructure&Cities type of activity. This division is involved in urban development projects where technology is part of it, in an informative and advisory role. Their advice will concern transport, energy and other technological solutions for urban problems. Siemens can take on operating their technological solutions as well later on in the project’s process.
Quick scan case study results
The results elaborated above, show that the two cases are quite divergent considering their motives and their role. In order to gain more insight in the phenomenon of corporation-led urban development, additional data is required. This data is provided by five additional cases that are studied on a quick scan basis. These cases consist of Ahold, Alliander, Vulcan, Tata and Cisco. They were selected on the fact that they gave the impression to have some involvement in an urban development project. They are very diverging concerning backgrounds, geographic regions, types of urban development project and studied material. However, the additional cases provide useful results for a more profound insight in the phenomenon of Corporation-led Urban Development.

In almost all cases the engagement in urban development projects is part of the company’s corporate strategy. The only case in which this is not confirmed, Vulcan Inc., there was no corporate strategy given and therefore no statement on this matter could be done. However, Vulcan’s activities in the SLU regeneration project seem to be part of the corporation’s purpose and philanthropic values.

Regarding the relation between the activities performed in urban development projects and the corporation’s core business, the additional cases provide three different types. These types of relations are:

- an expansion of the existing core business (Alliander and Cisco)
- the core business of a subsidiary (Vulcan Inc. and Tata)
- safeguarding its future core business (Ahold)

The same cases show overlap when looking at the corporations’ motives to engage in urban development projects. In the cases of Vulcan and Tata, only one of the assumed motives is identified as a motive, which is Corporate Social Responsibility. The other identified motives match the additional motives found in the Inter IKEA case. These are the long term return on investment and economic value creation.

In both the Alliander and Cisco case, the majority of the assumed motives are identified. In the Cisco case, all the assumed motives are likely to apply. Although, the studied material does not provide a decisive answer as to the establishment of partnerships. In the Alliander case, three of the five assumed motives and one additional motive are identified (partnerships, megatrends, CSR and opening up a client base). Alliander provides two additional motives: steering the urban development process and setting up an extra business line. The latter is also recognised in the Cisco case. In the Ahold case three assumed motives are identified and it provides the additional motive of securing the long term supply (of core business).

When looking at the activities and roles performed by these corporations, Alliander and Cisco seem to perform almost all activities in the development process. However, these activities are related to the development of their core businesses of infrastructure provision rather than to the development of real estate and public amenities. This is very different from the activities performed by Tata and Vulcan, which do take on the actual real estate and public amenity development. This difference is also reflected in the role the corporations adopt in the urban development projects; Alliander and Cisco are providers of their infrastructure and act as advisors towards the decision-makers in the urban development process. Tata and Vulcan on the other hand, act as holistic developers. A difference in the activities of the two corporations is the fact that Tata does not own the land and sells the dwellings after completion, whereas Vulcan is owner of land and objects within the SLU regeneration project. Ahold merely acts as an investor in urban development projects.

Motives and relation of engagement with corporate strategy and core business
In both the additional case studies and the in-depth case studies, the engagement in urban development is part of the corporate strategy in some way. Three ways in which the engagement in urban development projects contributes to realising the corporate strategy are identified:
• creating long term economic value/return on investment
• enabling the corporation to anticipate on megatrends (urbanization & energy transition)
• improving a community as part of (strategic) philanthropic philosophy

When analysing the results of the additional case studies in combination with the in-depth case studies, two groups of corporations seem to arise. The corporations within these groups seem to correspond to each other concerning the relation of their engagement in urban development with their core business and also concerning the identified motives for this engagement. These groups consist of 1) Inter IKEA, Vulcan and Tata and 2) Siemens, Alliander and Cisco. In Figure 3 all identified motives are represented. The red blocks are the motives mostly found in the group of Inter IKEA, Vulcan and Tata, whereas the green blocks represent the motives mostly found in the group of Siemens, Alliander and Cisco. The purple block represents Corporate Social Responsibility which is recognised as a motive in both groups. Regarding the motives to engage, Ahold seems to correspond more to the latter group of corporations. However, considering most other aspects, it seems that Ahold cannot be divided into one of the two groups. This figure also shows that all the assumed motives, except for CSR, are only recognised in the second group.

Adopted roles and involvement in the urban development process
Concerning the activities the corporations perform and the role they adopt in the urban development again the same corporations seem to correspond. Inter IKEA, Tata and Vulcan all three take on (almost) all activities in the urban development process, putting them in the role of holistic developers. This indicates a high degree of involvement in shaping the actual urban development project. Siemens, Alliander and Cisco also perform a lot of activities, but only concerning developments that are close to their core business (such as the provision of energy infrastructure or other technological applications). When it comes to activities in the actual urban development process, they merely act as advisors towards the decision-makers in the urban development process. This indicates a way lower degree of involvement of these corporations in the actual shaping of the urban development process. Ahold seems to be an odd one out again, as it’s acting merely as an investor in the urban development project, indicating an even lower degree of involvement in shaping the urban development project.
Relation between research themes
Concerning both empirical research themes (themes 2 and 3), the same groups of corporations seem to arise. This strengthens the idea that these corporations can actually be classified into these identified groups. It also indicates a relation between these two research themes. Theme 2 (relation between the engagement in urban development projects and the corporations’ corporate strategies and core businesses and their motives to engage) results in a profiling according to strategic business goals, whereas the theme 3 (roles, activities, established relations and collaboration forms) results in a certain degree of involvement in the urban development process. Figure 4 shows that both concerning the degree of involvement in the urban development process and the strategic business goals, the same corporations correspond. It shows that the corporations that have the strategic business goals of Business Development and Business Resource Provision (and Community Building) are only involved in the urban development process to a little degree. The corporations that have the strategic business goals of Return on Investment, Real Estate as Core Business, Business Development and Community Building are involved greatly in the urban development process and therefore in shaping the actual urban development project.

These matches indicate a link between the motives and strategic business goals, the degree involvement in the urban development process and the role the corporations adopt. The activity of giving advice, and therefore acting as an advisor, can be linked to the corporations’ motives to engage in urban development, which are innovation, a shift to solutions, anticipating megatrends, steering the urban development process, setting up an extra business line and Corporate Social Responsibility. Subsequently, these motives, and therefore the degree of involvement, can be linked to the strategic business goals of Business Development and Business Resource Provision.

The performance of (almost) all activities in the urban development process, and therefore adopting the role of a holistic developer, can be linked to the motives of creating long term return on investment, economic value creation and Corporate Social Responsibility. Subsequently, these motives, and therefore the degree of involvement, can be linked to the strategic business goals of Return on Investment, Real Estate as Core Business, Business Development and Community Building.

The identification of the degree of involvement showed that the corporations in group 1 are involved in the urban development process to a much higher degree than the corporations in group 2. When these degrees of involvement are linked back to the analytical model presented in Figure 2, the presumed degree of involvement indicated by the strategic business goals, does not match the resulting degree of involvement. Since group 1 distinguished itself by having the strategic business goals of Return on Investment, Real Estate as Core Business and Community Building. These can be considered to indicate a higher degree of involvement than the other strategic business goals. Therefore, the scale of the initial analytical model has been adapted in this figure. These strategic business goals do not represent a certain degree of involvement in itself, but the combination of certain strategic business goals identified in the groups of corporations do. Figure 4 shows that the combination of the strategic business goals of Business Development, Community Building, Return on Investment and Real Estate as Core Business represents a high degree of involvement, whereas the combination of the strategic business goals of Business Development, Business Resource Provision and Community Building represents a lower degree of involvement.
Conclusions
The linkages found in the relation between the two empirical research themes, strengthen the idea of the corresponding groups. They also make it possible to sketch two types of profiles of presumed corporation-led urban development projects, which are Developing Multinationals and Technological Partners. Considering the limited number of studied cases these profiles are merely an attempt to structure the phenomenon of corporation-led urban development and they cannot be considered to be fixed and decisive types.

Profile 1: Developing Multinationals

These corporations (to which Inter IKEA, Vulcan and Tata can be assigned) seem to be family originated corporations with incorporated philanthropic values that perform the whole spectrum of the urban development process and adopt the role of a holistic developer. They have their activities organised in an independent subsidiary of which the core business is urban development and with their engagement in urban development they contribute to their corporate strategy by creating economic value and long term return on investment and improving a community. They are highly involved in the urban development process and therefore in shaping the actual urban development process.

Figure 4: motives and strategic business goals linked to degree of involvement in UD process
Profile 2: Technological Partners

These corporations (to which Siemens, Alliander and Cisco can be assigned) seem to be corporations with a technological core business that perform only the activity of advising in urban development and therefore adopt the role of advisor. Considering aspects that align closely to their core business they perform much more activities and these activities are organised in a business unit within the corporation. This engagement in urban development contributes to the corporate strategy because it enables them to anticipate megatrends. They are only to a little degree involved in the urban development process and shaping the actual urban development process.

The Technological Partners do not deviate much from their core business. They only engage in those activities of the urban development process that are close to their core business. In hindsight, it is quite logical that these corporations do not engage in a business that does not belong to their core, as by definition focus on this core business is required to remain an efficient and profitable corporation. The Developing Multinationals have therefore organised these activities in an independent subsidiary of which the engagement in urban development is the core business, so these activities are performed in an efficient and profitable way and they do not distract the focus of the multinational corporations away from their core business.

When reflecting these profiles to the definition of Corporation-led Urban Development, the main difference between the two sketched profiles is the fact that Developing Multinationals take on a leading role in the urban development process which the Technological Partner does not. Therefore, Developing Multinationals are considered to perform Corporation-led Urban Development. Technological Partners do not take on this leading role and merely acts as an advisor within this process. The activities they perform in urban development projects are aligned closely to their core business. Therefore, the urban development projects that are advised by this group of corporations cannot be considered Corporation-led Urban Development.

Developing Multinationals engage in urban development with the strategic business goals of Return on Investment, Real Estate as core business and Community Building. This combination of strategic business goals seems a requirement for being able to perform Corporation-led Urban Development (in the role of a holistic developer). This is because developing urban development projects contributes to these strategic business goals. If a corporation does not have these strategic business goals, it does not seem to be fruitful to engage in urban development projects in the role of a holistic developer as it takes away the focus from the corporation’s core business.

Discussion

As mentioned above, the entrance of corporations in the field of urban development projects is considered an opportunity for mitigating the (mainly financial) problems in the Dutch urban development practice. When looking at the corporations that are considered to perform Corporation-led Urban Development (Developing Multinationals), it does seem a fruitful phenomenon for the urban development practice. The corporations are financially strong and independent which provides several advantages. They are capable of making large investments that provide return on the long term, whereas traditional developers are required to make short term profits. These large investments secure the corporation’s long term involvement. These corporations will benefit from a well-functioning, sustainable and qualitative urban development project as it safeguards their returns and their names. Therefore they will most likely put a lot of effort in establishing this high quality urban development. Therefore, the long term involvement of Developing Multinationals is most likely beneficial for the practice of urban development.
Although Technological Partners cannot be considered to perform Corporation-led Urban Development, partnering with them in the development of an urban area seems valuable as well. As one of their goals of engaging in urban development is anticipating megatrends, partnering with them might help an urban area to be developed in a more future-proof and sustainable way. Since their expertise lies within technological applications, it is possible to attain very high technological standards, without carrying the risk, as these corporations develop and operate these applications themselves. Another motive for these corporations to engage in urban development is innovation. By partnering with such a corporation, it is possible to integrate innovation into the urban development project.

The abovementioned aspects seem to indeed provide opportunities for the urban development practice. However, as stressed throughout this research, this research only provides a first exploration of the phenomenon of Corporation-Led Urban development and more research should be done in order to make decisive statements. The outcomes and models and frameworks designed throughout this research can be used to structure and steer this further research.
Management Samenvatting
Deze management samenvatting beschrijft beknopt dit afstudeeronderzoek naar motieven voor multinationals om te deel te nemen in gebiedsontwikkelingsprojecten. Het omvat de hoofdelementen van het onderzoeksrapport.

Bedrijfgestuurde Gebiedsontwikkeling
Motieven van multinationals om deel te nemen in gebiedsontwikkelingsprojecten

Onderzoeksaanleiding en -vragen


Aan de andere kant is de context waarin multinationals opereren ook onderhevig aan veranderingen. Verschillende megatrends, groeiende concurrentie en een grotere nadruk op de maatschappelijke verantwoordelijkheden van bedrijven, eisen van ze dat ze continu hun strategische focus blijven toetsen (Sultan et al., 2008, De Wit en Meyer, 2010, Johnson en Scholes, 1993).

Het fenomeen van bedrijfgestuurde gebiedsontwikkeling heeft zich ontwikkeld op het snijvlak van zowel het vakgebied van gebiedsontwikkeling als die van bedrijfsstrategieën. Er is echter nog zeer beperkt onderzoek gedaan naar dit thema, dus om de effecten van dit fenomeen in te kunnen schatten is er meer inzicht nodig in de achtergrond ervan: wat zijn de drijfveren van deze bedrijven om deel te gaan nemen in gebiedsontwikkeling en hoe zijn deze projecten georganiseerd? Dit leidt tot de volgende onderzoeksvraag die ten grondslag ligt aan de afstudeerrapport:

“Welke motieven hebben multinationals, met een kernactiviteit anders dan gebiedsontwikkeling, om deel te nemen in gebiedsontwikkeling, hoe verhoudt deze deelname zich tot de bedrijfsstrategie en core business en welke rol nemen aan in deze gebiedsontwikkelingsprojecten?”
Onderzoeksmethodologie
Het doel van dit onderzoek is om inzicht te bieden in de motieven van multinationals om deel te nemen in gebiedsontwikkelingsprojecten vanuit een bedrijfsstrategisch oogpunt. Om dit inzicht te kunnen bieden is dit onderzoek onderverdeeld in sub-vragen die de volgende onderzoeksthema’s beslaan;

1) De karakteristieken van bedrijfsstrategieën en gebiedsontwikkelingsprojecten (theoretisch)
2) De verhouding tussen de deelname in gebiedsontwikkelingsprojecten en de bedrijfsstrategieën en kernactiviteit en de motieven om deel te nemen (theoretisch en empirisch)
3) De rollen en activiteiten die de bedrijven op zich nemen en de samenwerkingsvormen met andere actoren in gebiedsontwikkelingsprojecten (empirisch)

In dit onderzoek zijn twee diepte casestudies uitgevoerd om het fenomeen van bedrijfsgestuurde gebiedsontwikkeling te kunnen omschrijven. Deze twee diepte cases behelzen interviews en een documentenanalyse. De resultaten hiervan zijn geanalyseerd aan de hand van een analytisch model. Omdat deze diepte cases niet resulteerden in de benodigde data om inzicht te kunnen bieden in het fenomeen van bedrijfsgestuurde gebiedsontwikkeling zijn er vijf additionele quick-scan casestudies uitgevoerd. Deze zijn gebaseerd op documentenanalyses en waar mogelijk telefonische interviews.

Omdat er slechts weinig onderzoek is verricht naar dit onderwerp, is er een analytisch model ontworpen gedurende het onderzoeksvrouwsproces waaraan de casestudie-resultaten zijn onderworpen (zie Figuur 2 op pagina xxiv). Dit geldt voor zowel de resultaten van de diepte casestudies als die van de quick-scan casestudies. Vervolgens is er inzicht geboden in het fenomeen bedrijfsgestuurde gebiedsontwikkeling op basis van een vergelijkende analyse. Hierin worden motieven, verhoudingen tot bedrijfsstrategie en kernactiviteit en rollen van de verschillende cases met elkaar vergeleken en aan elkaar gekoppeld worden.

Context van gebiedsontwikkelingsprojecten en bedrijfsstrategieën
Gezien de tweeledigheid van de achtergrond van dit fenomeen, is er literatuurstudie gedaan naar zowel de context van gebiedsontwikkelingsprojecten (onderzoekobject) als die van bedrijfsstrategieën (onderzoekssubject). Ook de karakteristieken van zowel object als subject zijn hierin onderzocht.

De context van gebiedsontwikkelingsprojecten is zowel financieel als maatschappelijk veranderd. Deze contextuele veranderingen veroorzaken een verschuiving in de machtsbalans tussen de actoren die betrokken zijn bij gebiedsontwikkelingsprojecten. Elk gebiedsontwikkelingsproject is ingebed in een economische en maatschappelijke context. Deze context en de gangbare maatschappelijke principes zijn bepalend voor de rol die elke actor speelt in een gebiedsontwikkelingsproject.


Bedrijfsstrategieën hebben ook een aantal karakteristieken die gerelateerd zouden kunnen worden aan de deelname aan gebiedsontwikkelingsprojecten. Multinationals hebben specifieke karakteristieken doordat ze van andere bedrijven afwijken wat betreft grootte, middelen en de verschillende geografische regio’s waarin ze opereren. Hierdoor wijken bedrijfsstrategieën van multinationals ook af van die van andere bedrijven. Eén van
de karakteristieken van deze bedrijfsstrategieën is de verschuiving van het leveren van producten naar het leveren van services en oplossingen. Op deze manier proberen multinationals zich te onderscheiden van kleinere bedrijven die steeds concurrerender worden. Multinationals kunnen deze verschuiving maken omdat zij meer financiële middelen en personeel tot hun beschikking hebben (Bekker, 2014, Van der Velden, 2014). Een andere karakteristiek is dat bedrijfsstrategieën van multinationals proberen te anticiperen op megatrends. De wereld is momenteel onderhevig aan verscheidene megatrends die grote effecten hebben op de perceptie van bedrijven wat betreft hun kansen om hun positie te handhaven en te versterken. Veel multinationals proberen met hun bedrijfsstrategieën in te spelen op deze megatrends. De geïdentificeerde megatrends zijn urbanisatie, veranderende demografie, klimaatverandering/schaarste en de exponentiële groei van technologische doorbraken (PWC, 2013). Deze veranderingen in de context hebben voor bedrijven een onzekere toekomst tot gevolg.

Om concurrerend te blijven opereren in deze onzekere economische en politieke omstandigheden, ontwikkelen multinationals strategieën om effectief te kunnen innoveren. Een steeds belangrijker wordende vorm van innoveren is open innovatie. Het combineren van creatieve en innovatieve middelen kan wederzijdse voordelen opleveren voor de betrokken partijen. Gezien de omschreven veranderende context, lijkt het vruchtbaarder om duurzame partnerships aan te gaan dan om onafhankelijk te blijven, omdat deze partnerships het mogelijk maken om open innovatie toe te passen. Bedrijven nemen dit op in hun bedrijfsstrategie door hierin een grote nadruk te leggen op het creëren van netwerken. Een andere manier om te anticiperen op de veranderende en concurrerende context is het opnemen van een bepaalde vorm van maatschappelijk verantwoord ondernemen (CSR) in hun beleid (Miles et al., 2006). Er zijn verschillende manieren om maatschappelijk verantwoord ondernemen te integreren in een bedrijf, maar het meest vruchtbaar lijkt het als de maatschappelijke aspecten iets toevoegen aan de waarde-propositie van het bedrijf door zowel maatschappelijke als economische waarde te generen (Porter en Kramer, 2006).

Aannames en analytisch model
Zoals eerder genoemd, bevindt het fenomeen van bedrijfsgestuurde gebiedsontwikkeling zich op het snijvlak van gebiedsontwikkelingsprojecten (object) en bedrijfsstrategieën (subject). Daarom wordt er in dit onderzoek aangenomen dat de motieven voor multinationals gevonden kunnen worden in de overlap tussen de karakteristieken van object en subject. Deze overlappende karakteristieken vormen de hypothetische motieven en worden verbeeld in Figuur 1.

Figuur 1: hypothetische motieven resulteren uit literatuuronderzoek
Gecombineerd met het analytische model dat is weergegeven in Figuur 2, wat dient ter structurering, vormen deze hypothetische motieven de bases voor het empirische deel van dit onderzoek. In dit model zijn de geïdentificeerde motieven gestructureerd aan de hand van de strategische bedrijfdoelen waaraan deelname aan gebiedsontwikkelingsprojecten bij zou kunnen dragen. Bij het ontwerpen van dit analytisch model is aangenomen dat de strategische bedrijfdoelen een bepaalde mate van betrokkenheid in gebiedsontwikkelingsprojecten aanduiden.

Resultaten diepte casestudies
De diepe casestudies behelzen een multinational (onderzoeksobject) en een specifiek gebiedsontwikkelingsproject (onderzoekssubject). Deze multinationalen zijn Inter IKEA en Siemens en de gebiedsontwikkelingsprojecten zijn respectievelijk het Strand East gebiedsontwikkelingsproject en The Crystal, een voorlichtingscentrum over duurzame steden. Deze bedrijven zijn bestudeerd op hun motieven om deel te nemen aan gebiedsontwikkelingsprojecten, de relatie van deze deelname met de bedrijfsstrategie en kernactiviteit en de activiteiten en rollen die ze op zich nemen in het specifieke gebiedsontwikkelingsproject.

Inter IKEA Group
Inter IKEA Group is een multinational, gespecialiseerd in de productie en verkoop van zelfbouwmeubelen. Het overkoepelende doel van de Group is ‘het garanderen van een continue verbetering en een lange levensloop van het IKEA-concept.’ ‘Omdat dit investeringen in goede en slechte tijden vereist streven wij financiële onafhankelijkheid na’ (Inter IKEA Group, 2014a). In deze definitie houdt het IKEA concept het volgende in: het aanbieden van een breed scala aan goed ontworpen, functionele meubels tegen prijzen die zo laag zijn dat zoveel mogelijk mensen zich deze producten kunnen veroorloven. Het bedrijf is in 1989 gestart met het doen van vastgoedinvesteringen en –ontwikkeling door het opzetten van het dochterbedrijf Property Division. Dit dochterbedrijf opereert sinds oktober 2014 onder de naam Vastint. Vastint is in 2012 begonnen met de ontwikkeling van Strand East gebiedsontwikkelingsproject in het oosten van Londen. Het gebied bevindt zich ten zuiden van het Queen Elizabeth Olympic Park in de stadsdeelwijk Newham. Deze mixed-use gebiedsontwikkeling zal bestaan uit 1.200 woningen, 58.000 m² kantoorruimte, een hotel, restaurant, school, kinderdagverblijf en aanmeerfaciliteiten voor taxiboten.

Documentenanalyses en interview met mensen binnen Inter IKEA, Vastint en stadsdeelwijk Newham, wezen uit dat Inter IKEA’s strategie het veiligstellen van een langdurig bestaan van het bedrijf door winsten gemaakt binnen het bedrijf te investeren is. Het bedrijf hanteert verschillende vormen van investeringen, waarvan die investeringen die Vastint doet er één zijn. In die zin is het deelnemen in gebiedsontwikkelingsprojecten onderdeel van de bedrijfsstrategie, ondanks dat het slechts een klein deel van deze strategie betreft. Doordat de deelname in gebiedsontwikkelingsprojecten het bedrijf van een lange termijn rendement met een laag risico voorziet, draagt het bij aan de bedrijfsstrategie van het veiligstellen van een langdurig bestaan van het bedrijf.
De motieven van Inter IKEA om deel te nemen aan gebiedsontwikkelingsprojecten lijken wezenlijk te verschillen van de hypothetische motieven. Het bedrijf ziet partnerships niet als een motief om te deel te nemen aan gebiedsontwikkelingsprojecten, net zoals alle andere hypothetische motieven. De casestudie laat echter wel zien dat de bedrijfsfilosofie van het leveren van producten voor ‘zoveel mogelijk mensen’ ook wordt doorgevoerd in de bedrijfsactiviteiten van Vastint. De schaal van de gebiedsontwikkeling maakt het mogelijk om op een betaalbare wijze te ontwikkelen. Bovendien is het Stand East project zodanig ontworpen dat het duurzaam is en een gemeenschapsgevoel ontstaat. Om deze redenen wordt het hypothetische motief van CSR niet verworpen. Andere motieven die genoemd worden zijn lange termijn rendement op investeringen en economische waarde-creatie. Deze worden gezien als additionele motieven. Een belangrijk aspect van gebiedsontwikkelingsprojecten voor het bedrijf is de grote schaal die ze bieden, waardoor schaalvoordelen ervoor zorgen dat ze betaalbaar kunnen ontwikkelen. Daarnaast kunnen ze in het ontwikkelen van een gebiedsontwikkelingsproject het hele proces onder de knie krijgen. De additionele motieven komen overeen met de strategische bedrijfsdoelen van Rendement en Vastgoed als Kernactiviteit.

Wat betreft de rol die Vastint aannemt in het ontwikkelproces, laat de casestudie zien dat het bedrijf het hele spectrum van het ontwikkelproces op zich neemt, waaronder eigendom na oplevering. Hiermee acteert het bedrijf als een holistische ontwikkelaar.

Siemens
Siemens is een technologische multinational die actief is op het gebied van elektriciteit, automatisering en digitalisering. De bedrijfsstrategie houdt in dat het bedrijf zich richt op het verwerven en behouden van een leidende markt- en technologiepositie in alle facetten van het bedrijf, voornamelijk door de vruchten te plukken van de megatrends demografische verandering, urbanisatie, klimaatverandering en globalisering. Het bedrijf houdt zich sinds 2008 bezig met de ontwikkeling van steden, toen er een verandering van strategische focus plaatsvond, door middel van het opzetten van de Infrastructure&Cities sector.

In 2010 initieerde het bedrijf de ontwikkeling van The Crystal in de Royal Docks in oost Londen. The Crystal is een kantoor en voorlichtingscentrum op het gebied van duurzame steden en beslaat een oppervlakte van 18.000 m². De interviews met mensen binnen de Infrastructure&Cities sector en stadsdeelwijk Newham, waartoe ook deze locatie behoorde, lieten zien dat Siemens’ deelname in gebiedsontwikkelingsprojecten onderdeel is van de bedrijfsstrategie, omdat het vorm geeft aan het plukken van de vruchten van één van de vier genoemde megatrends, namelijk urbanisatie. De relatie van deelname in gebiedsontwikkelingsprojecten en hun kernactiviteit is van overkoepelende aard: het combineert kennis uit verschillende kernactiviteiten. De deelname lijkt ook marketing-gericht te zijn, omdat het potentiële klanten laat zien welke technologische toepassingen het bedrijf te bieden heeft.

Anders dan in de Inter IKEA case, komen de motieven van Siemens om deel te nemen aan gebiedsontwikkelingsprojecten wel overeen met de hypothetische motieven. Het belangrijkste motief is het creëren van partnerships met publieke partijen, omdat deze noodzakelijk zijn in het oplossen van stedelijke problemen. Bovendien zijn deze partijen zeer betrokken bij het besluitvormingsproces betreffende de toe te passen technologieën in hun stad. Dit impliceert dat deze partnerships heel belangrijk zijn in het voorzien van toekomstige klanten. Dit wordt gezien als een additioneel motief. De verschuiving van producten naar oplossingen geldt ook als een belangrijk motief voor Siemens. Zoals genoemd, behoort het anticiperen op megatrends tot de kern van Siemens’ bedrijfsstrategie en is daarom ook een motief. Innovatie is een belangrijke drijfveer voor elke activiteit die Siemens verricht. CSR is het enige hypothetische motief dat niet tot de motieven van Siemens lijkt te behoren.

Wat betreft de rol neemt Siemens ook het volledige ontwikkelproces op zich in de ontwikkeling van The Crystal. Echter, een belangrijke kanttekening hierbij is dat The Crystal geen typisch Infrastructure&Cities project is, maar een eenmalig project. In principe is Siemens niet betrokken bij ontwikkelpraktijken. De Infrastructure&Cities sector houdt zich binnen gebiedsontwikkelingsprojecten alleen bezig met technologische toepassingen. Hierin

Resultaten quick-scan casestudies
De bovengenoemde resultaten laten zien dat de twee bestudeerde cases erg uiteenlopende motieven en rollen hebben. Om meer inzicht te krijgen in het fenomeen van bedrijfsgestuurde gebiedsontwikkeling, is meer informatie nodig. Deze extra informatie is verkregen door het uitvoeren van vijf additionele quick-scan casestudies. Deze cases zijn Ahold, Alliander, Vulcan, Tata en Cisco. Deze cases zijn geselecteerd op basis van het feit dat zij de indruk wekken op een bepaalde wijze deel te nemen aan gebiedsontwikkelingsprojecten. De cases zijn erg uiteenlopend wat betreft achtergrond, geografische ligging, type gebiedsontwikkelingsprojecten en bestudeerd materiaal. Desondanks leverden deze additionele cases nuttige resultaten om tot een meer diepgaand inzicht in het fenomeen van bedrijfsgestuurde gebiedsontwikkeling te komen.

In bijna alle gevallen is de deelname in gebiedsontwikkelingsprojecten onderdeel van de bedrijfsstrategie. Alleen in het geval van Vulcan is dit niet bevestigd, omdat er geen bedrijfsstrategie geformuleerd is. Echter, de deelname in het South Lake Union gebiedsontwikkelingsproject lijkt onderdeel van Vulcan’s bedrijfsdoel en zijn filantropische bedrijfswaarden.

Wat betreft de relaties tussen de deelname in gebiedsontwikkelingsprojecten en de kernactiviteiten van de bedrijven, resulteren de casestudies in drie verschillende typen. Deze typen relaties zijn:

- uitbreiding van de bestaande kernactiviteit (Alliander en Cisco)
- kernactiviteit van een dochterbedrijf (Vulcan en Tata)
- veiligstellen van de toevoer van de kernactiviteit (Ahold)

Wat betreft de motieven lijken dezelfde bedrijven overeen te komen. In de cases Vulcan en Tata is slechts één van de hypothetische motieven geïdentificeerd, namelijk dat van CSR. De andere motieven in deze cases komen overeen met die van Inter IKEA, namelijk lange termijn rendement en economische waarde creëren. In de cases Alliander en Cisco zijn (bijna) alle hypothetische motieven gesignaleerd. De Alliander case levert twee additionele motieven: het sturen van het gebiedsontwikkelingsproces en het opzetten van een extra businesslijn. De laatste resulteert ook uit de Cisco case. In het geval van Ahold zijn drie van de vijf hypothetische motieven geïdentificeerd. Daarnaast levert Ahold het additionele motief van het veiligstellen van de toevoer van de kernactiviteit.


Motieven en relaties tussen deelname in GO en bedrijfsstrategie en kernactiviteit
Zowel in de twee diepe casestudies als in de vijf additionele quick-scan cases is de deelname in gebiedsontwikkelingsprojecten onderdeel van de bedrijfsstrategie. Er zijn drie manieren geïdentificeerd waarop deelname in gebiedsontwikkelingsprojecten bijdraagt aan het realiseren van de bedrijfsstrategie:
• het creëren van lange termijn rendement/economische waarde
• het bedrijf in staat stellen om te anticiperen op megatrends (urbanisatie & energy transitie)
• verbeteren van een gemeenschap als onderdeel van de (strategische) filantropische bedrijfsfilosofie

Als de resultaten van de diepe casestudies als de additionele quick-scan cases worden gecombineerd en geanalyseerd, lijken er twee groepen te ontstaan. De bedrijven in deze groepen lijken overeen te komen wat betreft motieven, de relatie tussen deelname in gebiedsontwikkelingsprojecten en de bedrijfsstrategie en kernactiviteit. Deze groepen bestaan uit 1) Inter IKEA, Vulcan en Tata en 2) Siemens, Alliander en Cisco. In Figuur 3 zijn alle geïdentificeerde motieven weergegeven. De rode vlakken zijn motieven die met name in de eerste groep zijn geïdentificeerd, terwijl de groene vlakken met name in de tweede groep zijn gesignaleerd. Het grijze vlak geeft CSR weer; een motief dat is gevonden in beide groepen. Wat betreft de motieven lijkt Ahold meer overeen te komen met groep 2. Echter, wat betreft de andere onderzoeks-aspecten kan Ahold niet in één van beide groepen ingedeeld worden. Dit figuur laat ook zien dat alle hypothetische motieven behalve CSR, alleen geïdentificeerd zijn in de tweede groep.

Rollen en mate van betrokkenheid in het gebiedsontwikkelingsproces
Kijkend naar de activiteiten die de bedrijven verrichten en de rollen die ze op zich nemen, lijken dezelfde bedrijven overeen te komen. Inter IKEA, Vulcan en Tata verrichten alle drie (bijna) alle activiteiten in het gebiedsontwikkelingsproces, waardoor ze de rol van een holistische ontwikkelaar aannemen. Dit duidt op een hoge mate van betrokkenheid in het vormgeven van het gebiedsontwikkelingsproject. Siemens, Alliander en Cisco verrichten ook veel activiteiten, maar alleen activiteiten die dicht bij hun core business liggen, zoals het aanleggen van energie-infrastructuur of ander technologische toepassingen. Wat betreft de activiteiten in het daadwerkelijke gebiedsontwikkelingsproces acteren zij slechts als adviseur ten aanzien van de beslissingsbevoegden in het proces. Dit duidt op een veel lagere mate van betrokkenheid van deze bedrijven in het gebiedsontwikkelingsproces en de vormgeving van het gebiedsontwikkelingsproject. Ahold wijkt weer af van de andere cases; het fungeert slechts als investeerder, wat op een nog lagere mate van betrokkenheid duidt.

Figuur 3: motieven gekoppeld aan groepen en strategische bedrijfsdoelen
Relatie tussen de empirische onderzoeksthema’s

Kijkend naar de twee empirische onderzoeksthema’s (thema 2 en 3), lijken dezelfde groepen bedrijven te ontstaan. Dit versterkt het idee dat deze bedrijven ook daadwerkelijk in deze groepen ingedeeld kunnen worden. Het geeft ook aan dat er een relatie zou kunnen zijn tussen beide thema’s. Thema 2 (de verhouding tussen de deelname in gebiedsontwikkelingsprojecten en de bedrijfsstrategieën en kernactiviteit en de motieven om deel te nemen) resulteert in een profiliëring van de bedrijven aan de hand van de strategische bedrijfsdoelen, waar thema 3 (de rollen en activiteiten die de bedrijven op zich nemen en de samenwerkingsvormen met andere actoren in gebiedsontwikkelingsprojecten) resulteert in een bepaalde mate van betrokkenheid van elk bedrijf in het gebiedsontwikkelingsproces. Figuur 4 laat zien dat zowel wat betreft de *mate van betrokkenheid* in het gebiedsontwikkelingsproces als wat betreft de *strategische bedrijfsdoelen* dezelfde bedrijven overeenkomen met elkaar. Het laat zien dat de bedrijven die deelnemen in gebiedsontwikkelingsprojecten met de strategische bedrijfsdoelen van Bedrijfsonderzoek, het Voorzien in Bedrijfsmiddelen en het Bouwen van een Gemeenschap, slechts in beperkte mate betrokken zijn bij het gebiedsontwikkelingsproces. De bedrijven die deelnemen in gebiedsontwikkelingsprojecten met de strategische bedrijfsdoelen van Rendement, Vastgoed als Kernactiviteit en het Bouwen van een Gemeenschap zijn in hoge mate betrokken bij het gebiedsontwikkelingsproces en bij het vormgeven van het gebiedsontwikkelingsproject.

Deze overeenkomsten tonen aan dat er een link zou kunnen zijn tussen de motieven/strategische bedrijfsdoelen, de mate van betrokkenheid en de rol die deze bedrijven op zich nemen. Het geven van advies, en dus het acteren als een adviseur, kan gekoppeld worden aan de motieven van bedrijven om deel te nemen aan gebiedsontwikkelingsprojecten, namelijk innovatie, een verschuiving naar oplossingen, het anticiperen op megatrends, het sturen van een gebiedsontwikkelingsproces, het opzetten van een nieuwe business-lijn en CSR. Vervolgens kunnen deze motieven weer gekoppeld worden aan de strategische bedrijfsdoelen van Bedrijfsontwikkeling en het Voorzien in Bedrijfsmiddelen.

Het verrichten van (bijna) alle activiteiten in het gebiedsontwikkelingsproces, en dus optreden als een holistische ontwikkelaar, kan gekoppeld worden aan de motieven van lange termijn rendement, economische waardecreatie en CSR. Deze motieven kunnen vervolgens gekoppeld worden aan de strategische bedrijfsdoelen van Rendement, Vastgoed als Kernactiviteit en het Bouwen van een Gemeenschap.

Het identificeren van de mate van betrokkenheid in het gebiedsontwikkelingsproces toonde aan dat de bedrijven in groep 1 in een veel hogere mate betrokken zijn dan de bedrijven in groep 2. Als we deze betrokkenheid terugkoppelen aan het analytisch model in Figuur 2, blijkt dat de aangenomen mate van betrokkenheid dat aangeduid wordt door de strategische bedrijfsdoelen niet overeenkomt met de onderzoeksresultaten. De hoge mate van betrokkenheid van groep 1 duidt aan dat de strategische bedrijfsdoelen van Rendement, Vastgoed als Kernactiviteit en het Bouwen van een Gemeenschap een hogere mate van betrokkenheid impliceren dan de andere strategische bedrijfsdoelen. Daarom is de schaal van het analytisch model op deze bevindingen aangepast in Figuur 4. Niet de strategische bedrijfsdoelen op zichzelf, maar de combinatie ervan duiden een bepaalde mate van betrokkenheid in het gebiedsontwikkelingsproces aan. Figuur 4 laat zien dat de combinatie van de strategische bedrijfsdoelen van Rendement, Vastgoed als Kernactiviteit en het Bouwen van een Gemeenschap een hoge mate van betrokkenheid aanduiden. De combinatie van Bedrijfsontwikkeling en het Voorzien in Bedrijfsmiddelen duidt op een lage mate van betrokkenheid.
De links die gevonden zijn in de relatie tussen de twee empirische onderzoeksthema’s, versterken het idee dat de bedrijven ingedeeld kunnen worden in deze twee groepen. Ze maken het ook mogelijk om twee typen profielen te schetsen van veronderstelde bedrijfsgestuurde gebiedsontwikkelingsprojecten, namelijk de Ontwikkelende Multinationals en de Technologische Partners. Gezien het beperkte aantal casestudies is deze profileren slechts een poging om het fenomeen van Bedrijfsgestuurde Gebiedsontwikkeling te structureren. Ze kunnen dus niet gezien worden als vaststaande typen.

**Profiel 1: Ontwikkelende Multinational**
Deze bedrijven (waaronder Inter IKEA, Vulcan en Tata vallen) lijken familiebedrijven met intrinsieke filantropische waarden die het hele spectrum van het gebiedsontwikkelingsproces op zich nemen, en daarom de rol op zich nemen van een holistische ontwikkelaar. Ze hebben hun activiteiten in het gebiedsontwikkelingsproces georganiseerd in een zelfstandig opererend dochterbedrijf met als kernactiviteit gebiedsontwikkeling. De deelname in gebiedsontwikkelingsprojecten draagt bij aan hun bedrijfssstrategie door middel van het creëren van lange termijn rendement en het verbeteren van een gemeenschap. Deze bedrijven zijn in hoge mate betrokken bij het gebiedsontwikkelingsproces en het vormgeven van het gebiedsontwikkelingsproject.

**Conclusie**
De links die gevonden zijn in de relatie tussen de twee empirische onderzoeksthema’s, versterken het idee dat de bedrijven ingedeeld kunnen worden in deze twee groepen. Ze maken het ook mogelijk om twee typen profielen te schetsen van veronderstelde bedrijfsgestuurde gebiedsontwikkelingsprojecten, namelijk de Ontwikkelende Multinationals en de Technologische Partners. Gezien het beperkte aantal casestudies is deze profileren slechts een poging om het fenomeen van Bedrijfsgestuurde Gebiedsontwikkeling te structureren. Ze kunnen dus niet gezien worden als vaststaande typen.

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Deze bedrijven (waaronder Inter IKEA, Vulcan en Tata vallen) lijken familiebedrijven met intrinsieke filantropische waarden die het hele spectrum van het gebiedsontwikkelingsproces op zich nemen, en daarom de rol op zich nemen van een holistische ontwikkelaar. Ze hebben hun activiteiten in het gebiedsontwikkelingsproces georganiseerd in een zelfstandig opererend dochterbedrijf met als kernactiviteit gebiedsontwikkeling. De deelname in gebiedsontwikkelingsprojecten draagt bij aan hun bedrijfssstrategie door middel van het creëren van lange termijn rendement en het verbeteren van een gemeenschap. Deze bedrijven zijn in hoge mate betrokken bij het gebiedsontwikkelingsproces en het vormgeven van het gebiedsontwikkelingsproject.
**Profiel 2: Technologische Partners**

Deze bedrijven (waaronder Siemens, Alliander en Cisco vallen) lijken bedrijven met een technologische kernactiviteit die slechts de activiteit van adviseren op zich nemen in het gebiedsontwikkelingsproces en daarom de rol aannemen van adviseur. Wat betreft activiteiten die dicht bij hun kernactiviteit liggen verrichten deze bedrijven meer activiteiten en deze zijn georganiseerd in een businessunit binnen het bedrijf. Deze deelname in gebiedsontwikkelingsprojecten draagt bij aan de bedrijfsstrategie doordat het hen in staat stelt te anticiperen op megatrends. Ze zijn slechts in beperkte mate betrokken in het gebiedsontwikkelingsproces en het vormgeven van het gebiedsontwikkelingsproject.

De Technologische Partners wijken niet ver af van hun kernactiviteit. Zij verrichten alleen die activiteiten in het gebiedsontwikkelingsproces die dicht bij hun kernactiviteit liggen. Achteraf bezien lijkt het logisch dat deze bedrijven niet deelnemen in een markt die niet tot hun kern behoort, omdat een bedrijf zich per definitie moet focussen op zijn kernactiviteit om efficiënt en winstgevend te zijn. Daarom hebben de Ontwikkelende Multinationals hun activiteiten in het gebiedsontwikkelingsproces georganiseerd in een dochterbedrijf waarvan de kernactiviteit wel gebiedsontwikkeling is, zodat het hen niet afleidt van het verrichten van hun kernactiviteit.


Ontwikkelende Multinationals nemen deel in gebiedsontwikkeling omdat het bijdraagt aan de strategische bedrijfsdoelen van Rendement, Vastgoed als Kernactiviteit en het Bouwen van een Gemeenschap. Deze combinatie van strategische bedrijfsdoelen lijkt een voorwaarde om aan Bedrijfsgestuurde Gebiedsontwikkeling te kunnen doen (in de rol van een holistische ontwikkelaar). Dit lijkt zo omdat het ontwikkelen van gebiedsontwikkelingsprojecten bijdraagt aan deze strategische bedrijfsdoelen. Als dit niet de doelen van een bedrijf zijn lijkt het niet vruchtbaar om als holistische ontwikkelaar deel te nemen in gebiedsontwikkelingsprojecten, omdat het afleidt van de kernactiviteit van het bedrijf.

**Discussie**

Zoals hierboven omschreven, wordt de deelname van bedrijven in gebiedsontwikkelingsprojecten door sommigen gezien als een kans om de (voornamelijk financiële) problemen in de Nederlandse gebiedsontwikkelingspraktijk aan te pakken. Als we kijken naar de bedrijven die Bedrijfsgestuurde Gebiedsontwikkeling verrichten (de Ontwikkelende Multinationals) lijkt het inderdaad een kansrijk fenomeen voor de gebiedsontwikkelingspraktijk. Deze bedrijven zijn zeer kapitaalkrachtige en onafhankelijk wat een aantal voordelen oplevert. Ze zijn in staat om grote investeringen te doen die pas op de lange termijn rendement opleveren, terwijl traditionele ontwikkelaars genoodzaakt zijn om op korte termijn winst te genereren. Deze grote investeringen garanderen een lange termijn betrokkenheid in het gebiedsontwikkelingsproject en daarom hebben ze profijt bij goed-functionerende, duurzame en kwalitatief hoogwaardige projecten, omdat het hun rendement en naam veiligstelt. Daarom lijkt de kans groot dat zij zich zullen inspannen om deze hoogwaardige gebiedsontwikkelingsprojecten te realiseren. Deze lange termijn betrokkenheid lijkt dus voordelig voor de gebiedsontwikkelingspraktijk.

Hoewel de projecten waarin de Technologische Partners betrokken zijn niet worden gezien als Bedrijfsgestuurde Gebiedsontwikkeling, lijkt het samenwerken met deze partijen ook waardevol. Gezien één van hun doelen van deelname aan gebiedsontwikkelingsprojecten het anticiperen op megatrends is, kan samenwerking helpen een toekomstbestendige en duurzame wijk te ontwikkelen. Omdat technologische toepassingen hun expertise zijn, kunnen de hoogste standaarden bereikt worden, zonder dat er risico gedragen wordt, aangezien deze bedrijven

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**Figure 6: degree of involvement versus distance of performed activities to Core Business**

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XXX
de aanleg en exploitatie op zich nemen. Een ander motief van deze bedrijven om deel te nemen aan gebiedsontwikkelingsprojecten is innoveren. Door met deze bedrijven samen te werken kan innovatie geïntegreerd worden in gebiedsontwikkelingsprojecten.

De bovengenoemde aspecten lijken inderdaad kansen te bieden voor de gebiedsontwikkelingspraktijk. Echter, zoals door het hele rapport heen benadrukt is, biedt dit onderzoek slechts een eerste verkenning van het fenomeen Bedrijfsgestuurde Gebiedsontwikkeling en dient er meer onderzoek gedaan te worden om beslissende uitspraken te kunnen doen. De resultaten en modellen die dit onderzoek biedt kunnen worden ingezet om verder onderzoek te structuren en sturen.
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Introduction

This master thesis is conducted in the Urban Development Management laboratory, within the specific theme of ‘changing roles and relations’. It builds on the dissertation of Erwin Heurkens on private-sector led urban development, which describes the shifting emphasis towards the private sector within these roles and relations. This research focusses on one of the private sector actors, being multinational corporations. As little is known about the background of these players and the way in which they engage in urban development projects, this research aims at providing more insight in these aspects.

This report comprises three main parts. Chapter 1 functions as an introduction of this research by presenting the research proposal in which the motives, research questions and organisation of this research are elaborated. The first part – Chapter 2 to 4 – comprises theories. Chapter 2 and 3 provide insight in the changing context and characteristics of respectively Urban Development Projects and Corporate Strategies, and Chapter 4 elaborates on the research methodology.

Part 2 comprises empiricism; two cases are studied in-depth (Chapter 5), followed by five additional quick scan cases (Chapter 6) in which the multinational corporations’ engagement in urban development projects is identified. The final part comprises analyses and syntheses. In this part, the in-depth and additional quick scan cases are subjected to comparative analysis (Chapter 7) leading to conclusions on the phenomenon of Corporation-led Urban Development. Chapter 9 reflects on this research’s relevance, methodology and process.

I hope you enjoy reading this report.
Chapter 1. Research proposal

This chapter comprises the research proposal of this graduation thesis. It elaborates on the theme that this thesis covers and its relevance. Than a concise analysis underpins the problem statement, resulting in the research questions and research design.

1.1. Theme and research motive

This master thesis is part of the research department of Urban Development Management and the research theme of ‘changing roles and relations in Urban Development’ in particular. It builds upon knowledge provided by the dissertation on private-sector-led Urban Development by Erwin Heurkens (2012) and other graduation theses that focussed on these changing roles and relations in Urban Development. Considering the twofold nature of the theme of Corporation-led Urban Development, it also builds upon literature on basic principles of Corporate Strategies. The specific theme of this research is Corporation-led Urban Development.

The motive for studying this specific theme is the fact that since a couple of years a new phenomenon is witnessed in the field of urban development. This phenomenon seems to entail that large corporations start to actively engage in urban development projects, and therefore throughout this research this phenomenon is referred to as Corporation-led Urban Development. Academics, media and the large corporations themselves, give the impression that the corporations actively engage in the realisation of urban development projects. The Dutch documentary ‘Tegenlicht’ (VPRO, 2012) elaborates on the assumption that in 2050 twice as many people will live in cities as do now and to accommodate them, these future cities need to be build. It states that large corporations like IKEA and Siemens are more and more focussing on these future cities, and therefore on ‘how your life in the city will look’ by physically developing. This phenomenon attracts attention from many other people and organisations as well. Academics like De Zeeuw, Franzen and Mensink (2013) recognise these market players as new international markets entrants. These academics link this entrance to the shifting pane of the urban development market in which they put their private equity and specific knowledge (De Zeeuw et al., 2013). A first glance at some corporate websites seems to confirm these statements, for instance with statements that they engage in ‘sustainable urban development’ (Siemens, 2014a) (see Figure 8).

This phenomenon also attracts the attention of critics, as depicted in Figure 7, which seem to think that these corporations will have a decisive and overruling influence in the quality of life within these urban development projects. Others see it as an opportunity to address the difficulties in the (financial) context of the Dutch urban development practice, as will be elaborated in paragraph 1.3.

However, very few research has been done on this theme, and before one is able to judge the effects of this phenomenon, more insight in the background of this phenomenon is required: what drives these corporations to engage in urban development projects and how are these projects organised. Therefore, this research focusses on this background as a first exploration of the phenomenon of Corporation-led Urban Development.
1.2. Relevance
This paragraph elaborates on the scientific, societal and personal relevance of the studied phenomenon of Corporation-led Urban Development.

1.2.1. Scientific relevance
Urban Development is facing economic and financial challenges. Moreover, this field of practice experiences a shift in societal values, towards more emphasis on private actors (Heurkens, 2012). According to Hagendijk and Franzen (2012) there should be made better use of capital from the private sector. Therefore, a more powerful role of private parties within Urban Development can be a positive impulse for urban development projects. Since a couple of years a trend is noticed that corporations, with a core business other than urban development, start engaging in urban development projects. Substantial research has been conducted on investments in urban development from a public view. However, little is known about the motives for private parties, in this case these corporations, to engage in urban development projects from a corporate point of view. This research builds upon Erwin Heurkens’ dissertation on private-sector led urban development, as it studies one of the four private sectors studied within this laboratory (see Figure 9). This research is aimed at providing insight in the motives of corporations to engage in urban development by studying the relationship of this engagement with their corporate strategies and core businesses. Therefore it brings together two disciplinary fields, that of Urban Development and that of Corporate Strategy.

1.2.2. Societal relevance
Since the economic crisis in 2008, a lot of urban development projects suffered from its consequences. Many of them have been put on hold or are under reconsideration (Heurkens, 2012). Also, a structural imbalance on the real estate market has presented itself: oversupply of offices and dwellings and a lack of sales for parties involved in Real Estate and Urban Development. The difficulties urban development is facing can be a problem, since, according to Adams and Tiesdell (2012), qualitative urban areas are not a luxury but a vital element in creating safety, health, prosperity and sustainability. How places are interpreted and managed is crucial to balance
economic prosperity, social cohesion and environmental protection. In creating these urban areas, new ways of funding and managing by the private sector can play an important role. Some large private corporations have entered the shifting market of urban development, using private equity and expertise, thereby representing such a new way of funding and managing (VPRO, 2012, De Zeeuw et al., 2013). However, little is known about this phenomenon. This research is therefore aimed at providing more insight in this practice. This will bring the field Urban Development a step closer to assessing the impact of this phenomenon on the development of quality places.

1.2.3. Personal Drive
From a personal drive I want to explore opportunities to draw funding towards urban development, where this funding could also be otherwise invested, in order to overcome its current difficulties. Among multiple opportunities, the opportunity of corporation-led development has my interests since so little is known about why and how these projects are developed. Therefore this potential alternative contribution can enrich the existing approaches of urban development. Also, it seems striking that these corporations in some way integrate urban development into their corporate strategy, since this practice differs, at first sight, quite a bit from their core businesses. An insight in motives to do so can be of use for corporations and other parties involved in urban development. Hopefully this research also provides some insight in the quality of the places that are created in this way, since that is what Urban Development ultimately is about for me.

1.3. Problem Analysis
Urban development is a practice that is subject to contextual changes. The past decades, the context, in which urban development and parties involved in this field of practice are embedded, has changed in several ways. This changing context can be divided in the following components, which are at the same time the most important motives for executing this study:

a) Changing context of urban development projects
b) Changing roles in urban development
c) Changing strategies within corporations

1.3.1. Changing context of urban development projects
An important component that has changed within the context of urban development projects is the financial context. The economic crisis of 2008 has had a lot of effect on urban development. In the Netherlands, a funding problem of urban development projects arose, which caused a drop of around 30% of the investment level relevant for urban development projects compared to the period before the crisis (De Zeeuw, 2011). This problem occurs with all parties that are involved in urban development projects. These problems can be divided into two categories: initial and consequential funding problems and are represented in Figure 10. The initial funding problems that appear with different actors are (Van Eldonk, 2014):

- For public parties: less governmental capital inflow due to budget cuts
- For project owners: restrictions on mortgage lending
- For project investors: restrictions on leverage and less demand for office and retail space

These initial funding problems cause the following consequential funding problems to occur:

- Developer: less demand for new property, lower property prices, urban development projects under stress
- Public parties: less demand for land, lower land prices, urban development projects under stress.

All these funding problems combined caused urban development projects to be under stress, and to be put on hold or under reconsideration. This is not only the case in the Netherlands, but also elsewhere in Europe and in North-America (Heurkens, 2012).
Besides the changed financial context of urban development, its societal context is also changing. According to Heurkens (2012), there has been a shift from values based on the Rhineland model, towards more Anglo-Saxon values. This implies more individual and unequal societal values and causes the public private power balance to move towards the private market (Sturm, 2014). According to Hans de Jonge (cited in: Sturm (2014)) there might come a new shift towards solidarity and equality, while the private sector remains in this power position.

1.3.2. Changing roles in urban development
As a result of the decreasing land prices and the substantial decrease of central government subsidies for urban development, which seems to be structural, Dutch municipalities are not able to invest in large-scale development projects and are moving away from active land policy. When a local government is less active and investment-oriented, in order for urban development projects to be realized, they are dependent on the private sector (Heurkens, 2012). In Anglo-Saxon countries, like the UK and the US, this was already common practice.

As mentioned in the paragraph above, this dependency causes a power shift from public to private parties. For quite some time now, the playing field of parties involved in urban development also has been shifting towards private parties such as investors, developers, “the crowd”, and large corporations (De Zeeuw et al., 2013). It is witnessed that large multinational corporations are starting to actively take part in urban development. Examples are Siemens, IKEA, Cisco, IBM and ThyssenKrupp (Ministerie van Infrastructuur en Milieu, 2014). These parties could play an interesting role in the changed practice of urban development. This involvement of non-traditional parties in urban development projects inevitably brings about new forms of collaboration and partnerships which come with certain responsibilities (Van der Post, 2011). However, little is known about urban development practiced by corporations, their motivation to do so and the new partnerships and forms of collaboration that are established.

1.3.3. Changing strategies within corporations
Just as for urban development, the context in which corporations are operating is subject to changes. Several megatrends, such as urbanisation, globalisation and a shift in global economic power, are having a profound effect on where corporations think their opportunities lie (PWC, 2013).
In order to cope with these context changes, numerous corporations incorporate sustainability within their corporate strategy. This is noticeable in an increased focus on the Triple-P approach, which stands for People, Planet and Prosperity. This approach indicates that sustainable development consists of three elements: society, ecology and economy (Lodewijks, 2013). These elements are integrated in a corporate social responsibility statement focussing on economic performance, with respect to society and within ecological boundaries.

Also, some corporations are looking for sustainable partnerships in order to ensure the corporations continuity. According to Lodewijks (2013) sustainable urban development consists of economic, societal, ecological and spatial aspects. In this view, an overlap between corporate strategies and the characteristics of urban development projects can be expected. However, there is very little known about the relationship between corporate strategies and urban development.

1.4. Problem Statement

The following problem statement is formulated based on abovementioned problem analysis:

“Due to contextual changes, the power within urban development practice has been shifting towards private parties. Large corporations have presented themselves as alternative parties that might contribute in solving the difficulties in urban development. However, there is little insight in the strategic motives for corporations, the role they adopt and the established collaboration forms and relations with other actors within urban development projects.”

1.5. Research Objective

1.5.1. Research objective

The problem analysed and stated above leads to the following formulation of this thesis’ research objective:

“The main research objective is to gather insight in the motives for corporations, with a core business other than Urban Development, to engage in urban development projects, how this engagement relates to corporate strategies and core businesses, and their role and relations with other actors within urban development projects.”

1.5.2. Expected end-products and target groups

Based on this research objective, the following end-products can are delivered:

1. A statement on motives for corporations to engage in urban development
2. A statement on strategic goals of corporations engaging in corporation-led urban development
3. A statement on the roles and activities performed in these urban development projects
4. A statement on collaboration forms between other parties involved established in corporation-led urban development

Considering these end-products, the main target groups are corporations and advisors, but also other parties involved in urban development projects, like municipalities and developers.
1.6. Research questions
This paragraph elaborates on the research questions that function as the base of this research and are derived from the problem statement and objective described in the previous paragraphs. One main question is set-up which is answered through several sub questions that address specific aspects of this main research question.

1.6.1. Main research question
The main research question that follows from the problem statement and research objective can be stated as follows:

“What motives do multinational corporations, with a core business other than Urban Development, have to engage in Urban Development, how does this engagement relate to their corporate strategy and core business and what role do they adopt within urban development projects?”

1.6.2. Sub questions
To answer this main research question, the following sub questions need to be answered first. In this study 3 main elements are explored: 1) corporate strategies and urban development projects, 2) the relation between the engagement in urban development projects and the corporations’ corporate strategies and core businesses and 3) the roles and activities performed by corporations and established relations and collaboration forms with other actors within urban development projects. These are divided within the theoretical and empirical research phase:

Theoretical:

1. Corporate Strategies and Urban Development Projects:
   - What are the characteristics of multinational corporate strategies?
   - What are the characteristics of urban development projects?

Theoretical and empirical:

2. The relation between the engagement in urban development projects and the corporations’ corporate strategies and core businesses:
   - How does the engagement in urban development projects relate to corporate strategy and corporation’s core business?
   - What motives for multinational corporations to engage in urban development projects can be found in literature and practice?

Empirical:

3. The roles and activities performed by corporations and established relations and collaboration forms with other actors within urban development projects:
   - What roles and activities do multinational corporations perform within urban development projects?
   - What relationships and forms of collaboration are established in corporation-led urban development projects?

1.7. Definitions and demarcations

1.7.1. Definitions:
In order to have a clear understanding of this research and to provide it with a clear research framework, some key-terms that have been mentioned in the previous paragraphs need to be defined sharply. This paragraph describes these key terms.
• The key term Urban Development Project is defined according to the definitions by Daamen (2010) Franzen & De Zeeuw (2009) and De Zeeuw et al. (2013) as: “The integration of functions, disciplines, actors, cash flows and interests with regard to the concrete material intervention inside a geographically distinct urban area with the objective to add commercial and societal value.”

• Within this definition, an Urban Area can be defined as “a (connected) collection of buildings situated within the specific urban context of the city” (Heurkens, 2012).

• In the light of this study the term Corporation-led Urban Development is defined as (based on Heurkens, 2012):
  “An urban development project in which a multinational corporation (with a core business other than urban development) takes a leading role in the organising, managing and/or financing the development of an urban area”.

• Within this definition “taking on a leading role” is defined as (based on Heurkens, 2012): “Actively steering an urban development process into a preferred direction by carrying out a coherent set of organizational tasks and related management measures

• This research studies the relationship between corporate strategy and the engaging in urban development. Following Porter, Goold & Luchs (1996) and Andrews & Kenneth (1997), the term Corporate Strategy is defined as: “The overall plan for a diversified corporation that determines its objectives, produces policies and plans to achieve those goals and defines the range of businesses in which the corporation engages.” This term must not be mistaken with the term business strategy, which is the determination of how a corporation will compete in a given business and position itself among its competitors (Andrews and Kenneth, 1997).

• The term Core Business of a corporation can be defined as (Zook and Allen, Business Dictionary, 2014): “The activity that defines the essence of what the company is or aspires to be to grow its revenue sustainably and profitably”.

• The term Corporate Social Responsibility is defined as (based on Baker, 2004) : “The continuing commitment by a corporation to behave ethically and contribute to economic development while improving the quality of the local community and society at large, including ecological aspects.”

1.7.2. Demarcations:
To set up a clear research boundary and in order to make it manageable to conclude this study within one year, the study is demarcated.

In the object of study, Urban Development Projects, the word ‘project’ is an important demarcation. It indicates that it is not about cities or neighbourhoods as a whole, but a distinct urban area in which development takes place. Within these projects governments, private parties and other involved parties jointly integrate the aspects mentioned in the definition.

The subject of study, which is Corporate Strategy, will be approached from a corporate point of view. The public point of view is left out in this research in order to keep a clear view. Also, there has already been done a lot of research on the matter of Urban Development from a public viewpoint. However, in the empirical part of this study, the collaboration of corporations with public actors is studied as well.
The subject that is chosen here is that of \textit{(changing) corporate strategies}. This subject is chosen since in many cases these changing strategies are the occasion for corporations to enter the new market of Urban Development (Lodewijks, 2013, Bekker, 2014).

This research focuses on corporations of which Urban Development \textit{is not the core business}, but do engage in Urban Development Projects. Corporations of which Urban Development is core business, like developers and investors, are not studied here.

Another demarcation of corporations is that the study focuses on \textit{multinational corporations}, since unlike smaller, national corporations, it can be expected that multinationals have the capital, knowledge and amount of employees to be able to "lead" an urban development project.

A final demarcation entails the fact that this research focuses on corporation that \textit{currently engage in urban development}. Historical cases are excluded from this study as it is presumed that these corporation’s motives deviate quite a lot from the current cases as they operated in a context that is very different from the current context.

1.8. Conceptual model

Figure 11 shows this research’s conceptual model. It provides a visual representation of the theoretical constructs (and variables) that are of interest in this research (Creswell, 2013).

As mentioned this research follows from the notion that there is a shift towards more involvement of private parties in Urban Development. The subject of study in this research are multinational corporations of which Urban Development is not the core business. Each corporation has a corporate strategy, which has several characteristics that might explain an engagement in urban development projects. These characteristics are elaborated in Chapter 3 and represented in the upper block of the conceptual model (Figure 11).

The lower block represents the object of study: Urban Development Projects. Urban Development Projects have several characteristics, which overlap with the characteristics of corporate strategies. These characteristics are elaborated in Chapter 2 and represented in the lower block of the model. The overlap in characteristics form the assumed motives of corporations to engage in urban development and are represented in the block in the centre and are subject of this study.
1.9. Research Design

Figure 12 represents the research methods, the phases in which they are executed and the research questions. The research design shows the four phases in which this graduation thesis is completed. The first phase consists of exploration of the problem and context, leading to a research proposal. This exploration has been performed during the P1 phase.

Phase two consists of a thorough review of literature concerning the main and sub research questions. This review results in a set of assumed motives and an analytical framework. These assumed motives and analytical framework have been set up during the P2 phase and function as the base upon which the empirical research is performed.
In the third phase, empirical data concerning the research questions and the theoretical framework has been gathered through two in-depth case studies. These cases studies resulting in findings on motives, relations with corporate strategy and core business, roles and relations. As these two case studies showed very differing results, five additional cases were studied to provide more insight on the phenomenon and definition of Corporation-led Urban Development. With the outcomes of the in-depth case-studies, the analytical framework was adjusted, so the additional case studies were subjected to a framework that incorporated these insights. The in-depth cases studies were performed during the P3 phase, whilst the additional cases studies were performed during the P4 phase.

Moreover, in the fourth phase, all seven cases have been made subject to a cross-case analysis, identifying differences and similarities and comparing them to the assumed motives and analytical framework set up in phase 2 and conclusions on all research questions are drawn. By combining these conclusions with the theory on the relation between corporate strategies and urban development, insight in the phenomenon of Corporation-led Urban Development is given by identifying linkages between the research themes and providing a set of indicative profiles of Corporation-led Urban Development Projects. The study results in a collection of motives for corporations to engage in urban development, a collection of relations to corporate strategy and core business, an indication of strategic goals of corporations engaging in corporation-led urban development, a collection of the roles and activities performed in these urban development projects and an indication of partnerships and collaboration forms between other parties involved established in corporation-led urban development. These findings are included in the conclusions and recommendations.

1.10. Organisation
This research is guided by several academics and professionals, two of which are affiliated with the master track of Real Estate and Housing at Delft University of Technology. The third supervisor is affiliated with an external organisation. Throughout this research process, there were guidance moments on a regular base though email, face-to-face guidance meetings and official presentation moments, in which the progression and further steps were discussed.

First Mentor: Dr. Ir. Erwin Heurkens, section: Urban Development Management

Second Mentor: Arch. Herman Vande Putte MRE, section: Corporate Real Estate Management

Graduation Corporation: Deloitte, Area Development & Partnerships, mentored by Drs. Paul Rutten
- PART 1 –

theories
Chapter 2. Object of study: Urban Development Projects

The object of study in this research is the urban development project. This chapter will elaborate on this object. The contextual changes, changes in roles and relations and the characteristics of urban development are described in this chapter.

2.1. Context of Urban Development
As urban development projects always occur within specific economic and political contexts, changes within these contexts have a significant influence on the practice of urban development (Heurkens, 2012). In the past years, these contexts went through some extensive changes. These changes were financial and social, but also a change in actors, their roles and their relations has taken place. This is elaborated in the following sections.

2.1.1. Financial contexts in Urban Development
In Urban Development the financial context has changed rapidly since the economic crisis in 2008 in the Netherlands, but also elsewhere in Europe and Northern America, causing an ‘urban development crisis’ from 2009 onwards (Harst, 2012). It has caused governments to cut spending, banks to be more reluctant concerning the granting of loans and investors to become more risk averse. As a consequence, the emphasis of investments in real estate is on short term return of exploitation, causing the progress of projects to be dependent on finding a user (Peek and van Remmen, 2012).

Apart from the economic crisis, another reason for this urban development crisis is a structural imbalance in the real estate market, caused by an oversupply of offices and dwellings, and a shortage of financial means at all involved parties (Joolingen et al., 2009). The oversupply makes it justified for end users to be critical when making real estate choices, in which monthly expenses play an increasingly big role. Combined with the rising (energy) costs, the emphasis of development is shifting from realisation towards exploitation (Peek and van Remmen, 2012). As a consequence of these financial developments, urban development projects are under stress and put on hold or under reconsideration. Governments want these projects to be developed, but as a result of the decreasing land prices and the substantial decrease of central government subsidies for urban development, which seems to be structural, they are not able to invest in large-scale development projects and are moving away from active land policy (Heurkens, 2012). This causes urban development to become more dependent on alternative financing from private parties.

2.1.2. Societal contexts in Urban Development
This is not the only cause of dependency of public parties. The societal context in which urban development projects take place also influences this dependency. The prevailing societal principle model in a country or region provides the conditions in which these projects are shaped and condition the way in which interactions between public and private parties take place. Therefore, they have a significant influence on (corporation-led) urban development (Heurkens, 2012). Two societal principle models are described, namely the Rhineland and the Anglo-Saxon model. Both of these models are capitalist models (Heurkens, 2009). These two models are chosen because these are the prevailing two models in the UK, US (Anglo-Saxon) and Western continental Europe (Rhineland) in which most of the studied cases of corporation-led urban development are situated.

The main differences between the two models are presented in Table 1. As you can see, in the Anglo-Saxon model the focus is on the responsibility of the private sector, where these are on the public sector in the Rhineland model. The rights of freedom are focused on an individual level in the Anglo-Saxon model, whereas they are on a collective level in the Rhineland model (Heurkens, 2012). Also, according to Bakker et al. (2005), Anglo-Saxon principles are based on individual success, short term profits and minimal state intervention. The Rhineland principles are based on the power of social and collective consensus, a long term horizon and an active public role.
<table>
<thead>
<tr>
<th>Society and economic aspects</th>
<th>Anglo Saxon Principles</th>
<th>Rhineland Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Role of the State</td>
<td>Passive &amp; powerless</td>
<td>Active &amp; powerful</td>
</tr>
<tr>
<td>Role of the Market</td>
<td>Economic driver</td>
<td>Employment &amp; economic driver</td>
</tr>
<tr>
<td>Role of Civic Society</td>
<td>Individual power</td>
<td>Collective power</td>
</tr>
<tr>
<td>Economy</td>
<td>Free market</td>
<td>Market regulation</td>
</tr>
<tr>
<td>Market regulation</td>
<td>Competition</td>
<td>Collaboration</td>
</tr>
<tr>
<td>Ownership</td>
<td>Market sector (privatisation)</td>
<td>Collective sector</td>
</tr>
</tbody>
</table>

Table 1: Anglo-Saxon versus Rhineland societal and economic principles (based on Heurkens (2012))

As mentioned, these societal principles have a significant influence on the practice of (corporation-led) urban development. The implications of the different principles on the practice of urban development are presented in Table 2.

<table>
<thead>
<tr>
<th>Urban development implications</th>
<th>Anglo Saxon Principles</th>
<th>Rhineland Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Role central government</td>
<td>Few regulations and investment</td>
<td>Regulations, visions and investments</td>
</tr>
<tr>
<td>Role local government</td>
<td>Reactive: authorisation</td>
<td>Active: initiative and realisation</td>
</tr>
<tr>
<td>Role private sector</td>
<td>Active: initiative and investment</td>
<td>Reactive: investment and realisation</td>
</tr>
<tr>
<td>Decision-making process</td>
<td>Negotiating</td>
<td>Consensus building</td>
</tr>
<tr>
<td>Roles in partnerships</td>
<td>Separating public and private roles</td>
<td>Sharing public and private roles</td>
</tr>
</tbody>
</table>

Table 2: Anglo-Saxon versus Rhineland implications for urban development (based on Heurkens (2012))

It seems logical that this context plays a significant part in defining the role that a corporation (a pure private party) can or has to play when engaging in an urban development project. Since a multinational corporation is active in multiple countries, the prevailing societal principle model can be an important incentive or barrier for a corporation to engage in an urban development project in a certain country or region.

Some countries are gradually shifting their societal principle model. An example is The Netherlands, where the principles are slowly shifting from the Rhineland model towards more Anglo-Saxon principles. In the UK, this shift, although to a lesser extent, has been happening the other way around.
2.1.3. Changing roles and relations in Urban Development

It is conceivable that a change in this context has a great effect on the roles and relations within urban development projects. Due to the economic crisis, local authorities cannot function as a risk-bearing investor, since land ownership, land development revenues and financial retrenchments all have decreased (Heurkens, 2012).

This causes a growing emphasis on urban development led by private parties, which is backed by research results and professional and academic insights, which state that municipalities are moving away from active land policy since it’s no longer an adequate development strategy (Deloitte, 2010). This means that municipalities have to rethink this strategy, often leading to a facilitating role for public institutions. This means that private (or civic) actors initiate and invest in urban development projects, while the government guides the development process by establishing an inviting and flexible development framework (Heurkens, 2012). Combined with the shifting societal values mentioned in paragraph 2.1.2, the roles and power relations between public, private and civic actors has shifted. For urban development in The Netherlands, this development can be captured in Figure 13 and Figure 14.

The growing power role for private parties and the facilitating by public parties can be an attractive context for corporations that want to engage in urban development projects. Therefore the specific power balance in a region can be an incentive for engaging in urban development projects.

2.2. Characteristics of Urban Development Projects

When going through literature on the field of urban development, one comes across a lot of authors (Daamen, 2010, De Zeeuw et al., 2013, Franzen and De Zeeuw, 2009) describing the term urban development projects. The variety of definitions, some quite similar, some differing, illustrates the complexity of this phenomenon. The definition that is composed in the light of this study is:

“The integration of functions, disciplines, actors, cash flows and interests with regard to the concrete material intervention inside a geographically distinct urban area with the objective to add commercial and societal value.”

An important characteristic that is mentioned by most of these authors is its process of integration. There are a lot of aspects to be integrated when engaging in an urban development project. Some aspects are related to the process and others are actual physical aspects. A process related characteristic of urban development projects
is the multitude of involved actors, which all are interdependent. When integrating these, collaboration and partnerships will be established. A partnership that fits the development project will contribute to long term qualitative urban areas, sound risk management, cost reduction and efficiency (Deloitte et al., 2011). That fit is established through a clear division of tasks, responsibilities and competences between the involved actors.

Another process oriented characteristic of urban development projects is that they are aimed at value-creation. This aspect can actually be separated in three individual aspects, being economic, societal and ecological value-creation (Nirov, 2012). Economic value-creation is derived from the physical process of urban development, which consists of acquiring the land, site preparation and construction of public space (traditionally by municipalities). Subsequently, real estate development and sale follow, traditionally performed by a developer. After sale, an investor (again; traditionally) exploits the real estate and rents it to the end users (Hofstra, 2012). This process is illustrated in Figure 15.

Figure 15: physical process of urban development (based on Hofstra (2012))

The value-creation process moves the other way around; the end user determines the value of real estate. Based on the potential rent income, the value of the real estate is determined and from this value the investor decides on the price he is willing to pay the developer for the object. Keeping investment costs and risks in mind, the developer subsequently decides on the land price he is willing to pay the land owner.

Figure 16: economic value-creation chain in urban development (based on Hofstra (2012))

As mentioned, these processes represent the traditional roles in urban development. These roles have faded, shown by the fact that some developers are getting involved in land acquisition and land development and some investors are taking up the developing role. The reasons for these role changes were the exponentially growing profits on real estate and land, as a decisive production factor, could give an actor more power (Hofstra, 2012).

The societal value of urban development projects is created by core values like mobility and quality space. Formed by some key publications, a growing emphasis on sustainability has been created, which has grown to its current form through three sustainability waves (Figure 17). These three waves all occurred on the background a financial crisis.

Figure 17: sustainability waves of the ’70’s, ’80’s and ’00’s (Nirov, 2012)

This growing emphasis on sustainability has brought about more core values in the practice of urban development. These values are health, energy and experience (Rotmans, 2012). A societal sustainable urban development project houses peoples’ individual needs.

An important aspect of the abovementioned sustainability waves is the ecological value. As 75% of natural resources are consumed in the built environment, urban development can contribute a lot on this aspect. In
order to develop sustainable urban development projects, a shift has to be made from a linear economy to a circular economy. This entails conscious use of materials, designed for disassembly, reuse and recycling, but also creating dynamic and adaptive developments, which are future proof (Nirov, 2012). By implementing energy efficiency measures, such as smart-grids and the use of solar and wind energy, a big ecological difference can be made.

The value of urban development is in its integrative character. In this complex process, all of the abovementioned aspects play their part. Sustainable urban development projects create economic, societal and ecological value at the same time, through integration created by the established partnerships.

2.3. Roles and partnerships in urban development projects

In order to be able to study the sub-questions of ‘what role do corporations have within urban development projects?’ and ‘what partnerships are needed in order to realise these projects?’ the roles and partnerships that are present in current urban development practice will be described. On the basis of these descriptions the studied cases can be categorised.

As mentioned in paragraph 2.2, characteristic for urban development is the multitude of involved actors, and their interaction in an urban development project. Each actor, both public and private, has its own power to affect the realisation of a project by means of resources and rules. Management of an urban development project concerns the organisation and roles of different actors, which, in all urban development projects, are both public and private parties (Sturm, 2014). Heurkens (2012) describes a role within an urban development project as “a coherent set of organisational tasks and related management measures carried out by actors involved in urban development projects.” The actor focused on in this research is the corporation. However, as mentioned in paragraph 2.2, all actors within an urban development project are interdependent. Therefore, when engaging in urban development, the corporations and public authorities will be dependent on each other. Not one party, public nor private, can realise an urban development project alone (Heurkens, 2012).

Thus, public and private parties have to collaborate for these projects to be realised. This collaboration can be established by setting up a public private partnership, which are defined by Klijn and Teisman (2003) as co-operations between public and private actors with a durable character in which risk, costs, and benefits are shared. Within this co-operation actors have to overcome the barriers caused by conflicts of interests, strategic behaviour and institutional roles. There are several models in which the public-private partnership can take place. For the Dutch situation, the roles of public and private parties in PPP-models in current urban development practice are shown in Figure 18.

<table>
<thead>
<tr>
<th>Development Stage</th>
<th>Sub-stage</th>
<th>Public Realization</th>
<th>Building Rights</th>
<th>Joint Venture</th>
<th>Concession</th>
<th>Private Realization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiative</td>
<td>-</td>
<td>Public</td>
<td>Public or Private</td>
<td>Public or Private</td>
<td>Public</td>
<td>Public or Private</td>
</tr>
<tr>
<td>Plan &amp; feasibility</td>
<td>Vision and program</td>
<td>Public</td>
<td>Public &amp; Private</td>
<td>Public &amp; Private</td>
<td>Public &amp; Private</td>
<td>Private</td>
</tr>
<tr>
<td></td>
<td>Design plan</td>
<td>Public</td>
<td>Public &amp; Private</td>
<td>Public &amp; Private</td>
<td>Private</td>
<td>Private</td>
</tr>
<tr>
<td>Realization</td>
<td>Land development</td>
<td>Public</td>
<td>Public</td>
<td>Public &amp; Private</td>
<td>Private</td>
<td>Private</td>
</tr>
<tr>
<td></td>
<td>Real estate development</td>
<td>Public or Private</td>
<td>Private</td>
<td>Together or Private</td>
<td>Private</td>
<td>Private</td>
</tr>
<tr>
<td></td>
<td>Construction</td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
</tr>
<tr>
<td>Operation</td>
<td>Maintenance public space</td>
<td>Public or Private</td>
<td>Public or Private</td>
<td>Public or Private</td>
<td>Public or Private</td>
<td>Public or Private</td>
</tr>
<tr>
<td>Land use policy</td>
<td>Active</td>
<td>&lt; &gt; Passive</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Figure 18: roles of parties in Dutch PPP-models (Heurkens, 2012, based on Kenniscentrum PPS, 2006)*
In the UK there are two types of partnerships to be distinguished (Hobma et al., 2008): enabling partnerships and delivering partnerships. Enabling partnerships are also referred to as informal or co-operative partnerships and can be defined as an informal partnership focus on converging the differing public and private interests towards a shared vision on an urban development project development. This partnership is ‘informal’ since it there is no binding contract. These types of partnerships are suitable for the cooperation between public, private and civic actors (Heurkens, 2012).

Delivering partnerships can be called joint ventures or development partnerships and are quite similar to Dutch models of Public Private Partnerships. However, the sharing of risks and control is less intense than in Dutch models. In the UK’s development partnerships public and private actors perform different but complementary activities. Public parties have statutory power, such as granting planning permissions and compulsory purchase of land and buildings, but they are not allowed to transfer these powers to the partnership. Management of the development partnership should be separated from exercising these powers. Within a delivering partnership there often is a representative from the development/economic department of local planning authorities that secures best development and planning interests (Heurkens, 2012). For the public parties it is important to carefully consider the point in time at which the private party is getting involved in the project. If this is done before a strategy is set up it might become ‘overly biased in favour of commercial development at the expense of public benefit’ (Nadin et al., 2008). If a strategy has already been formed, the feasibility can be more precisely defined, but there would be less flexibility for the private partner to determine the nature of the deliverables (Nadin et al., 2008).

In order to bring about developments through these partnerships, two principle types of legal partnership vehicles are used in the UK. The first type are Limited Companies, often private limited companies that resembles the Dutch Joint Venture model the most. Since consent of the central government is needed for a private party to enter such a Limited Company, this entrance is bound to strict constraints (Heurkens, 2012). The second type of legal vehicle is are Legal Partnerships, divided into unlimited partnerships, limited partnerships and limited liability partnerships.

When entering these partnerships two main types of legal agreements are used; the cooperation agreement and the development agreement. The first resembles the initial agreement to work together and the second is signed when moving more towards the implementation of the project. The latter sets out a detailed description of each actor’s responsibilities. The agreement contains working arrangements, funding, phasing, infrastructure provision and timescale for the project. Also, it contains a clause for dealing with disputes (Heurkens, 2012).

The planning performance agreement is another legal relationships that can be formed between public and private actor. In one variant of this agreement the developer and local planning authority agree on the required information from both parties and the moment of judgement and progress of the development. In another variant there is agreed upon the level of service provided by the local authority towards the developer. Usually, the developer pays a compensation for these services. An additional agreement to the development agreement is the Section 106 Agreement. This agreement is used to secure necessary matters in terms of planning, like the provision of services, infrastructure, education, etc. These agreements mainly consist of the contribution the developer has to make concerning these public functions.

As mentioned in paragraph 2.1.2 and 2.1.3, there are differences in the power balance between public and private parties internationally. This also reflects on the prevailing PPP-models in a specific country. Countries with a strong public tradition, like the Netherlands, seem to have PPP-models that are dominated by the public actor, whereas countries with a private tradition, like the UK, have PPP-models dominated by the private sector (Heurkens, 2012). These power balances relate to the role that is obtained by the government, which is providing for private sector dominated regions and enabling and regulating for public sector dominated countries (Stur, 2014). The relations between the role of the government, public private power balance and types of partnerships are described by Heurkens (2012) and presented in Figure 19.
Involved actors can influence the realisation of an urban development projects by *steering*, which comprises all forms of directive influence on a system. When steering an urban development project, an actor has to deal with uncertainty, ambiguity and unpredictability, but also changing conditions, goals and location-dependent contexts. Moreover, steering is about achieving objectives with particular emphasis on the context of urban development.

### 2.4. Conclusion

The context of urban development has changed both financially and socially. These changes in context caused a change in power balance between actors that are involved in urban development projects. Every urban development project is embedded in an economic and societal context. This context and its prevailing societal principles are determinative for the role each actor plays within an urban development project. The practice of urban development projects has the following characteristics that might be attractive for corporations:

- **Partnerships** are always present
- It enables economic, societal and ecological value-creation
- They are very complex processes
- **Public and private** actors are involved in the process

In the next chapter, the characteristics of the subject of study, Corporate Strategies, are elaborated.
Chapter 3. Subject of study: Corporate Strategies

This chapter aims at giving an understanding of the subject of this research, being corporate strategies of multinationals. First, the context (and changes herein) is described. Then, the characteristics of corporate strategies are elaborated. The final paragraphs of this chapter link corporate strategies to engagement in urban development projects and describe potential motives, incentives and barriers.

3.1. Changes in corporation’s context

As mentioned before a trend is noticed that large corporations are starting to engage in urban development projects. This trend can be traced back to a changing context for corporations. This change causes corporations to alter their view on the future. These changes in context are elaborated below.

3.1.1. Megatrends

The world is currently experiencing several megatrends, having a profound effect on how and where businesses think their opportunities lie. Lots of corporations try to develop their future strategies based upon these megatrends. One of them is urbanization and the population growth. In 2050 75% of the people will live in cities. This increases the number of megacities drastically, which has huge implications for society, governments and business, but also creates big opportunities for corporations (PWC, 2013). Also, a shift in global demographics is noticed, leading to an ageing population in the developed world and emerging middle-classes in the developing world. This increases the already raising problem of resource scarcity, which entails an impending shortage of water, energy and food (PWC, 2013). Another megatrend is a great economic rebalancing, concerning an economic shift from the developed world to the developing world, and the rapid emergence of technological breakthroughs. All these trends entail big changes on how corporations think about their businesses, business models and delivered services. They raise significant challenges but also big opportunities for corporations (PWC, 2013). Climate change and resource scarcity is another megatrend. According to PWC (2014) the reserves of natural oil and gas will be exhausted within 50 years when continuing in the current rate of consumption. Our development needs are very dependent on fossil fuels, of which the emissions drive climate change. This downward spiral needs to be counterbalanced by an energy transition, which entails replacing fossil fuels with renewable energy. The fifth identified megatrend is that of exponential growth of technological breakthroughs. The time it takes for technological breakthroughs to developing to mass-market applications has become severely shorter than it took several decades ago. The disruptive impacts of these technological breakthroughs affect every business sector and enhance the competitive environment in which corporations operate heavily.

3.1.2. Innovation

Globalisation has brought interdependence between nations and regions. The industrial age is ending and individuals, corporations and governments are realising that its side effects are unsustainable. One of the side effects of the old ways of working is climate change (Senge et al., 2008). But this is not the only threat that changes the context for corporations. The economic crisis, wars and other social crises have ended the settled post war decades of continual economic growth and all benefits following from it. This change of context causes the future to seem uncertain. To compete with these uncertain economic and political circumstances, corporations must develop strategies for effective innovation. Creative thinking and new ways of working are part of these strategies (Anonymous, 2011). Formerly, innovative corporations kept their developments and processes to themselves. However, because of this changing context, corporations realize more and more that combining creative resources can be mutually beneficial, so-called open innovation. In order for open innovation to be successful, it needs to be supported by a broad range of public policies that ensure a fertile environment, therefore, the role of policy makers in the public sector is an essential component in creating this environment. On the other hand, corporations must be willing to take advantage of that supportive climate, by adopting strategies. The shift from closed to open innovation can be a difficult paradigm shift for many corporations.
Corporations that do practice open innovation are aiming at developing income by marketing their intellectual property rather than holding it a secret (Anonymous, 2011).

3.1.3. Corporations and context
When looking at corporate strategies and their relation to the (international) context, one can state that there are multiple realities. On the one hand, when engaging in strategy formation, the context has a huge influence as it is dynamic and, according to some strategists, can hardly be influenced. Therefore it is wise to consider those influences when forming a strategy. On the other hand, organisational purposes, of which strategies are a means to reach them, can have a significant influence on its context. These purposes in itself are widely debated. Some say that a corporation’s purpose is to make money, as they are owned by shareholders, whose primary interest it is to see their stock value increase. Others state that it’s a corporation’s purpose to serve the interests of multiple stakeholders, including customers, employees and suppliers, but also the local community, the business’ industry and the natural environment. If one takes on the latter assumption, combined with the growing power of multinational corporations, one could state that the purpose a corporation attempts to fulfil can have a big influence on the functioning of society (De Wit and Meyer, 2010). The role of corporations is an issue that is discussed by many.

3.2. Corporate Strategy Formation
All organisations are faced with the need to manage strategies (Johnson and Scholes, 1993). The impetus for strategic activities is the organisational purpose: the strategy is not an objective in itself but merely a way to reach a corporation’s objective (De Wit and Meyer, 2010).

3.2.1. Strategy characteristics
The term ‘corporate strategy’ stands for the most general level of strategy in an organisation and therefore embraces all other levels of strategy within a corporation. The term ‘strategy’ or ‘strategic decision’ is associated with several characteristics (Johnson and Scholes, 1993):
- it is concerned with the scope of a corporation’s activities
- it has to do with matching the activities of a corporation to the environment in which it operates
- and to its resource capabilities
- it has major resource implications
- it affects operational decisions
- it is affected by values and expectations of those with power in and around the corporation
- it affects the long-term direction of a corporation

Strategic decisions are complex. They contain a high level of uncertainty, because it involves making decisions on the basis of views on the future. They also demand an integrated approach, since, when making them, functional and operational boundaries need to be crossed. There is not one area of expertise that can solve problems. Another reason of their complexity is that they involve major change in a corporation. It is difficult to decide on and plan these changes, and implementation is even more difficult (Johnson and Scholes, 1993).

These strategic decisions are concerned with solving strategic problems. A characteristic of strategy that can be identified in every strategic problem is that it’s built up of three dimensions. These dimensions are process, content and context and can generally be described as follows (De Wit and Meyer, 2010):
- Strategy process: the process is concerned with the how, who and when questions of strategy, and thereby represents the manner in which strategies occur. How should strategy be made, analysed, formulated, implemented and controlled? Who are involved? When do activities take place?
- Strategy content: this is the product of the strategy process. What is the strategy of the corporation and its underlying business units?
- Strategy context: this is the set of circumstances under which the process and content are determined. In which corporation and environment are they embedded?
Each strategic problem situation is three dimensional by nature, and therefore, these dimensions cannot be seen as different parts of strategy. An in-depth comprehension of the strategic problem can only be reached when the strategist understands all three dimensions, and the interaction between those dimensions should not be denied. For example, the conducted strategy process will have a great influence on the strategy content (De Wit and Meyer, 2010). The relationship between the three dimensions is represented in Figure 20.

3.2.2. Strategic Levels

When looking at the content of strategy, there are several levels of strategy within a corporation. The higher the level, the more people and activities within an organisation are affected by the strategy (De Wit and Meyer, 2010). The level of corporate strategy is the highest (for corporations with more than one business). For many corporations, the main issues in this level are about overall scope, the allocation of resources on different operations and how the corporation is to be run in financial and structural terms. The alignment of the strategies in the different business units is also dealt with in this level. These issues are all influenced by the overall mission of the corporation. This mission can follow from societal values, but financial markets and issues of diversification and acquisition play a big role in this as well (Johnson and Scholes, 1993, De Wit and Meyer, 2010).

Below the level of corporate strategy, there is the level of competitive/business strategy, which is about how to compete in a market. It is concerned with products or services to be developed and in which target groups these should be focussed. There is a lot of interaction between these two levels of strategy: on business strategy level a corporation needs to take into account and adapt to the different markets in which it operates. However, on corporate strategy level corporations wish to ensure a consistent image, range and style of operation throughout the world. The third level of strategy is operational/functional strategy. This level is concerned with the way in which different functions within a corporation (marketing, finance, production, etc.) can contribute to the other levels of strategy. For a lot of corporations, decisions or activities on operational level are of great importance for the success of business strategy. Integration is therefore of great importance (Johnson and Scholes, 1993).
In Figure 21 another level of strategy is shown above the corporate strategy level. This level is called the network level and consists of a group of corporations. Most of these groups, of which strategic alliances, joint ventures and value-adding partnerships, consist of only a few corporations. Some however, can consist of tens or even hundreds of participants (De Wit and Meyer, 2010). Among strategists there is disagreement on whether corporations should develop long term collaborative partnerships with other corporations or remain independent. The advantage of remaining independent might be that a corporation will not come across opportunistic partners or become dependent on another party. However, one might miss out on mutual benefits often created by durable partnerships (De Wit and Meyer, 2010). Considering the changing context for corporations explained in section 3.1, the development of durable partnerships seems more fruitful than remaining essentially independent, since these partnerships enable the employment of open innovation. As collaborating and setting up partnerships is such an important aspect in urban development this might be an important link between corporations’ strategies and their involvement in urban development.

3.2.3. **Strategic Analysis**

To understand the strategic position of a corporation, a strategic analysis can be conducted. This analysis also allows one to form a view of the key influences on the present and future well-being of the organisation, and therefore the choice of strategy. These influences can be found in Figure 22.

![Diagram](image)

**Figure 22:** influences studied in strategic analysis (based on Johnson and Scholes (1993)).

A corporation functions within the context of commercial, economic, political, technological, cultural and social aspects. Changes in these environmental variables can bring about *opportunities* and *threats*. A corporation’s strategic capability is about its strengths and weaknesses, which can be identified by its resource areas, like physical plants, products, management and financial structure. The expectations of a corporation’s stakeholders are important because it determines the acceptance of the strategies that management develops and pursues. Also, the beliefs and assumptions that form the culture of a corporation are important since the environmental and resource influences will be interpreted according to these beliefs and assumptions. The basis of strategic analysis can be summarized as the consideration of the environment, resources expectations and objectives within the cultural and political framework of the corporation (Johnson and Scholes, 1993). This strategic analysis will indicate whether the current strategy and objectives are in line with the corporation’s strategic position.

This analysis provides the basis for strategic choice, which consists of three parts: the *generation* of strategic options, the *evaluation* of those options and the *selection* of a strategy. Within the generation there are several directions and methods to choose from. The evaluation can be based on the suitability of an option, but also the feasibility, for instance: are the required resources available. Acceptance of the stakeholders also plays a big part. The selection of a strategy is not purely objective and logical, but is strongly influenced by the values of the decision makers and persons with power within the organisation (Johnson and Scholes, 1993). After selecting a strategy, logically, the *implementation* of that strategy follows. This process also exists of several parts. One of them is resource planning: the logistics of implementation. It is also very likely that changes need to be made
in the organisational structure of the corporation and the management systems. And it calls for managers to manage the change processes and mechanisms, which is not only concerned with organisational redesign but also with day-to-day routine and organisational culture (Johnson and Scholes, 1993).

3.2.4. Strategies in multinational corporations
For multinational corporations the key strategic issues faced are very different from those of small businesses. Most multinationals are very divers in products and geographic regions in which they operate. Therefore, a multinational corporation often faces issues of control and structure at corporate level and of relationships between different businesses and the corporate centre. The allocation of resources between corporate business units, which are often competing, is also a great issue for multinationals, as is the coordinating of that process. Another major issue is the coordination of operational logistics across different business units and countries. They require high-end control systems and management skills. An important consideration for such a corporation is whether to control these logistic centrally or to make its operating units autonomous (Johnson and Scholes, 1993). As mentioned in the paragraph on strategic levels, there is a lot of interaction and sometimes friction between the corporate strategy level and the business strategy level (De Wit and Meyer, 2010). This is even more the case for multinational corporations as they operate in many different countries. On business strategy level one might consider to adapt business units to local markets, but on corporate strategy level one strives for consistency in products, image and style of operation. A balance needs to be found between those two levels.

3.2.5. Strategy formation
According to Mintzberg (2007) the process of a strategy being formed does not only consist of that what is deliberately formulated as a strategy, but also the formation of a strategy, which is emergent throughout the process. This process is illustrated in Figure 23.

The intended strategy is the strategy as it has been planned before taking any action. The part of that strategy that is realised is called the deliberate strategy process. However, along the way some parts of the intended strategy are never being executed. This is called the unrealized strategy. Also, some actions are taken without being planned and become part of the strategy: the emergent strategy process. The resulting strategy after this process is called the realized strategy.

3.3. Changing strategies
According to Sultan et al. (2008) to survive and ensure healthy growth, corporations must anticipate (mega)trends and convert these into business opportunities by innovating and strategic planning. If they don’t, stagnation and obsolescence will follow.
3.3.1. Megatrends and innovation
The effects of megatrends can be shown by an example of the evolution from Industrial, through Computer to Information age. Businesses (and society) have changed tremendously since this evolution, since it has caused a dependence on information and knowledge flows within a global network (Castells, 2005).

Corporations that did not respond and develop strategies to anticipate megatrends are left with outdated technologies and products and missed opportunities (Sultan et al., 2008). These corporations have a small chance of surviving the competitive market, which shows the importance of innovation and strategic planning and, if necessary, strategic change. An adequate response to (mega) trends often fails because major corporations derive business opportunities from their existing product and technique portfolio. This will usually not lead to innovation, but merely to incremental improvement (Scholten, 2014).

In order to be able to adequately respond to (mega)trends and to see in which markets growth is still possible, Sultan et al. (2008) came up with a 4-step process of for the reassessment of a corporate strategy, called Megatrend Analysis and Portfolio Strategy, consisting of the following steps:

- Identifying megatrends
- Anticipating subtrends
- Develop potential responses
- Develop product opportunities

This process helps corporations solidify their new corporate strategy. It can also help answer the question of why a corporation is working on a specific product, and to better understand cultural differences, making it possible to create better marketing and sales strategies (Sultan et al., 2008).

3.3.2. Corporation size
According to an interview with Jeroen van der Velden (Director Strategy Centre, Nyenrode Business University) the way in which corporations deal with strategic change depends heavily on the size of a corporation. Small companies tend to seek for ‘profit spots’ and focus on that particular business. In this way they can optimise the production process, marketing etc. for this particular business and out-compete large corporations. These small companies are more capable to do so in comparison to earlier years, because knowledge has become a commodity more and more. Therefore, large corporations need to distinguish themselves in other ways, in order to create value (and thereby remaining profitable). It is noticed that large multinational corporations often (try to) distinguish themselves by moving to a more abstract product level. There is a shift from the production on the level of physical goods, towards products on service level and, beyond that, solution level (Bekker, 2014, Van der Velden, 2014) as illustrated in Figure 24. When a corporation makes this shift, the composition of their product portfolio changes.

These multinational corporations can make this switch because they have more financial resources then smaller companies. Moreover, since they are active in many businesses and have a larger number of employees, these corporations have more in-house capabilities. Corporations that are able to connect all their capabilities can become very strong players. Moreover, multinational corporations are active on a higher level of strategy, the network level (see Figure 21), since they have a bigger network and more man-hours available for lobbying.
3.3.3. Corporate social responsibility

Many corporations all over the world have, over the past decades, redeveloped their corporate policies to include some type of guidelines to ensure appropriate responses to corporate social responsibility (CSR) issues (Miles et al., 2006). A reason for them to do so is the fact that governments, activists and media more and more hold corporations responsible for the effect of their corporate activities on society. However, this pressure does not always lead to a productive way of integrating CSR in corporate strategies, because it causes corporations to think of CSR in generic ways, rather than in a way that best suits the corporation’s strategy and core business (Porter and Kramer, 2006).

There are several ways in which corporations deal with this pressure. Miles et al. (2006) mention a Social Responsibility Continuum that ranges from compliance perspective, where corporations meet legal and ethical requirement but do not spend shareholders money on non-economic priorities, to a strategic perspective, where corporations change their business models to include CSR strategies that create economic returns for stockholders, to a forced perspective, where corporations are pressured by various entities to go beyond compliance or strategic interests and spend resources that may not, in the long term, be in the best interest of the shareholders.

It seems logical to assume that the strategic perspective seems the most fruitful, since it benefits economic return as well as societal return. Moreover, it can function as a source of innovation, opportunity and competitive advantage (Porter and Kramer, 2006). To integrate CSR in a strategic way, corporations need to understand the interrelation between corporations and society, and anchor this interrelationship in their corporate strategy and activities. Corporations need a healthy society in order to be successful, since education, health care and equal opportunities bring about a healthy workforce. Also, if corporations provide safe products and a safe working environment they lower costs of accidents and attract customers and an efficient use of natural resources enhances productivity. On the other hand, society will not function without corporations since they create jobs, innovation and wealth, and thereby increase social welfare and living conditions. According to Porter and Kramer (2006) these interrelations can be divided into inside-out linkages: a corporation affects society through its daily value-chain activities, and outside-in linkages: social conditions influence corporations, since it determines the competitive context.

In order to strategically incorporate CSR, corporations need to address those social issues that intersect with their specific businesses. The issues addressed should present an opportunity for shared-value: a significant benefit for society as well as for the business. The framework presented by Porter and Kramer (2006) divides these social issues into three categories:

- General social issues: these are significant for society but do not influence a corporation’s long term competitiveness and neither are affected significantly by a corporation’s activity.
- Value chain social impacts: these are significantly affected by a corporation’s day-to-day business
- Social dimensions of competitive context: these are external context factors that significantly affect underlying competitiveness drivers in a corporation’s operational area.
Social issues can be divided differently for different corporations, as for one corporation different issues intersect with their business than for another. By categorising these issues, corporations can create a corporate social agenda which looks for opportunities to achieve social and economic benefits at the same time. This helps a corporation to strengthen their corporate strategy by increasing social conditions, instead of merely averting harm (see Figure 25). An example of this strategic incorporation of CSR is Nestlé, which buys its resources directly from farmers in developing countries. The corporation invests in local infrastructure and the transfer of high-end knowledge and technology, which for Nestlé ensures reliable access to its source, but also for society greatly improves education, health care and economic development. The most strategic CSR is created when a social dimension is added to a corporation’s value-proposition (Porter and Kramer, 2006). As for every strategic decision, the incorporation of strategic CSR requires a lot of adjustments within the organization (see paragraph 3.2.1).

3.4. Entering new markets

As engaging in Urban Development is not the core business of the multinationals studied in this research, it is very likely that in doing so, the corporation enters a new market. In this paragraph the composition of a corporation’s profile and the effects on this profile by entering a new market are described.

3.4.1. Horizontal and vertical boundaries

Each corporation has its own profile built up of its horizontal and vertical boundaries and the volume it contributes to the market. The horizontal boundary is the decision about the quantities and varieties of products and services the corporation will deliver. Each market sector shows a variety of corporation sizes: small, big, coexistence of small and big, mergers and splits. Horizontal boundary decisions are driven by economies of scale (cost-savings through the increase of the production of a service or product) and economies of scope (cost-savings through the increase of the variety of services or products (relative total cost of the production of that variety in one corporation versus separately in two or more corporations) (Vande Putte, 2012).

The vertical boundary is the decision of a corporation to perform an activity itself or to purchase it from an independent corporation. There are a lot of activities that need to be executed to deliver a product/service to its customer. Goods “flow” along a vertical chain from raw materials and component parts to manufacturing through distribution and retailing. Early steps in the vertical chain are upstream and later steps are downstream in the production process.

The last element in corporations’ profile is the market share in its sector. With these three elements each corporation forms its own rectangular shape in Figure 26 the boundaries of two well-known corporations are demonstrated.
3.4.2. The effect of new market entry
As shown in the preceding paragraph, each corporation has its own profile concerning boundaries. However, when a multinational starts engaging in Urban Development, these boundaries, and therefore its profile, change. Concerning the sub question ‘how does the engagement in Urban Development projects relate to a corporation’s core business?’ it might be interesting to monitor the corporations’ changes in boundaries. Will the boundaries expand, e.g. will the engagement be an addition to the variety of products? And if so, in what quantity will it expand? Or will the engagement cause a shift of boundaries, since they replace former products or activities?

3.5. Strategies that engage in Urban Development
From case documents and explorative interviews, already quite some potential motives for corporations to engage in Urban Development can be derived. Besides the motives found in literature, these motives will also be used in the set-up of the conceptual framework. The quick-scan cases of Siemens and Ikea are elaborated below.

3.5.1. Quick scan case 1: Siemens
Since 2011, Siemens started the division “Infrastructure and Cities’, with the goal to actively participate in urban processes. According to Werner von Siemens, the corporation is a long term investor, and therefore it is in the corporation’s interest to mind the environment. Lodewijks (2013) concludes that Siemens has a focus on sustainability and has set their strategy towards it since 2008. This strategy focusses on sustainability from a financial perspective by setting financial goals for the corporation. This strategy switch is derived from the corporation’s vision that, considering the emerging megatrends (especially urbanisation), Siemens future concerning new developments lays within the context of cities (Bekker, 2014).

Siemens is involved in several Urban Development Projects, of which The Crystal, Masdar City and the Transportium are examples. Their focus is on the city as a whole, since the city comprises a large market for ‘sustainable’ products and innovative concepts (Lodewijks). The corporation has been engaging in technologies depended on cities for quite some time now, such as trams and high-speed trains, but their future technologies comprise smart-grids, communication systems and ‘city dashboards’ (Bekker, 2014). A shift can be noticed from making appliances towards producing information technology and communication systems between appliances (Vande Putte). This can be seen as a shift of product level as explained in paragraph 3.3.2.
When active in cities, the corporation can anticipate urban development and adapt to these developments with innovative ideas. This matches with the motive of innovation found in literature, explained in paragraph 3.3.1. The corporation sees Urban Development as a suited playing-field to realize their corporate goals. A striking characteristic of the both development projects is that Siemens was involved in the initiation and concept phase, where in earlier years they would not be involved until the realization phase. At this point, the corporation is not yet involved for the long term, but it is intending to be so in future, functioning as operator and co-investor in technological applications (Lodewijks, 2013).

For the TranSportium, the sale of technological products in the realization phase of the products is the main goal. However, their tender offer consists of a DBFMO-contract, which means a long term involvement and expansion of their role for Siemens. For Siemens, investing in Urban Development means building, co-investing and operating on a technological basis.

Lodewijks (2013) mentions several motives that drive Siemens to engage in Urban Development projects. A change of internal drive is an important motive; a change of focus towards sustainability from the people within the corporation. Sustainable ambitions from politicians and clients are also stimulating them to engage in Urban Development. The long term financial return that sustainability delivers is an important motive as well. Siemens thinks of Urban Development as the ideal playing-field for setting up innovative collaboration networks, which enhances the exchange of expertise (Lodewijks, 2013, Bekker, 2014). Also, the fact that many disciplines and knowledge fields come together in Urban Development makes it interesting to invest. In Urban Development corporations can come together to develop innovations and optimize existing product. This motive is a match with the motive of the network level of strategy for multinationals, as explained in paragraph 3.2.2. However, the deciding aspect is the financial motive.

In the end of May 2014, Siemens executive Joe Kaeser announced that Siemens will cut almost 12,000 jobs. Most of these jobs will disappear as a consequence of streamlining the corporation and the creating of a new division-structure, and the rest is caused by combining activities regionally (AFN, 2014). Concerning the corporation’s profile as discussed in paragraph 3.4.2, it will be very interesting for this research to closely follow the developments of these job cuts. It can give an indication on the relation between the newly entered Urban Development market and their core-business or former products and activities.

3.5.2. Quick scan case 2: Inter IKEA

Landprop, a daughter corporation of Inter IKEA, is developing the Strand East project in East London, comprising 1200 dwellings, 75,000 m² commercial space and a 350m² hotel. With this project ‘the success of Ikea as decorator of homes expands towards decorator of the entire future living environment’ (VPRO, 2012).

Strand East is not the first housing project Inter IKEA has undertaken, but this time the corporation says the goal is to create a development that fits in with the rest of London, with its historic mews combine perfectly with creative commercial space and where public courtyards open up into squares (Mack, 2012) . This is a big difference from the Bo Klok neighbourhood in Sweden, where several prefab houses are build side-to-side, all filled with IKEA furniture.

Andrew Cobden (country manager of LandProp) states that the corporation wants to have long term involvement, and they want to keep most of the property in ownership for the long term. With this long term
engagement they could start community activities where people get to know each other. Through that cohesion, people get the feeling of community and therefore have respect for that community, avoiding problems and risks that have been there in the past, since this area is one of the poorest area of the UK, with a young population of 50% of the population under 24 (VPRO, 2012). The area will be of a high facility level, including yoga studios, a crèche, office space and a Marriott hotel.

In order to realize this transformation very close collaboration (and mutual respect) in public and private partnerships is needed. In this project, LandProp focusses on (young) middle-income families and want to facilitate safety and to create communities. According to Cobden, the aim of the Strand East urban development project is ‘to work in close dialogue with city authorities to transform a near-derelict industrial site into a sustainable waterside neighbourhood’ (cited in Beanland (2012)). This motive seems to be matching with the network level of strategy as described in paragraph 3.2.2.

According to the image, the development will offer a variation in rental prices and house sizes, so a good range of demographics will be provided. There is also a big emphasis on sustainability, since the area provides trash removal tunnels and a hydroelectric plant to provide power to the community. Also, the area will become almost car-free. The figure also mentions a long-term economic return (20 years) instead of a quick profit. These aspects will generate the value-creation that characterizes urban development projects as explained in paragraph 2.2. Strand East seems to be just the first of more development projects to come. According to Der Spiegel, the corporation is already looking for sites in Hamburg and Berlin (Beanland, 2012).

3.5.3. Quick scan case 3: ThyssenKrupp
Ralph Labonte, member of the executive board and labour director, explains that ThyssenKrupp has started building their new headquarters for several reasons. First of all, the corporation owned, rented or leased a lot of office space, 150.000 m, in Essen (Ruhr-area, Germany). The corporation needed less than 100.000 m², so they wanted to ‘rationalise’ their space usage. Secondly, they wanted to move from many separate buildings to one main headquarter. The third reason is one of image and employee satisfaction: they wanted all of their employees to be brought together in a way that every one of them can say ‘I work at the headquarters’. Their last aim was to make all worldwide employees see the new headquarters as one central entity, the Executive Board (ThyssenKrupp, 2010).

In the project initiation phase, an architectural design competition took place for the new headquarters. The reason for ThyssenKrupp to do so is to see in what way renowned architects see the corporation. The architects had to reflect the corporation ‘as what they are: a modern, technology-oriented company, open, communicative and transparent’ (ThyssenKrupp, 2010).
The corporation believes that with the architects Chaix & Morel et associés and JSWD, they have reached this image in the realised building configuration. Not only the buildings are modern and innovative, but also they put a lot of time in research on state-of-the-art office concepts. These had to be economic, but also had to deliver, bright, attractive, modern and friendly workplaces for their employees. The headquarters also offers the employees some extra features, for example a forum with a ‘room of tranquillity’, an ultra-modern catering system.

Interesting is the fact that the corporations’ health insurance company and travel agency also have a base on the ThyssenKrupp campus. The corporation is thinking about developing a medical service on the campus for the convenience of their employees. The area is accessible for neighbours, general public and the corporations to promote the open and transparent character of the corporation (ThyssenKrupp, 2010).

The corporation realises it is a micro cosmos to some extent, but they want to change this. The first project realised was the Berthold-Beitz-Boulevard, a road that belongs to the public and is used by the public. The second project was the Krupp-park. The city of Essen used the land we made available to create a huge recreation area for people living nearby. The third thing to be completed is the ThyssenKrupp Quarter, and they are trying to form a link between the neighbours, which in the broadest sense also include the university and several large department stores. The area has a fast and direct access to the downtown area and the main train station (ThyssenKrupp, 2010).

Ralph Labronite states that every corporation needs a home. ThyssenKrupp’s home is Germany, the Ruhr, Essen, and this home is where the strategic decisions have to be made. Therefore, this corporate centre is needed. Labronite: “I believe no company in the world stands the slightest chance of succeeding or even just surviving unless it has a place where it can consider and develop the decisions that affect everyone” (ThyssenKrupp, 2010). Compared to the IKEA and Siemens quick scan cases, it seems that ThyssenKrupp’s focus is more on their own employees and their own corporate real estate.
3.6. Drivers for engaging in Urban Development

When going through Chapter 2 and Chapter 3 of this report, it appears that there are several overlapping characteristics and values of the study object, Urban Development Projects, and study subject, Corporate Strategies. The assumption is that these overlaps are the drivers for multinational corporations to engage in urban development projects. This paragraph provides an indicative structuring of these drivers as a lead-up to setting up the assumed motives and analytical framework.

3.6.1. Overlapping characteristics, motives, incentives and barriers

In Table 3, the characteristics of both object and subject are summarised. The assumption is that overlaps between these characteristics are the drivers for multinational corporations to engage in urban development projects. These drivers are separated in motives, incentives and barriers.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Urban Development Projects</th>
<th>Corporate Strategies within multinationals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Characteristics</strong></td>
<td>Partnerships always present</td>
<td>Emphasis on network level of strategies</td>
</tr>
<tr>
<td></td>
<td>Enables economic, societal and ecological value-creation</td>
<td>Continuing need for innovation</td>
</tr>
<tr>
<td></td>
<td>Very complex processes</td>
<td>Shifting towards ‘solutions’ instead of physical goods</td>
</tr>
<tr>
<td></td>
<td>Public and private actors involved</td>
<td>Anticipating (mega) trends</td>
</tr>
<tr>
<td></td>
<td>Economically and socially determined by prevailing societal principal model</td>
<td>Growing emphasis on Corporate Social Responsibility: economic, societal and ecological aspects</td>
</tr>
<tr>
<td></td>
<td>Role division determined by public private power balance</td>
<td>Emphasis on stakeholders interests</td>
</tr>
</tbody>
</table>

Table 3: characteristics and values of UD projects and corporate strategies

As one looks at this table, already some overlap can be noticed. As mentioned in paragraph 3.3.2, multinational corporations have a great emphasis on the network level of strategy. Collaborating with other parties is of great importance for these corporations as it strengthens their network. Therefore, the fact that within urban development projects partnerships are always present, as are both public and private actors, is seen as a motive for corporations to engage in urban development. This motive can be linked to the relations established in corporation-led urban development projects.

In paragraph 3.1.2 and 3.3.1, the importance for corporations to innovate is explained. None of the characteristics or values of urban development projects can be directly linked to innovation within a corporate strategy. However, entering this new practice of urban development in general can be considered as innovative for a specific multinational. Moreover, a corporation can consider the urban development project as a suitable testing ground for their innovations. Therefore, innovating through the entrance of the urban development practice can be seen as a general motive.

Multinationals are more and more shifting from making physical goods through services to solutions (see paragraph 3.3.2). As urban development projects are very complex projects, this can be considered as a fertile new market for multinationals to apply their solutions. Therefore, this overlap is seen as a motive as well. This motive is also linked to the relations established in urban development projects since these are important in marketing these solutions, but also to the role the corporation plays, for instance as an advisor or supplier.
The importance of anticipating **megatrends** is very apparent for multinationals, as elaborated in paragraph 3.3.1. Results from the quick scan cases show that numerous multinationals consider the future to be within cities, due to the megatrend of urbanisation and the energy transition. Therefore they want to anticipate these trends. Again, no direct link can be found in the characteristics and values of urban development, but the overlap between this anticipation and the engagement in urban development projects in general can be seen as a clear **motive**.

Looking at the values within corporate strategies, a growing emphasis on **CSR** is noticed comprising economic, societal and ecological aspects (paragraph 3.3.3). As UD projects can create value on all these aspects, the link between this value and UD characteristic is clear, and can also be labelled as a **motive**.

There is, or at least should be, a great emphasis on **stakeholders’ interest** in a corporate strategy. Each multinational corporation is embedded in a different context concerning stakeholders. Therefore, each corporation has a different set of interests to take into account. Some stakeholders will benefit from a corporation engaging in urban development and other will not. For example, the employees of ThyssenKrupp are supposed to benefit from the additional services on the campus area. Therefore, depending on the stakeholder context, emphasis on stakeholder interest can either be seen as an **incentive or a barrier**. This can be linked to the **role** the corporation plays within corporation-led urban development projects (for example as a supplier of employee services).

As explained in paragraph 2.1.2 and 2.1.3 each country or region as its own **prevailing societal principles model**. As this model brings about a certain **power balance** and role division in urban development projects, this can be experienced as an **incentive or barrier** for a multinational corporation to engage in urban development. Whether it is an incentive or a barrier depends on whether the role a corporation wants to play in the project matches the specific prevailing model within an area to be developed, and the consequential roles that model brings about. The described overlaps between the characteristics of corporate strategies and urban development projects are visualised in Figure 29.

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Figure 29: visualization of overlapping characteristics
3.6.2. Strategic business goals to engage in Urban Development

In an attempt to structure these identified motives from a corporate viewpoint, this paragraph categorises them to more general strategic business goals. This structuring is a first step towards designing the analytical framework to which the empirical results are subjected. It is needed to design this framework along this research as there is few existing research on this subject that provides suitable analytical models.

There are several strategic business goals to which engagement in urban development can contribute. An important notion here is that the goal of every private corporation is to make profit in order to survive (Squires and Moate, 2012). Engagement in urban development projects can either be directly profitable, indirectly profitable or cost reducing. Philanthropic actions by private corporations do exist but are scarce. In Figure 30 six strategic business goals, to which the engagement in urban development seems to contribute, are identified. They follow from the motives that are identified through the literature review and quick scan case studies. The sections below elaborate on how the engagement in urban development can contribute to these strategic business goals.

As explained in chapter 2.2, economic value can be created in urban development projects. Through investments in real estate and urban development projects, a return on these investments can be made, which can be seen as direct profit for the investor. That same economic value creation is the motive of corporations for which the core business is the development real estate and urban projects.

As witnessed in the quick scan cases, a goal of the engagement in urban development is the development of a corporation’s businesses for instance by expanding the business portfolio with urban development activities which provides the corporation with a larger profile according to the horizontal and vertical boundaries of Figure 26. The engagement in urban development can also contribute to the goal of Business Development by enabling the shift from products to services and solutions, adjusting the business to anticipate megatrends and further developing business by using urban development as a testing ground for innovation.

The quick scan case of ThyssenKrupp identifies the strategic business goal of the provision of Business Resources. In order to ensure that the corporation can remain doing profitable business, it needs to make sure that the context in which it performs it day-to-day business is well managed. This can comprise several types of motives, such as executing Corporate Real Estate activities, providing the needs of employees, ensuring the availability of future clients by establishing partnerships in urban development, etc. The provision of employee needs, like housing, medical care and sports facilities, was more common in the beginning of the last century, when corporations built whole neighbourhoods like Philipsdorp (Eindhoven, Holland) and Bournville, built by Cadburry Chocolate in the UK (de Gier, 2011).

Another identified strategic business goal is wanting to build a community as a form of Corporate Social Responsibility or maybe even charity. Urban development projects are pre-eminently a very suitable way of physically building a community. As mentioned, pure charity by private corporations is scarce, since profit maximisation is an important motive that drives charity contributions (Navarro, 1988). In the Inter IKEA quick scan case it is written that the corporation wants to establish an active and involved community. However, there are most likely more business-oriented motives hidden behind these statements, since the corporation has acquired its own in-house developer, which eventually just wants to make profits on its real estate developments.
The final identified strategic business goal is that of **Community Control**. An example is a gated community, built by a corporation, in which their employees are (sometimes) shielded from the world outside this community. Other examples are water supply corporations and mining companies that have control over urban areas in Africa (McGranahan and Owen, 2006). This type of community control is not allowed in the Netherlands.

Figure 30 depicts these six strategic business goals. They are placed on a scale of involvement in the urban development process, which originated from a discussion with the second mentor. Its design is based on some assumptions, for instance that corporations that engage in urban development projects with the goal of generating a return on their investment will be very little involved in the shaping and influencing of the actual urban development project as they only provide the financial means for the development. Corporations that have real estate as a core business are more involved as they have influence on the physical appearance of the developments. However, after realisation these corporations often move on to other developments and stop being involved in the realised project. On the other end of the scale the goals of Community Building and Community Control are placed is its community orientation most likely indicates a high degree of involvement in shaping the actual urban development project. The goals of Business Development and Business Resource Provision are placed in the middle. Corporation with the goals of Business Development have strategically incorporated this engagement in their business in a sense that their product/solutions are embedded in the urban development project and therefore will continuously be involved in this project. Business Resource Provision entails activities that are directly relatable to the corporation that performs them. Therefore, it seems logical that these activities (in the engagement in urban development) influence the shaping of the actual urban development project.

### 3.7. Assumptions

As elaborated above, the overlaps between the characteristics of Urban Development Projects and Corporate Strategies form the assumed motives for corporation to engage in urban development project and are summarized in Figure 31. The arrows represent the overlap in characteristics. This assumption forms the basis for the performed case studies.

![Figure 31: Assumed motives](image)
As elaborated in paragraph 3.6.2 by identifying the motives found in the literature review, these six strategic business goals were identified in order to structure these motives. In Figure 32 the categorisation of the motives under the strategic business goals is visualised. As it is the first step in the design of the analytical framework to which the case studies will be subjected, it includes assumptions on the amount of involvement in shaping the urban development project.

3.8. Conclusion

Corporate strategies are influenced heavily by the context in which they operate. Therefore, these strategies are subject to change. The characteristics of these (changed) strategies seem to overlap with the characteristics of urban development. It is assumed that these overlaps form the motives for multinational corporations to engage in urban development projects.

- Establishing partnerships to enhance network level of strategy
- Entering market for solutions to complex problems
- Creating economic, social and ecological value to act responsibly as a corporation (CSR)
- Anticipating megatrends and innovating through engagement in UD

Moreover, these motives are structured by a categorisation in strategic business goals which provides the research with an indicative analytical framework. The results of this chapter are the foundation of the empirical study that follows in Chapter 5.
Chapter 4. Methodology

In chapter 2 and 3 the theoretical concepts that position this research on corporation-led development were described. This chapter describes how this subject is studied. It elaborates on the research methods that are used and the interrelationship between those methods.

4.1. Methodological framework

A clear methodological framework is needed in order for the empirical research to be conducted properly. The framework is presented already in this part of the chapter in order to give a clear overview on how the methods and techniques relate to each other and the research as a whole. This framework is a means of structuring, interpreting and processing the retrieved theoretical and empirical material (Heurkens, 2012). The different methods and techniques used in this framework are described in the following paragraphs.

### Table 4: Methodological Framework

<table>
<thead>
<tr>
<th>Concept</th>
<th>Qualitative theoretical model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aim</strong></td>
<td>Understanding of motives, roles and relations in corporation-led urban development</td>
</tr>
<tr>
<td><strong>Methods</strong></td>
<td></td>
</tr>
<tr>
<td>Literature Review</td>
<td>Exploratory Expert Interviews</td>
</tr>
<tr>
<td><strong>Aim</strong></td>
<td>Set up a theoretical framework</td>
</tr>
<tr>
<td><strong>Techniques</strong></td>
<td></td>
</tr>
<tr>
<td>Academic literature review</td>
<td>Interviews with experts from different practice fields</td>
</tr>
<tr>
<td><strong>Aim</strong></td>
<td>Theories and concepts on corporate strategies and UD projects</td>
</tr>
</tbody>
</table>

4.2. Methods

Multiple research methods are used in order to establish triangulation. Triangulation is a term for combining the strengths and neutralising the weaknesses of the employed research methods and comes down to “the use of different tactics in order to address validity (credibility) and/or objectivity (confirmability)” (Groat and Wang, 2002). The methods and techniques used are of a qualitative nature, as this is a qualitative research. This paragraph elaborates on the different methods.

#### 4.2.1. Literature review

The basis of this study is a thorough literature review on the context of both urban development and corporations and the content, formation and change of their strategies. Also a link is made between these strategies and the engagement in urban development projects. With these concepts as a carrier for this study, a framework of assumed motives is provided, based on the context and contents. Moreover, on the base of this literature review an analytical framework is set-up. As mentioned before, little research has been conducted on the phenomenon of Corporation-led Urban Development just yet. Therefore, few theoretical analytical frameworks are to be found in existing academic literature. This literature review is therefore used as a first step in designing the analytical framework to which the empirical data is subjected as a steering tool in the empirical study. As most knowledge in this review is retrieved from literature from the field of pure business administration, it is hard to find direct motives and drivers for the engagement in urban development projects. Moreover, little is written about this phenomenon just yet. Therefore, different sources of information are retrieved through exploratory expert interviews.
4.2.2. Exploratory expert interviews

As mentioned in the paragraph above, the literature could not provide enough knowledge, directly linking corporate strategies to the engagement of urban development project. Therefore, already in the P1/P2 phase exploratory expert interviews were conducted. The experts that were interviewed all had a very different field of practice, increasing the credibility of matching statements. On the 17th of March 2014 Marlijn Lodewijks, a graduate at the MasterCityDeveloper, was interviewed, concerning her master thesis on investment motives of corporations in sustainable urban development. Insight was provided for the quick scan case of Siemens and also the methodology of this research. On the 26th of March 2014, both Louis Bekker and Herman Vande Putte were interviewed. Louis Bekker is the city account manager of Amsterdam for Siemens. This interview provided more in-depth knowledge on the motives to engage and the role that Siemens wants to play in urban development. Herman Vande Putte is part of the Corporate Real Estate Management division of the RE&H section at Delft University of Technology. This interview provided insight in general motives to engage and the effects on a corporation’s product portfolio. Mr. Vande Putte also helped thinking of concepts for the analytical framework. The final exploratory interview was held with Jeroen van der Velden, director of the Strategy Centre at Nyenrode Business University, on May 19th 2014. Mr. Van der Velden provided insight on strategic changes in multinational corporations and the shift in product levels. He also provided more potential case-studies. The setup of these interviews was in the form of an exploratory conversation rather than a (semi) structured interview.

4.2.3. Case studies

The main research method in this research is the case study method. In this study this method is described according to the definitions by Groat and Wang (2002) and Yin (2009) as an empirical inquiry that thoroughly investigates a contemporary (social) phenomenon or setting within its real-life context.

A case study research design is very useful when one wants to explore an area of study about which very little is known and is very relevant when the main aim of a study is to thoroughly explore and understand a phenomenon, community, group or situation, rather than to quantify and confirm (Kumar, 2010 cited in [Van der Voordt, 2014]). As little is known about corporation-led urban development and the main aim is to explore and understand the motives of corporations to engage in urban development projects, this research method seems the most suitable for this study. It provides an in-depth understanding on the case. However, this method is not appropriate for making any generalisations beyond the studied case (Van der Voordt, 2014).

Some other issues are mentioned by Heurkens (2012). The first ‘problem’ is that it is argued that case studies contain a ‘tendency to confirm the researcher’s preconceived notions’, causing a bias toward verification (Flyvbjerg, 2006). However, Flyvbjerg points out that the case study method does not contain a greater bias toward verification than other research methods. He mentions that experience has indicated a greater bias toward falsification than toward verification, because the researcher keeps adjusting his hypotheses by studying and reflecting on the empirical case (Heurkens, 2012).

The second issue is that some people argue that the validity of case study results is problematic and that general theoretical knowledge is more valuable than practical knowledge, because they believe that no reliability or generality of finding can be established though a small number of cases (Heurkens, 2012). This is the reason that triangulation is such an important aspect of the case study method.

4.2.4. Scope vs depth

When deciding on the method of case studies as a research method, an important aspect on which a decision should be made is whether to focus on a broad scope of cases or study a few cases more in-depth. According to Kantor and Savitch (2005) there is a trade-off between the two when selecting cases for comparison (Heurkens, 2012). Considering the limited time in which this study must be conducted, it can be stated that this trade-off is applicable to this research.

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The main aim of this study is to gather insight in corporation-led urban development. Several aspects, such as motives, changing strategies, the roles of these corporations and the partnerships need to be studied in order to gain this insight. Gaining insight in all these aspects is very time consuming. Therefore, as main research method in this study **depth is chosen over scope** since it enables a better understanding of the phenomenon of corporation-led urban development. However, motives for corporations to engage in urban development have a very wide range across the world, across contexts and across business markets. This is shown in the results of the in-depth cases. Therefore, **scope is needed as well to grope the borders of the phenomenon**. This scope is created by performing several additional quick scan cases.

In order to be able to perform a cross-analysis a minimum of two cases is required. Cross-analysis makes it possible to identify similarities and differences between the cases, possibly indicating conclusions on the studied aspects.

**4.2.5. Comparative analysis**

On order for the cases to be compared, comparative analysis is used. A difficulty of this comparison can be the fact that the different cases are embedded in different legal, organisational and economic contexts. This does not mean that a comparison between the case results is not possible, since the objects being compared do not have to be identical, but merely commensurable (the capability to be measured by a **common standard**) (Heurkens, 2012). Therefore, the case results of the different cases are through the same **comparative analytical framework** (depicted in Figure 32), containing the theoretical concepts to be studied, provided in Chapter 2 and Chapter 3.

**4.3. Techniques**

As mentioned in paragraph 4.2, it is important to execute triangulation on this research to increase validity and credibility. One aspect of triangulation is using more than one technique to study an object. In this paragraph the qualitative research techniques used in the case studies are elaborated. Several techniques are used in conducting the case studies. The first technique is that of **document review**. Documents that are examined in the execution of the case studies are corporation’s annual reports, strategy statements and project descriptions. Also, commercial, popular and academic literature is reviewed in order to establish knowledge on the case.

The second technique is that of **interviews**. These interviews are semi-structured and constructed based on the analytical framework built-up of the theoretical concepts resulting from the literature study. The purpose of these interviews is to gather insight in the motives for corporations to engage in urban development and the corporations’ (changing) corporate strategies. These interviews are held with employees that are involved in the realisation of the actual urban development project. Another purpose is to gain insight in the roles these corporations adopt and the relations and collaboration forms established in the realisation of urban development projects. This kind of information as hardly to be found through document review. These interviews are held with employees of involved municipal body in the development of the urban development projects. All interviews are recorded, so full attention was given to the conversation with the interviewee. After the interview, a transcript was made and sent to the interviewee for approval.

**4.4. Case selection**

Since only a limited number of cases is to be studied in depth in this research, a careful selection has to be made. In this paragraph the criteria for this selection are elaborated. It also elaborates on how many and which cases are selected according to these criteria.

**4.4.1. Selection criteria**

The selection criteria consist of pragmatic and content-based criteria. Pragmatic criteria are the time and money it costs to execute the case study and the opportunity of entry to the right sources for a case. Since the cases are conducted abroad and all sources must be arranged upfront, the entry of the right sources through networking is considered the most important pragmatic criterion. Content-based criteria are the availability of
information, the size and the core business of the studied corporations. Considering the knowledge gained in [9], these should be multinational corporations, since they have a much greater emphasis on the network level of strategy. Also, the corporation selected for a case study should have a core-business other than Urban Development. Moreover, the corporation studied should be engaged in, or planning to be engaged in the actual physical development of an urban development project (whatever role they may take in this process).

4.4.2. Case selection
Table 5 compares five potential cases on their match with the abovementioned selection criteria. From this analysis, the Inter IKEA, Siemens and ThyssenKrupp were selected to be suitable for studying in this research. IBM is not selected because of accessibility, entry and information issues. Also, the project is not so much a physical urban development project since the majority of the project consists of the head office of the corporations itself. Contact with the three abovementioned corporations was tried to be found after the P2 phase ended. Contact with Siemens London was found through Marlijn Lodewijks, who had interviewed Ms. Elaine Trimble, who is an urban economist at Siemens (in the Crystal), for her thesis. After contacting her by email she agreed to an interview. Contact with Inter IKEA was found through Thomas Hattig, who has been contacted before by Erwin Heurkens and a fellow student. After contacting him through LinkedIn, email and phone, he agreed to an interview. Contact with ThyssenKrupp tried to be found by emailing and calling several employees within the corporation. Unfortunately, fruitful contact could not be established on time, and therefore this case could not be studied in-depth in this research. As a result, two instead of three cases were studied in depth.

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Inter IKEA</th>
<th>Siemens</th>
<th>IBM</th>
<th>ThyssenKrupp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban Development Project</td>
<td>Strand East</td>
<td>The Crystal</td>
<td>Baton Rouge</td>
<td>ThyssenKrupp Quartier</td>
</tr>
<tr>
<td>Location</td>
<td>London, UK</td>
<td>London, UK</td>
<td>Baton Rouge, USA</td>
<td>Essen, Germany</td>
</tr>
<tr>
<td>Type</td>
<td>Brownfield redevelopment</td>
<td>Brownfield redevelopment</td>
<td>Waterfront redevelopment</td>
<td>Corporate Real Estate redevelopment</td>
</tr>
<tr>
<td>Accessible/affordable</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>Entry</td>
<td>+/-</td>
<td>+</td>
<td>-</td>
<td>+/-</td>
</tr>
<tr>
<td>Information Availability</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>+/-</td>
</tr>
<tr>
<td>Corporation Size</td>
<td>Multinational</td>
<td>Multinational</td>
<td>Multinational</td>
<td>Multinational</td>
</tr>
<tr>
<td>Core Business</td>
<td>Furniture</td>
<td>Technological Appliances</td>
<td>IT</td>
<td>Steel</td>
</tr>
<tr>
<td>Physical UD Project</td>
<td>+</td>
<td>+/-</td>
<td>+/-</td>
<td>+/-</td>
</tr>
</tbody>
</table>

Table 5: case selection
4.5. Conclusion

The aim of this research is to gain insight in the phenomenon of corporation-led urban development. This insight is gathered through knowledge on motives, relation with corporate strategy and core business, roles and relations in corporation-led urban development projects. To gain knowledge on motives, roles and relations, in-depth research must be conducted. This is done through two in-depth case studies, which are subjected to cross-case analysis within the proposed analytical framework. As there is a wide range of motives to engage in urban development projects for corporations, here the scope is broadened by performing additional quick scan cases. The techniques used in the in-depth case studies, being Inter IKEA and Siemens are document review and semi-structured interviews with multiple involved parties. The techniques used in the additional quick scan cases are document review and, if this was possible, semi-structured telephone interviews. The case studies are structured following the analytical framework. The next chapter marks the start of the empirical part of this research and elaborates on the two in-depth cases.
- PART 2 –

empiricism
Chapter 5. In-depth Case Studies

In this chapter, two cases are studied in order to answer the research questions as posed in paragraph 1.6. These research questions address several themes, of which the first empirical theme is 2) the relation between the corporations’ engagement in urban development projects and their corporate strategies and core businesses. This theme also includes the motives for the corporations to engage in these projects. Research theme 3 is about the roles the corporations adopt and their relations with other actors within the urban development projects. The studied cases are specific combinations of study subject and object, the first being the subject of Inter IKEA with the object of the Strand East urban development project and the second being Siemens as study subject with the development of The Crystal as study object.

5.1. Case study set-up
The case study set-up consists of two in-depth case studies, each being a multinational corporation’s corporate strategy combined with a specific urban development project. The cases are studied through literature study and interviews with people within the companies that are involved in the development of the specific urban development projects. Since collaboration and partnerships are part of this study, also an interview is held with someone within the involved local authority. To place these interviews in the perspective of the local market, a consultant in the London planning and development field has been interviewed as well.

5.1.1. Interviews
The interview set-up for the corporations arises from the research questions posed in paragraph 1.6 of this report and the assumptions that resulted from the performed literature study as stated in paragraph 3.7. These interviews are set up in two main themes (research theme 2 and 3), from a broader corporate perspective narrowing down to the perspective of the specific urban development projects. The first theme is the relation between the engagement in urban development projects and the corporate strategy and core business. In this part also the motives for engagement are discussed. The second part focuses on the corporations’ activities, the involved actors and the established collaboration forms.

The interview for the local authority is of a different set-up. Since the specific authority happened to be involved in both cases, a set-up was chosen focussing first on each of the cases, to later on scope out to the general view on corporation-led urban development. The first part contained the role of the authority in the realisation of the projects, the partnerships with the corporations and possible differences with traditional actors. The second part is about possible motives and the perceived contributions of the corporations to the council. In the third part a general discussion on remarkable elements of both projects was set-up. Interviews for the different cases have been held with the following persons:

Inter IKEA case:
- **Thomas Hattig**: Development Manager Inter Ikea
- **Cees Gehrels**: Managing Director Vastint Netherlands (former Pronam)
- **Clive Dutton**: former Executive Director of Regeneration and Inward Investment, Borough of Newham

Siemens case:
- **Elaine Trimble**: Urban Infrastructure Economist, Siemens
- **Clive Dutton**: former Executive Director of Regeneration and Inward Investment, Borough of Newham

Overall market perspective:
- **Clive Pane**: Partner Planning and Development, Deloitte London
5.1.2. Document review
In preparation of the interviews both the subject (corporate strategy) and object of study (urban development project) are studied through document review. Most information on the subject is retrieved from statements on corporate websites and annual reports. For the object a wider range of documents was used, including documents from actors that collaborated in the realisation of the projects. The findings of this document study were used in the interview set-up and described in the paragraph below.

5.2. Case 1: Inter IKEA
In this paragraph the case of Inter IKEA as a corporation and the Strand East-project as an urban development project are described based on document review and interviews.

5.2.1. Subject description: Inter IKEA as a corporation
Inter IKEA is a multinational corporation specialized in the production and sale of self-assembly furniture. The company was founded in 1943 in Sweden and started operating abroad from 1963. Nowadays, the company has 338 IKEA stores in 41 countries. Through Inter IKEA Systems B.V., intellectual property assets under which IKEA retailers operate, are held by Inter IKEA Group. The corporation’s structure is depicted in Figure 33.

![Inter IKEA Group organisation](image)

The Group’s overall purpose is “to secure continuous improvement and a long life of the IKEA Concept. As this will require investments in both good and bad times we strive to be financially independent” (Inter IKEA Group, 2014a). This is considered to be the Group’s corporate strategy (which has not been explicitly stated publicly). In this definition, the IKEA Concept entails the business idea to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.
As you can see in the diagram the corporation is organized in four divisions: a Franchise, Retail Centre, Property and Finance division, all with their own purpose:

- **Franchise Division:** the franchising of systems, methods and proven solutions to franchisees worldwide for marketing and sale of IKEA products under the IKEA trademarks. It is this division’s responsibility to secure the continued success of the IKEA Concept.
- **Retail Centre Division:** managing and developing retail locations in a way that both the IKEA stores and its tenants can benefit from the synergy of a shared location.
- **Property Division:** creating long term value through property investments by portfolio management and developing commercial real estate (including residential development and sales).
- **Finance Division:** managing treasury and performing investment activities.

**Inter IKEA** is an interesting case study for this thesis because the corporation has been expanding its operations for quite some time now. It has started engaging in the field of property investment and development with the establishment of the Property Division in 1989. In the following paragraphs the corporation’s property and development related activities are elaborated.

**Inter IKEA Property Division**
The Property Division was established in the 1989, under the holding of Vastint Holding BV based in the Netherlands. The Property Division steers several operational subsidiaries throughout Europe. Its purpose is **creating long term value through property investments**. Main operations are portfolio management, developing commercial and residential real estate and sales. In order to attain a critical mass and concentration within defined markets, the Property Division’s activities have a long-term focus, and take place in The Netherlands, Belgium, Poland, Latvia, Lithuania, Romania and the UK. Two of the subsidiaries operate Europe wide. The division is not linked to the IKEA concept and retail operations (Inter IKEA Holding, 2012). During the writing of this thesis (22nd of September 2014) the division rebranded all nine business units under the name ‘Vastint’ which is short for ‘Vastgoed International’. This rebranding is done in order to provide a sound basis from which the division’s activities can expand in the hope that a common trademark will strengthen its position as a well-known international real estate owner and developer. Vastint started its activities by acquiring existing real estate portfolios and gradually grew to become a property developer. The company already manages existing building(plots) in 6 different countries and owns plots of land in 8 countries with the aim developing them. Developing activities are land acquisition, planning, design, building and leasing (Property NL, 2014). A short description of the division’s subsidiaries is given in the next paragraphs.

**East Europe**
Vastint has several subsidiaries across east Europa. Vastint’s **Latvian** operations (former Larix Property) began in 2003. The company owns several types of buildings, including a hotel, residential buildings and office buildings, all in the city of Riga (LarixProperty, 2014). Currently the company is working on several extensive projects, comprising a business park, residential buildings and the 2,5 ha urban development project Magdalena (residential and office buildings), of which the acquisition was one of the largest deals closed in Riga in 2012 (Sorainen, 2013).

Vastint **Lithuania** (former Pinus Proprius) started its activities in 1999 and owns several specific properties, such as a business centre, a hotel and a shopping centre, just as in Latvia, all located in the capital of the country. Their business idea is to identify the ‘highest potential areas’ and invest in real estate, thereby creating long-term property value (Pinus Proprius, 2014).
In **Poland** Vastint’s operations started in 1992 under the name Swede Centre. Its current portfolio mainly comprises offices, business parks and hotels, but the company is starting to develop mixed-use and residential properties as well. For example, a large residential and recreational development is planned in Poznan named Portowo. The development entails 1,700 apartments and infrastructure that should enable easy access to educational, childcare, health care, transportation, recreational, shopping and leisure facilities. The project also entails a marina for motor yachts and kayaks. The project is part of the Development Strategy River Water initiated by the City of Poznan, which aim it is to present an integrated solution for water safety, spatial quality and economic feasibility. The City of Poznan entered into a partnership with KuiperCompagnons, Royal HaskoningDHV and SwedeCenter under the name of ‘Partnership for the River Warta’ (WaterfrontsNL, 2014, KuiperCompagnons, n.d.).

Vastint has been active in **Romania** from 2008, then called Interprime Properties. The past years, the company has acquired two plots of land (20,000 m² and 53,000 m²) in Bucharest with the aim of developing offices, retail and residential space.

**West Europe**

In the **Netherlands** Vastint has operated under the name Pronam from 1991, its main activities being portfolio and property management. The company owns several large office and mixed-use buildings and hotels, mostly located in Amsterdam, but some in other cities as well. Within some properties the company provides full service (coffee bar, reception, restaurant, furnished meeting rooms etc.) with the leases.

In **Belgium** Vastint (former Galliford) entered the market in 1992, and currently owns a 35,000 m² portfolio of triple A office buildings in Brussels and Waterloo. Its main activity is portfolio management.

Vastint started operating in the **United Kingdom** in 2010 (LandProp), mainly by seeking both small-scale urban in-fill opportunities and large-scale mixed-use development sites and develop them into ‘vibrant schemes with animated public spaces that are a delight to live and work in’ (Vastint UK, 2014). Purpose is to generate long-term value. The company focuses on developing well-balanced mixed use areas, comprising offices, dwellings, hotels and dining facilities in order to create a community culture within the developments. They state that they want to contribute on a physical, social, economic and environmental level with their developments by building on a human scale and following existing urban grain so that they complement surrounding neighbourhoods and communities (Vastint UK, 2014). Until now only one plot of land has been acquired, which is the 26 acres (10 ha) big Strand East area in East London. This project is elaborated in paragraph 5.2.2. The company performs the total development process: acquisition of land, process management, financing and construction management. Customers and occupiers and the relationships with them are considered the most important values to Vastint UK.

**Vastint Land**

Vastint Land operates Europe wide and its activities are twofold: one the one hand it supports the country companies in searching for new land acquisition opportunities and on the other hand they practice land banking (acquiring land and holding it for future use). In their site searching activities they focus on opportunities for commercial, residential, hotel and large mixed-use developments, located in central city areas that are unbuilt or that can be demolished, like around railway stations, harbour areas or ex-factory sites. For their land banking activities they search for brown and greenfield areas near large cities that offer the opportunity to ‘change the actual destination of the land into construction land by working out a new master plan’ (Vastint Land, 2014).

**Vastint Hospitality**

Vastint Hospitality, which started out as Inter Hospitality Holding B.V., was established in January 2012 to generate long term value for the Inter IKEA Property Division by investing in and developing hotels and student housing across Europe.
Currently, the company is working on building a portfolio of at least 50 hotel investments over the coming five years across Europe. Within this period the company will invest 500 million euro in hotel properties. Within 10 years the company wants to build a portfolio of 150 hotels, which will consist of 150 to 300 rooms in a price range of €68-€95 (Vastgoedmarkt, 2014).

They are acquiring sites in Germany, the UK, the Netherlands, Belgium, Italy, Austria and the Nordics. They have entered into an agreement with the Marriott hotel chain ‘to develop and own new limited service hotels under their new Moxy Hotels brand. The hotels will be operated under franchise agreements by third party operators and will be retained by Vastint Hospitality in its investment portfolio’ (Vastint Hospitality, 2014). The company also plans on developing student homes in major student cities in the UK, Belgium and Italy, which will be managed by local operators.

The past paragraphs provided an overview of Inter IKEA’s activities, with a special focus on its property related activities. In the following paragraph the company’s strategy concerning urban development projects is elaborated by focussing on a physical urban development project.

5.2.2. Object description: Strand East, Stratford, Newham, London
In the case studies the subject of study, which is the company’s strategy, is studied within a physical urban development project. In Inter IKEA’s case this project is the Strand East project, situated in the east of London, United Kingdom. The area lies within the Stratford neighbourhood, part of the Council of Newham.

Stratford
Stratford is a London neighbourhood that has been subject to a lot of change the past few years. It has been a derelict area for years due to bad access, isolation and deterioration (Rombouts, 2013). It has been a strongly working-class dominated area, depending on the Royal Docks (Florio and Edwards, 2001). It always has been, and still is one of the poorest parts of the UK in which employment and housing are of a very high priority (Dutton, 2014).

However, the area is located only 6 kilometres from the centre of London, making it an interesting area for regeneration. This regeneration arrived very quickly due to the 2012 Olympic Games that were hosted by the City of London. The Queen Elizabeth Olympic Park was realised in Stratford, generating a lot of attention for the area. Since the Games in 2012 a lot of investments have been made in the area, for example by developing the large Westfield Stratford City shopping centre (£1.75bn) and the International Quarters with office space, hotels, houses and shops (£2bn) (Newham Council, 2013). Also, huge investments have been made in the infrastructural facilities, all combined at Stratford Station where 10 public transport lines converge. Currently, in between the Stratford Station and the Stand East plot, a lot of residential development is being realised. On the Southern and Eastern parts the plot is surrounded by low-rise residential building blocks and a park with historical monuments.
Strand East

‘Forming a triangle south of High Street, Stratford, with the River Lea Navigation to the west and the Three Mills Wall River to the east, Strand East will be a landmark development built in an area steeped in industrial heritage’ (Newham Council, 2013). The area is located just south of the Queen Elizabeth Olympic Park and comprises 26 acres (11 hectares). Vastint UK, at the time called LandProp, bought the area for $39 million, ‘an interesting low price’ according to Harald Müller, director at LandProp (Monteiro, 2012). The development will comprise 1200 dwellings, 58,000 m² of office space, a 350 room hotel, an underground parking garage, a restaurant, a school and day-care and quays with mooring facilities for water taxis.

The centre of the project area will feature townhouses and ground-floor access five-storey flats, surrounded by straight car-free streets. Within the blocks mew-like alleys will provide access to two and three storey houses. Out of the 1200 dwellings, 40% will be large enough for families and they will be priced to attract a range of income groups. Depending on the availability of grants, around 11% will be social housing. Around the edges the will be some seven to eleven story condominium towers.
5.2.3. Case study results
In this paragraph the research questions posed in paragraph 1.6 are answered for this specific case according the two themes to be studied empirically, being the relation between corporate strategy, core business and engaging in urban development projects and the role of these corporations and their relations with other actors in the urban development project.

Urban development & corporate strategy
The first remark relating to the strategy and core business stated in paragraph 5.2.1 is that Inter IKEA is not making their investments in urban development projects under the name of the furniture retailer IKEA as known by most people, to which the aforementioned core business relates, but under the newly introduced overarching name for the Inter IKEA property division called Vastint.

Interviews with Hattig and Gehrels show that Inter IKEA’s strategy is to secure long term existence of the company by investing the profits made within the corporation into several different forms of investment. The property division is only one of the many forms of investment performed by Vastint. In this sense, the engagement in urban development is part of the corporate strategy, even though it only concerns a small part of it. As the engagement in urban development projects can provide the corporation with relatively low-risk and long term return on investment, this engagement matches the corporate strategy of securing the long term existence of the corporation. Moreover, it matches the corporate philosophy of developing products for the many people, as low to medium segment houses are delivered.

Urban development & core business
When trying to relate the engagement in urban development projects to the corporation’s core business it is important to keep the company’s structure in mind. As elaborated above, Vastint is a subsidiary of the Inter IKEA Group and functions as an independent company. Therefore, it also has a different core business than the one stated above as offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them. This is the core business of the Group as a whole and especially that of the retail centre and franchise divisions.

The core business of property division Vastint is creating long-term value through property investments, by the management of portfolio properties and the development of commercial real estate, including residential development and sales. In this sense, the engagement in urban development projects is Vastint’s core business. As mentioned above, Vastint functions as an independent company. However, as a subsidiary, Vastint is accountable for its activities and results towards the Inter IKEA Group as a whole. Therefore, the engagement in urban development projects is related to the Group as well.

According to Gehrels, the long-term value that is created by Vastint is used to secure the long-term existence of the IKEA concept, which entails the production and sale of affordable home furnishing products. Therefore, when relating the engagement in urban development projects to the core business of the Inter IKEA Group as a whole, this engagement can be seen as subordinate to the Group’s core business.

Motives to engage in urban development
The engagement in urban development projects is a fairly recent development, starting from around 2012, marking a strategic change within the property division, supported by the name change and bundling of all property division companies to the name Vastint. Before this change to incorporate development activities, the company’s strategy was of a more passive nature, mostly just investing in properties, ‘polishing them up’ and finding a long term tenant (Gehrels, 2014).

Although Vastint is treated as a separate company within the Group, the IKEA philosophy of trying to develop things for the many people and understanding the whole development process is reflected in Vastint’s activities. For Vastint this philosophy is translated from home furnishing products to the residential market (Hattig, 2014).
This philosophy relates to the company’s motive for the engagement in urban development projects; in urban development projects the corporation can develop on such a scale that it can be delivered for the many people because it provides economies of scale. Also, these projects allow you to understand the whole process of developing an urban area, which is an important value for all Inter IKEA’s businesses. Another aspect that drives the corporation to engage in urban development is the long-term return on investment that these projects can generate.

When comparing the motives following from the interviews to the assumed motives not much similarities are found. Partnerships and networks are important in the development of the projects, but they are experienced as a necessity for a successful development rather than a motive for engaging in the project. Although value creation is the most important driver for Vastint to engage in urban development project, Corporate Social Responsibility is explicitly said not to be a motive for this engagement (Hattig, 2014, Gehrels, 2014). This is because they are driven by economic value creation rather than ecological and societal value creation. However, as Hattig (2014) also mentions that the IKEA philosophy in the form of ‘developing for the many people’ plays an important role in their developments, it seems that the motive of Corporate Social Responsibility cannot be excluded as a motive for Inter IKEA Group as a whole to engage in urban development projects (through the establishment of a developing subsidiary). The performed interviews and studied material cannot give a conclusive answer on this point though.

Although according to Gehrels (2014) Vastint is developing some very innovative products in its Hospitality division, innovation is not considered to be a motive for the corporation to engage in urban development projects. Megatrends and shifting from products to solutions are no motives for Vastint to engage in urban development projects either.

Role within the project and relations with other actors
Vastint takes on the whole spectrum of the development cycle: it is the initiator, investor and developer and will be manager and owner of entire project. In designing the content of the project, executing parties such as architects and contractors are led by Vastint. Since the acquisition of the plot the corporation has taken full responsibility for it. From that point in time, Vastint has driven all content discussions with architects and other commissioned parties. Also, discussions have been held with stakeholders in the project. Obviously, heaviest involved is the local authority in charge of the decision-making in the specific area. The Strand East site is subject to a quite complex administrative system. At first the site was part of a regeneration program of the London Thames Gateway Development Corporation (LTGDC), which was the United Kingdom Government’s lead regeneration agency for two designated areas in east London (LTGDC Legacy, 2012). The program was finished in 2012, when stewardship was passed on to the London Legacy Development Corporation (LLDC). In the initiation phase opportunities were discussed with the LTGDC. At the time the site was acquired by Vastint, it was owned by the LLDC, by whom a planning permission was issued for the project. The LLDC supported the corporation from the acquisition onwards to get all stakeholders around the table in order to address the different issues that are or interest to them. Two important stakeholders are the two involved boroughs, being the Borough of Tower Hamlets and the Borough of Newham. Continuous and intimate discussions between these parties followed, resulting in planning agreements with the Borough of Newham under the supervision of the LLDC (Hattig, 2014, Dutton, 2014).

Both Dutton and Hattig mentioned that the ideas Vastint proposed were very appreciated by the local authority. This is explained by the fact that the company introduced a ‘continental’ type of development scheme in the Strand East project, which is different from traditional British development in terms of typology and mix, but also in terms of ownership. Where the UK is known for developing for the home-ownership market, Vastint will develop for a rental market, remaining ownership of the developed property (Dutton, 2014, Hattig, 2014, Pane, 2014).
According to Clive Pane, the rental market is currently developing very quickly in London. This is caused by necessity since the housing market in London is becoming more and more expensive so rapidly that home ownership is becoming very difficult to achieve for people on the normal economic ladder. The development of rental homes can offer a solution for these people. Since the problems in the London housing market are supply-driven, the 1200 homes to be developed are extra appreciated.

It also means that Vastint will remain ownership of most of the property, securing a long term commitment of the corporation to the Strand East area. The interviews show that the development is driven by a thorough thought that they can engage long term on this site and be responsible for the area on the long term. This appears to be different from practice by traditional developers, who often sell their developments after completion.

There are more aspects that indicate a different role of Vastint in urban development projects compared to traditional developers. An important one is the fact that Vastint has a very sound financial background with which they can finance their development projects themselves. This background is created by the fact that Vastint makes its investments with capital from the Inter IKEA Group, which has a revenue of € 2,8 billion a year. The fact that Inter IKEA is not listed to the stock market makes its capital less volatile. This capital allows Vastint to act more autonomously, making their development process fast and lean (Gehrels, 2014, Hattig, 2014). The size of the corporation’s capital also allows it to acquire and develop on a relatively large scale. According to Dutton this was an appealing characteristic to the Council of Newham in the Strand East project. The autonomy that the capital offers and the development scale that the amount of it offers, enable the corporation to develop at low prices.

5.2.4. Conclusion
The motives found in this case study seem to be fairly different from the assumed motives stated in paragraph 3.7. Interviews show that, although they are really relevant for successful development, Vastint does not consider partnerships established through urban development projects as a motive for engaging in them. Also all other assumed motives, being innovation, anticipating megatrends, a shift from services to solutions and CSR, are said not to be motives for their engagement. However, it is noticed that the IKEA philosophy of delivering products for the many people is incorporated in Vastint’s activities. Moreover, the Strand East project is designed according to principles that enhance sustainability and a sense of community. Therefore, it seems that the motive of Corporate Social Responsibility cannot be rejected just yet. However, the studied material and conducted interviews do not provide a decisive answer on this matter.

Aspects that are mentioned to drive Vastint to engage in urban development projects are long term return on capital investment and economic value creation. An important factor for the company is the scale urban development projects offer. In Figure 38 these motives are placed on the analytical framework that was presented in paragraph 3.6. It is noticeable that they correlate to the first two categories, being return on investment and real estate as core business, which were stated to be excluded from this study. Paragraph 5.4 will elaborate further on this conclusion.
When looking at the role Vastint takes on during the development process, it is noticed that the corporation takes on the full spectrum of the process, including ownership after completion, making them a long term stakeholder in the project.

The formal relations with public parties that are established in this project, seem to differ very little from that established by traditional developers. Just as with traditional developers, a planning permission was granted by the LLDC being the only legal bond between Vastint and a public body. However, besides this the corporation and the two involved councils (and other stakeholders) were involved in informal discussions throughout the development process, which led to planning agreements that were incorporated in the planning permission and supervised by the LLDC.

Although in the planning process few differences are noticed between Vastint and a normal developer, there are some difference mentioned between them. First is the long term involvement of the corporation in the projects, and second is the fact that the corporation can act fairly autonomously and on a large scale due to the support of the large capital of Inter-IKEA. This also allows the corporation to benefit from economies of scale and developing relatively cheap.

An important remark needs to be considered when looking at the case of Inter IKEA, is the fact that the engagement in urban development projects actually is Vastint’s core business. Therefore, from the perspective of the subsidiary, this case might not qualify as corporation-led urban development in the light of this study, which is defined as:

“An urban development project in which a multinational corporation (with a core business other than urban development) takes a leading role in the advising, organising, managing and/or financing the development of an urban area.”

This, most likely, also is the reason why the identified motives do not match the assumed motives. However, while Vastint might function as an independent company, it is still accountable for its actions and results towards its overarching corporation Inter IKEA Group. Therefore, an important question is; what are the motives for Inter IKEA Group for the establishment of a subsidiary with a core business of urban development? Since interviews have been held with people within Vastint, no decisive statements can be made on this matter. However, important aspects seem to be the fact that the corporation’s long term existence can be secured through the long-term and low-risk returns that investments in urban development projects offer and the fact that in urban development projects there is room to incorporate IKEA’s philosophy of developing products for the many people (more than in for example investments in the stock market).
5.3. Case 2: Siemens

In this paragraph the case of Siemens is described on the basis of the physical development of The Crystal; a centre for sustainable cities, also located in London. First, the subject of study, being Siemens as a corporation is described. Second, the object of study; the case of The Crystal is described. The case study results, based on the interviews and document study, are elaborated and a conclusion is drawn on this specific case.

5.3.1. Subject description: Siemens as a corporation

Siemens, founded in 1847 by Werner von Siemens in Berlin Germany, is a ‘global powerhouse in the fields of electrification, automation and digitalization and for healthcare solutions’ (Siemens, 2013a). The company considers these three fields to be the long-term fields of growth. In order to fully exploit their market potential, the company has changed its structure as of October 1st 2014 by bundling its business into ten divisions, being Power and Gas, Wind Power and Renewables, Power Generation Services, Energy Management, Building Technologies, Mobility, Digital Factory, Process Industries and Drives, Financial Services and Health Care (separately managed). Before this structure change, the businesses were divided amongst four sectors, all aligned with one of the four main megatrends identified by Siemens, being Climate Change, Demographic Change and Urbanisation. Infrastructure&Cities was the sector that was aligned with the megatrend of Urbanisation and included the businesses that are represented in Figure 39.

![Siemens Sectors and Businesses](Siemens, 2013c)

The corporation has stated its strategy as follows: “We’re aiming to capture and maintain leading market and technology positions in all our businesses in order to achieve sustainable profitable growth and, thus, continually increase our company value. We intend to reap particular benefit from the megatrends demographic change, urbanization, climate change and globalization” (Siemens, 2014b).

In order to fulfil this strategy the corporation has set up three strategic directions:

- Focus on innovation-driven growth markets: as its ‘pioneering spirit’ is key to its business success, the corporation intends to play a leading role in innovation-driven markets with long-term growth potential by continuously strengthening its offerings and further expanding its Environmental Portfolio.
- Get closer to our customers: the company wants to develop and produce more and more innovative product and solutions in emerging countries in order to increase entrepreneurial responsibility of regional organisations and expand local value creation. Also the company wants to professionalize and expand its service portfolio by intensifying its interaction with the customer.
- Use the power of Siemens: fostering the development and promoting equal opportunities for their employees. By committing to integrity the company pursues business success.
Siemens offers an interesting case study as it has been engaging in the development of cities since the change of their strategic focus on megatrends in 2008. Moreover, the corporation has built The Crystal, a sustainable cities information centre in London.

**Engagement in infrastructure and cities**

Since the structural change in October 2014, the former sector of Infrastructure&Cities is now a separate entity within the company, allowing them to take on a broader role because they could incorporate businesses such as Energy and Wind Power as well. Infrastructure&Cities functions as a special unit assigned with the task to bring out and bundle all the knowledge that is available within the company related to cities, but also to develop knowledge themselves. It provides solutions for mobility, integrated building and security systems, energy generation and distribution and smart grids. The team is formed out of employees with an expertise in urban development and functions as an overarching body, comprising City Account Management and a Centre of Competence Cities. City Account Management entails a representative of the company located in a specific major city with the task of looking for opportunities within the city and building relationships with policy and decision makers within the city, usually being the municipal councils (Trimble, 2014).

These account managers stand in close contact with the Centre of Competence Cities, which as a team is in fact located in the studied case of The Crystal. This team is specialised in general sustainable solutions for cities to anticipate the aforementioned megatrends. The account manager can ask for their expertise if confronted with a specific issue in the city of his focus. Together they advise and inform authoritative bodies in cities on possible solutions for metropolitan problems like congestion, transport, security, energy, etc.

The Infrastructure&Cities sector has been involved in several projects that concern cities. Siemens has been involved in the development of Masdar city, a planned carbon neutral and zero waste city in the emirate of Abu Dhabi (Reiche, 2010). It has also been involved in the development of the Transportium in the Netherlands, which should become a sports, skating, leisure and educational facility (Lodewijks, 2013). The Crystal is another example of Siemens’ involvement in cities. This project is described in the paragraph below.

5.3.2. **Object description: The Crystal, Royal Victoria Dock, Newham, London**

The Crystal, subtitled ‘a sustainable cities initiative by Siemens’, is located in the east London Royal Docks. It functions as an office and exhibition centre on urban sustainability and should be the first part of the Green Enterprise District of the London Borough of Newham (Long, 2012). This district is planned to cover six boroughs in East London, aiming at attracting investments by exploiting undeveloped industrial land and thereby making London a ‘global leader of the low carbon economy’ (Corporate Watch, 2010).

The Crystal is located at the west end of the dock and covers an area of 18,000 m². The building was the first to achieve the highest sustainability rankings, being LEED Platinum and BREEAM Outstanding. The building is surrounded by public open space designed to be distinctive urban landscape. The aim of the design is to make sustainability more attractive and to allow visitors and residents to participate in social activities on site, including local food programmes and community gardens (Landezine, 2013).
As mentioned before, the area in which this project is located has been a quite deprived area for many years. It is located at the western edge of the Royal Victoria Dock, part of the Royal Docks which became redundant in the ’70’s. Many jobs were lost because of this, and making up for these losses became a very important point on the agendas of authoritative bodies in that area. However, considering the distance between the Docks and the city centre of London, there was a lot in between to be done before the Docks could be regenerated (Dutton, 2014). Forty years later, the regeneration has taken shape in the form of the development of the Excel – centre for exhibition and conference, the City Airport locating here and the development of the Emirates Cable Car. Together with these developments the Crystal was considered to be able to work as a catalyst for the economic regeneration of the Royal Docks, alongside the Olympic Legacy. Apart from economic regeneration, goal of the development of The Crystal was to build an educational centre for children in middle school to raise their future aspirations and show them what engineering entails.

5.3.3. Case study results
In this paragraph the research questions posed in paragraph 1.6 are answered for this specific case according the two themes to be studied empirically mentioned above.

Urban development & corporate strategy
As mentioned before, the sector Infrastructure&Cities was set up in 2008. This as part of a strategic change of the corporation to anticipate the four main megatrends according to the corporation. Part of the stated corporate strategy is to ‘reap particular benefit from the megatrends’. Since the sector focusses on one of the four megatrends, being Urbanisation, the corporation’s focus on cities can be seen as part of the Siemens’ corporate strategy. According to Trimble, not only urbanisation is a trend that can be caught in cities, but also for the other three megatrends the city seems the place where action to anticipate them can take place.

Besides the anticipating megatrends, the corporation’s engagement in urban development can be linked to two of the three strategic dimensions of which the overall corporate strategy consists. Firstly, it can be linked to intensifying the interaction with customers, as the establishment of partnerships with decision-makers within cities are a very important aspect of it engagement. These decision-makers are important customers for Siemens’ technological solutions. More is elaborated on partnerships below.

Secondly, the corporation’s strategic dimension of playing a leading role in innovation driven markets with long term growth potential might be linked to the engagement in cities as well, as this is considered a growth market due to urbanisation in which innovative solutions are required.
Urban development & core business
When looking at the relation between Siemens’s core business, being energy, industry, health care and infrastructure, and their involvement in urban development, Trimble states that the activities of the Infrastructure&Cities team are of an overarching nature, not necessarily focussing on the core businesses itself, but advising authoritative bodies on the solutions that their core businesses could provide for their metropolitan problems (Trimble, 2014). As these authoritative bodies are potential clients for Siemens’ technological solutions for cities, such as smart grids and city dash boards, Siemens’s activities within urban development can be considered to be of a promotional nature with respect to the corporation’s core business.

Motives
Unlike the Inter IKEA case, the motives for Siemens to engage in urban development seem to correspond very well to the assumed motives stated in paragraph 3.7. According to Trimble, the most important motive is the establishment of partnerships. These partnerships are needed in order to fix urban problems, since the authoritative bodies are the ones who are most able to take action. Moreover, these bodies are the ones that make decisions on which solutions to implement, therefore it seems that these partnerships are very important for Siemens’s future client base. However, this aspect is not mentioned by Trimble and can therefore not be stated decisively.

These metropolitan problems, like energy deficiency and congestion, can be fixed through several technological solutions that Siemens offers. Whereas previously Siemens offered products that were sold to smaller scale clients, the sale of solutions is established with larger scale clients, such as the authoritative bodies found in the decision-making process of urban development. Therefore, the shift from products to solutions is a very important motive for Siemens to engage in urban development as well.

As mentioned, megatrends are at the core of Siemens’s strategy and they are the very reason for the Infrastructure&Cities team to exist. Therefore, this is another motive for their activities in cities’ development. Innovation is an important driver for every activity performed by Siemens. As cities are seen as the places where the megatrends can be caught, their innovative solutions can be used to anticipate them. Just as in the Inter IKEA case, CSR is explicitly mentioned not to be a motive for the corporation to engage in their activities. According to Trimble, CSR often functions as an ‘add-on’ to make corporations look good. She states that the product, services and solutions Siemens promotes, are efficient and use less resources, because this is what their clients want and not because it makes the corporation look good (Trimble, 2014). However, when looking at CSR from the strategic perspective explained in paragraph 3.3.3, where societal return is incorporated in a corporation’s business model, it seems that it is an important aspect in the sustainable and efficient solutions offered by Siemens. Though, it seems that this CSR is not a motive to engage in urban development but a means to offer suitable solutions for metropolitan problems.

Figure 42: Siemens’ motives for engaging in urban development
Role within the project
In the development of The Crystal Siemens has taken on the full process as well. The corporation initiated the project by its CEO meeting mayor of London Boris Johnson at the end of 2010 with the idea of having a base in London in terms of the corporation’s activities on urbanism. This idea matched the mayor’s idea of creating an educational facility on sustainability in this area quite well. London was not the only city which was in the running for locating Siemens’ idea. However, Siemens thought that London could be best, provided the scheme would be delivered before the start of the 2012 Olympics, making the time in which the development should be completed very short (Trimble, 2014, Dutton, 2014).

The area was proposed by the Council of Newham as part (or start) of the Green Business district. Siemens then invested around 60 million pounds in the development of the project (budgeted at 30 million pounds) and built the building and its surrounding land. The project was actually delivered before the start of the Olympic Games, making the development time only 20 months. After completion in 2012, Siemens is now operating the educational centre and Siemens staff is inhabiting the offices that are located in the building as well. Siemens will remain owner of the building for many years to come. In this sense, the corporation takes on the full spectrum of the development process.

Relations with other actors
In the development of The Crystal, Siemens has collaborated with two public entities, being the Greater London Authority (GLA) in the person of Mayor Johnson and the Council of Newham. The GLA was involved in the initiating process and proposed the western edge of the Royal Victoria Dock as the location for this project. Since half of the land was owned by the London Development Agency and the other half by the Council of Newham “the deal was struck between three parties” (Trimble, 2014).

As mentioned, London was not the only city in the running for this rather extensive inward investment. Therefore, the GLA was motivated to make sure that the realisation of this project was done in the time frame given by Siemens. The Council was also motivated to reach this goal, since this investment could set the standard for this area in Newham in terms economy and sustainability. To speed up the process the Council took on a facilitating role in terms of granting the planning permission. The area was marked as being for mixed-use, mainly residential purpose, so the land was in the council’s book for the highest possible value. However, a facility like The Crystal would never create that kind of economic value. Because of the motivation to build this project on the public side, the Council of Newham decided to hypothesise economic, societal and ecological value over thirty years and by doing so the difference with the financial value in the books would be less than a million pounds, making the scheme viable for both Council and Siemens. The difference in value was made up by Siemens in the form of undertaking environmental works in the surrounding areas. By this change of land-use plan the scheme was able to be realised in the required time frame (Dutton, 2014).

In a formal sense, just as in the Inter IKEA case, no entity or partnership was formed. There was again only a planning permission granted by the Council. However, this planning permission was of a quite innovative nature, as explained in the previous section. Another difference with the Inter IKEA case was the fact that the land was publicly owned. After realisation an informal partnership between Siemens and the Council was secured by the fact that the Council has access rights to the premises. In this way Siemens would need the council’s permission for any actions concerning the land. In this way, Siemens’ long term involvement was secured for the Council.

Siemens and Urban Development Projects
A very important remark concerning this case study is the fact that The Crystal proved not to be the typical activity for Siemens’ Infrastructure&Cities team. In the interview with Trimble it became clear that the development of The Crystal was a one-off project for Siemens. It was explicitly stated that they “are not developers” and they “typically don’t get involved in construction. We don’t take construction risk, we aren’t a construction company” (Trimble, 2014). In that sense, the development of The Crystal cannot be considered as a typical Infrastructure&Cities type of activity. According to Trimble this team will typically be involved in projects
where technology is part of it, in an *informative and advisory role*. Their advice will concern transport, energy and other technological solutions for urban problems. Later on in the project’s process, Siemens can take on operating their technological solutions as well.

Besides the fact that it is a one-off project, it is rather debatable whether The Crystal can be considered an urban development project in the light of this study, being:

> “The integration of functions, disciplines, actors, cash flows and interests with regard to the concrete material intervention inside a geographically distinct urban area with the objective to add commercial and societal value” in which an Urban Area is “a (connected) collection of buildings situated within the specific urban context of the city”.

Since The Crystal consists of only one building, it does not fit the definition Urban Area, as it is not a *collection* of buildings. Moreover, the regular Infrastructure&Cities’ activities do not meet the requirements of urban development projects either, because their solutions are offered on a city scale rather than an area scale.

However, as shown in the case description of paragraph 5.3.2, The Crystal is part of a strategic (green and sustainable) regeneration plan for the Royal Docks. As one of the first objects to be realised, it can play an important role in kick starting this regeneration. Moreover, as the regeneration starts to develop, Siemens might take on an advisory role in this process. With the Council of Newham as a close partner, they might even be asked to implement and operate their technological solutions in the area. This would bring this case closer to the definition of corporation-led urban development as defined. However, at this point in time and with the material studied, these assumptions cannot be verified.

### 5.3.4. Conclusions

The activities performed by Siemens’ Infrastructure&Cities team are part of Siemens’ corporate strategy as of 2008. These activities are of an overarching nature when relating them to Siemens’ core business. Since the corporation’s activities entail advising and informing authoritative bodies on technological solutions (which is Siemens’ core business) for urban problems, these activities also seem of a promotional/marketing nature relating to the core business. However, Trimble mentioned that they also advise on solutions that are not necessarily provided by Siemens.

This could be explained by one of their motives to get engaged in city development, being the establishment of a network/partnerships. Other motives are anticipating megatrends and implementing their technological solutions for solving urban problems. Innovation is something that drives all Siemens’ activities, and therefore also their engagement in city development. The only assumed motive that is stated not to apply to Siemens is Corporate Social Responsibility. Since this goes for both cases this will be elaborated in the overall conclusions in paragraph 5.4.

As to the role of the company in the development of The Crystal, interviews have shown that Siemens has taken on the entire spectrum of the activities in the development process; from initiative to operation. However, in their other activities, the Infrastructure&Cities team take on merely an advisory and operating role on technological aspects.

When looking at the partnerships established in the realization of The Crystal, it is noticed that, besides the planning permission, they are quite informal. Collaboration between the corporation and the Council, in which the Council adopted a facilitating attitude (in the form of changing valuation methods and land use purposes), secured a very short realisation period. This was possible because the ideas of the public bodies for this area and those of Siemens were aligned quite well and they both had a long term view on this project.
An important conclusion for the case of Siemens is the fact that neither the studied object of The Crystal nor the regular activities performed by the Infrastructure&Cities team can actually be classified as an urban development project in the light of this study. Besides the fact that the scale of its activities is different than that of the urban area, the corporation only engages in a very limited part of the urban development project, being technological solutions on a building or a city scale. Therefore the activities are classified as city development rather than urban development projects.

When placing the found motives on the analytical framework, they seem to correspond to the categories of Business Development and Business Resource Provision (see Figure 43.) However, as stated above, the activities performed by Siemens regarding cities are not urban development projects but city development. Therefore, this model is not applicable to this case and it cannot be stated that these activities can be brought down to Business Development or Business Resource provision.

5.4. Conclusions
The two case studies described above show very different results. Where the assumed motives seem to match Siemens’ motives very well, none of them matches those of Inter IKEA. Moreover, the additional motives are very different for both cases as well. Besides the motives, the role that the corporations take on in urban development are also of a very different nature. Vastint acts as a property developer whereas Siemens (in its regular Infrastructure&Cities activities) functions as an advisor and operator of technological applications. The results are summarized in Table 6.
Besides the many differences between the two cases, there also seem to be some similarities between the two cases. Examples are the fact that both corporations state that Corporate Social Responsibility is not a motive for them to engage in urban development projects. Another similarity is that both parties are involved in the projects for a long term. Moreover, in both cases the public authoritative bodies saw benefits in collaborating with the multinational corporation. These similarities will be elaborated below.

**Long term involvement**
Both Inter IKEA and Siemens have stated that they intend to be involved in the projects for a long term. At Inter IKEA, this is part of their investment strategy in order to secure “a long life of the IKEA concept” by guaranteeing a long term cash flow from the development project. At Siemens, The Crystal can be considered a showcase for the corporation’s technological solutions, in which they have invested a lot of money. This makes them determined to make The Crystal a long term success. Therefore they take on the operation of the building itself and the public space surrounding it.

**Benefits for public bodies**
The involvement of a multinational corporation in an urban development project offers several benefits for the public authorities in the specific area. One of these benefits is the aforementioned long term involvement. This secures operation and maintenance of the developed area for many years. In the Inter IKEA case, the scale in which they were able to operate was beneficial for authoritative bodies as well, because the site is a lot bigger than a traditional developer could take on. Since the council wanted to see this area developed sooner rather than later they appreciated seeing Inter IKEA taking on such a big site and investing a great amount of money in the area. The fact that the corporation is not a local player and therefore brings experiences from continental Europe and Scandinavia, was considered to be positive as well, since it brings a varied scheme and tenancy distribution.
For Siemens, the name and inward investment the corporation brought to the area with its development of The Crystal was seen as beneficial for the council since the corporation has international allure and was expected to be able to set a standard for the regeneration of the area concerning economic and sustainability aspects.

Because of these perceived benefits, the public bodies were very benevolent in the development of the projects and took on a facilitating role in their realisation. In the Inter IKEA project this was done in the form of helping to get all the actors around the table. In the Siemens case this was done by using an innovative valuation scheme in the sale of land and granting the planning permission for a different purpose than appointed for that area.

**Corporate Social Responsibility**

As mentioned in both cases the interviewees explicitly mentioned that Corporate Social Responsibility is not a motive for the corporation to engage in urban development projects. Trimble mentions that the solutions they provide do add ecological and societal value, because they are sustainable and more efficient. However, this is not because the company wants to be socially responsible but because these types of solutions are their core business. According to Hattig, CSR is also not a motive for Inter IKEA to engage in urban development projects. It is mentioned that this responsibility is part of all of Inter IKEA’s activities and that profit, growth and success can be reached in a responsible way. Both interviewees seem to think of the term CSR as an add-on to their business to make their corporation look good instead of it being rooted in the corporations’ activities, and thus deny CSR to be a motive to engage in urban development. However, they both mention that it is a very important aspect of the way in which they do business. Therefore, it seems that the corporations do not interpret the term from the strategic perspective in which societal return is incorporated in a corporation’s business model, while the corporations do seem to act according to this strategic perspective. Moreover, there seems to be some judgement hidden in the term of Corporate Social Responsibility.

**Definition of Corporation-led Urban Development Projects**

As described in the case study conclusions, both the Inter IKEA and Siemens case do not seem to be Corporation-led Urban Development Projects in the light of this study. They both do not meet the requirements of the research framework, as represented in Figure 44. Within the company of Vastint, Real Estate and Urban Development are actually its core business, therefore it does not meet the requirement of ‘a multinational corporation with a core business other than urban development’. This, most likely, also explains the fact that the assumed motives, which are categorised under Business Development, Business Resource Provision and Community Building, do not match the motives found in the Inter IKEA case, which can be categorised under Long Term Return on Investment and Real Estate as Core Business. However, when looking at the engagement on another level, that of Inter IKEA instead of Vastint, one might come to other conclusions, since urban development is not the core business of the Inter IKEA Group as a whole. The gathered data originates from within Vastint, though, so therefore this case study is limited to this perspective.

Siemens on the other hand, does not seem to match the requirement of being engaged in an actual urban development project. The Crystal does not meet this requirement because it only comprises one building instead of ‘a collection of buildings’ as stated in the definition of ‘urban area’. Also the regular Infrastructure&Cities activities do not seem to match the requirements since it operates on a city scale level instead of on the scale of an urban area. However, the fact that the Crystal might function as a catalyst for the regeneration of the (urban) area, in which Siemens can play several roles, could bring this case closer to the subject-object combination of Corporation-led Urban Development as defined in chapter 1. This cannot be verified at this point in time and with the studied data though.
Considering the conclusions above, the studied cases do not seem to totally correspond to the definition of the term Corporation-led Urban Development as stated in the previous chapters. Besides this fact, it is also noticed that the motives and roles of the two studied cases diverge quite a lot. However, there also are quite a few corresponding features. For instance taking on a certain long term role within an urban development project. In order to redefine the term and phenomenon of Corporation-led Urban Development, additional cases need to be studied. In Chapter 6 these cases will be elaborated on the basis of quick scan case studies. In order to be able to shed more light on this phenomenon, more cases will be studied on a quick scan base in
Chapter 6. Additional quick scan cases

In order to explore more of the field of Corporation-led Urban Development, several additional cases are studied on a quick scan base. First, the analytical framework to which the additional cases are subjected is explained. Then the cases are described and studied according to this analytical framework. The conclusions elaborate on the differences and similarities that are identified in the several cases. The cases studied in this chapter are all very differing as to corporate background, context and type of material studied. Therefore, the way in which each case study is described differs as well. The structure of the paragraphs itself and of the research and analytical framework are the same for each case study though.

6.1. Quick scan case set-up

The additional cases are studied according to the research framework provided in paragraph 5.4 (Table 6). This framework maps the relationship of the corporations’ engagement in urban development projects with their corporate strategies and core businesses. It also maps the motives for the engagement and the activities they perform in the development process. Within this framework the additional motives found in the Inter IKEA and Siemens case will be taken up as well.

Just as in the Inter IKEA and Siemens cases, the motives found will be categorised within the analytical framework provided in paragraph 3.6 that links them to the identified strategic business goals (as depicted in Figure 45).

6.2. Additional cases

In this paragraph additional quick scan cases are performed. These are studied on the base of literature, corporate reports and (if possible) interviews with employees of the specific corporation. These cases are studied according the analytical framework and the categorisation scale elaborated above.

As mentioned above, the content and context of the selected cases can defer quite a lot. They were selected on the fact that these cases gave the impression to have some involvement in an urban development project. This impression was given through media, corporate websites, expert opinions, etc. The availability of suitable material to be studied and the opportunity to speak to an employee within the corporation were important selection criteria in this phase of the study, considering the limited available time for the performance of the case studies. Since this chapter is meant to gain more insight on the term and phenomenon of Corporation-led Urban Development, a very divergent selection of cases might be beneficial for the exploration of the field. These criteria led to the following selection of cases:

1. Ahold in combination with its housing provision project in Zimbabwe
2. Alliander in combination with the Greenport urban development project in Venlo, The Netherlands
3. Vulcan Inc. in combination with the South Lake Union regeneration project in Seattle, USA
4. Tata Group in combination with its Shubh Griha affordable housing project in Ahmedabad, India
5. Cisco Systems in combination with the Songdo urban development project in South Korea
6.2.1. **Ahold**

In this paragraph the case of Ahold and its housing project in Zimbabwe will be described on the base of a telephone interview with Ge Happe - Excellent Supplier Management at Ahold, magazine articles and the company’s annual reports.

**Corporation**

Ahold is an international retailing group based in the Netherlands, operating in Europe and the United States. Operating supermarkets and selling food has been the corporation’s **core business** since its foundation in 1887 (then named Albert Heijn). The corporation also focuses on new formats and channels of delivering their products (Ahold, 2014b). In Holland they also focus on different markets than that of the supermarket, being pharmacists, liquor stores and online shopping centres. Ahold’s **corporate strategy**, named ‘Reshaping Retail’, consist of 6 pillars, of which the first three are focussed on creating growth and the last on enabling growth (Ahold, 2014a):

1. increasing customer loyalty
2. broadening their offer
3. expanding their geographic reach
4. simplicity
5. responsible retailing
6. people performance

Besides these six pillars, the strategy also contains three promises, which are being a ‘better place to shop’, ‘better place to work’ and a ‘better neighbour’. These promises are measured quantitatively every year.

**Project**

In 2007 Ahold founded the Albert Heijn Foundation, which is an organisation that finances projects in Africa in that enhance the living conditions of the people employed at Albert Heijn fruit and vegetable suppliers. These projects focus on health, education or housing solutions (Happe, 2014). One of the projects is located in Zimbabwe, near the city of Harare and entails the realisation of 96 stone houses with metal roofs for the employees of vegetable and fruit supplier Selby, which before were made out of waste wood, grass and mud.

**Relation with corporate strategy and core business**

According to Happe, Ahold’s engagement in the housing project in Zimbabwe is part of the fifth pillar of Ahold’s corporate strategy: responsible retailing. This pillar is closely related to the promises made in the corporate strategy. Happe states that the activities performed by the AH Foundation can contribute to the promise of being a better neighbour as it offers employees of Albert Heijn suppliers fair treatment in terms of working and living conditions.

When relating the engagement in the AH Foundation projects to the core business of operating supermarkets and selling food, it is important to notice that the overall goal of these projects is to intensify the relationship with its suppliers in Africa through establishing long term partnerships with them. This in turn has the goal to try to stabilize the very dynamic supply system of fruit and vegetables in Africa. By investing in living and working conditions, infrastructure, health and education, the chance of a long term performance of Ahold’s suppliers can be enhanced. Therefore it can be stated that Ahold engages in these projects to **safeguard** the corporation’s core business.

**Motives**

The most important motive for undertaking the projects for the AH Foundation is the establishment of long term **partnerships** with its fruit and vegetable suppliers. The intention is to intensify the relationships with these suppliers through the AH Foundation projects (Winter, 2014). With this long term partnerships and investments in the working and living conditions, the corporation wants to **secure high quality supply** of fruit and vegetables in the long term.
According to Happe, innovation also is an important motive to engage in the AH Foundation projects. As the revenue of fruit and vegetables sales for Ahold is stimulated by product innovation, it is important for Ahold that its supplier are able to innovate. By investing in their suppliers through AH Foundation projects (and alongside paying a fair price for their products) they enable these suppliers to innovate.

Corporate Social Responsibility is also mentioned as a motive; the corporation wants people that work in cultivation and processing of Albert Heijn products to live a good life. The motives are categorised in Figure 46.

**Role of the corporation within the project**
In their projects, the AH Foundation projects collaborates with their suppliers and the non-profit organisations ICCO. This organisations is expert in developmental work and supporting small farmers and other businesses in developing countries. If an opportunity for a project is identified by the representing body of the suppliers, they offer the plan to the ICCO, which than assesses the project and (dis)approves on it. When a project is granted, the AH Foundation functions as its investor. Within this investment, 20% of the costs are carried by the suppliers themselves. The remaining 80% is funded by the AH Foundation. The realisation is subsequently organised locally, commissioned by the suppliers. It is noticeable that Ahold does not get involved in the project itself. So the aforementioned motive of partnerships is of a different nature than the assumed motive stated in paragraph 3.7 which entails the establishment of partnerships within urban development projects. In the AH Foundation this motive is about strengthening the existing relationship with its suppliers.

**6.2.2. Alliander**
The case of Alliander and its engagement in the development of the Greenport Venlo development company will be studied in this paragraph based on the thesis ‘Cities should be a solution, not a problem’ by Lodewijks (2013), in which a case description is provided, and a telephone interview with Nico Büskens who is a business developer at Alliander. Due to the academic literature at the base of this quick scan, which lacked in the previous case of Ahold, a slightly more in-depth description could be given here.

**Corporation**
Alliander is a gas and energy distribution company located in the Netherlands (so not a multinational as defined to be the subject of study). It was founded in 2008 as a split-off of Nuon, which was obliged to do so by a law that stated that the supplier and distributor of energy and gas should be separated (Lodewijks, 2013). The company’s corporate strategy is to ‘closely collaborate with their customers to enable the transition to sustainable energy sources’ by using three strategic standpoints: 1) continuous performance improvement in terms of service, supply guarantee and costs, 2) improving the control of energy flows and insight in energy consumption and 3) helping clients save energy and making the transition to sustainable energy sources (Alliander, 2014b). The corporation’s core business is described as owning and managing energy infrastructure.
assets. Since there are many changes going on in the energy sector due to the energy transition, within this core business it is very relevant to prepare these assets for the future (Büsken, 2014). The corporation is engages in several urban development projects through its business unit Alliander DGO (Duurzame Gebiedsontwikkeling, which is Dutch for sustainable urban development). Alliander DGO is established to realise sustainability ambitions in urban areas together with its customers, being companies, end users and governments.

Project
The Greenport Venlo project is a 5.400 ha sized area in the south east of Holland, which will be developed in the coming 30 years with a focus on agriculture, nutrition, trade and logistics. This development is performed by Development Company Greenport Venlo (DCGV), which has decided to establish its own energy company for the area (DCGV, 2014). In 2013 this was done under the name of Etriplus in which the DCGV, energy company Greenchoice, consultancy firm Arcadis, energy consultant Ekwadraat and energy distributor Alliander are shareholders. This consortium has the goal to realize sustainable energy supply for the Greenport area. The parties involved have complementary specialisations which enable them to create value for (future) entrepreneurs in the area by for example developing sustainable heating and cooling systems in offices, enhancing sustainability of the existing stock and developing energy efficient greenhouses (Alliander, 2014a).

Relation with corporate strategy and core business
When looking at the corporate strategy the involvement of Alliander in this project can be seen as directly acting on this strategy. Büsken (2014) explains that within the energy infrastructure, parts of the main infrastructure are unprofitable. These parts must be compensated by the distribution parts that are coupled with a client base. The development project provides this client base for Alliander, allowing them to implement the infrastructure needed for future energy distribution that hosts the energy transition. In this way, the company works together with its client to realise the energy transition, which is their corporate strategy. Their core business of owning and managing energy infrastructure is also the activity that is performed in this project, although in a different form than they have been doing in the past, since they are working with new sources of energy.

Motives
Some assumed motives are confirmed in Lodewijks’ thesis; she mentions that the decision to actively participate in urban development is made because of a belief in the inevitableness of the energy transition. As the energy transition is one of the identified megatrends in paragraph 3.1.1, the anticipating megatrends can be considered a motive for Alliander to engage in urban development. This is confirmed by Büsken to be the most important motive and by Alliander’s corporate website that states that ‘the consortium is an exquisite opportunity to realize their ideas on the energy transition’ (Alliander, 2014a).

Another motive mentioned by Lodewijks (2013) is Corporate Social Responsibility, stating it is the standard in Alliander’s management activities, because it is what the corporation’s peers and partners demand from them. This is not directly linked to the engagement in urban development projects in the thesis nor is it mentioned by Büsken. However, since the urban development project is considered an exquisite opportunity to implement sustainable energy solutions which enhances corporate social responsibility, this can be seen as a motive as well.

According to Büsken innovation is not a motive to engage but a means for satisfying client needs and enabling the energy transition. The same goes for the establishment of partnerships and networks, which he states are a means for identifying client demand and developing supply. However, Büsken also mentioned that the client base that urban development projects provide are a motive for them to engage in them. Since this client base cannot be established without the involved partners, these partnerships might be more than just a means, namely a motive.

An additional motive was mentioned by Büsken, which at the same time excludes the assumed motive of realising a shift from products to solutions. This motive is the fact that Alliander can set up extra business lines within urban development projects (that of infrastructure for new forms of energy).
In general, Büskens explains that the engagement in the consortium is a means of getting involved in the strategic plan making process from the initiation. This is important for Alliander because their infrastructures have a very long payback time. By getting involved early on in the process they can steer the decision making process so it anticipates the energy infrastructures for the long term (30-40 years). Their shift towards getting engaged in urban development has been fairly recent, because regulation has changed requiring them to act more proactive (Büskens, 2014). These motives are represented on the analytical framework in Figure 47.

**Figure 47: motives Alliander**

**Role of the corporation within the project**
Within the consortium Alliander’s role is limited to the energy infrastructure assets. The corporation takes on the development, management and operating of the assets, and advising the parties within the consortium on infrastructural matters.

**6.2.3. Vulcan**
This paragraph will elaborate on the engagement of Vulcan Inc. in the development of the South Lake Union redevelopment in Seattle. The study is based on literature provided by Heurkens (2012) and Sturm (2014) and by corporate documents. This academic literature is based on in-depth case studies, and therefore more insight in the roles and the established relationships can be provided than in the previous cases.

**Corporation**
Vulcan Inc. is a corporation that was established in 1986 in Seattle with the aim to manage the wide array of profitable businesses and charitable projects led by founder Paul Allen (Vulcan, 2014c). Paul Allan is the co-founder of Microsoft and as a philanthropist engaged in multiple charitable projects such as the donation humanitarian grants of $100 million for creating and supporting innovative solutions to address the Ebola outbreak (The Paul G. Allen Foundation, 2014). In 2002, the corporation established Vulcan Real Estate to manage the 11 acres large strategic land position Paul Allen obtained since 1998. Initially, Paul Allen acquired this land position as a donation for the initiative to transform the dilapidated South Lake Union neighbourhood into a public park. After the initiative got rejected, Vulcan expanded that position to about 60 acres as studies showed the potential of this inner city brown field area to be a strong mixed-use biotech hub in 2002 (Sturm, 2014). Vulcan RE’s core business is making ‘strategic acquisitions and innovative developments’ and since its establishment it has developed a $1.5 billion diversified portfolio of high-performing quality assets including office, life sciences, residential and mixed-use projects (Vulcan, 2014b). The Vulcan Inc.-subsidiary offers a full range of development and portfolio services.

A corporate strategy statement of Vulcan Inc. cannot be found, but the corporation’s activities are influenced by the founder’s philanthropic ideas:
“Vulcan strives to create a new kind of future — a future that maps the intricacies inside our head, sets hidden talent alight and upends conventional thinking. The projects and investments we pursue are inspired by the ideas of our founder Paul G. Allen. With the goal of igniting the type of progress he envisioned, Paul founded Vulcan in 1986 with his sister and business partner, Jody Allen.” (Vulcan, 2014a).

Project
South Lake Union (SLU) is a large-scale brownfield urban development project. The site is located in between Seattle’s downtown centre and Lake Union’s waterfront. The redevelopment of the SLU was initiated by the idea of the Seattle Commons Park in 1991, which would be a park-like area with high-tech laboratories, apartment and restaurants amongst other facilities. This redevelopment plan drew Paul Allen’s interest and he from then on started to acquire land in the area and loan money to the Commons for more land acquisition. The redevelopment project had a lot of proponents, however, the people of Seattle voted against the project twice. The land acquired with the loan then reverted to Vulcan providing the corporation with a strategic land position in the area (Heurkens, 2012).

From 2004 onwards, Vulcan RE started to develop the acquired land, alongside other developers, resulting in a regenerated area with almost 4000 inhabitants in 2011. Vulcan RE has developed 610,000 m² gross floor area of mixed-use property and still has land to be developed. Vulcan RE’s efforts have evoked other private parties’ interests in the SLU.

Vulcan RE has been strongly connected to the SLU redevelopment since the start of this incremental urban development project. As the corporation has such an extensive land position, investments in one plot positively affect the value of other plots in the proximity of which some are also owned by Vulcan. This internally legitimised their investments in the public infrastructure, such as operating a street car in the area, as the investments can be capitalised indirectly through leases of the surrounding plots (Sturm, 2014). Besides financial investments, the corporation actively seeks for capacity amongst other private, civic and public actors for the redevelopment of the SLU, with its comprehensive vision for the area in mind. Moreover these actions to engage the local community are of Vulcan’s own interest as well as their extensive land position requires them to utilize local development opportunities as much as possible.

Relation with corporate strategy and core business
As mentioned above, a stated corporate strategy of Vulcan Inc. cannot be found. However, when looking at the philanthropic ideas behind the corporation in which ‘the ignition of progress’ plays an important role, Vulcan’s engagement in the SLU urban development project seem to match this idea quite well. Through its extensive land position the corporation was able to be in the lead in the redevelopment process. Along the commercial developments the corporation has been involved in the development of public amenities and creating community capacity amongst public, civic and private actors. This reflects the founder’s philanthropic mind-set.

When relating the activities in the project to the core-business a match is clearly noticeable again; the redevelopment practices are the management of a business project led by founder Paul Allen. Moreover, they are the core business of Vulcan Inc.’s subsidiary Vulcan RE.

Motives
Considering the fact that Vulcan RE is a real estate development company linked to a private equity investor, long term return on investment and economic value creation can most likely be considered a motive for the corporation to engage in this urban development project. Looking at the philanthropic background of the
corporation and its efforts of enhancing the community in the SLU projects, Corporate Social Responsibility seems a motive as well. This is emphasised by the fact that initiation of the project emanates from Paul Allen’s idea that he was in a position to enhance the situation of this dilapidated area whereas local authorities were not, due to their financial situation. The fact that Vulcan RE for many years only engaged in the SLU-district shows that the social necessity for improvement of the area was a leading motive for the corporation to be engaged. Megatrends, innovation and a shift to solutions do not quite seem to match Vulcan’s motives considering the local aspect of this urban development project and the main businesses of the corporation. Partnerships seem to be very important for the corporation as well in realising the vision for the SLU project. However, this is not a motive for them to engage in urban development projects, but a means of making the project successful.

Role of the corporation and relations with other parties within the project
In the SLU project Vulcan RE has taken on the total spectrum of the development process. Since the corporation owns a lot of land in the area, it takes on the responsibility for maintaining the surrounding space as well. Moreover, the corporation contributes to the realisation of public amenities in a direct way (Sturm, 2014). Since local authorities, being the Seattle Department of Planning and Development (SDPD) and Seattle Parks and Recreation (SPR), also own land in the area, these authorities also maintain some parts of the area. Moreover, these bodies were responsible for issuing planning and zoning regulations. When looking at Vulcan’s relation with local authorities, Heurkens (2012) states that no legal Development Agreement has been used in the realisation, because all risks and revenues are taken on by Vulcan. The main formalised document that concerns the development activities within the South Lake Union community is that of the Neighborhood Plan, which is established in line with the city-wide comprehensive plan (Sturm, 2014). Building permits were granted based on this Neighborhood Plan. Vulcan RE was able to proactively influence decision-making on local zoning plans, which shows that the local authorities had an open attitude towards private parties. Further decision-making in this project was often done by offering development proposals initiated by Vulcan in which the corporation consulted the public first in order to enhance the chance of approval. In the process Vulcan RE has proactively influenced

6.2.4. Tata Group
This paragraph will elaborate on Tata Group’s corporate strategy and core business in relation to the activities performed by the Group’s subsidiary Tata Housing Development Company. This case is merely studied on the basis of information provided by the corporation itself. Therefore the relations cannot be studied thoroughly.
Corporation

The Tata Group was founded in 1868 by Jamsetji Tata and headquartered in Mumbai, India, as a trading company. Nowadays, the corporation comprises over 100 companies with activities in more than 100 countries. The corporation functions in 7 business sectors and thus offers a very wide array of activities. Therefore there cannot be named one specific core business for the Group as a whole. The sectors are depicted in Figure 50.

Tata Group’s core purpose is ‘to improve the quality of life of the communities it serves globally, through long-term stakeholder value creation based on leadership with trust’ (Tata, 2014a). Majority of the shareholdings of the Group are held by Tata Sons, of which the equity capital is largely held by philanthropic trusts endowed by members of the Tata Family (Tata, 2014b). The individual Tata companies undertake social welfare activities as well, especially in the locations they operate in. Good citizenship is stated to be deeply incorporated in the corporation.

One of the many Tata subsidiaries is Tata Housing Development Company, established in 1984 by a member of the Tata family. In 2005 the company changed into a leading holistic real estate development company with the nomination of a new chairman, after barely any activity had taken place for many years before. After establishing itself as a premium real estate developer, the corporation made a shift towards developing for the affordable housing market (Kamath, 2009). With this switch the wanted to respond to the massive housing shortage in Indian cities of 9 million homes. Tata Housing saw this as an opportunity to open up a huge new customer base. Tata Housing’s corporate strategy is stated as ‘to create a real estate development business that offers world-class property development skills while maximizing financial returns’ and its core business is ‘the development of properties in residential, commercial and retail sectors’ (Tata Housing, 2014).

Project

In order to make this shift happen, the corporation’s business model needed to transform. This new model was realised in the Nano Flats, which are on the market for a price lower than even the construction price of most real estate projects. In the Shubh Griha scheme near Ahmedabad, 1.300 of these homes were realised with prices in between €50.000 and €90.000 euros (Prateek Gupta et al., 2011, Kamath, 2009). It is a sustainable integrated township with a wide array of amenities and offers different types of dwellings catering to different stages in a family’s life.

The business model needed to change in several ways in order to realise the scheme. An import change is the ownership structure of the land to be developed; this partly remained in the hands of the original land lord through a joint ownership model. In this way Tata did not have to lock down capital in the land and could keep costs low. The actual construction of the Flats also needed to change. The corporation cut costs though prefabrication and locking in suppliers in long term contracts providing economies of scale (Kamath, 2009). Several other constructional innovations have been derived from Tata Housing’s R&D practices as well, such as eco-friendly road pavement (Hampson et al., 2014).
Also some adaptations to the new demand side needed to be made. The housing shortage and the rapidly increasing land prices have forced people to live in slums or unauthorised houses in big Indian cities. Between 35% and 40% of the people that now inhabit the Shubh Griha scheme originated from this unorganised housing sector. Since these people were of very low income (between €65 and €200 per month) Tata decided to tie up with Micro Housing Financing Corporation, in addition to its standard partnering with the State Bank of India, to offer credit in order to enable them to buy their own Nano Flat (Prateek Gupta et al., 2011, Kamath, 2009). Furthermore the corporation cut costs on marketing and distribution of promotional material.

The Shubh Griha housing scheme includes many facilities like a school, health care centre, supermarkets, a shopping mall and several recreational facilities. It proved to be immensely popular as more than 7,000 people applied for a Nano Flat, which were eventually allotted per lottery. Although the development entails a low-pricing strategy, the scheme provides a low risk proposition for the corporation as it combines the low-range Nano Flats with mid- and upper-range apartments into a ‘value township’ (Kamath, 2009).

Relation with corporate strategy and core business
When looking at the Group’s overall purpose, which is to improve the quality of life of the communities it serves globally through long-term stakeholder value creation, the activities performed by Tata Housing in the Shubh Griha urban development project seem to align with this quite well. The scheme provides an affordable house for people who were not able to afford an authorised home before, therewith improving their quality of life. At the same time Tata Housing creates long term value for its stakeholders by building this scheme with a viable business model on the basis of economies of scale, reinvented ownership structures and the provision of financing. It is difficult to relate the activities to the Group’s core business, but is shows resemblance to the relationship in the Inter IKEA case where it is the core business of one of its subsidiaries.

Motives
By engaging in this affordable housing urban development project, Tata Housing wants to open up a very large new customer base. Together with the already established premium real estate development activities, the corporation creates a well-balanced long term value creation model. This seems to align with the additional motives found in the Inter IKEA case, being long term return on investment and economic value creation. The efforts for the poor of the Indian society seem to align well with the philanthropic values that are incorporated in the Group by the Tata family. This also matches the assumed motive of Corporate Social Responsibility. The corporation seems to actively search for new types of partnerships, like the ownership structure and the statement on their corporate website that they are ‘exploring opportunities with various government agencies on PPP Model[s]’ (Tata Housing, 2014). If this is a motive to engage in urban development cannot be deduced from the studied material. However, since development is Tata Housing’s core business, their engagement in urban development projects is inherent to their business and therefore the establishment of partnerships does not seem to be a motive, but a means to practice their business. When categorising them on the analytical framework, a wide array of the categories seem to match Tata’s motives.
Role of the corporation within the project

As a holistic development corporation, Tata Housing takes on the entire development process; from initiative, planning and development to marketing and allotting the dwellings. In realising the (affordable) urban development project the corporation explores possible partnerships with the aforementioned land owners and micro credit partners, but also with governmental bodies to set up a public-private partnership in order to expand their affordable housing practices.

6.2.5. Cisco Systems

In this paragraph the activities of Cisco within the development of Songdo, South Korea will be described, along with the relationship between these activities and the corporation’s corporate strategy and core business. Again, this study is performed on the base of mostly corporate information. Some information originates from news articles by critics as well.

Corporation

Cisco Systems is a multinational IT corporation specialised in network systems for the Internet. It is founded in 1984 in San Francisco, California as a router specialist. The company’s corporate strategy is based on ‘catching market transitions’ and has stated that its mission is ‘to shape the future of the Internet by creating unprecedented value and opportunity for our customers, employees, investors and ecosystem partners’ (Chambers, 2010).

In 2009 the corporation has set up the business unit of Smart+Connected Communities (S+SC) as part of Cisco’s plans to increase the number of its market adjacencies (30 in total) beyond its core business of routing and switching (Duffy, 2010). The goal of this new business unit is facing the “biggest challenge of the 21st century” which are urbanization and sustainability. The S+CC is a global initiative that uses the network as a platform to transform physical communities into connected communities that are run on networked information in order to enable economic, social and environmental sustainability (Chakrabarti, 2011). Within this business unit Cisco offers solutions and services that can be used to create smart and connected communities. These solutions and services are facilitated by Cisco’s underlying Service Delivery platform. These solutions use intelligent networking capabilities to provide the information and service that is needed to address the metropolitan problems caused by the megatrends (Cisco, 2013).
Project
The project of Songdo is located in South Korea, approximately one hour’s drive from Seoul. It is a totally new to develop area in a landfill in the Yellow Sea, which, according to its developers, should become the ‘greenest and most wired city in the world’ (Strickland, 2011). The 607 hectares area will form the Songdo International Business District and will house 65,000 people. Within this development, Gale International is the primary developer, which started the development project in 2004. Cisco joint in five years later with an investment of $47 million with the goal providing the area with ubiquitous broadband connections (Strickland, 2011). Cisco is working together with the developers in building its networking technology into the new houses. This is the first step in the corporation’s goal to link energy, telecom, security systems end traffic monitoring, in which Cisco builds the platform and local entrepreneurs build the applications. Cisco is expanding its S+CC activities in urban development projects in several cities around the world. The corporation tries to facilitate this expansion through partnering with these cities in the ‘Connected Urban Development’-partnership (CUD), which has the goal to “create urban communications infrastructures that demonstrate how network connectivity can reduce carbon emissions in urban environments” (Cisco, unknown). The CUD is part of the Clinton Global Initiative, which is an endeavour of the William J. Clinton Foundation. This Initiative is raised for the development of innovative solutions for world’s most pressing challenges (Cisco, unknown).

Relation with corporate strategy and core business
All activities in the Songdo development project are performed by the business unit S+CC. This business unit was part of the corporation’s strategy to increase the number of market adjacencies beyond its core business of routing and switching. This both explains the relationship towards the corporate strategy and the core business. Clearly, the engagement of the S+CC in this urban development project is part of the corporation’s corporate strategy as it gives shape to the increase of market adjacencies. This specific strategy seems part of the fact that the corporation wants to catch market transitions. Since the Songdo development project is the first urban area that is connected and wired in such a ubiquitous way, it can be considered to be of unprecedented value and therefore corresponds to the corporation’s mission.

It’s relation of the engagement in urban development projects to the corporation’s core business is explained in the strategy itself as being adjacent to the core business of the corporation. However, this was adjacent at the time of the implementation of the strategy but from the moment that the S+CC business unit was established and started to develop, the engagement in became an expansion of the corporation’s core business (and therefore part of its new businesses portfolio). The S+CC activities of installing networks are not far-off the former core business of routing and switching.

Motives
As mentioned above, the goal of setting up the new business unit was to face the challenge of urbanisation and sustainability. A clear motive for the engagement in urban development projects can be distinguished from this statement which is the anticipating megatrends. As the S+CC business unit comes with the introduction of several newly developed products, such as ‘Smart+Connected City Wi-Fi’ and ‘Smart+Connected Meeting Places’ that have not been on the market before their implementation in the Songdo projects, it seems likely that
innovation is a motive as well. The establishment of the S+CC business unit seems to reflect a shift from offering internet related products (like routers) towards providing integral services and solutions for problems. The implementation of these solutions require physical communities (like the urban area of Songdo). Therefore, this shift to solutions can be considered a motive for their engagement.

As mentioned above, the S+CC uses the network as a platform to transform physical communities into connected communities that are run on networked information in order to enable economic, social and environmental sustainability. These are the values that can be created in urban development projects that correspond to the assumed motive of Corporate Social Responsibility as elaborated in paragraph 3.7. This could indicate that CSR is indeed a motive for the corporation to engage in urban development projects. Moreover, as elaborated above, the corporation has established the Connected Urban Development-partnership as part of the charitable William J. Clinton Foundation, which is a clear indicator that CSR is a motive for the engagement in urban development projects. The establishment of the CUD indicates an emphasis on partnerships when it comes to the engagement of urban development. On the one hand these partnerships are used to facilitate the expansion of the S+CC activities and can therefore be seen as a means to get involved in urban development projects. On the other hand, just as in the Siemens case, the corporation could benefit from the fact that these partners happen to be the decision-makers on the technologies to apply within these cities, making them an important future client. Therefore, these partnerships could also be a motive for them to engage in urban development. This reasoning could also indicate promoting/marketing its (expanded) core business as a motive. However, the studied material do not provide a decisive answer on this matter.

Role of the corporation within the project

Within the Songdo project all real estate development types of activities are performed by Gale International. This developer also took on the development of the large park in the middle of the urban grid. The South Korean government also took part in the realisation of public amenities, such as the construction of a public transport network and an innovative water recycling system. Cisco’s role within the development of Songdo was connecting the whole area through implementing equipment like video conferencing technologies and indoor climate adaptation technologies. In the operation of these technologies, Cisco will provide the platform on which these technologies can operate. The development of applications to run on this platform will be designed and operated by local entrepreneurs. Therefore, Cisco’s role with the S+CC business unit can be described as network infrastructure developer. In the CUD-partnership, Cisco take on the role of advisor, as it demonstrates the solutions for reduction of carbon emissions.
6.3. Conclusions

In the preceding paragraphs, five corporations were individually studied on their activities in urban development projects in relation to the corporations’ stated corporate strategy and core businesses. From these relations, the corporations’ motives to engage in the urban development projects were derived. Moreover, these motives were categorised on the analytical framework with strategic business goals. In Table 7 all cases are mapped according the aforementioned relationship between the engagement in urban development projects and their corporate strategies and core businesses.

<table>
<thead>
<tr>
<th>Part of corporate strategy</th>
<th>Yes</th>
<th>Yes</th>
<th>-</th>
<th>Yes</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relation to core business</td>
<td>Safeguarding</td>
<td>Expanding</td>
<td>Core business of subsidiary</td>
<td>Core business of subsidiary</td>
<td>Expanding</td>
</tr>
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<td>Assumed motives found</td>
<td>x x</td>
<td>x x</td>
<td>-</td>
<td>-</td>
<td>x</td>
</tr>
<tr>
<td>- partnerships/network</td>
<td>x x</td>
<td>x x</td>
<td>-</td>
<td>-</td>
<td>x</td>
</tr>
<tr>
<td>- innovation</td>
<td>-</td>
<td>- x</td>
<td>-</td>
<td>-</td>
<td>x</td>
</tr>
<tr>
<td>- megatrends</td>
<td>-</td>
<td>-</td>
<td>x</td>
<td>x</td>
<td>-</td>
</tr>
<tr>
<td>- solutions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>x</td>
<td>-</td>
</tr>
<tr>
<td>- CSR</td>
<td>-</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>-</td>
</tr>
<tr>
<td>- long term ROI</td>
<td>-</td>
<td>-</td>
<td>x</td>
<td>x</td>
<td>-</td>
</tr>
<tr>
<td>- economic value creation</td>
<td>-</td>
<td>-</td>
<td>x</td>
<td>x</td>
<td>-</td>
</tr>
<tr>
<td>- product marketing</td>
<td>-</td>
<td>-</td>
<td>x</td>
<td>x</td>
<td>-</td>
</tr>
<tr>
<td>- client base</td>
<td>-</td>
<td>x</td>
<td>-</td>
<td>-</td>
<td>x</td>
</tr>
<tr>
<td>Additional motives found</td>
<td>Securing long term supply</td>
<td>Steering UD process</td>
<td>Setting up extra business line</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Activities</td>
<td>-</td>
<td>x</td>
<td>(only energy infra)</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>- initiative</td>
<td>-</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
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<tr>
<td>- investment</td>
<td>-</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
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<tr>
<td>- development</td>
<td>-</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>- operation</td>
<td>-</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>- ownership</td>
<td>-</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
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<td>- community involvement</td>
<td>-</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Role in UD project</td>
<td>Investor</td>
<td>Infra provider &amp; advisor</td>
<td>Developer</td>
<td>Developer</td>
<td>Network provider &amp; advisor</td>
</tr>
</tbody>
</table>

Table 7: Additional cases reflected on analytical framework

Relation with corporate strategy and core business

When looking at this table, some cases seem to show quite some similarities. Firstly, in almost all cases the engagement in urban development projects is part of the company’s corporate strategy. The only case in which this is not confirmed, Vulcan Inc., there was no corporate strategy given and therefore no statement on this matter could be done. However, Vulcan’s activities in the SLU regeneration project seem to be part of the corporation’s purpose and philanthropic values.
Considering the relation of the activities performed in urban development projects towards the corporation’s core business, the additional cases provide three different types. Alliander and Cisco have a corresponding relation; their activities in urban development projects are an expansion of the existing core business. Vulcan Inc. and Tata also have a matching identified relation; within these corporations, that both have a very diverging core business, the activities in urban development projects are formalized in the establishment of a subsidiary of which urban development is the core business. Ahold has a different relation to its core business; the activities are safeguarding its future core business.

**Motives**

The same cases seem to overlap when looking at the corporations’ motives to engage in urban development projects. In the cases of Vulcan and Tata, only one of the assumed motives is identified as a motive, which is Corporate Social Responsibility. The other identified motives match the additional motives found in the Inter IKEA case. These are long term return on investment and economic value creation. Tata also seems to match an additional motive provided by the case of Siemens, being the opening up of a new client base.

Although a little less clear, there seems to be a match between Alliander and Cisco again concerning the corporations’ motives to engage in urban development projects. In both cases the majority of the assumed motives are identified. In the Cisco case, all the assumed motives are likely to apply, although the studied material does not provide a decisive answer as to the establishment of partnerships. In the Alliander case, three of the five assumed motives seem to be identified. According to the telephone interview with Büskens, innovation and a shift to solutions are no motives for the corporation to engage in urban development projects. However, since the energy infrastructure applied in urban development projects have not been applied before, because they have to adapt to new forms of energy because of the energy transition, the corporation is actually innovating a lot. The urban development project seems a very suitable environment for them to apply their new technologies. This shows similarities to the cases of Siemens and Cisco, in which innovation is seen as a motive. Therefore, it cannot be decisively stated that innovation is not a motive for Alliander. The Alliander cases also provides two additional motives. One is the fact that engaging in urban development projects in an early stage allows them to steer the urban development process into a direction that fits Alliander’s infrastructure systems. The second one is the fact that within urban development projects the corporation is able to set up a new business line. This motive is also recognized in the case of Cisco. When looking at Ahold’s motives, a rather different profile is noticed. Just as in the Alliander case, only three of the motives set up in advance seem to match, which are partnerships, innovation and Corporate Social Responsibility. One additional motive is identified; the corporation wants to secure its long term supply. All motives can be combined to match the unambiguous goal of securing the supply of their core business through investing in the relations with and opportunities of their suppliers.

When combining all motives on the scheme of strategic business goals, which is depicted in Figure 55, it is noticed that all business goals are witnessed in the cases except for the one of community control. This might indicate that either community control cannot be realized through the engagement in urban development or that community control is not a strategic business goal for most multinational corporations. The first does not seem to be logical, because how else should a corporation obtain community control than by engaging in its development process. The second reason seems to be more accurate. However, considering the small amount of cases a decisive conclusion on whether or not corporations engage in urban development projects to obtain community control cannot be given.

When looking at the distribution of the motives it is noticed that most motives can be categorized under the strategic business goals of Business Development and Business Resource Provision. Only one motive is categorized under the business goal of Community Building. The same goes for the goals of Return on Investment and Real Estate as core business. However, this does not mean that these goals are less prevalent, because they are identified in several cases. It could mean that these strategic business goals are less comprehensive and more univocally stated.
Activities and roles
When looking at Table 7, at first sight almost all cases seem to perform mostly the same activities. Most corporations perform five to six of the identified activities within the urban development process. Ahold seems to be an outsider here, as it only engages in one activity in the development process, namely the investment. However, when having a closer look on the performed activities and combining them with the roles the corporations adopt, the same cases seem to correspond to each other as the ones witnessed to correspond in the motives and relation to the core businesses.

Alliander and Cisco seem to perform almost all activities in the development process. However, these activities are related to the development of their core businesses of infrastructure provision rather than to the development of real estate and public amenities. This is very different from the activities performed by Tata and Vulcan, which do take on the actual development of real estate and public amenities. This difference is also reflected in the role the corporations adopt in the urban development projects; Alliander and Cisco are providers of their infrastructure and act as advisors towards the decision-makers in the urban development process. Tata and Vulcan on the other hand, act as holistic developers. The only difference in the activities of the two corporations is the fact that Tata does not own the land and sells the dwellings after completion, whereas Vulcan is owner of land and objects within the SLU regeneration project. Ahold seems to be an odd one out again, as it’s acting merely as an investor in urban development projects.

Considering the similarities and differences that are found in the additional cases and their comparison to two in-depth cases of Inter IKEA and Siemens, it appears that it has brought the (re)definition of Corporation-led Urban Development somewhat closer. In Chapter 7 several analyses will be performed on the gathered data to provide insight in the comparison between the corporate profiles identified in Chapter 5 and Chapter 6 regarding their engagement in urban development projects.
- PART 3 —

analyses and synthesis
Chapter 7. Comparative Analysis

In this chapter, the case study results found in the previous two chapters are subjected to several forms of analysis. These analyses are performed in order to identify the comparison between the results found in the performed case studies, with the goal to (re)define the phenomenon and definition of Corporation-led Urban Development. This definition includes statements on the aspects that are incorporated in the empirical themes (2 and 3) of the relation of the engagement in urban development projects with corporate strategy and core business and motives to engage and the roles and relations established in these urban development projects.

7.1. Analysis on relation with corporate strategy

As stated in paragraph 6.3, in all cases the engagement in urban development projects is part of the corporation’s corporate strategy. To gain understanding on this relation, it is interesting to see in which way this engagement contributes to the realisation of the corporate strategy. In Appendix I, table 1, an overview of these relations is given.

In this overview some contributions of urban development projects to corporate strategies appear repeatedly. In almost half of the cases (Inter IKEA, Vulcan Inc. and Tata) the contribution of engaging in urban development can be linked to the (economic) value/return that is created within urban development projects. Obviously, economic value creation is of utmost importance for multinational corporations in all their activities. However, the appealing characteristic of urban development that was often recognised in the studied cases, was the fact that it creates economic value for a relatively long term, offering a safe investment that helps securing the corporations’ long term existence. Another aspect that stands out in this overview is the fact that many of the cases have incorporated some form of anticipating the megatrends in their corporate strategies. This contribution is witnessed in the cases of Siemens, Alliander and Cisco. The activities the corporations perform in urban development contribute to the anticipating urbanisation and the energy transition. The third reappearing contribution is that of improving a community. Engaging in urban development projects seems to be pre-eminently suitable for being able to influence a community, either through developing in an affordable way, but also through the provision of public amenities for instance. This improvement of communities is directly linked to the corporations’ (strategic) philanthropic philosophies. These relations are found in the cases of Inter IKEA, Ahold, Vulcan Inc. and Tata.

Changing strategies

As mentioned before, in most of the cases the engagement in urban development projects directly followed from a shift in strategic focus. When setting out the corporations’ engagement in urban development projects on a time line, as depicted Appendix I, figure 1, it is noticed that some corporations gradually expanded their activities within the urban development process, while others have started these activities at one point in time and have remained performing that same activities from then on. Two groups of corporations seem to arise concerning this aspect.

The first group of corporations (Tata, Inter IKEA and Vulcan) eventually got engaged heavily in the urban development process, while the second group of corporations (Siemens, Alliander, Ahold and Cisco) limited their engagement to investment and/or operation. When looking at the graph, the first group of corporations also, at first, limited their engagement to operation for several years and then started to expand their activities. Considering the fact that they started this engagement many years earlier than the second group, it seems likely that the second group will expand their engagement in the future as well, when extrapolating this graph. However, interviews with Trimble, Bûskens and Happe all indicate that these corporations will not engage in urban development more than they do now. The point in time at which an expansion of the performed activities took place indicates the establishment of a subsidiary focussed on urban development (such as the founding of Tata Housing in 1984) or a shift in strategic focus of the multinational corporation (such as the strategic focus on cities by Siemens in 2008).
7.2. Analysis on relation with core business

In paragraph 6.3, it was shown that some of the additional cases corresponded to each other regarding the relation between their activities in urban development projects and their core businesses. In Table 8, the in-depth cases of Inter IKEA and Siemens are added to the comparison.

<table>
<thead>
<tr>
<th>Relation of UD activities to core business</th>
<th>Organisational structure of UD activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subordinate to Group’s core business &amp; Core Business of subsidiary</td>
<td>Subsidiary Vastint</td>
</tr>
<tr>
<td>Overarching &amp; promoting/marketing</td>
<td>Business unit Infrastructure &amp; Cities</td>
</tr>
<tr>
<td>Safeguarding</td>
<td>AH Foundation</td>
</tr>
<tr>
<td>Expanding</td>
<td>Business unit DGO</td>
</tr>
<tr>
<td>Core Business of subsidiary</td>
<td>Subsidiary Vulcan RE</td>
</tr>
<tr>
<td>Core Business of subsidiary</td>
<td>Subsidiary Tata Housing</td>
</tr>
<tr>
<td>Expanding &amp; promoting/marketing</td>
<td>Business unit S+CC</td>
</tr>
</tbody>
</table>

Table 8: relation UD and core business

A clear similarity is witnessed in the cases of Inter IKEA, Vulcan and Tata. In all three cases their activities in urban development are the core business of a later established subsidiary of the multinational corporation. In addition, in the Inter IKEA case the activities are subordinate to the core business of producing and selling self-assembly furniture. The relation of promoting/marketing is witnessed in two of the cases; Siemens and Cisco (although not decisively in the latter). In the Siemens case, an overarching nature is also identified. A correspondence is also found between Alliander and Cisco, which is the relation of expansion of the corporation’s core business. Ahold’s relation, which is that of safeguarding its future core business, does not correspond to any of the other cases.

The similarity that is found between Inter IKEA, Vulcan and Tata (core business of subsidiary), indicates that these corporations arrange their engagement in urban development in the same organisational business structure. In the second column of Table 8, the structure in which the urban development activities are organised are listed. The same two groups of corporations seem to arise; on the one hand there is the group of 1) Inter IKEA, Vulcan and Tata, which have their activities organised in independently functioning subsidiaries. On the other hand there is the group of 2) Siemens, Alliander and Cisco, who have organised their activities in a new business unit within the corporation. Ahold does not correspond to either of these groups as it has arranged it activities in a charitable foundation. In the second group, the organisational business structure in which the engagement in urban development is organised, is clearly connected to the relation between engaging in urban development and core businesses; the activities are an expansion of the corporations’ core business and therefore there is need for a new business unit, since all their core businesses are organised in a specific business unit.
7.3. Analysis on motives

When placing the motives of the different corporations that were identified in Chapter 5 and Chapter 6 on the analytical framework, the profiles depicted in Figure 56 arise. This picture shows that Ahold, Alliander and Cisco obtain the same profile. Siemens’ profile corresponds quite a lot as well, however, it lacks the strategic business goal of community building, because Corporate Social Responsibility is not recognised as a motive.

Tata and Vulcan obtain almost the same profile as well. Tata’s motive of obtaining a new client base through the engagement in urban development projects, which is not identified at Vulcan, explains the difference in the two profiles. Inter IKEA’s profile only covers the first two strategic business goals that correspond to a part of Vulcan and Tata’s profiles. However, the difference is formed through the fact that in the Inter IKEA case, the interviewees stated that Corporate Social Responsibility was not a motive for them to engage in urban development projects. This statement is questioned in paragraph 5.2.3 because this engagement does seem to act on the philanthropic value of the Inter IKEA Group as a whole in its development for the many people, which can be matched to CSR. When taking this into account (depicted in grey in Figure 56) you see that the same profile arises as the profile of Vulcan.

Figure 56 shows that all corporations engage in urban development projects with the strategic business goal of Business Development. Moreover, all but one corporation (Siemens) engage with the goal of Community Development as one of their motives is that of Corporate Social Responsibility.

When having a closer look, two different types of profiles seem to arise. These types correspond to the groups identified in research theme 2. On the one hand, there are the corporations that engage in urban development projects with the strategic goal of creating long term Return on Investment and developing Real Estate as Core Business. Moreover, these corporations often engage in urban development to act on some form of CSR, which corresponds to the strategic business goals of Business Development and Community Building. These corporations are Inter IKEA, Vulcan and Tata.
On the other hand there are the corporations that engage in urban development with the strategic goals of Business Development and Business Resource Provision. All except one corporation also engage in urban development from the motive of CSR and therefore the strategic business goal of Community Building. These corporations are Siemens, Ahold, Alliander and Cisco.

When matching the motives to the two types of profiles, a clear separation of motives is recognised, as shown in Figure 57. Although in Figure 56 it appeared that all corporations engaged in urban development from the goal of Business Development, Figure 57 shows that all motives that can be categorised under the goal of Business Development, are assigned to the blue profiled corporations, except for CSR, which is assigned to both profiles. Of these motives, three match the assumed motives, and three are additional motives found in the case studies.

CSR is the only motive for the red profiled corporations that can be categorised under Business Development (and Community Building). This might be explained by the fact that the engagement is actually already their (subsidiary’s) core business and therefore it is not so much the development of business.

7.4. Conclusions on research theme 2
The paragraphs above elaborate on the relations of the engagement in urban development to corporate strategies and core businesses and the motives to engage in these activities. Concerning all these aspects, corresponding cases can be found. Moreover, the same cases seem to correspond to each other concerning each of these aspects. The corporations of which engaging in urban development relates to their corporate strategy in the same way, seem to also have a similar type of relation to their core businesses and organisational structuring of these activities. Moreover, the motives of the same corporations seem to correspond to each other and therefore the same profiles arise concerning their strategic business goals.

The two groups that can be identified are 1) Inter IKEA, Vulcan and Tata and 2) Siemens, Alliander and Cisco. Ahold sometimes corresponds to other cases but, as it deviates concerning most aspects, it cannot be divided into one of the groups. The groups and their corresponding aspects are depicted in Table 9. In the following paragraphs analyses are performed on the roles and activities performed in the urban development process. This might provide more insight these identified groups.
7.5. Analysis on activities and roles

The paragraphs above show that most cases can be divided in two groups concerning the research theme 2. In this paragraph the activities and roles performed in the urban development process are analysed. A correspondence between the studied cases concerning their performed activities and roles might confirm the identified groups of corporations. In Appendix I, table 2 the activities and roles adopted by the corporations are depicted. This table shows that three of the seven studied cases, Inter IKEA, Siemens and Vulcan, perform all seven of the identified activities within the urban development process, indicating a great involvement in shaping the urban development project. In the case of Siemens, however, this amount of involvement only goes for the development of The Crystal, as this is a one-off project. Tata performs five of the seven activities; the only activity it does not perform is retaining ownership of its developments. This indicates a fairly great involvement in shaping the urban development project as well.

In Appendix I, table 2, it can also be noticed that in the cases of Siemens, Alliander and Cisco, there is a difference between their activities performed in the urban development process, which in all three cases is advising, and their activities in the provision of a very specific part of the urban area, being the initiative, investment, development and operation of either infrastructure or technological solutions. The performed activities are again an indication of their involvement in shaping the urban development project. Although these three corporations perform a lot of activities, they concern a relatively small element of the urban area to be developed. When it comes to the whole urban development project, they limit their activities to advisory ones. Therefore, their involvement in the urban development process and shaping the urban development project is less than that of the abovementioned corporations that perform five to seven activities of the urban development process. Just as in the other analyses, Ahold seems to be rather different than the other cases, as it only invests in urban development, making their involvement very little.

As mentioned above, the amount of activities performed by a corporation indicates the degree of involvement in an urban development process and shaping the urban development project. Inter IKEA, Vulcan and Tata all perform five to seven activities. They distinguish themselves from the other corporations by performing the activities of development, operation and community involvement. Inter IKEA and Vulcan also retain ownership, by which they are greatly involved in the projects.
Siemens, Alliander and Cisco only perform the activity of advising and are therefore involved to a rather small degree in the urban development process and shaping urban development projects. However, the involvement of these corporations is bigger than that of Ahold that is merely investing. The degree of involvement that the activities indicate is depicted in Figure 58.

It can be noticed that again the same corporations seem to correspond to each other as in the analyses on research theme 2. Siemens, Alliander and Cisco seem to correspond concerning the fact that they have little involvement in the urban development process and shaping the actual urban development project. However, as depicted in grey in Figure 58, they have a lot more involvement in shaping a very specific part of that urban development project. This part concerns the provision of technology and/or infrastructure. The role these corporations adopt within the urban development process is directly related to the amount and type of activities. Considering this group of corporations only give advice, they obtain the role of an advisor.

Tata, Inter IKEA and Vulcan also seem to correspond again as all three perform (almost) all activities within the urban development process and therefore have a great involvement in shaping the actual urban development project. Their role can be described of that as a holistic developer Ahold, just as in the previous paragraphs, does not really correspond to any of the other cases. It has a very little involvement in the process and shaping the urban development project and merely takes on the role of an investor.

7.6. Analysis on relations and collaboration with other actors
Considering the fact that the additional cases are studied by merely the use of literature, annual reports and (in some cases) brief telephone interviews, a clear insight in these corporation’s relations and collaboration with other actors within the realisation of the urban development projects cannot be given, as this requires interviews with multiple involved parties. The in-depth case studies of Inter IKEA and Siemens do provide insight in the established relationships and collaborations within the Stand East project and the development of The Crystal. The additional case of Vulcan is based on literature that results from in-depth case studies. Therefore quite some information is known on the relations and collaboration in the South Lake Union-project as well. This analysis will therefore only concern these three cases.
Table 10 gives an overview of the established relationships and forms of collaboration. It can be noticed that in the realisation of each of the projects there was only one legally formalized document between the corporation and the local public authority: no formalised partnerships were set up. Inter IKEA and Siemens had a very close informal relationship with the local authoritative body, shown by the way in which they were involved in the decision making process. Vulcan also addressed the involved civic actors in this process in order to enhance the chance of approval for its development proposals towards the SDPD. All three corporations have made positive contributions to the area from the viewpoint of the involved public authorities. As elaborated in paragraph 5.4 the large investment Siemens made and the large scale on which Inter IKEA operates, safeguard a long term commitment of the corporations towards the urban development project. The same goes for Vulcan, which made huge investments in the area, therewith improving the quality of the area.

<table>
<thead>
<tr>
<th>Legally formalised aspects</th>
<th>Planning Permission</th>
<th>Planning Permission</th>
<th>Building permit based on Neighbourhood Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision making process</td>
<td>Informal negotiating with all involved stakeholders</td>
<td>Informal aligning of interests</td>
<td>Creating development proposals after consulting civic actors</td>
</tr>
<tr>
<td>Collaborative parties</td>
<td>Council of Newham</td>
<td>Council of Newham, Greater London Authority</td>
<td>Seattle Department of Planning &amp; Development</td>
</tr>
<tr>
<td></td>
<td>Council of Tower Hamlets</td>
<td></td>
<td>Private corporations</td>
</tr>
<tr>
<td></td>
<td>London Legacy</td>
<td></td>
<td>Civic actors</td>
</tr>
<tr>
<td></td>
<td>Development Corporation (taking over LTGDC tasks)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution for public bodies</td>
<td>New type of tenancy structure and design principles</td>
<td>Established name of Siemens connected to the area</td>
<td>Improving the community</td>
</tr>
<tr>
<td></td>
<td>Large scale development</td>
<td>Large inward investment</td>
<td>Large investment in deprived area</td>
</tr>
</tbody>
</table>

Table 10: relationships and contributions established in the studied UD projects.

In paragraph 2.3, the roles of public and private parties in different PPP-models were elaborated (based on Heurkens, 2012). In Appendix I, table 3 these three cases are subjected to this analytical model. It shows that the division of roles between public and private parties was almost the same in all three cases, as most development stages were performed by the private parties. This corresponds to the PPP-model of Private Realisation when comparing these roles to Heurkens’ model depicted in Figure 18. Table 10 and Appendix I, table 3 show that the roles and relations of the three cases have quite some similarities. All three projects contain very few formalised aspects and no formal partnerships between public and private parties were set up. Also, the division of roles between the public and private parties is very alike in the three cases.

7.7. Conclusion on research theme 3 and relation to research theme 2
The analysis of paragraphs 7.5 on the performed activities shows that several cases correspond to each other. Inter IKEA, Vulcan and Tata, as holistic developers, are greatly involved in the urban development process, whereas Siemens, Cisco and Alliander, as advisors, are less involved. Ahold is the least involved as its only activity is investing in urban development projects. The analysis performed on the relations and forms of collaboration established in the cases of Inter IKEA, Siemens and Vulcan, indicates a lot of similarities between all three cases.
Paragraph 7.4 elaborated on the fact that two groups seemed to arise concerning the research theme 2. These groups are 1) Inter IKEA, Vulcan and Tata and 2) Siemens, Alliander and Cisco. Ahold could not be classified into one of these groups. As paragraph 7.5 provides the same corresponding corporations, this strengthens the idea that these corporations can actually be classified in these identified groups. It could also indicate that there is a relation between the two themes. Theme 2 results in a profiling according to strategic business goals, whereas the theme 3 results in a certain degree of involvement in the urban development process.

To identify whether there is a link between the two variables, the corporations are mapped on a graph represented in Figure 59. On the x-axis the strategic business goals of the corporations are represented, along with the associated motives. On the y-axis the degree of involvement in the urban development process is represented with the associated activities. The graph shows that both concerning the degree of involvement in the urban development process and the strategic business goals, the same corporations correspond. It can be noticed that the corporations that have the strategic business goals of Business Development and Business Resource Provision (and Community Building) are only involved in the urban development process to a little degree. The corporations that have the strategic business goals of Return on Investment, Real Estate as Core Business, Business Development and Community Building are involved greatly in the urban development process and therefore in shaping the actual urban development project. These matches indicate a link between the motives and strategic business goals, the degree involvement in the urban development process and the role the corporations adopt. The activity of giving advice, and therefore acting as an advisor, can be linked to the corporations’ motives to engage in urban development, being innovation, a shift to solutions, anticipating megatrends, steering the urban development process, setting up an extra business line and Corporate Social Responsibility. Subsequently, these motives, and therefore the degree of involvement, can be linked to the strategic business goals of Business Development and Business Resource Provision.

The performance of (almost) all activities in the urban development process, and therefore adopting the role of a holistic developer, can be linked to the motives of creating long term return on investment, economic value creation and Corporate Social Responsibility. Subsequently, these motives, and therefore the degree of involvement, can be linked to the strategic business goals of Return on Investment, Real Estate as Core Business, Business Development and Community Building.

The identification of the degree of involvement showed that the corporations in group 1 are involved in the urban development process to a much higher degree than the corporations in group 2. When these degrees of involvement are linked back to the analytical model presented in paragraph 3.6, the presumed degree of involvement indicated by the strategic business goals, does not match the resulting degree of involvement. Since group 1 distinguished itself by having the strategic business goals of Return on Investment, Real Estate as Core Business and Community Building. These can be considered to indicate a higher degree of involvement than the other strategic business goals. Therefore, the scale of the initial analytical model has been adapted in this figure. These strategic business goals do not represent a certain degree of involvement in itself, but the combination of certain strategic business goals identified in the groups of corporations do. Figure 59 shows that the combination of the strategic business goals of Business Development, Community Building, Return on Investment and Real Estate as Core Business represents a high degree of involvement, whereas the combination of the strategic business goals of Business Development, Business Resource Provision and Community Building represents a lower degree of involvement.
In Figure 56 the studied corporations were profiled on the analytical framework according to their strategic business goals. When setting up the analytical framework in 3.6.2, it was assumed that every strategic business goal represented a certain degree of involvement in the urban development process and therefore in shaping the urban development process. The above shows that the corporations in group 1 (Inter IKEA, Tata and Vulcan) are heavily involved in the urban development process, while they pursue the strategic business goals Return on investment, Real Estate as core business and Community Building. This indicates that the assumption that the first two strategic business goals indicate a very low degree of involvement must be rejected. The case study results show that corporations with the combination of the strategic business goals of Return on investment, Real Estate as core business and Community Building seem to be heavily involved in the urban development process. On the other hand, the second group of corporations (Siemens, Alliander and Cisco), pursues the strategic business goals of Business Resource Provision, Business Development and Community Building. Corporations with this combination of the strategic business goals seem to attain a much lower degree of involvement in the urban development process, and therefore in shaping the urban development project. In Figure 59 these strategic business goals are rearranged according to the degree of involvement that is indicated by the abovementioned combinations of strategic business goals. As community control was not found in any of the studied cases, this strategic business goal was omitted from the model.
7.8. **Conclusions**

In this chapter the case study results were analysed according to the two empirical research themes of 2) the relation between the engagement in urban development projects and the corporations’ strategies and core businesses and their motives to engage and 3) the roles and relations established in these urban development projects. In this paragraph conclusions on the relation between the two themes are given as well a definition of corporation-led urban development.

7.8.1. **Conclusions on the relation between the two themes.**

The fact that concerning both research themes the same corporations correspond to each other, indicates that there might be a relationship between the two research themes. Paragraph 7.7 showed that indeed a link can be found between the degree of involvement in the urban development process and the strategic business goals of the corporations. A high degree of involvement in the urban development process can be linked to the strategic business goals of Return on Investment, Real Estate as Core Business, Business Development and Community Building, while a smaller degree of involvement can be linked to the strategic business goals of Business Development and Business Resource Provision.

This indicates that assumption in the analytical framework that Return on Investment was linked to the lowest possible involvement and Community Control was linked to the highest possible involvement. As paragraph 7.5 showed a link between the performed activities and the amount of involvement, the analytical model was adjusted to its form in Figure 59.

Because these strategic business goals are linked to specific motives for the corporations to engage in urban development, the degree of involvement in shaping an urban development project can also be linked to these motives. These linkages are depicted in Figure 59.

The analyses and synthesis performed in this chapter provided insight in the two empirical research themes. These insights, together with the insights of the theoretical research theme 1, are used to answer the research questions that were posed in paragraph 1.6.

7.8.2. **Definition of Corporation-led Urban Development**

The cases study results and the performed analyses seem to show a clear division into two groups of corporations. The profiles of these two groups can be described as follows:

**Profile 1: Developing Multinationals**

*Developing Multinationals seem to be family originated corporations with incorporated philanthropic values that perform the whole spectrum of the urban development process and adopt the role of a holistic developer. They have their activities organised in an independent subsidiary of which the core business is urban development and with their engagement in urban development they contribute to their corporate strategy by creating economic value and long term return on investment and improving a community. They are highly involved in the urban development process and therefore in shaping the actual urban development process.*

**Profile 2: Technological Partners**

*Technological Partners seem to be corporations with a technological core business that perform only the activity of advising in urban development and therefore adopt the role of advisor. Considering aspects that align closely to their core business they perform much more activities and these activities are organised in a business unit within the corporation. This engagement in urban development contributes to the corporate strategy because it enables them to anticipate megatrends. They are only to a little degree involved in the urban development process and shaping the actual urban development process.*
These two groups can be tied back to the definition of Corporation-led Urban Development as stated in paragraph 1.7 as:

“An urban development project in which a multinational corporation (with a core business other than urban development) takes a leading role in the organising, managing and/or financing the development of an urban area.”

In which “taking on a leading role” is defined as (based on Heurkens, 2012): “Actively steering an urban development process into a preferred direction by carrying out a coherent set of organizational tasks and related management measures”

The Developing Multinational, to which Inter IKEA, Tata and Vulcan are assigned, seems to match this definition: it takes on a leading role as it acts as a holistic developer. All these corporations have a subsidiary with the core business of urban development, but viewed from the perspective of the multinational corporations, this group of corporations has a core business other than urban development.

However, the Technological Partner (to which Siemens, Alliander and Cisco are assigned), does not seem to match this definition, as it does not take on a leading role. It merely acts as an advisor within the urban development process. The activities it does perform in urban development projects are aligned closely to its core business. Therefore, the urban development projects that are advised by this group of corporations cannot be considered Corporation-led Urban Development.
Chapter 8. Conclusions and recommendations

In this chapter conclusions are drawn on the phenomenon of Corporation-led Urban Development. Insight in this phenomenon is provided by answering the research questions that were posed in Chapter 1. These questions were divided in three research themes: 1) Corporate Strategies and Urban Development Projects (theoretical), 2) the relation of the engagement in urban development projects with the corporations’ corporate strategies and core businesses (theoretical and empirical) and 3) the roles and activities performed by corporations and established relations and collaboration forms with other actors within urban development projects (empirical). First the theoretical research questions are answered based on the results of the conducted literature study of Chapter 2 and Chapter 3. Secondly, the research questions that were studied both theoretically and empirically are answered, based on both the theoretical chapters (2 and 3) and the empirical chapters (5 and 6). The empirical research questions are answered based on the empirical chapters (5 and 6) and the analytical Chapter 7. The answers to these theoretical and empirical sub questions and the sub conclusion on the three research themes, provide an answer to the main research question that was posed in Chapter 1 as:

“What motives do multinational corporations, with a core business other than Urban Development, have to engage in Urban Development, how does this engagement relate to their corporate strategy and core business and what role do they adopt within urban development projects?

8.1. Theme 1: Corporate Strategies and Urban Development Projects

This paragraph provides answers to the two theoretical sub questions posed in Chapter 1. These questions elaborate on the theme of corporate strategies and urban development projects. Throughout this research, this theme and these questions functioned as the theoretical base upon which the empirical part was founded.

Sub question 1: what are the characteristics of multinational corporate strategies?

In Chapter 3, the field of Corporate Strategies was studied thoroughly. In order to identify their characteristics, an understanding of the multinational corporations and the environment in which they operate was first needed. It became clear that large multinational corporations have different characteristics than smaller scaled corporations, which is reflected in their corporate strategies as well. This difference is caused by a higher level of complexity due to the different regions in which they operate and the friction that can arise between the corporate level and the business level of the corporation. Moreover, a large multinational corporation has more financial and human resources to its disposal. These differences are used by the multinational corporations to distinguish themselves. They do this by emphasising the network level of their corporate strategies in which the relationship with other parties is important. Another way of distinguishing themselves is by offering services and solutions rather than products.

As explained in Chapter 3, multinational corporations are very dependent on the environment in which they operate. As this environment is very dynamic and subject to changes caused by the megatrends the corporations need to adjust their strategies to these changes in order to remain successful. Therefore, a characteristic of corporate strategies is that they (need to) anticipate megatrends and continuously innovate in order to deal with this dynamic environment. Table 11 provides an overview of these characteristics.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Corporate Strategies within multinationals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emphasis on network level of strategies</td>
<td></td>
</tr>
<tr>
<td>Continuing need for innovation</td>
<td></td>
</tr>
<tr>
<td>Shift towards ‘solutions’ instead of physical goods</td>
<td></td>
</tr>
<tr>
<td>Anticipating (mega) trends</td>
<td></td>
</tr>
</tbody>
</table>

Table 11: characteristics of corporate strategies
Sub question 2: what are the characteristics of urban development projects?
Chapter 2 studied the context of, and roles and relations within urban development projects. Through this study, several characteristics were identified that might be linked to the engagement of multinational corporations in urban development projects. One of these characteristics is the fact collaboration between parties is incorporated in the realisation of every urban development project, as this realisation entails, inter alia, the integration of actors. This also entails that some form of partnership is always present. This integration furthermore incorporates functions, disciplines, cash flows and interests. The amount of aspects to integrate indicate the high level of complexity that characterises urban development projects.

Another important characteristic, is the fact that in these projects, economic, ecological and societal value can be created within the physical and societal dimensions of urban development projects. Chapter 2 elaborated on the differences in the prevailing societal models that form the context of urban development projects in different countries. Although the amount of involvement varies per model, in each urban development project both public and private parties are involved to some extent. These characteristics are summarised in Table 12.

Sub conclusion on theme 1: Corporate Strategies and Urban Development Projects
The answers to these sub questions provided insight in the first theme and led to assumed motives for multinational corporations to engage in urban development projects, on the basis of which the empirical themes were studied. The assumed motives motives are based on overlaps of the characteristics of both subject and object of study. An overview of these assumed motives is represented in Figure 60.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Urban Development Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnerships always present</td>
<td></td>
</tr>
<tr>
<td>Enables economic, societal and ecological value-creation</td>
<td></td>
</tr>
<tr>
<td>Very complex processes</td>
<td></td>
</tr>
<tr>
<td>Public and private actors involved</td>
<td></td>
</tr>
</tbody>
</table>

Table 12: characteristics of urban development projects

Figure 60: overlaps in characteristics and their associated assumed motives
8.2. Theme 2: the relation of engagement with corporate strategies and core businesses

By answering the theoretical and empirical sub questions, insight is provided in the relation between corporate strategy, core business and corporations’ engagement in urban development. These sub questions are answered by the use of the results of the two in-depth case studies and the five additional cases studies. These cases are only a small selection of corporations that engage in urban development and are of very different backgrounds. Therefore, the answers to these sub questions are not decisive but rather indicative, and they provide a first exploration of the phenomenon of Corporation-led Urban Development.

Sub question 3: how does the engagement in urban development projects relate to corporate strategy and corporation’s core business?

The in-depth case studies performed in Chapter 5 and the additional case studies performed in Chapter 6, all showed that the engagement in urban development projects was part of the corporate strategy in some way. However, the way in which this engagement contributed to the realisation of the corporate strategies differed. Analysis in Chapter 7 showed that in some cases this contribution was comparable. Three main contributions were identified:

1. **Economic value/return on investment**: The engagement in urban development projects can offer a safe investment that generates economic value for a relatively long term. This contributes to securing the long term existence, profitability and value creation that are incorporated in the corporations’ corporate strategies.

2. **Anticipating megatrends**: As one of the megatrends is urbanisation, entering the market of urban development can contribute directly to this anticipation. This engagement can also contribute to anticipating the megatrend of the energy transition through the implementation of infrastructure for renewable energy. Anticipating these megatrends is incorporated in the corporations’ corporate strategies.

3. **Improvement of a community**: In several ways, a community can be improved through the engagement in urban development. This improvement is either incorporated the corporation’s corporate strategy itself or in the underlying philanthropic values that drive a corporation. It is noticed that this contribution occurred in the same three corporations as the first contribution of creating long term return on investment.

Analysis also identifies several types of relations between the engagement and core business. In three cases (Inter IKEA, Vulcan and Tata) the engagement in urban development is the core business of their independent subsidiary. Additionally, in the case of Inter IKEA, the engagement is subordinate to the core business of Inter IKEA itself.

Alliander and Cisco are both expanding their core business by this engagement. Cisco also seems to correspond to Siemens; in both cases the engagement has a function of promoting/marketing the corporation’s core business. In the Ahold case the relation of safeguarding the core business by engaging in urban development is identified.

It seems that there is a link between the aforementioned relationships and the way in which their urban development activities are organised. Obviously, for the first group of corporations, these activities are organised in that same independent subsidiary. For the group that is expanding and promoting their core business by engaging in urban development, these activities are organised in a new business unit within the corporation. In the Ahold case these activities were organised in a charitable foundation.
Sub question 4: what motives for multinational corporations to engage in urban development projects can be found in literature and practice?

The motives for multinational corporations to engage in urban development projects that were found in literature, were formed through an identified overlap in the characteristics of corporate strategies and urban development projects which resulted in the assumed motives elaborated in paragraph 3.7 (shown in Figure 60).

Summarising, it can be stated that the assumption is that motives for multinational corporations to engage in urban development projects are to:

- establish **partnerships** to enhance network level of strategy
- enter a market for **solutions** to complex problems
- create economic, social and ecological value to act **responsibly** as a corporation (CSR)
- anticipate **megatrends** &
- **innovate** through this engagement

In the empirical chapters (5 and 6) in-depth and additional case studies showed that in four of the cases these assumed motives were indeed identified. Moreover, all of the assumed motives were identified in at least two cases. In three of the cases most of the assumed motives were not identified. The in-depth and additional cases provided the additional motives of:

- creating **long term return on investment**
- creating **economic value**
- **promoting/marketing** the corporation’s products
- opening up a new **client base**
- securing **long term supply**
- **steering** the urban development **process**
- setting up an **extra business line**

The same corporations seemed to correspond to each other concerning motives as did in the previous sub question. When profiling these corporations along the analytical framework (Figure 56) the motives found in Inter IKEA, Tata and Vulcan mostly seemed to correspond to the strategic business goals of **Return on Investment** and **Real Estate as Core Business**. The motive of acting responsibly (CSR) as a corporation, which was also identified (although not decisively) in these corporations, made these corporations correspond to the strategic business goals of **Business Development** and **Community Building** as well. Mapping of the motives found in Siemens, Alliander, Cisco and Ahold showed that they mostly seem to correspond to the strategic business goals of **Business Development** and **Business Resource Provision**.

Figure 57 also shows that, except for CSR, the motives correspond either to the first group of corporations, being Inter IKEA, Vulcan and Tata, or the second group, concerning motives being Siemens, Alliander, Cisco and Ahold. CSR is the only motive that is identified in both groups.

**Sub conclusion on theme 2: the relation of the engagement with corporate strategies and core businesses**

The analyses in Chapter 7 showed that both concerning the relation of the engagement with corporate strategy and core business and the motives for this engagement, the same corporations seem to correspond to each other. These corporations can be divided into two groups: 1) Inter IKEA, Tata and Vulcan and 2) Siemens, Alliander and Cisco. The insight these analyses gave on the organisational business structures, the strategic business goals and the fact that the motives correspond to only one of these groups, seem to underpin this observation. As Ahold show only few similarities, it cannot be divided into one of these groups.
8.3. Theme 3: the performed roles and activities and established relations

The solely empirical sub questions on this theme are answered through the result of the in-depth and additional case studies performed in Chapter 5 and Chapter 6 and the analyses performed in Chapter 7. As the second sub question of this theme requires in-depth information from multiple involved parties, the answers are only based on the in-depth case studies and therefore they function more as an example rather than that they provide a general answer to the sub question.

Sub question 5: what roles and activities do multinational corporations perform within urban development projects?

The activities shown in Figure 61 are performed by the studied corporations. Some corporations seem to perform a lot more activities than others and most corporations correspond to other corporations. The same groups of corporations seem to arise as research theme 2. Inter IKEA, Vulcan and Tata perform (almost) all of the activities, whereas Siemens, Alliander and Cisco perform much less activities; these corporations merely give advice on the process (and project). When it comes to a very specific part of the spectrum of the urban development project that is close to their core business, the second group of corporations performs more activities. In these cases this small part concerns the provision of technology and/or infrastructure. Ahold only performs one activity, which is investing, and is therefore involved in the urban development process to a very little degree.

![Figure 61: activities performed in the urban development process](image)

It seems that the first group of corporations is involved in the urban development process to a higher degree, because they engage in a lot more activities within this process. This also indicates a high degree of involvement in shaping the actual urban development project. The corporations that perform few activities are therefore little involved in the shaping the actual urban development project.

These activities can also be linked to the role the corporations adopt in the urban development process. The corporations that perform (almost) all activities take on the role of a holistic developer. The corporations that give advice clearly adopt the role of an advisor. As Ahold only invests in the urban development project, it takes on the role of an investor.

Sub question 6: what relationship and forms of collaboration are established in corporation-led urban development projects?

As mentioned above, to gain insight in the relations with other parties and forms of collaboration and partnerships that are established in the realisation of a corporation-led urban development project, a thorough study and interviews with multiple involved parties are required. Only two cases, Inter IKEA and Siemens were studied in-depth in this research. The additional case of Vulcan was studied by using literature that was based on two in-depth case studies. Therefore, these three cases are used in providing an indicative answer to this sub question. In all three cases there were few legally formalised aspects between public parties and the involved corporations. No formalised partnerships were established and the public body only provided a planning permission (in the American case: building permit). Further collaboration between the public parties and corporations was of an informal nature. It seems that this informal collaboration was able to be established because in all three cases the corporation contributed something to the community, which was of the interest of the public bodies.

The identified contributions were differing per case. However, in each of the three cases one of the contributions seemed to be linked to the fact that it ensured a long term engagement of the corporation in the urban development project, either through the large investment made by the corporation or the large scale on which the corporation operates. Analysis the type of PPP-model to which the cases correspond shows that in all cases most development stages are performed mainly by the private party. According to Heurkens’ model, these roles indicate that these developments were realised through Private Realisation.
Sub conclusion on theme 3: the performed roles and activities performed and established relations
The studied corporations engage in a wide spectrum of activities in the urban development process. The same corporations seem to correspond regarding the activities they perform in the urban development as the ones that correspond to each other regarding research theme 2. Inter IKEA, Vulcan and Tata perform (almost) all activities in the urban development process. These cases show a heavy involvement in the urban development process. Siemens, Alliander and Cisco are less involved in shaping the actual urban development project as they mostly just advise in this process. However, they do perform a lot of activities concerning very specific parts of the urban development projects, such as providing technological solutions and energy infrastructure.

Regarding the relations and forms of collaboration that are established in corporation-led urban development projects, no decisive answer can be provided due to the limited amount of in-depth case studies performed. Although the three studied cases do seem to show some correspondence, as stated in the answer of sub question 6, it cannot be stated that that these similarities are characteristic for corporation-led urban development projects. This is due to the fact that all cases are embedded in the same (Anglo-Saxon) societal principle model, which might have a profound effect on the relationships and collaboration forms that are preferred.

8.4. Main research question
The previous paragraphs jointly provide the answer to the main research question which is stated in Chapter 1 as:

“What motives do multinational corporations, with a core business other than Urban Development, have to engage in Urban Development, how does this engagement relate to corporate strategy and what role do they adopt within urban development projects?”

As only seven cases of presumed corporation-led urban development are studied, of which only two in-depth, this is not a decisive answer, but rather an indication of the existing motives of corporations to engage in urban development projects and its relation to the corporate strategy and core business. The results on these matters are mapped in the overview that is provided in Appendix I, table 4.

Besides this mapping as an answer to the main research question, this research shows that there seems to be a link between the studied aspects. The case studies showed that the prevailing motives are often linked to a certain relation of the engagement in urban development with corporate strategy and core business. This link is indicated by the fact that two groups of corporations arise on all three research aspects. These groups comprise the corporations of: 1) Inter IKEA, Vulcan and Tata and 2) Siemens, Alliander and Cisco. Ahold did not seem to correspond to the other cases on most aspects. The links are summarized in Table 13.
Motives | Relation to corporate strategy | Relation to core business
--- | --- | ---
**Group 1** | long term ROI | economic value/return on investment | subordinate core business of subsidiary
| economic value | improvement of a community | |
| CSR | | |

**Group 2** | partnerships | anticipating megatrends | promoting/marketing expanding
| solutions | | |
| megatrends | | |
| innovation | | |
| promoting/marketing | | |
| new client base | | |
| steering UD process | | |
| extra business line | | |

**Ahold** | partnerships | improvement of a community | safeguarding
| innovation | | |
| CSR | | |

*Table 13: links between research aspects divided in three groups*

These groups also seem to be able to be linked to the performed activities and roles the corporations adopt in the urban development process and therefore to the involvement of these corporations in the urban development process. These linkages are depicted in Figure 59 in paragraph 7.7. They seem to strengthen the idea of the corresponding groups as depicted in Table 13 and make it possible to sketch two types of profiles: Developing Multinationals and Technological Partners. Considering the limited number of studied cases these profiles are merely an attempt to structure the phenomenon of corporation-led urban development and they cannot be considered to be fixed and decisive types.

**Profile 1: Developing Multinationals**

These corporations seem to be family originated corporations with incorporated philanthropic values that perform the whole spectrum of the urban development process and adopt the role of a holistic developer. They have their activities organised in an independent subsidiary of which the core business is urban development and with their engagement in urban development they contribute to their corporate strategy by creating economic value and long term return on investment and improving a community. They are highly involved in the urban development process and therefore in shaping the actual urban development process.

**Profile 2: Technological Partners**

These corporations seem to be corporations with a technological core business that perform only the activity of advising in urban development and therefore adopt the role of advisor. Considering aspects that align closely to their core business they perform much more activities and these activities are organised in a business unit within the corporation. This engagement in urban development contributes to the corporate strategy because it enables them to anticipate megatrends. They are only to a little degree involved in the urban development process and shaping the actual urban development process.

The Technological Partners do not deviate much from their core business. They only engage in those activities of the urban development process that are close to their core business. In hindsight, it is quite logical that these corporations do not engage in a business that does not belong to their core, as by definition focus on this core business is required to remain an efficient and profitable corporation. The Developing Multinationals have therefore organised these activities in an independent subsidiary of which the engagement in urban development is the core business, so these activities are performed in an efficient and profitable way and they do not distract the focus of the multinational corporations away from their core business.
In paragraph 7.8 these profiles were reflected to the definition of Corporation-led Urban Development as stated in paragraph 1.7. Considering this definition, the main difference between the two sketched profiles is the fact that corporations with the first profile take on a leading role in the urban development project which the second profile does not. Therefore, corporations with the first profile are considered to perform Corporation-led Urban Development. Since corporations with the second profile do not take on this leading role, they are not considered to perform Corporation-led Urban Development.

The corporations in with the first profile, engage in urban development with the strategic business goals of Return on Investment, Economic value creation and Corporate Social Responsibility. This combination of strategic business goals seems a requirement for being able to perform Corporation-led Urban Development (in the role of a holistic developer). This is because developing urban development projects contributes to these strategic business goals. If a corporation does not have these strategic business goals, it does not seem to be fruitful to engage in urban development projects in the role of a holistic developer as it takes away the focus from the corporation's core business.

8.5. Feedback on assumptions
Paragraph 3.7 provided a set of assumed motives and a first design of an analytical model. When comparing these assumptions to the research results, all of these motives appeared in at least two cases. However, the cases in which these motives appeared, all belong to the second profile, which is considered not to be Corporation-led Urban Development. The only assumed motive witnessed in the cases belonging to the first profile is Corporate Social Responsibility. Therefore, this is the only assumed motive to be accepted. The others, although they are motives for engaging in urban development, they are not motives for performing Corporation-led Urban Development. Therefore these assumed motives must be rejected.

The motives to be added to the assumed motive of CSR are long term return on investment and economic value creation. As only seven cases were studied, of which only three can be classified as Corporation-led Urban Development, it is impossible to decisively state that this set of motives is complete.

In the analytical model presented in paragraph 3.7 it was assumed that the strategic business goals could be scaled along an axis of involvement in the shaping of urban development projects. The case study results show that the strategic business goals as identified in the cases, did not match the degree of involvement as stated in this analytical model. Paragraph 7.5 showed that the involvement could be linked to the type and amount of activities that the corporations engage in. In Figure 59 these performed activities (and therefore the adopted roles) are linked to the strategic business goals through the motives of the corporations by which they were performed. This figure indicates a link between a combination of strategic business goals and the degree of involvement shaping the urban development project.

The combination of Return on Investment, Real Estate as Core Business, Business Development and Community Building (the last two only through CSR) seems to correspond to a high degree of involvement whilst the combination of Business Development and Business Resource Provision seems to correspond to a lower degree of involvement.

As stated in the research motive in paragraph 1.1, the entrance of corporations in the field of urban development projects is considered an opportunity for mitigating problems in the (Dutch) urban development practice. This study shows that there seem to be two types of corporations that engage in urban development; Developing Multinationals and Technological partners. The value of these parties engaging in urban development is described here.
The Developing Multinational seems valuable for the practice of urban development for several reasons:

- These corporations are financially strong and independent. Therefore, they are capable of making large investment now, that only provide return on the long term, whereas traditional developers are required to make short term profits. Their independence allows them to develop quickly and to introduce new types of developments.
- These large investments secure the corporation’s long term involvement. This could be beneficial for the urban development practice, because it is in the corporation’s interest that the developed project functions well. They benefit from a well-functioning, sustainable and qualitative urban development project as it safeguards their returns and their names. Therefore they will most likely put a lot of effort in establishing this high quality urban development.
- Their financial background also allows these corporations to develop on a large scale. This can be considered positive as well in a time in which urban development projects are put on hold, and it becomes more and more difficult to get a planned urban area developed. Moreover, this large scale provides them with economies of scale so they can develop in an affordable way.
- Another positive aspect, is the fact that they seem to act from incorporated philanthropic values from which they actually want to improve communities. This probably helps in aligning their interests with those of public bodies, which facilitates the development process.

Although the engagement of Technological Partners cannot be considered Corporation-led Urban Development, partnering with them could be valuable as well for the practice of urban development for several reasons:

- As one of their goals of engaging in urban development is anticipating megatrends, partnering with them might help an urban area to be developed in a more future-proof and sustainable way.
- Since their expertise lies within technological applications, it is possible to attain very high technological standards, without carrying the risk, as these corporations develop and operate these applications themselves.
- Another motive for these corporations to engage in urban development is innovation. By partnering with such a corporation, it is possible to integrate innovation into the urban development project.

8.7. Recommendations

As stressed throughout this report, this research is of a very explorative nature. To enhance insight in this research subject, several recommendations for further research are provided in this paragraph.

**Study more corporations**

As only a limited amount of cases are studied, this report provides a first exploration aimed at structuring and defining the phenomenon of corporation-led urban development. The fact that the Ahold case does not belong to one of the two profiles shows that these profiles are not complete, nor decisively accurate. In order to complete and verify the profiles of corporations that engage in urban development, more case studies should be performed. Additional research methods and techniques could be used as well. When trying to grasp a vast amount of cases, one could send out surveys to corporations to study the motives, activities, roles, relations etc. In setting up these surveys the results of this study (concerning motives, strategic business goals, activities, roles and their linkages) can be used.

This research also provides a framework for selecting corporations to study, as it provides insights in the types of corporations and their motives. When trying to gain more insight in the phenomenon of Corporation-led Urban Development, one should most likely search for large family originated corporations that have incorporated philanthropic values in some way. When trying to gain more insight in other ways that corporations engage in urban development, one should most likely look for corporations with a technological and/or infrastructural core business.
Study relations and partnerships established in corporation-led urban development
This research provides only little insight and indecisive conclusions on the relationships and partnerships that are established in corporation-led urban development projects. It seems that the relations and forms of collaboration do not differ much the ones established when developing with traditional actors and that facilitating role seems to match this type of urban development projects. As the three cases that were studied on these aspects, were all located in Anglo-Saxon countries, this might have affected the results because the prevailing societal principles in these countries have a profound effect on the relations and partnership in urban development projects. In order to gain more insight in the relations and partnerships in corporation-led urban development in-depth case studies should be performed in countries with other prevailing societal principles. This insight might be of value for corporations to estimate the value of the relations established in urban development, which might help making a decision on whether to start engaging in urban development or not. It can also be valuable for other actors involved in the urban development process to estimate the value of incorporating a multinational corporation in an urban development project. Research questions could address the legal structure in which the project is organised, whether or not partnerships are established and the duration of these partnerships, and the differences between the relationships established with multinational corporations and traditional actors in the urban development process. This further research should address from both public and private perspective.

Study the spatial and social quality of the Corporation-led Urban Development Projects
Paragraph 1.1 stated that some people see the phenomenon of Corporation-led Urban Development as a threat, because they fear that the multinational corporation will have a decisive and overruling influence on the urban development project. The benefits described above indicate that the multinational corporations themselves benefit from a well-functioning development. This will most likely not be attained by trying to dominate the development and its community. Therefore, it is expected that this fear is unnecessary. However, as none of the studied projects has been realised for more than three years now, the actual effects of Corporation-led Urban Development on the quality of the development cannot be assessed at this point in time. Therefore, these effects should be assessed in 10 to 15 years, when the project and its community are firmly established, in order to judge the quality and sustainability of the developments.

Study the process of initiating the Corporation-led Urban Development project
As shown in this research, the phenomenon of Corporation-led Urban Development is fairly new and only a few examples of it are to be found. In the Dutch urban development practice, no cases of Corporation-led Urban Development have been witnessed yet. An explanation could be for example that the multinational corporations and other involved parties cannot find common ground to come to agreements. Many other reasons can be an explanation for this fact as well. In order to bring these parties closer together, these processes of successfully initiated Corporation-led Urban Development could be studied. Also, initiatives that did not get realised can be studied in order to identify the hampering factors. This further research can provide insight in how to successfully initiate and realise a Corporation-led Urban Development project.
Chapter 9. Reflection

In this chapter I reflect on the value of this research, its findings and on the process of conducting it. I reflect on the scientific and societal relevance in retrospect with the experiences of this research process and related to existing literature and expert opinions. I also reflect on the methodology: the validity of the outcomes of this study and the limitations of the methods, tools and analyses.

9.1. Relevance

9.1.1. Scientific relevance
The research proposal elaborated on a fairly new phenomenon that is recognised by academics, media and critics in which multinational corporations start engaging in urban development projects. This phenomenon seemed to be part of the phenomenon of Private Sector-led Urban Development, as studied by Heurkens (2012), who states that in this form of urban development private actors adopt a leading role in and public bodies take on a facilitating role in steering the development of an urban area. Some academics, like De Zeeuw, Franzen and Mensink (2013) consider the phenomenon of Corporation-led Urban Development as an opportunity to alleviate the problems that occur in the (Dutch) urban development market, while some critics are worried about the influence these corporations will have on the living quality in the developed urban area. However, these envisioned opportunities or threats could not be substantiated as theory lacked on the background of this phenomenon. This research provides a first exploration of the field of corporation-led urban development, focusing on the motives and goals of these corporations to engage in urban development projects and the roles they adopt in them. This brings the scientific field of Urban Development a step closer to substantiating potential opportunities and threats offered by Corporation-led Urban Development.

This study shows that there seem to be two ways in which corporations engage in urban development, profiled as Developing Multinationals and Technological Partners. It seems that the developing multinationals can be considered to be Private Sector-led Urban Development, as corporations that obtain this profile take on a leading role in steering the urban development process. The Technological Partners however, only adopt the role of an advisor and do not take on a leading role in steering the urban development process. Therefore, these cannot be classified as Private Sector-led Urban Development. As elaborated in paragraph 8.6, urban development projects led by Developing Multinationals can be valuable. This value adds to the value of Private Sector-led Urban Development as it represents one form of this type of urban development.

Although the time span of this research was too short to thoroughly investigate the relationships and collaboration forms that are established in Corporation-led Urban Development, the results show that these relationships and collaboration forms do not seem to deviate from the Private Realisation-model established in Private Sector-led Urban Development, as described by Heurkens (2012). However, the studied cases were all embedded in an Anglo-Saxon context, which might affect these relations and collaboration forms. This study’s results combined with the recommended further research in a different context, can add to the existing knowledge on the relations and collaboration forms established in Private Sector-led Urban Development.

As the background of this research subject is twofold, because it entails aspects from both the field of Corporate Strategies and Urban Development, this research used theories from both academic fields. These theories were linked in order to create insight in the field of corporation-led urban development. These linkages show that there are there are overlapping characteristics in both academic fields. This might bring these two fields closer together, which can offer mutual benefits for developing knowledge in these fields.

As theory on this specific subject lacked, analytical frameworks needed to be designed alongside the content based research. Designing these frameworks was an iterative process founded on progressive insights provided by the research findings. At the same time, these findings were subjected to the analytical frameworks. This
means that throughout the research there was a strong interaction between the research findings and the analytical methods. This also means that the analytical frameworks have only evolved throughout the time span and input of this research, and therefore there is a possibility that it is not complete nor decisive. However, the analytical frameworks and models provided by this research can help structure and steer further research on this phenomenon, provided that the researcher also uses this interaction between findings and methods to complete and validate the framework.

9.1.2. Societal relevance
As this research is relevant for different types of actors, such as multinational corporations, other actors involved in urban development and the wider societal context, this paragraph is split up in three parts: relevance for multinational corporations, the urban development practice and the society.

Multinational corporations
This study shows that performing Corporation-led Urban Development by adopting the profile of a Developing Multinational, can contribute to the strategic business goals of financially strong and independent multinationals that have incorporated philanthropic values in their corporation. This type of corporations seem to benefit from leading an urban development project as it offers long term return on investment and it contributes to realising philanthropic or socially responsible goals.

This type of development seems to be valuable for public bodies, as stressed in paragraph 8.6. When interviewing Siemens and Inter IKEA, both corporations denied to pursue the objective of Corporate Social Responsibility. However, this objective seems to offer valuable aspects for the urban development projects, such as, in the case of Inter IKEA, developing in an affordable way so many people can afford it and creating a sustainable community. In the case of Siemens, it ensures the advice and applications they provide are highly sustainable and future proof. These aspects were considered to be very valuable to involved public body (Dutton, 2014). When addressing the public bodies involved in potential urban development projects, it seems fruitful to stress out these objectives and the value that it can offer urban development projects. This might help aligning the interests of the corporation and the public bodies, which speeds up the negotiation and development process.

Urban Development Practice
As mentioned above, in the research proposal it was stressed that there are (financial) problems currently occurring in the Dutch urban development market. As large multinational corporations pre-eminently have a large financial capital at their disposal, they are capable of making large (scale) investments that only provide a return after a while, such as acquiring a large strategic land position. In this they differ from traditional developers and investors as these actors depend more on a quick return on their investments. When looking at the Dutch practice, considering the decrease of financial means on the public side, these corporations with a large investment capital and a long term (strategic and philanthropic) vision on the urban development project might be of great value for the urban development practice.

However, two issues might arise when trying to perform Corporation-led Urban Development in the Dutch urban development practice. The first issue is the fact that public bodies might fear that safeguarding the public interests in Corporation-led Urban Development projects might come under pressure once the multinational takes over several tasks and responsibilities that are normally performed by local authorities (Heurkens, 2012).
Heurkens (2012) provides an overview of several (already existing) instruments that make it possible for public bodies to safeguard public interests when a private actor is leading an urban development project. These instruments are depicted in Figure 62. These instruments and the above mentioned values should be kept in mind by public bodies when they are approached by a potential Developing Multinational.

The second issue is the fact that large multinational corporations are not popular because they are considered to be the cause of substantial social problems instead of drivers for societal wealth and well-being. Politicians and many other people think that they should not engage in solving social problems (Joe Zammit-Lucia and Lee, 2014). However, large multinational corporations cannot afford to neglect important cultural, social and moral issues. Therefore, as witnessed in the case studies, these multinationals incorporate corporate social responsible and philanthropic aspects in their corporate strategies. This study provides insight in the goals of multinational corporations to engage in urban development. The Developing Multinational seems to strive for long term return on investment and acting on its philanthropic values. These goals might appear contradictory, and therefore they might be perceived as negative or insincere. However, this study attempts to show why and how they act on these goals through engaging in urban development projects. When public bodies take notion of these goals they might have a better understanding of why these corporations want to develop urban areas and are able to judge whether these goals can be aligned with their own goals.

Society

It has been stated several times in this report that some people see the phenomenon of Corporation-led Urban Development as a threat, because they fear that the multinational corporation will have a decisive and overruling influence on the urban development project. However, this research indicates that the multinational corporations themselves benefit from a well-functioning, sustainable and qualitative urban development project development as it safeguards their returns and their names. This will most likely not be attained by trying to dominate the development and its community. Therefore, it is expected that this fear is unnecessary. However, examples of realised and fully developed Corporation-led Urban Development projects are lacking. Therefore the actual effects cannot measured at this point in time. The recommended further research (to be performed in 10 to 15 years) should indicate whether the Corporation-led Urban Development projects are actually sustainable and vital urban areas to live in.

9.1.3. Relation between research and design

This graduation research is performed within the Faculty of Architecture, in which design is an important means in which research results are brought together. It is the end product of research and analyses conducted to solve a problem. In the field of Architecture this definition is often used indicating physical design solutions. Within the master of Real Estate and Housing, and specifically the discipline of Urban Development, the definition of design is more focussed on conceptualising and modelling research outcomes.

As elaborated throughout this report, this research is aimed to be a first exploration within the field of corporation-led urban development. As stated in paragraph 9.1.1, analytical frameworks and models were designed alongside studying the content of this research. Designing these models was an iterative process in which content and modelling strongly interrelated and influenced each other. These designs helped visualising
and conceptualising the research findings at all points in the time of this process, which gave direction and structure for the further process. On the other hand, the research findings steered the development of the models during the whole process. Therefore, their designs are not conclusive nor decisive. However, they do contribute to shaping the scientific field of the phenomenon of corporation-led urban development and further research on this and related subjects. When using these models, the researcher should adopt this iterative process in order to further develop the design of these analytical models.

9.2. Methodology: validity and limitations
As this research has been an explorative one from the beginning, changes of the research design occurred throughout the process. In this paragraph I reflect on the used methods, their validity and their limitations.

9.2.1. Methodology in relation to corporation-led urban development
Urban Development is a field of study in which several disciplines are integrated. As this field of study is a relatively new one, knowledge on the relations between these disciplines is sometimes lacking. To expand this knowledge, in this field of study the research method of the qualitative case study is often applied. As in this research theme a new discipline is added, that of Corporate Strategies, this method seemed appropriate for studying this phenomenon. However, as both fields of study are very broad, conducting two in-depth cases studies resulted in very differing findings. With the use of these findings, the sub and main questions could not be answered. Therefore, there was a need to gather more insight, preferably with a broader scope. Additional quick scan cases were performed to provide this broader scope.

In hindsight, as so little research has been done on this subject, an exploration of the phenomenon of Corporation-led Urban Development required both scope and depth. The first chosen method focussing on depth, did not provide the answers to the questions posed in the research proposal. Therefore, in the final phase of this research, I attempted to add scope to the findings by performing several quick scan studies. As limited time was left in this phase of the graduation process, limited research could be done to set up clear selection criteria for these additional cases. The availability of information and possibility to conduct telephone interviews were prevailing this selection. In spite of this rather pragmatic selection, the additional quick scan cases provided useful information that allowed me to answer the sub- and main question and draw conclusions. If initially scope was chosen over depth in the research methodology, for example through sending out surveys to actors involved in presumed Corporation-led Urban Development projects, these would probably lack a clear structure and orientation, as this was provided by the in-depth cases.

9.2.2. Validity
Paragraph 4.2.3 discussed the validity of qualitative case studies in general. It is elaborated that Flyvbjerg (2006) indicates a bias toward falsification of preconceived notions, because as a researcher you are able to adjust hypotheses by studying and reflecting on the object of study (Heurkens, 2012). Indeed, the assumed motives were expanded by additional ones and the analytical framework was adjusted throughout the research. This paragraph also elaborated that triangulation is a very important aspect in validating case study results, which entails that multiple research techniques are used to study a subject. The in-depth cases were all studied through multiple interviews (although few), a document and a literature review. Therefore, the validity of these cases studies is safeguarded. As mentioned several times, the additional quick scan cases are of very different backgrounds. Also the studied documents are of different backgrounds. In the cases of Tata and Cisco, mostly corporate documents were studied, and there were no telephone interviews conducted that could provide triangulation. This causes the validity of these quick scan cases to be questionable. However, no decisive statements are made based on these case studies.

9.2.3. Limitations
During the process of conducting this research, some limitations of the techniques were encountered. These are elaborated below per technique.
Assumptions resulting from literature review and exploratory expert interviews
The assumptions that resulted from the literature review was limited by the amount and quality of available literature on this specific research subject. Therefore, besides the literature review, exploratory expert interviews and quick scan cases were conducted. In the conclusion, the assumed motives only seem to correspond to one of the indicative profiles of corporations engaging in urban development (Technological Partners, as elaborated in 8.4). This might be caused by the fact that an exploratory interview was held with someone from within Siemens, and someone who has studied the case of Siemens, which is assigned to that profile. This might have caused a bias towards this profile regarding the assumed motives.

In-depth case studies
The amount of in-depth case studies was limited due to the fact that entry to the corporations through the right contacts proved to be very difficult. After multiple attempts through email and phone calls, it was not possible to establish fruitful contact within the corporation of ThyssenKrupp, which was selected as a suitable case study. Establishing contact with Inter IKEA proved to be difficult as well, but was successful in the end. This might be explained by the fact that these corporations both are quite non-transparent regarding their organisational structure. Moreover, they were located in foreign countries, therefore a language barrier might have played a role as well. These difficulties narrowed the studies in-depth cases down to two. These difficulties were also the cause that only one person within the corporations and one person of the involved public body. Moreover, the person within the public body was the same person for both cases, limiting the objectiveness of the retrieved information.

Selection criteria
Setting up selection criteria for these in-depth case studies proved to be difficult as well. They had to be set up while still very little was known about the research subject. The criterion of not having urban development as a core business seems to be dependent on the chosen perspective of either the multinational corporation itself or the subsidiary performing the urban development project. This can also be linked to the limitation of the assumptions. As the Inter IKEA case (and later several additional cases) showed that urban development was the core business of its subsidiary, questions raised if Inter IKEA met the selection criteria. Moreover, it is an explanation of the fact that its motives did not correspond to the assumed motives. The identified motives in this (and several additional cases) corresponded to the motives and strategic business goals in which urban development is the core business, which were initially excluded from this study.

On the other hand, Siemens did not seem to meet the requirement of engaging in an actual urban development project, as the project of The Crystal does not correspond to this definition. Moreover, its performed activities in actual urban development projects seem differ from activities of the urban development process. Rather they are activities that are only a small step away from their core business, which brings us back to the previous point. In hindsight, it is fairly logical that a corporation does not engage in activities that diverge too much from its core business, as in order for a corporation to be efficient and profitable, focus on its core business is required. These findings insinuated adjustments to the analytical framework and definition of corporation-led urban development were needed.

Additional Quick Scan Cases
As mentioned before, the decision of performing additional case studies was only made in the final phase of this graduation process, which limited the time to select, conduct and analyse them. Therefore, the selection criteria can be considered somewhat pragmatic. As a result, it is debatable whether for example the case of Ahold can be considered as ‘engaging in an urban development project’, as it is only involved in the project to a very little degree. These difficulties are inherent to the explorative degree of this research. The additional cases studied very valuable in the progression of the insight on the two in-depth cases and the phenomenon of corporation-led urban development as a whole, though. It indicated that the two in-depth cases could actually be assigned to the two different profiles identified in the conclusion of this research, explaining the diverging results of the in-depth case studies.
Expected end-products
Initially this research was aimed at providing a clear set of motives, of corporate strategies and of collaboration forms. However, considering the explorative nature of this research, during the process it proved very difficult to provide these clear and complete sets. Especially regarding the collaboration forms, the outcomes were of a very indicative and indecisive nature. In setting up these expected end-products, the breadth of the subject seems to be slightly underestimated. However, the research results do provide collections or indications of all aspects initially set up, though they are less decisive than expected.

It was also expected that clear statements could be made on incentives and barriers for corporations to engage in urban development projects. However, considering the amount of studied aspects and the linkage of the term ‘incentive’ with the term ‘motive’ these aspects gradually disappeared from the focus of this research. Instead of statements on incentive and barriers, statements on strategic business goals and the degree of involvement in the urban development process were made.

9.3. Epilogue
Conducting this graduation research has been an intense process. For a full year I have dedicated the majority of my time to it, and especially after the P2 phase, when I started my graduation internship at Deloitte, the process became more intense. This was due to the fact that I combined working on Deloitte projects with conducting my research. However, it was mostly due to the fact that I’ve only in November decided to perform the additional quick-scan cases. Therefore the time pressure on analysing and drawing conclusions was very high. Because of this pressure I was very much focussed which allowed me to recognise linkages between the case and research themes that I could depict in visual models and concepts. Although putting pressure on my personal time management, I very much enjoyed this process and I think it has helped me a lot to further develop my analytical, professional and writing skills. At all times I was surrounded by or able to contact the right people to discuss my findings and reflect on them. Therefore I would like to thank Erwin Heurkens, Herman Vande Putte, Paul Rutten and Carlo Sturm, who were always open to (and made time for) these discussions.
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### Appendix I: Tables and figures

#### Contribution of UD activities to corporate strategy

<table>
<thead>
<tr>
<th>Company</th>
<th>Strategic Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>IKEA Group</td>
<td>Creating <strong>long term ROI</strong> &amp; developing for the many people (corporate philosophy)**</td>
</tr>
<tr>
<td>Siemens</td>
<td>Anticipating the <strong>megatrend</strong> of urbanisation &amp; leading the <strong>innovation driven market</strong> of UD &amp; intensifying the relation with <strong>customers</strong> (authoritative bodies)</td>
</tr>
<tr>
<td>Ahold</td>
<td>Acting as a <strong>responsible</strong> retailer by providing suppliers with a better quality of life</td>
</tr>
<tr>
<td>Alliander</td>
<td>Acting on <strong>megatrend</strong> of the energy transition</td>
</tr>
<tr>
<td>Tata</td>
<td>Improving a <strong>community</strong> from a <strong>philanthropic</strong> corporate viewpoint &amp; managing a <strong>profitable</strong> business</td>
</tr>
<tr>
<td>Cisco</td>
<td>Improving the quality of life of the <strong>community</strong> &amp; creating <strong>long term ROI</strong></td>
</tr>
<tr>
<td></td>
<td>Facing the challenge of <strong>megatrends</strong> urbanisation and energy</td>
</tr>
</tbody>
</table>

*Appendix I, table 1: relation between corporate strategy and engaging in urban development projects.*

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#### Engagement in UD

<table>
<thead>
<tr>
<th>Engagement in UD</th>
<th>Strategic Change</th>
</tr>
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<tbody>
<tr>
<td>Community involvement</td>
<td>1900-1950</td>
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<tr>
<td>Ownership</td>
<td>1950-1980</td>
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<tr>
<td>Development</td>
<td>1980-1990</td>
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<tr>
<td>Initiative</td>
<td>1990-2000</td>
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<tr>
<td>Operation</td>
<td>2000-2005</td>
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<tr>
<td>Investment</td>
<td>2005-2010</td>
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<tr>
<td>None</td>
<td>2010-2015</td>
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*Appendix I, figure 1: engagement of corporations in urban development in time*
<table>
<thead>
<tr>
<th>Activities performed in UD process</th>
<th>Roles adopted in UD process</th>
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<tr>
<td>- initiative</td>
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<td>- investment</td>
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<tr>
<td>- development</td>
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<tr>
<td>- operation</td>
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<tr>
<td>- ownership</td>
<td></td>
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<tr>
<td>- community involvement</td>
<td></td>
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<tr>
<td>Crystal</td>
<td>Advisor</td>
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<tr>
<td>- initiative</td>
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<td>- investment</td>
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<td>Network technologies and infrastructure</td>
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<td>- ownership</td>
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<td>- community involvement</td>
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Appendix I, table 2: activities and roles performed in the urban development process
<table>
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<tr>
<th>Development Stage</th>
<th>Sub-stage</th>
<th>Initiative</th>
<th>Plan &amp; feasibility</th>
<th>Realisation</th>
<th>Operation</th>
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<td>Land development</td>
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<td>Design plan</td>
<td>Real Estate Development</td>
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<td>Construction</td>
<td>Public &amp; Private</td>
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<td>Public &amp; Private</td>
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<td>Design plan</td>
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Appendix I, table 3: roles of public and private parties in the studied UD projects (based on Heurkens, 2012)

Research aspect | Case study results
---|---
Motives | - establish **partnerships** to enhance network level of strategy  
- enter a market for **solutions** to complex problems  
- create economic, social and ecological value to act **responsibly** as a corporation **(CSR)**  
- anticipate **megatrends** & **innovate** through this engagement  
- creating **long term return on investment**  
- creating **economic value**  
- **promoting/marketing** the corporation’s products  
- opening up a new **client base**  
- **securing long term supply**  
- **steering** the urban development **process**  
- setting up an **extra business line**
Contribution to corporate strategy | - economic value/return on investment  
- anticipating megatrends  
- improvement of a community
Relation to core business | - subordinate  
- core business of subsidiary  
- promoting/marketing  
- safeguarding  
- expanding

Appendix I, table 4: overview of motives and relations with corporate strategy and core business