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Department of Economics

# **The influence of corporate governance on CSR**

- a multiple case study of the Swedish insurance sector

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# Abstract

This study responds to the theoretical gap in the academic literature regarding mechanisms of corporate governance and how it affects companies' corporate social responsibility-efforts. The study also aims to deepen the understanding of corporate governance and corporate social responsibility-efforts in the insurance sector. To achieve this, the study adopts a qualitative approach combined with a multiple-case study research design. The data of the study is gathered through semi-structured interviews with representatives for three companies in the Swedish insurance sector. The concepts of triple bottom line, empowerment and management control systems create the conceptual framework that is used to analyse the data.

The findings show that the interplay between the mechanisms of corporate governance can vary, depending on the level within the studied companies. The findings also confirm a varying interplay within the different aspects of sustainability. Another finding is that the studied mechanisms of corporate governance, either promote or maintain the companies' corporate social responsibility-efforts.

The conclusion of the study is that working with mechanisms of corporate governance can be valuable for the continued contribution to a sustainable development in the insurance sector. The conclusions can further be applicable on companies within or outside the insurance sector.

# Sammanfattning

Denna studie riktar sig till det understuderade forskningsområdet styrningsmekanismer och dess påverkan på företags hållbarhetsarbete. Studien syftar därför till att fördjupa kunskapen kring samspelet mellan styrningsmekanismer och hållbarhetsarbete inom försäkringsbranschen. För att uppnå detta bygger studien på en kvalitativ forskningsstrategi och använder semistrukturerade intervjuer för insamlingen av empiri. Under studien intervjuades representanter för tre företag som är aktiva inom den svenska försäkringsbranschen. Studiens teoretiska ramverk utgörs av teorierna om miljömässigt, ekonomiskt och socialt ansvar, frihet i rollen och företagsledningssystem. Det teoretiska ramverket används i studien för att analysera den insamlade empirin.

Studien visar på att samverkan mellan styrningsmekanismerna varierar beroende på vilken del inom företagen som studeras. Den varierande samverkan mellan styrningsmekanismerna återfinns även inom de miljömässiga, ekonomiska och sociala ansvaren. Vidare påvisar studien att de studerade styrningsmekanismerna främjar eller upprätthåller företagets hållbarhetsarbete.

Den främsta slutsatsen från studien är att arbetet med styrningsmekanismer inom försäkringsbranschen är viktigt för branschens fortsatta bidrag till en hållbar utveckling. De slutsatser som presenteras i studien kan även tillämpas inom andra branscher.

# Abbreviations

AML	Anti Money Laundering
BoD	Board of Directors
CEO	Chief Executive Officer
CG	Corporate Governance
CM	Company Management
CSR	Corporate Social Responsibility
EMT	Executive Management Team
GRI	Global Reporting Initiative
HoS	Head of Sustainability
IPCC	The Intergovernmental Panel on Climate Change
ISO	International Organization for Standardization
MCS	Management Control Systems
PRI	Principles for Responsible Investment
PSI	Principles for Sustainable Insurance
SDGs	Sustainable Development Goals
SLU	Swedish University of Agricultural Sciences
TBL	Triple Bottom Line
UN	United Nations

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# 1 Introduction

*In the introduction the background of the study is first presented to give an overview of the study. Secondly, the empirical and theoretical problem are presented to establish why the study is relevant in the field of business administration. Furthermore, the aim and research questions are presented. Lastly, the conceptual delimitations and outline of the study are presented.*

## 1.1 Background

According to The Intergovernmental Panel on Climate Change (IPCC) (2018), the planet is currently undergoing changes in the climate, due to human activities. The changes in climate have for example led to extreme heatwaves in Europe during the last five years and an increased frequency and intensity of extreme weather events (European Commission 2019). More scientific evidence is also pointing towards a higher likelihood for long term irreversible changes to the world in form of loss in biodiversity and ocean acidification (Lenton *et al.* 2019). Biodiversity and the state of the oceans are two biosphere systems that supports human livelihoods (*ibid.*). Negative irreversible changes to them may therefore undermine these systems which humans depend upon. Furthermore, if this negative trend continues, severe consequences are expected in areas such as infrastructure, public health, and food production (European Commission 2019).

During 2019, the world has seen several groups urging for actions that promote a sustainable development and by so act against climate changes (Lenton *et al.* 2019). At the same time, IPCC (2018) argues that global warming must be limited to 1,5°C, relative to pre-industrial levels, to limit the consequences of climate change. The Sustainable Development Goals (SDGs) and the Paris agreement are two components developed to help towards a sustainable development through national action and global cooperation (Sachs *et al.* 2019). Achieving a sustainable development will though require deep structural changes and actions across all societies and industries (Meadows & Randers 2012; Sachs *et al.* 2019). According to the European Commission (2019), achieving sustainable development is possible through structural changes that use existing and emerging technological solutions and business cooperation. This would promote important aspects for sustainability such as energy efficiency, use of renewables and infrastructure.

The insurance sector plays an important role in the national and global economies by contributing to financial stability and economic growth (Greenbaum *et al.* 2019; Svensk Försäkring 2019). The insurance sector can therefore be influential in both societal and political change. According to Botzen & Van Den Bergh (2008) the potential to influence society and politics makes the sector an important part of the sustainable development. This identification is also acknowledged by Johannesdottir and McInerney (2018).

At the same time, the insurance sector is in the front line of climate change mainly because increasing costs from weather-related natural disasters (Mills 2009). Pricing and conditions related to insurance products could reduce the increasing costs, but the sector is increasingly challenged by customers to adopt practices that protect the customers from natural hazards before it takes actions that effects them, for example increasing the insurance premiums. Reducing the negative effects of climate change is therefore of importance for the insurance sector mainly due to the reduction of the sector's direct costs (Mills 2005; Johannesdottir & McInerney 2018). From this, it can be concluded that the insurance sector has great incentives to work towards a sustainable development because of its effect on business. Subsequently,

this has been perceived as an opportunity by many insurance companies and a possibility to work beyond their own environmental impact (Mills 2009; Johannsdottir *et al.* 2015). Actions beyond the sector's own environmental impact will, at the same time, be beneficial for the entire society.

Corporate Governance (CG) can be described as a set of mechanisms that exist to govern firms for continued operation (Boubakri 2011). According to Shrivastava & Addas (2014), a good CG plays an important role in the establishment of a company's objectives and strategies as well as the work to achieve them. An empirical analysis by Beltratti (2005) also show the positive effects of CG on financial performance and value creation. A good CG can achieve this by steering internal stakeholders such as the Chief Executive Officer's (CEO) decisions to pursue the company's objectives and not personal objectives. However, in recent years, CG has started to include wider issues related to sustainability (Elkington 2006). It is from this research argued that better CG, for example board inclusion of the wider spectrum of issues related to sustainability, the higher probability that sustainability can be achieved. In this study, CG is used to describe organizational factors that affect the employees and their decisions in the organization. These organizational factors will in this study further be referred to as mechanisms of CG.

For organizations, working with sustainability creates advantages such as increased competitiveness (Closs *et al.* 2011). Corporate Social Responsibility (CSR) is a concept that refers to the responsibility of businesses to society (De Geer *et al.* 2017). Sahut *et al.* (2019) define the concept to include the actions companies take to meet and go beyond legal, social, and environmental obligations. Companies today therefore see CSR as ensuring sustainable business practices and contributing to a sustainable development (Ullah *et al.* 2019). This is done by balancing their social and economic goals which make more effective use of limited resources. Discussions regarding sustainability and CSR sometimes refer to them as both synonyms and different concepts (Strand *et al.* 2015). In this study, CSR-efforts are used to describe all actions of a company to meet and go beyond legal, social, and environmental obligations. CSR-efforts are therefore used as a synonym for sustainability and the way for companies to contribute to a sustainable development. This definition of CSR-efforts is adopted to make it clear to the reader what CSR-efforts in this study implies and aim to achieve.

From the increased awareness of sustainability in recent years, an increase in academic research, interest from policymakers and industries on the topic have been identified (Geissdoerfer *et al.* 2017). At the same time, national action and global cooperation are considered important when working for a sustainable development (Sachs *et al.* 2019). There are, however, challenges for sustainable development in the requirement of deep structural changes and actions across all societies and industries (Meadows & Randers 2012; Sachs *et al.* 2019). Strategies pursue the SDGs needs to be undertaken in a short period of time to change resource usage, infrastructure, and technologies.

One sector acknowledged by the scientific field as important for a sustainable development is the insurance sector (Botzen & Van Den Bergh 2008; Johannsdottir & McInerney 2018). The acknowledgement of the insurance sector indicates that there is an importance to further investigate the insurance sector in the perspective of sustainable development. At the same time, CG within the field of business administration has changed and started to include wider societal concerns such as climate change, business ethics, human rights, and corruption (Elkington 2006). Moreover, research evidence show that good CG can have a positive impact on the sustainability performance from a CSR-perspective (Shrivastava & Addas

2014). Moreover, there are challenges for the insurance sector such as preventing increasing costs and safeguard consumers at an early stage regarding natural hazards (Mills 2009). The insurance sector therefore has a need for higher quality CG, which could increase the sustainability performance from a CSR-perspective. Knowledge of the topics CG and CSR would hence be useful for the insurance sector to accelerate its transition towards a sustainable development. A quicker transition towards a sustainable development for the insurance sector can also be assumed to benefit the entire society.

## 1.2 Problem

CG as a research field has primarily been about questions regarding ownership of the firm and how firms are governed (Elkington 2006; Arora & Dharwadkar 2011; Boubakri 2011). But recently new issues such as climate change, business ethics, human rights and corruption have led to wider societal concerns for the research on CG (Elkington 2006; Walls *et al.* 2012). The inclusion of wider societal concerns has therefore increased the academic research on CG and CSR. According to prior research, good and responsive CG is a key for continued CSR because it ensures that companies pay attention to ecological and social issues (Savitz 2013). Shrivastava & Addas (2014) also argue that there is a link between CG and CSR-performance. The researchers claim that CG of high quality increases the probability that the company adopt sustainability policies or comply with international sustainability standards. CG of high quality could be the inclusion of an independent board advisor with environmental expertise and no financial interest in the company.

Further research on CG and CSR has investigated the effect of ownership structure and political interference (Li & Zhang 2010), financial performance and risk (Gangi *et al.* 2019), how CG and CSR relate to each other (Beltratti 2005), the influence of CG on CSR-reporting (Rashid 2018), how board composition affects CSR (Sahut *et al.* 2019) and, how governance structure effect CSR-activities (Shin *et al.* 2015).

According to He & Sommer (2010) there is a limited understanding of CG-research in the insurance sector. The insurance sector is also considered to have differences in CG characteristics such as organizational structure, which makes it an interesting sector for CG research (Boubakri 2011). The studies of CG in the insurance sector have investigated the organizational structure (O'Sullivan 1998), ownership and board composition (He & Sommer 2010; Huang *et al.* 2011), firm performance and risk taking (Boubakri 2011), value creation (Boubakri *et al.* 2008) and governance effectiveness in emerging economies (Li *et al.* 2017). Hardwick *et al.* (2011) acknowledge the limited research in the insurance sector from a CG perspective, however they claim that good CG help improve the efficiency of insurance companies.

Earlier research has identified CG and CSR as highly relevant for the insurance sector (Van den Berghe & Louche 2005). The researchers further point out the link between CG and CSR in the sector and describe the market's acknowledgement of it as a prerequisite for sustainable growth and welfare. Another study strengthens the notion of the link between CG and CSR because of the crucial role of CG in implementing CSR strategies (Ullah *et al.* 2019). Regarding CG and CSR, it is important to analyse different sectors because risks and opportunities, from e.g. climate change, are likely to vary across sectors (Shrivastava & Addas 2014). It can be concluded from the previous section, combined with the limited research from Van den Berghe & Louche (2005) and Ullah *et al.* (2019), that there is a lack in the overall empirical understanding of CG and CSR in the insurance sector.

Furthermore, it can be concluded that there is a theoretical gap in the literature regarding mechanisms of CG and how it affects companies' CSR-efforts. It is therefore motivated to conduct further research in the field of CG at an organizational level to enrich the current literature. Conclusions from the previous section also present a lack in the overall empirical understanding of CG and CSR-efforts in the insurance sector. Thus, it is also relevant to investigate the insurance sector to deepen the knowledge on the sector.

### 1.3 Aim and research questions

The aim of this study is to investigate how mechanisms of CG affect companies' CSR-efforts in the insurance sector. The study is performed within the field of business administration and utilizes CG-concepts from organizational theory. From this, the study aims to contribute to the academic research on the insurance sector and how mechanisms of CG affect CSR-efforts.

To address the aim of the study, the following research questions are formulated:

- What interplay are mechanisms of CG perceived to have for CSR-efforts?
- What mechanisms of CG are perceived to promote or hinder CSR-efforts?

### 1.4 Conceptual delimitations

In this study, the focus is to contribute to the academic knowledge on the field of CG through the concepts of the Triple Bottom Line (TBL), empowerment and Management Control Systems (MCS). CG is described as a set of organizational mechanisms, to govern organizations for continued business (Boubakri 2011). The concepts of empowerment and MCS are in this study used to describe the mechanisms of CG that develop the understanding how they are perceived to affect companies' CSR-efforts.

Mechanisms of CG can be interpreted as an unspecific term and therefore include a wide variety of mechanisms. Thus, a conceptual limitation of the study is its use of only two mechanisms of CG, i.e., empowerment and MCS. A reader of this study may therefore have a different interpretation of what a mechanism in this context would be. Hence, a different interpretation could lead to a different choice of mechanisms, compared to the author's choice, if the reader conducted the study. However, the mechanisms picked by the author should be regarded as a distinctive set of mechanisms and not the only useful to study the phenomena. The mechanisms are thus the author's personal interpretation of CG.

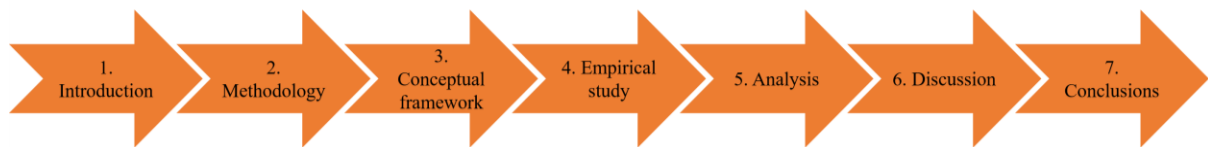
Another conceptual delimitation is the decision-making aspect of the study. In this study the research focuses on how mechanisms of CG affect companies' CSR-efforts. Therefore, the focus of the study is on how the mechanisms affect how decisions about CSR-efforts are made. However, the study does not research the field of decision-making or how the companies' individuals reflect on the process of decision-making. Focusing on the field of decision-making would further add a new field for the study. Consequently, this would reduce the focus on CG and the constructed aim and research questions. It would also create a need to select other concepts than selected in this study.

Delimitations regarding the methodology of the study, will be problematized and discussed in the following chapter.

### 1.5 Outline

The outline of this study is presented below in Figure 1. The purpose with the outline is to present an overview of the study to help the reader's understanding of the study and its chapters.

The study starts with an introduction which contains background, problem, aim & research questions, conceptual delimitations, and this outline part you are reading now. The second chapter is the methodology and describes the study's research approach, literature review, multiple-case study, data collection & analysis, quality assurance, ethical considerations, and methodological and empirical delimitations. The third chapter presents the conceptual motivation, TBL, empowerment, MCS and finally the conceptual synthesis. The fourth chapter contains the background to the group of Länsförsäkringar and the conducted interviews. Lastly, the chapter includes a summary of the interviews. Thereafter is chapter five where the empirics from previous chapter is analysed with the concepts of the study and then summarized. The sixth chapter is the discussion where the research questions are answered, and a critical reflection is presented. The final chapter is the seventh, where the conclusions are presented, and future research reflected upon.



*Figure 1. Outline of the study. (Own illustration)*

## 2 Methodology

*The second chapter presents the methodology which has been used throughout the entire study. The aim of the chapter is to give the reader an understanding of the methodological choices that the study builds upon and how it was carried out. The research approach is first presented, followed by the literature review. Then the use of a multiple-case study is presented with the sampling procedure and a reflection on the author's employment at Länsförsäkringar Uppsala. After that the procedure for data collection and analysis is explained. The following two parts of the chapter discuss the study's quality assurance and ethical considerations. Finally, a reflection on the methodological and empirical delimitations is presented.*

### 2.1 Research approach

As mentioned in the previous chapter, the aim of this study is to investigate how mechanisms of CG affect companies' CSR-efforts in the insurance sector. To fulfil the aim of the study, the author has made the decision to use a qualitative research strategy.

A qualitative research strategy was found to be suitable due to its emphasis on contextual understanding through descriptions rather than statistics (Bryman & Bell 2015). Furthermore, the research strategy allows methods for data collection and analysis to focus on descriptions and language, compared to the focus on statistics for a quantitative research strategy. This was found to be important by the author in the construction of the study. According to Bryman & Bell (2015) a qualitative research strategy is commonly used in research conducting interviews which is what this study will build on. Derived from previous scientific research, it was indicated in section 1.3 (Problem) that the insurance sector was of importance in the field of CG and CSR since the special context of the sector. A qualitative research strategy is found to be appropriate for a context-specific setting to provide deeper knowledge on it (Golafshani 2003).

In the academic research within the field of business administration there are additional aspects of importance related to research strategy (Bryman & Bell 2015). These are the epistemological and ontological position of the study. The epistemological position refers to what should be regarded as acceptable knowledge and how the social world could be studied, depending on what acceptable knowledge is. The ontological position, on the other hand, describes the different views and the relation between reality and the social actors. According to Guba & Lincoln (1994) the epistemological and ontological position of the researcher should be reflected on in the choice of methodology.

In this study, the author will use an interpretivism view in the epistemological position which allows a subjective interpretation of social actions (Bryman & Bell 2015). According to Bryman & Bell (2015), an interpretivism view asserts that there is a subjective meaning of a social action. Researchers can thus make different interpretations of the same social action. For the ontological position, a constructionism view will be used. Constructionism asserts that the social actors continuously change the reality through their social interactions and depending on context (Bryman & Bell 2015). These positions of the study are foremost chosen because they reflect the author's personal view of reality and the social actors. This is considered important because the study aims to investigate a subject chosen by the author. Furthermore, the positions are in line with the research of Bryman & Bell (2015) on main characteristics of a qualitative research strategy.



Lastly, this study will adopt an abductive reasoning to address the aim of the study and research questions to create deeper knowledge. Inductive reasoning is the common approach in the qualitative research according to Bryman & Bell (2015), but the approach is allegedly limited in the generating of new theory. Abductive reasoning overcomes this limitation by permitting a back-and-forth engagement between the empirical source and concepts to identify aspects that are of importance for the understanding (Mantere & Ketokivi 2013). Back-and-forth engagement means the researcher is not limited to compare the empirical sources with the concepts one time, but instead several times. The reasoning therefore encourages the researcher to generate several explanations during the process to finally pick the one best tailored to explain the empirical evidence. In previous research, the abductive reasoning has been found to help researchers to stay open for possible explanations and therefore hinder preunderstandings to take over (Alvesson & Kärreman 2007).

## 2.2 Literature review

Conducting a literature review is crucial in the process of a research project (Bryman & Bell 2015). The literature review helps the researcher to gather knowledge on the field of study which supports the development of research questions, methodology, concepts, and a conceptual framework (Eisenhardt & Graebner 2007; Bryman & Bell 2015). According to Bryman & Bell (2015) a literature review can further encourage new viewpoints or arguments in the research from the work of others. As mentioned in the previous section, the study will use a qualitative research strategy to fulfil the aim and answer the research questions.

When conducting a qualitative research strategy, previous research has found that a narrative literature review is more suitable (Bryman & Bell 2015). A narrative literature review is a method that allows the researcher to change procedures and keywords of the literature review (ibid.). This is done if it can increase the possibility to find literature that is considered suitable for the study. The benefit of the narrative literature review is therefore greater flexibility to adapt to unexpected issues during the research process. The researchers further argue that an interpretivism view and an inductive reasoning in qualitative research add to the suitability of the narrative literature review (ibid.). Even if the study adopts an abductive reasoning, an approach to literature that is suitable for inductive reasoning is found to be appropriate for the study. The inductive reasoning is described by Bryman & Bell (2015) as closely related to the abductive reasoning. Therefore, it is motivated to pick an approach to literature that supports inductive reasoning. Narrative literature reviews are, on the other hand, found to be less focused and more time consuming than systematic reviews (Bryman & Bell 2015). Though, these aspects are acceptable in the study because a systematic review instead would risk limiting the amount of literature, which could further diminish the knowledge of the author and have a negative impact on the research discourse.

In the search for literature, the study aims to provide a foundation for replicability that can simplify future research on the empirical and theoretical problems. According to Bryman & Bell (2015), replicability in academic research is a highly valued aspect, especially in the qualitative research. To make it easier to replicate the search for literature, only the database Web of Science was used, and each search followed the same procedure. Web of Science was used to make certain that all articles were peer-reviewed and therefore scientifically reviewed.

The procedure was that each search first was sorted by times cited and then the abstract of the top 50 articles read. The abstracts that were found relevant to the subject and the study were then downloaded for further analysis. In the next step, the search was sorted by relevance and the same procedure repeated. The procedure uniform the literature search and by sorting two times the study adds another measure to minimize the risk of missing articles of relevance.

The order of the searches, keywords and combination of keywords are presented in Appendix 1. In addition to the described procedure, the author has also used the bibliography from the articles and literature from previous courses at the Swedish University of Agricultural Sciences (SLU). The author's use of bibliography from articles and literature from previous courses at SLU implies a reduced ability to replicate. The reason for this is that this procedure in the literature review lack structure and overall instructions as the literature searches did. It can thus be assumed another researcher would find different literature than the author. This could further lead to different concepts and by so impact the findings of the study. However, because the benefits for the study outweighs the disadvantages it is seen as acceptable. A benefit is the possibility to find suitable literature which builds a better conceptual foundation for the study.

## 2.3 Multiple-case study

A case study approach is a widely used research design in business research (Eisenhardt & Graebner 2007). The approach distinguishes itself from other research designs by focusing on a setting, for example an organization, and investigate it thoroughly. (Bryman & Bell 2015). The focus of case studies is thus on deep understanding of the nature of the specific case through observations (Stake 1995; Bryman & Bell 2015). Yin (2017) describes the observations as producing rich empirical descriptions that commonly are based on a variety of data sources. Cases have, according to Eisenhardt & Graebner (2007), the ability to construct theory by finding patterns and relationships across the cases. Furthermore, the researchers argue that the constructed theory is likely to be accurate, interesting, and testable. However, an extension of the case study design is the multiple-case study design which instead compare several cases (Bryman & Bell 2015).

Compared to the single-case study, the multiple-case study builds on comparison between the cases which encourage deeper theoretical reflection of the findings (Bryman & Bell 2015). Consequently, the theoretical elaboration of the study as well as the exploration of the research questions benefit from the multiple cases (Eisenhardt & Graebner 2007). Building theory with this approach has been argued in research to typically have a stronger foundation than the single-case approach (Yin 2017). A stronger foundation contributes to theory that are more robust, generalizable, and testable according to Eisenhardt & Graebner (2007). In this study, a multiple-case study approach has been chosen to address the aim and answer the research questions. Moreover, the choice of a case study is considered by the author to be a suitable design because of the abductive reasoning, which purpose is to generate theory.

### 2.3.1 Sampling

According to Bryman & Bell (2015), sampling is an important step in the business research because it is often inevitable. A common method in qualitative research for this is purposive sampling (Bryman & Bell 2015). This method takes stance in the idea that the research questions should be used as main indicator what cases that should be sampled. By conducting this sampling method, the study is more likely to find samples that are of relevance and have a high probability answer the research questions. However, purposive sampling requires the researcher to be clear about what makes a sample relevant or not relevant for the study (ibid.).

Sample size is an aspect of the sampling that researchers need to consider according to Bryman & Bell (2015). The researchers nevertheless argue that the size of the sample can vary from situation to situation and it is therefore more important that it can support the researcher's conclusions. To support the conclusions, the researcher should be clear about

choice of sampling method, why it was used and what sample size was considered suitable for the study.

In this study, the author has decided to use a purposive sampling method. A purposive sampling method was found suitable because the research questions are the starting point in this method, when the researcher is selecting the samples. The research questions of the study have a clear link to the empirical and theoretical problem as well as the aim, which were considered important for the author to clearly address. Regarding the sample size the author decided at an early stage that three samples were an appropriate amount for the study. The reason for this was that the author considers three samples to allow for a better analysis and discussion because of the third perspective on the phenomena. A third perspective can subsequently highlight similarities and dissimilarities between the prior two perspectives which is considered to enrich the analysis and discussion. However, four samples were regarded by the author to not benefit the study additionally, compared to the inclusion of a third. Because of this, the time that the added sampling would require was found to be better spent on the study's analysis and discussion.

All the samples selected in the study are within the group of Länsförsäkringar and are: Länsförsäkringar Stockholm, Länsförsäkringar AB and Länsförsäkringar Älvsborg. A contributing reason for this is that the author is employed and in late 2019 also did an internship at Länsförsäkringar Uppsala. From this, the author was acquainted with employees at Länsförsäkringar Uppsala who then were able to initiate contact with the interviewees of the study. This will further be discussed in section 2.3.2 (Reflection on the author's employment at Länsförsäkringar Uppsala).

According to Svensk Försäkring (2019) there are three other actors in the insurance sector with 15 % or higher market share regarding total insurance premium. These are Folksam, IF Skadeförsäkring, and Trygg-Hansa. From this, it could be argued that the sampling should have included at least one other company beside companies in the group of Länsförsäkringar. However, because of the relatively small number of alternative companies the author found it more appropriate to only pick companies within the group of Länsförsäkringar. The author has the opinion that the study would have needed at least two companies from the other three actors to provide a solid base for the analysis and discussion. A single company outside the group of Länsförsäkringar could make the study more of a comparison between Länsförsäkringar as a group and the competitor. If the requirement of market share is set, this unfavourable scenario would be the case if two of three competitors declined. It was thus decided by the author it was more motivated to only select samples from the group of Länsförsäkringar. The group of Länsförsäkringar also consisted of 23 potential cases, Länsförsäkringar Uppsala excluded, compared to the three cases if only competitors would have been eligible for the study. Furthermore, the author's employment also enabled quick contact with people in the potential case companies with appropriate positions, considering the study's aim and research questions.

### 2.3.2 Reflection on the author's employment at Länsförsäkringar Uppsala

An important aspect to reflect upon in this study is the author's employment and prior internship at Länsförsäkringar Uppsala. One could argue from this that there is a risk that the author present findings that are biased, for example, presenting the companies within the group of Länsförsäkringar in a more positive way than other researchers would have. It could also be avoiding presenting negative findings of these companies. Due to the risk of bias, it has been regarded necessary by the author to discuss the employment at Länsförsäkringar Uppsala, in the context of the study.

First, the author wants to emphasise that this study is not about drawing conclusions concerning the quality of the case companies' CSR-efforts. This study is rather about providing an understanding of a phenomena that can be analysed and discussed using already existing academic knowledge. Throughout the study, the author also has aimed to make it clear that the presented findings are the author's personal interpretation. The empirics from the interviews can therefore be used by others to come to different conclusions.

As previously mentioned, it was also chosen by the author not to include competitors to the group of Länsförsäkringar to avoid a potential comparison between Länsförsäkringar and a competitor. The author does not claim this should remove the risk of bias but rather reduce the risk of presenting findings that only favour Länsförsäkringar and not the compared competitor. This choice for the study thus made it important for the author to not select Länsförsäkringar Uppsala as one of the case companies, due to current involvement in the company.

However, the author's employment and prior internship at Länsförsäkringar would further show clear advantages for the study such as the contact with the interviewees. The benefits for the study, due to employment and internship, should thus be taken into consideration when reflecting on the risk of bias. Lastly, the purpose of this section has been to give the reader and insight into the author's decisions regarding the sampling of cases.

## 2.4 Data collection and analysis

In a qualitative research strategy, a data collection and data analysis are generally considered to be main steps of the process (Bryman & Bell 2015). Data collection is the first step of the two and followed by the data analysis. The following section will thus explain the method for collection of data and analysis used in this study.

### 2.4.1 Data collection

As explained by Bryman & Bell (2015), the collection of data is a prerequisite for the analysis of it. Regarding data collection in qualitative research, the method for the collection is usually through an interview (Bryman & Bell 2015). Again, the flexibility in the interview method makes it attractive for researchers using the qualitative research strategy. This study will use an interview method for the data collection.

To make sure the data collection becomes relevant, leading to the aim being fulfilled, and the research questions answered, there will be a need for structure. Too much freedom in the interview for the data collection is considered by the author as a risk to lose focus on the aim and research questions. Thus, a semi-structured interview will be used in the study to provide the structure needed to keep focus. Researchers describe a semi-structured interview as a type of interview where the researcher uses an interview guide with questions on specific topics that should be addressed (Bryman & Bell 2015; McIntosh & Morse 2015). This gives the researcher an opportunity to adapt the order of the questions or how the questions are communicated to the interviewee. At the same time, the interview method allows for follow up questions that may be of interest for the study. Semi-structured interviews are found in early scientific research to fit studies where the current knowledge is on a more abstract level and the research can benefit from a specific context (Merton & Kendall 1946; Morse & Field 1995). In this study, the link between CG and CSR is considered by the author to be on this more abstract level and the research would therefore benefit from the specific context of the insurance sector.

The author intended in this study to conduct all interviews in person. In the first interview this was possible, but because of logistical challenges, the second two were conducted by phone. The author also intended to do 90 minutes interviews for all cases, because it was regarded as sufficient to answer the questions of the interview guide (see Appendix 2). However, the second interview was shortened to fit the schedule of the interviewee. Furthermore, all interviews were held in Swedish and recorded after the permission of the interviewee. From this, the empirics from each interview were translated into English and composed. When finished, it was sent to the corresponding interviewee for confirmation or revision. Lastly, all interviewees were currently having the position as Head of Sustainability (HoS) at their company. According to the author, this position should be considered as an appropriate position for the study because the position suggests managing the company's CSR-efforts. Appropriate positions of the interviewees were described in section 2.3.1 (Sampling) to be of importance for the study's aim and research questions. Table 1 shows the interview details that include which company the interviewee is representing, name of the interviewee, interview method & time, and interview length.

*Table 1. Interview details. (Own illustration)*

Company	Länsförsäkringar Stockholm	Länsförsäkringar AB	Länsförsäkringar Älvsborg
Interviewee	Eva Marell	Christina Hillesøy	Fredrik Löfgren
Position	Head of communication & sustainability	Head of sustainability	Head of sustainability
Interview method & place	In person, March 12 <sup>th</sup> , 15:30	Via phone, March 18 <sup>th</sup> , 11:00	Via phone, March 19 <sup>th</sup> , 10:00
Interview length	90 min	60 min	90 min

#### 2.4.2 Data analysis

When doing a qualitative study, the researcher is often facing a difficulty in the amount of generated data (Bryman & Bell 2015). On the other hand, the amount of data can be seen as a resource due to its amount and richness (Miles 1979). Thus, it is of importance for the researcher to take on an analytical method that safeguards that the researcher gets the most out of the data. In this study, the analytical method builds on grounded theory and is selected and adapted before the semi-structured interviews. Grounded theory is, according to Bryman & Bell (2015), a method that produces theory from data and acknowledge a close relationship between the data collection, analysis and resulting theory. The selection and adaptation at an early stage is preferred because it gives the author time to reflect on the overall procedure and components of the analytical method. This also guarantees that the same procedure is used across the study as well as customized to the aim and research questions. Both Miles (1979) and Bryman & Bell (2015) argue for the use of pre-defined procedures for data analysis in qualitative research due to the characteristics of the data.

The aim of this study is to investigate how mechanisms of CG affect companies' CSR-efforts in the insurance sector. The aim, combined with the abductive reasoning, require an analytical method that supports the back-and-forth engagement between the empirical source and the concepts, as described in 2.1 (Research approach). Consequently, a modified framework for grounded theory has been selected for the analysis of the data. The modified framework is depicted in Figure 2. A data analysis based on grounded theory is described by researchers to promote this because its close relationship between data collection, analysis, and theory (Corbin & Strauss 2014).

The modified framework consists of two stages which are named pre-stage and data-stage to highlight the distinction between them in the analytical method. The pre-stage consists of *research questions* and *theoretical sampling* which are fundamental for the rest of the process due to its setting of focus combined with the concepts the analysis later utilizes. The data-stage is instead about the process where data is collected and coded, which are necessary in the developing of new theory. The data-stage starts with *collection of data*, from which *coding* can be performed and then the creation of *concepts*. The *concepts* from the interviews are then compared and *categories* generated from it. The final steps in the data-stage are *explore relationships between categories* and *development of hypotheses*. Compared to each other, the pre-stage is a one-way procedure while the data-stage can be repeated because of the several collections of data which are coded separately and later together. According to Bryman & Bell (2015) the *coding* is the key process in grounded theory and starts after the collection of data. Furthermore, the conceptual framework of the study will be used in the stage of *coding*, *concepts*, *categories* and *explore relationships between categories* to address the aim and research questions of the study.

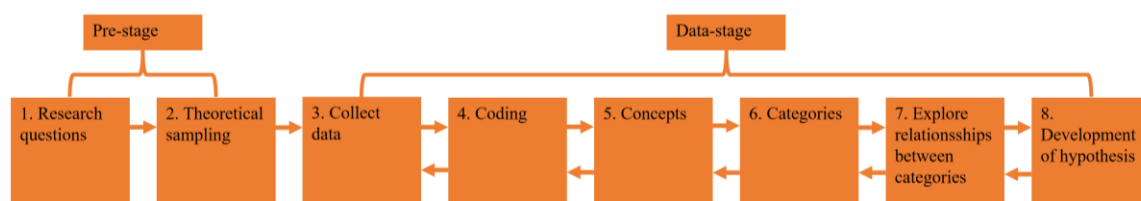


Figure 2. Method for analysis. Bryman & Bell (2015 p. 588) (Own illustration)

## 2.5 Quality assurance

In research, obtaining a high level of quality, for example transparency and credibility, is of great importance and ensures its utility (Morse *et al.* 2002). Practices to obtain a high level of quality in quantitative research have received much attention from researchers (Morse *et al.* 2002; Bryman & Bell 2015). This has led to that these practices have been applied to qualitative research. The application on qualitative research is however debated among researchers and by some viewed as inappropriate because of the characteristics of qualitative research, such as the emphasis on words rather than numbers. In response, alternative criteria for evaluating qualitative research has been developed such as the criteria of trustworthiness by Guba & Lincoln (1994). Trustworthiness consists of four criterions which are *credibility*, *transferability*, *dependability*, and *confirmability*. The researchers further argue that this criterion, compared to the ones used in quantitative research, takes into consideration that there can be different interpretations of the same social event. Trustworthiness is therefore considered suitable for a qualitative research strategy and will thus be used in this study.

To attain *credibility*, the researcher first needs to conduct the research according to what is regarded as good practice in the field (Bryman & Bell 2015). Secondly, the findings from the social world must be confirmed by the members of it, that the researcher has studied. Bryman & Bell (2015) describe the use of respondent validation as one technique to attain *credibility* to the research. Therefore, the author has decided that the empirics from each interview will be sent to the interviewee when completed to be confirmed or revised. To follow good practice, transparency has been an important aspect of the study. Transparency has been adopted in the interview process by giving the interviewee all information about the study as well as the inclusion of the author's employment at Länsförsäkringar Uppsala.

*Transferability* is the second criteria of trustworthiness and aims to highlight contextual specifics from the qualitative findings (Bryman & Bell 2015). This is done by presenting a

depth rather than breadth of the context. By doing so, the researcher provides a description that can be used by others to make their own judgments and apply it to a context by choice. Semi-structured interviews as the method for data collection are concluded in this study to increase the *transferability* of the study since it allows the researcher to ask follow-up questions (Bryman & Bell 2015; McIntosh & Morse 2015). Follow up questions can deepen the contextual details and thus increase the *transferability*.

The third criteria is *dependability* which encourage the implementation of an auditing process of the study, during the process and when finished (Guba & Lincoln 1994). The auditing process helps the researcher to evaluate the descriptions of the research process and the decisions made throughout the study. Bryman & Bell (2015) describe *dependability* as helpful in the assessment of the concepts used in the study. Furthermore, the researchers acknowledge that the criteria have not been fully adopted in business research, presumably because it is time consuming for the auditors. Throughout the study, explanations of the process itself and the decisions made can be found. The study has also been audited by other students, assigned supervisor and finally an examiner. Consequently, applications to ensure *dependability* is achieved, can thus be considered implemented.

*Confirmability* is the last presented criteria for trustworthiness and is also a criterion proposed to be an objective for the auditors (Guba & Lincoln 1994). Complete objectivity in business research is impossible, thus it is desired to get the research as objective as possible (Bryman & Bell 2015). Bias from the researcher in form of personal values should thus be excluded from the study as much as possible. *Confirmability* has influenced the research process and contributed to the implementation of respondent validation. Respondent validation decreases the risk of personal values from the researcher influencing the answers given by the interviewees. Lastly, the auditing process described in previous section will further contribute to the *confirmability* of the study.

## 2.6 Ethical considerations

According to Bryman & Bell (2015) it is a crucial part of business research to be aware of ethical principles and the concerns of it. Consequently, the researcher should reflect on the ethical issues that can arise in the study and especially between the researcher and research participants. Among researchers, a difference could be found what everyone considers to be ethical or unethical (Bryman & Bell 2015). Informed decisions and the implications of choices made can therefore address many ethical problems that may arise. In this study, the four ethical principles described by Diener & Grandall (1978) will be adopted to help the author address ethical considerations. The ethical principles are *harm to participants*, *lack of informed consent*, *invasion of privacy* and *deception*.

Arrangements to avoid *harm to participants* will include the ability to be anonymous in the study as person and company representing. Recordings of the interviews will also only be for the author's personal use and deleted when the study is finalized. Further research suggests that *harm to participants* should also include non-participants (Bryman & Bell 2015). To comply with this in the process of summarizing the empirical findings, the author will reflect on which information that can harm non-participants.

*Lack of informed consent* refers to that the researcher should present as much information as possible to the potential research participant (Bryman & Bell 2015). If done, the potential participant can make an informed decision about their eventual participation. Information that should be provided are what the participation entails, why their participation is necessary, how data will be used and to whom findings will be reported (ibid.). All interviewees will in

this study receive this information in the beginning of the interview, written consent (see Appendix 3) if not asked for anonymity and informed about the use of recording device with the opportunity to decline.

The third principle is *invasion of privacy* and concerns the researcher's treatment of the participants, respect for their individual values and sense of privacy (Bryman & Bell 2015). In this study, three arrangements will be implemented to avoid *invasion of privacy*. The semi-structured interviews will only cover questions related to the topics, too avoid collecting too much information that are irrelevant. The participants can always decline questions and will be informed about this before the interview to respect the individuals. And the previous mentioning of anonymity and use of recording machine.

*Deception* is the last principle and argues the researcher should not represent their research as something other than what it is (Bryman & Bell 2015). *Deception* is not something that will be used by the author during the research process to limit participants' understanding of the research or to gain trust. As mentioned, information will be provided before the interview and the author will be completely transparent about the process and content to the interviewees. The transparency about the content from each interview will though only be presented if the interviewee gives their consent and do not ask for anonymity.

## 2.7 Methodological and empirical delimitations

In the beginning of this chapter, it was stated that it aimed at giving the reader an understanding of the methodological choices and the research process. Examples of the methodological choices were the research approach, multiple-case study, and sampling. Due to the choices made in the study, methodological and empirical delimitations have been made. These delimitations are in the following two parts discussed in the context of the study.

### 2.7.1 Methodological delimitations

In section 2.5 (Quality assurance), it was pointed out that complete objectivity in business research is impossible to achieve (Bryman & Bell 2015). According to Yin (2017), the design of case studies further reduces the objectivity because of a fewer number of research objects, compared to other methods. Consequently, the multiple-case study approach of the study can be regarded as a methodological delimitation. In this study, a total number of three interviews were performed. The study will thus be restricted to the three perspectives of the interviewees. The subjective views of the interviewees on the discussed subjects will hence play a central role in the study's empirics. Because the analysis and discussion of the study are further based on the empirics, the subjective views of the interviewees will be reflected in them.

However, it was presented in 2.1 (Research approach) that an interpretivism and constructionism view were adopted in the study. An interpretivism view allow for subjective interpretations of social actions and the constructionism view asserts social interactions continuously change depending on context (Bryman & Bell 2015). The lack of complete objectivity should therefore not be considered a hinder for the achievement of the study's aim, because it does not claim there is a finalized perspective on the studied phenomenon. A study conducting additional interviews than this study could be assumed to broaden the objectivity on the phenomenon. Nevertheless, this would acquire more time for the gathering of empirics and by so diminish the time for analysis and discussion. A shorter time for analysis and discussion could have a negative impact on the study's contribution to the academic knowledge on the insurance sector and CG. This could further obstruct the study to achieve its aim and answer the research questions. The methodological delimitations are therefore necessary for the study.



### 2.7.2 Empirical delimitations

The study, as presented earlier, will be a multiple-case study on companies belonging to the group of Länsförsäkringar. Länsförsäkringar Stockholm and Länsförsäkringar Älvsborg are autonomous and independent from each other (Länsförsäkringar AB 2019). Länsförsäkringar AB, on the other hand, is jointly owned by Länsförsäkringar Stockholm, Länsförsäkringar Älvsborg and the companies that together constitute the 23 companies. Länsförsäkringar Uppsala is another example of one of the 23 companies. Furthermore, none of these companies are competing for the same consumers and all of them benefit from each company's success, through the common brand. Consequently, it can be assumed the observed companies share more information about their CSR-efforts and help each other than companies that are competitors. The probability to find similarities between the companies can hence be considered higher. A higher probability to find similarities could affect the study's findings and by so its generation of academic knowledge. On the other hand, finding similarities could make it easier for the author to generalize from the cases to other actors in the insurance sector. Being able to generalize from the empirics is considered desirable by the author and should therefore establish the relevance of the empirical cases for the study. When also considering that the author's employment at Länsförsäkringar Uppsala simplified the contact process with the interviewees, this empirical delimitation should be regarded as acceptable.

A second empirical delimitation is the Swedish context due to the choice of observed companies. All the companies in the group of Länsförsäkringar are currently, included the observed ones, only conducting business in Sweden. The insurance sector is however important in the global economy according to Greenbaum *et al.* (2019), which could motivate an inclusion of insurance companies outside of Sweden in the study. At the same time, including companies outside Sweden could imply difficulties to get in contact with the companies and present new considerations such as cultural differences. By only selecting Swedish companies, cultural differences are considered by the author to be minimal and thus not influencing the study's findings. According to Johannsdottir *et al.* (2015) and Johannsdottir & McInerney (2018), the Swedish insurance sector is successful with their CSR-efforts. This further establish the relevance of the observed companies and makes the second delimitation acceptable.

### 3 Conceptual framework

*The third chapter presents the conceptual foundation the study builds upon. Firstly, a motivation of the chosen concepts of the study will be presented. Secondly, the individual concepts triple bottom line, empowerment and management control systems are then presented and defined for the study. Finally, the conceptual synthesis is presented which consists of the previous presented concepts and explains how these will be used in the study.*

#### 3.1 Conceptual motivation

The aim of this study is to investigate how mechanisms of CG affect companies' CSR-efforts in the insurance sector. The research conducted in this study is performed within the field of business administration and contributes to academic research on CG from organizational theory. Consequently, there has been a need for the study to select appropriate concepts that are within the frame of the study. The following sections present the concepts that have been considered appropriate and within the frame of the study.

First, sustainability is described as rather complex and because of that there is a need for a general reference model (Barile & Saviano 2018). Elkington (1997) presented a holistic approach on sustainability which included three responsibilities *environmental*, *societal*, and *economic*, which combined create the concept of TBL. The TBL has later been argued by Wise (2016) to address the complexity of sustainability and become widely accepted in research and practice. The TBL is hence thought by the author to provide a contextual understanding of sustainability through its multidimensional perspective. Additionally, using the TBL creates a groundwork for the entire study and its underlying view on sustainability that are elaborated on by other concepts.

In academic research, CG is commonly defined as a set of mechanisms that exist to govern firms for continued operation (Boubakri 2011). The author has thus considered it important for the study to find concepts that could be related to this view on CG. Another important aspect was to find concepts that depicted different types of mechanisms, which could be different focuses or characters of the mechanisms. From these requirements, the concepts of empowerment and MCS were selected. According to researchers as Barry (1993), Johnson (1993), and Foy (1994), empowerment is a management technique of organizations. The author equates this with a mechanism affecting organizational decisions. Therefore, empowerment as a concept is suitable in this study because it helps to create an understanding of a mechanism that focuses on the individual and is of informal character. Then there is the concept of MCS, which according to Kallunki *et al.* (2011), can be viewed as an organizational mechanism. In addition, MCS would explain the formal mechanism of an organization that guides decision-making through its administrative controls described by Malmi & Brown (2008). Together, the two concepts create a broad scope of two different CG mechanisms.

The objective with the conceptual motivation, was to present the author's reasoning in the selection of concepts. In the beginning of the study the author decided to investigate the fields of CG and CSR. The frame of the study was therefore set at an early stage and the concepts needed to fit within that. The author also considers CG to be a broad field within business research and include a wide variety of concepts. From this, it can be concluded, that there are alternative ways to conduct the selection process and choose other concepts. However, the study does not claim that the used mechanisms of CG or the concept for sustainability are the

only useful to develop the academic research of business administration. Future research could instead use this as guidance.

### 3.2 Triple Bottom Line (TBL)

Sustainability has received much attention during the last decades and the complexity of it has created a need for a general reference model (Barile & Saviano 2018). A concept that has been widely accepted and aims to address the complexity of sustainability is TBL (Wise 2016). TBL is an interpretation of sustainable development that, compared to before it was coined, frames the role of corporate responsibility differently (Coffman & Umemoto 2010). Before, it was suggested that firms solely had an *economic* responsibility. However, the concept added *environmental* and *social* responsibilities as well (Elkington 1997). The TBL could therefore be regarded as a fundamentally new way of thinking (Pagell & Shevchenko 2014). In research, it has also been described that only companies that include each responsibility of TBL considers the full cost of being involved in doing business (Scalia *et al.* 2018). For organizations to achieve long-term profitability, it is of importance to include social and environmental goals appropriately so all three are in balance (Porter & Kramer 2006). Lastly, Elkington (1997) argues that adopting the TBL is imperative for all businesses and not only limited to the larger multinational businesses.

The TBL, as conceived by Elkington (1997) and illustrated in Figure 3, includes the three responsibilities *environmental*, *social*, and *economic*. When organizations consider all three responsibilities, Elkington (1997) argues more sustainable outcomes will arise through the more holistic perspective on sustainability. Porter & Kramer (2006) claim that the most desirable outcome for a sustainable development is to balance each of the responsibilities. When this is done, the three responsibilities are interrelated (Elkington 1997). By so, it is possible for the responsibilities to be in conflict towards one another (McDonough & Braungart 2002). An example is an activity that is positive for the *environmental* responsibility but has a negative impact on the *social* responsibility. Nonetheless, the responsibilities could also be considered individually and dependent on the context (Elkington 1997). As depicted in Figure 3, all the responsibilities in the TBL overlap, and the mid part envisage sustainability through the consideration of all responsibilities. The areas in the Triple Bottom Line (Dao *et al.* 2011, p. 65) that overlap is described by Elkington (1997) as “shear zones”, see Figure 3. The shear zones in the TBL contain different problems and conflicts depending on the overlapping responsibilities. Furthermore, it symbolizes the complexity of sustainability and that for example CSR-efforts can be multidimensional regarding the responsibilities.

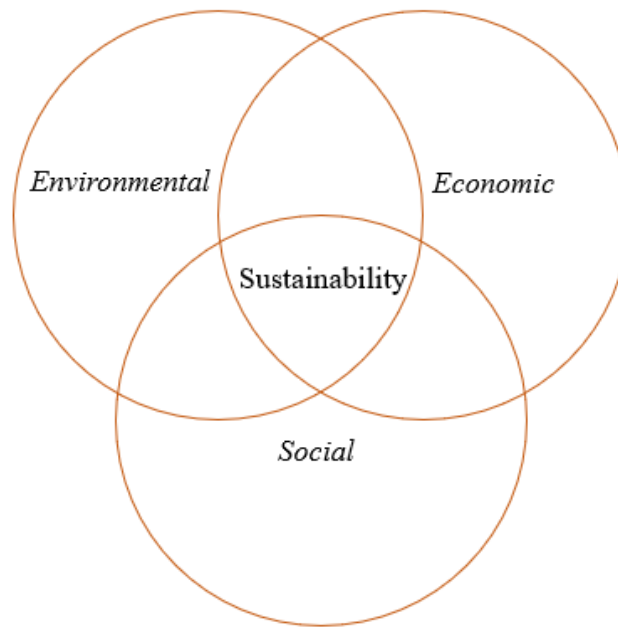


Figure 3. Triple Bottom Line. Dao et al. (2011 p. 65) (Own illustration)

First, there is the *environmental* responsibility in the TBL concept. The *environmental* responsibility is, according to Elkington (1997) the responsibility that attracted greatest attention when the concept was launched, and by so impacted the sustainability agenda mainly for businesses. As an organization, environmental performance thus becomes important (Dao et al. 2011). Environmental performance takes into consideration the health of natural and biological ecosystems and how the company affect them (Coffman & Umemoto 2010). Dimensions such as renewable resources, level of emissions, waste, biodiversity and preventing pollution are therefore relevant to consider for organizations within the *environmental* responsibility (Braccini & Margherita 2018). Braccini & Margherita (2018) state the *environmental* responsibility could be achieved by redesign of processes and products, minimize resource usage and adoption of a circular economy.

Compared to other researchers before the introduction of TBL, Elkington (1997) argued sustainable development had to include social, ethical, and cultural issues. The *social* responsibility, if not addressed properly, would thus inevitably undermine progress from the *environmental* responsibility. The *social* responsibility can focus both on internal and external communities, as employees or the community around the organization (Pullman et al. 2009). From Braccini & Margherita (2018) areas of focus that could be added to the internal communities are health and safety for employees, job satisfaction and diversity at work. On the other hand, external communities could be social integration in communities, community development and social justice.

When reviewing the responsibilities of the TBL, the *economic* responsibility is usually well understood (Gimenez et al. 2012). As Elkington (1997) first used *economic* responsibility, it was built on the notion of profit and the economic performance of the organization. However, in more recent studies, the *economic* responsibility still contains the aspect of economic performance, but also includes other economic dimensions of the organization (Braccini & Margherita 2018). Business stability, financial resilience and long-term viability are examples of the other aspects of the *economic* responsibility.

### 3.3 Empowerment

The concept of empowerment has been described in research as a “win-win” situation for employees, managers, and the organizations (Lashley 1999; Bordin *et al.* 2007; Baird & Wang 2010). Due to the description of a “win-win” situation, empowerment has been considered as a management technique that address the needs of global businesses (Barry 1993; Johnson 1993; Foy 1994). The researchers further claim that empowerment can be applied universally and across all sectors. Pelit *et al.* (2011) argues that empowerment also includes managerial instruments which makes the concept important to study from different perspectives.

According to Pelit *et al.* (2011) research on empowerment commonly agree on the positive effects of empowerment, for example job satisfaction. Although this is agreed upon in research on empowerment, an agreed definition of the concept is still absent (Peccei & Rosenthal 2001). In the literature on empowerment there is also two main approaches, *structural* and *psychological*, to distinguish the focus of the research (Mathieu *et al.* 2006). The *structural* empowerment refers to delegation of authority and responsibility, and the *psychological* to the individual employee’s feelings and experiences of empowerment (*ibid.*). It can be concluded from this that it is necessary for the study to apply a definition to clarify how the concept of empowerment is viewed and which approach that is used. This would also be in line with research that claims researchers need to define empowerment and which approach they are adopting for the sake of clarity (Menon 2001). A *structural* approach will be used concurrently as the definition of empowerment by Bowen & Lawler (1992 p.31):

*“Employee empowerment involves the delegation of decision-making authority to lower levels in the organizational hierarchy, with employees provided with the autonomy to make day-to-day decisions about job-related activities”.*

As described earlier, Peccei & Rosenthal (2001) claim there is a lack of an agreed definition on empowerment as a concept in research. In previous research on empowerment, researchers have raised opinions that a common definition might hinder the development of the field (St Clair & Quinn 1997). Furthermore, previous research also argue that empowerment may not mean the same thing for everyone and it would thus be inappropriate to have a single agreed-upon definition (Bartunek 1995).

According to the author, the lack of an agreed definition should not hinder the use empowerment as a concept in this study. The study does not claim the adopted definition is the correct or single one in research on empowerment. On the other hand, the adopted definition should be appropriate in the context of the study and support aim and research questions. The definition of empowerment should rather be a measure taken by the author to increase transparency and to be as clear as possible to the reader, as Menon (2001) encourage.

Baird & Wang (2010) claim there is extensive literature advocating the benefits of empowerment, especially regarding the lowering of decision-making authority down the hierarchy. From the literature three primary benefits with empowerment can be derived, these are *more flexible & responsive*, *increased effectiveness* and *organizational innovativeness*.

Mathieu *et al.* (2006) declare that organizations implementing empowerment are enabling themselves to be *more flexible & responsive*. This benefit is achieved by the reduction of extensive communication between lower and upper parts within the organizational hierarchy (Baird & Wang 2010). Rapid responses to changes in the organizational environment are also becoming of increasing importance for today’s organizations (*ibid.*).

The second benefit from empowerment is described as *increased effectiveness* (Conger & Kanungo 1988; Bartram & Casimir 2007). According to Conger & Kanungo (1988) and Bordin *et al.* (2007) *increased effectiveness* could contribute to improvements in individual and organizational performance. The reduction in communication described by Baird & Wang (2010), could also lead to even higher degrees of *increased effectiveness* due to more quickly managed organizational tasks (Pelit *et al.* 2011). Lastly, research argue empowerment would reduce the need for supervision from higher management and additionally contribute to the organizational performance (Kruja & Oelfke 2009).

*Organizational innovativeness* is the third described benefit with empowerment (Gómez & Rosen 2001). According to the researchers, empowerment is found to be critical for *organizational innovativeness*. *Organizational innovativeness* increases the receptivity and adaptability of the organization to change and its willingness to change (O'Reilly *et al.* 1991).

Even though empowerment is described by Baird & Wang (2010) as bringing many benefits to organizations there is also criticism. Other research argues that managers love empowerment in theory, but they prefer and commonly use command-and-control models to steer the behaviour of their employees (Argyris 1998). Argyris (1998) further argue that only internal commitment of the employees can reinforce empowerment. When considering this criticism towards empowerment it is of importance to reflect on the approach to empowerment and the context, Argyris (1998) takes stance in. First, Argyris (1998) uses the *psychological* approach which is different from this study. In addition, the context of the article is larger organizations where many people have the same work tasks, participation in corporate goals and aspirations will therefore vary with each employee's wishes and intentions. This study, on the other hand, focus on employees of the studied organizations with unique work tasks which makes a clear distinction from Argyris (1998).

### 3.4 Management Control Systems (MCS)

The concept of MCS can be traced back to as far as 1922 in early accounting courses with focus on budgetary control (Strauß & Zecher 2013). Fifteen years after its first mentioning, the idea of MCS expanded from just accounting to information demand that foster rational behaviour (Zaleznik 2005). The definition of control started also referring to how organizations can ensure continued successful operations. Recent studies as Strauß & Zecher (2013, p.249) state that:

*“The main task of MCS is that they will or should lead to a higher probability that the organizational objectives will be achieved”.*

MCS could therefore be seen as an organizational mechanism (Kallunki *et al.* 2011). The organizational mechanism can, as mentioned above, increase the organization's chances to reach its objectives through its guiding of employee behavior (Bhimani & Horngren 2008). Rötzel *et al.* (2019) state that MCS translates the strategies of the organization to managerial performance through the manager behavior. Research on MCS has also found empirical evidence between the concept and sustainability (Gond *et al.* 2012; Pondeville *et al.* 2013; Maas *et al.* 2016; Rötzel *et al.* 2019). The empirical evidence is showing that MCS could push organizations in the direction of sustainability.

According to Strauß & Zecher (2013), there are various conceptualizations of MCS in the top-three textbooks and articles on the concept. First, the researchers found that the top-three textbooks differed in the fundamental MCS understanding. Secondly, the definition of MCS

varied in width, depending on the book. This notion of various conceptualizations is further supported by other researchers (Chenhall 2003; Malmi & Brown 2008). Malmi & Brown (2008) state in their article that the various conceptualizations create a need to define what is meant by MCS. As a part of the definition process, the researchers also consider it important to further make a distinction between MCS and information/decision-support systems. Concluding from previous research and the guidelines from Malmi & Brown (2008), the author finds it important to define MCS for this study. In this study, MCS build on the understanding from Baiman (1982) which consider MCS as a decision-making tool. MCS therefore include elements of decision-making and control while it focuses on information for decision-making (Baiman 1982). It is, though, important to clarify that this definition does not regard MCS as a pure decision-support system. For the rest of the study, MCS will follow the definition from Simons (1995 p.5) which is:

*“MCSs are the formal, information-based routines and procedures managers use to maintain or alter patterns in organizational activities”.*

Except from the various conceptualizations described by Strauß & Zecher (2013), MCS can be approached with a *system* or a *package* view (Grabner & Moers 2013). According to Grabner & Moers (2013), a *system* view envisages MCS as an entity with smaller MCS in it. The *system* view also acknowledge interdependencies between the smaller MCS and takes this into account. A *package* view on the other hand, can view both MCS as an entity consisting of smaller MCS or the smaller MCS individually. Grabner & Moers (2013) emphasize that a *system* view is better suited when the research aims to examine relationships among the smaller MCS.

Malmi & Brown (2008) argue that a *package* view on the other hand, can be adapted to the studied empirical phenomena. This means the researcher can decide if smaller MCS should be included or excluded to develop a sufficiently broad yet parsimonious MCS approach. Since this study will use the concept of MCS to illustrate mechanisms of CG, a *package* view has been adopted. The MCS package used in this study will be based on the administrative controls presented by Malmi & Brown (2008), which include *governance structure*, *external standards*, and *policies & procedures*. The administrative controls are illustrated in Figure 4. The administrative controls take the form of rather formal and bureaucratic approaches (Strauß & Zecher 2013). Furthermore, the administrative controls are described by Malmi & Brown (2008) as the fundamental MCS, which the others are built upon.

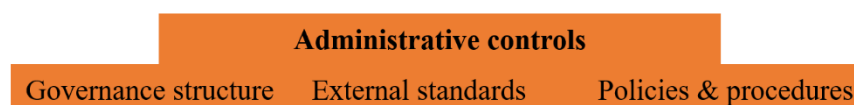


Figure 4. Administrative controls. Malmi & Brown (2008 p. 291) (Own illustration)

*Governance structure* refers to the formal lines of authority (Abernethy & Chua 1996). The formal lines of authority could be found within the company in shape of the company board, various management, and teams. *Governance structure* in the context of the study will therefore refer to the impact on CSR-efforts from the formal lines of authority.

In the article by Malmi & Brown (2008) the second administrative control is described as organization structure. However, the author has decided in this study to modify this one and instead use *external standards*. MCS focusing on environmental aspects are primarily rooted in *external standards* as for example the International Organization for Standardization- (ISO)

14001 standard (González-Benito *et al.* 2011). *External standards* are also commonly used in companies and can include requirements and guidelines to social responsibility issues (Barbosa *et al.* 2018). The modification to *external standards* from organization structure are therefore motivated to use in this study.

Lastly, the administrative controls include *policies & procedures* which streamline processes and behaviour within the organization (Malmi & Brown 2008). This could further include agreed upon standard operating procedures which guide CSR-efforts and put constraints on what decisions that can be made.

As previously described, research on MCS differ in the conceptualization and view of the concept (Strauß & Zecher 2013). Due to this, research on MCS face several problems, especially regarding the interpretation of research results (Malmi & Brown 2008). To address this, the study explicitly follows the guidelines of previous research in terms of definition of MCS, distinction between information/decision support systems and *package* or *system* view. Even if these precautions have been taken it could still be argued that the study would benefit from another definition or view of MCS. The choices made are in the end based on the subjective view of the author what is best suitable for the study. The goal has rather been on presentation and transparency of the choices.

Additionally, the study completely excludes the informal controls of MCS which are presented in the research by Simons (1995). An example of informal controls of MCS can be the cultural control package described by Malmi & Brown (2008). The cultural control package consists of clans, values, and symbols. The author's decision to exclude informal controls hence reduces the number of perspectives on MCS in the study to only the administrative controls by Malmi & Brown (2008). However, informal controls have been described in research as difficult to investigate compared to the formal controls (Anthony & Govindarajan 2007). Consequently, to avoid potential difficulties while investigating, the study will exclude the informal controls of MCS. This will also be in line with the research by Anthony & Govindarajan (2007). An inclusion of informal controls could instead be motivated in studies exclusively studying MCS and not use it as one of several concepts.

### 3.5 Conceptual synthesis

In this part of the study, the conceptual synthesis that will address the aim and research questions is presented. Figure 5 has been constructed from the concepts presented earlier in this chapter and illustrates the conceptual synthesis of the study. The figure provides an understanding how the concepts of the study interrelate to each other and together form the conceptual synthesis. The conceptual synthesis will be utilized in the analysis and discussion of the study.



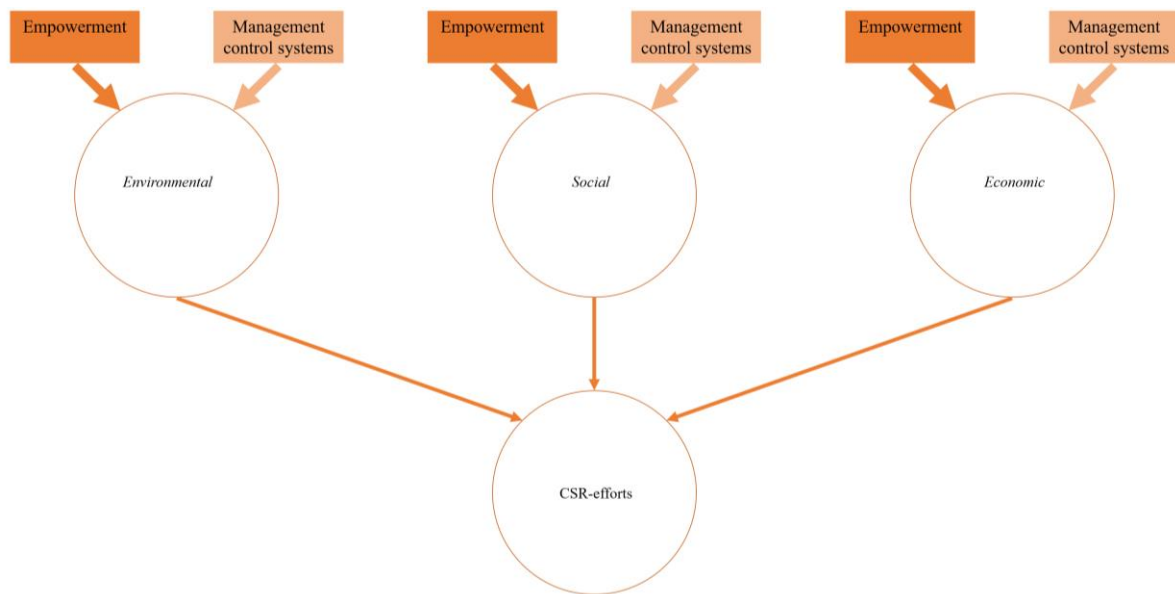


Figure 5. Conceptual synthesis. (Own illustration)

The concept of TBL creates the groundwork for the conceptual synthesis that then is used to explain each individual case with the concept of empowerment and MCS. The TBL-concept describes a holistic approach on sustainability with the three responsibilities *environmental*, *social*, and *economic* (Elkington, 1997). This address the complexity of sustainability (Wise, 2016). Furthermore, by using the concept of TBL, the CSR-efforts from each company in the study can be separated into the three responsibilities. The separation creates a triple perspective on each company's CSR-efforts which then the analysis and discussion are based on. The three responsibilities of each company's CSR-efforts are then explained with empowerment and MCS. Empowerment creates the understanding of the CG mechanism that focus on the individual and being of informal character. MCS on the other hand, creates the understanding of the CG mechanism that guide decision-making with the administrative controls that are of formal character. By combining the two concepts empowerment and MCS, the study can explain the interplay of the mechanisms of CG and which are perceived to promote or hinder CSR-efforts.

The aim of this study is to investigate how mechanisms of CG affect companies' CSR-efforts in the insurance sector. The conceptual synthesis depicted in Figure 5 has been created to answer to the aim of the study. To explain the mechanisms of CG and how they affect companies' CSR-efforts, the concept of empowerment and MCS is used. Thus, the figure illustrates both concepts above each of the three responsibilities from the TBL. The author considers both concepts as mechanisms of CG that have different focus and character. Both concepts will therefore provide different perspectives that can be combined to create the deeper academic knowledge. To address the complexity of sustainability the three responsibilities of TBL are illustrated individually in the figure. The CSR-efforts of each company will therefore be divided respectively to the three responsibilities of TBL. Each responsibility will then be studied from the perspectives of empowerment and MCS. By using this conceptual framework on the empirical evidence from the multiple cases, the study will be able to explain how mechanisms of CG affect companies' CSR-efforts in the insurance sector.

## 4 Empirical study

*In the fourth chapter of the study, the empirical background and the empirics from the interviews are presented. First, a brief presentation of the group of Länsförsäkringar is made. After this, the interviews with the representatives of the case companies are presented in the order that the interviews were conducted. All interviews are based on the interview guide (see Appendix 2). The companies within the group of Länsförsäkringar that are represented in this study are: Länsförsäkringar Stockholm, Länsförsäkringar AB, and Länsförsäkringar Älvsborg. Finally, an empirical summary of the interviews is presented.*

### 4.1 The group of Länsförsäkringar

The group of Länsförsäkringar goes back as far as 200 years (Länsförsäkringar AB 2019). From then, the group has expanded and consists now of 23 independent companies and the jointly owned company Länsförsäkringar AB. The well recognized logotype, used by all companies within the group, have been used for 50 years (ibid.). All the 23 companies are local and geographically separated from each other as well as owned by their customers. Länsförsäkringar AB is, on the other hand, a joint-stock company, it is therefore named AB, which is the Swedish indication for a joint-stock company. The shares are distributed between the 23 independent companies (ibid.). The group offers their customers an overall solution within banking, insurance, pension, and housing agency. Altogether, the group currently have 3,9 million customers across Sweden and employ 7200 people (ibid.). On average in Sweden, the group holds 30 percent of the total property insurance and 40 percent of the total home insurances.

### 4.2 Länsförsäkringar Stockholm

#### 4.2.1 Presentation

Länsförsäkringar Stockholm is one of the 23 companies within the group of Länsförsäkringar and have the county of Stockholm as area of business (Länsförsäkringar Stockholm 2018). In 2019, the company had 361 200 property insurance customers and employed 377 people (Länsförsäkringar AB 2019).

#### 4.2.2 Interview

Eva Marell (2020) has been working at Länsförsäkringar Stockholm since 2014 and is currently head of communication and sustainability, which means that Marell has decisional authority regarding the company's work with communication and sustainability. This includes the internal and external communication as well as marketing. Marell is also a member of the Company Management (CM) which is composed by all other heads of the different departments and the CEO.

According to Marell (2020), Länsförsäkringar Stockholm has the ambition to grow as a company by being liked by their customers. The company has also identified sustainability as increasingly important for their customers as well as themselves. Therefore, sustainability is regarded as an important aspect for the achievement of their ambition and a part of their business. When working with sustainability, Länsförsäkringar Stockholm focuses on the areas that are relevant for their business (pers.com., Marell 2020). The relevance for their business is essential because it is the areas where the company can make the most change.

Marell (2020) describes that in the development of the sustainability strategy, the company uses the three aspects, i.e., the environmental, social, and economic aspects, combined with the areas of relevance. The three aspects are also a good way when communicating

sustainability internally and externally. Together with the SDGs, it forms a good communicative tool of what sustainability is and what needs to be done. Marell (2020) explains that it is important as a financial actor to focus on ethical perspectives, such as transparency. In the social responsibility the ethical perspective is not always that clear and therefore sometimes talked about as a fourth responsibility or extra highlighted in the social responsibility (pers.com., Marell 2020).

As previously described, sustainability is regarded by the company as important for their business (pers.com., Marell 2020). Therefore, it is a topic that frequently is addressed by the Board of Directors (BoD), CEO, and CM. In Länsförsäkringar Stockholm, it is the BoD and the CEO that decides about policies and guidelines concerning for example purchase, ethics and sustainability (ibid.). The task of the CM is then to construct goals each year that are in line with these policies and guidelines. Marell (2020) further describes that the company's CSR-efforts thus are affected by the policies and procedures in a way. Marell in her position as head of communication and sustainability then takes the relevant goals and works as a catalyst to spread them throughout the organization. This is necessary for its achievement and is done through development of strategies and objectives. According to Marell (2020), many of the company's CSR-efforts are integrated throughout the organization where it is relevant, and by so the right person regarding competence and authority, can make the decision. The reason for this is that when working with sustainability it is decided by the company that the needs of the business, needs of the consumers and needs of sustainability must all be met.

As head of communication and sustainability, Marell (2020) describes her degree of freedom regarding decisional authority as high. The goals set by the CM is what Marell works towards and if a certain decision is necessary to achieve it, Marell has decisional authority for the decision. Marell (2020) continues with clarifying that decisions concerning sustainability corresponds with a set plan, derived from the goals developed by the CM. The implication of this is that the decisions is not of the day-to-day changing character. However, the CM has meetings once a week where Marell can bring up, for example, a proposition to change an underlying decision. This is done because that type of decision requires the authorization from the CM. Marell therefore considers her position in the CM and the CM's interest in sustainability to increase the flexibility and responsiveness of the decisions concerning the company's CSR-efforts. Additionally, it is pointed out that some decisions must be taken by the CEO. At the same time, Marell (2020) explains the position itself provides a closeness to the CEO which increases the ability to act, if regarded necessary. Lastly, Marell (2020) explains the presence in CM and ability to act drives the company's CSR-efforts.

When reflecting on decisional authority as head of communication and sustainability, Marell (2020) argues it depends on how important sustainability is for the upper management. The more important, the more likely the position, responsible for sustainability, is placed higher up in the organization. Marell (2020) considers decisional authority to be linked to where a position is placed in the organization. The higher up, the more authority to act you are given and thus increased possibility to change. This is further described to give a more strategic view on the company's CSR-efforts, which is useful in that position. However, Marell (2020) clarifies that in her position at Länsförsäkringar Stockholm there are no hierarchical structures that hinders the CSR-efforts. As described previously, the CSR-efforts are integrated throughout the organization and carried out by people in the relevant areas and with the appropriate competence to make decisions.

According to Marell (2020), Länsförsäkringar Stockholm does not use any external management systems such as the ISO-standards. The company decided to leave the ISO-

14001 standard a few years ago because of small benefits compared to what it required. Instead, the company uses their own management system which includes documents on how the company should work and by which principles. There is no specific management system for sustainability, but sustainability is integrated in the current management system. In the management system, the follow up requirements on the company's work towards sustainability explained in the external Global Reporting Initiative (GRI) standard are also integrated. Marell (2020) describes the internal management system as a tool to realise the company's ambitions for sustainability. The management system does this by guiding the integrated activities in the organization towards the promotion of sustainability. The sustainability policy is an example of a guiding mechanism that is included in the management system. Marell (2020) further explains there is an ability as head of communication and sustainability to put to proposition to change the management system if it is regarded to hinder the company's CSR-efforts. Lastly, Marell (2020) points out that the management system also acts as a way of getting the work towards sustainability on paper. By so, it can be used as a reminder of what was said about it.

Marell (2020) explains that Länsförsäkringar Stockholm's sustainability policy is formulated in rather general terms. Therefore, it guides the company and all decisions needs to line up with it. However, as HoS, the sustainability policy does not steer Marell's decisions on a detailed level. Furthermore, in that position, there is a decisional authority over the sustainability policy and how it is constructed to achieve the goals from the CM. Other company policies, such as the purchase-policy, affect the company's CSR-efforts but Marell has no decisional authority over that policy. Instead, co-workers within the CM possess the decisional authority. However, Marell (2020) clarifies that these policies still need to be in line with the sustainability policy. In this scenario, Marell (2020) describes that it instead is about giving feedback to the co-workers with the decisional authority and then it can be taken up to the CEO for revision. Revisions from the CEO regarding the sustainability policy is also necessary but Marell describes a higher degree of influence there. It should also be clarified here that Marell (2020) clarifies that policies and guidelines are a part of the management system and not a distinct company system.

On the topic of different aspects on sustainability, Marell (2020) uses the example of Anti Money Laundering (AML) as depicting business ethics and sustainability. AML is described as an import sustainability question from a societal perspective. However, it is heavily regulated through laws and governmental guidelines how the companies should work with it. To follow these laws and governmental guidelines is consequently requirements for a financial actor to continue business. Therefore, AML is an example of a sustainability question that is not a question solely for the HoS and instead other people in the company as well.

Financial stability is also important for financial sustainability (pers.com., Marell 2020). However, this example is described as a company aspect that will be a decision for the financial manager before it becomes a question for the HoS. The decisional authority of the HoS will therefore not be utilized for a question on financial stability because others will address it before. Marell (2020) also clarifies that a question like this also becomes a question of trust for a financial actor, instead of solely on sustainability. Lastly, Marell (2020) explains the goals that Marell mainly addresses with her decisions mostly maps up towards the social and environmental aspect instead of the economic.

## 4.3 Länsförsäkringar AB

### 4.3.1 Presentation

Länsförsäkringar AB is a company jointly owned by the 23 local companies within the group of Länsförsäkringar and located in Stockholm (Länsförsäkringar AB 2019). The purpose of the company is to create possibilities for the local companies to be successful and to manage the group's common strategies (ibid.). This is done through example reinsurance, IT-management, service and development of new products and concepts. Länsförsäkringar AB combine the small-scale local companies with the benefits of common resources from a larger company (ibid.). Collaboration between the local companies is also organized through Länsförsäkringar AB. The company also have four subsidiary companies that provide complementary functions to the companies within the group of Länsförsäkringar and services to the customers (ibid.). Currently, the number of employees at Länsförsäkringar AB, including the subsidiary companies, are around 2000 people (pers.com., Hillesöy 2020).

### 4.3.2 Interview

Christina Hillesöy (2020) has been working at Länsförsäkringar AB since 2014 and is currently HoS. As HoS, Hillesöy coordinate the company's overall CSR-efforts. Hillesöy is also a member of the company's sustainability committee, which consists of members from the Executive Management Team (EMT) and Heads of Asset Management, Life Assurance, Strategy and Change Management, Communication and Sustainability, Compliance, Risk Management, and Internal Audit.

According to Hillesöy (2020), a core focus for the entire group of Länsförsäkringar is to share risks and avoid damage. Hillesöy (2020) further describes that as a large actor in society within the insurance and financial sector, it is important to act responsibly. Due to the nature of the group and the goal to be a responsible company, working with sustainability is regarded as given. Working with sustainability has also been identified as increasingly important for the company's customers, employees, and owners.

Hillesöy (2020) explains that the definition of sustainability for Länsförsäkringar AB includes the three aspects, i.e., the environmental, social, and economic. All the three aspects are further connected with each other and sometimes interrelated. The company also has committed to the United Nations (UN) Global Compact, Principles for Responsible Investment (PRI) and Principles for Sustainable Insurance (PSI) and the reporting standard GRI (pers.com., Hillesöy 2020). Furthermore, the company aims for contributing to the SDGs through its business.

At Länsförsäkringar AB, the BoD has the overall responsibility for the company's sustainability-goals and strategies (pers.com., Hillesöy 2020). The next organizational level is the EMT which is also important regarding the decisional authority and many sustainability decisions are formally made here. As described previously there is a sustainability committee which Hillesöy is a member of. The committee consists of members from the EMT and the heads of different departments and business areas. In this committee, Hillesöy (2020) explains, she has the responsibility to coordinate the committee which includes developing the agenda for each meeting and report on how the sustainability strategies and goals are developing. Furthermore, the committee handles a wide variety of questions regarding sustainability for the company. Decisions on guidelines and policies are made here and then passed on to the EMT, that makes the formal decision. Depending on the scale of the decision, it can also be necessary for the BoD to decide. If it is required that the BoD needs to decide, the decision further needs to be established within the subsidiary companies of Länsförsäkringar AB. Therefore, each BoD of the subsidiary companies is required to rule on

the decision for it to be fully established. Hillesøy (2020) describes the decision process at Länsförsäkringar AB as complicated because of the many policy-making organs. A decision can therefore take a rather long time to be established throughout the organization. On the other hand, it is fully integrated and supported once finally established. Hillesøy (2020) also describes that many of the company's CSR-efforts are integrated throughout the business units. Each business unit therefore has a lot of decisional authority regarding activities and goals for sustainability, and a responsibility to work with it.

As HoS, Hillesøy (2020) describes there is a certain degree of freedom in the ability to make decisions. In her position, Hillesøy mainly works with the development of the overall sustainability guidelines and policies such as the sustainability policy as well as sustainability strategies. The sustainability policy is central because it steers all the company's CSR-efforts and the underlying policies. Hillesøy (2020) describes the sustainability policy as the base for the different business units' activities and goals concerning sustainability. Thus, it is important to align all policies that can affect the company's sustainability performance. Changing policies is described as possible even though it requires some time due to the complex structure. The policy regarding purchase is an example that Hillesøy does not manage as HoS but affect the company's sustainability performance. Instead, Hillesøy provides support and gives feedback to the business units on their policies as well as their activities and goals. Hillesøy (2020) regards the inclusion of activities and goals in each business unit's business plan as effective and positive for the company's CSR-efforts. Once every quarter, the business units report to Hillesøy the outcome and progress with their sustainability work.

Because of the decentralized business units where most operative decisions regarding sustainability are made, Hillesøy (2020) explains that her task is to make sure the policies, strategies and procedures are followed. If there is a suspicion that a business unit does not follow this, Hillesøy cannot overrule the decision of the branch head. Instead, Hillesøy can schedule the branch head to the agenda of the committee of sustainability where the person can explain to the committee how their decided activities correspond to their goals and how the future work looks like. This is described as a good tool to ensure the activities and goals are met. Another alternative for Hillesøy is to contact the branch head directly to question about for example a specific situation. However, Hillesøy (2020) points out her role is to coordinate, inspire, educate, push the work forward and align the business units' CSR-efforts and not manage them.

According to Hillesøy (2020), the position as HoS provides a mandate to act on a certain question if there is a need for it. The need can have been identified by herself, another person in the organization or the CM. However, Hillesøy (2020) emphasise that it is of importance that the person that is qualified for the decision makes the decision. This means Hillesøy sometimes pass along the question to the right person with her feedback.

As described previously, Länsförsäkringar AB has committed to several UN initiatives. Hillesøy (2020) describes these initiatives as frameworks and control systems for the company's CSR-efforts. The company were also previously committed to the ISO-14001 standard but left it, instead the company use an internal management system. Hillesøy (2020) especially points out that GRI acts as a control system that ensures the company act as stated in their reports. Furthermore, GRI is also a helpful tool when it comes to identifying focus areas for the company's sustainability work since materiality analyses and stakeholder dialogues are conducted on a regular basis. The materiality analysis required Länsförsäkringar AB to identify their major sustainability questions, how they are acted on, who is responsible

for each question and how they are measured. Hillesøy (2020) continues that, as HoS, GRI can be seen as a control system that ensure continued work towards sustainability.

## 4.4 Länsförsäkringar Älvsborg

### 4.4.1 Presentation

Länsförsäkringar Älvsborg is the second local company from the group of Länsförsäkringar in this study, and active in the region of Västra Götaland (Länsförsäkringar Älvsborg 2018). In 2019, the company had 176 200 property insurance customers and employed 331 people (Länsförsäkringar AB 2019).

### 4.4.2 Interview

Fredrik Löfgren (2020) has been working at Länsförsäkringar Älvsborg since 2018 and is currently HoS. As HoS, Löfgren have the responsibility to manage Länsförsäkringar Älvsborg's CSR-efforts and work at the unit of communication.

According to Löfgren (2020), working with sustainability has become increasingly important for Länsförsäkringar Älvsborg in recent years. Therefore, the aspect of sustainability is implemented more and more throughout the company to improve the company's CSR-efforts. Löfgren (2020) explains it is important for Länsförsäkringar Älvsborg to contribute to the well-being of their region by creating long-term value. To achieve this, the company's CSR-efforts include activities and strategies that are linked to their core business. These activities and strategies have the largest impact and create most value, which is desirable. Sustainability is thus high on the company's agenda and many in the CM consider it to be a genuine part of business (pers.com., Löfgren 2020).

When working with sustainability, Löfgren (2020) explains it is important to remember that sustainability cannot be viewed from a single perspective. Löfgren (2020) continues:

*“It is like observing a cup of coffee with a handle on the side. When observing it from one perspective, the handle cannot be seen. But when turning the cup and observing it from another perspective, the handle becomes visible and the wholeness of it can be seen”.*

The three aspects, i.e., the environmental, social, and economic, can thus be used as a reminder of the different perspectives and help to see the wholeness of sustainability (pers.com., Löfgren 2020). Löfgren prefers to start with the perspective of all three aspects to later study them individually to clarify, for example, what should be done in within each aspect. After that, Löfgren goes back to the initial perspective to see how they all correspond. This is a way to ensure the resources are efficiently used and the aspects do not countervail each other. Lastly, Löfgren (2020) clarifies that the company does not work exclusively with the economic aspect and this is instead integrated in the environmental and social aspect.

Löfgren (2020) describes the formal hierarchy regarding Länsförsäkringar Älvsborg's CSR-efforts as the BoD, CM and then himself. The company also have a sustainability council which meet four times a year to decide on procedures, guidelines, and goals for the CSR-efforts. The sustainability council is managed by the CEO and consists mainly of people from CM and Löfgren. As the top of the formal hierarchy, the BoD has established a vision for the company, which is to create safety and possibilities for their region of business (pers.com., Löfgren 2020). From this, several focuses for the CSR-efforts have been developed which then the CM converts into guidelines and the sustainability policy. This is then integrated throughout the organization.

As HoS, Löfgren (2020) says there is a high degree of freedom in the ability to make decisions. The high degree of freedom derives from the authority to manage the company's CSR-efforts, given by the upper management. Thus, it is important for Löfgren to make decisions that correspond to the company's sustainability goals. It is also acknowledged that there are strategies and budgets that act as a framework for Löfgren. Nevertheless, there is complete authority to manage the company's CSR-efforts when acting within this framework. Löfgren (2020) further explains that even though the degree of freedom is high, there is communication between him and the upper management regarding his decisions. Löfgren considers the communication to ensure that Länsförsäkringar Älvsborg's CSR-efforts are perceived moving in the same direction and strengthening the rest of the company. The degree of freedom is described to rest upon this notion. Another aspect contributing, is that the formal structure of the company regarding these decisions is easy to work with (pers.com., Löfgren 2020). The position as HoS provides easy access to the CM, which is also described as decisive in this regard. It is therefore, according to Löfgren (2020), possible to quickly establish a decision or get extended authority if needed. However, for most decisions, Löfgren already obtain previously given authority from upper management. Lastly, Löfgren (2020) clarify that if a decision can be made without interfering with other decisions, there is authority for it. The need for communication with upper management to establish the decision, gets therefore reduced.

As previously described, Löfgren has been given a lot of authority as the HoS. Löfgren (2020) describes there is also a trust from the company that he will do a good job and is the person most suitable for the decisions. Thus, there is a wish to empower from the upper management. Löfgren (2020) further explains this makes it possible to first decide, if believed necessary, and then establish it with upper management. By so, the high degree of freedom enables an efficiency. Furthermore, the authority provides an opportunity to work differently with CSR-efforts than commonly associated with insurance companies (pers.com., Löfgren 2020). The example given here is how Länsförsäkringar Älvsborg work with external organizations. However, Löfgren (2020) points out the important thing is that it creates long-term value for the region of business and the people in it.

According to Löfgren (2020), the company does not currently work with any of the ISO-standards. Instead, Länsförsäkringar Älvsborg follow laws and regulations regarding sustainability reporting and global initiatives such as PRI and Global Compact. Löfgren (2020) points out that as a service company, the direct environmental impact is rather low, and it is thus less need for a standard as the ISO-14001. There are also management systems implemented in the company such as for the fund administration that includes the aspect of sustainability (pers.com., Löfgren 2020). The management systems also include policies and procedures. Löfgren (2020) explains that as HoS, the management system, policies, or procedures do not affect his decisions. It is rather Löfgren that works with these through evaluation and development, it is the same for the company's sustainability policy. Lastly, Löfgren (2020) explains that assessment management is heavily regulated and working with policies and procedures, related to that area, therefore gets more restricted compared to other areas.

## 4.5 Empirical summary

An empirical summary of the conducted interviews is presented below in Table 2. The purpose of the empirical summary is to give the reader an overview of the key descriptions from each interview. Hence, Table 2 shows the highlighted empirical evidence from each interview related to the concepts of the study, that were illustrated in section 3.5 (Conceptual



synthesis). Furthermore, the table enables comparison of the empirical evidence for each concept.

*Table 2. Empirical summary. (Own illustration)*

Company	Triple Bottom Line	Empowerment	Management Control Systems
Länsförsäkringar Stockholm	<ul style="list-style-type: none"> <li>• Defines sustainability</li> <li>• Good when communicating sustainability</li> <li>• Ethical perspective for a financial actor</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated CSR-efforts throughout the organization</li> <li>• High degree of freedom</li> <li>• Depends on the place of the position in the organization</li> </ul>	<ul style="list-style-type: none"> <li>• Guiding the integrated activities</li> <li>• GRI</li> <li>• HoS manage the sustainability policy</li> </ul>
Länsförsäkringar AB	<ul style="list-style-type: none"> <li>• Includes the three perspectives of TBL</li> <li>• Connected and interrelated</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated CSR-efforts throughout the organization</li> <li>• Certain degree of freedom</li> </ul>	<ul style="list-style-type: none"> <li>• Complex structure of the company</li> <li>• Committed to global initiatives</li> <li>• Sustainability policy steers all CSR-efforts and underlaying policies</li> </ul>
Länsförsäkringar Älvsborg	<ul style="list-style-type: none"> <li>• Sustainability cannot be viewed from a single perspective</li> <li>• Has to be studied individually and together</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated CSR-efforts throughout the organization</li> <li>• High degree of freedom</li> <li>• Importance of communication with upper management</li> </ul>	<ul style="list-style-type: none"> <li>• HoS manage the sustainability policy</li> <li>• The formal hierarchy</li> <li>• Heavy regulations for e.g. assessment management</li> </ul>

## 5 Analysis

*The fifth chapter presents the analysis of the study. The analysis of the study is based on the empirics from the interviews and section 3.5 (Conceptual synthesis), see Figure 5. The chapter has four parts. The first three parts are the analysis of the empirics related to each concept of the study. Therefore, the first part is about TBL, the second about empowerment and the third about MCS. The final part of the chapter is an analytical summary of the three previous analyses.*

### 5.1 Triple Bottom Line (TBL)

According to Wise (2016), the concept of TBL aims to address the complexity of sustainability. Instead of solely having an *economic* responsibility, the TBL added *environmental* and *social* responsibilities for organizations (Elkington 1997). It was further described that organizations had to consider all three responsibilities to get a more holistic perspective on sustainability. From the empirics it can be found that all three companies adopt the responsibilities of the TBL concept. Therefore, should the empirics support the claim by Wise (2016) that the concept of TBL is widely accepted when working with sustainability.

In the case of Länsförsäkringar Älvsborg, it was pointed out by Löfgren that sustainability cannot be viewed from a single perspective. The three responsibilities combined, therefore helped to see the wholeness of sustainability. Additionally, Marell explained that the three responsibilities together are important when communicating sustainability because it explains what it is and what needs to be done. Marell also mentioned the ethical perspective as a fourth responsibility or an aspect of the *social* responsibility that needed to be extra highlighted. The author's interpretation of this is that sustainability is complex and there is a need to divide it, to make it more comprehensible. During the interview, Löfgren also mentioned that the CSR-efforts need to be perceived to move in the same direction and strengthening the rest of the company. This statement, combined with the role of the three responsibilities in the communication, illustrates the importance of a comprehensible communication about sustainability and the company's CSR-efforts. Without a comprehensible way of communicating sustainability and the company's CSR-efforts, internally and externally, it can be assumed to destabilize the company's focus for their CSR-efforts. This is because it is not perceived to move in the same direction and strengthening the rest of the company. Therefore, the empirics should be considered to support the need for a holistic perspective on sustainability as described by Elkington (1997).

However, it can further be assumed from the empirics that the concept of TBL could be improved. As previously explained, Marell mentioned the ethical responsibility as a financial actor. According to the author, this indicates that there may be a need to redefine the definitions of the three responsibilities, depending on the type of business. Hence, it can be assumed that the *social* responsibility in this case should be redefined to the *ethical & social* responsibility. Scalia *et al.* (2018) argued that only companies that include each responsibility of TBL considers the full cost of being involved in doing business. Redefining the responsibility to the *ethical & social* responsibility could therefore help include more aspects of that specific company. More aspects would by so help the companies to consider their full cost of being involved in doing business. Furthermore, this definition would emphasise the ethical perspective more and thus better reflect the challenges of the specific type of business. Löfgren's mentioning of the rather low direct environmental impact for service companies indicates a similar need, but for the *environmental* responsibility.

Elkington (1997), argued that the more holistic perspective on sustainability from the use of the TBL concept would produce more sustainable outcomes. Elkington (1997) also considered two different views on the three responsibilities. The first was that the responsibilities were interrelated to each other and the second that they could be viewed individually. If viewed as interrelated, McDonough & Braungart (2002) described it possible for the responsibilities to be in conflict towards one another. According to the author, the empirical evidence supports the notion that a holistic perspective on sustainability produce more sustainable outcomes, as argued by Elkington (1997). However, the empirical evidence for the interrelated view or individual view on the responsibilities gets two-pieced. As mentioned in the previous section, Löfgren described that sustainability is complex and cannot be viewed from a single perspective. Therefore, Löfgren explained the process of working with sustainability as to first use a holistic perspective. The next step was then to study each responsibility individually to finally go back to the holistic perspective. According to Löfgren, this ensured that the responsibilities do not offset each other, and resources are used efficiently. This supports McDonough & Braungart's (2002) reflection that it is possible for the responsibilities to be in conflict towards one another, when viewed as interrelated. Furthermore, it can be assumed that a holistic perspective on sustainability is necessary for the companies to contribute to a sustainable development through their CSR-efforts. The holistic perspective is thus needed because it ensures the responsibilities do not countervail each other and reveals how everything corresponds.

However, the empirics also indicates it is of importance to view the responsibilities individually. The reason is that the individual perspective ensure resources are used efficiently, which is assumed to be critical when resources are limited. Furthermore, it is also interpreted by the author to reduce the probability of missing the complexity of the individual responsibility. Consequently, the empirics indicates that when a holistic perspective is adopted, the responsibilities are viewed as interrelated. However, the responsibilities should instead be regarded as separate and not interrelated when the individual perspective is adopted. Additionally, the empirics support that the responsibilities are not viewed as interrelated with utilizing the individual perspective because Löfgren does not consider the risk of countervailing. The risk of countervailing is instead reflected upon when going back to the holistic perspective. This confirms the literature regarding that the TBL can be viewed as interrelated or individually, depending on the context (Elkington 1997).

## 5.2 Empowerment

According to Bowen & Lawler (1992), employee empowerment refers to the delegation of decision-making authority to lower levels in the organizational hierarchy. Employee empowerment thus increases the employee's autonomy to make decisions about job-related activities. From the empirics of the study, it can be derived that there are two levels of empowerment.

First, there is the empowerment level of the interviewees. Each of the interviewees are currently HoS at their individual company, and Marell is also head of communication. In the case of Länsförsäkringar Stockholm and Älvsborg, the degree of freedom in the ability to make decisions, was described as high. At Länsförsäkringar AB, on the other hand, it was described as a certain degree of freedom. Empirical evidence can further be found in the interviews that supports the described degrees of freedom. For example, Marell explained that if the decisions correspond to the goals set by the CM, there is decisional authority for that action. Hillesöy, on the other hand, explained that the position provides a mandate to act if there is a need for it. Lastly, Löfgren explained that it is possible to act, if believed necessary, and then establish it with upper management. But also, that if a decision can be done without

interfering with another, there is authority for it. Hence, the empirics is interpreted by the author to support the research by Bowen & Lawler (1992) that employee empowerment increases the employee's autonomy to make day-to-day decisions about job-related activities. However, regarding underlying assumptions for the described empowerment of the interviewees, the empirics disclose two explanations. Marell argues it corresponds with how important sustainability is for the company. Depending on its importance, the position to work with sustainability can be placed high or low in the company. If the position is placed high, it is likely the degree of freedom will be higher. On the other hand, Löfgren argues that the given authority comes from the trust by the company that the person on the position is most suitable for these decisions. However, the author's interpretation of this is that both Marell's and Löfgren's arguments are similar. It can be interpreted that a position placed higher up in the organizational hierarchy gives an informal trust to that person which creates empowerment. If the position, on the other hand, is placed on a lower level in the organizational hierarchy, the upper management express a more formal trust to that person. Hence, creating the degree of empowerment as if the position were placed higher up in the organizational hierarchy. Furthermore, this could be assumed to explain Löfgren's additional emphasize on communication with upper management as important for his degree of empowerment.

The second level of empowerment found in the empirics is the level that is integrated throughout the companies. All interviewees describe that the companies' CSR-efforts are integrated throughout their organizations. This confirms that there is a delegation of decision-making authority to lower levels in the organizational, which is the definition of empowerment according to Bowen & Lawler (1992). In the case, of Länsförsäkringar AB, it is acknowledged that each business unit in the organization has a degree of freedom over their activities and goals for sustainability. For Länsförsäkringar Stockholm, it is also acknowledged that the decisional authority found throughout the company is affecting the CSR-efforts. Both, Marell and Hillesöy further explain the importance of that the right person makes the decision at each company, regarding for example competence. The author interprets this empirical evidence to indicate that the empowerment about the company's CSR-efforts also can be found beyond the HoS. However, it does not have to indicate for example all the business units at Länsförsäkringar AB are completely empowered. This would further stand in conflict with the empirics provided by Hillesöy. But the element of empowerment is clear through the empirics. According to the author, the study's definition of empowerment by Bowen & Lawler (1992) should further support this interpretation.

Baird & Wang (2010) argue that empowerment is found to provide benefits to organizations. The main three benefits are *more flexible & responsive*, *increased effectiveness* and *organizational innovativeness*. In this study, all three benefits were identified in the empirics, following sections elaborates on the identification of the benefits. *More flexible & responsive* refers to that empowerment enables organizations to improve in this aspect (Mathieu *et al.* 2006). *Increased effectiveness* is instead that empowerment can contribute to improved individual and organizational performance (Bordin *et al.* 2007; Conger & Kanungo 1988). Lastly, empowerment is argued to increase receptivity and adaptability of organizations, which improve the *organizational innovativeness* (O'Reilly *et al.* 1991).

In the interview with Marell, it was described that the CM has meetings once a week. At these meetings, Marell can advise the CM to authorize changes if it is regarded necessary. Furthermore, both Marell and Löfgren point out that their positions in the company, provide a closeness to upper management. This closeness is described by both to increase the ability to act, and Marell also considers it to increase the *flexibility & responsiveness*. Additionally, it is

pointed out by both there is an authority to make decisions as long the decisions correspond to the company goals. In the case of Länsförsäkringar Älvsborg, Löfgren also stated it is possible to first decide and then establish the decision with upper management. For Hillesöy, on the other hand, it was possible to initiate a change of policies even though it requires some time, as well as schedule branch heads to the sustainability committee. From the empirics it can thus be concluded that the element of empowerment found in each interview enables *more flexibility & responsiveness*. Therefore, supporting the research on the benefit of empowerment for organizations by Mathieu *et al.* (2006). The regular meetings for Marell and the option to schedule branch heads for Hillesöy, exemplifies the aspect of *responsiveness*. The aspect of *flexibility*, on the other hand, is interpreted from the ability to change policies and make decisions that corresponds to the company's goals. The author also constructs this conclusion based on the previous empirics regarding the integration of the CSR-efforts throughout the companies. Due to the integration, it should further be assumed there is improved *flexibility & responsiveness*, at the second level of empowerment. Integrating the CSR-efforts throughout the companies can be assumed to empower more people down the organizational hierarchy. This allows for quicker responses if necessary, at this level, as long the decision is within the frames of their decisional authority. Hence, creating a lesser need to communicate with for example the HoS. Baird & Wang (2010) argues that the benefit *more flexible & responsive*, is achieved by the reduction of extensive communication between lower and upper parts within the organizational hierarchy. This lesser need to communicate with the HoS can thus be assumed to represent this reduction and by so improve the *flexibility & responsiveness*. Hence, supporting the research by Baird & Wang (2010).

According to the empirics, it can be found that empowerment *increase effectiveness* for both the first and second level of empowerment. There are descriptions that Marell's ability to act drives the company's CSR-efforts and the position gives a more strategic view. In the case of Länsförsäkringar AB, Hillesöy regarded the inclusion of activities and goals in each business unit's business plan as effective and positive for the company's CSR-efforts. The ability to schedule branch heads, if there is a suspicion that the business units do not follow policies, strategies or procedures should also be mentioned here. Continuing with the interview with Löfgren, it was viewed that the degree of freedom enables an efficiency in the position as HoS. These empirical descriptions are interpreted by the author to represent improved individual and organizational performance, at the first level of empowerment. This confirms prior research of the benefit *increased effectiveness* (Bordin *et al.* 2007; Conger & Kanungo 1988). Furthermore, having a more strategic view is also interpreted as *increased effectiveness*. The strategic view can be assumed to enhance the holistic perspective, which was described as important when working with sustainability. Hence, *increasing effectiveness* additionally by enabling improved individual *effectiveness*. For the second level of empowerment, Länsförsäkringar AB's implementation of activities and goals in each business units plan indicate an *increased effectiveness* from empowerment. The company was described as decentralized, and the author therefore consider this implementation to ensure the most suitable person makes the decisions. This was acknowledged by both Marell and Hillesöy as important for the companies' CSR-efforts. Having the most suitable person making the decisions can be assumed to *increase effectiveness* through a better ability to analyse the alternatives. According to the author, this empirical evidence should thus be regarded as the reduction of supervision from higher management that contributed to increasing the organizational performance. This further supports prior research on *increased effectiveness* from empowerment (Kruja & Oelfke 2009). In summary, empowering decentralized business units lead to *increased effectiveness* at both an individual and organizational level.

Lastly, there is the benefit of improved *organizational innovativeness* from empowerment. However, when compared to previous benefits, the empirical evidence for *organizational innovativeness* is weaker. The improved *organizational innovativeness* can only be found in the case of Länsförsäkringar Älvsborg. Löfgren explained that the decisional authority provides an opportunity to work differently with the company's CSR-efforts than commonly associated with insurance companies. According to the author, the opportunity to work differently can be considered to increase Löfgren's receptivity for new ways of conducting the CSR-efforts and adapt them to the company. Hence, the empowerment is likely to improve the *organizational innovativeness*. According to O'Reilly *et al.* (1991), receptivity and adaptability were factors that enabled the *organizational innovativeness*, the empirical evidence is therefore supporting this prior research. For the author, it is though important to highlight in this case that innovations do not have to be associated with insurance products or the actual services of the company. Instead an innovation can be, as Löfgren explains, just a different way of working with CSR-efforts within the sector.

### 5.3 Management Control Systems (MCS)

MCS are described as an organizational mechanism that increase the organization's prospects to reach its objectives through guiding employee behaviour (Bhimani & Horngren 2008). According to Simons (1995), MCS are formal and steer organizational activities through information-based routines and procedures.

In this study, all interviews provided empirical evidence that MCS are present in the studied companies. Furthermore, it was indicated that they are of formal character and steer the organizational activities through information-based routines and procedures, thus supporting the research by Simons (1995). Marell describes Länsförsäkringar Stockholm's management system to include documents of how work should be performed and by which principles. According to the author, this description indicates that the management system steers the organizational activities and guide employee behaviour, which Bhimani & Horngren (2008) claim is the function of MCS. The documents could also be assumed to indicate that it is through information-based routines and procedures. Marell further describes the management system to realise the company's ambition for sustainability and that it guides the integrated activities. Two suggestions can be assumed from this. The first is that the management system increase the organization's prospects to reach its objectives, supporting the research on MCS by Strauß & Zecher (2013). Secondly, the description states "guide the integrated activities" which is in line with the definition of MCS by Bhimani & Horngren (2008). However, there is a difference between the concept and the empirics. In the interview with Marell, it is defined as management system and not management control system. This definition is also used in the interviews with Hillesöy and Löfgren. The author's interpretation is nonetheless that it refers to the same thing as the study's MCS concept. Hence, the difference is rather about conceptual language than meaning and should not affect the identification of the concept in the empirics.

In the research by Malmi & Brown (2008), MCS were studied by using an MCS *package* termed administrative controls. The administrative controls include *governance structure*, *external standards*, and *policies & procedures*. Empirical evidence for all the administrative controls were identified in the interviews, this is elaborated on in the following sections. *Governance structure* was referred to the formal lines of authority within the organization (Abernethy & Chua 1996). *External standards* are instead referred to that focus of MCS on environmental aspects, which is commonly rooted in *external standards* such as ISO-14001

(González-Benito *et al.* 2011). Lastly, *policies & procedures* refers to the controls that streamline organizations' processes and behaviour (Malmi & Brown 2008).

In each interview of the study, it was described that there was an organizational hierarchy regarding CSR-effort decisions. The BoD was in all interviews claimed to possess an important role in the companies. At Länsförsäkringar AB, Hillesöy explained the BoD having the overall responsibility for the company's sustainability-goals and strategies. Similar empirics on the BoD were provided by Marell and Löfgren. Generally, it was acknowledged in the interviews that for example goals and strategies continuously got modified by the companies through decisions made by the CM or the EMT. Additionally, it was described in the interviews with Hillesöy and Löfgren that the companies had a sustainability committee or a sustainability council. Each one of these, specifically addressed sustainability questions. In the case of Länsförsäkringar AB, the decision process was also described as complicated because of the many policy-making organs and the complex structure of the company. From the empirics, the author interprets the described organizational hierarchy as the formal lines of authority that characterize *governance structure* and described by Abernethy & Chua (1996). Consequently, the *governance structure* is identified to affect the decisions regarding CSR-efforts throughout the companies at all levels. At the level of the interviewees, the *governance structure* is interpreted as creating the framework for the decision-making. This would further be supported by the description of complete authority within the framework by Löfgren. However, at the second level of empowerment, the interviewees could be regarded as a part of the *governance structure* that affect decisions. Again, all interviews mentioned the integration of CSR-efforts throughout the companies. Hence, the interviewees should be regarded as a part of the *governance structure* because they make decisions that act as frames for the second level of empowerment. This is further interpreted by the author to support the study's definition of MCS as a decision-making tool (Baiman 1982). Lastly, it is assumed that *governance structure* is closely connected to the number of policy-making organs in an organization. Thus, the description from Hillesöy implies that a higher number of policy making-organs indicates a more complex *governance structure*. The increased complexity affects the decisional process additionally.

From the empirics of the study, it can be found that all companies previously followed *external standards* such as the ISO-14001. Marell explained the benefits of it was perceived as too small compared to what it required. Löfgren added that the group of Länsförsäkringar are service companies, and the need for such a standard is therefore reduced. Instead, it is explained that the companies are committed to initiatives and standards like the PRI, Global Compact, GRI and the SDGs. However, Hillesöy described the committed UN initiatives and the GRI reporting standard as frameworks and control systems. Especially, GRI was described as helpful to ensure continued work towards sustainability. It can be concluded from the interviews that *external standards* are evident in the studied companies. Nevertheless, the author's interpretation of the empirics is that the *external standards* affect the companies CSR-efforts. Because it was described that it acts as frameworks and control systems it can be assumed that the CSR-efforts are modified to the *external standards* of each company. If modified, it could further be assumed to influence activities related to sustainability. Thus, including requirements or guidelines to social responsibility issues as described in the research by Barbosa *et al.* (2018). When discussing GRI with Marell, it was also explained that the standard is integrated in Länsförsäkringar Stockholm's management system. The author views this description as additional empirical evidence that supports the previous interpretation of the *external standards*.

According to the author, there are clear empirical evidence of the influence from *policies & procedures* on the companies' CSR-efforts. The first example of this is that the goals constructed by the CM at Länsförsäkringar Stockholm needs to be in line with the *policies* and guidelines. Guidelines are considered by the author to be synonymous to *procedures*. Furthermore, both Marell and Hillesöy described the importance of the *sustainability policy* at each company and that other *policies*, guidelines and activities are steered by it. For Länsförsäkringar Stockholm the *sustainability policy* was described as a guiding mechanism and for Länsförsäkringar AB as the basis for the different business units' activities and goals regarding sustainability. Additionally, other *policies* were acknowledged in both interviews to affect the CSR-efforts and its performance. Hence, Hillesöy emphasized the need to assure *policies*, strategies and *procedures* were followed. However, in all the interviews, it was explained that managing the *sustainability policy & procedures*, was a task of the HoS. The *sustainability policy* was though described not to steer Marell or Löfgren's decisions. It was also added by Löfgren, that this was also the case for the other *policies* concerning sustainability. The author's interpretation of the empirical evidence is as previously mentioned that *policies & procedures* affect the companies' CSR-efforts. The description of a guiding mechanism and basis for the different business units indicate the steering function of the *policies & procedures*. Hence, supporting the research that *policies & procedures* streamline processes and behaviour within the organizations (Malmi & Brown 2008). If it is steering, it should further be assumed to affect the companies' CSR-efforts. This view is also supported by the empirical evidence that *policies & procedures* in a way affect Länsförsäkringar Stockholm's CSR-efforts. Furthermore, there is a distinction to be found in the empirics regarding *policies & procedures*. The distinction is that the second level of empowerment is evidently more steered by it, compared to the first level of empowerment.

## 5.4 Analytical summary

In the analysis, it was found that the concept of TBL is adopted in each case company and acts as a holistic perspective on sustainability. The concept also helps to make sustainability and the companies' CSR-efforts more comprehensible, which was found to be important from a company perspective. Furthermore, the analysis showed that a holistic perspective is important to produce more sustainable outcomes, confirming the research by Elkington (1997). Lastly, both the interrelated and the individual view of the concept's three responsibilities was found in the empirics.

Regarding the concept of empowerment, the analysis found two levels in the empirics. The first level of empowerment was the interviewees and their positions as HoS. The second level of empowerment was described as the integrated CSR-efforts throughout the companies. An example of this were the business units at Länsförsäkringar AB. The analysis found empirical evidence for all three benefits the concept of empowerment was described by Baird & Wang (2010) to provide. Enabling *more flexibility & responsiveness* was found at both levels as well as the *increased effectiveness*. The analysis also found some empirical evidence for improved *organizational innovativeness*. However, this was only found in the case of Länsförsäkringar Älvsborg and was hence interpreted as weaker, compared to previous benefits.

The final part of the analysis found that MCS were present in all the companies studied. From this it was further found that the *governance structure* was evident and affecting decisions regarding CSR-efforts on both empowerment levels. However, the *governance structure* was interpreted to change depending on which level that was studied. Influence from the *external standards* on CSR-efforts were also found in the empirics. The *external standards* were assumed to act as frameworks and control systems that the CSR-efforts were modified to. For *policies & procedures*, the analysis showed that the CSR-efforts were affected on both



levels of empowerment. It was though found that the first level of empowerment in all cases managed the *sustainability policy & procedures*. Hence, the second level of empowerment was evidently more steered by *policies & procedures*, supporting the definition of MCS by Simons (1995).

The analytical summary is displayed below in Figure 6. The figure illustrates how the use of the TBL-concept creates the holistic perspective on sustainability and its importance for more sustainable outcomes. Furthermore, the different levels of empowerment are depicted in the figure and the role of the mechanisms of CG, empowerment and MCS, for each level of empowerment.

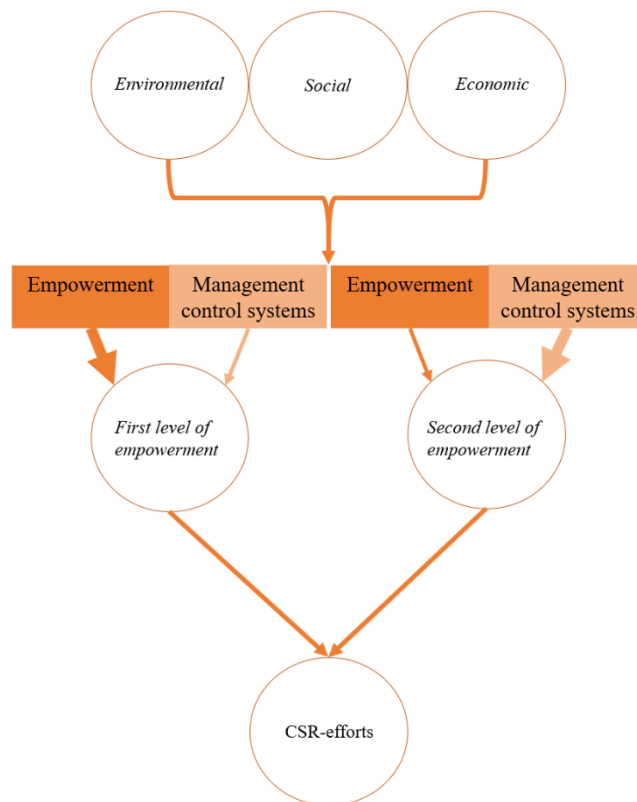


Figure 6. Summary of the analysis. (Own illustration)

## 6. Discussion

*The sixth chapter of the study presents a discussion and a critical reflection. The discussion is based on the analysis from the previous chapter and discuss the findings related to the research questions and previous literature. After this, a critical reflection of the study is presented. The critical reflection examines different perspectives of the study regarding choice of theory and empirical findings. Before the discussion and the critical reflection, the research questions are presented.*

*Research questions:*

- *What interplay are mechanisms of CG perceived to have for CSR-efforts?*
- *What mechanisms of CG are perceived to promote or hinder CSR-efforts?*

### 6.1 What interplay are mechanisms of CG perceived to have for CSR-efforts?

From the analysis, it was identified that there were two levels of empowerment because of the integration of the CSR-efforts throughout the studied companies. The analysis also indicated that the two mechanisms of CG, empowerment and MCS, interplayed differently depending on the level of empowerment, see Figure 6. Additionally, it was described in section 3.5 (Conceptual synthesis), that the complexity of sustainability was divided into the three responsibilities of the TBL-concept. From this, it can be concluded that to answer the first research question in this study, it is required to discuss the interplay of the mechanisms of CG for the two levels of empowerment and for the responsibilities of the TBL-concept. The first section is thus about the interplay at the first level of empowerment. The second about the interplay at the second level of empowerment. And lastly, the interplay at the responsibilities of the TBL.

Furthermore, the analysis did not indicate that there were any levels within the MCS, as it was with empowerment. Hence, MCS will only be discussed as a mechanism that is a part of the interplay with the empowerment mechanism in the following sections.

#### 6.1.1 Interplay at the first level of empowerment

The first level of empowerment was found to be the interviewees. In general, at this level, the degree of freedom was described as high and emphasized to play a central role for the interviewees. According to the author, the description that empowerment plays a central role for the interviewees, imply that there is a need for empowerment at this position for each business in the study. The findings on the first level of empowerment should thus confirm the literature on empowerment, claiming that the concept addresses the needs of businesses (Barry 1993; Johnson 1993; Foy 1994). Furthermore, the MCS and its administrative controls were described to create frameworks and not affecting the interviewees. According to the author, this indicates that the interplay between the mechanisms of CG are characterized by the empowerment mechanism. This further implies that MCS does not necessarily steer organizational activities in all situations, somewhat contradicting the definition of MCS by Simons (1995). This could be a result of the two levels of empowerment that were found in this study, which were not a contextual factor in the study by Simons (1995). Hence, not shaping Simons (1995) definition of MCS. However, it can still be argued that the ability of MCS to increase the organization's chances to reach its objectives through guiding employee behaviour is unaffected (Bhimani & Horngren 2008; Strauß & Zecher 2013). This is because

it still is described as creating the framework that the interviewees act within. Moreover, the author argues that the findings of the study implies that the empowerment mechanism should be viewed as a more dominant mechanism and more emphasized in the interplay, at this level of empowerment. Due to this, empowerment should be regarded to affect the CSR-efforts to a larger extent.

As previously described, the MCS mechanism and its administrative controls are creating the frameworks that the interviewees need to act within. *Policies & procedures* were one example of an administrative control that did not affect the interviewees' decisions directly, although it had to be in line with them. However, in the case of Länsförsäkringar AB, the degree of freedom was described as smaller, when compared to the other cases. Furthermore, the structure of the company was described as complex because of the many policy-making organs. It could thus be derived that as the *governance structure* becomes more complex, MCS increasingly influence the companies' CSR-efforts. Thus, implying that MCS, in the context of a more complex *governance structure*, steer the organizational activities to a larger extent, which supports the research by Simons (1995). An increasing influence also indicate a more equal interplay between the mechanisms of CG for the companies' CSR-efforts.

### 6.1.2 Interplay at the second level of empowerment

The second level of empowerment is the integrated CSR-efforts throughout the companies, for example, the business units at Länsförsäkringar AB. Again, the analysis indicated a rather high degree of freedom at this level, and that empowerment was important for the companies' CSR-efforts. However, MCS and its administrative controls were found to play a more central role for the integrated CSR-efforts, compared to the previous level of empowerment.

According to the author, this indicate a different interplay between the mechanisms of CG. The interplay, at this level, is instead assumed to be characterized by the MCS mechanism. The MCS are therefore the dominant mechanism and affecting the CSR-efforts more. The findings thus imply that MCS steer organizational activities, which verifies the described main function of MCS by Simons (1995).

For the administrative control *policies & procedures*, the analysis further showed that the second level was steered by it. This combined with Hillesöy's description of her task as HoS, indicates that *policies & procedures* could be viewed as obligatory for the second level of empowerment. Consequently, contributing to a narrower framework which increases the emphasis on MCS in the interplay of the mechanisms. Moreover, this confirms the literature that MCS can ensure continued successful operations of businesses due to its central role at the second level of empowerment (Zaleznik 2005). According to the author, a central role is assumed to be a critical component of a business, the lack of it would thus negatively impact the business's operations.

### 6.1.3 Interplay at the responsibilities of the Triple Bottom Line (TBL)

According to the author, there is also a third perspective on the interplay between the mechanisms of CG. The third perspective is the interplay within each of the three responsibilities of sustainability, which all were identified and highlighted with the concept of TBL, in the analysis. Due to the findings of all three responsibilities and that each company observed advantages with the concept of TBL. The author interprets it as TBL is widely accepted among businesses and addresses the complexity of sustainability. Hence, confirming the arguments by Wise (2016). Because it can be regarded as widely accepted and address the complexity, the author further interprets it as TBL has a central role in businesses' work towards sustainability. The finding should thus confirm Elkington's (1997) argument that adopting the TBL is imperative for all businesses.

Furthermore, two descriptions in the empirics indicate a changing interplay, depending on the responsibility. The first is Marell's description that her decisions mostly maps up towards the *social* and *environmental* responsibilities and the AML example. The second is Löfgren's explanation that working with assessment management is more restricted because of tougher regulations. Assessment management is considered by the author to be an economic dimension that were described by Braccini & Margherita (2018), hence belonging to the *economic* responsibility. It can thus be assumed that the tougher regulations are reflected in the *policies & procedures* of that area. As in previous parts of the discussion, this puts more emphasis on the MCS mechanism and makes it the more dominant one, within the *economic* responsibility. Marell's description of AML also indicate a decreased level of empowerment which strengthens this assumption. On the other hand, the emphasis on empowerment is evident in the description of the responsibilities of TBL Marell's tasks map up towards. This is because the interviewees description of a high degree of freedom as HoS. Thus, the emphasis should instead be on the mechanism of empowerment for the *environmental* and *social* responsibility.

According to Elkington (1997), sustainability is illustrated through the inclusion of all three responsibilities of the TBL concept, see Figure 3. However, the author argues that the findings imply that this illustration of sustainability is not always suitable. Instead, it can be illustrated with a single or just two of the responsibilities. This argument is based on the interplay that emphasize MCS for the *economic* responsibility and the interplay that emphasize empowerment for the *environmental* and *social* responsibility. The author's interpretation is that a difference in the interplay indicate scenarios where the responsibilities do not overlap. An example of this is Marell's description of AML. According to the author, AML can be assumed to have a connection to the *economic* and *social* responsibility but not the *environmental*. Therefore, the *economic* and *social* responsibility does not overlap with the *environmental*, but with each other. An illustration of sustainability in this case should therefore only include the *economic* and *social* responsibility. In the research by Elkington (1997), the author argues there are evidence that support the prior suggestion on the illustration of sustainability. Elkington (1997) states that the *social* responsibility, if not addressed properly, would inevitably undermine progress from the *environmental* responsibility. This description is interpreted by the author to indicate that all responsibilities are not always overlapping. Hence, also indicating that sustainability can be illustrated by a single or two responsibilities.

#### 6.1.4 Summary

To conclude, the discussion shows that the interplay between the mechanisms of CG can be emphasized differently within the companies' levels of empowerment and the three responsibilities of the TBL. For the first level of empowerment, there is more emphasis on the empowerment mechanism. However, the *governance structure* of the companies, might explain the reduced emphasis on empowerment and instead creating a more equal interplay with the MCS mechanism. For the second level of empowerment, the narrower framework from *policies & procedures* can be assumed to reverse the emphasis to the MCS mechanism. Lastly, the *economic* responsibility is assumed to have an interplay that put more emphasis on MCS due to the tougher regulations within that area. The *environmental* and *social* responsibility are instead emphasizing the empowerment mechanism due to the tasks as HoS.

## 6.2 What mechanisms of CG are perceived to promote or hinder CSR-efforts?

To answer the second research question, the author has structured the discussion into three parts, i.e., empowerment, MCS, and summary. This structure has been considered suitable for

the discussion because the two mechanisms of CG are empowerment and MCS. Hence, to answer what mechanisms are perceived to promote or hinder companies' CSR-efforts, the mechanisms should be discussed individually to clearly address the research question.

Furthermore, the concept of TBL is not a mechanism of CG in this study. Instead it is a concept to address the complexity of sustainability. The TBL will thus not be discussed in the following sections.

### 6.2.1 Empowerment

From the analysis, it was found that empowerment enabled *more flexibility & responsiveness*, *increased effectiveness*, and improved *organizational innovativeness*. The claim by Baird & Wang (2010) on the benefits of empowerment, is thus interpreted by the author to be supported. According to the author, these findings should hence indicate that the CG-mechanism empowerment promote companies' CSR-efforts. A promoting effect on companies' CSR-efforts should be assumed to be positive for a sustainable development. This study should thus be added to the literature that agree on the positive effects of empowerment, that Pelit *et al.* (2011) claim there is on empowerment.

From a company perspective, the author argues all three benefits of empowerment should generally be viewed as desirable outcomes. Therefore, empowerment should rather be promoting than hinder the companies' CSR-efforts. However, when examining the individual benefits, all benefits may not have to be considered to promote the companies' CSR-efforts. Instead, more of maintaining them and not countervailing the others. *Increased effectiveness* and improved *organizational innovativeness* are examples of the benefits that promote the companies' CSR-efforts. *Increased effectiveness* enables more CSR-efforts, and by so contributing to stronger performance in this area. Increased *organizational innovativeness*, on the other hand, promote the companies' CSR-efforts by enabling new ideas and processes which contributes to a sustainable development. The enabling of *more flexibility & responsiveness* are however not promoting the CSR-efforts, because it is interpreted as appearing more situationally. When describing it as appearing more situationally, the author refers to that enabling *more flexibility & responsiveness* is valuable for companies if for example a new challenge appears. However, compared to the other benefits it should not be viewed as equally integrated in the daily operations of the CSR-efforts. Therefore, it should not be viewed as promoting companies' CSR-efforts. From these findings, it could be argued that *more flexibility & responsiveness* is not a benefit, and therefore weakening evidence for the three benefits by Baird & Wang (2010). However, the author's interpretation of a benefit in the context of sustainability, is that maintaining the CSR-efforts, should be considered as positive for the companies' continued contribution to the sustainable development. The findings of the study should thus additionally support the author's prior interpretation on Baird & Wang's (2010) research.

As described in previous section, *increased effectiveness* and *organizational innovativeness* are apparent in the daily operations and thus affecting the CSR-efforts. The two benefits are furthermore regarded to have a positive contribution to the business and assumed to promote the companies' CSR-efforts. The benefit *more flexibility & responsiveness* were described to maintain the CSR-efforts due this its usefulness for companies in challenging situations. This indicate that two of three benefits promote, and one is maintaining the companies' CSR-efforts. Hence, the empowerment mechanism of CG should be considered by the author to promote companies' CSR-efforts.

Furthermore, it could be assumed that there is a distinction between the different levels of empowerment, regarding the mechanism's capability to promote companies' CSR-efforts. In the case of *more flexibility & responsiveness* and *increased effectiveness*, the analysis was based on empirical evidence at both levels of empowerment. For the *organizational innovativeness*, the empirical evidence was only found at the first level of empowerment. This might indicate that for the second level of empowerment, the mechanism has a weaker capability to promote the companies' CSR-efforts. The weaker capability to promote could further indicate that *organizational innovativeness* rather maintains the companies' CSR-efforts. Hence, the mechanism of empowerment and its capability to promote can be assumed to become reduced at the second level of empowerment. This would be because there is a shift from two promoting benefits and one maintaining to one promoting and two maintaining. However, the lack of empirical evidence for *organizational innovativeness* at the second level of empowerment should not indicate that the mechanism instead hinders companies' CSR-efforts. It should instead be assumed to promote but to a lesser extent than the first level of empowerment. According to the author, *organizational innovativeness* is still assumed to be beneficial for a company and not disadvantageous. Therefore, the lack of empirical evidence for it should not imply that the mechanism instead hinders companies' CSR-efforts. Neither should it diminish the support for the three benefits by Baird & Wang (2010).

### 6.2.2 Management Control Systems (MCS)

From the analysis it was recognized that MCS were present in each of the cases. Additionally, the administrative controls that included *governance structure*, *external standards*, and *policies & procedures*, were found to affect the companies' CSR-efforts. These findings are interpreted by the author to additionally support that the MCS steer the organizational activities, as described by Simons (1995). This support was also previously elaborated on in section 6.1.2 (Interplay at the second level of empowerment).

However, the author is further implying that the MCS mechanism do not promote or hinder companies' CSR-efforts. This mechanism of CG is instead maintaining the CSR-efforts. As explained in section 6.2.1 (Empowerment), it is the combined perspective that supports the author's suggestion, but in this section for the administrative controls. For the *governance structure*, the analysis described it to create the framework for decision-making and by so affecting the CSR-efforts. *External standards* were found to be of similar character and rather having the CSR-efforts modified to it, and by so acting as frameworks or control systems. The *policies & procedures* were also acknowledged to affect the CSR-efforts but not steering the interviewees' decisions. However, the second level of empowerment were found to be steered by *policies & procedures*. According to the author, all these findings imply that MCS maintain the companies' CSR-efforts rather than promote or hinder it. Compared to the *increased effectiveness* from the empowerment mechanism, neither acting as frameworks nor steering can be regarded as promoting. Again, *increased effectiveness* implies higher performance and is thus promoting the CSR-efforts. The administrative controls of MCS instead implies assuring that the CSR-efforts are performed as determined. The *external standard* is, on the other hand, more about assuring the CSR-efforts correspond to global initiatives and standards. Consequently, all three of the administrative controls indicate that MCS is rather maintaining the CSR-efforts. According to the author, this imply that the companies can work towards their sustainability goals and ensure the requirements by the *external standards* are attained. Hence, the findings of the study support the research arguing MCS increase the organization's chances to reach its objectives through guiding employee behaviour (Bhimani & Horngren 2008; Strauß & Zecher 2013).

According to the author, maintaining the CSR-efforts should be viewed as important for all companies that aim to contribute to a sustainable development. At the same time, maintaining is also not the same as hinder. Hence, the author does not interpret it as negative for the companies' CSR-efforts. This suggest that the companies can continue to contribute to the sustainable development. According to several researchers, it is argued that the concept of MCS can push organizations in the direction of sustainability (Gond *et al.* 2012; Pondeville *et al.* 2013; Maas *et al.* 2016; Rötzel *et al.* 2019). The prior suggestion by the author is thus interpreted to support this argument.

Findings from the analysis imply a distinction between the levels of empowerment. For MCS, it is the findings regarding the *governance structure*. At the first level of empowerment, the *governance structure* might have a correlation with the empowerment mechanism. All the interviewees described their positions to provide influence at, for example, the CM or the sustainability committee. Which are parts of the *governance structure* with high decisional authority for the CSR-efforts. In the analysis, a connection was found between the employee's position in the company and the empowerment of the individual. Thus, it can be assumed, that the findings at the first level of empowerment regarding the *governance structure*, translates to empowerment. This would further imply that the promoting benefits of empowerment becomes included here. It could from this, be implied that the *governance structure* promotes companies' CSR-efforts at the first level of empowerment. However, when considering the MCS mechanism of CG overall, the capability to promote should be regarded as rather low compared to the empowerment mechanism. This is because, the promoting capability is only found in one of the administrative controls, at one specific level of empowerment.

### 6.2.2 Summary

From the discussion it can be concluded that neither of the mechanisms of CG hinder companies' CSR-efforts. First, the empowerment mechanism was found to promote companies' CSR-efforts because the findings indicated a presence of all three benefits. Secondly, the MCS mechanism was instead found to maintain companies' CSR-efforts due to the findings regarding the administrative controls. Furthermore, the discussion implied differences between the two levels of empowerment. However, the differences are not interpreted as significant for the overall findings.

## 6.3 Critical reflection

Upon reviewing the empirics, analysis, and the discussion of the study, the author has found several points for critical reflection. These points refer to findings that could have led to different decisions in the study, if known beforehand. Hence, the arguments made in this section should not be viewed as diminishing the relevance of the findings. Instead, it should be viewed as potential improvements for the study, upon considering the study's findings.

The first point is the selection of interviewees. As the analysis revealed, two levels of empowerment were found at each of the companies. However, all interviewees of the study, belonged to the first level of empowerment. This indicate that the analysis of the second level of empowerment was not based on empirical evidence given by interviewees at that level. Instead, the first level of empowerment provided that empirical evidence. It can therefore be concluded that the study missed a potential valuable perspective. The additional perspective might also have provided strengthening empirical evidence for the analysis on the enabling of *more flexibility*, at the second level of empowerment.

Secondly is the choice of a *package* view for the concept of MCS. As previously mentioned, the alternative was the *system* view, which was considered appropriate for research that

examined relationships among the smaller MCS (Grabner & Moers 2013). The administrative controls by Malmi & Brown (2008), were in this study used to exemplify these smaller MCS. However, when reviewing the empirics, it can be found that there might be relationships between the administrative controls, such as *external standards* and *policies & procedures*. It might therefore have been suitable to adopt the *system* view instead. This would have allowed for an investigation of the relationships, as argued by Grabner & Moers (2013). The author assumes this alternative to most likely resulted in different findings for the study, because the *system* view implies a different use of the MCS concept. However, the author's interpretation is that it would affect the ability to answer the first research question. The first research question is about the interplay between the empowerment and MCS mechanism. A shift to a *system* view would instead result in investigating the interplay within the MCS mechanism. Therefore, being unsuccessful to answer the study's first research question.

The third point is about the author's choice to modify the second administrative control to *external standards*, instead of organization structure. As stated in section 3.3 (Management Control Systems (MCS)), Malmi & Brown (2008) used organization structure as the second administrative control. However, this was altered to better represent the MCS focus on environmental aspects as described in the research by González-Benito *et al.* (2011). Nevertheless, when reviewing empirical evidence such as Hillesöy's description of the complex organization structure, the relevance of the modification can be argued. It can be argued that the modification was unnecessary and instead deviated from the research by Malmi & Brown (2008). According to the author, it should though be pointed out that the *governance structure* in this study were able to capture this dimension of the empirical evidence. Hence, *external standards* added a new perspective to the administrative controls which could have been missed if the concept had not been modified. Furthermore, empirical evidence for *external standards* was also found, which contributed to the study's ability to answer the aim and research questions.



## 7 Conclusions

*The final chapter of the study aims to present the main findings and suggestions for future research.*

The aim of this study has been to investigate how mechanisms of CG affect companies' CSR-efforts in the insurance sector. To address the aim of the study, the following research questions were formulated:

- What interplay are mechanisms of CG perceived to have for CSR-efforts?
- What mechanisms of CG are perceived to promote or hinder CSR-efforts?

The results of the study reveal that both mechanisms of CG can be found in the case companies. The study further implies that empowerment can be distributed throughout companies and thus create two levels of empowerment. However, the benefit *organizational innovativeness* was only found at the first level of empowerment, which were the position of the interviewees. At the same time, all administrative controls of the MCS concept were present in each of the cases and found to affect the companies' CSR-efforts. Additionally, distinctions in the capability to affect the companies' CSR-efforts were implied for the *governance structure* and *policies & procedures*, depending on level of empowerment.

The findings of the study provide insights on how mechanisms of CG affect companies' CSR-efforts in the insurance sector. The study implies that the interplay between the mechanisms depends on which level of empowerment and the responsibilities of the TBL. At the first level of empowerment, there is a stronger emphasis on the empowerment mechanism. At the second level of empowerment, the emphasis shifts towards the MCS mechanism. Regarding the interplay within the responsibilities of the TBL, the *economic* responsibility is found to emphasise the MCS mechanism. For the *environmental* and *social* responsibility, it is instead the empowerment mechanism that is emphasised. Moreover, the findings also imply that the mechanism of empowerment promote companies' CSR-efforts and the mechanism of MCS rather maintain the companies' CSR-efforts.

To conclude, the study reveals that working with empowerment and MCS can be valuable for the insurance sector, to contributing to a sustainable development. The study does so by providing insights on the interplay of the mechanisms and how they affect companies' CSR-efforts. The creation of value come from the increase awareness on the mechanisms of CG that can improve the CSR-efforts. Furthermore, this study focused on the insurance sector and companies within the group of Länsförsäkringar. However, the author argues that the findings of the study is not exclusive for the insurance sector. Hence, the findings can be used by companies outside the insurance sector to improve their CSR-efforts and hence contribute to a sustainable development. To finish, the study contributes to the academic research on the insurance sector and the field of organizational theory within business administration.

### 7.1 Future research

Derived from the conducted research, it would be of interest for future research to perform a second study on the same case companies. A subsequent study could research the second level of empowerment through interviews at both levels of empowerment. This would provide new perspectives of the studied phenomena, which could be used to validate or develop the findings of this study. The fact that this study only interviewed people at the first level of empowerment would further motivate such research.

Future research is also suggested to examine the concept of MCS and the relationships among the administrative controls. As described in 6.3 (Critical reflection), the empirics implied it might be relationships between the administrative controls. There is thus a need for more knowledge on this topic. If it is assumed, as in this study, that the interplay between the mechanisms of CG are valuable for the contribution to a sustainable development. Knowledge on the relationships between the administrative controls within the concept of MCS, should also be considered valuable for companies. This research could further utilize the *system* view by Grabner & Moers (2013), due to its suitability for examine relationships among the smaller MCS.

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#### Personal communication

- Hillesöy Christina, *Head of sustainability*, Länsförsäkringar AB.  
Phone interview, 2020-03-18.
- Löfgren Fredrik, *Head of sustainability*, Länsförsäkringar Älvsborg.  
Phone interview, 2020-03-19.
- Marell Eva, *Head of communication and sustainability*, Länsförsäkringar Stockholm.  
Personal meeting, 2020-03-12.



# Appendix 1: Literature search

*Appendix 1 shows the literature search of the study. The appendix presents the searches in order and the keywords as well as how they were combined.*

- 1 "corporate governance" **AND** "sustain\*" **OR** "sustainable development" **OR** "CSR" **OR** "corporate social responsibility"
- 2 "corporate governance" **AND** "insurance industry" **OR** "insurance sector"
- 3 "corporate governance" **AND** "sustain\*" **OR** "sustainable development" **OR** "CSR" **OR** "corporate social responsibility" **AND** "insurance industry" **OR** "insurance sector" **OR** "insurance"
- 4 "employee empowerment" **OR** "empowerment"
- 5 "sustain\*" **OR** "sustainable development" **OR** "CSR" **OR** "corporate social responsibility" **AND** "management system\*" **OR** "management-system\*"
- 6 "management control system\*"
- 7 "triple-bottom-line" **OR** "triple bottom line" **OR** "triple-bottom line"

# Appendix 2: Interview guide

*Appendix 2 shows the interview guide in English and Swedish.*

## *Introduction to the study*

### **About the author**

#### **Presentation of the study and its aim**

The aim of this study is to investigate how mechanisms of corporate governance affect companies' corporate social responsibility-efforts in the insurance sector. The study is performed within the field of business administration and utilizes corporate governance concepts from organizational theory. From this, the study aims to contribute to the academic research on the insurance sector and how mechanisms of corporate governance affect corporate social responsibility-efforts.

#### **Research questions:**

- What interplay are mechanisms of corporate governance perceived to have for corporate social responsibility-efforts?
- What mechanisms of corporate governance are perceived to promote or hinder corporate social responsibility-efforts?

#### **Assurance of confidentiality, anonymity, GDPR etc.**

## *Topics to the study*

### **Presentation**

- Who are you and what is your position at the company?
- Tell me a bit about the company!
- How do your company work with sustainability? Why do your company work with sustainability?
- Describe your view on sustainability.

### **Triple Bottom Line**

- Describe the company's view on sustainability and how it is defined.
- The author's impression is that companies divide sustainability into three aspects, is your company doing that?
  - If so why and how?
  - If there are, please describe them
- How would you describe the nature of the company's activities to promote sustainability? If there were different elements/aspects, do they relate?
  - Are some more important than others?

### **Empowerment**

- How do the current hierarchy in decision making regarding sustainability look like?
- How would you describe the degree of freedom related to sustainability decisions?
  - Ask about flexibility and responsiveness,
  - Effectiveness,
  - And organizational innovativeness

- What role do the degree of freedom play in your position? And when making decisions?
- How does the degree of freedom affect your decisions?
- Are there any aspects within sustainability where you do not have the ability to make decisions or less freedom to do so?
  - If there is how does this affect the work towards sustainability?

### **Management Control Systems**

- Do you have any guidelines or requirements from upper management or board level for the sustainability work?
- Are upper management and board showing interest for sustainability?
- Does the company currently have any external standards implemented regarding sustainability? E.g. ISO 14001 or 26000.
  - If yes, how do they impact decisions regarding sustainability?
- Are there policies and procedures regarding how sustainability should be managed? And does it affect your decisions?
- What role do policies and procedures play in your position? And when making decisions?
- Do you perceive any structural hindrances in the organization that affect you in your role?

### **General discussion**

- Is there a difference in ability to work with sustainability between different aspects of sustainability? E.g. is financial sustainability more regulated?
- What is your personal experience regarding the effect from degree of freedom or control mechanisms on your decisions when working with sustainability?
- From what we have discussed so far, empowerment & MCS, is there a difference between decisions about current sustainability work or completely new? E.g. does completely new require approval from the board?
- What factors do you take into consideration or reflect upon when making sustainability decisions?

## *Introduktion till uppsatsen*

### **Om författaren**

#### **Presentation av uppsatsen och syftet med den**

Denna uppsats syftar till att undersöka hur företagsledningsmekanismer (corporate governance) påverkar företags hållbarhetsarbete, företagen ska vara verksamma inom försäkringsbranschen. Uppsatsen utgår från företagsekonomisk forskning och använder teorier inom företagsledning som är en del av organisationsteori. Utifrån detta syftar uppsatsen till att bidra till den företagsekonomiska forskningen kring försäkringsbranschen och hur företagsledningsmekanismer påverkar företags hållbarhetsarbete.

#### **Forskningsfrågor:**

- Hur upplevs företagsledningsmekanismerna samspela vid företags hållbarhetsarbete?
- Vilka företagsledningsmekanismer upplevs främja eller hindra företags hållbarhetsarbete?

#### **Information om hantering av material, anonymitet, och GDPR mm.**

### *Uppsatsens ämnen*

#### **Presentation**

- Vem är du och vad har du för position?
- Berätta lite om företaget.
- Hur jobbar ditt företag med hållbarhet? Varför jobbar ditt företag med hållbarhet?
- Beskriv hur du ser på hållbarhet.

#### **Miljö, ekonomiskt och socialt ansvar**

- Beskriv företagets syn på hållbarhet och hur det är definierat.
- Författarens uppfattning är att företag delar upp hållbarhet i tre aspekter, gör ditt företag det?
  - Om ja, varför och hur?
  - Om ja, beskriv gärna.
- Hur skulle du beskriva företagets aktiviteter i hållbarhetsarbetet? Om det var olika aspekter inom hållbarhet, hur relaterar dem till aktiviteterna?
  - Är vissa mer viktiga än andra?

#### **Frihet i rollen**

- Hur skulle du beskriva hierarkin gällande beslutsfattandet för företagets hållbarhetsarbete?
- Hur skulle du beskriva din möjlighet att göra egna val kring hållbarhetsbeslut?
  - Fråga om flexibilitet och möjlighet att agera,
  - Effektivitet,
  - Och företags möjlighet att vara innovativa.
- Vilken roll spelar möjligheten att göra egna val i din roll och i ditt beslutsfattande?
- Hur påverkar möjligheten att göra egna val dina beslut?
- Är det några aspekter inom hållbarhet där du inte har lika stor möjlighet att göra egna val eller är mer låst i valmöjligheterna?
  - Om det är det, hur påverkar det hållbarhetsarbetet?

#### **Företagsledningssystem**

- Har du några riktlinjer eller krav från högre chefer eller ledningen för hållbarhetsarbetet?
- Visar högre chefer och ledning intresse för hållbarhetsarbetet?
- Har företaget i dagsläget implementerat något ledningssystem gällande hållbarhet? Till exempel, ISO 14001 or 26 000.
  - Om ja, hur påverkar de beslutsfattandet i hållbarhetsfrågor?
- Finns det policys eller tillvägagångssätt kring hållbarhetsarbetet? Påverkar detta ditt beslutsfattande?
- Hur påverkar policys och tillvägagångssätt dig i din roll? Och beslutsfattande?
- Upplever du att det finns faktorer inom din organisation som påverkar dig i din roll och ditt beslutsfattande?

### **Övriga diskussionspunkter**

- Finns det skillnader kring möjligheten att arbeta med hållbarhet utifrån de olika aspekterna av hållbarhet? Till exempel, är ekonomisk hållbarhet mer reglerat?
- Vad är din erfarenhet kring effekterna av möjligheten att göra egna val och företagsledningsmekanismer på hållbarhetsarbetet?
- Utifrån det vi pratat om, frihet i rollen och företagsledningsmekanismer, finns det skillnader i beslutsfattandet för redan existerande hållbarhetsarbete eller nytt? Till exempel, kräver nya beslut godkännande från ledningen?
- Vilka faktorer tar du hänsyn till eller reflekterar över när du tar beslut kring hållbarhetsarbetet?

## Appendix 3: Written consent

*Appendix 3 shows the written consent of the study.*

Institutionen för ekonomi

SAMTYCKESBLANKETT

2020-04-20

### Samtyckesblankett: Personuppgiftsbehandling i studentarbeten

När du medverkar i arbetet med examensarbetet ”The influence of corporate governance on CSR: A multiple case study of the Swedish insurance sector” innebär det att SLU behandlar dina personuppgifter. Att ge SLU ditt samtycke är helt frivilligt, men utan behandlingen av dina personuppgifter kan inte forskningen genomföras. Denna blankett syftar till att ge dig all information som behövs för att du ska kunna ta ställning till om du vill ge ditt samtycke till att SLU hanterar dina personuppgifter eller inte.

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Vi samlar in följande uppgifter om dig: namn, organisation och position inom organisationen.

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Underskrift

Plats, datum

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Namnförtydligande (roll, organisation)